

30 December 2014

Issue of Placement Shares

Cauldron Energy Limited (**ASX: CXU**) ("Cauldron" or the "Company") is pleased to advise that it has received A\$2.53 million in funding (before capital raising costs) from Chinese investor Starry World Investment Ltd (**Starry World**) pursuant to a share placement agreement entered into earlier this year (**Share Placement Agreement**) (refer ASX announcement dated 1 July 2014 for further details).

Cauldron is very pleased to confirm that Starry World has now fulfilled A\$3.53 million of its total A\$4 million funding commitment under the Share Placement Agreement (\$1m million received in the September 2014 quarter), and is now a significant shareholder of the Company (12.1% interest). The remaining \$0.47 million due from Starry World is expected to be received shortly.

The funding will be used towards defining the economics of the high grade uranium zone recently identified at Bennet Well (refer ASX announcement dated 2 December 2014) and to conduct field leach trials at the Bennet Well project (once approved). If successful, feasibility studies will follow for the assessment of economic uranium production. This process was recently mapped out by Worley Parsons in a study commissioned by Cauldron in late 2014. The study indicated uranium production potential at Bennet Well by 2018/19.

The Company expects the growth of the Bennet Well JORC uranium resource in the Yanrey Region of Western Australia will occur in tandem with this project development process. The Company aims to use the new understanding of the high grade uranium mineralisation or intellectual property (**IP**) gained in the recent drilling to identify further 'Bennet Wells' in Cauldron's now 'in-situ leach (**ISL**) uranium' prospective, large Yanrey landholding. The Company's goal of establishing an ISL uranium region on its landholding in the Yanrey area is firmly on track.

The Company intends to pursue its plans in:

- Argentina, where the political winds of change are proving a potential opportunity for Cauldron at Rio Colorado; and
- South Australia, where the greenfield indicators for a deep massive sulphide find require geophysical definition followed by a drill campaign once justified.

The Company is now in a very strong financial position with cash at bank of A\$3.0 million. As previously announced, a further A\$7.47 million in funding is due from various investors under placement agreements, as follows:

- A\$470,000 due from Starry World;
- A\$2,000,000 due from Beijing Joseph Investment Co Ltd / Joseph Investment International;
- A\$1,000,000 due from Guangzhou City Guangrong Investment Management Co Ltd;
- A\$300,000 due from Guangzhou Joseph Investment Co Ltd (plus a further A\$1,700,000 due 1 December 2015);
- A\$2,000,000 due by 28 February 2015 from Cauldron's Non-executive Director Mr Derong Qiu.

ABN 22 102 912 783

32 Harrogate Street, West
Leederville WA 6007

PO Box 1385, West
Leederville WA 6901

ASX code: CXU

247,121,205 shares
61,350,000 unlisted options

Board of Directors

Tony Sage
Executive Chairman

Brett Smith
Executive Director

Qiu Derong
Non-executive Director

Judy Li
Non-executive Director

Catherine Grant
Company Secretary

Attached is an Appendix 3B of Cauldron for the issue and quotation of 21,440,678 fully paid ordinary shares (**Placement Shares**). The issue of the Placement Shares were approved by shareholders at the Company's General Meeting held on 30 September 2014.

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 Section 708A(7) and (8) of the Corporations Act.

End.

For further information, visit www.cauldronenergy.com.au or contact:

Simon Youds

Cauldron Energy Limited
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David Tasker

Professional Public Relations
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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 21,440,678 (Placement 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.

Appendix 3B
New issue announcement

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes
5 Issue price or consideration	\$0.118 per share
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	To be applied principally to fund the Company's exploration expenditure and general working capital purposes.
6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b The date the security holder resolution under rule 7.1A was passed	27 November 2014
6c Number of +securities issued without security holder approval under rule 7.1	Nil

+ See chapter 19 for defined terms.

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)	500,000 – 23 November 2012 550,000 – 23 November 2012 850,000 – 23 November 2012 16,476,621 – 30 September 2014 3,345,538 – 30 September 2014 25,896,276 – 30 September 2014 21,440,678 – 30 September 2014
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 – 37,068,181 7.1A – 24,712,121
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	29 December 2014

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in section 2 if applicable)	Number	⁺ Class
		247,121,205	ORD
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in section 2 if applicable)	Number	⁺ Class
		500,000	Unlisted Options exercisable at \$0.45 on or before 20 October 2015
		3,000,000	Unlisted Options exercisable at \$0.20 on or before 30 September 2015
		1,000,000	Unlisted Options exercisable at \$0.20 on or before 18 September 2015
		5,000,000	Unlisted Options exercisable at \$0.20 on or before 30 June 2015
		18,400,000	Unlisted Options exercisable at \$0.138 on or before 31 December 2015
		1,450,000	Unlisted Options exercisable at \$0.138 on or before 31 December 2015
		16,000,000	Unlisted Options exercisable at \$0.118 on or before 31 December 2015
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Number	⁺ Class
		16,000,000	Unlisted Options exercisable at \$0.138 on or before 31 December 2016
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

⁺ See chapter 19 for defined terms.

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 ⁺ securities will be offered	
14	⁺ Class of ⁺ securities to which the offer relates	
15	⁺ 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 ⁺security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. 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	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

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|----|---|--|
| 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 the balance? | |
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | |
| 33 | ⁺ Despatch date | |

⁺ See chapter 19 for defined terms.

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 +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +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 +securities

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

40	Do the ⁺ securities rank equally in all respects from the date of allotment with an existing ⁺ class of quoted ⁺ securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment		
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)		
42	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 38)	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.

⁺ See chapter 19 for defined terms.

- 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.

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: 30 December 2014

Print name: Catherine Grant

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+ See chapter 19 for defined terms.

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	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	178,062,092
Add the following: - Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	500,000 – 12 June 2014 550,000 – 23 June 2014 850,000 – 27 June 2014 16,476,621 – 30 September 2014 3,345,538 – 30 September 2014 25,896,276 – 30 September 2014 21,440,678 – 30 September 2014
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	247,121,205

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	37,068,181
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 Note: <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	Nil
“C”	Nil
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	37,068,181
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.15] – “C”	37,068,181 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	247,121,205
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	24,712,121
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>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</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	Nil
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	24,712,121
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	24,712,121 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.