

16 August 2016

EXECUTIVE CHAIRMAN SIGNS NEW 3 YEAR CONTRACT

Cauldron Energy Limited (ASX: CXU) (**Company**) makes the following disclosure in connection with a new consultancy agreement entered into with Executive Chairman Tony Sage. This disclosure is made in accordance with ASX Listing Rule 3.16.4.

The Company has signed a new three year term consultancy contract with Executive Chairman Tony Sage following the annual review of his previous consultancy contract. The Company confirms the key terms of the Executive Chairman's new agreement with the Company as:

- three year term (effective from 1 July 2016) consultancy contract to provide the services of Executive Chairman of the Company and specific responsibility for all negotiations and strategic networking to facilitate the acquisition and disposal of assets of the Company;
- set fee of \$240,000 (plus GST) per annum to be reviewed annually by the Board; and
- 3 month termination notice (or payment in lieu of notice, subject to the Corporations Act and Listing Rules), without cause, for either party.

The contract does not contain any fixed formula under which any incentives or bonuses are payable by the Company to Mr Sage. During the term of the contract, the Board may consider incentive plans and bonus structures that will be focussed on Mr Sage achieving performance hurdles based on a material increase in net market capitalisation of the Company and returns to shareholders of the Company, such as dividends. The Board acknowledges the importance of aligning the interests of Cauldron's shareholders with those of the Executive Chairman and will only consider implementing incentive plans or bonuses that directly benefit Cauldron shareholders and will not be payable based on the Executive Chairman's time, efforts or achievement of non-financial targets.

Mr Sage's consultancy fee has not been revised since his appointment in June 2009. The Company notes that since then, the number of Executive Directors serving on the Company's Board has reduced from three to one.

Yours faithfully

Catherine Grant
Company Secretary

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Leederville WA 6007

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ASX code: CXU

288,002,620 shares
44,000,000 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
Company Secretary