

19 September 2016

CAULDRON EXECUTES \$2.5M PLACEMENT AGREEMENT AT 30% PREMIUM

HIGHLIGHTS

- **\$2.5 million placement agreement executed**
- **Approval of placement to be sought at upcoming AGM**
- **Additional director to be appointed to board**

Australian resources company, Cauldron Energy Limited (ASX: **CXU**) (**Company**) (**Cauldron**) is pleased to announce it has executed a A\$2.5 million placement agreement (**Placement Agreement**) with a new Chinese sophisticated investor for 31,250,000 fully paid ordinary shares (**Placement Shares**) at an issue price of \$0.08 per share (**Placement**).

Approval by the investor of the Company's financial budget for the period to 31 December 2017 (**Budget**) is a condition precedent to the Placement Agreement. Management is currently in the process of constructing its Budget, which it anticipates will be presented for approval by the board and investor in the coming weeks.

In accordance with the Placement Agreement, the A\$2.5 million will be paid to the Company in two tranches, as follows:

- A\$1 million by 30 September 2016; and
- A\$1.5 million by 31 October 2016.

The Placement Agreement also includes the offer of 20 million unlisted options exercisable at \$0.08 on or before 31 December 2018 (**Options**).

Shareholder approval required for the issue of the Placement Shares and Options will be sought at the Company's upcoming annual general meeting (**AGM**). The Company will issue a Notice of AGM in due course once the meeting date has been set.

PROPOSED USE OF FUNDS

While the Company continues to retain its interests in South Australia and Argentina, Cauldron's main focus remains on Bennet Well (within the wider Yanrey Project in Western Australia) as the Company's premier and most advanced project.

The Placement funds will primarily be used by Cauldron at Bennet Well to complete its passive seismic survey work (currently in progress) and to commence

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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

field leach trials, and to fund ongoing working capital requirements of the Company.

ADDITIONAL DIRECTOR TO BE APPOINTED

The Company has agreed to appoint an additional director to the board upon completion of the Placement.

Commenting on the placement, Executive Chairman Mr Tony Sage said “This placement to a key Chinese investor at such a significant premium to the market validates our considerable success in developing the project. With the recent US\$30m transaction by MGT Resources in the 25mlb Paladin project, the region is attracting significant interest and investment for developing the significant uranium resources in the area.”

Yours faithfully
Cauldron Energy Ltd

Tony Sage
Executive Chairman