

9 December 2016

## PLANS TO RECOVER JUDGMENT DEBT AND ISSUE OF SHARES

As previously announced 6 July 2016, Cauldron Energy Limited (ASX: **CXU**) (**Company**) (**Cauldron**) advised it had received judgment in its favour in respect of its claims against Guangzhou City Investment Management Co. Ltd (**Guangzhou City**).

### Background

The judgement debt due and payable to the Company was for \$1 million plus interest (**Judgment Debt**). The Judgment Debt principal amount represents unpaid subscription funds (originally due 3 November 2014) pursuant to a placement agreement dated 6 June 2014 for the issue of 8,474,588 shares (**Placement Shares**) in Cauldron at an issue price of \$0.118 per share (**Placement Agreement**).

As announced 6 July 2016, Guangzhou City was the registered holder of 33,898,812 shares in Cauldron (**Shares**). On 17 May 2016, upon the Company's ex parte application, Master Sanderson made orders appointing a receiver (Mr Kim Wallman of HLB Mann Judd (Insolvency WA) (**Receiver**) over the Shares to recover payment of the Judgment Debt in accordance with the powers afforded by the *Civil Judgments Enforcement Act*. On 5 July 2016, the Receiver completed the sale of the Shares to a series of investors for \$488,000 (net of Receiver costs).

### Recovery of balance of Judgment Debt

The Company seeks to enforce payment of the outstanding balance of the Judgment Debt in accordance with the powers afforded by the *Civil Judgments Enforcement Act*.

On 8 December 2016, Cauldron issued all 8,474,588 Placement Shares to Guangzhou City, in full satisfaction of the Company's obligations pursuant to the Placement Agreement.

On 11 August 2016, Master Sanderson made orders (**Orders**) to the effect that:

- Upon the issue of the Placement Shares to the Guangzhou City, an immediate holding lock be placed over the shares to prevent any dealings in the shares, save for dealings in the shares which are authorised by the Receiver in the exercise of his duties as Receiver pursuant to the Orders; and
- Upon the issue of the Placement Shares, the Receiver be appointed over the shares.

It is anticipated that the Receiver will exercise his power for the purpose of realising the balance of the Judgment Debt, similar to the process previously undertaken earlier this year.

ABN 22 102 912 783

32 Harrogate Street, West  
Leederville WA 6007

PO Box 1385, West  
Leederville WA 6901

ASX code: CXU

329,289,708 shares  
64,000,000 unlisted options

### Board of Directors

Tony Sage  
Executive Chairman

Qiu Derong  
Non-executive Director

Judy Li  
Non-executive Director

Mark Gwynne  
Non-executive Director

Catherine Grant-Edwards  
Company Secretary

## **Issue of Shares**

As detailed above, the Company has issued 8,474,588 ordinary shares (under holding lock pursuant to the Orders). Cauldron has used its 15% placement capacity under Listing Rule 7.1 to issue the Placement Shares to Guangzhou City.

## **Cleansing Statement**

The Placement Shares and are part of a class of securities quoted on ASX. Cauldron gives notice pursuant to Section 708A(5)(e) of the Corporations Act.

The Placement Shares were issued without disclosure to the recipient under Part 6D.2, in reliance on Section 708A(5) of the Corporations Act.

The Company, as at the date of this notice, has complied with:

- (a) The provisions of Chapter 2M of the Corporations Act; and
- (b) Section 674 of the Corporations Act.

There is no excluded information for the purposes of Sections 708A(7) and (8) of the Corporations Act.

## **Disclosure document**

Attached is a copy of the Appendix 3B relating to the issue of the Placement Shares.

Yours faithfully  
Cauldron Energy Ltd

Tony Sage  
**Executive Chairman**

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

CAULDRON ENERGY LIMITED

ABN

22 102 912 783

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Fully paid ordinary shares ( <b>Shares</b> ) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 8,474,588 Shares                             |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares                   |

+ See chapter 19 for defined terms.

|    |  |  |
|----|--|--|
| 4  | <p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | Yes  |
| 5  | Issue price or consideration   | \$488,000 (representing the amount of judgment debt recovered by the company as at the date of this Appendix 3B) |
| 6  | Purpose of the issue<br>(If issued as consideration for the acquisition of assets, clearly identify those assets)  | Shares are issued to investor pursuant to a placement agreement.   |
| 6a | <p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>  | Yes  |
| 6b | The date the security holder resolution under rule 7.1A was passed   | 24 November 2016   |
| 6c | Number of +securities issued without security holder approval under rule 7.1   | 8,474,588 shares   |
| 6d | Number of +securities issued with security holder approval under rule 7.1A   | Nil  |

|    |  |   |        |
|----|--|---|--------|
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)  | 16,949,176 shares – 24 November 2016<br>31,250,000 shares – 24 November 2016<br>1,562,500 shares – 24 November 2016 |        |
| 6f | Number of securities issued under an exception in rule 7.2   | Nil   |        |
| 6g | If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation. | N/A   |        |
| 6h | If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements  | N/A   |        |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements   | 7.1 – 39,647,680<br>7.1A – 32,081,512   |        |
| 7  | Dates of entering +securities into uncertificated holdings or despatch of certificates   | 8 December 2016   |        |
| 8  | Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)   | Number  | +Class |
|    |  | 329,289,708   | ORD    |

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+ See chapter 19 for defined terms.

|    | Number   | <sup>+</sup> Class  |
|----|--|---|
| 9  | 44,000,000   | Unlisted Options exercisable at \$0.138 on or before 31 December 2016 |
|    | 20,000,000   | Unlisted Options exercisable at \$0.08 on or before 31 December 2018  |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) |   |
|    | N/A  |   |

## Part 2 - Bonus issue or pro rata issue

|    |   |  |
|----|---|--|
| 11 | Is security holder approval required?   |  |
| 12 | Is the issue renounceable or non-renounceable?  |  |
| 13 | Ratio in which the <sup>+</sup> securities will be offered  |  |
| 14 | <sup>+</sup> Class of <sup>+</sup> securities to which the offer relates  |  |
| 15 | <sup>+</sup> Record date to determine entitlements  |  |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?  |  |
| 17 | Policy for deciding entitlements in relation to fractions   |  |
| 18 | Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents<br><br>Note: Security holders must be told how their entitlements are to be dealt with.<br><br>Cross reference: rule 7.7. |  |

|    |   |  |
|----|---|--|
| 19 | Closing date for receipt of acceptances or renunciations  |  |
| 20 | Names of any underwriters   |  |
| 21 | Amount of any underwriting fee or commission  |  |
| 22 | Names of any brokers to the issue   |  |
| 23 | Fee or commission payable to the broker to the issue  |  |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders   |  |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting  |  |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled  |  |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders |  |
| 28 | Date rights trading will begin (if applicable)  |  |
| 29 | Date rights trading will end (if applicable)  |  |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?   |  |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for   |  |

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+ See chapter 19 for defined terms.

the balance?

- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?

- 33 <sup>+</sup>Despatch date

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)

- (a) ☒ Securities described in Part 1

- (b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories
- 1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37 ☐ A copy of any trust deed for the additional <sup>+</sup>securities

### Entities that have ticked box 34(b)

- 38 Number of securities for which <sup>+</sup>quotation is sought

- 39 Class of <sup>+</sup>securities for which quotation is sought



|    |  |        |        |
|----|--|--------|--------|
| 40 | <p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> |        |        |
| 41 | <p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>   |        |        |
| 42 | <p>Number and +class of all +securities quoted on ASX (including the securities in clause 38)</p>  | Number | +Class |
|    |  |        |        |

### Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.


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+ See chapter 19 for defined terms.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

  
.....  
(Company Secretary)

Date: 9 December 2016

Print name: Catherine Grant-Edwards

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# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

### Part 1

| Rule 7.1 – Issues exceeding 15% of capital  |   |
|---|---|
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>   |   |
| <b>Insert</b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue  | 268,053,444   |
| <b>Add</b> the following: <ul style="list-style-type: none"> <li>Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <b>Note:</b> <ul style="list-style-type: none"> <li>Include only ordinary securities here – other classes of equity securities cannot be added</li> <li>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</li> <li>It may be useful to set out issues of securities on different dates as separate line items</li> </ul> | 3,000,000 – 9 November 2015<br>16,949,176 – 24 November 2016<br>31,250,000 – 24 November 2016<br>1,562,500 – 24 November 2016 |
| <b>Subtract</b> the number of fully paid ordinary securities cancelled during that 12 month period  | Nil   |
| <b>“A”</b>  | 320,815,120   |

+ See chapter 19 for defined terms.

|   |  |
|---|--|
| <b>Step 2: Calculate 15% of “A”</b>   |  |
| <b>“B”</b>  | 0.15<br><i>[Note: this value cannot be changed]</i>                                  |
| <b>Multiply “A” by 0.15</b>   | 48,122,268   |
| <b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>  |  |
| <b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <b>Note:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> | 8,474,588 – 8 December 2016  |
| <b>“C”</b>  | 8,474,588  |
| <b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>   |  |
| <b>“A” x 0.15</b><br><i>Note: number must be same as shown in Step 2</i>  | 48,122,268   |
| <b>Subtract “C”</b><br><i>Note: number must be same as shown in Step 3</i>  | 8,474,588  |
| <b>Total [“A” x 0.15] – “C”</b>   | 39,647,680<br><i>[Note: this is the remaining placement capacity under rule 7.1]</i> |

## Part 2

| Rule 7.1A – Additional placement capacity for eligible entities   |   |
|---|---|
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>   |   |
| <b>“A”</b><br><i>Note: number must be same as shown in Step 1 of Part 1</i>   | 320,815,120                                       |
| <b>Step 2: Calculate 10% of “A”</b>   |   |
| <b>“D”</b>  | 0.10<br><i>Note: this value cannot be changed</i> |
| <b>Multiply “A” by 0.10</b>   | 32,081,512  |
| <b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>   |   |
| <b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A<br><br><i>Notes:</i> <ul style="list-style-type: none"> <li>• This applies to equity securities – not just ordinary securities</li> <li>• Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</li> <li>• Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</li> <li>• It may be useful to set out issues of securities on different dates as separate line items</li> </ul> | Nil   |
| <b>“E”</b>  | Nil   |

+ See chapter 19 for defined terms.

|  |   |
|--|---|
| <b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b> |   |
| “A” x 0.10<br><i>Note: number must be same as shown in Step 2</i>                                      | 32,081,512  |
| <b>Subtract “E”</b><br><i>Note: number must be same as shown in Step 3</i>                             | Nil   |
| <b>Total</b> [“A” x 0.10] – “E”  | 32,081,512<br><i>Note: this is the remaining placement capacity under rule 7.1A</i> |