CAULDRON ENERGY LTD

ACN 102 912 783

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9.00am (WST)

DATE: 9 November 2015

PLACE: 32 Harrogate Street
WEST LEEDERVILLE WA 6007

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9380 9555.

CONTENTS PAGE

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The annual general meeting of the Shareholders to which this Notice of Meeting relates will be held at 9.00am (WST) on Monday, 9 November 2015 at:

32 Harrogate Street
West Leederville WA 6007

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please:

(a) Vote on line at www.advancedshare.com.au by following the procedures as set out in the attached Proxy Form; or

(b) complete and sign the enclosed Proxy Form and return to Advanced Share Registry Services by:

(i) post to PO Box 1156, Nedlands WA 6909; or

(ii) facsimile on (+61 8) 9262 3723,

so that it is received not later than 9.00am (WST) on 5 November 2015.

Proxy Forms received later than this time will be invalid.

Proxy Voting: Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Shareholders and their proxies should be aware that:

(a) if the proxy votes, they must cast all directed proxies as directed; and

(b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB (1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

(a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

(b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and

(c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and

(d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

(a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and

(b) the appointed proxy is not the chair of the meeting; and

(c) at the meeting, a poll is duly demanded on the resolution; and

(d) either of the following applies:

    (i) the proxy is not recorded as attending the meeting; or

    (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of Shareholders will be held at 9:00am (WST) on Monday, 9 November 2015 at 32 Harrogate Street, West Leederville, Western Australia.

The Explanatory Statement provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5:00pm (Perth time) on 5 November 2015.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

> *"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2015."*

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member.

However, a person (**voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

(b) the voter is the Chair and the appointment of the Chair as proxy:

  (i) does not specify the way the proxy is to vote on this Resolution; and

  (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, the for the entity.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR DERONG QIU

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Derong Qiu, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MS JIA (JUDY) LI

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Ms Jia (Judy) Li, being a Director, appointed 16 December 2014 retires in accordance with clause 13.4 of the Constitution and, being eligible, is re-elected as a Director."

RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR MARK GWYNNE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Mr Mark Gwynne, being a Director, appointed 23 June 2015 retires in accordance with clause 13.4 of the Constitution and, being eligible, is re-elected as a Director."

RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES TO INVESTOR B

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 3,983,061 Shares on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 6 – ISSUE OF PLACEMENT SHARES AND PLACEMENT OPTIONS TO A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purpose of ASX Listing Rule 10.11, Section 611 (Item 7) of the Corporations Act and for all other purposes approval is given for:*
>
> *(a) the Company to issue 16,949,178 Shares to Mr Qiu, a Director (or his nominee);*
>
> *(b) the Company to issue 16,000,000 Options to Mr Qiu; and*
>
> *(c) the Company to issue up to 8,000,000 Shares to Mr Qiu upon exercise of the Options set out in paragraph (b) of this Resolution; and*

(d) the increase in the voting power of Mr Qiu (and his associates) as a result of the issue of Shares to Mr Qiu under paragraphs (a) and (c) of this Resolution,

on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Derong Qiu or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Independent Expert's Report: Shareholders should carefully consider the accompanying Independent Expert's Report prepared by Stantons International Securities for the purposes of Shareholder approval for Resolution 6 under Section 611 (Item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company. The Independent Expert concludes that the proposed transaction is **NOT FAIR BUT REASONABLE** to the non-associated Shareholders.

RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY - SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Shares totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 8 – ISSUE OF OPTIONS TO EMPLOYEES AND CONSULTANTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 12,875,000 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member.

However, a person (**voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

(b) the voter is the Chair and the appointment of the Chair as proxy:

(i) does not specify the way the proxy is to vote on this Resolution; and

(ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

RESOLUTION 9 – APPROVAL TO ISSUE DIRECTOR OPTIONS TO TONY SAGE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 3,900,000 Director Options to Mr Tony Sage (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Tony Sage or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member.

However, a person (**voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

(b) the voter is the Chair and the appointment of the Chair as proxy:

(i) does not specify the way the proxy is to vote on this Resolution; and

(ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

RESOLUTION 10 – APPROVAL TO ISSUE DIRECTOR OPTIONS TO MARK GWYNNE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 500,000 Director Options to Mr Mark Gwynne (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Mark Gwynne or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member.

However, a person (**voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

(b) the voter is the Chair and the appointment of the Chair as proxy:

(i) does not specify the way the proxy is to vote on this Resolution; and

(ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

RESOLUTION 11 – APPROVAL TO ISSUE DIRECTOR OPTIONS TO JIA (JUDY) LI

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 500,000 Director Options to Ms Jia (Judy) Li (or her nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Ms Jia (judy) Li or any of her associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member.

However, a person (**voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

(b) the voter is the Chair and the appointment of the Chair as proxy:

(i) does not specify the way the proxy is to vote on this Resolution; and

(ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

RESOLUTION 12 – DIRECTORS' REMUNERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of clause 13.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate fixed sum per annum to be paid to non-executive Directors be set at $750,000 to be paid in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member.

However, a person (**voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

(b) the voter is the Chair and the appointment of the Chair as proxy:

(i) does not specify the way the proxy is to vote on this Resolution; and

(ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

DATED: 22 SEPTEMBER 2015

BY ORDER OF THE BOARD

CATHERINE GRANT
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 9:00am (WST) on Monday, 9 November 2015 at 32 Harrogate Street, West Leederville, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.cauldronenergy.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under changes to the Corporations Act, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors who were in office when the directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

At the Company's 2014 annual general meeting, the votes cast against the remuneration report considered at that annual general meeting was less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2015.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

Voting Exclusion and Proxy Restrictions

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting.

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution 1, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DERONG QIU

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 4 Directors and accordingly one must retire.

Mr Derong Qiu, the Director longest in office since his last election, retires by rotation and seeks re-election. A summary of Mr Qiu is included in the 2015 Annual Report of the Company.

4. RESOLUTIONS 3 AND 4 – RE-ELECTION OF DIRECTORS – JIA (JUDY) LI AND MARK GWYNNE

Clause 13.4 of the Constitution allows the Directors to appoint a person to be a Director, either to fill a casual vacancy or as an additional to the existing Directors.

The Constitution provides that any Director appointed under clause 13.4 holds office until the next annual general meeting of the Company and is then eligible for re-election.

Ms Jia (Judy) Li, who was appointed on 16 December 2014, retires and seeks re-election in accordance with clause 13.4 of the Constitution.

Mr Mark Gwynne, who was appointed on 23 June 2015, retires and seeks re-election in accordance with clause 13.4 of the Constitution.

Summaries of Ms Li and Mr Gwynne are included in the 2015 Annual Report of the Company.

5. BACKGROUND – RESOLUTIONS 5 AND 6

5.1 Placement Agreements

As announced on 10 June 2014 and 1 July 2014, the Company entered into a series of placement agreements (**Placement Agreements**) with a range of Chinese investors to issue a total of 127,118,756 Shares (**Placement Shares**) at an issue price $0.118 per share (**Issue Price**) to raise $15 million (**Placement Funds**).

The Issue Price of the Placement Shares was determined at 80% of the volume weighted average closing price of Shares as quoted on ASX over the last ten (10) trading days immediately preceding 29 May 2014.

To date the following Placement Shares have been issued (and Placement Funds received):

Tranche	Investor	Placement Funds Received	Placement Shares Issued [3]	Date Placement Shares Issued
Tranche 1[1]	Investor A	$1,944,241	16,476,621	19 June 2014
Tranche 2 [2]	Investor A	$2,055,759	17,421,697	30 September 2014
Tranche 3 [2]	Investor B	$1,000,000	8,474,579	30 September 2014
Tranche 4 [3]	Investor B	$2,530,000	21,440,678	29 December 2014
Tranche 5 [4]	Investor B	$470,000	3,983,061	30 March 2015
TOTAL		**$8,000,000**	**67,796,636**	

Notes:

1. Refer to ASX announcement dated 20 June 2014.Shareholders ratified the issue of these Placement Shares at the September 2014 Meeting.
2. Refer to ASX announcement dated 30 September 2014. Shareholders approved the issue of these Placement Shares at the September 2014 Meeting.
3. Refer to ASX announcement dated 30 December 2014. Shareholders approved the issue of these Placement Shares at the September 2014 Meeting. 32,000,000 Placement Options were also issued to Investor B as announced on 20 October 2014 in accordance with the terms of the Placement Agreement with Investor B.
4. Refer to ASX announcement dated 31 March 2015. These Placement Shares were issued under the Company's 15% capacity pursuant to Listing Rule 7.1.

On 20 October 2014, 32,000,000 Placement Options were issued to Investor B in accordance with the terms of the Placement Agreement with Investor B. The terms of the Placement Options are further set out below and in Schedule 1. Shareholders approved the issue of the Placement Options to Investor B at the September 2014 Meeting.

The following Placement Shares are to be issued (and Placement Funds received):

Tranche	Investor	Placement Funds	Placement Shares [3]	Placement Funds Payment Date
Tranche 5	Investor C [5]	$1,000,000	8,474,588	2 October 2014 – funds not received [8]
Tranche 6	Investor A	$1,000,000	8,474,588	3 November 2014 – funds not received [8]

Tranche 7	Investor C [5]	$1,000,000	8,474,588	1 December 2014 - – funds not received [8]
Tranche 8	Investor D [5]	$300,000	2,542,376	1 December 2014 – funds not received [9]
Tranche 9	Mr Derong Qiu (Non-Executive Director of CXU) [6]	$2,000,000	16,949,178	30 June 2015 [6]
Tranche 10	Investor D [7]	$1,700,000	14,406,802	1 December 2015 [9]
TOTAL		**$7,000,000**	**59,322,120**	

Notes:

5. Investor D is a controlled entity of Investor C. Accordingly, for the purpose of this Notice the relevant interest in the Company held by Investor C and Investor D will be considered together.

6. The Company is seeking Shareholder approval at this Meeting for the issue of the Placement Shares to Mr Qiu pursuant to Resolution 6. Note the Company and Mr Qiu varied the relevant Placement Agreement such that the payment date for receipt of these funds was varied from 28 February 2015 to 30 June 2015. In June 2015, $1,714,932 of these funds were received in cash from Mr Qiu, with the balance of $285,068 planned to settle director fee payments owing to Mr Qiu in respect of his services (together, $2,000,000). The funds received by the Company in June 2015 are currently being held in trust by the Company pending receipt of Shareholder approval and issue of the relevant Shares.

7. These funds will be held in trust by the Company when received. The Company will seek Shareholder approval for the issue of the Tranche 8 and 10 Placement Shares to Investor D at a subsequent Shareholder Meeting.

8. Receipt of overdue Placement Funds from Investor A and Investor C is currently the subject of legal proceedings. Refer to Section 5.3 for further details.

9. The Company intends to commence legal proceedings to pursue receipt of overdue Placement Funds from Investor D.

Pursuant to the terms of the Placement Agreements, subject to receipt of Shareholder approval the investors will also be issued the following Options (**Placement Options**):

(a) 40,000,000 Options to Investor C (the payment of the Tranche 5 and 7 Placement Funds is conditional upon these Placement Options being issued to Investor C) (**Investor C Options**);

(b) 34,000,000 Options to Investor D (the payment of the Tranche 8 and 10 Placement Funds is conditional upon these Placement Options being issued to Investor D) (**Investor D Options**); and

(c) 16,000,000 Options to Mr Derong Qiu (the payment of the Tranche 9 Placement Funds is conditional upon these Placement Options being issued to Mr Qiu) (**Qiu Options**).

The key terms of the Placement Options are as follows:

(d) half of the Placement Options will vest immediately upon issue with an:

(i) exercise price of $0.118 each; and

(ii) expiry date of 31 December 2015,

(the **Upfront Options**); and

(e) the remaining half of the vesting options (the **Vesting Options**) will vest on 1 January 2016 provided that the holder's Upfront Options are not exercised (in the event that only a portion of the holder's Upfront Options are exercised by the holder, the number of Vesting Options that actually vest will be equal to the number of un-exercised Upfront Options) with an:

(i) exercise price of $0.138 each; and

(ii) expiry date of 31 December 2016.

Accordingly:

(a) Investor C can only exercise a **maximum** of 20,000,000 Placement Options;

(b) Investor D can only exercise a **maximum** of 17,000,000 Placement Options; and

(c) Mr Qiu can only exercise a **maximum** of 8,000,000 Placement Options.

The further terms and conditions of the Placement Options are set out in Schedule 1.

The Company intends to seek Shareholder approval for the issue of the Placement Shares and Placement Options to Investor D pursuant to Tranches 8 and 10 at a subsequent Shareholder Meeting. The Company intends to commence legal proceedings to pursue receipt of overdue Placement Funds from Investor D.

The Company intends to use the remaining Placement Funds to commence undertaking extensive additional exploration activities within the wider Yanrey region and accelerating the growing Bennet Well resource. Other project areas that will benefit from the funding include the Company's South Australian Marree base metals project area, for which funding will allow CXU to perform geophysical work required to understand the potential of this project. As previously indicated this is intended to lead into drill programs for Mount Freeling, Ooloo and Ooloo south west as well as other anomalies.

5.2 September 2014 Meeting

At a General Meeting of the Company held on 30 September 2014 (**September 2014 Meeting**), *inter alia* Shareholders approved the:

(a) ratification of the issue of 16,476,621 Placement Shares to Investor A (Resolution 3 in the Notice for the September 2014 of Meeting);

(b) issue of 25,896,285 Placement Shares to Investor A (Resolution 4 in the Notice for the September 2014 of Meeting);

(c) issue of 33,898,318 Placement Shares and 32,000,000 Placement Options to Investor B (Resolution 5 in the Notice for the September 2014 of Meeting); and

(d) issue of 16,949,176 Placement Shares, the issue of 40,000,000 Placement Options and issue of Shares to Investor C upon exercise of the Placement Options (Resolution 6 in the Notice for the September 2014 of Meeting).

Note: As further detailed below, following the September 2014 Meeting legal proceedings were commenced by Investor C and Investor A (as outlined in section 5.3 below). As a result of the proceedings and non receipt of Placement Funds by the due date, the Securities referred to in (d) above and 8,474,588 of the Shares referred to in (b) above were not issued within the required 3 month period following the September 2014 Meeting. The legal proceedings are ongoing.

5.3 Legal Proceedings

On 14 October 2014, CXU's Securities were placed in a trading halt at the request of the Company, pending the outcome of a court hearing scheduled at the Supreme Court of New South Wales.

On 15 October 2014, the Company announced that the Supreme Court of New South Wales discharged injunctive ex parte orders obtained by Investor C and Investor A (together, the **Plaintiffs**) without notice to the Company on 12 October 2014.

The Legal Proceedings followed on from a written demand CXU made to Investor C on 3 October 2014 to pay $1,000,000 for the subscription of Placement Shares due to the Company on 2 October 2014 pursuant to the Placement Agreement with Investor C.

On 11 December 2014, the Supreme Court of New South Wales (Equity Division) made orders in favour of the Company that:

(a) the legal proceedings commenced by the Plaintiffs against CXU (**Legal Proceedings**) be immediately transferred to the Supreme Court of Western Australia; and

(b) the Plaintiffs pay CXU's costs of the application to transfer the Legal Proceedings.

On 27 May 2014, the Company announced that the Supreme Court of Western Australia made orders with the effect that:

(a) the action by the Plaintiffs against CXU be discontinued;

(b) CXU have the ability to counterclaim for unpaid subscriptions sums in the amount of $3,000,000 plus damages, interest and costs against the Plaintiffs without the delay of requiring service overseas;

(c) the injunctive orders previously made against CXU be discharged; and

(d) the Plaintiffs pay CXU's costs to 25 March 2015, including all reserved costs.

On 5 August 2015, the Supreme Court of Western Australia made an order that a trial of Cauldron's counterclaim against the Plaintiffs be listed for trial on 2 December 2015 at 10:00am.

5.4 Shareholder Approvals in relation to Placement

At this Meeting, in relation to the Placement, the Company is seeking Shareholder:

(a) ratification pursuant to ASX Listing Rule 7.4 for the issue of the issue of the Tranche 4 Placement Shares to Investor B (Resolution 5 – refer to Section 6 for further details); and

(b) approval pursuant to ASX Listing Rule 10.11 and Section 611 (Item 7) of the Corporations Act for the issue of the Tranche 9 Placement Shares, the issue of the Qiu Options and issue of Shares to Mr Qiu upon exercise of the Qiu Options (the subject of Resolution 6 – refer to Section 7 and the Independent Expert's Report for further details).

5.5 Capital Structure

Outlined below is the current capital structure of the Company and the capital structure showing the effect of the issue of the Tranche 9 Placement Shares and Shares upon exercise of the Qiu Options (**Option Exercise Shares**) (assuming no other Shares are issued (and based on the assumptions set out in the notes below):

Fully Paid Ordinary Shares				
	Pre Issue		**Post Issue** [1-3]	
Shareholder	**No Shares**	**%**	**No Shares**	**%**
Cape Lambert (and associates)	42,942,218	17.10	42,942,218	15.56
Investor A	33,898,318	13.50	33,898,318	12.28
Investor B	33,898,318	13.50	33,898,318	12.28
Mr Derong Qiu	30,595,532	12.18	55,544,710	20.12
Investor C (and associates)*	24,256,324	9.66	24,256,324	8.79
Other Shareholders	85,513,556	34.05	85,513,556	30.98
TOTAL	**251,104,266**	**100**	**276,053,444**	**100**

Options	
Unlisted Options exercisable at $0.138 before 31 December 2016	16,000,000
Unlisted Options exercisable at $0.118 before 31 December 2015	16,000,000
Unlisted Options exercisable at $0.138 before 31 December 2015	18,725,000
Unlisted Options exercisable at $0.20 before 30 September 2015	3,000,000
Unlisted Options exercisable at $0.45 before 20 October 2015	500,000
TOTAL	**54,225,000**

Notes

*Investor D is a controlled entity of Investor C. Investor D currently holds no shares in the Company.

The above table assumes:

1 Resolution 6 is passed and the Tranche 9 Placement Shares and Shares upon exercise of the Qiu Options are issued.

2 No additional Securities (other than Tranche 9 Placement Shares and Shares upon exercise of the Qiu Options) are issued.

3 The number of Shares that will be issued will vary depending on the number of Placement Options actually exercised.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES TO INVESTOR B

6.1 General

As announced on 31 March 2015, the Company issued 3,983,061 Shares to Investor B at an issue price of $0.118 per Share to raise $470,000.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Share Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

6.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

(a) 3,983,061 Shares were issued;

(b) the issue price was $0.118 per Share;

(c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(d) the Shares were issued to Investor B. This subscriber is not a related party of the Company; and

(e) the funds raised from this issue were used to part fund exploration activities within the wider Yanrey region and accelerate the growing Bennet Well resource.

7. RESOLUTION 6 – ISSUE OF PLACEMENT SHARES AND PLACEMENT OPTIONS TO A DIRECTOR

7.1 General

As summarised in Section 5.1, the Company has entered into a Placement Agreement with Mr Derong Qiu (Non-Executive Director of CXU) pursuant to which the Company has agreed (subject to Shareholder approval) to issue 16,000,000 Options (being the Qiu Options) to Mr Qiu in part consideration for provision of the Placement Funds.

Further details of the Placement are set out in Section 5.1. **Note (as stated in Section 5.1), due to the vesting conditions of the Placement Options, Mr Qiu can only invest a maximum of 8,000,000 Options.**

Resolution 6 seeks Shareholder approval for the purpose of ASX Listing Rule 10.11 and Section 611 (Item 7) of the Corporations Act for the issue of:

(a) the Tranche 9 Placement Shares;

(b) 16,000,000 Options (being the Qiu Options); and

(c) up to 8,000,000 Shares in the event Mr Qiu exercises the Qiu Options (**Qiu Option Exercise Shares**),

to Mr Qui (**Participation**).

7.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Mr Qiu is a Director and is therefore a related party of the Company.

As the participation of Mr Qiu in the Placement involves the issue of Securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

7.3 Technical Information required by ASX Listing Rule 10.11

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 6:

(a) the Tranche 9 Placement Shares and the Qiu Options will be issued to Mr Qiu (or his nominee) who is a Director of the Company;

(b) the maximum number of Securities to be issued is;

(i) 16,949,178 Shares; and

(ii) 16,000,000 Options; and

(c) the issue price will be $0.118 per Share and the Options will be issued for nil consideration as they are being issued in part consideration for participation in the Placement;

(d) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date. It is intended that allotment will occur on completion of the Meeting;

(e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(f) the Options will be issued on the terms and conditions set out in Schedule 1; and

(g) the Company intends to use the funds raised from the Placement as set out in Section 5.1.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Tranche 9 Placement Shares, the Qiu Options or the Qui Option Exercise Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Securities to Mr Qiu (or his nominee) will not be

included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

7.4 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The Participation constitutes giving a financial benefit and Mr Qiu is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Qiu who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Tranche 9 Shares, Qiu Options and Qiu Option Exercise Shares will be issued to Mr Qiu on the same terms as other participants in the Placement.

7.5 Item 7 of Section 611 of the Corporations Act

Section 606(1) of the Corporations Act provides that a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(a) from 20% or below to more than 20%; or

(b) from a starting point that is above 20% and below 90%.

The voting power of a person in a company is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person (**second person**) will be an "associate" of the other person (**first person**) if:

(a) the first person is a body corporate and the second person is:

  (i) a body corporate the first person controls;

  (ii) a body corporate that controls the first person; or

  (iii) a body corporate that is controlled by an entity that controls the first person;

(b) the second person has entered or proposed to enter in a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and

(c) the second person is a person with whom the first person is acting or proposing to act, in concert in relation to the company's affairs.

A person has a relevant interest in securities if they:

(a) are the holder of the securities;

(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

7.6 Reason why Section 611 (Item 7) approval required in respect of Resolution 6

As at the date of this Notice, Mr Qiu holds 30,595,532 Shares (being 12.18% of the Shares of the Company).

If the:

(a) Tranche 9 Placement Shares were issued to Mr Qui;

(b) Qiu Options were issued to Mr Qui; and

(c) Qiu Options were exercised and Qiu Option Exercise Shares were issued to Mr Qui,

Mr Qiu (and his associates) would increase their interest in the Company from a starting point below 20% (being 12.18%) to below 90%. The exact relevant interest of Mr Qiu (and his associates) in the Company following the issue of the Tranche 9 Placement Shares and Qiu Option Exercise Shares will depend on whether Mr Qiu elects to exercise all or any of the Placement Options he is issued (and whether any other Securities are issued).

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition in Section 606(1) of the Corporations Act, whereby a person may acquire a relevant interest in a company's voting shares in excess of the prescribed limit with shareholder approval.

The Company therefore seeks Shareholder approval to enable Mr Qiu (and his associates) to acquire a relevant interest in the Company in excess of its current holding of 12.18% upon the issue of the Tranche 9 Placement Shares and Qiu Option Exercise Shares to Mr Qiu to above 20% (but below 90%).

The information set out below is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining shareholder approval under Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report annexed to this Explanatory Statement which sets out additional information in respect of the proposal described in this Explanatory Statement.

7.7 Impact on the Company

The proposed issue of the Tranche 9 Placement Shares and the Qiu Option Exercise Shares to Mr Qiu will result in various advantages and disadvantages to the Company which Shareholders should consider prior to exercising their vote.

The Independent Expert notes that the key advantages of the proposal to the Company and non-associated Shareholders are summarised as follows:

(a) If shareholders do not approve Resolution 6, then there is the strong possibility that the Company cannot continue in its present form and the Company may in the worst case scenario be forced to divest itself of some or all of the Mineral Assets. Cauldron urgently requires funds to allow the Company to continue its exploration and evaluation activities on its Mining Assets in Australia and Argentina and to obtain finance to assist in the possible development of its Bennet Well Project in Western Australia. Additionally funds are required to fund business development and corporate overheads.

It is noted that with the release of $1,714,932 restricted cash from the Placement to Derong Qiu will relieve some financial pressure and the Company will be relieved of paying outstanding Consulting/Director Fees of $286,078 to Derong Qiu in cash. Obtaining access to a reasonable amount of cash funds in the current environment is difficult and thus the Company and its shareholders should benefit. This should alleviate cash flow concerns in the immediate future, and position the Company to fund its operations but note that CXU will still need to raise further equity in 2015/16 to continue to finance planned exploration and corporate costs. In the current market it is still difficult for exploration companies such as CXU to raise equity.

(b) Derong Qiu is placing faith in CXU and its Mineral Assets in Australia and Argentina and as noted above, the Placement to Derong Qiu should assist the CXU Group in continuing in business. Having Derong Qiu (as well as the other Investors who have paid cash to CXU over the past year) as significant shareholders may be an incentive to Derong Qiu and such Investors to financially support CXU in future capital raisings after December 2015 although there is no assurance that this will occur.

If the 8,000,000 Placement Options are exercised prior to 31 December 2016, the Company would receive cash funds of $1,104,000 as the share options would be exercised at 13.8 cents each (if exercised before 31 December 2015, CXU would receive $944,000). There may also be an incentive for all existing share option holders to exercise their share options.

(c) As noted, the ability of small exploration companies to raise funds in the current market environment is extremely difficult and often large discounts (to share prices) need to be offered to investors to subscribe for shares in such companies. Discounts can vary but it is common to see discounts fall between 20% and 50% (but can be outside such range). It is noted that in setting the proposed issue price of the Placements, the Company agreed with the Investors that a 20% discount to the 10 day VWAP to 29 May 2014 would be offered and thus the issue price was set at 11.8 cents (the VWAP was 14.75 cents). Negotiations commenced in May 2014 but were not concluded until around 6 June 2014. The share prices of CXU as traded on ASX for the three months to 26 May 2014 were between 8.5 cents and 13.0 cents and on such a basis no discount would have applied.

Except for the period between April 2015 and to mid July 2015, the share price of a CXU share as traded on ASX has been in excess of the 13.8 cent issue price of the Placement Shares proposed to be issued to Derong Qiu and the exercise price of 13.8 cents of the 8,000,000 Placement Options (last share price on 11 September 2015 was 13 cents that is below the 13.8 cents potential exercise price but above the 11.8 cents if 8,000,000 Placement Options were exercised by Derong Qiu before 31 December 2015).

(d) The capital raising costs for the Placement Shares is estimated at $25,000 (estimated cost of the Notice and shareholders meeting) that represents a capital raising fee of approximately 1.25%. The capital raising cost is at a reasonable rate when compared to similar capital raisings where the rates can be approximately 5% to 7% of the capital

raising. Potentially a further $1,104,000 (or $944,000) can be raised from the exercise of 8,000,000 Placement Options at effectively no additional cash outlay by CXU.

(e) Having cornerstone investors (shareholders) such as Derong Qiu has advantages but it may also limit the opportunity for other parties to bid for all or part of the shares in CXU in the future. However, a takeover bid for the Company cannot be completely ruled out.

The disadvantages noted by the Independent Expert are as follows:

(a) The number of shares on issue rises as at 15 September 2015 to 268,053,444 shares after the issue of all of the 16,949,178 Placement Shares (and before any other share issues) but may rise to 276,053,444 if 8,000,000 Placement Options are exercised. This could represent an up to approximate 9.94% increase in the shares of the Company as compared to the current shares on issue of 251,104,266 and represents a significant shareholding of an additional up to 7.94% in the Company being issued to Derong Qiu (to a total potential percentage holding of approximately 20.21%). Potentially this may make the Company a less attractive investment for potential future investors, however as noted in paragraph 3.1 above, CXU has several other significant shareholders.

(b) CXU shareholders could effectively dilute their interest in a company that has the potential to develop its Mineral Assets, and in particular the Bennet Well Project, which have been independently valued by Maynard at $95,800,000 (preferred value).

(c) The potential exercise price of 13.8 cents relating to the 8,000,000 Placement Options by Derong Qiu is not at a premium to the last sale price of a CXU share traded on ASX on 11 September 2015. However, it is not uncommon to issue shares at a discount to market (refer paragraph 9.2 above). It is at a small premium to the last sale price of 13 cents on 11 September 2015 if exercised at 11.8 cents before 31 December 2015 (although since mid July 2015, the share price of a CXU share traded on ASX has mainly been above 16 cents).

(d) There is always the possibility that the value of the shares in CXU may be in excess of the exercise price of 13.8 cents per share option (in relation to the 8,000,000 Placement Options that potentially can be exercised) particularly if development finance can be arranged. The CXU closing share price as at 31 August 2015 (as traded on ASX), being 17 cents per share, already exceeds the exercise price(s) of the 8,000,000 Placement Options (and the issue price under the Placement to Derong Qiu). However, as noted above, on 11 September 2015, the last sale price of a CXU share traded on ASX was 13 cents.

Shareholders are encouraged to read the Independent Expert's Report in its entirety.

7.8 The identity of the person proposing to make the transaction and their associates

Mr Derong Qiu is a Non-Executive Director of the Company. Mr Qiu is a highly experienced industrialist with approximately 30 years' experience in the architecture, construction, real estate industries in China and with over 18 years of experience in the management of enterprises and projects throughout the country. He has a MBA obtained from the Oxford Commercial College, a joint program operated by Oxford University in China. Since 2007 Mr Derong Qiu has successfully invested in a range of projects and companies with exploration and mining assets throughout China, including those with exposure to copper, gold, coal and iron ore.

Additional background information on Mr Qiu is set out in the Independent Expert's Report.

7.9 Maximum increase in voting power of Mr Qiu and his associates, and total voting power, as a result of the transaction

The current voting power in the Company of Mr Qiu (and his associates) is 12.18%.

The maximum extent of the increase in Mr Qui's voting power that would result from the issue of the:

(a) Tranche 9 Placement Shares; and

(b) Qiu Option Exercise Shares,

will depend on whether Mr Qiu elects to exercise all or any of the Placement Options he is issued.

Schedule 2 set out the dilution scenario in the event the Placement Shares and Option Exercise Shares issued.

The calculations in Schedule 2 are based on the voting power of Mr Qiu (and his associates) in the Company as at the date of this Notice of Meeting and assume that no additional Shares (other than the Placement Shares the subject of Resolution 6) and the Qiu Option Exercise Shares are issued.

7.10 Statements by Mr Qiu

Mr Qiu and each of his associates have informed the Company that, other than in the ordinary course of his role as a Non-Executive Director of the Company, as at the date of this Notice of Meeting and on the basis of the facts and information available to it, if Shareholders approve Resolution 6 that he and his associates:

(a) have no current intention to change the business of the Company;

(b) do not have any current intention to inject further capital into the Company;

(c) have no current intentions regarding the future employment of the present employees of the Company;

(d) do not intend to transfer any property between Mr Qiu or any person associated with either of them;

(e) do not currently intend to redeploy any fixed assets of the Company;

(f) have no current intention to change the financial matters or dividend policies of the Company; and

(g) have no current intention to change the composition of the Board.

7.11 Recommendations of Directors

None of the Directors (other than Mr Qui) has a personal interest in the outcome of Resolution 6.

Based on the information available, including that contained in this Explanatory Statement and the Independent Expert's Report, the Directors consider that the issue of the Tranche 9 Placement Shares and Qiu Option Exercise Shares is in the best interests of Company. The issue of the Tranche 9 Placement Shares will generate $2,000,000 for the Company and, if the Qiu Options are exercised the issue of the associated Shares will generate:

(a) up to $944,000 for the Company if exercised prior to 31 December 2015; or

(b) up to $1,104,000 for the Company if exercised prior to 31 December 2016.

Each of the Directors (other than Mr Qiu who has a personal interest in the outcome of the Resolution) approved the proposal to put Resolution 6 to Shareholders and each of the Directors recommend that Shareholders vote in favour of Resolution 6.

7.12 Role of the Independent Expert

The Company has commissioned Stantons International Securities to provide the Independent Expert's Report for the purposes of Shareholder approval pursuant to Item 7 of Section 611 of the Corporations Act. The Independent Expert's Report assesses whether the proposals outlined in Section 7 of this Explanatory Statement is fair and reasonable to the Shareholders who are not associated with Mr Qiu. The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposals described in Section 7 of this Explanatory Statement. This assessment is designed to assist all Shareholders in reaching their voting decision in relation to the Resolutions contained within this Notice of Meeting.

Stantons International Securities has prepared the Independent Expert's Report and has provided an opinion that it believes the approval to issue the:

(a) Tranche 9 Placement Shares to Mr Qiu is **NOT FAIR BUT REASONABLE;**

(b) Qiu Options to Mr Qiu is **NOT FAIR BUT REASONABLE;** and

(c) Qiu Option Exercise Shares to Mr Qiu is **NOT FAIR BUT REASONABLE,**

to the Shareholders of the Company not associated with Mr Qiu.

The Directors recommend that all Shareholders read the Independent Expert's Report in full.

8. RESOLUTION 7 - APPPROVAL OF 10% PLACEMENT CAPACITY – SHARES

8.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined by the Listing Rules) may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

(a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately $34million.

If Shareholders approve Resolution 7, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 8.2 below).

The effect of Resolution 7 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 7 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

8.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of Equity Securities on issue, being fully paid ordinary shares.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

(A) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the previous 12 months;

(C) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under this rule; and

(D) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

8.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 7:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 9.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

(i) 12 months after the date of this Meeting; and

(ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

or such longer period if allowed by ASX (**10% Placement Capacity Period**).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	**Dilution**			
	Issue Price (per Share)	**$0.065** **50% decrease in Issue Price**	**$0.13** **Issue Price**	**$0.26** **100% increase in Issue Price**
251,104,266 **(Current)**	**Shares issued**	25,110,427 Shares	25,110,427 Shares	25,110,427 Shares
	Funds raised	$1,632,178	$3,264,355	$6,528,711
376,656,399 **(50% increase)**	**Shares issued**	37,665,640 Shares	37,665,640 Shares	37,665,640 Shares
	Funds raised	$2,448,267	$4,896,533	$9,793,066

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	$0.065 50% decrease in Issue Price	$0.13 Issue Price	$0.26 100% increase in Issue Price
502,208,532 (100% increase)	Shares issued	50,220,853 Shares	50,220,853 Shares	50,220,853 Shares
	Funds raised	$3,264,355	$6,528,711	$13,057,422

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 16 September 2015.
2. The issue price set out above is the closing price of the Shares on the ASX on 16 September 2015.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

(i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

(ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

(i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital; or

(ii) as non-cash consideration for the acquisition of new resources assets and investments in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

(i) the purpose of the issue;

(ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

(iii) the effect of the issue of the Equity Securities on the control of the Company;

(iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

(v) prevailing market conditions; and

(vi) advice from corporate, financial and broking advisers (if applicable).

(i) **Previous Approval under ASX Listing Rule 7.1A**

The Company obtained approval under ASX Listing Rule 7.1A at its 2014 Annual General Meeting (**Previous Approval**).

However, the Company did not issue any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being and from 10 November 2014, the Company has issued 25,423,739 Shares and 15,450,000 Options which represents approximately 15.1% of the total diluted number of Equity Securities on issue in the Company on 10 November 2014, which was 271,580,527 (being 225,680,527 Shares and 45,900,000 Options).

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 3.

8.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 7.

9. RESOLUTION 8 – PLACEMENT OF OPTIONS TO EMPLOYEES AND CONSULTANTS

9.1 General

The Company proposes to issue up to 12,875,000 Options to employees and consultants of the Company as a reward and incentive to promote motivation, company ownership and loyalties (**Employee Option Placement**).

The Company is committed to renumerating its senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of Shareholders. Accordingly, the Company considers it appropriate to issue employees and consultants Options to align the interests of the employees and consultants with those of Shareholders and increase Company performance.

A summary of ASX Listing Rule 7.1 is set out in Section 6.1 above.

The effect of Resolution 8 will be to allow the Directors to issue the Options the subject of the Employee Option Placement to the employees and consultants during the period of 3 months after the date of the Meeting (or a longer period if allowed by ASX) without using the Company's 15% annual placement capacity.

None of the persons receiving the Options the subject of the Employee Options Placement will be a related party of the Company.

9.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Argentinian Employee Options Placement:

(a) a maximum of 12,875,000 Options will be issued;

(b) the Options will be issued for nil cash consideration;

(c) the recipients of the Options are not yet known. However the Options will be issued to consultants and employees of the Company, none of whom will be a related party of the Company;

(d) the Options will be issued on the terms set out in Schedule 4;

(e) the Options will be issued no later than 3 months after the date of the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on one date; and

(f) no funds will be raised from the issue of the Options as they are being issued to employees and consultants of the Company in consideration for their services to the Company and to promote motivation, company ownership and loyalty.

10. RESOLUTIONS 9 TO 11 - ISSUE OF DIRECTOR OPTIONS TO TONY SAGE, MARK GWYNNE AND JIA (JUDY) LI

10.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 4,900,000 Options (**Director Options**) to Tony Sage, Mark Gwynne and Jia (Judy) Li (or nominees) (**Related Parties**).

The offer of Director Options to the Related Parties form part of the Company's incentive objectives to encourage Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

The number of Director Options to be issued to each Director has been determined based on factors such as service of each Director to the Company, continuity of executive management, significant contribution to the Company's success and to provide ongoing equity incentives to advance the Company and its assets.

Furthermore, the grant of Director Options, are viewed as a cost effective and efficient reward and incentive of the Company as opposed to alternative forms of incentive, such as the payment of additional cash compensation to Directors.

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in Sections 7.4 and 7.2 above respectively

The grant of the Director Options constitutes giving a financial benefit and Tony Sage, Mark Gwynne and Jia (Judy) Li are related parties of the Company by virtue of being Directors.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

10.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

(a) the related parties are Tony Sage, Mark Gwynne and Jia (Judy) Li and they are related parties by virtue of being Directors of the Company;

(b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:

(i) 3,900,000 Director Options to Tony Sage;

(ii) 500,000 Director Options to Mark Gwynne; and

(iii) 500,000 Director Options to Jia (Judy) Li;

(c) the Director Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of

the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;

(d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;

(e) the terms and conditions of the Director Options are set out in Schedule 5;

(f) the value of the Director Options and the pricing methodology is set out in Schedule 6;

(g) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Tony Sage	5,894,600	3,900,000 [1]
Mark Gwynne	100,000	500,000 [1]
Jia (Judy) Li	Nil	Nil

1. Exerciseable at $0.138 each on or before 31 December 2015 (subject to vesting conditions).

(h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Tony Sage	120,000	120,000
Mark Gwynne	36,000	800
Jia (Judy) Li	36,000	6,000

(i) if the Director Options granted to the Related Parties are exercised, a total of 4,900,000 Shares would be issued. This will increase the number of Shares on issue from 251,104,266 to 256,004,266 (assuming that no other Options are exercised and no other Shares are issued including those contemplated by the Resolutions of this Notice) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.91%, comprising 1.52% by Tony Sage, 0.195% by Mark Gwynne and 0.195% by Jia (Judy) Li;

(j) The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.

(k) As at the date of this Notice the Shares are trading on ASX at a price lower than the exercise price of the Director Options. The Board resolved to issue the Director Options, subject to Shareholder approval, on the terms and conditions set out in this Notice at a time when the Shares were trading on ASX at a price lower than the exercise price of the Director Options. The exercise price of the Director Options is at a higher price to the

Upfront Options of Qiu Options, while being directly aligned to the exercise price of the Vesting Options of Qiu Options contemplated in Resolution 6 of this Notice (and the remaining Placement Options). The Board resolved to issue the Director Options being issued to:

(i) Mr Tony Sage on 14 September 2015 when the previous closing price of Shares on ASX was 13 cents;

(ii) Mr Mark Gwynne on 14 September 2015 when the previous closing price of Shares on ASX was 13 cents; and

(iii) Ms Jia (Judy) Li on 14 September 2015 when the previous closing price of Shares on ASX was 13 cents;

(l) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	**Date**
Highest	25.0 cents	28 October 2014
Lowest	9.0 cents	18 May 2015
Last	13.5 cents	21 September 2015

(m) the primary purpose of the grant of the Director Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;

(n) Tony Sage declines to make a recommendation to Shareholders in relation to Resolution 9 due to Tony Sage's material personal interest in the outcome of the Resolution on the basis that Tony Sage is to be granted Director Options in the Company should Resolution 9 be passed. However, in respect of Resolutions 10 and 11 Tony Sage recommends that Shareholders vote in favour of those Resolutions for the following reasons:

(i) the grant of Director Options to the Related Parties will align the Related Parties' interests with those of Shareholders;

(ii) the grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-monetary form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and

(iii) it is not considered that there are any significant opportunity costs to the Company or opportunity foregone by the Company in granting the Director Options upon the terms proposed;

(o) Mark Gwynne declines to make a recommendation to Shareholders in relation to Resolution 10 due to Mark Gwynne's material personal interest in the outcome of the Resolution on the basis that Mark Gwynne is to be granted Director Options in the Company should Resolution 10 be passed. However, in respect of Resolutions 9 and 11 Mark Gwynne recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);

(p) Jia (Judy) Li declines to make a recommendation to Shareholders in relation to Resolution 11 due to Jia (Judy) Li's material personal interest in the outcome of the Resolution on the basis that Jia (Judy) Li is to be granted Director Options in the Company should Resolution 11 be passed. However, in respect of Resolutions 9 and 10 Jia (Judy) Li recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);

(q) with the exception of Tony Sage, Mark Gwynne and Jia (Judy) Li, no other Director has a personal interest in the outcome of Resolutions 9 to 11;

(r) Derong Qiu recommend that Shareholders vote in favour of Resolutions 9 to 11 for the reasons set out in paragraph (n)(ii);

(s) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Director Options to be granted as well as the exercise price and expiry date of those Director Options; and

(t) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 9 to 11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

11. RESOLUTION 12 – DIRECTORS' REMUNERATION

Clause 13.7 of the Constitution requires that the total aggregate fixed sum per annum to be paid to the Directors (excluding salaries of executive Directors) from time to time will not exceed the sum determined by the Shareholders in general meeting and the total aggregate fixed sum will be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.

ASX Listing Rule 10.17 provides that if a non-executive director is paid, he or she must be paid a fixed sum.

The total aggregate fixed sum per annum to be paid to the non-executive Directors is currently set at $300,000. Resolution 12 seeks Shareholder approval to increase the total aggregate fixed sum per annum to be paid to the non-executive Directors by $450,000 to $750,000.

The total amount of Directors' fees payable includes superannuation contributions made by the Company for the benefit of non-executive directors and any fees which a non-executive Director agrees to sacrifice on a pre-tax basis.

The Board advises that there is no planned increase to the current rate of Director fees. The proposed increase in the total aggregate fixed sum per annum that could be paid to the non-executive Directors is to maintain flexibility for the Board and allow for the possible appointment of additional Directors in the future.

The Company proposes to pay the current non-executive Directors a total of $108,000 in Directors' fees for the current financial year.

The total aggregate fixed sum per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

12. ENQUIRIES

Shareholders are requested to contact Catherine Grant on (+ 61 8) 9380 9555 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Closely Related Party of a member of the Key Management Personnel means a spouse or child of the member; a child of the member's spouse; a dependent of the member or the member's spouse; anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; a company the member controls; or a person prescribed by the *Corporations Regulations 2001 (Cth*).

Company or **CXU** means Cauldron Energy Limited (ACN 102 912 783).

Constitution means the Company's current constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Director Option means an option to acquire a Share on the terms set out in Schedule 5.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Investor A means Guangzhou City Guangrong Investment Management Co., Ltd.

Investor B means Starry World Investment Ltd.

Investor C means Beijing Joseph Investment Co. Ltd and Joseph Investment International (BVI).

Investor D means Guangzhou Joseph Investment Co. Ltd.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a share.

Placement Options means an option to acquire a Share on the terms set out in Schedule 1.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's Report section of the Company's annual financial report for the year ended 30 June 2015.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF PLACEMENT OPTIONS

The Options will be issued on the following terms and conditions:

(a) Each Option gives the Optionholder the right to subscribe for one Share.

(b) The Options will vest as follows:

(a) half of the Options will vest immediately upon issue (**Upfront Options**); and

(b) half of the Options will vest on 1 January 2016 provided that the Optionholder's Upfront Options are not exercised (in the event that only a portion of the Optionholder's Upfront Options are exercised by the Optionholder, the number of Vesting Options that actually vest will be equal to the number of un-exercised Upfront Options) (**Vesting Options**).

(c) Other than by operation of a Change of Control Event, any Options which have not vested as at the date the holder ceases to be employed or engaged by the Company, shall automatically lapse unless otherwise determined by the Board. Any Options which have vested prior to the date of termination shall not lapse.

(d) The:

(i) Upfront Options will expire at 5.00pm (WST) on 31 December 2015; and

(ii) Vesting Options will expire at 5.00pm (WST) on 31 December 2016,

(**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) The amount payable upon exercise of each Option is:

(i) $0.118 in respect to an Upfront Option; and

(ii) $0.138 in respect of a Vesting Option,

(**Exercise Price**).

(f) If there is a Change of Control Event prior to 31 December 2016 any unexercised Options shall automatically vest (up to a maximum of one half of the Options issued to the Optionholder). "Change of Control Event" means the occurrence of:

(i) the offeror under a takeover offer in respect of all the shares in the Company (**Shares**) announces that it has achieved acceptances in respect of 50.1% or more of the Shares; and

(ii) that takeover bid has become unconditional; or

(iii) the announcement by the Company that shareholders of the Company have at a court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:

A. cancelled; or

B. transferred to a third party; and

C. the court, by order, approves the proposed scheme of arrangement.

(g) Other than by operation of a Change of Control Event, any Options which have not vested as at the date the holder ceases to be engaged by the Company or by the Expiry Date, shall automatically lapse. Any Options which have vested prior to the date of termination shall not lapse.

(h) Subject to the vesting conditions referred to in (b) above, the Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.

(i) Subject to the vesting conditions referred to in (b) above, an Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:

(i) a written notice of exercise of Options specifying the number of Options being exercised; and

(ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(**Exercise Notice**).

(j) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(k) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

(l) The Options are not transferable.

(m) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.

(n) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.

(o) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(p) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(q) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

SCHEDULE 2 – DILUTION SCENARIO IN RELATION TO RESOLUTION 6

Table 1 - Scenario 1 (Tranche 9 Placement Shares and Qiu Option Exercise Shares issued)

Fully Paid Ordinary Shares				
	Pre Issue		**Post Issue [1-3]**	
Shareholder	**No Shares**	**%**	**No Shares**	**%**
Cape Lambert (and associates)	42,942,218	17.10	42,942,218	16.02
Investor A	33,898,318	13.50	33,898,318	12.65
Investor B	33,898,318	13.50	33,898,318	12.65
Mr Derong Qiu	30,595,532	12.18	47,544,710	17.73
Investor C (and associates)*	24,256,324	9.66	24,256,324	9.05
Other Shareholders	85,513,556	34.05	85,513,556	31.90
TOTAL	**251,104,266**	**100**	**268,053,444**	**100**

Options	
Unlisted Options exercisable at $0.138 before 31 December 2016	16,000,000
Unlisted Options exercisable at $0.118 before 31 December 2015	16,000,000
Unlisted Options exercisable at $0.138 before 31 December 2015	18,725,000
Unlisted Options exercisable at $0.20 before 30 September 2015	3,000,000
Unlisted Options exercisable at $0.45 before 20 October 2015	500,000
TOTAL	**54,225,000**

Notes

*Investor D is a controlled entity of Investor C. Investor D currently holds no shares in the Company.

The above table assumes:

1 Resolution 6 is passed and the Tranche 9 Placement Shares and Qiu Options are issued but are not exercised;

2 no additional Securities (other than Tranche 9 Placement Shares) are issued; and

3 the number of Shares that will be issued will vary depending on the number of Placement Options actually exercised.

SCHEDULE 3 – ISSUES OF EQUITY SECURITIES SINCE 10 NOVEMBER 2014

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable)[1]	Form of consideration
19/12/2014	14,000,000	Unlisted Options[4]	Australian employees and consultants of the Company as approved at shareholder meeting on 30 September 2014	Nil – issued as reasonable remuneration for services performed by employees and consultants on behalf of the Company	Non-cash consideration Amount raised = Nil Current Value[3] = $2,179,140
19/12/2014	1,450,000	Unlisted Options[5]	Argentinian employees and consultants of the Company as approved at shareholder meeting on 30 September 2014	Nil – issued as reasonable remuneration for services performed by employees and consultants on behalf of the Company	Non-cash consideration Amount raised = Nil Current Value[3] = $225,697
29/12/2014	21,440,678	Shares[2]	Investor: Starry World Investment Ltd (Investor B) pursuant to a placement agreement as approved at shareholder meeting on 30 September 2014	$0.118 per Share Discount to Market Price = 19%	Cash consideration Amount raised = $2,530,000 Amount spent = $2,530,000 Use of funds = Exploration expenditure and general working capital purposes
31/3/2015	3,983,061	Shares[2]	Investor: Starry World Investment Ltd (Investor B) pursuant to a placement agreement as approved at shareholder meeting on 30 September 2014	$0.118 per Share Discount to Market Price = 19%	Cash consideration Amount raised = $470,000 Amount spent = $70,000 Amount remaining = $400,000 Proposed use of remaining funds[6] = Exploration expenditure and for general working capital purposes

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.

2. Fully paid ordinary shares in the capital of the Company, ASX Code: CXU (terms are set out in the Constitution).

3. The value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share Price on the measurement date, the exercise price, the term of the Option, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option.

4. Unlisted Options, exercisable at $0.138 each, on or before 31 December 2015 and subject to vesting conditions. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 30 September 2014.

5. Unlisted Options, exercisable at $0.138 each, on or before 31 December 2015 and subject to vesting conditions. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 30 September 2014.

6. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

SCHEDULE 4 – TERMS AND CONDITIONS OF OPTIONS TO EMPLOYEES AND CONSULTANTS

The Employee and Consultant Options will be issued on the following terms:

(a) Each Option gives the Optionholder the right to subscribe for one Share.

(b) The Options will expire at 5.00pm (WST) on 31 December 2016 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) Any Option not exercised at the date the holder ceases to be an employee of, or consultant to, the Company will lapse.

(d) The amount payable upon exercise of each Option is 13.8 cents (**Exercise Price**).

(e) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.

(f) The Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:

(i) a written notice of exercise of Options specifying the number of Options being exercised; and

(ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(**Exercise Notice**).

(g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

(i) The Options are not transferable.

(j) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.

(k) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.

(l) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(m) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(n) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

SCHEDULE 5 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The Director Options will be issued on the following terms:

(a) Each Option gives the Optionholder the right to subscribe for one Share.

(b) The Options will expire at 5.00pm (WST) on 31 December 2016 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) The amount payable upon exercise of each Option is 13.8 cents (**Exercise Price**).

(d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.

(e) The Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:

(iii) a written notice of exercise of Options specifying the number of Options being exercised; and

(iv) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(**Exercise Notice**).

(f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

(h) The Options are not transferable.

(i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.

(j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.

(k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

SCHEDULE 6 – VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to the Related Parties pursuant to Resolutions 9, 10 and 11 have been independently valued.

Using the Black & Scholes options model and based on the assumptions set out below, the Director Options were ascribed the following value:

Assumptions:	
Valuation date	14 September 2015
Market price of Shares	$0.130
Exercise price	$0.138
Expiry date (length of time from issue)	31 December 2016
Risk free interest rate	1.87%
Volatility (discount)	98.68%
Indicative value per Director Option	$0.054
Total Value of Director Options	
- *Tony Sage*	$210,869
- *Mark Gwynne*	$27,035
- *Jia (Judy) Li*	$27,035

Note: The valuation noted above is not necessarily the market price that the Director Options could be traded at and is not automatically the market price for taxation purposes.

ANNEXURE A – INDEPENDENT EXPERT'S REPORT

Stantons International Securities

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 42 128 908 289
AFS Licence No: 448697
www.stantons.com.au

16 September 2015

The Directors
Cauldron Energy Limited
32 Harrogate Street
WEST LEEDERVILLE WA 6007

Summary of Opinion

In our opinion, taking into account the factors noted above and in section 9 of this report, the proposals noted in Resolution 6 to allow the issue to Derong Qiu of 16,949,178 Placement Shares and the issue of up to 16,000,000 Placement Options in CXU and allow Derong Qiu to be the issued up to 8,000,000 shares on conversion of 8,000,000 Placement Options, are on balance, not fair but reasonable to the non-associated shareholders of CXU at the date of this report (refer paragraph 2.2 below).

Dear Sirs,

RE: CAULDRON ENERGY LIMITED (ABN 22 102 912 783) ("CXU", "CAULDRON" OR "THE COMPANY") - MEETING OF SHAREHOLDERS TO CONSIDER A RESOLUTION UNDER SECTION 611 (ITEM 7) OF THE CORPORTIONS ACT 2001 ("TCA") AND AUSTRALIAN SECURITIES EXCHANGE ("ASX") LISTING RULE 10.1 RELATING TO THE PROPOSAL TO ALLOW THE ISSUE OF 16,949,178 SHARES AND ISSUE UP TO 16,000,000 SHARE OPTIONS TO DERONG QIU AND ALLOW THE ISSUE OF UP TO 8,000,000 SHARE OPTIONS ON EXERCISE OF UP TO 8,000,000 SHARE OPTIONS BY DERONG QIU AS NOTED BELOW.

1. INTRODUCTION

1.1 We have been requested by the Directors of CXU to prepare an Independent Expert's Report to determine the fairness and reasonableness of the transactions (issue of a total of 16,949,178 shares and up to 16,000,000 share options and allow the issue of up to 8,000,000 shares in CXU by the exercise of up to 8,000,000 share options to be exercised) as referred to in Resolution 6 as detailed in the Notice of Meeting to CXU shareholders ("the Notice") and the Explanatory Statement attached to the Notice ("ES") to be issued to shareholders in September 2015 for a shareholders meeting to be held in October 2015.

1.2 Resolution 6 refers to the issue of a total of 16,949,178 shares and up to 16,000,000 share options (and allowing 8,000,000 of such share options to be exercised) in CXU to Derong Qiu, a director of CXU and a substantial shareholder of CXU. Derong Qiu has paid the Company the sum of $1,714,932 (sitting in a trust account pending shareholder approval) and will extinguish $285,068 of outstanding Consulting Fees ($250,000) and Director Fees due from 7 November 2014 to 28 October 2015 ($35,068) due to him by the issue of shares (subject to shareholder approval) at a deemed issue price of 11.8 cents each (16,949,178 shares at 11.8 cents = $2,000,000).

1.3 These issues are all part of a recapitalisation of CXU. On 10 June 2014, following signing of Share Placement Agreements with four parties ("the Investors"), the Company announced the proposed capital raising of $11,000,000. On 30 June 2014, following signing of a further Share Placement Agreement with another party, the Company announced a further proposed capital raising of $4,000,000, so that over a period of time (to 1 December 2015), the Company would raise $15,000,000. The Investors and timing of the receipts of funds are now as follows:

Investors	Investor	Amount $	No. of Shares	Funds due to CXU [4]
Tranche 1 (a)	Guangzhou City Guangrong Investment Management Co Ltd ("Guangrong Investment Management") -Investor A	1,944,241	16,476,621	16 June 2014
Tranche 2 (a)	Investor A	2,055,759	17,421,697	16 June 2014
Tranche 3	Investor A	1,000,000	8,474,588	3 November 2014
Tranche 4	Starry World Investment Ltd ("Starry World") - Investor B	4,000,000	33,898,318	30 November 2014
Tranche 5 (b)	Beijing Joseph Investment Co Ltd/Joseph Investment International – Investor C	1,000,000	8,474,588	2 October 2014
Tranche 6 (b)	Investor C	1,000,000	8,474,588	1 December 2014
Tranche 7 (b)	Guangzhou Joseph Investment Co. Limited – Investor D	300,000	2,542,376	1 December 2014
Tranche 8 (c)	Mr Derong Qiu	2,000,000	16,949,178	28 February 2015 (then extended to 30 June 2015)
Tranche 9 (b)	Investor D	1,700,000	14,406,802	1 December 2015
	TOTAL	**$15,000,000**	**127,118,756**	

The Placement Share issues are all to be at 11.8 cents per share that represented 80% of the volume weighted average share price of a Cauldron share trading on Australian Securities Exchange ("ASX") over the 10 trading days immediately preceding 29 May 2014.

Notes

(a) On 20 June 2014, the Company announced that it had received the Tranche 1 and 2 Placement Funds from Guangrong Investment Management (a total of $4,000,000), and the Company used its remaining capacity under Listing Rule 7.1 to issue the Tranche 1 Placement Shares (16,476,621) to Guangrong Investment Management. The balance of these Placement Funds ($2,055,759), were being held in trust by the Company pending shareholder approval that was obtained.

(b) Guangzhou Joseph is a controlled entity of Joseph Investment.

(c) Mr Qiu Derong is a non-executive director of the Company, and as such is a related party of the Company.

In accordance with the Placement Agreements, Placement Shares will be issued within 3 days of receipt of funds (subject to receipt necessary shareholder approval). We have been advised that all funds ($2,000,000) due by Investor C to 1 December 2014 have not been received and the $1,000,000 due from Investor A on 3 November 2014 has not been paid. In addition the funds ($300,000) due from Investor D on 1 December 2014 have not been paid.

The Company intends to take action against the Investors to enforce its rights under the Placement Agreements.

Investor D also is due to make a payment of $1,700,000 to the Company on 1 December 2015.

1.4 Pursuant to the terms of the Placement Agreements, the Investors will also be issued the following Options (subject to receipt of Shareholder approval) ("Placement Options"):

- 32,000,000 Placement Options to Starry World (Investor B) (the payment of the Tranche 4 Placement Funds is conditional upon these Placement Options being issued to Investor B) (Investor B Options);
- 40,000,000 Placement Options to Joseph Investment (Investor C) (the payment of the Tranche 5 and 6 Placement Funds is conditional upon these Placement Options being issued to Investor C) (Investor C Options);
- 34,000,000 Placement Options to Guangzhou Joseph (Investor D) (the payment of the Tranche 7 and 9 Placement Funds is conditional upon these Placement Options being issued to Investor D) (Investor D Options); and
- 16,000,000 Placement Options to Mr Derong Qiu (the payment of the Tranche 8 Placement Funds is conditional upon these Placement Options being issued to Mr Qiu) (Qiu Options).

The key terms of the Placement Options are as follows:

(a) half of the Placement Options will vest immediately upon issue with an:

(i) exercise price of $0.118 each; and
(ii) expiry date of 31 December 2015

(the Upfront Placement Options); and

(b) the remaining half of the vesting options (the Vesting Options) will vest on 1 January 2016 provided that the holder's Upfront Placement Options are not exercised (in the event that only a portion of the holder's Upfront Placement Options are exercised by the holder, the number of Vesting Options that actually vest will be equal to the number of un-exercised Upfront Placement Options) with an:

(i) exercise price of $0.138 each; and
(ii) expiry date of 31 December 2016

Accordingly:

(a) Starry World (Investor B) can only exercise a **maximum** of 16,000,000 Placement Options (all since issued);

(b) Joseph Investment **(**Investor C) can only exercise a **maximum** of 20,000,000 Placement Options;

(c) Guangzhou Joseph (Investor D) can only exercise a **maximum** of 17,000,000 Placement Options; and

(d) Derong Qiu can only exercise a **maximum** of 8,000,000 Placement Options (the subject of Resolution 6).

1.5 In September 2014, the shareholders approved the issue of all shares and share options then proposed to be issued to Investors A, B and C and advised shareholders that the Company would seek shareholder approval for the issue of the Placement Shares and Placement Options to Guangzhou Joseph (Investor D) and Derong Qiu pursuant to Tranches 7 to 9 at subsequent Shareholder Meeting/s. However, in effect, shareholders were agreeing for CXU to raise up to $15,000,000 via the issue of up to 127,118,756 Placement Shares (and the issue of Placement Options as described above). To date, 67,796,636 Placement Shares have been issued to raise a gross $8,000,000 (refer section 5.1 of the ES) and a further 59,322,120 Placement Shares (including 16,949,178 Placement Shares to Derong Qiu) have yet been issued (to raise a gross $7,000,000).

Resolution 6 refers to the proposed issue of 16,949,178 Placement Shares and up to 16,000,000 Placement Options to Derong Qiu and allowing the issue of up to 8,000,000 new shares in CXU to Derong Qiu on exercise of up to 8,000,000 Placement Options.

1.6 In the event that the proposals noted in Resolution 6 is passed and consummated including the potential issue of Placement Shares and Placement Options to Investors A, C and D as noted above (some Placement Funds are overdue and CXU is seeking to ensure such Investors pay the outstanding funds due) the potential issued capital could be as outlined below.

	Total No. of shares
Shares on issue at 16 September 2015	251,104,266
Issue of Placement Shares to Derong Qiu	16,949,178
Shares on issue post passing of Resolution 6	**268,053,444**
Potential issue of overdue Placement Shares due by Investors A, C and D	27,966,140
Potential issue of Placement Shares to Investor D due on 1 December 2015	14,406,802
Potential shares on issue if Investors A, C and D pay the outstanding and agreed Placement Funds totalling $5,000,000	**310,426,386**

1.7 Furthermore, the number of shares may increase on the exercise of the existing share options issued by CXU to 16 September 2015 and on the exercise of up to 8,000,000 Placement Options of the up to 16,00,000 Placement Options proposed to be issued to Derong Qiu (as noted in Resolution 6). Further Placement Options may be issued to Investor C (40,000,000 Placement Options but the maximum that can be exercised is 20,000,000) and Investor D (34,000,000 Placement Options but the maximum that can be exercised is 17,000,000) if such Investors pay the outstanding Placement Funds due to CXU, along with Investor D paying the $1,700,000 of placement Funds due on 1 December 2015.

Share options on issue as at 16 September 2015 are as follows:

- 16,000,000 exercisable at 11.8 cents on or before 31 December 2015;
- 16,000,000 exercisable at 13.8 cents on or before 31 December 2016;
- 18,725,000 exercisable at 13.8 cents on or before 31 December 2015;
- 1,000,000 exercisable at 20.0 cents on or before 18 September 2015;
- 3,000,000 exercisable at 20.0 cents on or before 30 September 2015;
- 500,000 exercisable at 45.0 cents on or before 20 October 2015.

1.8 ASX Listing Rule 10.1 requires shareholders to approve transactions involving related parties where the transaction(s) value exceeds 5% of the last audited net assets of a company before the transaction. Derong Qiu is a director of CXU and also a substantial shareholder and is thus deemed a related party. The proposal with Dering Qiu as noted in Resolution 6 exceeds 5% of the net assets of the CXU Group based on the audited accounts to 30 June 2015.

1.9 Under Section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons' or someone else's voting power in the company increases:

(a) from 20% or below to more than 20%; or
(b) from a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any acquisition of shares in a company by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. Section 611 (Item 9) also refers to creeping provisions and a shareholder may not increase its shareholding by more than 3% in a six month period.

1.10 Derong Qiu currently owns 30,595,532 shares in CXU that represents approximately 12.18% of the issued capital of CXU. In the event that the 16,949,178 Placement Shares are issued to Derong Qiu, his shareholding would increase to 47,544,710 shares or approximately 17.74% of the then issued shares on issue in CXU. If only Derong Qiu exercised the 8,000,000 Placement Options, his shareholding would increase to 55,544,710 shares that would represent approximately 20.12% of the expanded issued capital of CXU (276,053,444 shares would be on issue). It is noted that there are existing share options on issue and thus if some of such share options were exercised before the 8,000,000 Placement Options by Derong Qiu, his shareholding would not exceed 20%. For example if the 16,000,000 share options exercisable at 11.8 cents were exercised before the 8,000,000 Placement Options by Derong Qiu were exercised, his shareholding would approximate 19.02% (and approximately 18.03% if also the 16,000,000 share options exercisable at 13.8 cents were also exercised before Derong Qiu exercised his 8,000,000 Placement Options).

The CXU directors have requested Stantons International Securities Pty Ltd to prepare an Independent Expert's Report to assist the shareholders in determining how to vote on Resolution 6 pursuant to an ASX Listing Rule 10.1 meeting as outlined in the Notice and the ES.

1.11 Apart from this introduction, the report considers the following:

- Summary of opinion
- Implications of the proposals with Derong Qiu
- Future directions of CXU
- Preferred value method for valuing a CXU share and share options
- Premium for control
- Fairness of the proposals with CXU
- Conclusion on the Fairness of the Proposed Transactions
- Reasonableness of the Proposed Transactions with the Investors (including the Joseph Investment Group).
- Conclusion as to Reasonableness of the Proposed Transactions

- Sources of information
- Appendices A, B and C and our Financial Services Guide

2. SUMMARY OF OPINION

2.1 In determining the fairness and reasonableness of the proposals pursuant to Resolution 6, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111.

Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).

The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair. An offer may also be reasonable, despite not being"fair", where there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer.

2.2 Regulatory Guide 111 also states that in all cases, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, a report by an independent expert stating whether or not the proposals pursuant to Resolution 6 are fair and reasonable, having regard to the interests of shareholders other than the proposed allottees (in this case, Derong Qiu), and whether a premium for potential control is being paid by the allottees (in this case, only Derong Qiu,) will be required.

Regulatory Guide 111 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non-associated shareholders if the transaction proceeds compared with if it does not. Although the proposals with Derong Qiu are not in relation to a takeover offer, we have noted the above matters and definitions for shareholders to have an understanding of fairness and reasonableness referred to in this report.

2.3 Accordingly, our report relating to Resolution 6 is concerned firstly with the fairness and reasonableness of the proposals under Resolution 6 from the point of view of the existing non associated shareholders of CXU (not associated with Derong Qiu), and secondly whether the price payable for the potential to obtain a significant shareholding interest (by Derong Qiu only, if he exercised 8,000,000 Placement Options noted above) includes a premium for control.

2.4 In our opinion:

The proposals as outlined in Resolution 6 to allow the issue of 16,949,178 Placement Shares and up to 16,000,000 Placement Options to Derong Qiu and allowing the conversion of up to 8,000,000 Placement Options (and thus the issue of 8,000,000 shares) by Derong Qiu is, based on valuing a share in CXU on the asset backing methodology, considered to be <u>not fair but reasonable</u> to the non-associated shareholders of CXU at the date of this report.

It is noted that the volumes of trades in CXU shares on ASX are reasonable (although some trading days having nil sales) but the last ASX sale price was 13 cents on 11 September 2015. Using the trading share prices of March 2015 to the date of this report (relatively low volumes) and taking into account that the 16,949,178 Placement Shares would be issued at a discount to the ASX share price as at 11 September 2015 of around 13 cents (and the exercise price of the 8,000,000 Placement Options has been for the vast majority of the trading days to 11

September 2015 below the share prices of a CXU share) the proposals would also not be fair (but could still be considered reasonable). However, our preferred methodology to value the shares in CXU is to use the adjusted net asset backing methodology as noted elsewhere in this report.

The opinion expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the valuation report on the Mineral Assets of the CXU Group as prepared by Al Maynard & Associates (refer below).

3. IMPLICATIONS OF THE PROPOSALS WITH DERONG QIU

3.1 As at 16 September 215, there were 251,104,266 fully paid ordinary shares on issue in CXU of which the Joseph Investment Group owned 24,256,324 shares and Derong Qiu owns 30,595,532 shares. The significant fully paid shareholders as at 10 September 2015 are disclosed in the Australian Share Register as:

Name of Shareholder	No. of Shares	% Interest
Dempsey Resources Pty Ltd (owned by CFE)	42,942,218	17.10
Starry World Investment Limited	33,898,318	13.50
Guangzhou City Guangrong Investment Management Co Ltd	33,898,318	13.50
Mr Derong Qiu	30,595,532	12.18
Joseph Investment International Limited	24,256,324	9.66
Perishing Australia Nominees Pty Limited	12,188,100	4.85
	177,778,810	70.79

3.2 The top twenty fully paid shareholders as at 10 September 2015 owned approximately 82.14% of the current issued capital (206,254,003 shares).

3.3 The share options on issue as at 16 September 2015 are noted above.

3.4 In the event that all of the Placement Shares (to all parties) are issued, the potential issued capital could be as outlined in paragraph 1.6.

3.5 As noted above, if Resolution 6 is approved and consummated, up to 16,000,000 Placement Options will be issued to Derong Qiu but as noted in the ES, 50% vest on issue and are exercisable at 11.8 cents each, on or before 31 December 2015 and 50% vest on 1 January 2106 and they will be exercisable at 13.8 cents each and expire 31 December 2016. If exercised, Dering Qiu will need to pay CXU the sum of $944,000 if 8,000,000 Placement Options are exercised at 11.8 cents each before 31 December 2015 or if these are not exercised, the sum of $1,104,000 if 8,000,000 Placement Options are exercised after 1 January 2016 and before 31 December 2016 at 13.8 cents each.

3.6 As noted above, the Company has already received $1,714,932 from Derong Qiu and the funds are being held in trust pending shareholder approval. The funds will be available as free cash funds following shareholder approval. In addition, Consulting Fees and Directors Fees of $285,068 owing to Dering Qiu (by 28 October 2015) will be eliminated entirely following shareholder approval of the proposals in Resolution 6.

3.7 In determining whether the issue of the issue of 16,949,178 Placement Shares and the issue of up to 16,000,000 Placement Options and the issue of up to 8,000,000 shares (on exercise of up to 8,000,000 Placement Options) pursuant to Resolution 6 are fair and reasonable to the non associated shareholders (not associated with Derong Qiu), we have compared the fair value of an ordinary share in CXU to the consideration given by Derong Qiu at 11.8 cents per Placement Share and take into consideration the exercise prices (11.8 cents and/or 13.8 cents) of the up to 16,000,000 Placement Options to be issued to Derong Qiu and possibly 8,000,000

exercised by Derong Qiu). It is noted that the issue price of the 16,949,178 Placement Shares is the same price as that already issued to some Investors as noted above.

3.8 We also compare:

(a) the fair assessed value of a CXU share pre-transactions on a control basis; versus
(b) the fair assessed value of a CXU share post-transactions on a minority basis, taking into account the additional cash raised (and Director Fees eliminated) and the associated dilution resulting from the issue of new shares and share options (and exercise thereof) under the proposals with Derong Qiu.

3.9 In relation to the Board of Directors, the current directors are Antony (Tony) Sage, Mark Gwynne, Derong Qiu and Judy Li. The Company Secretary is Ms Catherine Grant.

4. FUTURE DIRECTION OF CAULDRON (CXU)

4.1 CXU is a listed public company in Australia operating as a mineral exploration company. CXU has an interest in the following mineral areas of interest ("Mineral Assets") as at 30 June 2015:

Australia

- Yanrey Uranium Project in Western Australia (includes the Bennet Well Project that the Company plans to take into production in 2018/19 pending further upgrades of resources and financing approvals). Two of the tenements (out of 12) are the subject of objections to exemption from expenditures and the Company has sought exemption relief and if not granted, the two tenements will be forfeited.
- Marree Project- a lead, silver, copper and gold Project in South Australia (on hold at moment). Currently has a 62.32% interest via a joint venture (5 tenements involved)
- Boolaloo Project – acquired in the quarter ended 30 June 2015

Argentina

- Rio Colorado Project- a copper, gold play with a potential uranium bi-product. Held by its subsidiary, Cauldron Minerals Limited (formerly called Jackson Global Limited) and via an agreement with Caudillo Resources SA
- Esaeranza Project in the La Rioja Province prospective for uranium
- Las Marias in the San Juan Province (2 licences and 9 applications) prospective for uranium, copper, silver and gold.

Further information on the Mineral Assets of the CXU Group are outlined in the Valuation Report of Al Maynard & Associates as noted below and attached as an Appendix to the Notice and ES.

4.2 We have been advised by the directors of CXU that:

- The plans are to seek development finance and commercialise and enter into development and production of the Bennet Well Project (by 2018) and continue exploration work on the other Mineral Assets;

- Composition of the Board of Directors of CXU may change in the future as the needs arise;

- No dividend policy has been set and is not proposed to be set until such time as the Company is profitable and has a positive cash flow;

- The Company may seek to raise further capital (may be debt and equity) to assist in any development and commercialisation of the Bennet Well Uranium Project; and

- The Company, subject to shareholder approval (refer Resolutions 8 to 11 in the ES) issue up to 17,775,000 new share options to employees, consultants and directors of CXU, exercisable at 13.8 cents each, on or before 31 December 2016. Schedules 4 and 5 to the Notice and ES refer to the terms and conditions attached to the share options.

5. BASIS OF TECHNICAL VALUATION OF CAULDRON SHARES

5.1 Shares

5.1.1 In considering the proposals as outlined in Resolution 6 we have sought to determine if the considerations payable by Derong Qiu are fair and reasonable to the existing non-associated shareholders of CXU (not associated with Derong Qiu).

5.1.2 The proposals would be fair to the existing non associated shareholders if the value of the considerations being offered by Derong Qiu is greater than or equal to the value of the potential shares being issued as consideration (also refer paragraph 8.1 below). Accordingly, we have sought to determine a theoretical value that could reasonably be placed on a CXU share for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining the current technical value of a CXU share are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market value price of CXU shares.

5.2 Capitalised Maintainable Earnings / Discounted Cash Flows

5.2.1 CXU currently does not have a reliable cash flow or profit history from a business undertaking and therefore this methodology is not appropriate. The Bennet Well Project cannot proceed to commercialisation without development finance. Currently, CXU does not have sufficient funds and thus any perceived technical value of the Bennet Well Project on a discounted cash flow methodology is theoretical as without funds it will not be developed. Further details of the CXU's Mineral Assets are included in the Valuation Report dated 19 August 2015 ("Maynard Valuation Report") prepared by Al Maynard & Associates ("Maynard") which is attached as an Appendix to the Notice and ES.

5.3 Takeover Bid

We have been advised by the directors of CXU that there are no previous bids for the Company. The directors do not believe that there would be any person with an interest in taking over the Company by way of a formal takeover bid at the current time. To our knowledge, there are no current bids in the market place and the directors of CXU and ourselves have formed the view that there is unlikely to be any takeover bids made for CXU in the immediate future.

5.4 Net Asset Backing and Wind-Up Value

5.4.1 As there is no intention to wind up the Company, we have not considered wind up values for the purposes of this report. We set out below the audited consolidated Statements of Financial Position of CXU as at 30 June 2015:

- Balance Sheet "A"- Summary of the audited consolidated statement of financial position as at 30 June 2015 adjusted for estimated administration ($470,000) and exploration costs ($1,030,000) for the 3 month period to 30 September 2015 for a total amount of $1,500,000 and treated as creditors.

- Pro-forma Balance Sheet "B"- Summary of the unaudited consolidated statement of financial position as at 30 June 2015 adjusted for the substitution of the book values of the capitalised exploration expenditure (Mineral Assets) of approximately $10,205,000 with the preferred value of the Mineral Assets as ascribed by Maynard of $95,800,000 and as detailed below in paragraph 5.4.3.

	Unaudited 30 June 2015 "A" $000's	**Pro-forma 30 June 2015 "B" $000's**
Current assets		
Cash and cash equivalents	1,216	1,216
Restricted cash	1,715	1,715
Receivables	136	136
Other financial assets at fair value	420	420
	3,487	3,487
Non-current assets		
Plant and equipment	442	442
Capitalised exploration expenditure	10,205	95,800
	10,647	96,242
Total assets	14,134	99,729
Current liabilities		
Trade and other payables	2,341	2,341
Provisions	34	34
Subscription funds	1,715	1,715
	4,090	4,090
Net Assets (Liabilities)	**10,044**	**95,639**
Number of shares on issue	251,104,266	251,104,266
Net asset value per share (cents)	**4.00**	**38.08**

The above financial information excludes any issue of further Placement Shares (16,949,178), the subject of Resolution 6.

5.4.2 In determining the net tangible asset value on a going concern basis it is necessary to adjust the book values of the Mineral Assets to reflect the technical (market) fair value of those Mineral Assets. We, in conjunction with CXU instructed Maynard to undertake a valuation of the Mineral Assets of the CXU Group. On 19 August 2015 Maynard prepared a Valuation Report in relation to the Mineral Assets. Maynard has valued the CXU's Mineral Assets on preferred, low and high values. We have used and relied on the Maynard Valuation Report and have satisfied ourselves that:

- Maynard is a suitably qualified consulting firm and has relevant experience in assessing the merits of uranium, base metals, gold and silver projects and preparing mineral asset valuations (also the principal author of the reports is suitably qualified and experienced);
- Maynard is independent from CXU and Derong Qiu;

- Maynard has to the best of our knowledge employed sound and recognised methodologies in the preparation of the valuation reports on the CXU Group's Mineral Assets.

5.4.3. Maynard has ascribed a range of market values for the Mineral Assets as follows:

	Low $m's	**Preferred $m's**	**High $m's**
Yanrey - Bennet Well	79.0	87.7	96.5
Yanrey - Other	3.7	4.4	5.0
Maree	1.8	2.5	2.6
Beadell	0.6	0.7	0.8
Boolaloo	0.016	0.020	0.025
Argentina	0.4	0.4	0.5
Rounded	85.5	95.8	105.5

5.4.4 Using the fair values in Australian Dollars of the Mineral Assets as ascribed in the Maynard Valuation Report and based on the assumptions/values provided to us of the other assets and liabilities of CXU as at 30 June 2015 as per Balance Sheet B above, the net fair value of the CXU Group is expected to lie in the range as follows:

	Paragraph	**Low $000's**	**Preferred $000's**	**High $000's**
Mineral Assets	5.4.3	85,500	95,800	105,500
Property, plant and equipment		442	442	442
Current assets		3,487	3,487	3,487
Total liabilities		(4,090)	(4,090)	(4,090)
Total Net Assets		85,339	95,639	105,339
Number of shares on issue		251,104,266	251,104,266	251,104,266
Net asset per share (cents)		**33.98**	**38.08**	**41.95**

5.4.5 Based on the preferred values, the adjusted net book values at 30 June 2015 ("Balance Sheet B") equates to a value per share (251,104,266 shares) of approximately 38.08 cents (ignoring the value, if any, of non-booked tax benefits). See comments below on ASX share prices.

5.5 Market Price of CXU Shares

5.5.1 We set out below a summary of the fully paid share prices of CXU traded on ASX since 1 April 2015 to 11 September 2015 (last sale to 16 September 2015).

	High Cents	Low Cents	Last Sale Cents	Volume Trade (000's)
April 2015	12.0	9.7	11.0	209
May 2015	12.0	9.0	11.0	431
June 2015	13.0	10.5	11.0	581
July 2015	24.5	11.0	18.0	2,095
August 2015	19.5	16.0	17.0	2,078
September 2015 (to 11th)	17.0	13.0	13.0	264

5.5.2 On 22 April 2015, the Company released its quarterly report for the quarter ended 31 March 2015 that noted that some of the Investors had not paid Placement Funds totalling $3,300,000 by the due dates.

On 27 May 2105, the Company gave an update on the actions taken by Beijing Joseph investment Ltd, Joseph Investment International Limited and Guangzhou City Guangrong Investment and Management Co Ltd (the Plaintiffs) against CXU noting that the Plaintiffs actions were to be discontinued following a Supreme Court of WA ruling in the favour of CXU.

On 1 July 2015, the Company announced that it had received $2,000,000 from Dering Qiu (in trust) and that it has received an R&D rebate cash fund of $800,000.

On 14 July 2015, the Company announced an upgrade of the total resources of contained uranium oxide at the Bennet Well project to 36.1 million tonnes for a contained metal content of 21.5 million pounds uranium oxide, using a cut off of 150 ppm, announced the awarding of a $150,000 grant for drilling and commencing of drilling planned for September 2015. On 15 July 2105, the Company released a Company Presentation paper presented at the Australian Uranium Conference on that day.

On 31 July 2105, the Company released its quarterly report for the quarter ended 30 June 2015.

On 25 August 2015, the Company released its 2015 Annual Report.

On 2 September 2015, the Company announced imminent commencement of drilling at the Bennett Well Project.

The share price and volumes of share trades on ASX increased significantly from 17 July 2015 and the share price rise from around 11 cents to trade between 17 cents and 24.5 cents (2 July 2015) since 17 July 2015 and to mid August 2015 and then fell to the 16 cents to 17 cents range to 10 September 2015 but fell to 13 cents on 11 September 2015.

5.5.3 As can be seen above, the price at which shares traded varied considerably and it is difficult to arrive at a fair value for a CXU share, particularly in light of the moderate trading volumes before mid July 2015. Due to the moderate volumes, varying share price and the Company's poor cash position that may be affecting the share price, we have considered that the listed share price methodology is not the most appropriate methodology to use in this instance.

5.5.4 The capital markets over recent years have been in turmoil and the ability to raise capital has been restricted. Even arranging share placements has been difficult and where they have occurred they have been undertaken in the main at significant discounts to market values and technical values. As at 30 June 2015 (as adjusted as noted above) the cash position of the Company was approximately $1,216,000 (and $1,714,932 restricted cash relating to proceeds from Derong Qiu) and liabilities totalled approximately $2,374,257 (excluding $1,714,932 subscription funds received and treated as a current liability). The Company's cash financial position is arguably insufficient to continue exploration and evaluation (and development) of its existing mineral projects and pay new administration and corporate costs without a significant inflow of funds via a capital raising or loan funds. Further funds are required for 2015/16 and thereafter.

6. PREFERRED VALUATION METHOD FOR VALUING A CAULDRON SHARE

6.1 In assessing the fair value of CXU and a CXU share pre the proposals with Derong Qiu, we have selected the net assets on a going concern methodology as the preferred methodology as:

- CXU does not generate revenues or profits and per the audited accounts has incurred significant losses in the financial years ended 30 June 2015, 2014 and 2013. Therefore the capitalisation of future maintainable earnings is not appropriate;

- CXU, if finance can be arranged, may have a foreseeable future net cash inflow from development of the Bennet Well Project. Thus the discounted cash flow methodology per-se has not been used (but refer to the Maynard Valuation Report for further details); and

- Although the shares of CXU are listed, as there is only moderate trading volumes on ASX (at least before mid July 2015) and the share prices in recent times may be affected by the lack of cash resources and the disputes with some of the Investors as noted above it is arguably inappropriate to use market share prices to value the Company and the shares in the Company for the purposes of this report. We note share prices as a secondary methodology and have considered share prices in assessing reasonableness of the proposals with Derong Qiu.

6.2 As stated at paragraph 5.4.5 we have assessed the value of CXU prior to the proposals with Derong Qiu on a net asset basis on a going concern basis as follows:

	Low	**Preferred**	**High**
Net asset per share (cents)	**33.98**	**38.08**	**41.95**

In accordance with Regulatory Guide 111, we have relied upon Maynard to assess the preferred value of the Mineral Assets and have incorporated them in the table above in determining the net asset value on a technical basis. We note that, the technical net asset value may not necessarily reflect fair values in the current economic circumstances of the Company and the general state of the junior mineral exploration company market.

If funds can be raised and the Bennet Well Project proceeds to development then arguably the fair value of a CXU share may be in excess of the current technical fair value (and in excess of the market values as noted on ASX).

Notwithstanding the prospectivity of the Bennet Well Project and other mineral projects in which CXU has an interest in, without cash the Company cannot complete exploration and evaluation and in a worst case scenario may be forced into Administration. The adjusted net book asset backing per share is 4.00 cents at 30 June 2015 (refer Balance Sheet "A") based on the book values compared with the proposed placement of 16,949,178 Placement Shares to Derong Qiu that will be issued at 11.8 cents each.

6.3 As noted above the estimated net asset price per share after adjusting for the valuation of the Mineral Assets varies from 33.98 cents to 41.95 cents with a preferred value of approximately 38.08 cents per share which is greater than the last ASX share price of 1 July 2015 of 11 cents (the date that CXU announced the receipt of $2,000,000 from Derong Qiu but shares to be issued subject to shareholder approval). The share price post 17 July 2015 has been between 13.0 cents and 24.5 cents as compared with the range of values on an adjusted net asset backing basis of between 33.98 cents and 41.95 cents with a preferred value of 38.08 cents.

6.4 We note that the future ultimate value of a CXU share will depend upon, inter alia:

- the ability to raise further cash to continue in business;
- the future prospects of its Mineral Assets and in particular as to whether the Bennet Well Project proceeds to development and commercialisation;
- the state of the uranium, gold, silver and base metal market (and prices) in Australia and overseas;
- the state of Australian stock exchange and overseas stock markets;
- the strength of the Board and management and/or who makes up the Board and management;
- foreign exchange rates;
- general economic conditions;
- the liquidity of shares in CXU; and
- possible joint ventures, acquisitions and divestments entered into by CXU.

7. PREMIUM FOR CONTROL

7.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.

7.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, Derog Qiu's voting shareholding in CXU could increase from approximately 12.84% as at 10 September 2015 to approximately 17.38% after the issue of all of the 16,949,178 Placement Shares and then to up to approximately 20.12% on the exercise of 8,000,000 Placement Options (assuming no other share issues occur). Accordingly, we have addressed whether a premium for control will be paid by Derong Qiu on exercise of 8,000,000 Placement Options.

7.3 It is generally accepted that premium for control may vary from nil to 40% or more depending on many different factors including the nature of the business, the financial position of a company and shareholding percentages. Prior to the issue of the Placement Shares, Derong Qiu already has a 12.18% interest in CXU (and may max out at 20.12%) and there are other shareholders with significant shareholdings in CXU –refer paragraph 3.1 above). Therefore we would expect the premium for control to be paid by Derong Qiu could be approximately 20%.

7.4 Our preferred methodology is to value Cauldron and a Cauldron share on a technical net asset basis which assumes a 100% interest in the Company. Therefore no adjustment is considered necessary to the technical asset value determined under paragraph 5.4.4 as this already represents the fair value of the Company or a share in the Company on a pre proposed transactions (with Derong Qiu) control basis.

7.5 We set out below the comparison of the low, preferred and high values of a CXU share compared to the issue price for the 16,949,178 Placement Shares.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a CXU Share	5.4.4	33.98	38.08	41.95
Issue price of the Placement Shares to Derong Qiu		11.80	11.80	11.80
Excess/(shortfall) between Issue Price and fair value		(22.18)	(26.38)	(30.15)

7.6 On a pre proposed transactions (with Derong Qiu) control basis the adjusted net asset value (not market value based on ASX share trades) of a CXU share ranges from 33.98 cents to 41.95 cents with a preferred value of 38.08 cents per share. Dering Qiu based on the preferred values of a CXU share as noted above, is receiving a significant discount to fair value of a CXU share (but no premium for control issue comes into play until 8,000,000 Placement Options that may be exercised are exercised).

7.7 We note that Derong Qiu does not have Board control of CXU before the proposed issue of Placement Shares and Placement Options to him. He is one of 4 members of the Board of Directors of CXU.

8. FAIRNESS OF THE PROPOSALS WITH DERONG QIU

8.1 In arriving at our conclusion on fairness, we considered whether the transaction is "fair" by comparing:

(a) the fair market value of a CXU share pre-transaction on a control basis; versus
(b) the fair market value of a CXU share post-transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares and share options (and exercise thereof) under the proposed transactions with Derong Qiu only.

8.2 The low, preferred and high values of a CXU share **pre the proposals with Derong Qiu on a control basis** as noted in paragraph 5.4.5 are:

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a CXU Share	5.4.4	**33.98**	**38.08**	**41.95**

8.3 The preferred fair value of a CXU share has been estimated at 38.08 cents on a pre proposed transaction control basis. If the remaining Placement Shares are issued, the Placement Shares are to be issued at 11.8 cents per share, the difference being 26.28 cents per share. As the preferred fair value (not share market value) of a CXU share is greater than the proposed issue price of 16,949,178 Placement Share of 11.8 cents, on this basis, the potential issue of such Placement Shares is considered to be not fair to the non associated shareholders.

The issue price of such Placement Shares of 11.8 cents is below the last traded price of a CXU share of around 13.0 cent as at 11 September 2015 and on this basis the potential issue of the Placement Shares would be also considered to be not fair to the non associated shareholders. However, it is our view that using the asset backing methodology is the most appropriate methodology to use in valuing a CXU share and therefore as noted above, the potential issue of the Placement Shares to Derong Qiu is considered not fair to the non associated CXU shareholders.

8.4 The 8,000,000 Placement Options that can be potentially exercised by Derong Qiu are exercisable at either 11.8 cents (before 31 December 2015) or 13.8 cents if exercised after 1 January 2016 and before 31 December 2016. The Company, if all 8,000,000 Placement Options are exercised may receive between $944,000 and $1,104,000.

The exercise price(s) of 11.8 cents and 13.8 cents per each per Placement Options are below the market value of 16.0 cents to 24.5 cents (17 July 2015 to 10 September 2015), but may be higher or lower at date of exercise of the Placement Options to be issued to Derong Qiu.
On 11 September 2015 the last sale price of a CXU share traded on ASX was 13 cents (159,725 shares traded at between 13 cents and 16 cents)

8.5 We set out below the range of estimated technical net asset values of Cauldron based on Pro-forma Balance Sheet B as detailed in paragraph 5.4.1 and after adjusting for the following transactions:

- the issue of 16,949,178 Placement Shares and the raising of cash funds of $1,714,932 (already raised and treated as restricted funds as at 30 June 2015) and eliminating outstanding Consulting/Director Fees due to Derong Qiu of $285,068);
- the exercise of 8,000,000 Placement Option at an assumed 13.8 cents each to raised a gross $1,104,000 (this also triggers Derong Group obtaining a shareholding interest in CXU in excess of 20%); and
- the expensing of capital raising costs and the costs associated with the Notice ($25,000).

The estimated additional administration and exploration costs post 30 September 2015 have been ignored.

	Low A$000's	**Preferred A$000's**	**High A$000's**
Mineral Assets	85,500	94,800	105,500
Property, plant and equipment	442	442	442
Remaining current assets	1,772	1,772	1,772
Creditors and provisions	(2,374)	(2,374)	(2,374)
Cash received on issue of the Placement Shares (already received)	-	-	-
Retirement of Consulting and Director Fees	285	285	285
New cash received from exercise of 8,000,000 Placement Options	1,104	1,104	1,104
Total Net Assets	86,729	96,029	106,729
Number of shares on issue	276,053,444	276,053,444	276,053,444
Net asset value per share	31.41	24.78	38.66
Minority interest discount	16.67%	16.67%	16.67%
Minority value per share (cents)	**26.18**	**28.98**	**32.21**
Placement Option Exercise Price (cents)	13.80	13.80	13.80

8.6 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 7.3.

8.7 Using the preferred adjusted net asset fair values, the estimated fair value of a CXU share pre the proposals with Derong Qiu on a control basis is greater than the estimated fair value of a CXU share post the proposals (and after the exercise of the 8,000,000 Placement Options) on a minority basis and on the preferred methodology basis, the issue of 8,000,000 shares to Derong Qiu on exercise of 8,000,000 Placement Options at 13.8 cents each would not be fair (the same opinion applies if 8,000,000 Placement Options were exercised at 11.8 cents each).

8.8 Using the preferred adjusted net asset fair values, the estimated fair value of a CXU share pre the proposed transactions with Dering Qiu on a control basis is greater than the estimated fair value of a CXU share post the proposals (and after the exercise of 8,000,000 Placement Options) on a minority basis and on the preferred methodology basis, the issue of 8,000,000 shares to Derong Qiu on exercise of such Placement Options at say 13.8 cents (but could be 11.8 cents) each would not be fair.

8.9 There are currently existing Options with exercise prices between 11.8 cents and 45 cents between 18 September 2015 and 31 December 2016. We have excluded these share options from our calculations as if any of them are exercised before the exercise of the 8,000,000 Placement Options by Derong Qiu, Derong Qiu's shareholding interest would not exceed 20% (the threshold to determine control or deemed control).

8.10 Fairness Conclusion:

In our opinion, taking into account the factors noted above and in section 8 of this report, the proposals with Derong Qiu noted in Resolutions 6 to allow the issue of 16,949,178 Placement Shares and the issue of up to 16,000,000 Placement Options in CXU and allowing the issue of up to 8,000,000 shares on conversion of 8,000,000 Placement Options by Derong Qiu, are on balance, not fair to the non-associated shareholders of CXU at the date of this report.

9. REASONABLENESS OF THE PROPOSALS WITH DERONG QIU

We set out below, some of the advantages, disadvantages and other factors pertaining to the proposed share and share option issues by CXU to Derong Qiu pursuant to Resolution 6.

Advantages

9.1 If shareholders do not approve Resolution 6, then there is the strong possibility that the Company cannot continue in its present form and the Company may in the worst case scenario be forced to divest itself of some or all of the Mineral Assets. Cauldron urgently requires funds to allow the Company to continue its exploration and evaluation activities on its Mining Assets in Australia and Argentina and to obtain finance to assist in the possible development of its Bennet Well Project in Western Australia. Additionally funds are required to fund business development and corporate overheads.

It is noted that with the release of $1,714,932 restricted cash from the Placement to Derong Qiu will relieve some financial pressure and the Company will be relieved of paying outstanding Consulting/Director Fees of $286,078 to Derong Qiu in cash. Obtaining access to a reasonable amount of cash funds in the current environment is difficult and thus the Company and its shareholders should benefit. This should alleviate cash flow concerns in the immediate future, and position the Company to fund its operations but note that CXU will still need to raise further equity in 2015/16 to continue to finance planned exploration and corporate costs. In the current market it is still difficult for exploration companies such as CXU to raise equity.

9.2 Derong Qiu is placing faith in CXU and its Mineral Assets in Australia and Argentina and as noted above, the Placement to Derong Qiu should assist the CXU Group in continuing in business. Having Derong Qiu (as well as the other Investors who have paid cash to CXU over the past year) as significant shareholders may be an incentive to Derong Qiu and such Investors to financially support CXU in future capital raisings after December 2015 although there is no assurance that this will occur.

If the 8,000,000 Placement Options are exercised prior to 31 December 2016, the Company would receive cash funds of $1,104,000 as the share options would be exercised at 13.8 cents each (if exercised before 31 December 2015, CXU would receive $944,000). There may also be an incentive for all existing share option holders to exercise their share options.

9.3 As noted, the ability of small exploration companies to raise funds in the current market environment is extremely difficult and often large discounts (to share prices) need to be offered to investors to subscribe for shares in such companies. Discounts can vary but it is common to see discounts fall between 20% and 50% (but can be outside such range). It is noted that in setting the proposed issue price of the Placements, the Company agreed with the Investors that a 20% discount to the 10 day VWAP to 29 May 2014 would be offered and thus the issue price was set at 11.8 cents (the VWAP was 14.75 cents). Negotiations commenced in May 2014 but were not concluded until around 6 June 2014. The share prices of CXU as traded on ASX for the three months to 26 May 2014 were between 8.5 cents and 13.0 cents and on such a basis no discount would have applied.

Except for the period between April 2015 and to mid July 2015, the share price of a CXU share as traded on ASX has been in excess of the 13.8 cent issue price of the Placement Shares proposed to be issued to Derong Qiu and the exercise price of 13.8 cents of the 8,000,000 Placement Options (last share price on 11 September 2015 was 13 cents that is below the 13.8 cents potential exercise price but above the 11.8 cents if 8,000,000 Placement Options were exercised by Derong Qiu before 31 December 2015).

9.4 The capital raising costs for the Placement Shares is estimated at $25,000 (estimated cost of the Notice and shareholders meeting) that represents a capital raising fee of approximately 1.25%. The capital raising cost is at a reasonable rate when compared to similar capital raisings where the rates can be approximately 5% to 7% of the capital raising. Potentially a further $1,104,000 (or $944,000) can be raised from the exercise of 8,000,000 Placement Options at effectively no additional cash outlay by CXU.

9.5 Having cornerstone investors (shareholders) such as Derong Qiu has advantages but it may also limit the opportunity for other parties to bid for all or part of the shares in CXU in the future. However, a takeover bid for the Company cannot be completely ruled out.

Disadvantages

9.6 The number of shares on issue rises as at 15 September 2015 to 268,053,444 shares after the issue of all of the 16,949,178 Placement Shares (and before any other share issues) but may rise to 276,053,444 if 8,000,000 Placement Options are exercised. This could represent an up to approximate 9.94% increase in the shares of the Company as compared to the current shares on issue of 251,104,266 and represents a significant shareholding of an additional up to 7.94% in the Company being issued to Derong Qiu (to a total potential percentage holding of approximately 20.21%). Potentially this may make the Company a less attractive investment for potential future investors, however as noted in paragraph 3.1 above, CXU has several other significant shareholders.

9.7 CXU shareholders could effectively dilute their interest in a company that has the potential to develop its Mineral Assets, and in particular the Bennet Well Project, which have been independently valued by Maynard at $95,800,000 (preferred value).

9.8 The potential exercise price of 13.8 cents relating to the 8,000,000 Placement Options by Derong Qiu is not at a premium to the last sale price of a CXU share traded on ASX on 11 September 2015. However, it is not uncommon to issue shares at a discount to market (refer paragraph 9.2 above). It is at a small premium to the last sale price of 13 cents on 11 September 2015 if exercised at 11.8 cents before 31 December 2015 (although since mid July 2015, the share price of a CXU share traded on ASX has mainly been above 16 cents).

9.9 There is always the possibility that the value of the shares in CXU may be in excess of the exercise price of 13.8 cents per share option (in relation to the 8,000,000 Placement Options that potentially can be exercised) particularly if development finance can be arranged. The CXU closing share price as at 31 August 2015 (as traded on ASX), being 17 cents per share, already exceeds the exercise price(s) of the 8,000,000 Placement Options (and the issue price under the Placement to Derong Qiu). However, as noted above, on 11 September 2015, the last sale price of a CXU share traded on ASX was 13 cents.

Other Factors

9.10 Derong Qiu is taking a risk in obtaining substantial shareholding in CXU by the issue of 16,949,178 Placement Shares and possible up to 8,00,000 new shares on exercise of up to 8,000,000 Placement Options. CXU's future share price may be determined by the exploitation and/or commercial success (or otherwise) of the Bennet Well Project (and the other Mineral Assets) owned by the CXU Group. As noted, there is a huge incentive for Derong Qiu (and other substantial shareholders) to make CXU a successful company and have the share price rise considerably. All shareholders would benefit from a rise in the share price.

9.11 Having potential cornerstone investors such as Derong Qiu (and the other substantial investors) has advantages but it may also limit the opportunity for other parties to bid for all or part of the shares in CXU in the future.

9.12 There is no guarantee that should Derong Qiu receive up to 16,000,000 Placement Options that Derong Qiu will exercise the maximum 8,000,000 and therefore inject additional funds into CXU. However, in all probability, Derong Qiu would not exercise such share options until the share price was well in excess of 13.8 cents, liquidity in the stock was far higher and the Company had commercial success with the Bennet Well Project or one of the other Mineral Assets. To 10 September 2015 the share price of a CXU share as traded on ASX was well in excess of the potential exercise price (assumed to be 13.8 cents but could be 11.8 cents if up to 8,000,000 Placement Options were exercised before 31 December 2015) but the share price may fluctuate upwards and downwards from prices in July/August 2015 depending mainly on success of exploitation of CXU's Mineral Assets.

The chances of exercise of the existing share options on issue in CXU may be enhanced but the exercise of such share options cannot be guaranteed. The share price would need to exceed 20 cents for some time before existing share option holders who hold share options with an exercise price of 20 cents each would consider exercising such share options. The exercise of the 20 cent share options would raise approximately $800,000.

9.13 The issue price of 11.8 cents of Placement Shares to be issued to Derong Qiu is at the same price as the issue price to the other Investors (some of which have already been issued placement shares). Similarly, the potential exercise prices of the 8,000,000 Placement Options to be issued to Derong Qiu is at the same range of exercise prices to the Other Investors who may or have received Placement Options.

10. CONCLUSION OF REASONABLENESS OF THE PROPOSED TRANSACTIONS WITH DERONG QIU

10.1 In our opinion:

After taking into account the advantages, disadvantages and other factors, the issue of 16,949,178 Placement Shares and the issue of up to 16,000,000 Placement Options in CXU to Derong Qiu and allow the issue of up to 8,000,000 shares on conversion of 8,000,000 Placement Options by Derong Qiu as noted in Resolution 6, are on balance, reasonable to the non-associated shareholders of CXU at the date of this report.

11. SHAREHOLDER DECISION

11.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether, inter-alia in its opinion the issue of 16,949,178 Placement Shares, the issue of up to 16,000,000 Placement Options in CXU and allow the issue of up to 8,000,000 shares on conversion of 8,000,000 Placement Options to Derong Qiu is fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposal under Resolution 6 (and all other Resolutions) (but we have been requested to determine whether the proposals pursuant to Resolution 6 are fair and/or reasonable to those shareholders not associated with Derong Qiu). The responsibility for such a voting recommendation lies with the directors of CXU.

11.2 In any event, the decision whether to accept or reject Resolution 6 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 6 (and all other Resolutions), shareholders should consult their own professional adviser.

11.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in CXU. This is an investment decision upon which Stantons International Securities does not offer an opinion and is independent on whether to accept the proposal under Resolution 6 (and all other Resolutions). Shareholders should consult their own professional adviser in this regard.

12. SOURCES OF INFORMATION

12.1 In making our assessment as to whether the proposals pursuant to Resolution 6 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we have held discussions with the management of CXU about the present and future operations of the CXU Group. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the directors and management of CXU.

12.2 Information we have received, includes but is not limited to:

- Drafts of the Notice of General Meeting of Shareholders and EM of CXU to 14 September 2015;
- Discussions with management of CXU;
- Shareholding details of CXU as at 10 September 2015;
- Share issue prices relating to CXU shares in 2014 and to 11 September 2015 as traded on ASX;
- Annual report of CXU for the years ended 30 June 2014 and 30 June 2015;

- Announcements by CXU to its shareholders from 1 January 2013 to 16 September 2015;
- The cash flow forecasts for the CXU Group for 2015/16;
- The audit reviewed financial statements of the CXU Group for the six months ended 31 December 2014;
- The Independent Valuation of the Mineral Assets in which the CXU Group has an interest by Maynard dated 19 August 2015; and
- The Share Placement Agreements with the Investors, including a Deed of Variation – Share Placement Agreement with Derong Qiu dated 22 July 2015).

12.3 Our report includes Appendices A and our Financial Services Guide. The Maynard Valuation Report is attached as an Appendix to the Notice and ES.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)

John Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd trading as Stantons International Securities dated 16 September 2015, relating to the proposals as referred to in Resolution 6 in the Notice.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposal. There are no relationships with CXU other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee (excluding disbursements) to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed $15,000. The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities Pty Ltd nor John Van Dieren or Martin Michalik have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report.

Stantons International Securities Pty Ltd does not hold any securities in CXU. There are no pecuniary or other assets of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd, Mr John Van Dieren and Martin Michalik have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice. Stantons International Securities Pty Ltd prepared an independent expert's report in August 2014 that covered the proposals with the Investors and in particular the proposals with Joseph Investments.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (No 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd who owns 100% of the shares in Stantons International Securities Pty Ltd are the directors and authorised representatives of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) have extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

John Van Dieren (FCA) and Martin Michalik (ACA), the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the independent Directors of CXU in order to assist the shareholders of CXU to assess the merits of the proposals (Resolution 6 only) to which this report relates. This report has been prepared for the benefit of CXU and those persons only who are entitled to receive a copy for the purposes of Section 611 of the Corporations Act 2001 and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer term values of CXU and its subsidiaries and assets. Stantons International Securities does not imply, and

it should not be construed, that is has carried out any form of audit on the accounting or other records of CXU or its subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposal set out in Resolution 6 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 6.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by CXU and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), CXU has agreed:

(a) to make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting) to recover any loss or damage which CXU may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by CXU; and

(b) to indemnify Stantons International Securities Pty Ltd against any claim arising (wholly or in part) from CXU or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of CXU or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd.

A draft of this report was presented to CXU directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

Stantons International Securities

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 41 128 908 289
AFS Licence No: 448697
www.stantons.com.au

FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 16 September 2015

1. Stantons International Securities Pty Ltd (Trading as Stantons International Securities) ABN 42 128 908 289 and Financial Services Licence 448697 ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone 08 9481 3188
Fax 08 9321 1204
Email jvdieren@stantons.com.au

AL MAYNARD & ASSOCIATES Pty Ltd
Consulting Geologists
www.geological.com.au **ABN 75 120 492 435**

9/280 Hay Street, SUBIACO, WA, 6008 Australia
Tel: (+618) 9388 1000 Fax: (+618) 9388 1768
Mob: 04 0304 9449
al@geological.com.au

Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT TECHNICAL VALUATION

OF THE

MINERAL ASSETS OF

CAULDRON ENERGY LIMITED

Author: Allen J Maynard BAppSc(Geol), MAIG, MAusIMM
Company; Al Maynard & Associates Pty Ltd
Date: 19th August, 2015

Executive Summary

This Independent Technical Valuation Report has been prepared by Al Maynard & Associates Pty Ltd ABN 75 120 492 435 ("AM&A") at the request of Cauldron Energy Limited ABN 22 102 912 783 ("CXU") to provide an independent appraisal of the mineral assets of Cauldron Energy Limited. At the request of the Directors of CXU various mineral tenements ("the Tenements") held by CXU have been valued. AM&A have examined all the available data in order to provide an opinion of the current value of the assets detailed in this report including satisfying ourselves, by making reasonable enquiries, that the tenement schedule provided by CXU is current and up to date and that the Company has lawful access to the ground. The economic future of the tenements depends on exploration techniques being successful to identify mineralisation the results of which are subsequently progressed through to final feasibility studies to assist viable economic exploitation.

CXU is focused on uranium in Western Australia at Yanrey and uranium and base metal exploration in South Australia at Marree (Figure 1). In addition CXU is developing the Rio Colorado and Las Marias uranium projects in central western Argentina (Figure 1).

Figure 1: Location of the Major Cauldron Tenements in Australia and Argentina

The Yanrey Project (Figure 2) includes 1,846km^2 of Mesozoic sediments which are highly prospective for sandstone hosted uranium mineralisation. These deposits are amenable to In-situ Recovery (ISR) mining, similar to Paladin Resources Ltd's adjoining Manyingee deposit. The Manyingee uranium deposit, which has a published indicated resource of 7,127 tonnes U_3O_8 at 850ppm U_3O_8 (approximately 15.71 million pounds-Mlb U_3O_8) and an inferred resource of 4,613 tonnes U_3O_8 at 850ppm U_3O_8 (approximately 10.17 Mlb U_3O_8) was successfully field trialled by ISR mining during the 1980s.

After completing a 6,319 m drilling program in late-2014 CXU announced a 16% upgrade to the resource at the Bennet Well prospect within the Yanrey Uranium Project in Western Australia. Ravensgate, an independent mining consulting group, have calculated a JORC Code compliant Indicated and Inferred Resource estimate for the Bennet Well region. The new total uranium resource has increased the previous 18.6Mlb at 270 ppm eU_3O_8 to 21.51 Mlb at 270 ppm eU_3O_8. A 150 ppm cut-off was used in both resource calculations (Table 1). Preliminary economic evaluation has shown that a 150ppm eU_3O_8 average grade over at least half a metre is potentially economic for ISR type uranium production at the Yanrey Project. The most significant intervals from the recent drilling include drill holes BW0035 with 1.1m @ 5,060ppm eU3O8 and BW0010 with 1.25m @ 2,504ppm e U_3O_8.

This targeted exploration has allowed CXU to clearly identify the increasing potential to further establish uranium resources at the Yanrey Project with multiple prospects over its large tenement holding. AM&A agrees with this analysis of increased potential.

The Western Australian State Government has a pro-uranium mining policy which enhances the value of CXU's WA uranium assets.

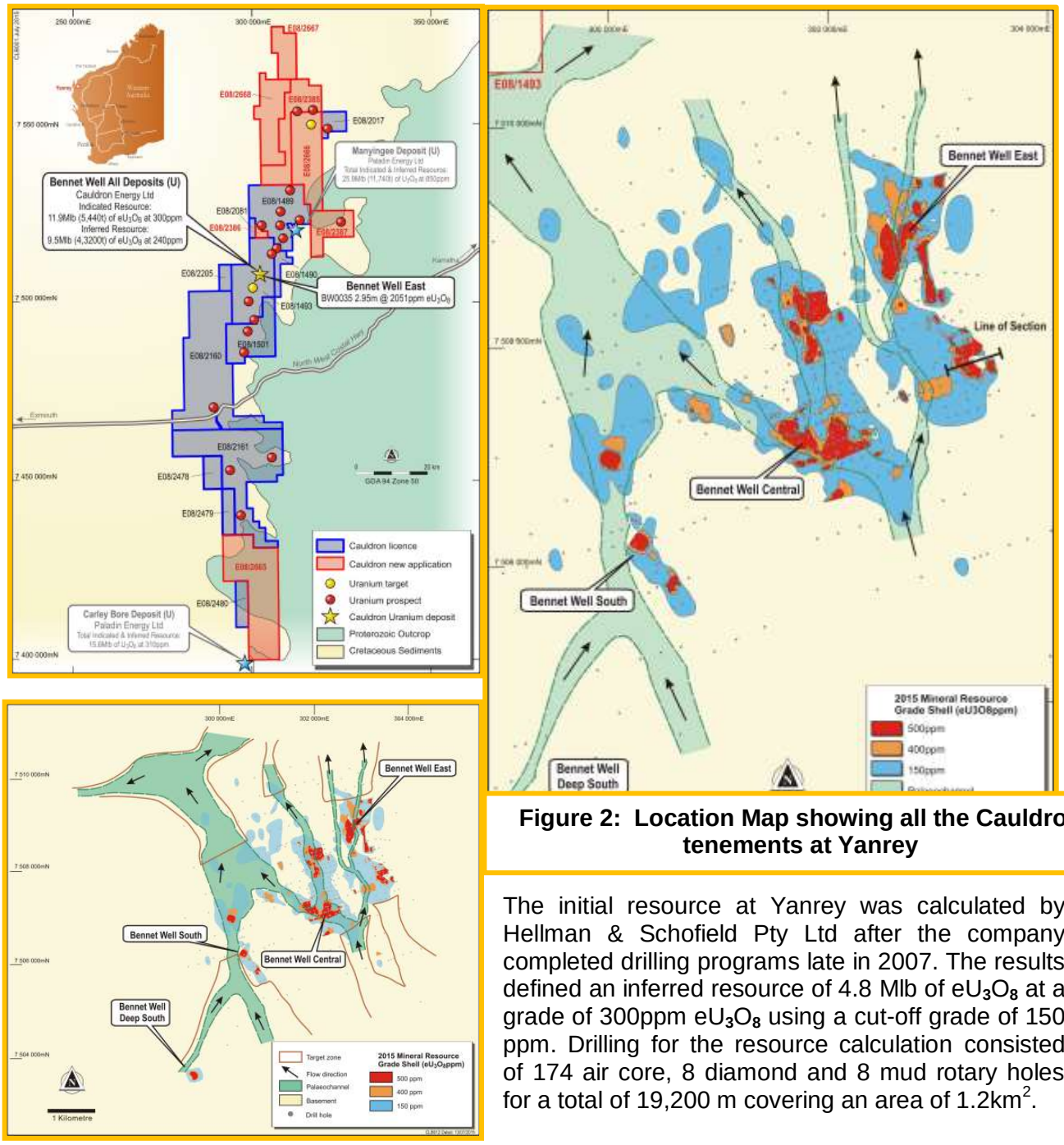


Figure 2: Location Map showing all the Cauldron tenements at Yanrey

The initial resource at Yanrey was calculated by Hellman & Schofield Pty Ltd after the company completed drilling programs late in 2007. The results defined an inferred resource of 4.8 Mlb of eU_3O_8 at a grade of 300ppm eU_3O_8 using a cut-off grade of 150 ppm. Drilling for the resource calculation consisted of 174 air core, 8 diamond and 8 mud rotary holes for a total of 19,200 m covering an area of 1.2km^2.

Metallurgical testwork of the Yanrey material indicates outstanding uranium extraction potential at Bennet Well with high recovery at low operating cost. ISR mining involves the extraction of uranium by solution. The method has been used to extract uranium in a number of countries overseas since the 1970s and has been approved for use at two locations in South Australia, namely the Beverley mine, which commenced operation in 2000, and the Honeymoon deposit. ISR mining uses a weak chemically treated water solution injected into the mineralised rock to oxidise the uranium minerals into solution.

The mineralised solution is then pumped back to the surface and the uranium is extracted using conventional uranium processing technology. The company is well placed to advance the Yanrey project due to the change in government policy on uranium mining in Western Australia and the close proximity to Paladin's Manyingee Project.

At the Bennet Well (Figure 2) CXU has successfully completed seven drilling programs during the past three years. The initial drilling program in 2006 targeted Bennet Well and produced encouraging results of 1.7m at 318ppm eU_3O_8 and 2.6m at 465ppm eU_3O_8. Subsequent programs continued to produce excellent results, including 3.2m at 600ppm e U_3O_8, 2.95m at 508ppm eU_3O_8, 3.6m at 967ppm eU_3O_8 1.8m at 1,158ppm and 3.8m at 1309ppm eU_3O_8.

Table 1: Total Bennet Well Resource Summary.

Resource	Category	Tonnes (Mt)	Cutoff (ppm)	eU3O8 (ppm)	eU3O8 (t)	eU3O8 (Mlb)
Bennet Well	Indicated	18.126	150	300	5,440	11.99
Bennet Well	Inferred	17.994	150	240	4,320	9.52
Bennet Well	Total	36.120	150	270	9,760	21.51
which includes:						
Central	Total	14.837	150	273	4,053	8.936
East	Total	5.500	150	334	1,836	4.049
South	Total	4.212	150	249	1,051	2.317
Deep South	Total	0.255	150	296	75	0.166
Unclassified	Total	11.316	150	244	2,761	6.087

Elsewhere in Western Australia CXU has an interest in the Beadell and Boolaloo Projects (Figure 3). The Beadell Project, in joint venture with Rumble Resources, consists of one granted exploration licences which have previously been shown to be prospective for Coronation Hill Style (PGE-Au-U) mineralisation. The main work undertaken by CXU was completion of a six hole reverse circulation drilling program to test one of the two main targets identified from Airborne EM. The two coincident EM and gravity anomalies show features that are consistent with what could be expected from massive sulphide mineralisation.

Drilling confirmed that there was a widespread sulphide anomaly which was mainly zinc and lead with lesser amounts of copper, gold and silver. The highest grades observed for an individual one metre assay sample was 0.78% Cu, 0.76% Pb, 0.62% Zn, 8.55g/t Au and 22.9 g/t Ag. Some of the main intersections from the drilling program were 3m at 0.36% Cu, 0.49% Pb and 0.39% Zn which included 1m at 0.51% Cu, 0.70% Pb and 0.62% Zn; 1m at 0.78% Cu and 8.55 g/t Au and 28m at 0.2% Zn, 0.18% Pb and 0.07% Cu

In addition, drilling identified a graben like structure bounded by faults on either edge. The graben appears to be the result of extensional faulting or could be a volcanic massive sulphide (VMS) vent. The sulphides identified from drilling appear to be an alteration halo located above a potentially large sulphide deposit. The geophysical response from the Airborne EM does not appear to account for the sulphides and lithologies that were identified in drilling. CXU understands, and AM&A agrees, that there is a reasonable chance that increased amounts of sulphides are located below the current extent of drilling.

Figure 3: Location of the Beadell and Boolaloo Projects in Western Australia.

CXU is also developing the Boolaloo Project in Western Australia which forms part of the larger Ashburton Project. The exploration area is situated approximately 270 km east of Exmouth and is accessed via a sealed road from the North West Coastal Highway. The project is prospective for both gold and base metal mineralisation and consists of rocks of the Proterozoic Ashburton Basin and the Boolaloo Granite which is the most northerly extent of the Gascoyne Complex.

The Boolaloo Project is adjacent to the Paulsens Gold Mine operated by Northern Star. The Paulsens Mine contains an Indicated and Inferred Resource of 1,268,000t at 5.3g/t Au for 226,000oz.

In 2007 Jackson Minerals (now CXU) completed 22 RC drill holes for 2,462 metres. The program intersected significant copper and gold mineralisation with three intersections of greater than 3m at 1.0% Cu. MIRC002 with 3m @ 1.06% Cu and 1.4 g/t Au; MIRCOO4 with 4m @ 1.48% Cu and 0.89g/t Au from 95m; and MIRC009 with 3m @ 1.06% Cu and 0.94g/t Au from 137m. In 2008, an airborne survey was conducted over the Minga Bore area including low level airborne magnetics, radiometrics and digital terrain components.

The positive correlation between the survey response and known mineralisation indicates that this method is well suited to the identification of further copper mineralisation in the area.

In South Australia, The Marree JV Project initially involved the exploration for uranium however in late 2012 significant base metal mineralisation was identified. The project area includes the Tertiary Eyre and Namba Formations, host to several sedimentary roll-front uranium occurrences to the southeast, including the Honeymoon, Beverley and Beverley four-mile deposits. In January 2013 an eight drillhole reverse circulation (RC) drilling program was completed targeting base metal mineralisation.

Drilling identified anomalous base metal interceptions but did not identify any potentially economic base metal mineralisation. Further mapping and geophysical work completed in 2013 on the Marree Base Metal area has identified numerous areas of interest that require follow-up work. These are prospects where extensive historical mining has taken place. These two prospects have been named the Ooloo Prospect and the Mt Freeling Prospect.

Geophysical work completed includes a ground based gravity survey completed by Haines Surveys in December 2012 and the re-inversion of historical IP data from the Ooloo Prospect area. The gravity data has been re-processed and reviewed by three independent geophysicists during the year to determine whether there are any exploration targets in the region. Two of the reviews did not identify any possible targets but one review has identified a deep gravity anomaly below the historical Ooloo workings that requires further analysis. The IP work has shown a large resistive body below the historical Ooloo workings but no conductive targets were identified.

Field reconnaissance has identified an extensive region of historical shafts and workings over 1.6km long at the Mt Freeling Prospect with rock samples from mullock heaps containing very high levels of primarily lead and silver. Rock samples were collected for isotope work to be undertaken. The isotope work has shown that the lead appears to have been derived from radiogenic source rocks and sulphur data suggests that the mineralisation is associated with a possible hydrothermal source.

In Argentina the Rio Colorado Uranium-Copper-Silver Project in the Catamarca district is a substantial deposit outcropping for 16km, containing numerous small scale workings completed by the Atomic Energy Commission of Argentina (CNEA) in the 1950s and 1960s (Figure 1). In addition, the Las Marias Uranium Project, San Juan, Argentina consists of outcropping uranium-rich sandstones with over 7km of strike).

Initial investigations by the Company, indicates an average outcropping uranium anomalism of between 100 to 550 ppm U_3O_8 up to 3 metres in width, with samples peaking at 1,305 ppm U_3O_8. This project was explored by CNEA in the 1970s. Priority exploration targets exist under cover, along extensions of the outcropping mineralisation.

Cauldron Energy (CXU) has signed an exclusive option agreement through its wholly owned subsidiary Jackson Global Limited (Jackson) with a private party (Dr Horacio Solis), to earn 92.5 percent in 230 km^2 of the Rio Colorado uranium project in Argentina. The remainder of the project (532 km^2) is held by Jackson in the name of a related entity.

Together, both areas will form the Rio Colorado Joint Venture. Cauldron will earn its Initial Interest of 51% in the project by completing a minimum work program, including 3,000 metres of drilling. The Company can earn 92.5% of the project by completing exploration expenditure of $500,000 within three years following earning of the Initial Interest.

TABLE OF CONTENTS

List of Figures

List of Tables

The Directors
Stantons International Securities Pty Ltd
Level 2, 1 Walker Avenue
West Perth, WA, 6005

19th August, 2015

Dear Directors,

VALUATION OF THE MINERAL ASSETS OF CAULDRON ENERGY LIMITED

1. Introduction

This Independent Technical Valuation Report ("Report") has been prepared by Al Maynard & Associates (AM&A) at your request to provide an independent valuation of the mineral assets currently held by Cauldron Energy Limited (CXU). In Australia these assets include the Yanrey Uranium Project, the Beadell Au-Cu-U-PGE Project and the Boolaloo Au-Cu Project all in Western Australia and the Marree Pb-Ag-Cu-Au Project in South Australia. In addition Cauldron is exploring a number of U-Cu-Ag projects in Argentina.

1.1 Scope and Limitations

This Report has been prepared in accordance with the requirements of the Valuation of Mineral Assets and Mineral Securities for Independent Expert's Reports (the 'Valmin Code') (2005) as adopted by the Australian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM').

This Report is valid as of 19th August, 2015 which is the date of the latest review of the data and technical information. The valuation can be expected to change over time having regard to political, economic, market and legal factors. The valuation can also vary due to the success or otherwise of any mineral exploration that is conducted either on the mineral assets concerned or by other explorers on prospects in the near environs. The valuation could also be affected by the consideration of other exploration data, not in the public domain, affecting the mineral assets which have not been made available to the writer.

In order to form an opinion as to the value of any mineral asset, it is necessary to make assumptions as to certain future events, which might include economic and political factors and the likely exploration success. The writers have taken all reasonable care in formulating these assumptions to ensure that they are appropriate to the case. These assumptions are based on the writers' technical training and experience in the mining industry. Whilst the opinions expressed represent the writer's fair and reasonable professional opinion at the time of this Report, these opinions are not however, forecasts as it is never possible to predict accurately the many variable factors that need to be considered in forming an opinion as to the value of any mineral asset.

The valuation methodology of mineral assets is exceptionally subjective. The values obtained are estimates of the amount of money, or cash equivalent, which would be likely to change hands between a willing buyer and a willing seller in an arms' length transaction, wherein each party had acted knowledgeably, prudently and without compulsion. This is the required basis for the estimation to be in accordance with the provisions of the Valmin Code. There are a number of generally accepted procedures for establishing the value of mineral assets with the method employed depending upon the circumstances of the mineral asset. When relevant, AM&A uses the appropriate methods to enable a balanced analysis. Values are presented as a range and the preferred value is identified. The readers should therefore form their own opinion as to the reasonableness of the assumptions made and the consequent likelihood of the values being achieved.

The information presented in this Report is based on technical reports provided by CXU and supplemented by our own inquiries. At the request of AM&A copies of all relevant technical reports and agreements were readily made available by CXU. Some of this information is available in the public domain and relevant references are listed in Section 8.

CXU will be invoiced and expected to pay a fee ($8,000 - $10,000) for the preparation of this Report. This fee comprises a normal, commercial daily rate plus expenses. Payment is not contingent on the results of this report or the passing of the relevant resolution the subject of the IER under the Notice of Meeting. Except for these fees, neither the writer nor any associates have any interest, nor the rights to any interest in CXU nor the mineral assets reported upon. CXU has confirmed in writing that all technical data known to the public domain is available to the writers.

The valuation presented in this Report is restricted to a statement of the fair value of the mineral asset package. The Valmin Code defines fair value as "The estimated amount of money, or the cash equivalent of some other consideration, for which, in the opinion of the Expert reached in accordance with the provisions of the Valmin Code, the mineral asset or security shall change hands on the Valuation date between a willing buyer and a willing seller in an arms' length transaction, wherein each party had acted knowledgeably, prudently and without compulsion".

It should be noted that in all cases, the fair valuation of the mineral assets presented is analogous with the concept of "valuation in use" commonly applied to other commercial valuations. This concept holds that the assets have a particular value only in the context of the usual business of the company as a going concern. This value will invariably be significantly higher than the disposal value, where, there is not a willing seller. Disposal values for mineral assets may be a small fraction of going concern values.

In accordance with the Valmin Code, we have prepared the "Range of Values" as shown in Section 6. Regarding the Projects it is considered that more than sufficient geotechnical data has been provided from the reports covering the previous exploration of the relevant area to enable an understanding of the geology. This provides adequate information to generate an informed opinion as to the current value of the mineral assets. A site visit was not undertaken as it was considered that it would not reveal any information or data that would be material to the outcome of this Report.

1.2 Statement of Competence

This Report has been prepared by Allen J. Maynard BAppSc(Geol), MAusIMM and Member of AIG, a geologist with 35 continuous years in the industry and 30 years in mineral asset valuation. The writer holds the appropriate qualifications, experience and independence to qualify as an independent "Expert" under the definitions of the Valmin Code.

2. Valuation of the Mineral Assets – Methods and Guides

With due regard to the guidelines for assessment and valuation of mineral assets and mineral securities as adopted by the AusIMM Mineral Valuation Committee on 17 February 1995 – the Valmin Code (updated 1999 & 2005) – we have derived the estimates listed below using the appropriate method for the current technical value of the mineral assets as described.

The ASIC publications "Regulatory Guidelines '111 & 112" have also been duly referred to and considered in relation to the valuation procedure. The subjective nature of the valuation task is kept as objective as possible by the application of the guideline criteria of a "fair value". This is a value that an informed, willing, but not anxious, arms' length purchaser will pay for a mineral (or other similar) asset in a transaction devoid of "forced sale" circumstances.

2.1 General Valuation Methods

The Valmin Code identifies various methods of valuing mineral assets, including:

- Discounted cash flow,
- Joint Venture and farm-in terms for arms' length transactions,

- Precedents from similar asset sales/valuations,
- Multiples of exploration expenditure,
- Ratings systems related to perceived prospectivity,
- Real estate value and,
- Rule of thumb or yardstick approach.

2.2 Discounted Cash Flow/Net Present Value

This method provides an indication of the value of a mineral asset with identified reserves. It utilises an economic model based upon known resources, capital and operating costs, commodity prices and a discount for risk estimated to be inherent in the project.

Net present value ('NPV') is determined from discounted cash flow ('DCF') analysis where reasonable mining and processing parameters can be applied to an identified ore reserve. It is a process that allows perceived capital costs, operating costs, royalties, taxes and project financing requirements to be analysed in conjunction with a discount rate to reflect the perceived technical and financial risks and the depleting value of the mineral asset over time. The NPV method relies on reasonable estimates of capital requirements, mining and processing costs.

2.3 Joint Venture Terms

The terms of a proposed joint venture agreement may be used to provide a market value based upon the amount an incoming partner is prepared to spend to earn an interest in part or all of the mineral asset. This pre-supposes some form of subjectivity on the part of the incoming party when grass roots mineral assets are involved.

2.4 Similar or Comparable Transactions

When commercial transactions concerning mineral assets in similar circumstances have recently occurred, the market value precedent may be applied in part or in full to the mineral asset under consideration.

2.5 Multiple of Exploration Expenditure

The multiple of exploration expenditure method ('MEE') is used whereby a subjective factor (also called the prospectivity enhancement multiplier or 'PEM') is based on previous expenditure on a mineral asset with or without future committed exploration expenditure and is used to establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented positive results a MEE multiplier can be selected that take into account the valuer's judgment of the prospectivity of the mineral asset and the value of the database. PEMs can typically range between 0 to 3.0 and occasionally up to 5.0 where very favourable exploration results have been achieved, applied to previous exploration expenditure to derive a dollar value.

2.6 Ratings System of Prospectivity (Kilburn)

The most readily accepted method of this type is the modified Kilburn Geological Engineering/Geoscience Method and is a rating method based on the basic acquisition cost ('BAC') of the mineral asset that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer is required to systematically assess four key technical factors which enhance, downgrade or have no impact on the value of the mineral asset. The factors are then applied serially to the BAC of each mineral asset in order to derive a value for the mineral asset. The factors used are; off-property attributes, on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the market.

2.7 Empirical Methods (Yardstick – Real Estate)

The market value determinations may be made according to the independent expert's knowledge of the particular mineral asset. This can include a discount applied to values arrived at by considering conceptual target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground. This includes the range of values that can be estimated for an exploration mineral asset based on current market prices for equivalent assets, existing or previous joint venture and sale agreements, the geological potential of the mineral assets, regarding possible potential resources, and the probability of present value being derived from individual recognised areas of mineralisation. This method is termed a "Yardstick" or a "Real Estate" approach. Both methods are inherently subjective according to technical considerations and the informed opinion of the valuer.

2.8 General Comments

The aims of the various methods are to provide an independent opinion of a "fair value" for the mineral asset under consideration and to provide as much detail as possible of the manner in which the value is reached. It is necessarily subjective according to the degree of risk perceived by the mineral asset valuer in addition to all other commercial considerations. Efforts to construct a transparent valuation using sophisticated financial models are still hindered by the nature of the original assumptions where a known resource exists and are not applicable to mineral assets without an identified resource or reserve.

The values derived for this Report have been concluded after taking into account the general geological environment of the mineral asset under consideration with respect to the exploration potential.

2.9 Environmental implications

Information to date is that there are no identified existing material environmental liabilities on the mineral assets. Accordingly, no adjustment was made during this Report for environmental implications.

2.10 Indigenous Title Claims

In Western Australia, the Company has an active Heritage Agreement in place with the Thalanyji Native Title Claimants for its Yanrey tenements E08/1489, E08/1490, E08/1493, E08/1501 and is currently negotiating terms for inclusion of E08/E08/2385, E08/2386 and E08/2387 in the current agreement. Cauldron also has Heritage Agreements with both the Budina People (for E08/2161 and E08/2480) and the Gnulli (for E08/2160, E08/2161 and E08/2478-2480), also of the Yanrey Project. Negotiations are underway for an agreement with each of the Gnuilli and Budina claimants for Cauldron's application for E08/2665, in the Yanrey Project. Also in WA, the Company holds E08/2638 at its Boolaloo Project for which it has an active Heritage agreement with the Jurruru Native Title claimants. In South Australia, all current Marree tenure is covered by existing Heritage Agreements with the Adnymathanha and/or Dieri native title claimants. There are no registered Indigenous claims over Cauldron's Argentinian tenements.

2.11 Commodities-Metal prices

Metal prices have been considered in assessing the insitu values and were sourced from www.Kitco.com and www.uxc.com on the 12th August, 2015.

2.12 Resource/Reserve Summary

2012 JORC Code compliant reserves and resources (as applicable) have been used for this valuation.

2.13 Previous Valuations

AM&A completed a valuation for Cauldron Energy's mineral assets in July 2014which had a range of values according to the then known resources of: A$39.7M from within the low estimate of A$35.4M to the high of A$45M

2.14 Encumbrances/Royalty

The Projects may be subject to state royalties as stipulated by the respective Governments from time to time but none are currently applicable as no production is underway.

3. Background Information

3.1 Introduction

This valuation has been provided by way of a detailed study of information provided by CXU and other independent consultants for the mineral assets (Section 6).We have taken reasonable steps to check and verify the information provided and validate the assumptions used.

3.2 Specific Valuation Methods

There are several methods available for the valuation of a mineral prospect ranging from the most favoured DCF analysis of identified Proved & Probable Reserves to the more subjective rule-of-thumb assessment when no Reserves have yet been calculated but Resources may exist. These are discussed above in Section 2.

For the Projects of CXU a combination the Empirical and MEE Methods with reference to the Comparable Transaction Method for recent relevant transactions has been used to determine a current value range.

4. The Projects of Cauldron Energy Limited

Introduction
In Australia, Cauldron has three project areas covering more than 5,800km^2 in two known uranium provinces in South Australia and Western Australia (Table 2 and Table 3). Projects include the Yanrey Project in Western Australia, prospective for large sedimentary hosted uranium deposits where Bennet Well consists of 12 granted exploration licences over 1,846km^2 and 7 applications for exploration licences covering 1,110km^2. The Marree Joint Venture in South Australia consists of 5 granted exploration licences over 2,794km^2 which are prospective for sedimentary-hosted uranium deposits as well as base metal mineralisation.

Also in Australia Cauldron's Beadell Project consists of granted exploration licences E45/2405, located 400-450km east of Newman in the central north of Western Australia. The Beadell Project is considered to be prospective for base metal mineralisation, unconformity related uranium and platinum group elements (PGE)-gold-uranium mineralisation (Table 2).

Cauldron is also developing the Boolaloo Project which forms part of the larger Ashburton Project in Western Australia (Table 2). The exploration area is situated approximately 270km east of Exmouth and is accessed via a sealed road from the North West Coastal Highway. The project is prospective for both gold and base metal mineralisation and consists of rocks of the Proterozoic Ashburton Basin and the Boolaloo Granite which is the most northerly extent of the Gascoyne complex.

In central western Argentina Cauldron is developing two large uranium projects at Rio Colorado and Las Marias (Table 2 and Table 3). These two projects have well defined surface uranium mineralisation over many square kilometres. In the pro-nuclear power environment of Argentina these two projects may provide important feed material for the nearby reactors.

Table 2: Cauldron's Mining Tenements Schedule 2014.

Tenement	Project & Location	Expiry	Interest
E08/1489	Yanrey - Western Australia	28/11/2015	100%
E08/1490	Yanrey - Western Australia	28/11/2015	100%
E08/1493	Yanrey - Western Australia	28/11/2015	100%
E08/1501	Yanrey - Western Australia	28/11/2015	100%
E08/2017	Yanrey - Western Australia	12/08/2015	100%
E08/2081	Yanrey - Western Australia	01/08/2015	100%
E08/2160	Yanrey - Western Australia	20/05/2017	100%
E08/2161	Yanrey - Western Australia	14/06/2016	100%
E08/2205	Yanrey - Western Australia	14/06/2016	100%
E08/2478	Yanrey - Western Australia	04/06/2019	100%
E08/2479	Yanrey - Western Australia	04/06/2019	100%
E08/2480	Yanrey - Western Australia	04/06/2019	100%
E45/2405	Beadell - Western Australia	18/03/2015	20%
E08/2496	Boolaloo – Western Australia	15/07/2019	100%
571/2009	Rio Colorado Project - Catamarca,	N/A	100%
321/2008	Rio Colorado Project - Catamarca,	N/A	100%
322/2008	Rio Colorado Project - Catamarca,	N/A	100%
316/2008	Rio Colorado Project - Catamarca,	N/A	100%
165/2008*	Rio Colorado Project - Catamarca,	N/A	100%
307/2008*	Rio Colorado Project - Catamarca,	N/A	100%
312/2008*	Rio Colorado Project - Catamarca,	N/A	100%
317/2008*	Rio Colorado Project - Catamarca,	N/A	100%
324/2008*	Rio Colorado Project - Catamarca,	N/A	100%
1124-333-2008	Las Marias Project - San Juan, Argentina	N/A	100%
1124-546-2010	Las Marias Project - San Juan, Argentina	N/A	100%

The Rio Colorado group of tenements' expiry has been suspended by local Judges' order due to the local access restrictions that Cauldron experienced several years ago. Cauldron has recently been given indication that this will be lifted as the local disruption has been removed due to the social work the Company has been doing over the past six years. Cauldron has now budgeted for exploration work to continue in the current financial year.

Table 3: Mining tenements in farm-in/farm-out agreements 2014

Tenement	Project & Location	Expiry	Interest
140/2007	Rio Colorado Project - Catamarca, Argentina	N/A	92.50%**
141/2007	Rio Colorado Project - Catamarca, Argentina	N/A	92.50%**
142/2007	Rio Colorado Project - Catamarca, Argentina	N/A	92.50%**
143/2007	Rio Colorado Project - Catamarca, Argentina	N/A	92.50%**
144/2007-581/2009	Rio Colorado Project - Catamarca, Argentina	N/A	92.50%**
176/1997	Rio Colorado Project - Catamarca, Argentina	N/A	92.50%**
232/2007	Rio Colorado Project - Catamarca, Argentina	N/A	92.50%**
270/1995	Rio Colorado Project - Catamarca, Argentina	N/A	92.50%**
271/1995	Rio Colorado Project - Catamarca, Argentina	N/A	92.50%**
43/2007	Rio Colorado Project - Catamarca, Argentina	N/A	92.50%**
EL5442	Maree - South Australia	29/06/2016	60% (increasing)
EL4609	Maree - South Australia	24/11/2015	60% (increasing)
EL4610	Maree - South Australia	24/11/2015	60% (increasing)
EL4746	Maree - South Australia	18/05/2016	60% (increasing)
EL4794	Maree - South Australia	18/10/2015	60% (increasing)

*Rights to uranium only; ** Earning in.

4.1 The Yanrey Uranium Project Western Australia

Introduction

The Yanrey Project currently consists of the following Exploration Licences: E08/1489, E08/1490, E08/1493, E08/1501, E08/2017, E08/2081, E08/2160, E08/2161, E08/2205, E08/2478, E08/2479 and E08/2480. CXU has also applied for other Exploration Licences in the region to become part of the Yanrey Project if granted.

Cauldron currently has 12 granted tenements totalling 1,846 km^2 and seven additional tenements under application covering 1,110 km^2 within the Yanrey Project area that also have the potential to host economic uranium mineralisation (Figure 4). This group of tenements lies within an area historically proven to host significant uranium deposits, as evidenced by the Manyingee Deposit (as of 15th August 2015, Indicated Mineral Resource of 15.7Mlb at a grade of 850ppm U_3O_8, with an additional Inferred Mineral Resources of 10.2Mlb at 850ppm U_3O_8). To date, there are over 10 proven uranium prospects that have already been identified from both historical and recent drilling by Cauldron. Further drilling is required on these prospects to determine the extent and tenor of the uranium mineralisation.

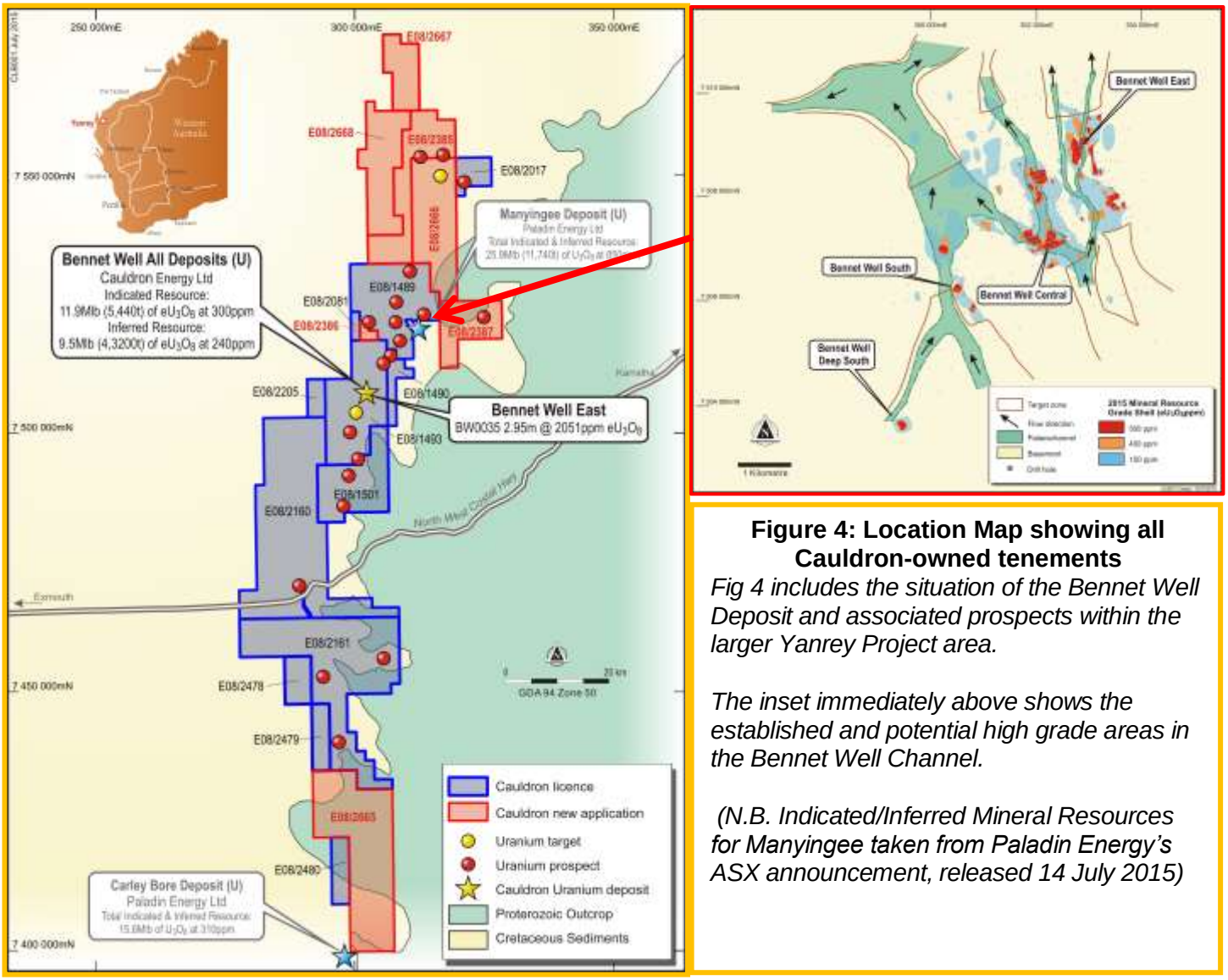


Figure 4: Location Map showing all Cauldron-owned tenements

Fig 4 includes the situation of the Bennet Well Deposit and associated prospects within the larger Yanrey Project area.

The inset immediately above shows the established and potential high grade areas in the Bennet Well Channel.

(N.B. Indicated/Inferred Mineral Resources for Manyingee taken from Paladin Energy's ASX announcement, released 14 July 2015)

Cauldron Energy has successfully completed 11 drilling programs since commencing exploration in 2006 for a total of 521 holes over 49,977 metres. Drilling conducted in 2012 identified major

uranium extension zones to the original Bennet Well deposit and recently named the Bennet Well East and Bennet Well South Prospects. The discovery of these extensions highlighted the potential for additional uranium resources within the rest of the project area.

Ten new exploration targets were identified based on a combination of geological interpretation, reprocessing of Airborne ReptEM, regional magnetics data, field reconnaissance surface and geological mapping. The Crow Plains Scatter Heritage issue that occurred between 2009 and 2011 has severely delayed advancement of the Yanrey Uranium Project since no drilling activities could be conducted until these issues are resolved. As a result, these 10 new exploration targets have yet to be drill tested.

In September, 2013 Cauldron Energy completed a short drilling campaign which was included in the Royalties for Regions, Co-Funded, Government-Industry Drilling Program, 2013 to 2014. The agreement resulted from an application for the Exploration Incentive Scheme, as supplied by the Western Australian Government, in which a $150,000 subsidy was granted to help fund exploration activities conducted between 1 July, 2013 and 30 September, 2014. The entire program consisted of eight drillholes, seven of which were located at the Bennet Well East and Bennet Well South Prospects (YNDD015 - YNDD020, and YNDD022). Only one drillhole (YNDD021) was located at the Bennet Well Deep South Prospect which was included as part of the government incentive scheme. All eight vertical holes of the 2013 drill campaign consisted of mud rotary pre-collars and diamond drill core tails for a total of 613.1 metres, namely: 408.6 metres of mud rotary drilling and 172.0 metres of HQ core drilling. Vertical holes were considered optimal for targeting an interpreted palaeochannel, or palaeo-valley style uranium ore body. The main objectives of this drilling program involved potentially increasing the current resource estimates for these satellite prospects as well as obtaining diamond drill core for various chemical, geochemical and metallurgical analyses.

As part of a range of analyses conducted on the drill core, a series of samples from drillholes YNDD018 and YNDD022 have been submitted to the Australian Nuclear Science and Technology Organisation (ANSTO) for leach testing, QEMSCAN (Quantitative Evaluation of Minerals by Scanning electron microscopy) and geochemical assaying by ICP mass spectrometry. The results from these analytical techniques will provide additional information for the resource estimation for the Bennet Well area as well as determining an extraction path for the uranium should the project be advanced to mining at a future stage.

The resulting geochemical assays returned the following significant intersections:

YNDD018	5.1m @ 1,209 ppm U_3O_8
YNDD020	1.5m @ 1,237 ppm U_3O_8
YNDD020	0.6m @ 1,066 ppm U_3O_8
YNDD021	0.6m @ 1,453 ppm U_3O_8
YNDD019	2.1m @ 635 ppm U_3O_8
YNDD015	2.15m @ 612 ppm U_3O_8

Geological interpretation based on downhole lithological data and geochemical assays indicates that the Bennet Well South and East Prospects are geologically distinct from each other and host mineralisation within different stratigraphic units. The Bennet Well South Prospect is geologically similar to the Bennet Well Resource area and also contains uranium mineralisation hosted by the Nanutarra Formation. However, uranium mineralisation at the Bennet Well East Prospect is interpreted to be hosted within an overbank region that represents multiple flood events during which channel sediments would have been pushed over the channel edges and deposited within shallow depression areas lined by trees, immediately and laterally adjacent to the channel. During the succeeding intervals of tranquillity and geological calm the natural decay and toppling of the trees into these depressions as well as subsequent favourable redox conditions most likely provided the ideal conditions for uranium precipitation and deposition to occur.

4.1.1 Location and Access

The Yanrey Project is located approximately 70 km to the south of the township of Onslow and approximately 100 km to the southeast of Exmouth near the boundary between the Gascoyne and Pilbara Provinces. Access to the area is gained via the public Twitchen Road, and/or the Yanrey Station access road from the Northwest Coastal Highway (Figure 1 and Figure **3**). The Project area is situated on the Yanrey, Uaroo and Minderoo Pastoral Leases that utilise the land for cattle farming. Access to the Bennet Well Deposit and associated satellite prospect areas is via existing station tracks where possible, and subsequently tracks cleared by Cauldron following clearance surveys and approval from the Department of Mines and Petroleum (DMP) and the relevant Traditional Owners.

4.1.2 Tenure

Exploration Leases E08/1489, E08/1490, E08/1493 and E08/1501 were granted by the DOIR in November 2005 and cover an area of 642km^2. Exploration Leases E08/2017 and E08/2081 were granted by the DOIR in August 2010 and cover a total area of 76km^2. E08/2205 was granted July 2011 and covers an area of 25km^2. E80/2160 and E80/2161 were granted in June 2011 and cover an area of 998km^2. E80/2205 was granted in July 2011 and has an area of 25km^2.Exploration licence. E80/2478, E80/2479 and E08/2480 were granted in June 2014 and cover an area of 135km^2 (Table 4).

Table 4: Tenement Summary for the Yanrey Project at Bennet Well

Licence	Registered Tenement Holder	Grant Date	Area Km^2	Minimum Expenditure
E08/1489	Cauldron Energy Ltd	29/11/2005	220	$210,000.00
E08/1490	Cauldron Energy Ltd	29/11/2005	35	$70,000.00
E08/1493	Cauldron Energy Ltd	29/11/2005	222	$210,000.00
E08/1501	Cauldron Energy Ltd	29/11/2005	164	$156,000.00
E08/2017	Cauldron Energy Ltd	13/08/2010	41	$30,000.00
E08/2081	Cauldron Energy Ltd	2/08/2010	10	$20,000.00
E08/2160	Cauldron Energy Ltd	15/07/2011	548	$261,000.00
E08/2161	Cauldron Energy Ltd	15/06/2011	446	$213,000.00
E08/2205	Cauldron Energy Ltd	15/07/2011	25	$30,000.00
E08/2478	Cauldron Energy Ltd	5/06/2014	47	$20,000.00
E08/2479	Cauldron Energy Ltd	5/06/2014	44	$20,000.00
E08/2480	Cauldron Energy Ltd	5/06/2014	44	$20,000.00

4.1.3 Native Title

The Yanrey Project is primarily situated on Buurabalji Thalanyii land. A total of 8 Aboriginal heritage surveys were completed between May 2006 and August 2015. During each survey, only occasional sites were noted and minor scattered artefacts identified. The majority of the planned holes cleared for drilling were not situated in areas of close proximity to any recorded heritage sites, with the exception of holes YNDD016 and YNDD020 that were located approximately 145m and 185m respectively to the east of minor sites. All clearance work undertaken was done with every effort to avoid these sites and maintain a perimeter of no disturbance surrounding each site.

4.1.4 Previous Exploration

The Yanrey Project was historically explored in the 1970s and 1980s as part of a regional exploration effort to discover potentially economic roll front-style uranium deposits. The majority of this work was conducted by CRAE and Total Mining and resulted in the discovery of the Manyingee Deposit which is now owned by Paladin Energy Ltd. Significant mineralisation was also identified at the Bennet Well Deposit which is now wholly owned by Cauldron Energy Ltd.

Since commencing exploration activity in 2006, Cauldron has successfully completed 11 drilling programs comprising a total of 521 holes for over 49,977 drilled metres.

A summary of the exploration work undertaken over the Yanrey Project area by Cauldron is provided in Table 5 immediately below.

Table 5: Summary of Exploration Activities by Cauldron Energy - Yanrey Project.

Summary of Activities	
2005	- Cauldron applies for three Exploration Licences adjacent to Paladin Energy's Manyingee Deposit, adding two more licences during the year. - JV agreement entered with Placer Dome on the Flagstaff Project area (E08 1435).
2006	- Initial airborne EM (Hoist EM) geophysical survey conducted by GPX Airborne, covering 370km^2 that identified a number of exploration targets including the Bennet Well Channel. - Followed up by a two phase program of Aircore drilling at Bennet Well, comprising a total of 45 holes for 4,725m. Drill results confirm the existence of a large, uranium-mineralised palaeochannel system. – Second geophysical survey of high-resolution gravity (conducted by Haines Surveys) on a 100 x 450m spaced grid over the Bennet Well area and on a 200m x 800m spaced grid over the Main Roads prospect (on E08 1493 and E08 1501, respectively).
2007	- Two phase Aircore drill program initiated. Phase 1 comprised 15 holes for a total of 1,350m, including 4 holes drilled 1.2km to the north of Bennet Well. Significant mineralisation results returned from Bennet Well. - Mud rotary drill program of 16 holes for 2,007 drilled metres completed over both the Manyingee and Bennet Well area. Phase 2, more prospect-focused Aircore drilling occurred at Bennet Well, involving 118 holes for a total of 13,780m, on a 100 x 100m spaced grid. - Diamond drilling program undertaken at Bennet Well for the purpose of providing detailed geochemical/geotechnical, petrological and physical data for resource estimation. Program consisted of a total of 8 holes for 852m.
2008	- Hellman & Schofield Pty Ltd appointed to undertake initial resource estimations for the Bennet Well Uranium Deposit. - 2nd Airborne EM (REPTEM) survey completed, resulting in a 60% data coverage for the larger Yanrey Project. Subsequent interpretation reveals a new palaeochannel and several new drill targets. - A JORC-compliant resource for Bennet Well calculated by Hellman & Schofield resulted in an Inferred Mineral Resource of 7.3 Mt @ 300ppm eU_3O_8 for 4.8 Mlbs (2,200t) eU_3O_8, with a 150 ppm cut-off. - Regional-scale Aircore drill program completed involving 86 holes for a total of 8,674m, targeting extensions to Bennet Well Deposit, as well as testing the newly discovered palaeochannel to the south of the main deposit. Drilling identified a new zone of uranium mineralisation to the northeast of the Bennet Well Deposit, returning encouraging results from the new palaeochannel including 0.8m @ 420ppm eU_3O_8. - Cauldron entered a JV agreement (over the Flagstaff Project) with Barrick Australia Ltd (formerly Placer Dome) covering Exploration Licence E08 1435. - Cauldron entered into a JV agreement (over the Uaroo JV Project) with Atomic Resources covering two Exploration Licences (E08 1494 and 1495) that includes a number of uranium mineralised palaeochannels, e.g. North and South Ballards and the Barradale Channels.
2009	- Cauldron Energy completed a further Airborne EM (REPTEM) survey over the Atomic JV licences. The survey provided the 1st accurate data set to define the extent of the Ballards and Barradale palaeochannels. Initial tenement-wide project review completed by Cauldron to review the uranium potential of the Yanrey Project. - Cauldron announced an initial exploration target of 25 - 35 million pounds of U_3O_8, at a grade of 300 - 900ppm.
2010	- Cauldron Energy completed an Aircore drilling program of 26 holes for a total of 2,534m over the Bennet Well South prospect, identifying a new mineralised channel system there. - Cauldron also drilled 2 Aircore holes on the Flagstaff Project (E08/1435). Following downhole gamma results of a disappointingly low tenor, the Flagstaff Project was subsequently surrendered.
2012	- Cauldron completed a mud rotary drill program over the Bennet Well deposit and associated prospects, comprising 73 holes for a total of 6,403m. Drilling also conducted at the Barradale Channel prospect (refer to the Uaroo JV Annual report 2012 – 2013.) where the program objective was to define extents and grade of mineralisation in areas surrounding the Bennet Well deposit. - Two new resource areas identified were named Bennet Well South and Bennet Well East. Highest grades identified were 3.5m @ 1810 ppm eU_3O_8 (+ max. of 1.3% eU_3O_8) and 2.3m @ 1214 ppm eU_3O_8.

Summary of Activities	
2013	- Drill program of eight holes for 613.1 m (mud rotary collars and diamond tails) on the Bennet Well East, Bennet Well South and Bennet Well Deep South prospects. Best results from the drilling were 6.48 m @ 602 ppm eU3O8 (YNDD018) and 3.04 m @ 707 ppm eU308 (YNDD020) - Geochemical assaying, metallurgical testwork and QEMSEM scan on core from diamond drilling. - Cauldron announces a significant increase in exploration target to 30 to 115 million pounds of U3O8, at a grade of 250 to 900 ppm (ASX Announcement 21 February 2013).
2014	- Drill program at Bennet Well to test for extensions of mineralisation and obtain the detailed information required to plan a field leach trial. Drilling comprised 67 mud rotary holes for 5,785 m, six core holes for 534.2 m, downhole geophysical logging and re-interpretation of Bennet Well Mineral Resource.
2015	- Cauldron announces a significant resource upgrade for the Bennet Well Deposit to 21.51Mlb @ 270ppm eU_3O_8 (ASX Announcement 14th July 2015). - Acquisition of Night-time thermal ASTER data over the Yanrey Project. - EM data covering the Spinifex Well Channel was acquired from Southern Geoscience Consultants.

4.1.5 Geology

Regional Geology

The Yanrey area is located within the poorly exposed northern end of the Capricorn Orogen. It lies between the Pilbara and the Yilgarn cratons and formed during the Proterozoic from the collision of the two cratons. The Capricorn Orogen is subdivided into the Ashburton in the north of the Gascoyne and the Nabberu in the south. The Gascoyne comprises medium to high grade metamorphics intruded by capacious granitoids. The Nabberu Basin contains mainly low grade sedimentary and volcanics while the Glengarry sub-basin is possibly a back-arc basin.

The geological setting for the Yanrey Project area is a series of depressions along the granitic and metamorphic ancient coastline of the Yilgarn Block with at least two major palaeochannels sourced from east of the ancient coastline from the granite and uranium rich areas of the Gascoyne Provence. The channels are Cretaceous in age and are nearly completely filled by Cretaceous sediments with a relatively thin Quaternary cover on top.

The two major known palaeochannels in the Yanrey Project area are the Bennet Well Channel and the Manyingee Channel which are possibly age equivalent channels. The Manyingee Channel hosts the Manyingee deposit owned by Paladin Resources. During the 2012 drilling program work was focused on the eastern limb to the Bennet Well Channel and the Bennet Well South Channel.

The Yanrey Channel appears to extend along most of the Yanrey Project area from Barradale to the south (called the Barradale Channel) and all the way northwards to Bennet Well and possibly further north. This channel is younger than the channels with a southeast to northwest orientation such as the Bennet Well Channel and Bennet Well South Channel. The identification of uranium along the channel has suggested that this channel is carrying large amounts of uranium and is the probable source channel of any uranium deposits located south of Bennet Well. The Yanrey Channel appears to bend around Bennet Well on the western side of this area and not actually pass through the Bennet Well Resource area. This channel then potentially continues to head north towards the Manyingee region and may result in further uranium deposits being identified between the Bennet Well and Manyingee deposits.

The Bennet Well channel is structurally controlled with cross sections completed showing clear evidence that faulting has probably initiated the channel erosion and has controlled where the channel flows. The dominant direction of these faults is southeast to northwest and the larger faults are evident in airborne magnetic data.

The Bennet Well channel is a deep scour through hard resistant granite with a maximum thalweg (deepest part of the channel) depth observed of around 150 metres . The Bennet Well South

Channel appears to be approximately 120 metres deep at the thalweg of the channel. The reprocessed RepTEM airborne electromagnetic data completed in 2011 clearly shows the Bennet Well channel as a generally linear channel with minor meanders. This channel generally widens to the west and eventually enters the ancient coastline of the Yilgarn Block where it deposits channel sediments into the deep depression of the ancient coastline.

Sedimentation within the channel is erosional at the base but is mostly depositional above this as a result of numerous marine transgressions that flooded the channel depression. There is also a common thick weathered basement zone just above the solid granite bedrock from circulating fluid movement, especially near faults.

Stratigraphy

The stratigraphy identified within the Yanrey Project area is a complex mix of erosional as well as depositional packages with often very subtle variations to distinguish the units. CRAE completed an historical stratigraphic column which is shown in Table 6. Modifications to this stratigraphic column have been made to better understand the distribution of sediments as well as uranium within the Yanrey Project area.

Table 6: Historical Stratigraphic Column for the Bennet Well area created by CRAE.

Formation	Lithology	Thickness
Surface	Soils, gravels, calcrete	40 metres
Muderong Shale	Glauconitic siltstone	45 metres
Birdrong Sandstone	Glauconitic sandstone	15 metres
Nanutarra Formation	Quartz sands, grits, carbonaceous siltstone interbeds	35 metres
	Granite basement	

A summary of this stratigraphic column created by CRAE is as follows:

1. Quaternary - Recent: unconsolidated sands and sand dunes, alluvium, etc.

2. Tertiary: partly consolidated sandstone and sands. Local calcrete - silcrete development is evident. Minor conglomerate lies at the base of the unit.

3. Cretaceous: Muderong Shale, a poorly sorted thick sequence of carbonaceous, glauconitic and calcareous shales and marine in origin.

4. Cretaceous: Birdrong Sandstone, pale grey glauconitic, pyritic and lignite sandstone, very poorly sorted with clay, silt and conglomerate horizons.

5. Weathered Basement: Saprock of mainly granite.

6. Basement. Achaean/Lower Proterozoic Granite with minor granitoids and metasedimentary basement.

The stratigraphic column established by CRAE covers the general deposition of sediments in the Yanrey Project. There is however enough evidence to suggest that units have been mixed up in places and there are sub units related to transgressive events that have been grouped as one package when in fact they are very separate units which in part have a very similar appearance.

One of the main problems encountered when creating the modified stratigraphic column was trying to determine what units are present when many of the historical drill holes were logged as large units rather than smaller units with different characteristics. There are instances where one geology entry covers up to four newly classified units so the depths of each unit are completely unknown and have to be inferred from surrounding drill holes. All of the old drill cuttings no longer exist so the samples cannot be re-logged. Most of the old gamma logs have also been lost over the years. This problem is slowly being addressed as the company drills more holes that are logged with much greater detail so individual units can be accurately identified and the refined stratigraphy can

be inferred for holes which have less detailed logging. As Cauldron drills more holes in the Yanrey Project area interpretation of the stratigraphy should become more accurately determined.

The revised Cauldron Energy Ltd stratigraphic column for the Yanrey Project is summarised below:

Quaternary Undifferentiated
Tertiary Undifferentiated
Windalia Radiolarite
Muderong Shale Upper
Muderong Shale Lower
Yanrey Channel
Birdrong Sandstone Upper
Birdrong Sandstone Middle
Birdrong Sandstone Lower
Nanutarra Formation
Yarraloola Conglomerate
Weathered Basement
Mafic Dykes – Age unknown
Metasediments – Lower to Middle Proterozoic
Lower Proterozoic / Archean Granite Basement

Granite Basement
The dominant basement lithology encountered in the historic and recent drilling around the Bennet Well region is granite. The granite is rich in K-feldspar, biotite, quartz and pyrite. The source of the uranium moving through the Cretaceous sediments is more than likely uranium rich granites within close proximity to the Yanrey Project tenements.

Metasediments
Metasediments such as chlorite-muscovite schist are relatively common occurrences further south of the Bennet Well area. No holes at Bennet Well South had metasediments as the basement lithology.

Mafic Dykes
There are numerous mafic dykes that are orientated northwest to south east that occur within basement in the Yanrey Project area. Some of these can be clearly seen on magnetic images.

Weathered Basement
Weathered basement is widespread throughout the Yanrey Project with most holes having at least a few metres of weathered basement present. The weathered basement is thickest on the edges of the erosive Nanutarra Formation channels and where faults have large vertical throws of up to 40 metres in places.

The weathered basement appearance is varied throughout the project area from zones of saprolite to saprock overlying basement. It is commonly observed as white to blue bleached sandy clay and is less regularly seen as an orange to cream sandy clay. This is the pallid zone which is a highly bleached weathering zone at the top of the weathering column. This zone can often be identified by a stepped elevated gamma response in the gamma log where values suddenly increase above background. In some drill holes there is occasionally a small gamma spike associated with this boundary since it produces REDOX conditions in certain locations. The final weathering zone seen is saprock with fresh angular granite chunks which is very noticeably weathered granite. This zone is often identified with easily recognisable minerals such as biotite, potassium feldspar, plagioclase and muscovite.

Yarraloola Conglomerate

This unit is the erosional palaeo-channel derived of sediments commonly seen as oxidised to fresh coarse-grained sandstone with a common ferricrete cap on top of the channel as well as other ferricrete horizons throughout the channel sediments. It commonly has rounded sand grains as evidence of the strong current flows that carved out the granite basement. Remnant feldspars that have not yet been weathered away exist in part of the channel in places. The channel itself is often observed as a series of stacked channels with common cream to orange silt beds present at the top of each individual channel. There are two main channel sequences that appear across large areas of the Yanrey Project area.

This unit was named the Nanutarra Formation by CRAE but has since been revised to the Yarraloola Conglomerate. The reason for the name change is that the Nanutarra classically refers to marine or marginal marine derived sediments. Clearly the coarse grained sands observed have a purely terrestrial provenance from the east and not marine derived from the west. The Yarraloola Conglomerate eroded the underlying granite dominated basement from east to west and supplied sand to the ancient coastline which at that stage had terrestrial conditions. Previously deposited sediments were eroded leaving the Yarraloola Conglomerate at the base of the ancient coastline. Around Bennet Well most of the channel sediments are a mix of loose sand grains and pebbles in an un-cemented matrix and are therefore not a conglomerate but stratigraphically they appear to be the same age as the conglomerates seen in the Manyingee Channel which are cemented sand and pebbles making them a true conglomerate.

The Yarraloola Conglomerate has been used as a stratigraphic age for channelisation with the Bennet Well Channel, Manyingee Channel and Bennet Well South Channel all having a southeast to northwest orientation initiated by fault movement as well as most likely occurring at the same time. Although the individual channels themselves are isolated channels since they occurred at the same time any sediments from these channels has been referred to as Yarraloola Conglomerate.

The Yarraloola Conglomerate is the onshore equivalent of the Nanutarra Formation indicating that the two units are in fact probably age equivalent to each other and is probably why CRAE recorded the two units together as Nanutarra Formation. From geological interpretation of the Yanrey Project area is has become evident that it is important to separate the marine derived sediments from the terrestrial derived sediments so geological provenance maps can be generated to show where you are in the overall landscape of the region at the time of deposition.

Around Bennet Well when the Yarraloola Conglomerate was formed the Nanutarra Formation was a long way westwards so the two bodies at that initial point did not meet. This explains why sands created from the erosional channels began to fill the ancient coastline. The Nanutarra Formation is one large transgressive event comprised of numerous smaller transgressive cycles that slowly brought the ocean towards Bennet Well and the ancient coastline. By the time the two units joined the Nanutarra Formation appears to have been deposited on top of the already deposited Yarraloola Conglomerate sands.

It is often hard to distinguish the channel sands from the underlying weathered basement in places, especially when the weathered basement is coarse-grained with very little saprolitic clay present. It can also often be strongly oxidised as a result of the upper saprolite development and can appear to be the oxidised channel sediment. Grain roundness is not always recorded in the historical geology which makes it hard to determine what the sand unit is at times.

Nanutarra Formation

After the Bennet Well channel ceased to flow the palaeo-valleys created were up to 150 m deep in the thalweg but there was only up to 40 m of channel sediments filling the erosional void. There was a large zone of accommodation space up to 80 m high.

A large marine transgression (Transgression 1) that was made up of numerous smaller individual transgressions occurred from the west that brought seawater towards Bennet Well and other Yanrey Project locations that drowned the existing river valley. The sedimentary environments evolved over time from a saline estuary to fresh flood overbank sedimentation. The saline water reached as far as the ancient coastline that is located towards the back edge of the Bennet Well

Resource area. The transgression was stepped suggesting multiple transgressive cycles as evidenced by the way the sediments were deposited. The sediments weren't deposited in one large package but rather as thin cycles of a few metres thickness suggesting there were brief regressions where the sea level dropped a few metres with each cycle.

The Nanutarra Formation is a marginal marine package created by sea water filling shallow depressions and becoming trapped in lagoon and swamp like environments. The main lithologies seen within this unit are characteristic thin alternating beds of sand, clay and lignite with abundant pyrite and organic wood fragments. The source of the sand is reworked Yarraloola Conglomerate which has fallen into the lagoons on the eastern edge of the ancient shoreline and has become reworked with the depositional Nanutarra Formation. The clay and lignite beds are slowly formed in shallow water with very little water movement. The Nanutarra Formation has high input of channel sands in places from erosion of the channel sands into the lagoons. The eastern part of the channel would have had a higher height above sea level than the lagoons and natural weathering cycles would have eroded the channel sands downwards. Depending on the proximity to this erosional edge will determine how much sand input is in an area within the Nanutarra Formation.

Drilling has shown that the Nanutarra Formation is usually reduced and is often even highly carbonaceous. There are instances however where the proximity to the channel itself has mixed oxidised rich fluids from the channel through parts of the originally reduced Nanutarra Formation. High uranium grades are often associated with this redox interface.

The largest uranium grades observed throughout the Yanrey Project area are where the fluvial derived Yarraloola Conglomerate first intersects the Nanutarra Formation creating a redox interface between the oxidised channel sediments and the mostly reduced Nanutarra Formation sediments. This feature has been observed in both the Bennet Well Channel as well as more recently in the Bennet Well South Channel.

Birdrong Sandstone Lower

Following deposition of the Nanutarra Formation there was a large regression causing the sea level to drop and this was followed by another major transgression (Transgression 2) that once again flooded up to the ancient coastline. Deposition occurred within a near shore shallow marine shelf to an estuary. This unit is dominated by glauconitic sand and marine bivalve fossils. The unit thickens dramatically to the west of Bennet Well in the ancient coastline depression.

Birdrong Sandstone Middle

One of the most important transgressive packages for the deposition of uranium into the Yanrey Project area and especially around Bennet Well is the Birdrong Sandstone Middle unit. This marine unit was deposited following a second major regression and then a subsequent major sea level rise (Transgression 3). The marine transgression occurred along a high energy section of a marine shelf. West of Bennet Well the sediments are uniform glauconitic shales that grade to glauconitic sands closer to shore. This is all part of the same unit. Moving further east there is shallowing of the water towards the shoreline and the sands change from being glauconitic to completely oxidised.

Birdrong Sandstone Upper

One of the most recognisable units seen at Yanrey is the Birdrong Sandstone Upper unit. It is often seen as a dark green to grey highly glauconitic sandy clay with occasional cemented sandstone zones. Pyrite is often found within this unit as well. Deposition of this unit occurred after another large regression followed by another large transgression (Transgression 4).

This unit appears to have formed in an estuary type environment. There are numerous granite ridges that would have been exposed during deposition of this unit that may have sheltered the Yanrey coastline creating reduced wave and tidal energy creating an estuary type depositional setting. With the large granite ridges present the entire area would have been a very low energy environment with waves power being minimised by the presence of the granite ridges. These calm passive conditions have allowed the dominant glauconite seen today to form. Glauconite is a very slow forming clay mineral that needs a very low energy environment where it is not constantly

stirred up by tidal movements or wave motion. This unit was identified all along the Yanrey coastline from Bennet Well to over 50 km further south. Away from the ancient coastline it appears this unit becomes less glauconitic as deposition of sediments moves away from the estuary setting.

Yanrey Channel

Following a regression after deposition of the Birdrong Sandstone Upper there appears to be an erosional channel that travels along the entire length of the Yanrey coastline and may be very important in supplying uranium into the general region. Very little is known about this recently discovered channel at this stage but there is evidence to suggest that the Birdrong Sandstone unit has been eroded by this channel.

In areas such as Bennet Well South it appears this channel is present but with the current drill hole locations it is hard to confirm its presence here. The main issue is that deposition of the Birdrong Sandstone unit just reaches the Bennet Well South region since the sea only just reached this location. Where the Birdrong Sandstone unit is not present this channel then appears stratigraphically to be the much older southeast to northwest trending channels such as the Bennet Well South channel.

The channels appear very similar in terms of lithologies and general appearance so it is hard to distinguish whether there are in fact two very different aged channels in the Bennet Well South region or are they two separate age equivalent channels of similar origin. Around the Bennet Well South region the Yanrey Channel appears to have eroded through into the underlying Nanutarra Formation and has often preserved parts of the Nanutarra Formation. This preserved zone of Nanutarra Formation is often associated with elevated zones of uranium that would have moved through the oxidised channel sediments and deposited within the more reduced Nanutarra Formation.

Further drilling is required all along the Yanrey Project area to determine exactly how this recently discovered channel fits into the local stratigraphy. More evidence is needed to confirm the erosion of the Birdrong Sandstone unit especially around Bennet Well South.

Muderong Shale Lower

Following deposition of the Birdrong Sandstone Upper there was another regression followed by the largest marine transgression that the Yanrey Project area has experienced (Transgression 5). Seawater moved completely up the Bennet Well Channel itself and continued to move up towards the Gascoyne Provence. Sediments would have been deposited in a low energy deep water type environment. This indicates that there could have been a marine shelf that extended for possibly 100 km or more further east from Bennet Well. The initial Muderong Shale unit deposited is commonly identified as being featureless medium grey clay with minor floating sand grains and muscovite and rare glauconite in areas. This unit has been referred to as Muderong Shale Lower Marine.

Muderong Shale Upper

Shortly after deposition of the Muderong Shale Lower there was a minor regression followed by a small transgression (Transgression 6) that resulted in the deposition of more Muderong Shale. This unit often appears different to the lower unit in that it is often more reduced with a common dark grey to black colour as well as commonly having thin glauconite rich intervals resulting from further minor regression and transgression cycles. The top of this unit is commonly oxidised from a mix of surface exposure as well as circulating fluids, especially near fault zones.

There are three unit names depending on the type of lithology deposited. Any zones of oxidised Muderong Shale are referred to as Muderong Shale Oxidised. The more featureless zones of dark grey clay with zones of glauconite are deeper marine units and have been given a unit name of Muderong Shale Upper Marine. There is a marginal marine lithology where sedimentation is dominated by black clays to lignite with common wood fragments and pyrite. This unit is referred to as Muderong Shale Upper Swamp.

At Bennet Well East an erosive lag was seen at the base of this unit but in the overall Yanrey Project area very little uranium appears to have moved through any of the Muderong Shale units. This unit is very important for future production since this unit provides an excellent cap to trap uranium below and would assist in any mining methods using in-situ recovery.

Windalia Radiolarite

The Windalia Radiolarite is the last of the Cretaceous sediments deposited in the Bennet Well region. Deposition occurred after yet another regression and then transgressive event (Transgression 7). Deposition would have occurred on a low energy marine shelf with major radiolarian blooms occurring at the time. Radiolarians are microscopic single celled planktonic animals that inhabit oceans. This unit is often seen as porcelain coloured white to cream coloured silt to clay and is regularly oxidised by limonite and hematite.

Tertiary

Following a hiatus after deposition of the Cretaceous sediments, partly consolidated often multi-coloured sandstone, silt and sands were deposited with localised silcrete development.
Minor conglomerate lies at the base of the unit. This unit is often hard to distinguish from the Windalia Radiolarite and may actually be the Windalia Radiolarite itself with no tertiary sediments ever deposited.

Quaternary

The youngest sediments encountered are the Quaternary aged sands, river gravels and calcrete horizons that cover most of the tenements. The thickness varies from absent to over 40 metres in places. This unit is identified by dirty looking red to brown sand and gravels. These sediments cover a large expanse of the Yanrey Project and not just the channel depressions.

4.1.6 Mineralisation

The primary uranium target in the Yanrey Project area is the Nanutarra Formation which formed as a marine unit in a shallow lagoon environment. In this low energy environment marine clays and lignitic horizons were deposited, along with channel sands derived from exposed parts of the underlying channel. Reworking of these sediments created an interbedded, sand and clay/lignite unit, which provides ideal conditions for the movement and deposition of uranium by oxidizing ground waters.

Uranium mineralisation has been identified in three distinct sedimentary horizons, within the Yanrey Project area. Uranium is most commonly identified within the Nanutarra Formation as mentioned above. Some of the regional exploration targets, as well as Paladin Energy's Manyingee Deposit, have identified uranium occurring at the base of the palaeochannels where the sediments are reduced due to pyrite, wood fragments and the presence of occasionally reduced clay beds.

Uranium has also been identified within the overlying Birdrong Sandstone Formation which is a glauconite dominated estuary deposit with scattered pyrite. In the Bennet Well East Prospect detrital uranium in the form of an erosive lag is present with uranium values seen to date up to 1.3% eU_3O_8.

There is evidence from recently completed drilling that suggests that there is also a younger episode of channelling within the Cretaceous which has been called the Yanrey Channel. A drop in sea level during this period, would have allowed terrestrial water to flow along the channels once again creating a reactivation of the channels. Marine sediment that had been deposited within the channels was then eroded and filled with channel sediments.

The identification of these younger channels opens up new areas of potential uranium mineralisation across the Yanrey Project area. The highest uranium grades identified from this type of mineralisation was 1.0m at 699 ppm eU_3O_8. With further exploration in this channel Cauldron expects to find much higher grades of uranium and AM&A concurs with this expectation.

4.1.7 Geophysics

Geophysical images have been used in the planning of all drilling programs locations. The geophysical methods that have been used include electromagnetics, gravity, magnetic and radiometrics.

Airborne Electromagnetics

In June 2006 CXU contracted GPX Surveys to complete a HoistEM Survey over the Bennett Well area on 1km spaced east-west lines with 500m infill lines over the main channel zone. In September 2007, GPX completed a RepTEM survey (improvement of the HoistEM system) with both east-west lines improving the coverage of the HoistEM survey as well as north-south lines along strike north and south of the Bennett Well area. GPX also acquired AEM with their new XTEM system in August, 2009 with 1 km spaced north-south lines in the southern portion of the tenement package. These airborne helicopter surveys were useful in identifying erosional channels and basement highs in the zone to the east of Bennet Well. It struggled however to show the channel geometries within the ancient coastline but it could still be used to identify basement highs.

During 2011, Cauldron contracted GPX Surveys to complete reprocessing of the RepTEM data. The reprocessed RepTEM data was a series of EM depth slices which more clearly showed the buried palaeochannels within the Yanrey Project. Cauldron has completed interpretations on the reprocessed EM images such as the regional interpretation of the 60 metre depth slice. Figure 5 shows the reprocessed RepTEM data and the recent geological interpretation.

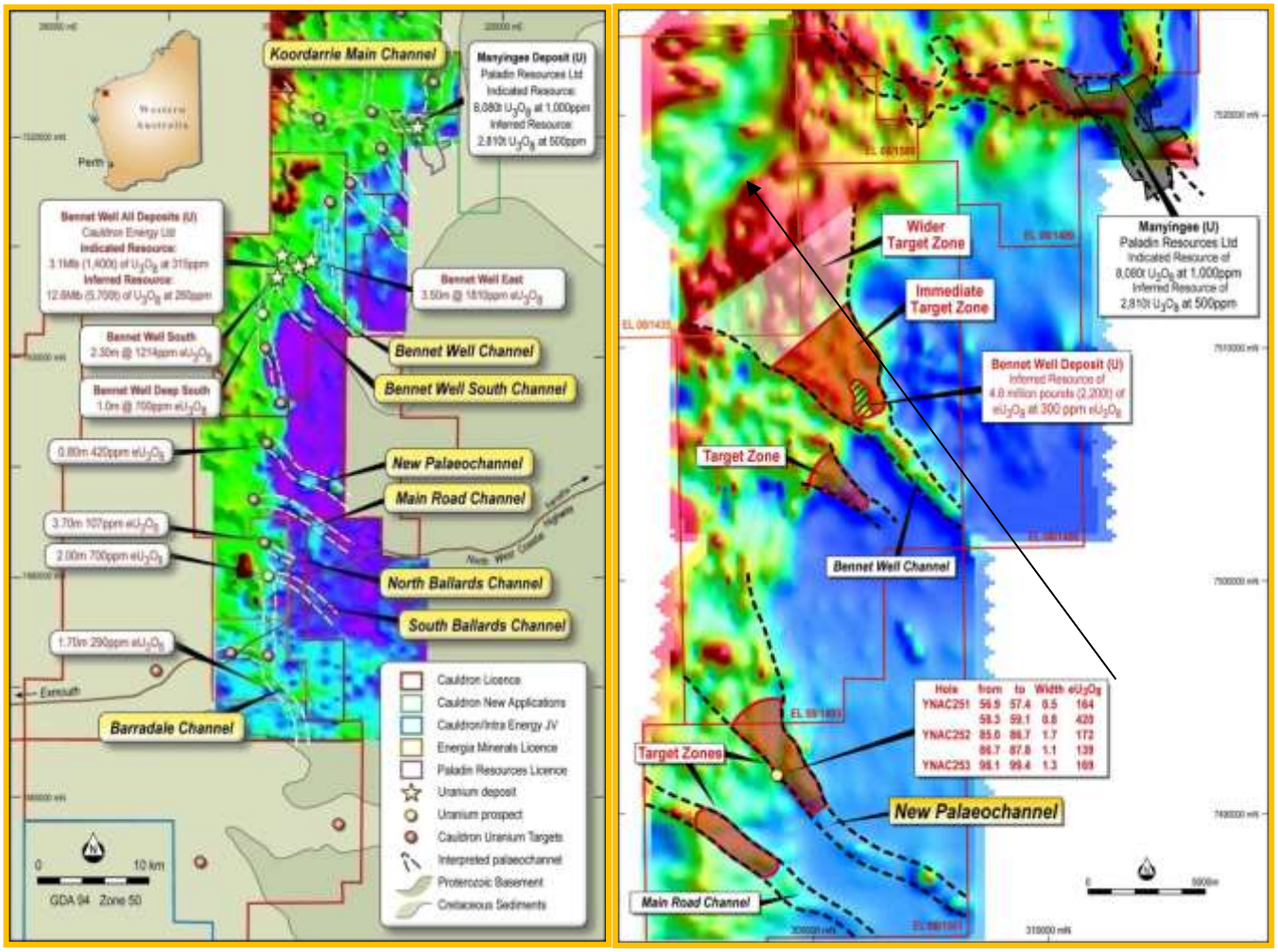


Figure 5: RepTEM Survey of Bennet Well and the Uaroo Project.

Also indicated in more detail are the new palaeochannels below Bennet Well (right). showing the geological interpretation, identified palaeochannels and uranium prospects and deposits

Ground based Gravity Survey

In Oct/Nov 2006 Cauldron commissioned Haines Surveys to acquire high resolution gravity over the Bennett Well area with 100m stations on 450m lines, and over the Main Road prospect with 200m stations on 800m lines. Gravity images were useful in identifying erosional channels and basement highs, similar to that indicated by the RepTEM image however, the added advantage was that it was able to show the ancient coastline incisions as well as the Bennet Well Channel (Figure 5). In addition, the Bouguer gravity image interpretation around the Bennet Well region indicates a second limb of the main Bennet Well Channel. Drilling in this identified palaeochannel in 2012 has identified the large Bennet Well East resource.

Airborne Magnetics

GSWA completed a regional aeromagnetic (mag/rads/dtm) survey flown in 2005 at 400m line spacing. The magnetic image of the Yanrey Project area is useful in identifying faults, mafic dykes with a generally southeast to northwest orientation and basement highs. In 2011 Cauldron contracted GPX Surveys to reprocess this magnetic data. The outcome was an image which more clearly shows the regional structures including the location of palaeochannels.

Airborne Radiometrics

The use of regional radiometric images have been useful in locating shallow granite basement areas as well as showing areas which are potential source rocks for uranium into the region. The location of numerous zones of hot-granites can be identified using the radiometric image. The source rocks of uranium into the Yanrey Project area are located to the east of the project area.

4.1.8 Environment and Rehabilitation

The Yanrey Project area is one of relatively flat aeolian and alluvial plains with most relief in the region created by basement ridges and in parts sand dune ridges. Large areas of the exploration leases are relatively barren of vegetation with most of the vegetation being Spinifex. There are patches of thicker vegetation dominated by kurara bush and snake tree.

Drill line tracks were cleared using a front end loader and avoided thicker vegetation patches where possible. No clearing was required on the alluvial plain areas, especially on the eastern side of the exploration leases.

Drill sumps were dug at each drill site. After drilling was completed the drill samples laid out on the ground were scraped into the sump and buried under at least one metre of cover, with the topsoil replaced. Sump areas were also scarified and any fallen vegetation replaced over the site to assist regrowth. Pre-drilling and post disturbance monitoring of background radiation levels have been completed throughout the life of the project. All rubbish including used calico bags were removed from site. All drill holes from the 2014 drilling program were cemented over the entire hole. All of the holes from previous drilling programs have been rehabilitated.

4.1.9 Exploration Activity

Recent exploration activities primarily involved a short drilling program in late- 2014 consisting of 73 holes for a total of 6,319 metres that consisted of mud rotary and diamond drilling. The breakdown of the metreage is as follows: 5,785 metres of mud rotary drilling and 534 metres of HQ diamond drilling. Drilling was conducted at the Bennet Well East, Bennet Well South and Bennet Well Central Prospects.

In June 2015, Cauldron applied for an Exploration Incentive Scheme grant to cover exploration over the Yanrey Project. This scheme was originated by the West Australian government as part of a strategy to encourage mineral exploration in new areas. The application was subsequently granted and Cauldron was awarded a $150,000 subsidy to fund drilling covered by the Royalties for Regions, Co-Funded, Government-Industry Drilling Program, valid between 1 July, 2015 and 30

September, 2016. 40 drill holes have been planned across several prospects at Yanrey, with drilling planned to commence in early-September.

The main objectives of the 2015 drilling program are to:
a) potentially increase the current resource estimates for the Bennet Well prospects,
b) define new mineralised lenses at Bennet Well and in regional areas.

Bennet Well East

The very northern extent of Bennet Well East was identified in 2009 by Cauldron Energy. No further drilling was possible on this prospect due to native title heritage issues with a heritage zone known as the Crow Plain Scatter. From 2009 until late 2011 all POW applications to the DMP were rejected on DIA grounds. In late 2011 the Crow Plain Scatter was declared as an area with insufficient data to be classified as a registered site. With this ruling Cauldron has now been able to further define this very exciting prospect.

Bennet Well East is located at the edge of a second limb from the main Bennet Well Channel and the shallow granite basement to the east (Figure 5). The uranium identified in this location occurs in the form of detrital uranium or an erosive lag at the base of the Muderong Shale. The depth of the uranium is a lot shallower than that seen at Bennet Well. The uranium here is located at a depth of around 40 to 60 metres. The current length of the Bennet Well East prospect is 1.6km, is open at both ends and is approximately 150 metres wide on average. Drilling has shown that there is a high grade zone about 25 metres wide which is surrounded by decreasing uranium grades in a bell shaped curve of values decreasing with distance away from the high grade zone.

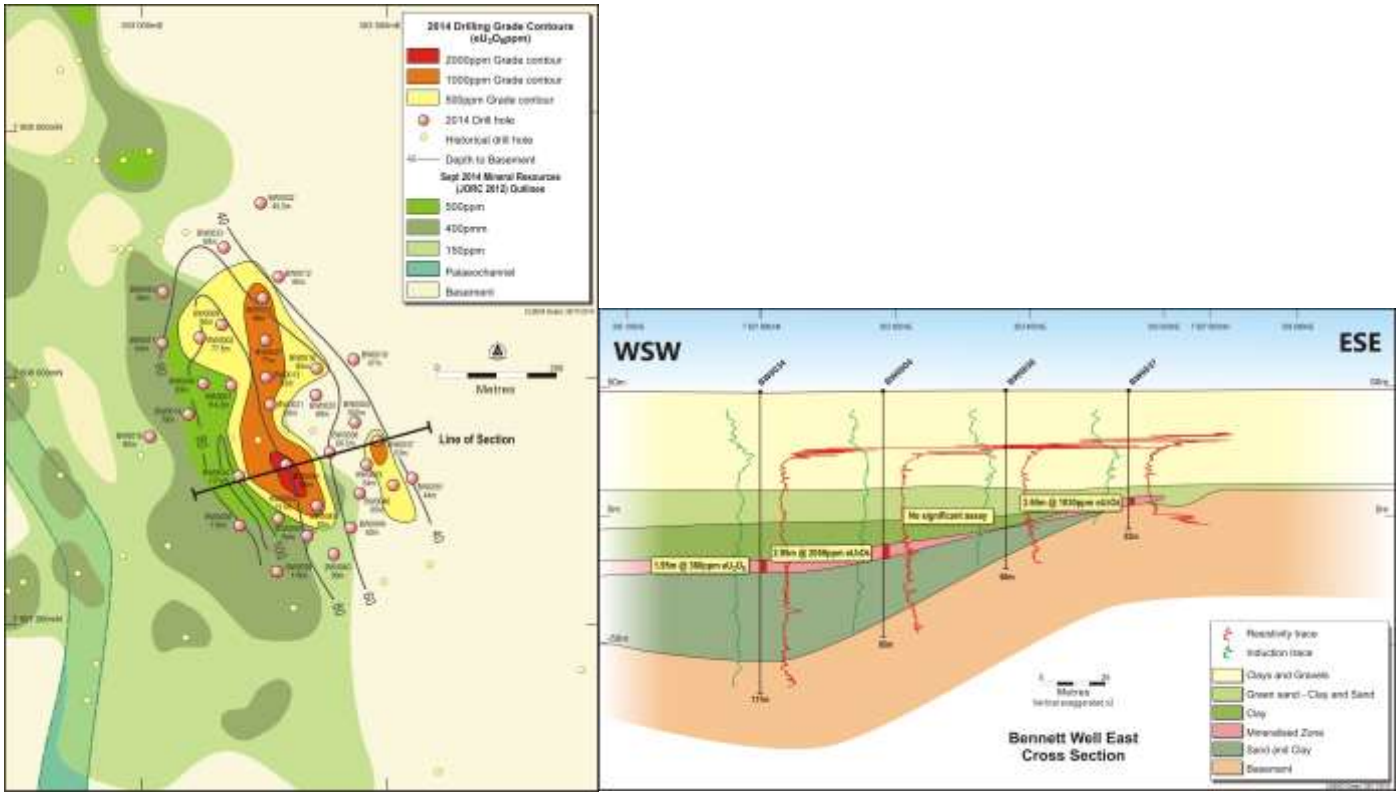


Figure 6: Bennet Well East Prospect map and Sections.
showing location of drill holes, grade thickness values and the interpreted main uranium zone.

Bennet Well South

Bennet Well South is an area located approximately 1.5km southwest of the Bennet Well Resource area. Target generation was based on geophysical interpretation as well as detailed analysis of approximately six historical drill holes that were drilled by CRA in this region. These historical holes returned no significant uranium intercepts but analysis of the geology showed the potential of the area to host an economic uranium accumulation. Initial drilling in 2010 identified high uranium grades at the eastern side of the Bennet Well South Channel.

Also identified in 2010 was another uranium zone further south which has been called Bennet Well Deep South. This is a different channel to the Bennet Well South Channel and hosts significant uranium. This channel may be a lot younger than the Bennet Well South Channel.

The Bennet Well South uranium zone is located on the eastern side of the Bennet Well Channel at the intersection of the adjacent Nanutarra Formation. This formation which was originally reduced became oxidised when uranium rich oxidised fluids from the Bennet Well South Channel moved though the permeable sand beds. The length of the current mineralised zone is approximately 2 km and around 100 m wide. The mineralisation is open at both ends but particularly the northern end where the grades increase and the width increases to over 150 m.

Significant results from the drilling program at Bennet Well South include 1.5 m at 1152 ppm eU_3O_8, 3.2 m at 511 ppm eU_3O_8 and 1.7 m at 582 ppm eU_3O_8. Significant intersections at Bennet Well Deep South include 1.0 m at 699 ppm eU_3O_8 and 1.4 m at 418 ppm eU_3O_8. Very few holes have been drilled at Bennet Well Deep South where the channel is over five kilometres long based on geophysics interpretations. Figure 7 shows the main mineralised zones at Bennet Well Central, Bennet Well East, Well Bennet West, Bennet Well South and Bennet Well Deep South.

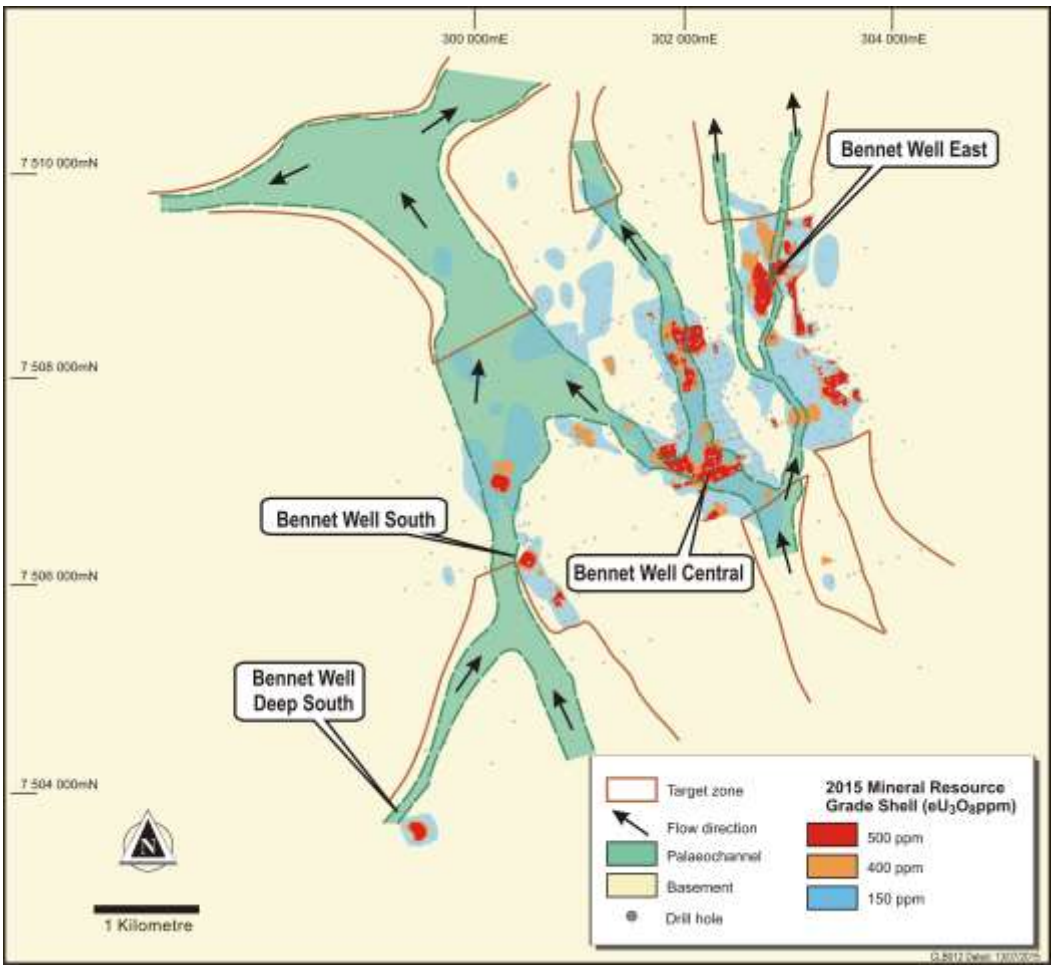


Figure 7: Bennet Well Mineralised Channels
Showing uranium grades and the interpreted channels.

4.3 The Beadell and Boolaloo Projects

The Beadell Project consists of the granted exploration licence E45/2405. This licence was granted to Goldstone Holdings P/L (Goldstone) on 19th March 2003 for a period of five years (Figure 8). Cauldron (formerly Scimitar Resources Ltd) entered into an agreement with Goldstone to acquire an 80% interest in the project, in a letter dated 28th October 2003. Cauldron took over management in late 2004. Since then Rumble Resources Limited (Rumble) has acquired 80% of the project (Table 7).

Table 7: Beadell Tenement Summary

Licence	Registered Holder	Grant Date	Area km^2	Min. Expenditure
E45/2405	Rumble-Cauldron	19/3/2003	35	$70,000.00

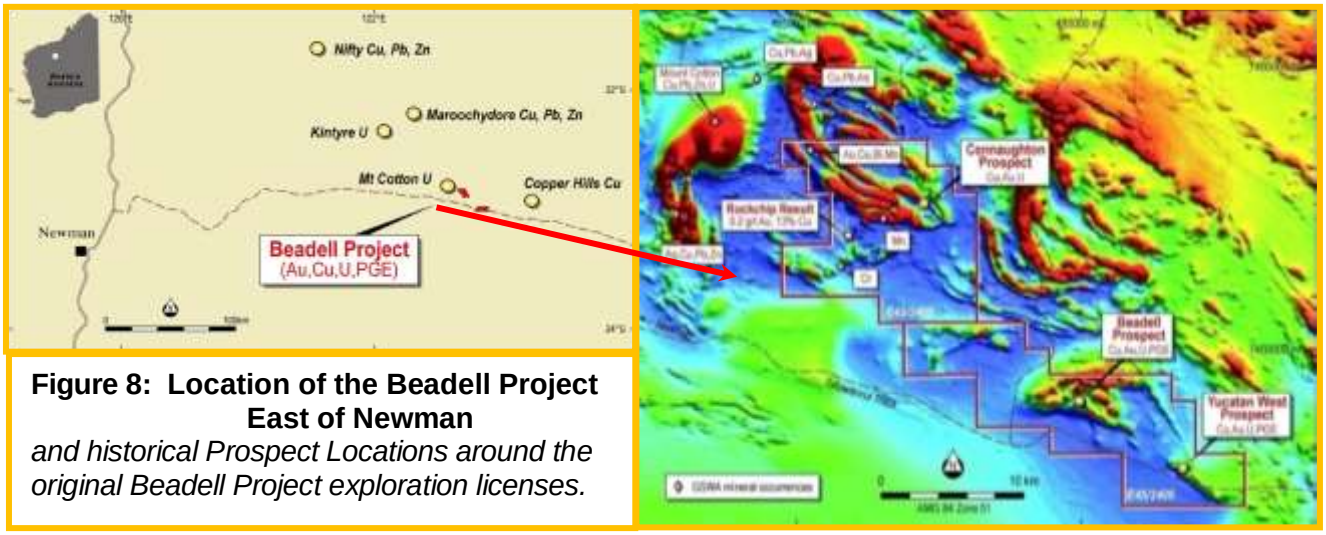


Figure 8: Location of the Beadell Project East of Newman
and historical Prospect Locations around the original Beadell Project exploration licenses.

Historical work in the Beadell Project Region confirmed the area is prospective for Coronation Hill Style PGE-Au-U mineralisation. The main work undertaken by Cauldron historically was completing a six hole reverse circulation drilling program to test Area 1 which is one of the two main targets identified from Airborne EM. The two coincident EM and gravity anomalies show features that are consistent with what could be expected from massive sulphide mineralisation. The dimensions of the larger target Area 2 are in the order of 2,200 m long, over 300 m wide from a depth below surface of at least 120m, whilst the southern “bulls eye” anomaly known as Area 1 has dimensions in the order of 500 x 300 m with an interpreted depth to its upper surface of approximately 200 m. These targets have the potential to be poly-metallic sulphide bodies according to geophysical modelling and warranted drilling.

Drilling confirmed that there was a widespread sulphide anomaly which was mainly zinc and lead with lesser amounts of copper, gold and silver. The highest grades observed for an individual one metre assay sample was 0.78% Cu, 0.76% Pb, 0.62% Zn, 8.55g/t Au and 22.9g/t Ag. Some of the main intersections from the drilling program include 3 m at 0.36% Cu, 0.49% Pb with 0.39% Zn which included 1 m at 0.51% Cu, 0.70% Pb and 0.62% Zn. Other intersections are1 m at 0.78% Cu and 8.55g/t Au and 28 m at 0.2% Zn, 0.18% Pb and 0.07% Cu.

In addition, drilling identified a graben like structure bounded by faults on either edge. The graben appears to be the result of extensional faulting or could be a volcanic massive sulphide (VMS) vent. The sulphides identified from drilling appear to be an alteration halo located above a potentially large sulphide deposit. The geophysical response from the Airborne EM does not appear to account for the sulphides and lithologies that was identified in drilling. Cauldron

believes that there is a good chance that increased amounts of sulphides are located further below the current extent of drilling.

The Boolaloo Project consists of granted exploration licence E08/2496. This licence was granted to Puck Resources on the 16th July 2014 for a period of five years. Cauldron purchased the Boolaloo Project odd Puck Resources in mid-2015 (Table 8).

Table 8: Boolaloo Tenement Summary

Licence	Registered Holder	Grant Date	Area km^2	Minimum Expenditure
E08/2496	Rumble-Cauldron	16/07/2014	69	$20,000

The Boolaloo Project is situated approximately 270 km east of Exmouth and is accessed via a sealed road from the North West Coastal Highway. The project is prospective for both gold and base metal mineralisation and covers rocks of the Proterozoic Ashburton basin and the Boolaloo granite which is the most northerly extent of the Gascoyne complex.

Historic exploration by Cauldron (formerly Jackson Minerals) included, data and literature reviews, geological mapping, rock chip sampling, channel sampling and geochemical sampling.

In May 2015, Cauldron planned a soil sampling program covering the most prospective lithologies within E08/2496. Due to access issues and poor weather conditions the program was unable to be completed. The sampling program has been rescheduled for late-2015 to early-2016.

4.4 Marree Pb-Ag-Cu-Au Project South Australia

Exploration for uranium was the main focus for Cauldron until late 2012 when significant base metal mineralisation was identified. The project area includes the Tertiary Eyre and Namba Formations, host to several sedimentary roll-front uranium occurrences to the southeast, including the Honeymoon, Beverley and Beverley four-mile deposits.

The Marree JV Project comprises five exploration licences, EL 4609 (formerly EL 3389), EL 4610 (formerly EL 3390), 4746 (formerly EL 3510), EL 4794 (formerly EL 3557) and 4279 covering an area of 2,794 km^2, located 550 km north of Adelaide in South Australia.

In 2013 Cauldron completed extensive exploration primarily on EL4279 looking for base metal deposits. Findings from this tenement where there is abundant outcrop will then be used to assess tenements further north where there is limited outcrop.

Over the past few years the focus of the project has been exploring for sedimentary uranium deposits within palaeochannel type environments. Field sampling and mapping in September, 2012 identified elevated base metal signatures in soil samples that has shifted the focus of the company from uranium exploration to base metal exploration in the project area. In January, 2013 an eight hole RC drilling program was completed.

Drilling did not intersect any significant base metal mineralisation but there were difficulties in reaching target depth due to excessive amount of ground water which was not expected. Drilling was rushed without the proper identification of drill targets by the exploration team.

Subsequent work in the area from both geophysical and geological work has shown that the areas drilled were not the most prospective regions in the project area.

Since the completion of the drilling program further mapping and field reconnaissance has been completed that identified two main base metal prospects where extensive historical mining has

taken place. These two prospects have been named the Ooloo Prospect and the Mt Freeling Prospect.

Geophysical work completed includes a ground based gravity survey completed by Haines Surveys in December 2012 as well as the re-inversion of historical IP data from the Ooloo Prospect area. The gravity data has been re-processed and reviewed by three independent geophysicists during the year to determine whether there are any exploration targets in the region.

Two of the reviews did not identify any possible targets but one review has identified a deep gravity anomaly below the historical Ooloo workings that requires further analysis. The IP work has shown a large resistive body below the historical Ooloo workings but no conductive targets were identified.

Field reconnaissance has identified an extensive region of historical shafts and workings over 1.6km long at the Mt Freeling Prospect with rock samples from mullock heaps containing very high levels of primarily lead and silver. Rock samples were collected for isotope analysis that shows that the lead appears to have been derived from radiogenic source rocks and sulphur data suggests that the mineralisation is associated with a possible hydrothermal source.

Further field reconnaissance and geophysical work needs to be completed to properly assess the full potential of base metal mineralisation in the Marree JV Project area and in particular on EL4279. In late 2012, a gravity survey was completed as well as an extensive geochemical soil sampling program to identify drilling targets.

In January, 2013 an eight drillhole RC drilling program was completed targeting base metal mineralisation. Drilling identified anomalous base metal zones but did not identify any potentially economic base metal mineralisation. Further mapping and geophysical work completed in 2013 on the Marree Base Metal area has identified numerous areas of interest that require follow-up work.

4.4.1 Location and Access

The Project is located 550km north of Adelaide, to the southwest of Lake Blanche, approximately 120km east of Lyndhurst along the Strzelecki Track (Figure 9).

The Project area is covered by the Marree SH54-05 and Callabonna SH54-06 1:250,000 geological map sheets and falls within Murnpeowie Station and Mt Freeling Stations.

Both Murnpeowie and Mt Freeling station are active cattle stations. Access to the Project area is via the unsealed Strzelecki Track travelling east of Lyndhurst.

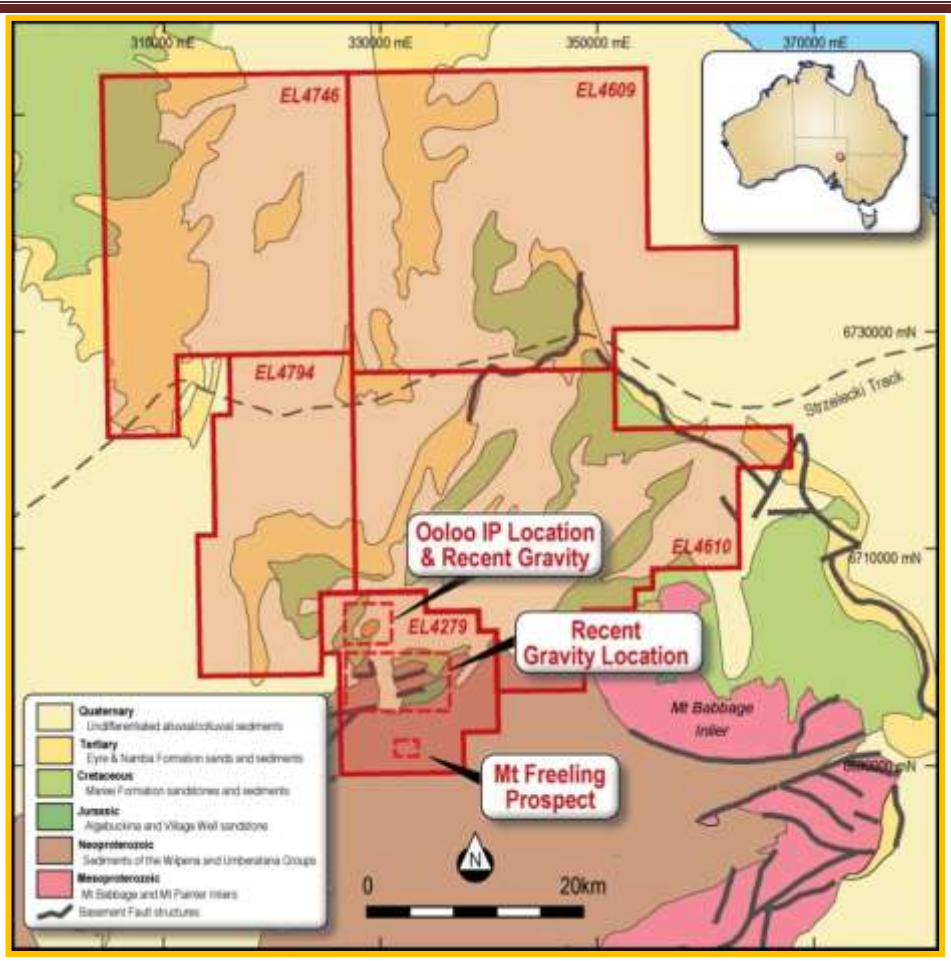


Figure 9: Marree Project Location.

4.4.2 Tenure

This project is a joint collaboration between Cauldron 60% + KORES Australia Marree PL 20% (KORES), Daewoo International Australia PL 10% (Daewoo) and Resources Investments (Marree) PL 10% (RIM) (Table 9).

Table 9: Marree Project Tenure

Licence	Granted Date	Expiry Date	Area Km²	Annual Expenditure
EL 4609	25/11/2010	24/11/2015	809	$1,600,000 between 1Jul14 and 30Jun16
EL 4610	25/11/2010	24/11/2015	760	
EL 4746	19/05/2011	18/05/2016	633	
EL 4794	19/10/2011	18/10/2015	369	
EL5442	30/06/2009	29/06/2016	223	

4.4.3 Uranium Exploration Target Geology

The Marree JV Project area is adjacent to the uranium-rich Mount Babbage Inlier and the project area includes the Tertiary Eyre and Namba Formations (Fm), host to several sedimentary roll-front uranium occurrences including the Beverley and Honeymoon Well uranium deposits, and the recently discovered high grade uranium mineralisation at Beverley Four Mile. These formations are the target for uranium mineralisation within the Project area (Figure 11). Interpretation of exploration drilling from the 1970s and heliborne electromagnetic surveys completed by the Company suggests the presence of significant channel sand sequences trending through the Project area.

At a regional scale the Project is covered by Cainozoic sediments overlying sparse Upper Mesozoic outcrop, except in the south where the Proterozoic Wilpena and Umberatana (Adelaidean) groups outcrop as the relatively rugged hills of the Flinders Ranges.

Unconformably overlying these Proterozoic sediments are the Jurassic aged Village Well and Pelican Well formations, sparsely outcropping in the south of the Project area.

The Tertiary Murnpeowie Fm (equivalent of Eyre and Namba Formations of Lake Frome area) occurs across most of the Project area, underlying thin Quaternary and Recent sediments, and consists of sandstones, conglomerates and mudstones.

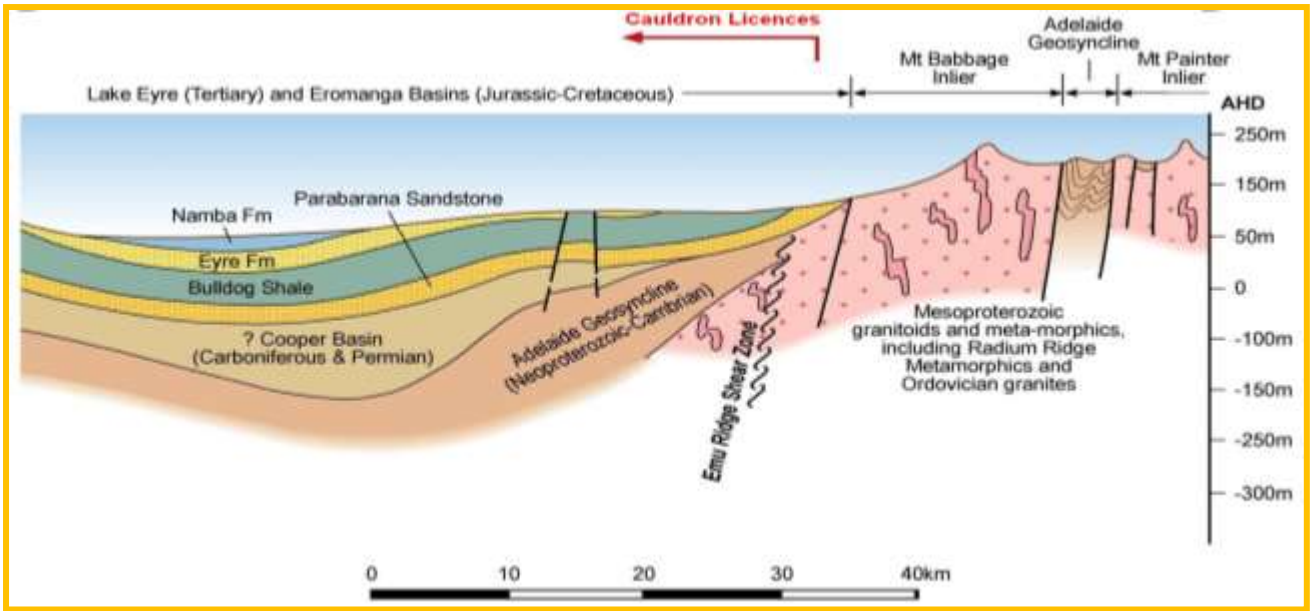


Figure 10: Marree Project Schematic Geology Section.

Exploration drilling during the 1970s suggested the presence of north to northeast trending Tertiary palaeochannels within the project area, but due to the sparse and irregular spacing of the drill holes the channels were not fully defined (approx 60 holes within the 2,794 km^2 of current tenure).

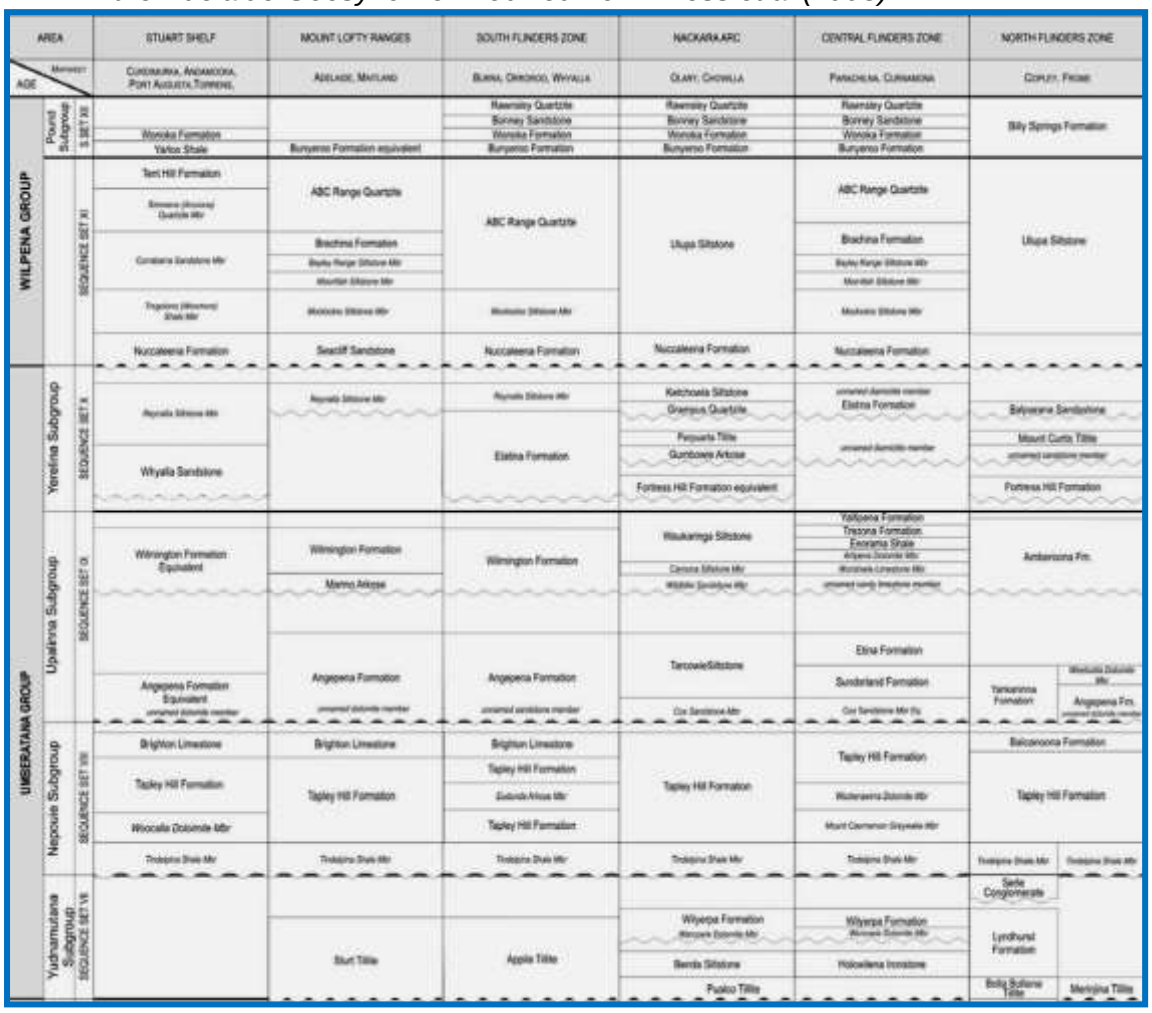
The Eyre Fm appears to be quite thick (10-40 m) throughout the area ("sheet sands") and is exposed along the basin edge (Figure 10), it was probably uplifted along with the Flinders Ranges during the Oligocene-Miocene prior and during deposition of the Namba Fm. North to northeast drainage direction is simply inferred from current topography. The Namba Fm is thin (<50 m), highlighting the uplift of the Eyre Fm at the northeastern end of the Flinders Ranges.

Base Metal Exploration Target Geology

The Marree Project area has basement exposure on the southern end and thick tertiary and cretaceous aged units further north with basement up to many hundreds of metres deep. The basement rocks are referred to as the Adelaidean rocks which have a Neoproterozoic era age (Table 10). The basement rocks were deposited in a marine setting prior to the start of the Cambrian Period. The two periods where deposition occurred is the Ediacaran and Cryogenian periods with local division names of Marinoan (general name Wilpena Group) and Sturtian (general name Umberatana Group).

These units make up part of the Adelaide Rift complex sediments which were deposited between 860 Ma to the end of the Cambrian about 500 Ma. The Adelaide Rift Complex is a major zone of marine sedimentation deposited in an intracratonic rift located between the Gawler Craton and the Curnamona Craton. During this time the supercontinent Rodina was breaking up and continental breakup along the southeastern edge resulted in the Flinders Ranges region becoming a failed arm of the continental breakup.

Table 10: Stratigraphic column of the Neoproterozoic age rocks.
in the Adelaide Geosyncline. Modified from Priess et al (1998)



Towards the end of the Cambrian plate movements changed and the Adelaide Rift Complex experienced an orogeny known as the Delamerian Orogeny which lasted from approximately 514 to 500Ma. During this time there was extensive folding, buckling and faulting of the strata. Folding and faulting seen at the Northern Flinders Ranges was primarily caused by north to south compression. There was also mild metamorphism of greenschist grade.

Within the Marree Project area located on the northern extent of the Flinders Ranges there are two main geological packages which are the Wilpena Group and Umberatana Group. The Wilpena Group sediments were deposited around 550Ma and include the Billy Springs Fm sandstone, the Wonoka Fm carbonate beds as well as possibly the younger cream coloured siltstone unit seen at Marree which has the SEDEX type mineralisation located within it. The oldest Wilpena Group rocks are the Nuccaleena Formation which is a regional marker bed.

Below the Wilpena Group rocks are the Umberatana Group units dominated by carbonate rich beds deposited around 610Ma. This group includes the Yerelina Fm, Amberoona Fm and the Yankaninna Fm. The geology of the Marree Project area is shown in Figure 11 over part of the Marree 100k map sheet. On this image are the locations of historical workings identified to date with most occurring within EL4279.

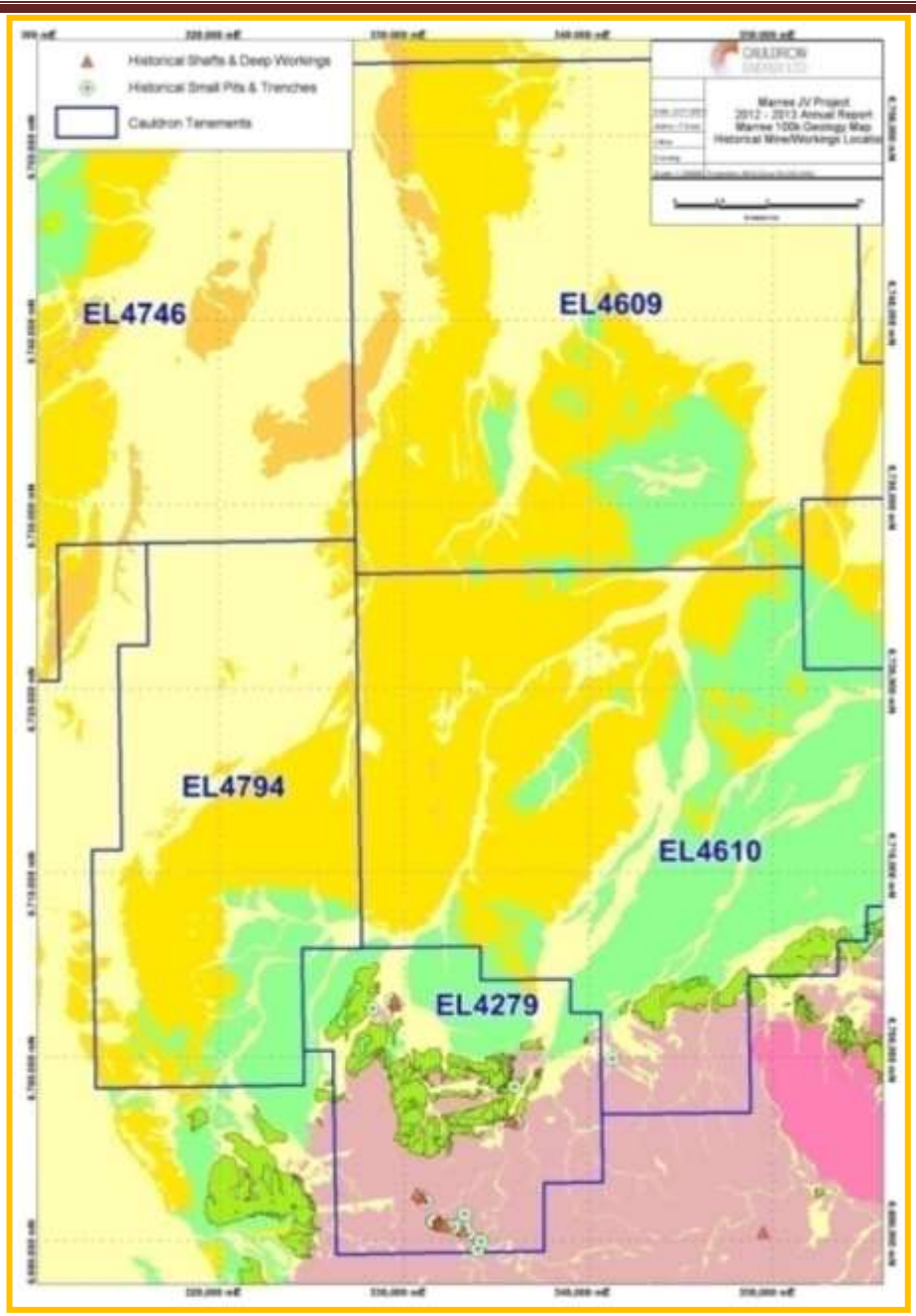


Figure 11: Marree 100k Geology with location of Identified Historical Workings.

4.4.4 Historical Mining and Exploration

Billy Springs Mine

Billy Springs is a small copper, silver, lead and zinc deposit in the northern Flinders Ranges noted for a range of secondary minerals mined when operational. The mine is located near Mount Fitton homestead; this was part of the Mount Fitton Mines complex, which included Mount Fitton South and Mount Fitton Consolidated. Although there was much activity at this mine over the years, the complex nature of the ore made it an un-economical venture.

Geologically the deposit is located on the north limb of a westerly pitching syncline. Within this main syncline disharmonic folding produced a central anticline flanked by synclines to the north and south. Sediments included silicified dolomite, massive 'hornfels,' grey-green sericite-biotite-quartz phyllite, dolomite, tremolitic dolomite, and tillite of the Sturtian Series in the Adelaide Geosyncline. The ore-body was localised at the intersection of the regional cleavage, and dolomite and tremolitic dolomite. This intersection plane plunged 21^{o} towards 287^{o} (magnetic).

Billy Springs was intermittently mined for its Pb-Zn-Cu mineralisation during 1887 to 1938, which included production of galena, azurite, chalcocite, malachite, cerussite and smithsonite. The ore was almost completely oxidised to 30m, after which primary ore minerals become Zn-tetrahedrite, argentiferous galena, chalcopyrite, pyrite and possibly sphalerite.

Most commonly called the Billy Springs Mine, this locality had four recorded names as listed on the Mines Summary Cards:-

Mount Fitton Mine	– 1890
23M	– 1894
Billy Springs	– 1908
Good Luck Mine	– 1914

Most mining after this point went under the name Billy Springs Mine.

The main workings at this site are in an open cut that is approximately 30m long, a shaft and numerous costeans cut along strike. Observations in the open cut indicated a lode striking 110^{o}, dipping 80-85^{o}S. Nuggets of alluvial galena were found. Currently exposed mineralisation consists of zinc carbonate (smithsonite), and hydroxy-carbonate, with some associated cerussite, chalcocite and malachite. There are indications of change at the bottom of the open cut where the mineralisation was more ferruginous. Subsequent exploration drilling in 1970 suggested the mineralisation was near surface, with no significant depth extent. (Summary from SARIG dbase)

Gilead P Beck

This mine is located on the top of Duck Pond Hill, and approximately 18 m above the level of MacDonnell Creek. The mine was located on the northern limb of the Billy Springs Syncline where it occurred as a cross cutting fissure lode striking WSW, dipping steeply SW, for a distance of about 400m. Host rocks were iron oxide-stained, green-grey quartzite, siltstone, shale from the upper part of the Wilpena Group, below the Pound Quartzite, and above the Wonoka Fm. There has been no drill testing.

Outcropping galena was discovered in 1888, and mining commenced that year and continued sporadically until 1915 when the mine closed. Mining recommenced in 1948, with a new shaft sunk 10 m to the west of the older workings, and trenches were cut across the lode. This mine consists of one lode that is host to very narrow open cuts and shafts. Mining was confined to a 24 m strike length, and to depth of about 25m. The lode was 1 to 2m wide (average 1 m), and irregular. Along strike it appeared to be thinner and more irregular. It comprised shattered country rock, vein quartz and siliceous limonite-hematite, with seams and bunches of galena, and persisting at depth. Some cerussite was recorded, and also pyrite at depth. Workings consisted of two shafts, with extensive drives and stoping. Samples from the ore dumps and working faces reported assays of 17-70% Pb, and 5-30 oz Ag/ton. More recent sampling in 1965 from two specimens reported assays of 1% Pb, 200ppm Cu, 5000ppm Zn, 150ppm Co, 60ppm Ag, and 50ppm Bi. There was a reported 55 ‘tons’ of ore at surface in 1915, though total production was unknown.

Ooloo Mine Region

Ooloo is located on a prominent low hill surrounded by Quaternary alluvium and Mesozoic, Eromanga Basin Sediments. The mine opened in 1923 producing Pb-Zn-Cu until 1937, with the ore minerals being galena and cerussite. At the North Lode 2-3 tons of high grade galena was extracted, and at the South Lode 7 ‘tons’ was extracted averaging 70% Pb and 70oz Ag per ‘ton’.

The total production values of what was mined at Ooloo over the 16 year period is unknown with numerous conflicting historical reports but no officially recorded total production output. The only known facts are that the ore mined was of very high grade. Mineralisation was confined to two fault zones about 245 m apart, both trending north of east, dipping 65-70^{0}N, and near perpendicular to the grain (slaty cleavage) of the country rock. Host rock was calcareous siltstone and shale of the Billy Springs Beds, forming part of the Wilpena Group. They trended ENE, dipping 45^{0}E.

The northern lode was 3.7 m wide, and the southern up to 7 m wide. The lodes included irregular lenses of vein-quartz, goethite, minor ankerite and siderite, and pyrite, with the ore minerals galena, sphalerite, minor chalcopyrite, and covellite, with malachite, cerussite and anglesite noted only in the near-surface zone. The lodes contained small, discontinuous masses of galena, with lesser amounts of sphalerite and copper sulphide. Published assays of surface samples revealed 15.5 to 62 oz Ag/ton, though it appeared that the silver content of the primary ore was low. Trace only of gold was reported. Workings on both lodes were spread over a 152 m strike length.

Galena in the northern lode was reported as confined to irregular lenses or discontinuous short veins up to 0.3 m wide.

Mt Freeling Region

During the late 1800s there was extensive base metal mining in the Mt Freeling region located on the Marree JV project area on EL4279. There are known historical workings including Mt Freeling Mine, Pastime Mine, Hills Silver Mine and Un-named Lead Mine. Very little information has been found relating to these mines. From recent Cauldron field work at least 15 historical workings have been identified in this region including deep shafts over 50 m deep and numerous shallow trenches and test pits.

Recent Base Metal Exploration

In 1971 Petromin NL drilled nine percussion drillholes at the Ooloo Prospect to an average depth of 35m (Haynes 1971). Five holes were drilled on the southern shear zone, two at the northern lode and two at the eastern dolomite body. Drillhole Ooloo 5 was the only hole to show any significant assay results where a 12.2 m intersection from 24.4 to 36.6 m averages 0.52% Pb with a maximum of 1.75% Pb. Zinc values reached 1500ppm and silver values reached a maximum of 6 ppm.

From 2006 to 2009 Central West Gold NL held tenement EL3506 which included the Ooloo mine area (Jackson, et al 2006-2009). Both uranium and base metal exploration was completed over this three year period. Work completed included numerous field investigations targeting both uranium radiometric anomalies as well as historical base metal working regions. Rock chip samples, thin section samples and stream sediments were collected and analysed. Results showed elevated lead signatures but the decision was made to drop the tenement rather than continue exploration work.

Recent Uranium Exploration

In August, 1972 Mines Administration Pty Ltd drilled 42 mud rotary holes, four of which fell within the project area. An airborne radiometric survey and reconnaissance groundwater sampling, followed by 42 mud rotary holes (for 5,464 m) were drilled targeting roll front uranium deposits in buried Tertiary sediments. All holes ended in Cainozoic or Mesozoic sediments with no significant radiometric anomalies identified. Modest radioactivity was observed within two isolated, weakly developed geochemical redox cells with a maximum reading of 1.2 m at 265 cps in black lignitic mudstone. (Reddicliff TJ, Brunt DA, 1972)

In July, 1971 a joint-venture of Petromin NL, Exoil NL and Transoil NL were active in the Project area. Exploration for sedimentary uranium adjacent to the northern margin of the Flinders Ranges involved drilling seven rotary holes, five of which fell within the Project area. The holes were drilled to investigate a sequence of probable Eocene carbonaceous clays and sands that overlie Proterozoic metasedimentary bedrock. No significant radioactivity above general background was detected. (Heron DH et al, 1971)

In March 1973 Pechiney Exploration Pty Ltd conducted exploration in the Project area. 27 air/mud rotary holes (for 1,795 metres) were drilled with 13 of these falling within Cauldrons tenements. Greenfields uranium exploration of Mesozoic and Cainozoic sediments was carried out over an interpreted synclinal feature on Murnpeowie Station, in an area located between the Mount Babbage Block and the Willouran Ranges. The target was possible stratiform or conglomerate type sedimentary uranium deposits of a kind similar to that discovered near Lake Frome, on the far side of the Flinders Ranges. Proterozoic acid igneous basement rocks of the ranges were regarded as a plausible source of the uranium.

An initial field inspection of the Murnpeowie region had earlier discovered sparse and minor fracture-filling secondary uranium mineralisation (tyuyamunite) within outcropping Tertiary fluviatile sediments in the Lake Arthur area (~20 km west of Cauldrons licences), although the extent of the occurrences on the sides of bluffs and buttes did not seem to be large enough to indicate economic prospects. Initial work comprised two aerial radiometric surveys, the first covering 1958 line km on flight lines 3.2 km apart at 91 m mean altitude, using a four channel spectrometer, while the second survey gave more detailed coverage to a 6,400 km^2 area, recording only total count by scintillometer along 7,052 line km of profiles spaced 800 m apart, flying at 76 m mean altitude above the ground surface. The latter survey found 41 radiometric anomalies considered worthy of follow-up.

Examination of the anomalous areas on the ground discounted many of these anomalies, leaving 14 that fell within nine discrete areas having particular geological characteristics. Importantly, the surface radiometric anomalies were shown by auger drilling and sample radiometric logging to occur on a duricrust profile, developed at several levels in the outcropping or shallowly sub-cropping sediments through the past action of a strong silicification process.

Mapping of the extent of Cretaceous sedimentary units indicated that they are essentially non-prospective: the marine Marree and Blanchewater formations are too fine-grained and do not contain any radiometric anomalies, while the basal, coarser non-marine clastic beds of the Village Well and Trinity Well formations pinch out, being restricted to lying close to the edges of basement blocks. The Tertiary Murnpeowie Fm was seen to host the majority of radioactive source beds (again by analogy with Lake Frome results), but in this region it constitutes a much thinner interval of the cover rocks.

However, the field examination did find that there is a widespread conglomeratic facies within this formation, ranging between 0.6 to 7.6m thick, which has a consistent distribution across the regional area. Mapped current bedding dips in the Camp Hill locality suggested a depositional slope heading from the ESE to WNW.

A follow up program of stratigraphic drilling was carried out (27 air/mud rotary holes for a total of 1,795m), drilling to an average 91m depth in holes spaced a 1.6km apart, principally along a SE-NW orientated line between the George River valley and Murnpeowie Homestead, to cut across the main tectonic structures and to follow sedimentary trends downslope.

Two secondary, parallel lines of drillholes were also put in to give a SSW-NNE pattern extending along the Murnpeowie Syncline and the Koortanyaninna Anticline, but the latter holes did not discover evidence of these features persisting into the pre-Quaternary subsurface. Only very low radioactivity was recorded from throughout the entire cover sequence of Cainozoic, Tertiary and Cretaceous sediments; a slight increase in background radioactivity was usually seen at the top of the Cretaceous sandstones and/or at the base of the lowest Tertiary shale/sandstone unit, but no mineralisation was observed during inspection of the drill cuttings. This target section appears overall to be too oxidised, too thin and also largely lacking in organic matter, to be suitable for hosting roll-front style uranium deposits (Street WA et al, 1973).

CRAE held tenure in the Project area between March, 1991 – March, 1996 targeting diamonds, base and precious metals and uranium. 22 of the 25 aircore and diamond holes drilled by CRAE were within the Marree Project. Diamond exploration north-west of Moolawatana included airborne magnetic/ radiometric and ground magnetic surveys, plus soil, stream sediment, gravel, loam and rock chip sampling, and aircore/diamond drilling (25 holes, total 897m). Samples containing chromites and picro-ilmenites were common but judged to be of a non-kimberlitic origin. One micro-diamond was recorded near the Emu 100 prospect.

No base metal geochemical anomalies were detected as a by-product of the surface sampling and geophysical anomaly drilling, while a separately noted 6.3 ppb Au BLEG result was not supported by close follow-up sampling.

The potential for finding Beverley – type sedimentary roll-front uranium ore-bodies in the EL area was reviewed and classed as marginal due to the thinly developed remnant Tertiary cover (Sugden et al, 1996).

Recent work completed by Cauldron has included a mud rotary drilling program within EL4609, in August 2008, targeting economic uranium mineralisation within Eyre Fm sands adjacent to a basement intersecting fault system. 19 vertical mud rotary holes were drilled (for a total of 2,486 m) with an average depth of 130 m.

The holes were generally drilled on an 800 m spacing with lines 1200 m apart. All holes were logged with a Geovista gross gamma downhole reader.

During 2010/11Cauldron undertook a mud rotary drilling program at the Red Banks Well, Prospect with 30 vertical drillholes for 2,266 m being drilled on a 3.2x1.6 km pattern.
Anomalous uranium (>8x background) were encountered in 4 holes: *MAMR095* (11x), *MAMR113* (12x), *MAMR115* (9x) and *MAMR116* (19x) within interpreted Eyre Fm sediments.

The drilling at MacDonnell Creek of 21 vertical drillholes (200x100 m pattern) returned the Projects best uranium intercepts to date with downhole gamma probing returning a maximum intersection of 1.0 m at 263ppm eU_3O_8 and 0.65 m at 235ppm eU_3O_8. Drilling at George Creek (12 holes for 1,134 m on a 1,000x500 m pattern) identified a region of highly anomalous uranium centring on the area around drillhole MAMR149, which returned a maximum intersection of 0.95 m at 136 ppm eU_3O_8 within variably oxidised and reduced sands and clays of interpreted Eyre Formation.

In January and February, 2012 a mud rotary drilling program, 39 vertical drillholes (4,982 m, MAMR153 – MAMR191) were drilled which included 24 holes at MacDonnell Creek Northeast and 15 holes at Red Banks Well, within exploration licences EL4609 and EL4610.The target of the drilling was to identify uranium mineralisation within Tertiary-aged Namba Fm and Eyre Fm sediments.

Drilling at MacDonnell Creek showed no significant uranium with the maximum gamma grade being 41 ppm eU_3O_8. Such low grades suggest that this region is not likely to contain an economic uranium occurrence. The sand within the Eyre Formation was very clean and fresh showing very little signs of oxidation or reduction and is unlikely to contain a suitable redox interface to precipitate uranium.

Red Banks Well drilling returned elevated occurrences of uranium mineralisation, with downhole gamma probing returned a maximum intersection of 1.34 m at 75ppm eU_3O_8 and a broad zone of 3.37 m at 67ppm eU_3O_8 within Eyre Fm sediments. Drilling failed to show any evidence of potentially economic grades of uranium within this section of the Red Banks Well Prospect. It did however prove that significant uranium occurred to the east of the previously drilled area as well as confirming a relatively widespread low grade uranium zone occurred on the most northern drill line.

In October 2008 the Company entered into a Farm-In and Joint Venture Agreement with a Korean Consortium comprising the Korean government and large Multinational companies to jointly explore, drill and develop the Marree Uranium Project. The earn-in period of this joint venture agreement ended in January 2013, at which point the Korean participants had contributed a total of $4.9 million. At the end of the earn-in period, the parties' interests in the tenements are as follows:

- Cauldron 60%; and
- Korean participants 40%.

In line with the terms of the joint venture agreement, following the earn-in period, the parties are required to participate in expenditure of the Marree Project pro-rata to their ownership interests; otherwise the parties interests will be diluted. Since January 2013, Cauldron has continued to fund the exploration works, thus diluting the Korean participants' interests. At the date of this report, Cauldron retains an interest of ~62% as a result of the dilution expenditure.

Other Recent Exploration

Structurally controlled **talc** mineralisation was evaluated in the Mt Fitton area by Steeley Industrial and Commercial Minerals (Env 3512, 1979-1996). Talc mineralisation is hosted by carbonates of the Balcanoona Fm (Umberatana Group). Mining Leases have been placed over the better quality deposits identified from prospecting and drilling.

CRAE held much of the tenure covering the southern half of the project area to explore for diamonds during the mid-1990s *(Env 8446, 1991-1996)*. Primary exploration techniques included flying of airborne magnetic and radiometric surveys, gravel sampling and soil geochemistry surveys. While occurrences of pathfinder minerals (chromites) were identified in the project area, no diamonds or kimberlitic material were found.

Cauldron has completed numerous field programs at the Marree Project. Previous exploration since the commencement of the project has been focussed on uranium exploration. During the 2013 reporting period geological assessments on site identified a widespread elevated base metal response that has shifted the focus of this project from uranium to base metal exploration. Cauldron completed one RC drilling program on the Marree Project within EL4279 using Budd Contract Exploration, resulted in the drilling of eight RC holes for a total of 898 m.

Cauldron's Drilling Program

In 2013 Cauldron used RC drilling targeting the recently identified elevated base metal response across the project in eight RC exploration holes for a total of 898 m. The target depth for planned drillholes was around 300 m. The drill rig used for the program proved inadequate for the ground and water conditions encountered, with the majority of holes failing to intersect designed targets.

However, anomalous silver, lead and copper mineralisation was identified with the most significant intercepts shown in Table 15 and location of drillholes in Figure 14. Due to the limitations of the drill the majority of the holes failed to reach target depth and as such target zones were not adequately tested. Three of the eight holes returned anomalous base metal values although lower than anticipated based on the mineralisation values seen at surface.

This is interpreted to be due to the presence of a depleted zone which is deeper than anticipated below outcropping mineralisation where the original sulphides have been heavily oxidised and leached from the area. The gossanous veins drilled showed anomalous base metal mineralisation but appeared to be thin and suggest a later re-mobilisation of mineralised fluids from other sources within the region. These veins indicate a large volume of mineralised fluid moving throughout the project region, but as yet no economically significant deposits have been defined.

Table 11: Drillhole locations. Co-ordinate datum GDA94 (MGA54)

Hole ID	Easting	Northing	TD (m)	Prospect	Dip	Azimuth
MRRC001	331133	6698806	142	Lead Hill	-75	335
MRRC002	331415	6698906	166	Lead Hill	-60	118
MRRC003	335882	6698435	120	Janet Far East	-60	312
MRRC004	333355	6699339	94	Janet Central	-60	22
MRRC005	330845	6698772	118	Continental Hotel	-60	360
MRRC006	331047	6698547	100	Old Shaft (Au)	-60	320
MRRC007	335887	6698445	88	Janet Far East	-60	315
MRRC008	335913	6698515	70	Janet Far East	-60	295

The most significant assay grades encountered from the drilling program are shown in Table 16. No composite assays were submitted but individual one metre samples were selectively submitted to ALS laboratories for analysis. The samples selected for assay were based on field XRF values for the target elements including lead, copper, zinc, cobalt, silver and arsenic.

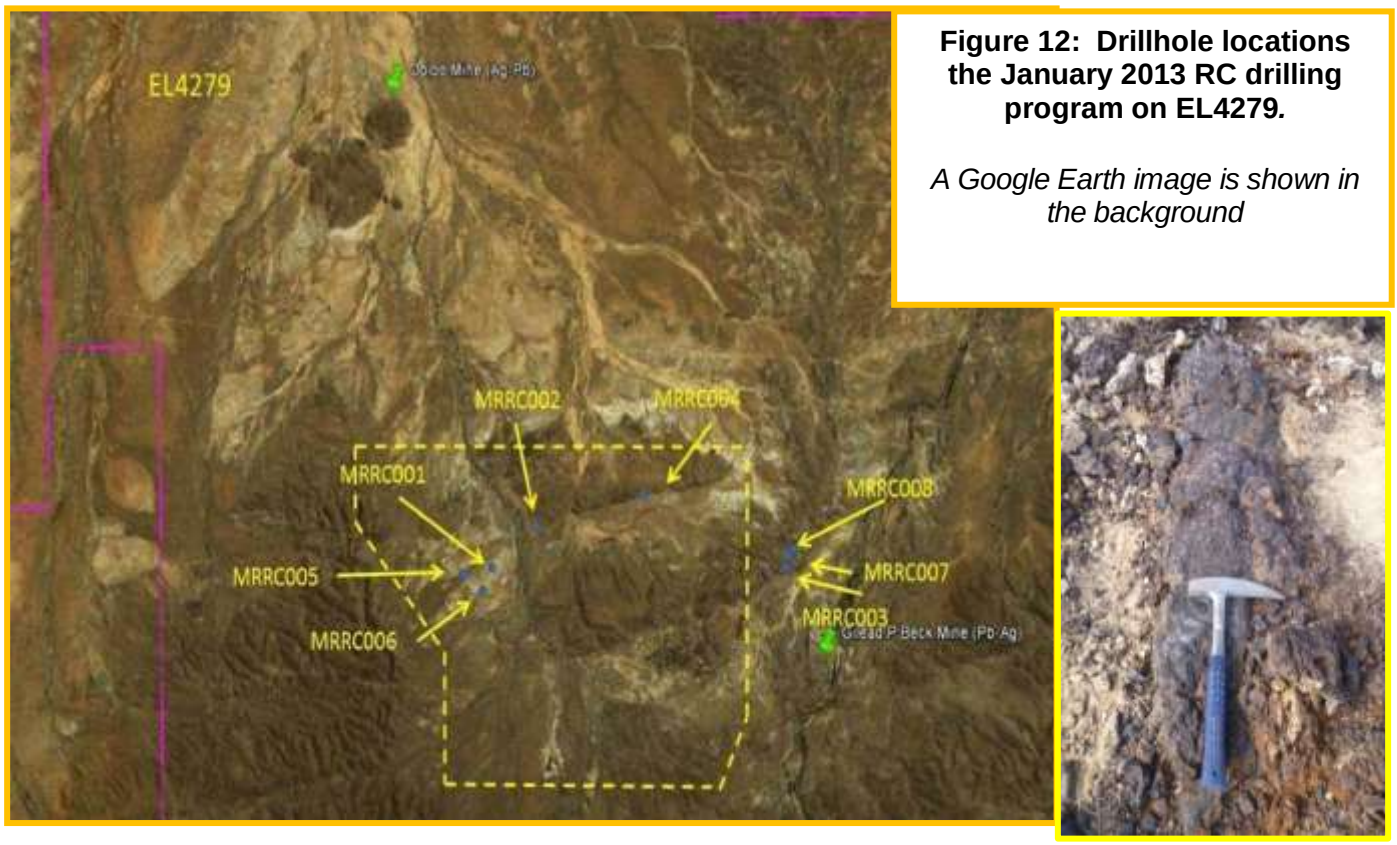


Figure 12: Drillhole locations the January 2013 RC drilling program on EL4279.

A Google Earth image is shown in the background

Table 12: Significant Drill Intersections. Co-ordinate datum GDA94 (MGA54)

Hole Number	Easting	Northing	TD	From	To	Interval	Au	Ag	Cu	Pb	Zn
			(m)				(ppm)				
MRRC001	331133	6698806	142	Failed to drill target							
MRRC002	331415	6698906	166	143	145	2				1205	
				146	147	1				6600	
				143	148	5		3.78			
MRRC003	335882	6698435	120	114	115	1			2670		
MRRC004	333355	6699339	94	Failed to drill target							
MRRC005	330845	6698772	118	6	9	3				1293	
MRRC006	331047	6698547	100	No significant Assay Results							
MRRC007	335887	6698445	88	Failed to drill target							
MRRC008	335913	6698515	70	Failed to drill target							

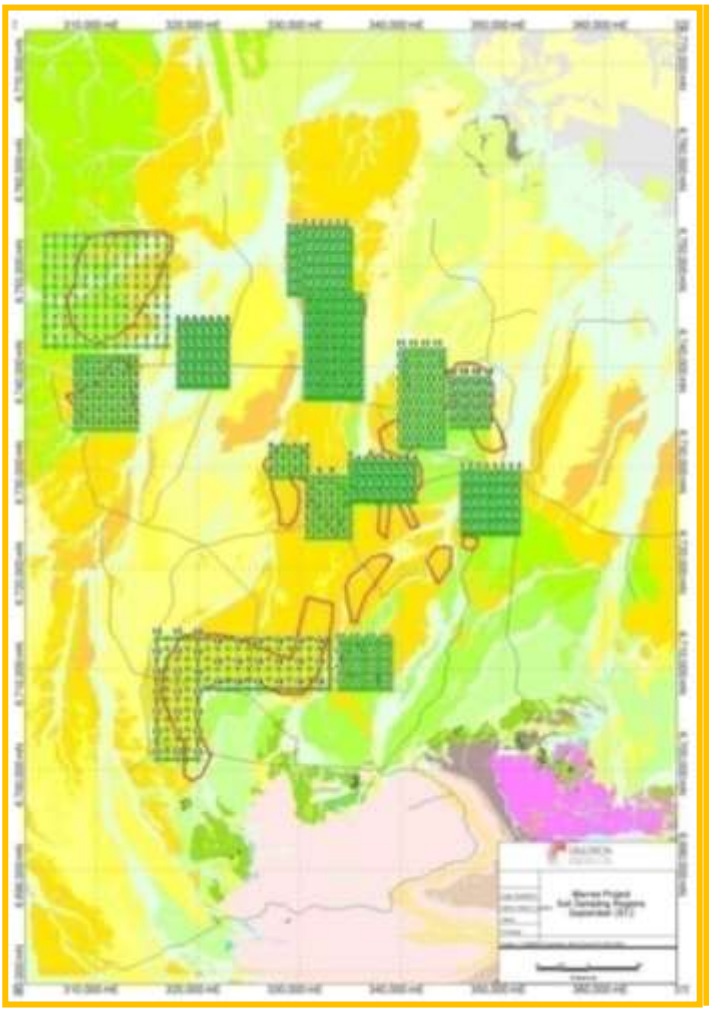
XRF Soil Program September 2012

In early September, 2012 Cauldron commenced a XRF and soil sampling program targeting uranium mineralisation at surface based on radiometric and geological target areas. There was a total of 17 primary uranium targets identified based on a combination of EM conductivity profiles, radiometric image, geological interpretation, structural modelling and other available data. In total, 14 uranium sampling grids were generated. The spacing of sampling points ranged from 400m up to 1000m. Figures 15 and 16 show the location of the uranium target zones identified and the subsequent uranium sampling grids generated.

The field procedure used was at each sampling point dig a 30cm hole and then use a handheld XRF to analyse the base of each hole.

The XRF was set on a 1 minute assaying time. At around 1 in 10 sampling points was to also have a physical soil sample collected and submitted for geochemical assay to verify the XRF results. In total 40 soil samples were collected and assay tested. Figures Figure 13 and Figure 14 show the location of some of the sampling locations during the reporting year besides the December 2012 soil/XRF program.

From the 14 planned uranium sampling grids only 7 of the 14 planned grids were tested in the field with no grids being completely sampled. Selected samples were taken from various planned grids. Results obtained identified only rare uranium or thorium and the planned program was cut short to focus on the base metal signatures that were identified. From the uranium grid sampling points collected with the XRF, anomalous readings of lead, zinc, silver and copper were identified with recent aeolian soils. In light of the widespread elevated base metal response emphasis was placed on identifying the source of this mineralisation.



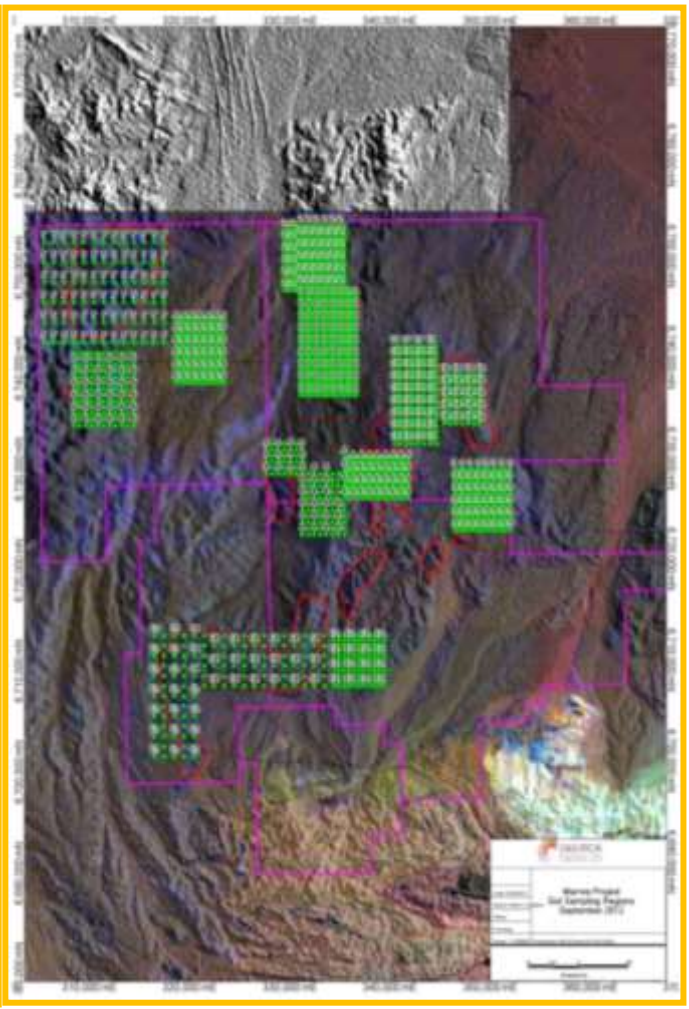


Figure 13: Uranium Sampling Grids (LEFT)
PIRSAdigital Geology (left) Images created for the Marree Project

Figure 14: Uranium sampling grids on a radiometric image (RIGHT)
Created for the Marree Project shown on a radiometric image.
Uranium is shown as blue and white colour (right)

Study of the geology maps of the area identified that the source of the anomalous base metal response should be from outcropping basement located primarily on EL4279. Investigation of this area showed a widespread occurrence of quartz veins at surface with some veins having a distinctly gossanous appearance (Figure 15). XRF analysis showed elevated levels of primarily lead over 1000 ppm in some outcrops (Figure 16).

Reconnaissance of this area identified the historical Ooloo Mine workings previously unknown to Cauldron. Other historical shafts and small workings were also identified on EL4279 including Gilead P Beck. There was evidence seen at the Ooloo North Lode workings (Figure 17) that the base metal mineralisation is associated with carbonate alteration. This type of alteration is known as carbonate metasomatism and is essentially a chemical alteration of the primary rocks by hydrothermal fluids.

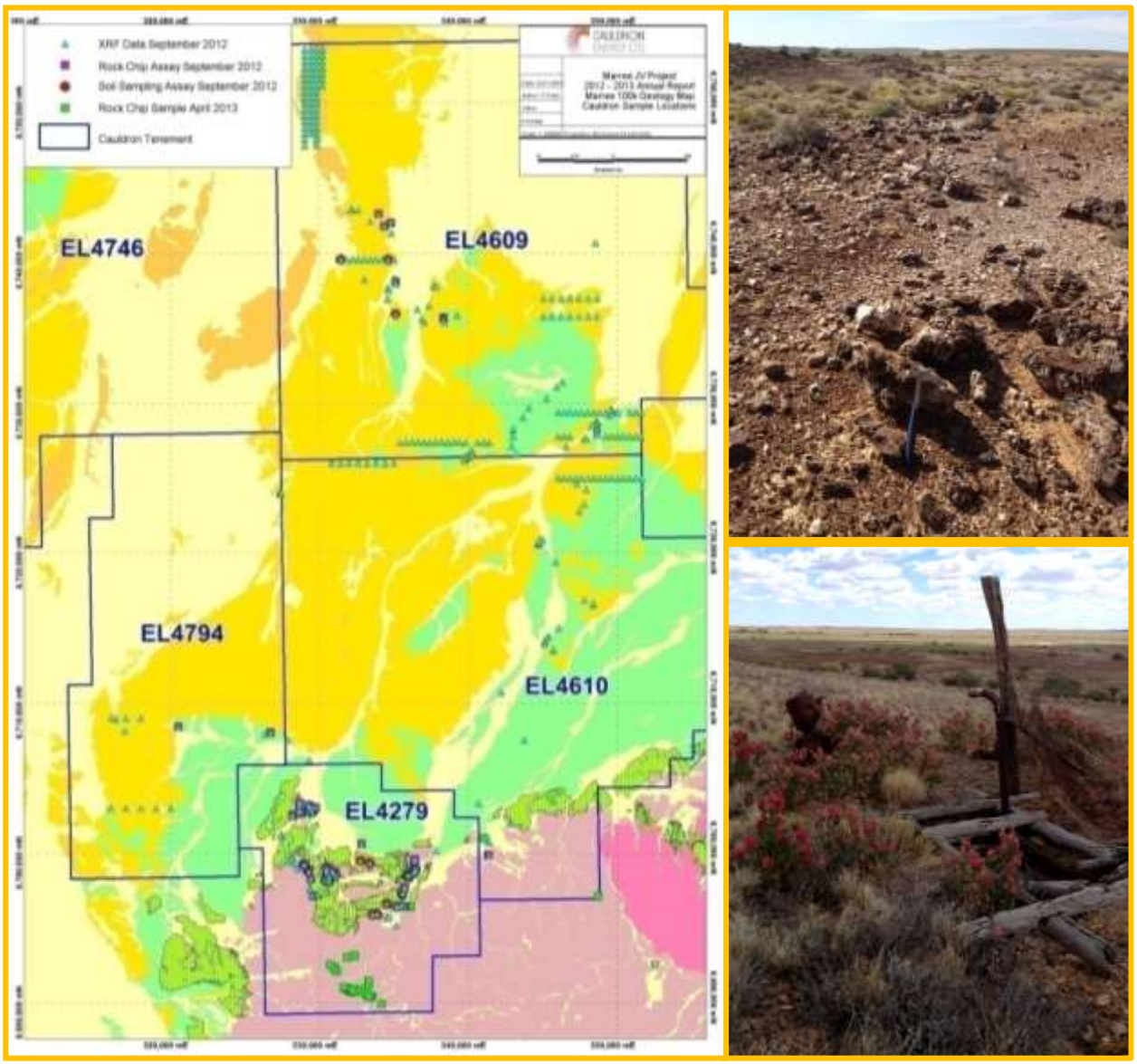


Figure 15. Numerous occurrences of gossanous looking quartz veins in EL4279.
Elevated lead, zinc, copper and silver were also identified on some outcrops (upper right).

Figure 16. XRF, Rock Chip and Soil Sampling locations
shown on the PIRSA digital geology image (left).

Figure 17. One of the two main historical mine shafts seen on the Ooloo North Lode.
The depth of this shaft appears to be in excess of 50m (lower right).

Geochemical analysis of the rock chips collected to date show that there are alteration zones at some of the historical workings. There is both calcium and magnesium flooding in the form of limestone and dolomite rich fluids as well as siderite alteration resulting in increased iron, magnesium and manganese fluids filling structures such as localised faults.

Ore minerals such as lead, silver and zinc appear to have a close association with the carbonate alteration zones (Figure 18).

A total of 118 rock samples were collected including ore rocks identified at mullock heaps of historical workings as well as general rocks for analysis of rock formations and compositions of different units.

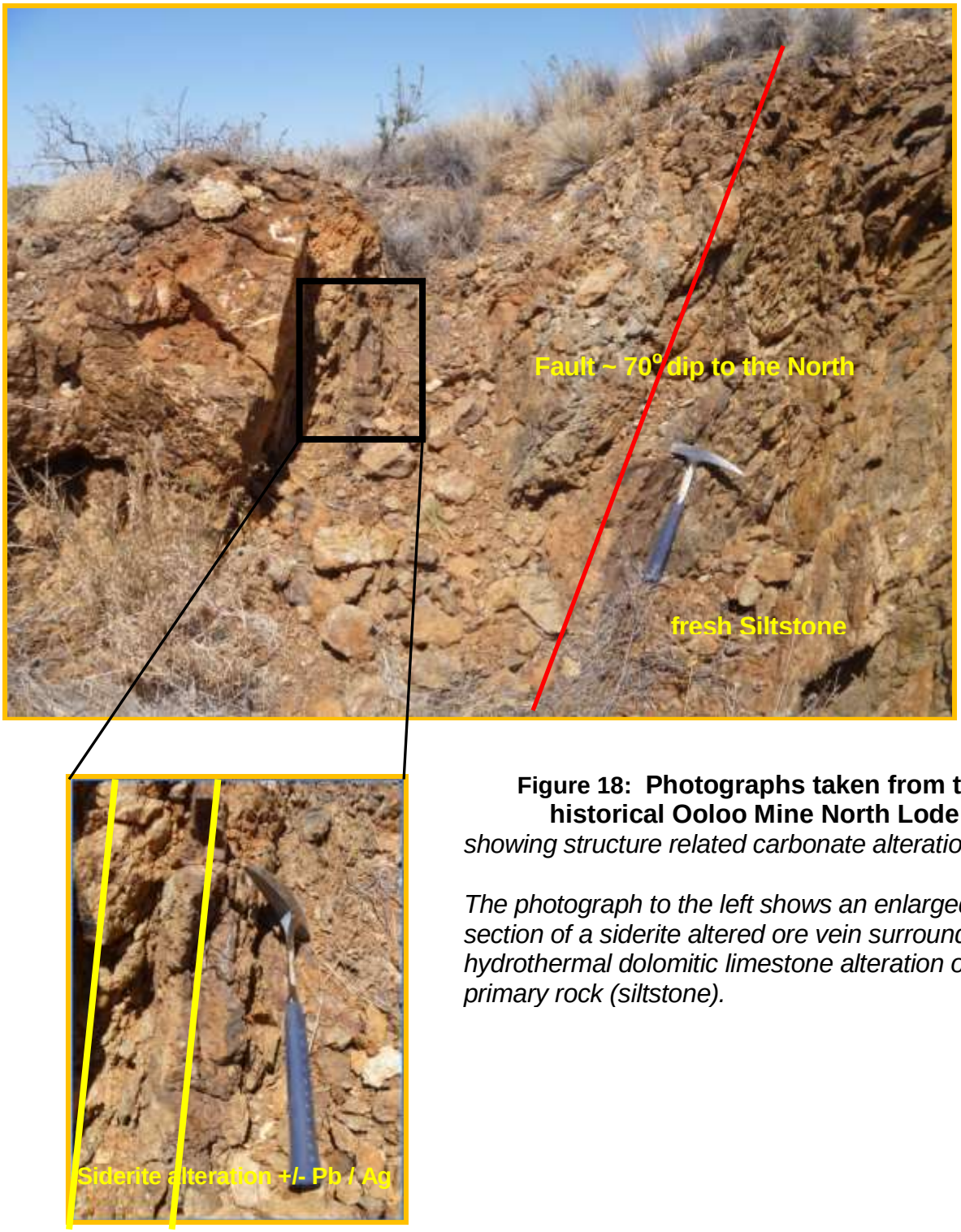


Figure 18: Photographs taken from the historical Ooloo Mine North Lode
showing structure related carbonate alteration.

The photograph to the left shows an enlarged section of a siderite altered ore vein surrounded by hydrothermal dolomitic limestone alteration of the primary rock (siltstone).

The rocks collected were geochemically assayed using a combination of techniques including ME-ICP61, Au-AA25 and ore grade analysis for Ag-Cu-Pb-Zn at ALS laboratories in Adelaide. The 118 rock chip sample assay results were sent to Nigel Brand at Geochemical Services Pty Ltd for a full geochemical assessment to see if any useful geochemical associations could be made for various elements.

Mapping of geological units depicted on the PIRSA Marree 250k map sheet show what appear to be either Cambrian or Adelaidean aged basement outcrop up to 30km north of where these units are shown to exist according to the geology map of this area. This suggests that geological mapping in the region is incomplete and that there is the potential to find much shallower basement than expected to the north of EL4279. This presents the possibility of identifying relatively shallow base metal mineralisation much further north than what is shown on the PIRSA geology maps. These outcropping units identified need further investigation.

Preliminary reconnaissance of the exposed basement region in EL4279 has shown that possible deposit styles that could exist in the area are deep seated hydrothermal vents, breccia zones due to formation of karst structures within carbonate units, SEDEX style deposits and narrow but high grade fault related secondary mineralisation along localised structures.

The preliminary assessment is that further reconnaissance is needed for possible near surface and deep base metal deposits within EL4279 and the region under recent cover to the north of EL4279.

Follow-up Soil Sampling and XRF Program December 2012

In November to December 2012 Cauldron completed a large soil sampling program including both XRF analysis as well as physical soil samples collected and geochemically assayed (Figure 20). In total 1437 XRF samples were analysed and a total of 1415 soil samples were sent to ACME laboratories in Canada for geochemical analysis using 1DX method. Figure 18 shows the initial planned location of sample obtained.

The field procedure for this work was to have two separate teams on quad bikes collect samples at pre-determined locations with spacing 100m north-south and 200m west-east. At designated locations a hole was dug to about 30cm deep and a physical soil sample using a -60 mesh was collected in a labelled plastic sample bag. (-80 mesh was the preferred size but no sieves of this size were available at the time). The samples collected were then analysed with a handheld Niton XRF machine for one and a half minutes duration per sample. These results were downloaded daily and compiled.

The XRF data and geochemical soil assay results was sent to Nigel Brand at Geochemical Services Pty Ltd for a full geochemical assessment to see if drill targets can be selected using the soil data collected. The outcome of this work showed that this geochemical program has not identified any significant Zn-Pb-Au exploration targets. The soil sampling was however effective in picking up regolith effects. Comparisons between the XRF data and assay data was found to be very similar suggesting that future geochemical programs in the area can be completed with the use of an XRF machine without the need for assays to be done on every sample.

Ground based Gravity survey

From the 24th November to 17th December Haines Surveys were contracted to complete a ground based gravity survey over a large part of EL4279 as well as the southern ends of EL4794 and EL4610. The aim of the gravity surveys was to identify possible base metal exploration targets in this region which included the historical Ooloo mine workings (Figure 21).

In total 1390 gravity station data points were collected on 38 planned lines. The line spacing was 400, 800 and 1600m and station intervals along lines was 100, 200 and 1600m.

Cauldron had three geophysicists review the Haines gravity data including Paul McMillan from Mapitt Geosolutions, Phil Hawke from Hawke Geophysics Pty Ltd and Kim Frankcombe from ExploreGeo Pty Ltd. In December 2012 Paul McMillen reviewed the gravity data from the Haines survey. There was no gravity report submitted to Cauldron from Paul McMillen but two of the gravity images created are shown in Figure 19. In February 2013 Hawke reviewed the gravity data. Two gravity images created by Hawke are shown in Figures Figure 21 and Figure 22.

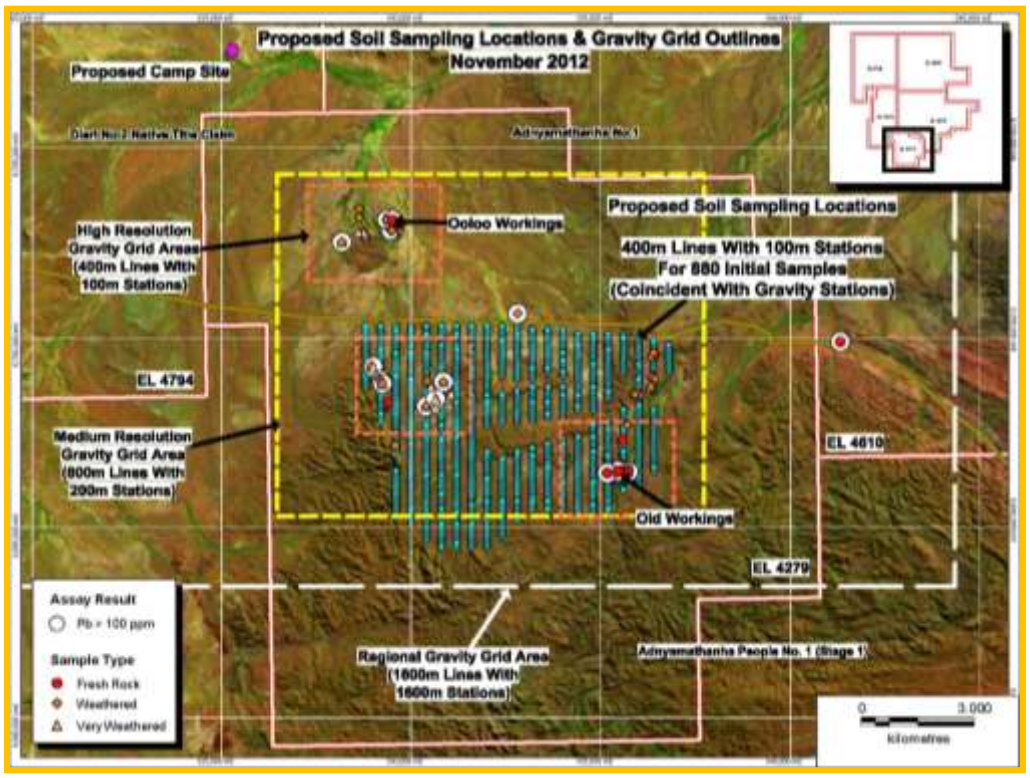
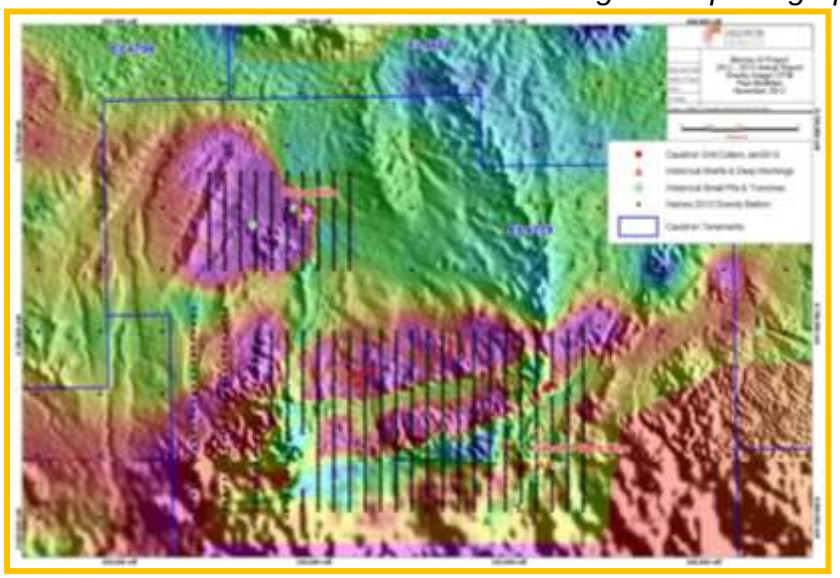


Figure 19: Location of the November 2012 soil / XRF sampling grid
shown on a Bing Aerial photograph



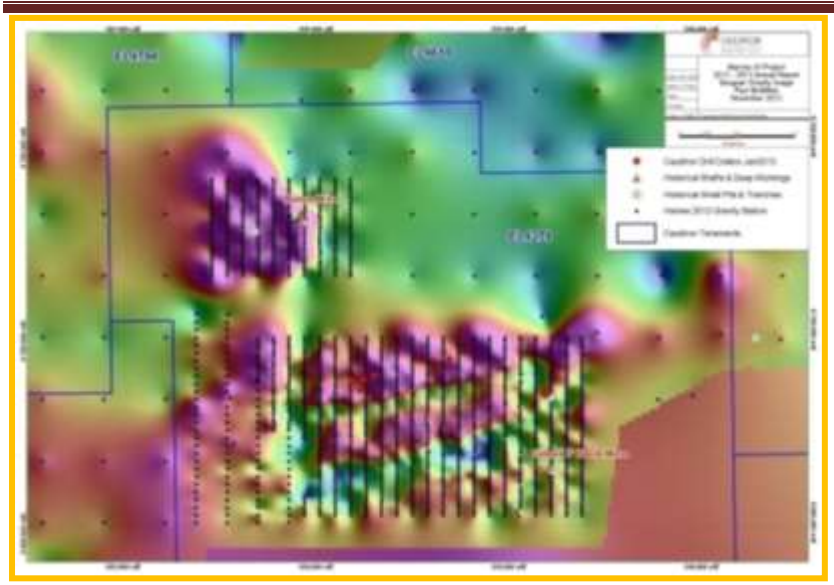


Figure 20: Paul McMillen Gravity Images *created using the Haines ground based gravity survey completed in December 2012 at the Marree Project. Also shown in the location of historical workings and mines in the region and* the regional DTM model.

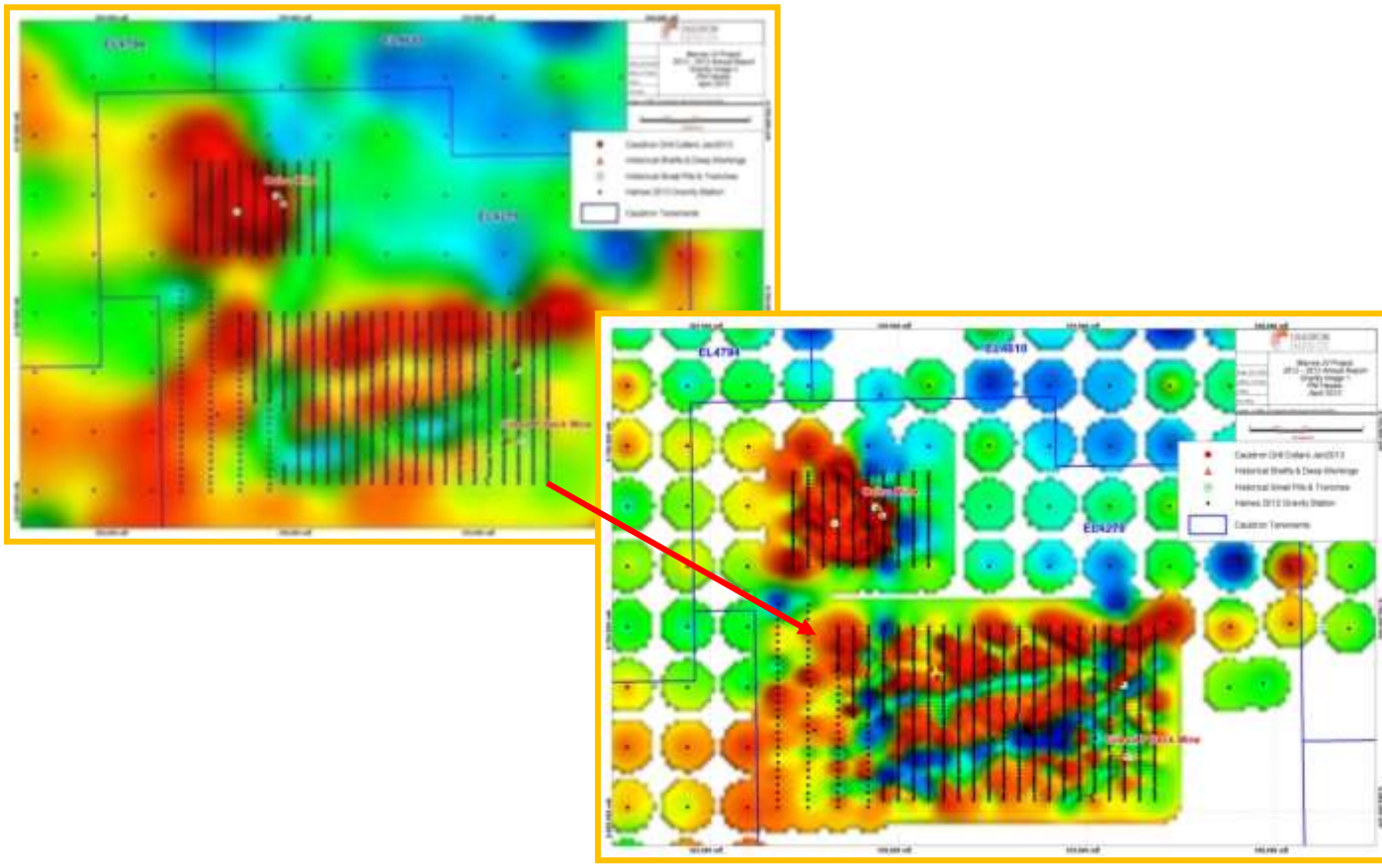


Figure 21: Phil Hawke Gravity image.

showing location gravity data created using the Haines Survey ground based gravity survey completed in December 2012 at the Marree Project. Also shown in the location of historical workings and mines in the region (left).

Figure 22: Phil Hawke Image showing Interpreted Gravity
using the Haines Survey ground based gravity survey completed in December 2012 at the Marree Project. Also shown in the location of historical workings and mines in the region.

In August to September 2013 Kim Frankcombe reviewed the Haines Survey gravity data collected in December 2012. Mr. Frankcombe completed an inversion of the original gravity data and created a series of depth slices. Three gravity images from Frankcombe are shown in Figure 23 and Figure 24.

The primary focus for the geophysical evaluation completed by Frankcombe was the Ooloo region. where he identified a large gravity body below the historical Ooloo workings that appears to be over 1.2km deep.

Frankcombe suggests that "The Adelaide geosyncline has some similarities with the Zambian and Congolese copper belts where predominantly Pb/Zn rich deposits occur within the basin and predominantly Cu rich deposits occur on the margins. Mineralisation is associated with the reaction of saline oxidised fluids, carrying the ore minerals, with sediments, generally carbonaceous shales. Fluids move along faults, produced by lateral compaction of the basin which has resulted in a complex pattern of anticlines and synclines. Mineralisation may be strata bound, confined to more permeable units lying below the reducing units or associated with breccias in the fault zone which have milled sufficient reducing material to react with the ore fluids. The saline brines appear to be formed from dissolution of evaporites which also act as slip planes and lubricants to movement during the basin shortening. The Adelaide Geosyncline contains all these ingredients although it has yet to deliver the ore reserves of its African cousin". AM&A considers this suggestion by Frankcombe is reasonable and logical.

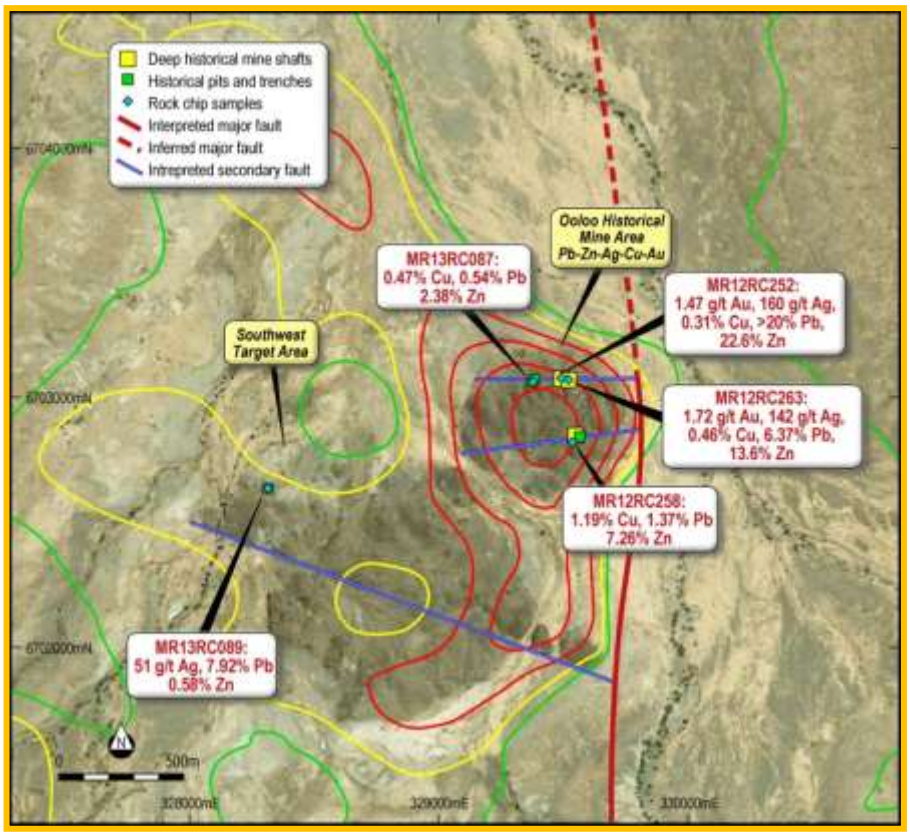


Figure 23: View from above Ooloo showing a contour slice through the 3D density model
showing a contour slice at an RL of -400m (-500m below ground level) shown with a Google Earth image of the area

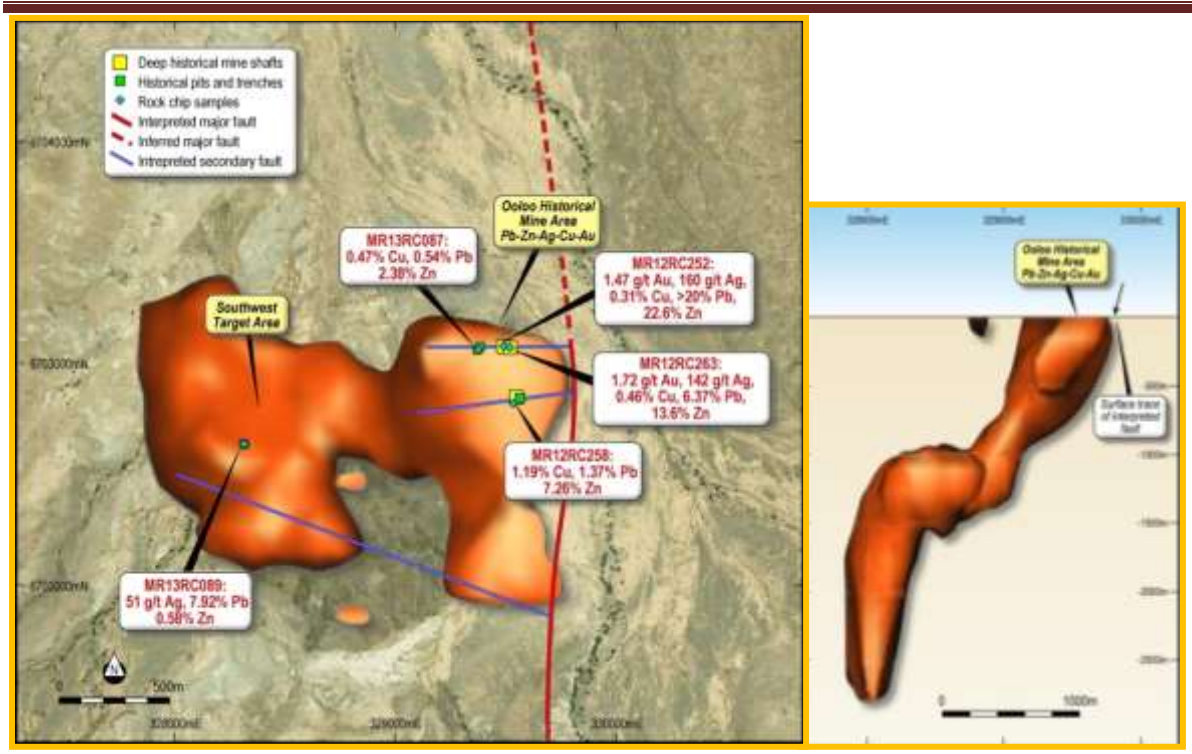


Figure 24:. View from above the 3D density model at Ooloo
showing an isosurface of 3.2 T/m^3 shown with a Google Earth image of the area (left) and Section view looking north through the 3D density model at Ooloo showing an isosurface of 3.2 T/m^3 (right)

IP re-inversion

In May 2013 Frankcombe was contracted to complete a 3D re-inversion of historical IP data collected in 1970 by McPhar Geophysics for Mid-East Minerals (McPhar Geophysics 1970).

The original data was processed in a 2D format and limitations of processing capabilities resulted in noise being a major factor in uncertainty about the IP results. With modern techniques the effect of noise on the survey results can be minimised so that a more realistic interpretation can be developed. Figures Figure 25, Figure 26 and Figure 27 show some of the IP images created.

This work concluded that the maximum IP anomaly is coincident with the lowest resistivities and the polarisability shape is generally the inverse of the resistivity. This indicates that the IP anomaly is due to inductive (EM) coupling in the IP data. This is not surprising and although they could do little to reduce it, let alone remove it, McPhar, in their report, recognised it as a problem. EM coupling increases with frequency and by today's standards the frequencies used to acquire these data were high.

The IP response is caused by disseminated sulphides. It is possible that at these relatively shallow depths the sulphides are all oxidised and thus not polarisable or it is possible that there are no disseminated sulphides here. Massive sulphides produce weaker IP responses but depending on their geometry may produce significant EM coupling responses as current gathers into them.

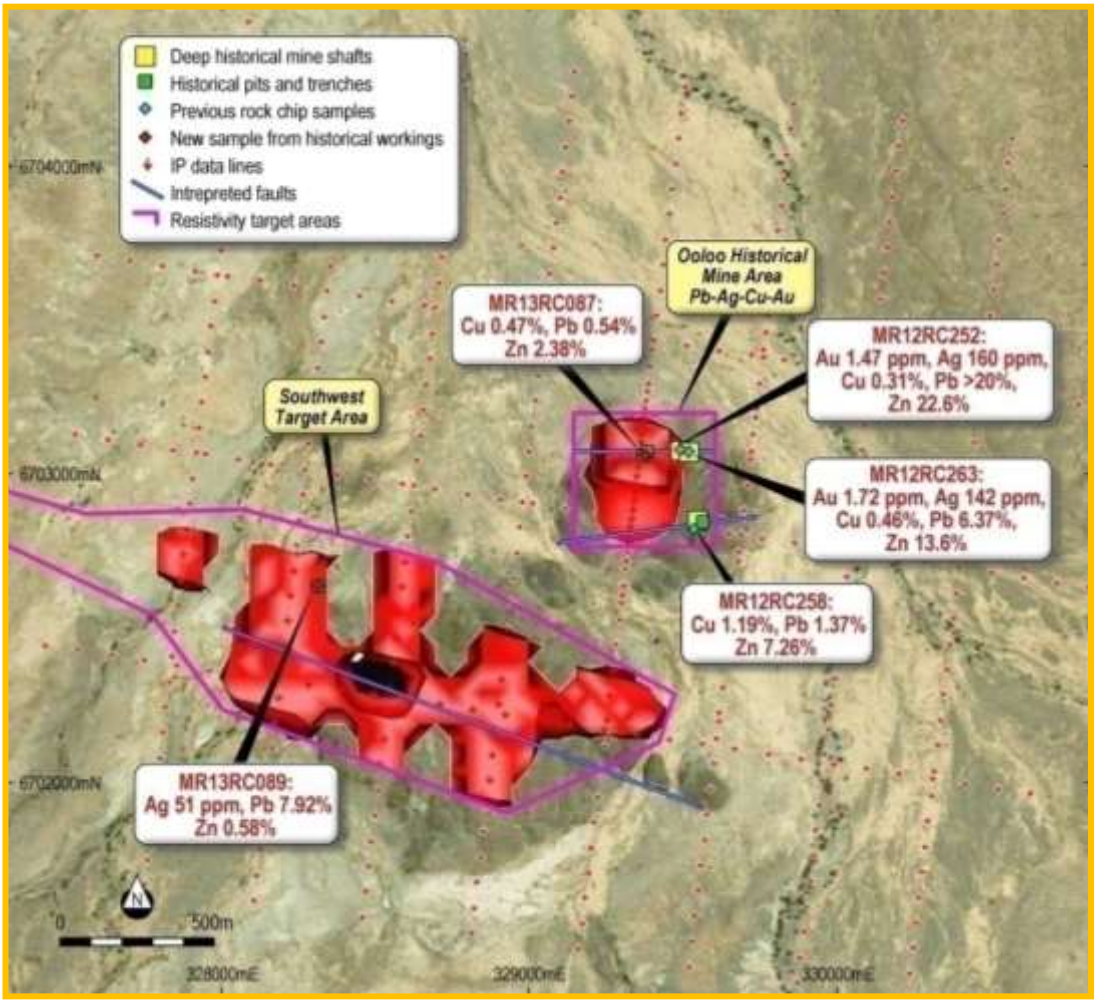


Figure 25: View of the 3D resistivity model.
from above, masked by resolution, showing an isosurface of 100 Ohm m. Similarities with the southwest target area and Ooloo region are evident.

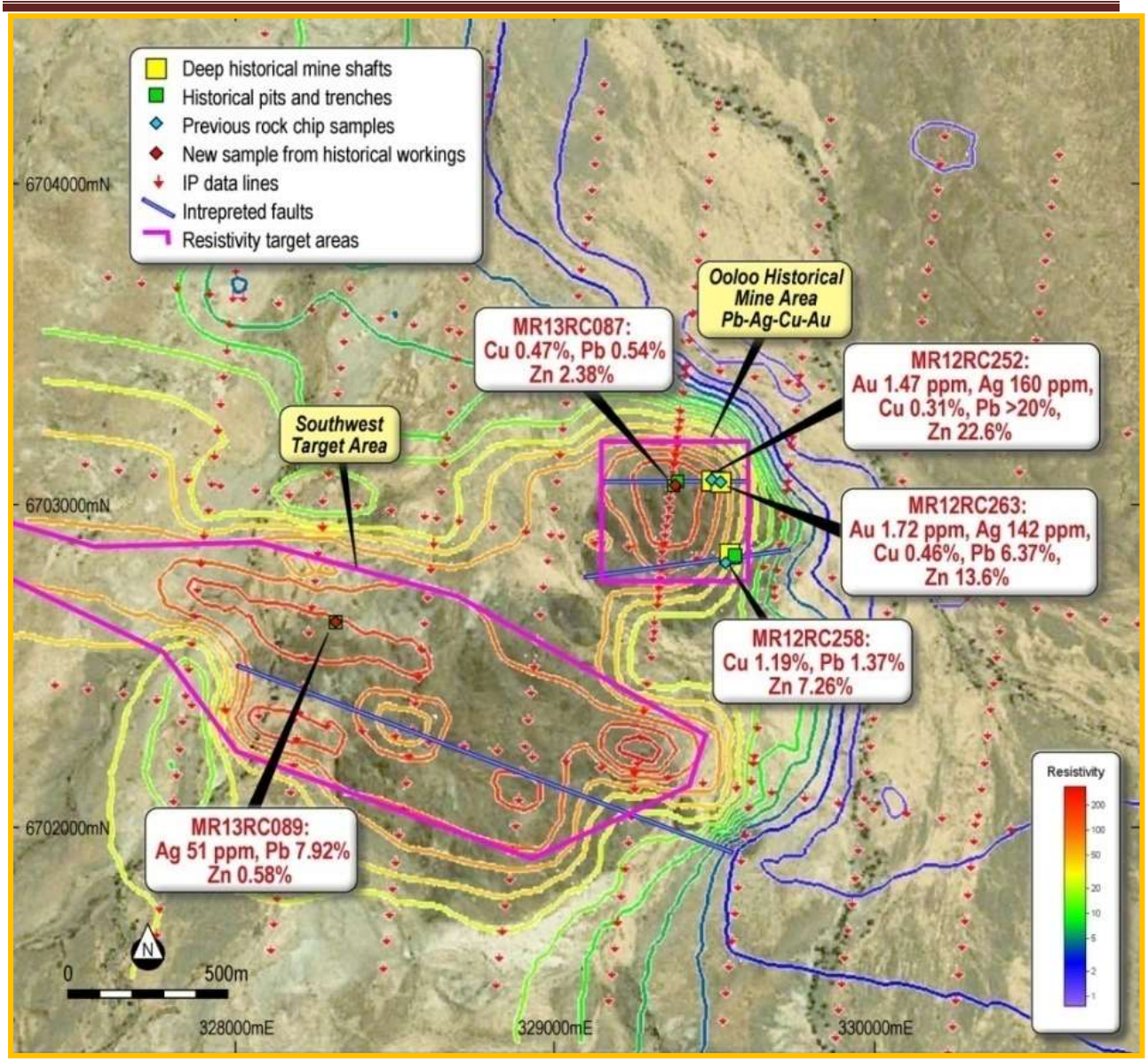


Figure 26: View of the 3D resistivity model from above
showing a contour slice taken at RL 40m (approximately 70m below ground depth).

High resistivity responses can be seen at both the Ooloo region and the southwest target area.

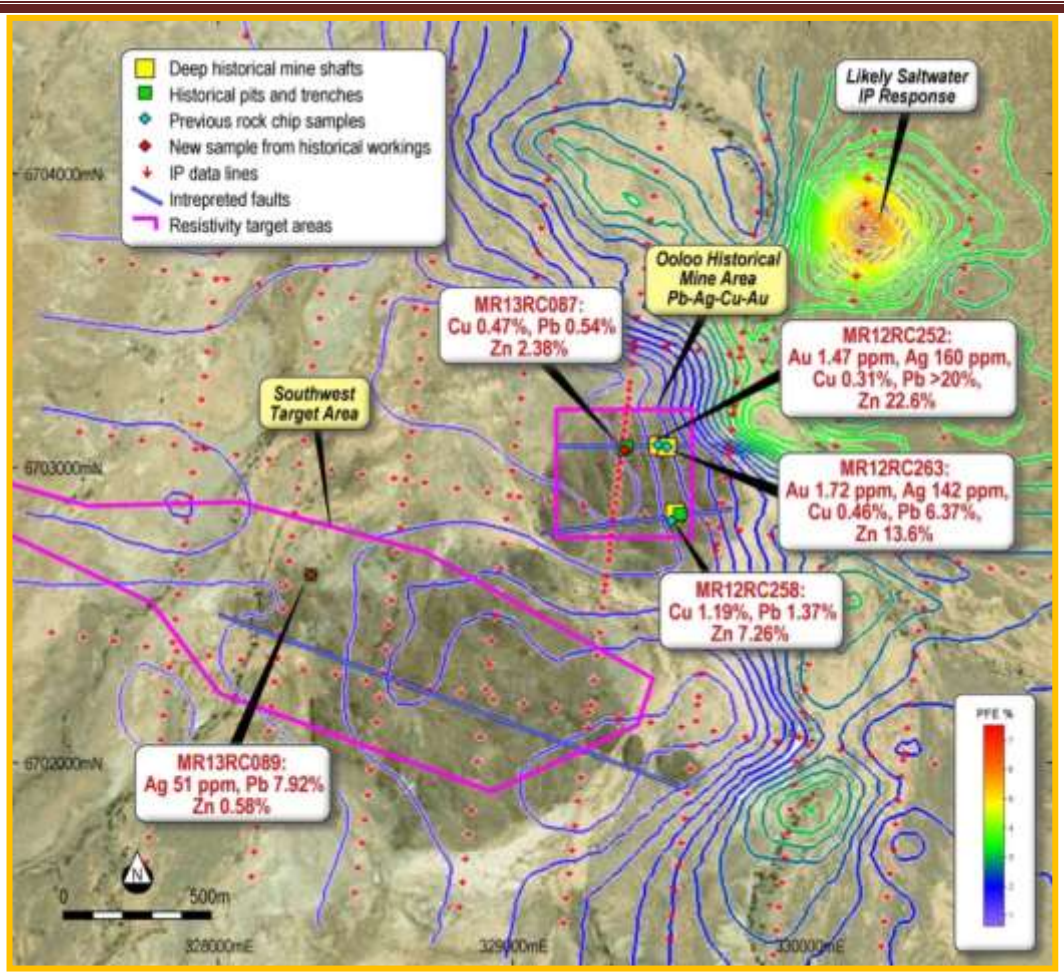


Figure 27: View of the 3D polarisability model (IP)
showing a contour slice taken at RL 40m (approximately 70m below ground depth).

Both the Ooloo region and the southwest target area have no Chargeable IP Responses.

Geological Mapping and Sampling Program April 2013

In April 2013 Cauldron conducted a follow-up geological mapping and sampling program across part of the Marree Project area. The focus of this work was to review new regions on EL4279 where base metal mineralisation could potentially be identified. Adrian Brewer from Brewer Geological Services was contracted to assist with this program since Brewer is very knowledgeable about the Northern Flinders Ranges including the Marree Project area.

The highlight of this program was the identification of a large, high grade polymetallic deposit named the Mt Freeling Prospect. Field mapping identified a large series of workings within a 2km^2 radius including a 1.6km long fault zone with high-grade polymetallic mineralisation within an alteration corridor up to 200m wide. Geochemical assays of rock chip samples collected from mullock heaps of the old workings identified very high-grade silver and lead grades over a large area including silver grades up to 2,830g/t and lead up to 33.9% (see Figures Figure 28, Figure 29 and Figure 30).

In total 90 rock samples were collected and sent to ALS Laboratories in Adelaide for geochemical assay. The rocks collected were geochemically assayed using a combination of techniques including ME-ICP61, Au-AA23 and ore grade analysis for Ag-Cu-Pb-Zn at ALS laboratories in Adelaide. The location of the samples and significant results are shown in Figure Figure 29 to Figure 30.

Field reconnaissance has identified nine deep production shafts ranging from 10m to 50m deep as well as seventeen smaller scale pits and trenches in the general Mt Freeling region. Many of the larger production shafts have very few remaining ore grade rocks in the mullock heaps.

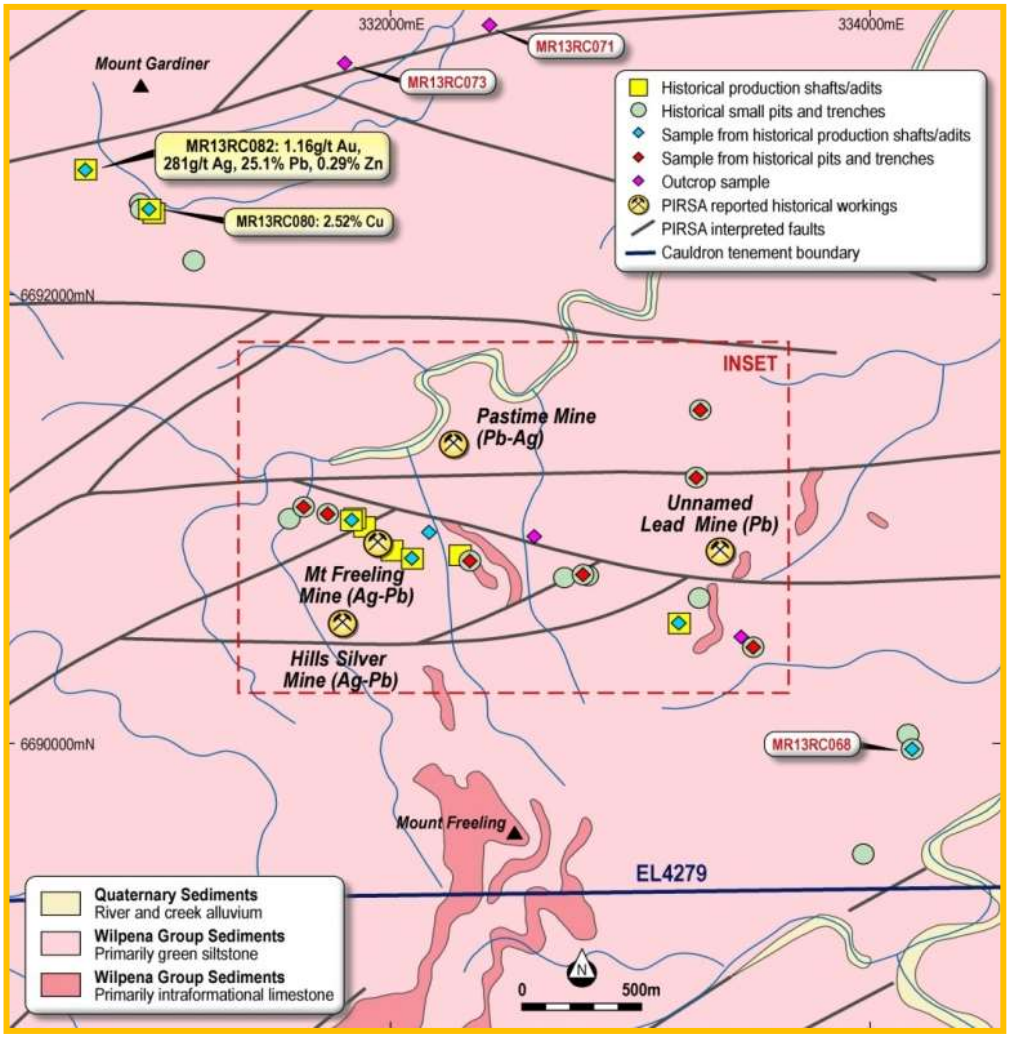


Figure 28: Location of the Mt Freeling Prospect.

Showing the samples collected with high grade assay results. The image shows the location of the reported PIRSA-reported historical workings as well as the recently identified historical workings. The geology and structural image shown in the background was published by PIRSA in 1997.

The primary geological unit within the Mt Freeling Prospect is the Neoproterozoic aged Billy Springs Formation which is a unit within the Wilpena Group sediments. The Billy Springs Formation is dominated by green siltstone but also has a widespread but patchy intra-formational limestone unit. One occurrence of the limestone unit is at the Mt Freeling Prospect.

Evidence of up to at least three different styles of mineralisation including massive sulphides, breccia zones and carbonate replacement have been observed at the Mt Freeling Prospect.
Veins of massive sulphides dominated by galena and silver, and ranging in size from a few centimetres up to a metre wide, have been mapped at the Mt Freeling Prospect. These veins are visible on ridges and are concealed under scree slopes in valleys along the length of the main 1.6km long mineralised zone.

Isolated breccia zones of both the siltstone country rock as well as the limestone beds are evident in outcrop. The breccia zones are concentrated where cross cutting faults occur and are often mineralised. Along the fault zones, silicification of the siltstone beds is common resulting in the fracturing of this unit and the subsequent creation of breccia zones

Carbonate replacement of the limestone beds has occurred in part of the prospect area where lead, silver and zinc have partially replaced the limestone beds. There is a large historical adit located in a limestone cliff along the Mt Freeling Prospect with high-grade mullock rocks sampled.

There is a dominant siderite (iron carbonate) alteration along the Mt Freeling Prospect fault zone which is up to 200m wide. Along this structure, there are also common veins up to 2m thick with zonation of minerals such as silica, siderite and iron as well as metals including lead and silver. Away from the main mineralised zones the siderite alteration is not as prevalent and the veining becomes dominated by silica and iron with significantly less metals.

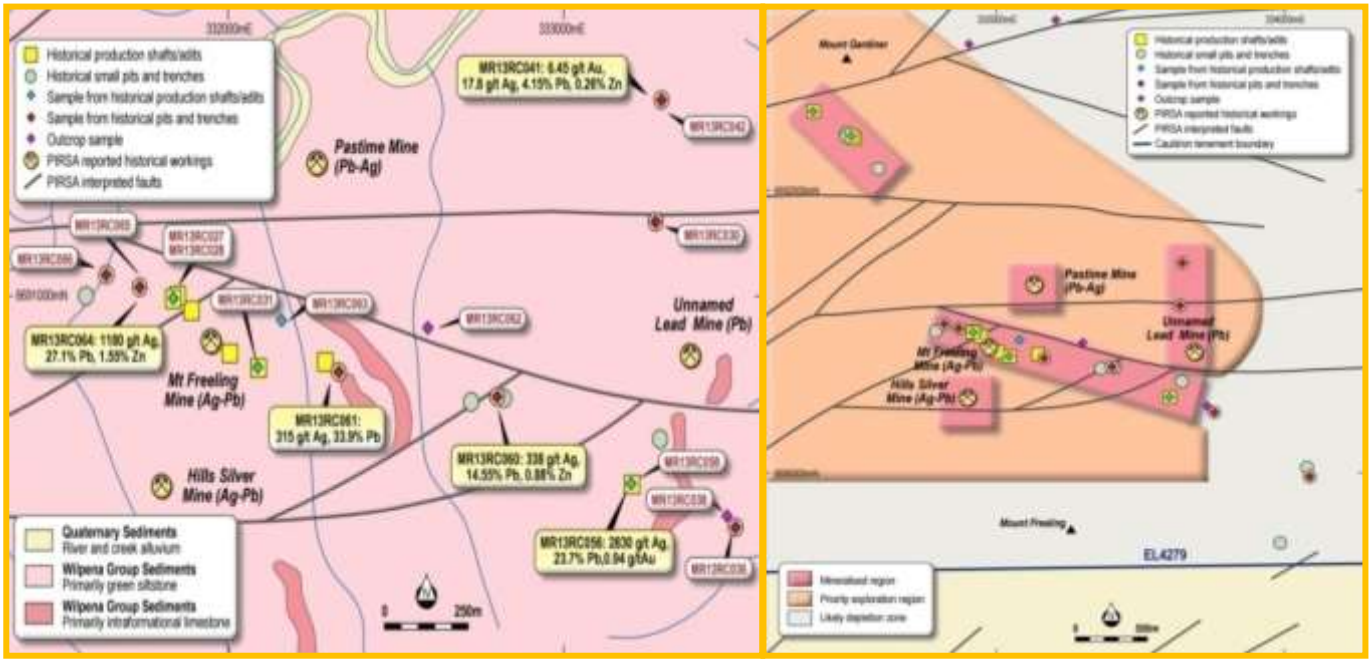


Figure 29: **The main mineralised samples and results zone within Mt Freeling Prospect** (left)

Figure 30. Mt Freeling Prospect with locations of proven mineralisation (right).

The silicification and siderite alteration occurring at the Mt Freeling Prospect is very similar to that seen at the historical Ooloo Mine. Both silicification and siderite alteration are likely to create a high resistivity response due to a reduction in the porosity of the rocks.

The recently re-processed IP survey from the Ooloo region has identified two resistive bodies with one being the historical Ooloo Mine. Evidence of near-identical silicification and siderite alteration occurring at the Ooloo Mine indicates that a similar geochemical system to the Mt Freeling Prospect appears likely which enhances the possibility to identify similar mineralisation at the recently identified Ooloo Southwest Prospect.

Preliminary investigation of the regional structures has shown that most of the polymetallic mineralisation identified to date is concentrated within the Mt Freeling Prospect region. This suggests the presence of a potentially deep localised source such as a granite pluton located below the Mt Freeling Prospect area. Further evidence to support the granite derived fluid system is shown by the presence of multiple pathfinder elements including arsenic, bismuth, molybdenum antimony and tin that have significantly elevated values within the high-grade ore samples.

There are also large areas which have not yet been explored but based on current findings are likely to contain significant mineralisation. There are also three reported PIRSA historical working

occurrences which have yet to be explored by Cauldron but are likely to contain significant mineralisation.
The area to the east of the main Mt Freeling mineralised structure has had preliminary exploration completed which has shown no evidence that significant mineralisation occurs in this region although the same structures have been proven to continue through this region

Isotope Analysis

During the April 2013 Mapping program 5 samples were collected for both sulphur and lead isotope work to be completed. Four samples were submitted from the Mt Freeling Prospect and one sample was submitted from near the Ooloo Prospect. The samples were sent to ALS laboratory in Perth where they were then sent to Canada for analysis. Table 13 shows the Isotope results.

Table 13: Analytical Isotope Data.

Sample	Easting	Northing	S-ISTPO1 Delta 34S permil	Pb-ISTPO1 Pb206/204 Unity	Pb-ISTPO1 Pb207/204 Unity	Pb-ISTPO1 Pb208/204 Unity	Pb-ISTPO1 Pb207/206 Unity	Pb-ISTPO1 Pb208/206 Unity
MR13RC042	333280	6691481	9.9	21.75	16.07	40.84	0.74	1.88
MR13RC056	333205	6690533	10.8	20.85	15.98	40.42	0.77	1.94
MR13RC064	331734	6691026	10.8	21.49	16.04	40.72	0.75	1.89
MR13RC082	330717	6692544	10.1	20.56	15.95	40.1	0.78	1.95
MR13RC089	328311	6702639	11.9	20.24	15.92	39.74	0.79	1.96

The lead isotopes data indicate that the source of the lead appears to be from highly radiogenic source rocks. Comments in journals sourced indicate that larger deposits have a more radiogenic lead isotope composition than smaller deposits which supports the potential to identify larger mineralised bodies within the Ooloo and Mt Freeling Prospects. The sulphur isotopes show is that the sulphur was possibly induced by tectonic pumping and hydrothermal venting of a deep seated crustal reservoir and does not appear to be consistent with sulphur derivation from an evaporitic or sea water source (i.e. potentially syngenetic / diagenetic). This suggests that the sulphur has not been derived from a direct magmatic source such as granite but appears to be of hydrothermal origin (including possible breccia pipes).

The sulphur isotope data suggests that the mineralisation is consistent with a low temperature hydrothermal system possibly related to the Delamerian Orogenic event. This is dated from about 514 ± 3 Ma to 490 ± 3 Ma, and was terminated by uplift, cooling and extension associated with post-tectonic magmatism, with intrusive activity dated at 442±6Ma for the British Empire Granite and 427±133Ma for the Mudnawatana Tonalite (Foden et al, 2006). Hence the mineralisation is believed to be related to a low to moderate temperature hydrothermal event between 514Ma and 427Ma.

Conclusions

Exploration work completed on the Marree JV Project area has highlighted the potential to identify an economic base metal deposit within this region but further exploration work is required before any more drillholes are completed. Cauldron plans that by late 2014 drill targets will have been identified at both the Ooloo and Mt Freeling prospects as well as other yet to be identified prospects. AM&A considers this is a logical expectation and thus reasonable.

Further field reconnaissance and geophysical work is needed across the entire project area to define possible drill target locations. There are very few historical records from many of the historical mining completed in the region which makes it harder to properly assess previous work completed in the region. The historical records that do exist are brief summaries of exploration and are by no means technical reports on the activities.

Since the completion of the historical mining in the late 1800s to early 1900s only very limited exploration has been completed on the project area and in the opinion of Cauldron the full potential of this area has not yet been determined.
Cauldron understands that the base metal mineralisation seen to date is from a likely hydrothermal origin including possible large scale breccia pipes. The historical surface workings seen in the project appear to be likely secondary remobilisation of metalliferous fluids from a primary hydrothermal source at depth. The possible primary body has not ever been targeted by historical mining due to the fact that it isn't outcropping.

Recently completed geophysical work at the Ooloo Prospect has identified a possible breccia pipe that could potentially hold economic levels of lead, silver, zinc, copper and gold mineralisation. Preliminary investigation of controlling fault structures suggest that there is a major north to south fault that is controlling the mineralisation with lesser scale east to west orientated faults carrying remobilised secondary fluids which is the location of the historical workings.

The location of the major north to south trending fault is on the eastern side of Ooloo Hill and on the eastern side of Mt Freeling. The fault is then interpreted to continue to the north under recent quaternary cover. Most of the fault is concealed so geophysics will be the main tool used to identify its location, strike and dip and field reconnaissance will then ground truth this interpreted location. Very little geophysical work has been completed over the Mt Freeling Prospect but additional geophysical surveys in this area is seen as a top priority for future exploration work.

4.5 Cauldron Projects in Argentina

Argentina has a mature and growing uranium power generation industry. There is in place favourable and responsible legislation for uranium exploration, mining and processing. The government maintains a right to purchase uranium products from mining at international market prices. In Argentina there is an outstanding availability of skilled personnel for project development at costs lower than Australia.

The two main projects in Argentina consist of The Rio Colorado Project in Catamarca Province that covers an area of 454 km^2 and consists of four granted mining leases (minas), six granted exploration licences (cateos) and four mining lease applications. The deposit intermittently outcrops over a strike length of 17 km with numerous small scale historical workings in sandstone-hosted uranium-copper-silver mineralisation. Numerous small scale workings completed by the CNEA in the 1950s and 1960s indicate considerable potential.

The Las Marias project in San Juan Province consists of 2 granted exploration licences and 9 applications covering an area of 793km^2. The project has outcropping sandstone hosted uranium deposits, but is also prospective for copper, silver and gold. The outcropping uranium-rich sandstones have a strike length of over 7km. Initial investigations by the Company, indicates an average outcropping uranium anomalism of between 100 to 550ppm U_3O_8 up to 3m in width, with samples peaking at 1,305ppm U_3O_8.

4.5.1 Rio Colorado Uranium Copper Silver Project

The Rio Colorado project (Figure 31) is located in the Tinogasta region of the Catamarca and La Rioja provinces in Argentina. The licence covers an area of 762 km^2 and contains well defined outcropping mineralisation (uranium, copper and silver).

Red-Bed sediments were identified and explored by the CNEA in the 1950s and 1960s.

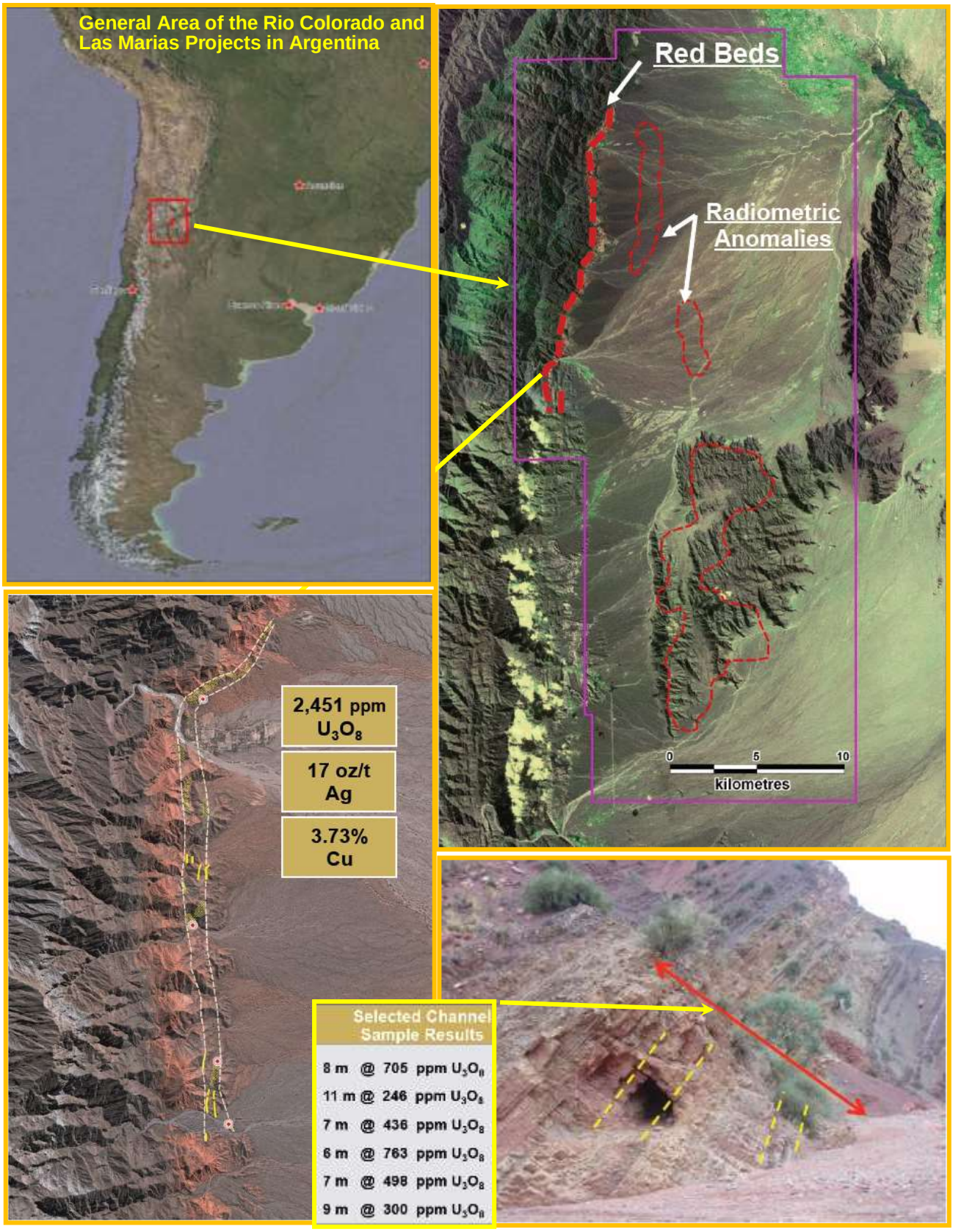


Figure 31: Location of the Rio Colorado Uranium Copper Silver Project in Argentina.
Also showing the outcropping surface mineralisation (upper right) and an example of the numerous historical workings and recent channel sampling (lower right).

Cauldron has signed an exclusive option agreement through its wholly owned subsidiary Jackson with a private party (Dr Horacio Solis), to earn 92.5 percent in 230km^2 of the Rio Colorado uranium project in Argentina. The remainder of the project (532km^2) is held by Jackson in the name of a related entity. The option agreement has been executed and CXU is currently in the process of earning into the 92.5% interest. The remaining item is completion of a drilling program. Historical local resistance prevented CXU from completing the drilling program as required. This drilling program is now budgeted and planned in the current financial year. CXU has completed all other requirements under the agreement. AM&A is of the view that CXU have a coherent plan & established suitable contacts to achieve the 92.5% earn-in within the near term. AM&A have confirmed that local motivator for CXU's drill access is Horacio Solis, CXU's JV partner.

Together, both areas will form the Rio Colorado Joint Venture with the local exploration companies Cateo and Mina. Cauldron will earn its Initial Interest (51%) in the project by completing a minimum work program, including 3,000 metres of drilling on the 451km^2 lease. The Company can earn 92.5 percent of the project by completing exploration expenditure of $500,000 within three years following earning of the Initial Interest.

Highlights of the project include:

- A 16km zone of intermittently outcropping mineralised sediments with surface sampling and mapping indicating widths of between 10 to 20m in one zone.

- Where sampled, these sediments include better zones of between 300 and 3,000ppm U_3O_8 over widths of up to 10.7m. Adjacent to these high-grade areas the background anomalism averages 90ppm U_3O_8,

- The copper and silver mineralisation has a similar spatial distribution to the uranium, but is focussed into narrower bed parallel zones. Recent sampling has identified copper mineralisation up to widths of approximately 3m; however for the most part the copper mineralisation noted is within horizons of less than 1m in thickness. Assays of up to 3.73% Cu and 17oz Ag for these zones are indicative of the better mineralisation sampled to date,

- Untested radiometric anomalies in recent un-consolidated fluvial sediments, derived in part from the mineralised hard-rock environment described above, provide scope for the exploration of Unconformity or Roll-front uranium deposits. This style of uranium mineralisation has not previously been explored for in the region, and

- Untested radiometric anomalies in meta-sedimentary and granitic basement, have a similar geological setting to CNEA's Las Termas uranium deposit (reportedly 0.1 to 9.2% U_3O_8), located 50km along geological trends to the north.

4.5.2 Las Marias Uranium Project

The Las Marias uranium project with local exploration company Cateo has granted leases and application which total 667km^2 of uranium mineralised sediments. This project is 175km to the southwest of Rio Colarado and contains a 7km unit of outcropping uranium rich sandstones (Figure 32), including visible uranium oxide minerals which were identified using hand-held geophysical equipment. Scintillometer readings of the leached surface material indicate a range typically between 100 to 550ppm eU_3O_8, with a maximum reading of 1,300ppm eU_3O_8

This project was explored by the CNEA in the 1970s. Priority exploration targets exist under cover, along extensions of the outcropping mineralisation. This project is currently under application, with the first exploration lease expected to be granted early in the 2014.

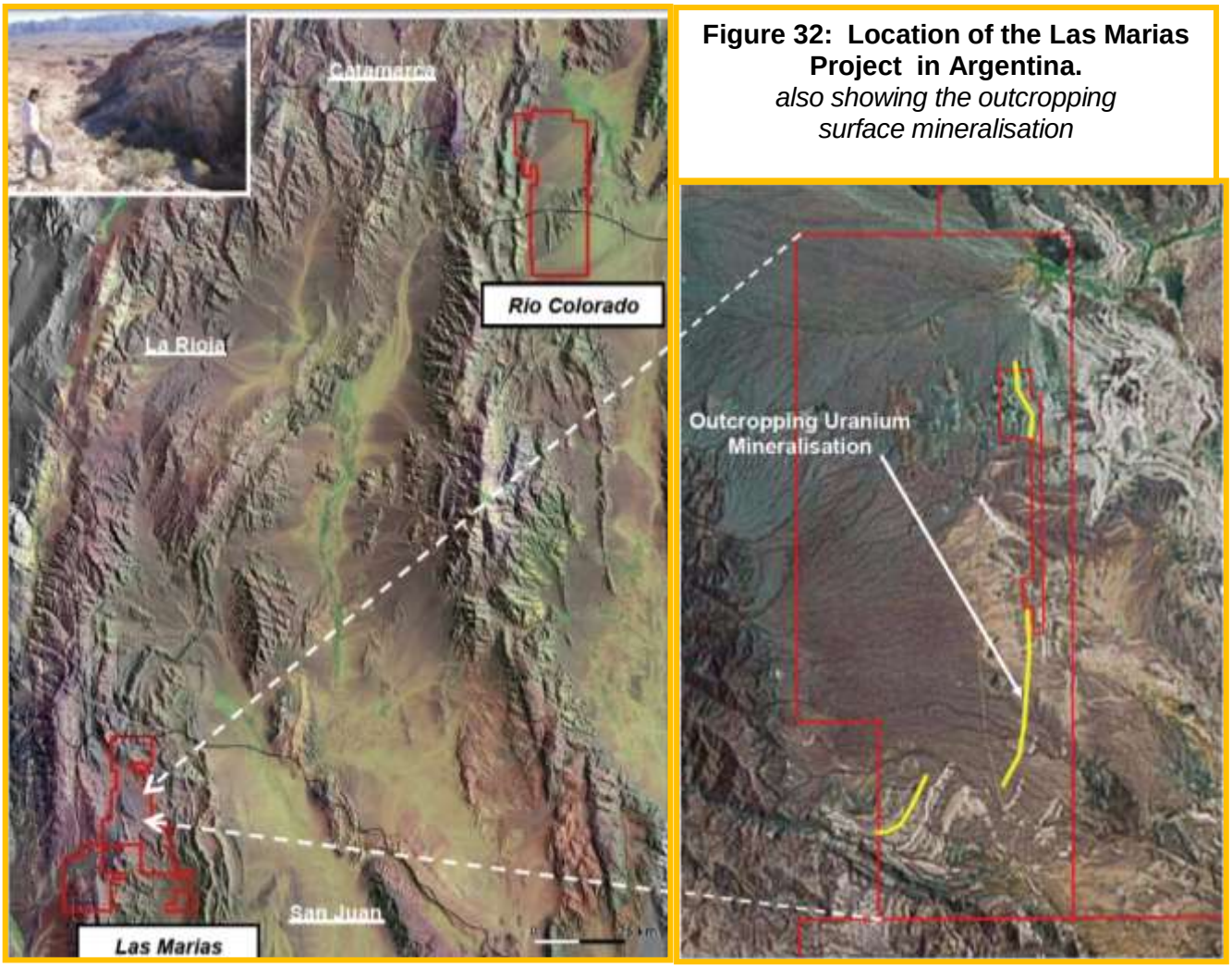


Figure 32: Location of the Las Marias Project in Argentina.
also showing the outcropping surface mineralisation

5. Resources and Potential

5.1 Bennet Well Project at Yanrey in Western Australia

Cauldron has successfully completed ten drilling programs since commencing exploration in 2006, comprising a total of 521 holes for over 49,977m. Drilling completed in 2012 identified major uranium extension zones to the original Bennet Well resource area. The discovery of the large Bennet Well East and Bennet Well South Prospects has highlighted the potential to discover additional uranium resources in the project area.

Cauldron currently has 12 granted tenements totalling 1,851km^2 and seven tenement applications (1,110km^2) within the Yanrey Project area highlighting the potential to identify further uranium resources in the Yanrey project area. There are currently over ten demonstrated uranium prospects that have already been identified from historical drilling and recent drilling by Cauldron. Further drilling is required on these prospects to determine the extent of the uranium mineralisation and the grades of these occurrences.

As well as this Cauldron has identified a further ten new exploration targets based on geophysical interpretation, geological interpretations and field reconnaissance such as surface sampling. None of these targets have yet been drill tested but Cauldron anticipates drilling of these targets will add further to the uranium resources that have already been identified.

Reprocessing of the Airborne RepTEM and regional magnetic data has identified new exploration targets within the Cauldron owned Yanrey Project tenements. There are many new exploration targets that have been identified that are yet to be drill tested.

Understanding the geology and being able to identify the expected geology within areas will allow Cauldron to re-evaluate geophysical techniques so that further geophysical surveys can be completed to accurately show certain geological features such as channels that erode solid basement, channels that erode through marine sediments and regional faults which appear to be very important in controlling where channels are located. At least one 4,000m drill program is currently planned to further define recently identified prospects as well as drill more new targets across the Yanrey Project area. Cauldron is also currently reviewing the different geophysical techniques that can be undertaken in the area as part of the Yanrey Project.

Complete revised resource estimates for the Bennet Well region include the recently completed drilling. More drilling is planned at Bennet Well to determine the full size of the deposits identified. Due to the large area numerous holes are required to accurately define the extents of the prospects and possibly identify new deposits as well. Drilling is planned to be commence on new regional targets to further define the potential for uranium throughout the Yanrey Project area.

Further drilling is planned around Bennet Well Deep South to identify whether further uranium is located along the length of this 5km channel which to date has only had less than 10 holes drilled. Geophysical images have assisted in identifying drilling targets within the Yanrey Project. More geophysical surveys will be completed to further define the geology within the region. PIMA or Hylogger could be used to determine exactly where the weathered basement starts in holes where the interface with the overlying channel sands that can appear similar makes it hard to accurately determine what is erosive sands and what is in-situ weathering. Continued work on the 3D Micromine model of the Bennet Well Deposit with the revised stratigraphic column will also be undertaken and incorporate data from other parts of the Yanrey Project into a 3D Micromine model to assist in future exploration in the region.

At Bennet Well Cauldron has defined on E08/1493 a JORC 2004 Resource of 21.51Mlbs U_3O_8 at 270ppm U_3O_8 including an Indicated Resource 11.99 Mlb (5,440t) at 315ppm U_3O_8 and Inferred resource:9.52Mlbs (4,320t) U_3O_8 at 240ppm (Table 14). In addition, widespread uranium mineralisation has been identified along a palaeo-coastline similar to Bennet Well Studies show grades above 150ppm eU_3O_8 (over 0.5m) are potentially economic for a ISR mining operation. The substantial upgrade to the resource at the Bennet Well prospect followed a recently completed mud rotary and diamond drilling program in late-2014. Ravensgate, an independent mining consultant group, have calculated a JORC compliant resource for the Bennet Well region.

AM&A have worked with Ravensgate on various projects over the past decade and believe the mineral resource estimate was conducted to highest professional standards and is therefore reasonable. In addition we have critically reviewed the Ravensgate report provided to Cauldron and make the following comments:-

Recent Mineralisation modelling is concluded to be quite acceptable as it is within the tenement boundaries; Was segregated into appropriate domains depending on location and variography applied to each domain; Very simple layer-cake stratigraphy with no complicated interpretation required; Vertical drillholes are very close approximation to true widths; Assay data was examined in both un-composited and composited dimensions; Resource estimation used Ordinary Kriging interpretation based on the analysis of the down hole variograms for each mineralised domain; Search ellipses and variogram search parameters were oriented to reflect the geometry of the domains; Triangulated wireframes used are appropriate for the block model

dimensions of 10 m for both X & Y and one metre for Z; Mineral Resource model validated by visually checking that the blocks were constrained within the defined wireframe shells; Individual runs ensured that the MineSight software used only the relevant data coded for any given mineralised zone; Chemical assay QA/QC provided some concerns with a varying range of reproducibility but the laboratory results showed good repeatability.
AM&A considers that Ravensgate used appropriate selection methods for Measured, Indicated and Inferred categories by employing a Risk Rating method.

The updated total uranium resource has increased the previous 18.6Mlb at 270 ppm eU_3O_8 to 21.51 Mlb at 270 ppm eU_3O_8. A 150 ppm cut-off was used in both resource calculations. Economic studies indicate grades above 150 ppm eU_3O_8 (over 0.5m) are economic for a potential ISR style mining operation at the Yanrey Project.

Table 14: Bennet Well Resource Summary

Resource	Category	Tonnes (Mt)	Cutoff (ppm)	eU3O8 (ppm)	eU3O8 (t)	eU3O8 (Mlb)
Bennet Well	Indicated	18.126	150	300	5,440	11.99
Bennet Well	Inferred	17.994	150	240	4,320	9.52
Bennet Well	Total	36.120	150	270	9,760	21.51
which includes:						
Central	Total	14.837	150	273	4,053	8.936
East	Total	5.500	150	334	1,836	4.049
South	Total	4.212	150	249	1,051	2.317
Deep South	Total	0.255	150	296	75	0.166
Unclassified	Total	11.316	150	244	2,761	6.087

The Company believes that an average grade above 150 ppm eU_3O_8 over 0.5m interval is economic for any future ISR style mining operation at the Yanrey Project. AM&A concurs with this view as a result of ISR testwork Cauldron has had carried out.

The uranium identified within the Bennet Well region is located within different geological units including the Birdrong Sandstone and Nanutarra Formation. There are also various different types of depositional settings where uranium is precipitated including levee banks style deposits, base of the palaeochannels and erosive lag style deposits. At the Bennet Well East resource the uranium mineralisation is located within a sand dominated erosive lag unit located directly above granite basement that is located below a thick package of marine clay which acts as an upper seal. The geology seen at Bennet Well East is ideal for ISR style uranium production with permeable clean sands hosting the uranium, a thick upper clay seal to trap and a hard base which acts as a lower seal.

An important difference between existing ISR style uranium mines and the Yanrey Project resources is that the uranium is found at a much shallower horizon at Bennet Well than existing mines, indicating the probability of improved efficiency of production. The Bennet Well East resource is located between a depth of 40m and 60m, whereas mines such as Beverley Uranium Mine have the resource located at a depth of 100m to 150m. The Bennet Well resources are Uranium deposits in the appropriate setting for low cost and low environmental impact ISR extraction.

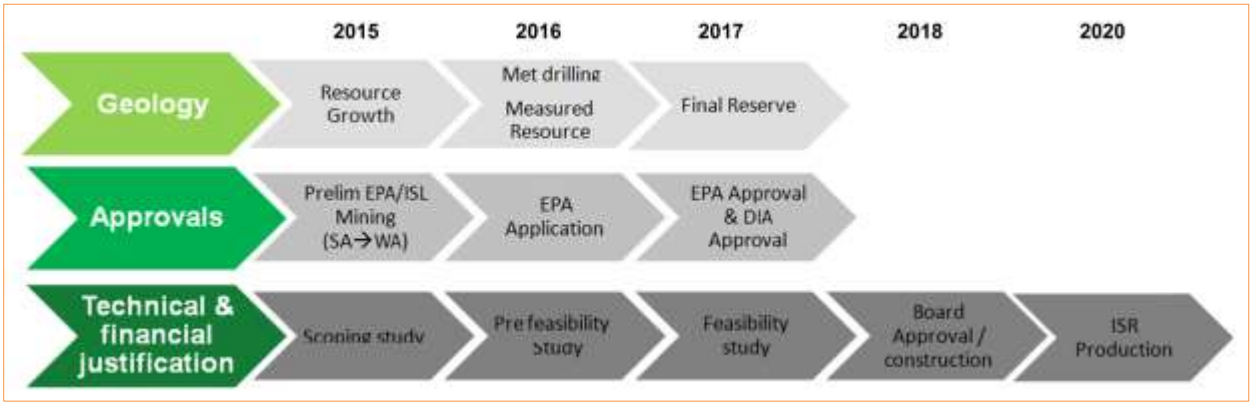
There are currently over ten outlined uranium prospects that have already been identified from historical drilling and recent drilling by Cauldron. Further drilling is required on these prospects to determine the extent of the uranium mineralisation and the grades of these occurrences.

As well as this, Cauldron has identified a further ten new exploration targets based on geophysical interpretation, geological interpretations and field reconnaissance such as surface sampling. The channel orientations recently discovered are indicating that the original East West simplified channel mineralisation originally modelled has now been superseded by a

channel complex with levee bank embayments as well as regions of erosive lag type deposits with potential for hosting more uranium than was originally thought possible.

In all 11 major channel systems similar to Bennet Well identified by Cauldron, most with evidence of uranium mineralisation. Cauldron has proposed a realistic production timeframe as shown in Table 15immediately below.

Table 15: Cauldron's proposed Production Milestones at Yanrey.



5.3 Beadell and Boolaloo Projects in Western Australia

At the Beadell Project drilling confirmed that there is a widespread sulphide anomaly which was mainly zinc and lead with lesser amounts of copper, gold and silver. The highest grades observed for an individual 1.0 m assay sample was 0.78% Cu, 0.76% Pb, 0.62% Zn, 8.55g/t Au and 22.9g/t Ag. Some of the main intersections from the drilling program were 3m at 0.36% Cu, 0.49% Pb and 0.39% Zn which included 1m at 0.51% Cu, 0.70% Pb and 0.62% Zn; 1m at 0.78% Cu and 8.55g/t Au and 28m at 0.2% Zn, 0.18% Pb and 0.07% Cu.

At the Boolaloo Project previous exploration by Cauldron included data and literature reviews, geological mapping, rock chip sampling, channel sampling and geochemical sampling.

In May 2015, Cauldron planned a soil sampling program covering the most prospective lithologies within E08/2496. Due to access issues and poor weather conditions the program was unable to be completed. The sampling program has been rescheduled for late-2015 to early-2016.

5.4 Marree Project in South Australia

Exploration work completed on the Marree JV Project area has highlighted the potential to identify an economic base metal deposit within this region but further exploration work is required before any more drillholes are drilled. Cauldron has determined that based on the extensive uranium exploration in the project area that it is unlikely that an economic uranium occurrence will be found on these tenements. The emphasis for future exploration is primarily base metals unless new evidence of possible uranium mineralisation is identified.

The eight hole RC drill program completed in 2013 was executed before any valid exploration targets were determined. Cauldron plans to do thorough exploration work before any further drilling is completed. Cauldron however is hopeful that drilling targets will be identified at both the Ooloo and Mt Freeling prospects as well as other yet to be identified prospects.

Further field reconnaissance and geophysical work is needed across the entire project area to define possible drill target locations. There are very few historical records from many of the

historical mining areas which makes it harder to properly assess previous work completed in the region. The historical records that do exist are brief summaries of exploration and are by no means technical reports on the activities. Since the completion of the historical mining in the late 1800s to early 1900s only very limited exploration has been completed on the project area and in the opinion of Cauldron the true potential of this area has not yet been determined.

Cauldron believes that the base metal mineralisation seen to date is from a likely hydrothermal origin including possible large scale breccia pipes. The historical surface workings seen in the project appear to be likely secondary remobilisation of metalliferous fluids from a primary hydrothermal source at depth. The possible primary body has not ever been targeted by historical mining due to the fact that it is not outcropping. Recently completed geophysical work at the Ooloo Prospect has identified a possible breccia pipe that could potentially hold economic levels of lead, silver, zinc, copper and gold mineralisation.

Preliminary investigation of controlling fault structures indicate that there is a major north to south fault that is controlling the mineralisation with lesser scale east to west orientated faults carrying remobilised secondary fluids which is the location of the historical workings. The location of the major north to south trending fault is on the eastern side of Ooloo Hill and on the eastern side of Mt Freeling. The fault is then interpreted to continue to the north under recent quaternary cover. Most of the fault is concealed so geophysical surveys will be the main tool used to identify its location, strike and dip and field reconnaissance will then ground truth this interpreted location.

Very little geophysical work has been completed over the Mt Freeling Prospect therefore additional geophysical surveys in these areas is seen as a top priority for future exploration work. Both the Mt Feeling and Ooloo Prospects require additional field mapping and geochemical sampling to identify the extent and tenor of any mineralisation including further structural mapping to identify the major structural controls in these prospects.

The delineation of historical mine workings including the Pastime and Hills Silver mines will assist in establishing the nature of the mineralisation at each prospect. S and Pb isotope Age dating coupled with detailed petrology will assist in developing geological models to explain the distribution of the mineralisation. Appropriate geophysical surveys will assist in the identification of potential targets for RC drilling in order to test for continuation of surface mineralisation at depth.

At The Maree Project Cauldron is defining a large poly-metallic alteration zone containing numerous historical mining sites. Geophysical anomalies undercover and adjacent to old mine are establishing the potential for large scale poly-metallic system containing multiple deposits. Structural coupled with geophysical surveys are being planned to cover the whole area to achieve improved definition of the anomalous zones.

5.5 Rio Colorado and Las Marias Projects in Argentina.

Uranium mineralisation at Rio Colorado is clearly visible for 16km consisting of an11m wide zone of highly mineralised U-Ag-Cu (grab samples; >150g/t Ag, 2-3% Cu and 300ppm U). This deposit has been defined by Cauldron and is in relatively close proximity to established nuclear power stations. Reconnaissance drilling is planned to establish the depth and continuity of the entire zone of mineralisation. Complete access to the site is presently being negotiated with the pro-nuclear power government and local authorities.

The Las Marias uranium project has the same potential as the Rio Colorado project with visible mineralisation in U-rich sandstones stretching over 7km. Initial sampling indicates that the leached surface material varies from 100 to 550ppm eU_3O_8, with a maximum reading of 1,300ppm eU_3O_8. The tenement containing this zone of mineralisation is presently in the application stage which Cauldron expects to be expedited by the pro-nuclear Argentine government

6. Valuation of the Projects

When valuing any mineral asset/project it is important to consider as many factors as possible that may either assist or impinge upon the cash value estimates of the mineral asset/project under consideration. In this Report AM&A considers the primary features to be taken into account are the Mineral Licence Security; Mineral Resource/Ore Reserve Estimates; Sovereign Risk; Available Infrastructure; Relevant Expenditure and the general geological setting.

Basically, these "Boxes are all Ticked" as described above with regards to mineral licence security, JORC Code compliant mineral resources/ore reserves, convenient infrastructure, previous expenditure and favourable geological environment.

6.1 Selection of Valuation Methods

The following valuation methods, as described in section 2, are not considered applicable for the respective reasons provided:

- The Discounted Cash Flow method cannot be used for the Projects as the remaining resource estimate levels are not sufficiently defined to sustain a DCF;
- The Kilburn 'prospectivity' method - as the range of values generated is typically too wide to be realistic;
- Joint Venture Terms - as there are no external joint ventures in place;

6.2 Empirical Valuation Method

The near surface uranium channel deposits in the Yanrey area in Western Australia indicate that Cauldron has established a major uranium resource that is amenable to low cost ISR mining at Bennet Well. Also in Western Australia drilling has identified significant intersections of Cu, Pb, Zn and Au at the Beadell Project Cu and Au at the Boolaloo Project.

In South Australia detailed targeted exploration involving detailed geological mapping and geophysical work is defining a significant zone of base metal mineralisation where extensive historical mining has taken place. In Argentina, Cauldron has acquired extensive deposits of outcropping uranium mineralisation at Rio Colorado and Las Marias that potentially could provide fuel for the existing nearby nuclear power plants.

Details and Empirical methodology regarding the current valuation by AM&A of the projects of CXU in Australia and Argentina are presented in Appendix 1.

Bennet Well is valued using comparable transactions (Appendix 2) whereby a preferred value of US$3.00/lb is considered applicable despite the currently low uranium price. This is justified by the results of metallurgical testwork results for Bennet Well that show a high recovery rate and thus a low recovery cost. As the reader will see, there is a very large range of dollars applied for the various transactions. The lowest is A$0.38/lb right up to A$11.28/lb of theoretical insitu U_3O_8.

As the latter high price was paid by Rio Tinto plc the writer is convinced it is genuine and not subject to a 'market ploy' of any sort. The range is also ascribed to the varying quantity and quality of the different deposits being acquired. The table was supplied to AM&A by Stanton International Securities.

Lake Maitland (WA), listed In Appendix 2 was purchased by Toro recently for $1.77/lb. This is an earth moving extraction method and is therefore transacted at a lower value per 'insitu' uranium pound than CXU's potential insitu, non-earth disturbing extraction proposal at Bennet Well. It is noted in the same table that also in W. A., the Yeelirrie deposits (requiring a higher cost earth

moving extraction approach) was sold to Cameco by BHP for $2.88/lb. This higher insitu valuation due to deposit nature is as a result of a more advanced project with extensive drill database and some measured resources estimated. This higher valuation is a result of lower risk. Both these comparisons were at similar market conditions that exist currently. It's therefore AM&A's view that given the potential for lower cost extraction and complimentary geographic location that US$3.00/lb is an appropriate, reasonable assessment given the current state of the market and other factors such as the location and status of the resource.

The MEE Method is considered most applicable for the other properties that do not host resources. To reflect the success of exploration a PEM inflating factor range from 1.2 to 1.6 is used consistently across all the projects. As stated above in Sect 2 the PEMs can be either inflating or deflating depending upon the results of the exploration carried out in the various project areas.

In this case, as moderately successful results were yielded AM&A considers and inflating factor between 1.0 and 2.0 is appropriate and have ascribed a PEM range from 1.2 to 1.6 to be reasonably conservative and not over-inflationary. With the Argentina project a probability factor, rather than a PEM is used. The chosen factor range is from 0.7 to 1.0 with the former assuming a 70% chance of fruition and the latter representing a 100% chance. An overall preferred factor of 80% is ascribed as being representative of a reasonably conservative likelihood.

Below in Table 20, a summary of the valuation ranges is presented for the projects as listed.

Table 16: Valuation Range Estimates of Cauldron's Projects.

Project	Valuation Method	Low A$M	Preferred	High A$M
Yanrey - Bennet Well	Empirical	79.0	87.7	96.5
Yanrey - Other	MEE	3.7	4.4	5.0
Maree	MEE	1.8	2.5	2.6
Beadell	MEE	0.6	0.7	0.8
Boolaloo	MEE	0.016	0.02	0.025
Argentina	MEE	0.4	0.4	0.5
Rounded Totals		85.5	95.8	105.5

6.3 Valuation Conclusions

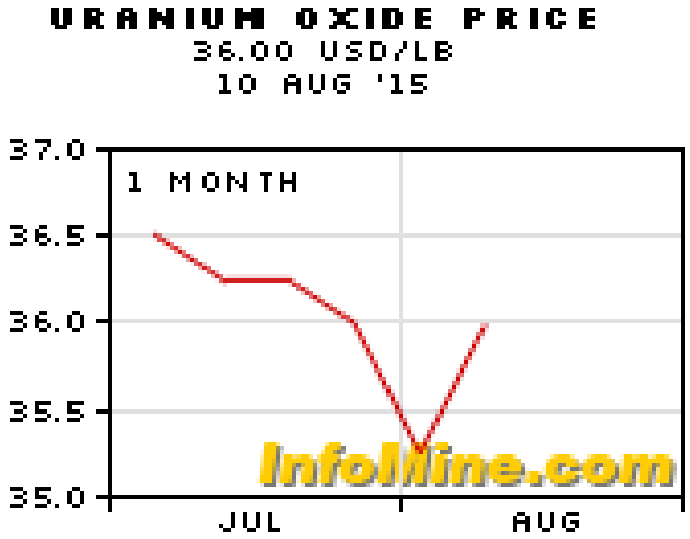
Using a combination of Empirical and Comparable Transactions methods the preferred current cash value for CXU's relevant holding of the uranium, base metal and gold Projects in Western Australia; uranium, base metal and gold projects in South Australia and the uranium, copper and silver project in Argentina is therefore ascribed a total value of A$95.8 million from within the range of A$85.5 million to A$105.5 million (see Table 17 immediately below).

Low	Preferred	High
85.5	95.8	105.5

Table 17: Summary Range of Current Values.

Yours faithfully,

Allen J. Maynard BAppSc(Geol), MAIG, MAusIMM.



7 References

Bierlein, F.P., Ashley, P.M., and Seccombe, P.K., 1996a. Origin of hydrothermal Cu-Zn-Pb mineralisation in the Olary Block, South Australia: evidence from fluid inclusions and sulphur isotopes: Precambrian Research, v.79, p.281-305.

Brunt, D.A., 1990. Miscellaneous Uranium Deposits in Western Australia. In Hughes, F.E., 1993. Geology of the Mineral Deposits of Australia and Papua New Guinea. The Australian Institute of Mining and Metallurgy, Volume 2. Monograph 14, p1615-1620.

Burns G.M., and Warne, S. B., 2001. Tabletop JV Project E45/1651, 45/1652, E45/1658, E45/1659, E45/1660, E45/1661 Annual Report for the Period 30 March 2000 to 29 March 2001. (Tenement Group C111/1999) Prepared for Platinum Australia Limited. Technical Report No. 727.

Castle, M., 2004. Independent Geologist's Report on the Mineral Properties in the Eastern Goldfields and Paterson Ranges, Western Australia. Independent report prepared for Scimitar Resources Ltd by Ravensgate P/L.

Chaigne, M., 1974. Final Report Temporary Reserve 5904H Windong Bore Area – Ashburton Goldfield, WA, Final Report to the Dept. of Minerals and Energy, WA. Pechiney (Australia) Exploration. **(Item 422)**

Couzens, M.A. 2009. Beadell Project, EL 45/2405 and EL 45/2406, Annual Report to the Department of Mines and Petroleum for the Year Ending 18th March 2009. Annual Report to the Department of Industry and Resources WA. Cauldron Energy Ltd.

Chin, R.J., Williams, L.R., Williams S.J., and Crowe, R.W.A., 1980. Explanatory Notes, Rudall 1: 250 000 Map sheet.

Couzens, M. 2011. Yanrey Project, EL 08/1489, EL 08/1490, EL 08/1493, EL 08/1501, EL 08/2017, EL 08/2081, EL 08/2205. Annual Report to the Department of Mines and Petroleum for the Year Ending 31st December 2011. Group Reporting C77/2007. *Cauldron Energy Ltd.*

Couzens, M. 2010. Yanrey Project, EL 08/1435, EL 08/1489, EL 08/1490, EL 08/1493, EL 08/1501, EL 08/1588, EL 08/1589, EL 08/1590. Annual Report to the Department of Mines and Petroleum for the Year Ending 31st December 2010. Group Reporting C77/2007. *Cauldron Energy Ltd.*

Couzens, M. 2009. Yanrey Project, EL 08/1435, EL 08/1489, EL 08/1490, EL 08/1493, EL 08/1501, EL 08/1588, EL 08/1589, EL 08/1590. Annual Report to the Department of Mines and Petroleum for the Year Ending 31st December 2009. Group Reporting C77/2007. *Cauldron Energy Ltd.*

Foden, J., Elburg, M., Dougherty-Page, J., and Burtt, A., 2006. The timing and duration of the Delamerian orogeny: Correlation with the Ross Orogen and implications for Gondwana assembly: Journal of Geology, 114(2), p. 189-210.

Fogarty, M., 2008 Annual Report to the Department of Industry and Resources 2008. Scimitar Resources.

Fogarty, M., 2006 Annual Report to the Department of Industry and Resources 2006. Scimitar Resources.

Geological Society of Western Australia, 1980. Rudall, Western Australia, 250k Map Sheet SF/51-10.

GSWA Memoir 3. Geology and Mineral Resources of Western Australia. 1990

Harvey, C., Ulrich, S. 2013: Independent Resource Model Report on the Yanrey Uranium Project, Western Australia for Cauldron Energy Limited. 4 February, 2013. Unpub.

Hibbird, S.A., 2004. Beadell Project E45/2405 & E45/2406, Annual Report for the Period 19 March 2003 to 18 March 2004. Annual Report to the Western Australian Department of Industry and Resources. Prepared for Goldstone Holdings and Scimitar Resources Ltd.

Haynes RW, 1971. Report on SML 610. Mines Administration Pty Ltd**.** Unpublished report from Department of Mines. PIRSA open file number Env01734

Heron DH, Steel TM. 1971. Report on SML 456. Petromin NL. Unpublished report from Department of Mines. PIRSA open file number Env01568

IGC, 2007. Mineral Exploration Report, E08/1494, E08/1495, IGC Resources (Aust) Ltd.

Jackson P, Sawyer L, Curnow, G, 2006-2009. Report on EL3506, Ooloo Mine Area. Mines Administration Pty Ltd**.** Unpublished report from Department of Mines. PIRSA open file number Env11337

McGuninness, S., 2008. Annual Report on Exploration completed on E08/1494 and E08/1495 to the Department of Mines and Petroleum. Scimitar Resources Ltd.

McPhar Geophysics, 1970. Report on SML 341. Mines Administration Pty Ltd**.** Unpublished report from Department of Mines. PIRSA open file number Env01325

Mernagh, T.P., Wyborn, L.A.I. & Jogodzinski, E.A., 1998. Unconformity Related U+/- Au+/- Platinum Group Element Deposits. AGSO Journal of Australian Geology and Geophysics. 17 (4), pp197-205.

Muggeridge, G. D., 1981. Final Report on Exploration Completed within Temporary Reserves 6176H Jane, 7175H Kap10 and 7176H Barradale and Mineral Claims 08/2865 – 2872 Yanrey, Western Australia, Final Report to the Dept. of Minerals and Energy, WA. CRA Exploration Pty Ltd. **(Item 2527)**

Fogarty, M., 2009. Annual Report on Exploration completed on E08/1494 and E08/1495 to the Department of Mines and Petroleum. Cauldron Energy Ltd.

Promnitz, S.C. and May, R.I., 1993. Final Report on Exploration Completed in 1986-1992 in Exploration Licences E45/461, E45/486, E45/487, E45/489, E45/492-494, E45/496 and parts of E45/437 and E45/497 Rudall, WA SF51-10. CRA Exploration Pty Ltd, Report No. 18398.

Preiss, W. V., 1988. Basement to the Adelaide geosyncline, *in* Preiss, W. V., ed., The Adelaide Geosyncline: Late Proterozoic Stratigraphy, Sedimentation, Palaeontology and Tectonics: Department of Mines and Energy, Geological Survey of South Australia, Bulletin 53, p. 35-72.

Reddicliff TJ, Brunt DA, 1972. Report on SML 439. Mines Administration Pty Ltd**.** Unpublished report from Department of Mines. PIRSA open file number Env01441

Ridgeway, J.E., 1950a. Ooloo silver-lead mine: Min. Rev., Adelaide, 89, p. 114-117.

Ridgeway, J.E., 1950b. Gilead P. Beck silver-lead mine: Min. Rev., Adelaide, 89, p. 112-114.

Rust, A.H. 2005. Beadell Project, EL 45/2405 and EL 45/2406, Annual Report to the Department of Industry and Resources for the Year Ending 18th March 2005. Annual Report to the Department of Industry and Resources WA. Scimitar Resources Ltd.

Rust, A.H. 2006. Beadell Project, EL 45/2405 and EL 45/2406, Annual Report to the Department of Industry and Resources for the Year Ending 18th March 2006. Annual Report to the Department of Industry and Resources WA. Scimitar Resources Ltd.

Rust, A.H. 2007. Beadell Project, EL 45/2405 and EL 45/2406, Annual Report to the Department of Industry and Resources for the Year Ending 18th March 2007. Annual Report to the Department of Industry and Resources WA. Scimitar Resources Ltd.

Rust, A.H. 2008. Beadell Project, EL 45/2405 and EL 45/2406, Annual Report to the Department of Mines and Petroleum for the Year Ending 18th March 2008. Annual Report to the Department of Industry and Resources WA. Cauldron Energy Ltd.
Beadell Project Annual Report 2010 – Cauldron Energy Ltd Page 24

Street WA, Lehmann JP et al, 1973. Report on SML 373 and 670. Mines Administration Pty Ltd**.** Unpublished report from Department of Mines. PIRSA open file number Env01327

Sugden SP, Hughes AR et al, 1996. Report on EL 1715. Mines Administration Pty Ltd**.** Unpublished report from Department of Mines. PIRSA open file number Env08446

Warne, S.B., and Hibbird, S.A., 2000. Tabletop Project E45/1651, E45/1652, E45/1653, E45/1658, E45/1659, E45/1660 and E45/1661 Annual Report. (Tenement Group C111/1999). Prepared for Swiftel NL (Formerly Roebuck Resources NL). Technical Report No. 679.

Warne, S.B. 2000. Tabletop Project, E45/1651, E45/1652, E45/1653, E45/1657, E45/1659, E45/1660 and E45/1661 Progress report. Prepared for Roebuck Resources NL. Technical Report No. 670

Watts, C., 2007. Annual Report to the Department of Industry and Resources 2007. Scimitar Resources.

Wilson, M., 2005. Flagstaff Project Information Memorandum. Placer Dome Asia Pacific.

***Various*. 1977-1983**. A9038, A10380, A10384, A10481, A11354, A12383, A8579, A8581, A8910, A9188, A9357, A9477, A9478, A21019, A23016 A16710. Open File Reports from Department or Industry and Resources. DOIR.

Witt, W.K., 1994. Geology of the Flagstaff 1:100,000 sheet, Western Australia Geological Survey, 1:100,000 Geological Series Explanatory Notes. GSWA

8. Glossary of Technical Terms and Abbreviations

Alteration	A process whereby rocks or minerals have been changed.
Alteration Zone	Zone within which rock - forming minerals have been chemically changed.
Basement	A term usually synonymous with Archaean and Proterozoic terrain.
Bedrock	Any solid rock underlying unconsolidated material.
Breccia	Rock consisting of angular fragments in a finer grained matrix, distinct from conglomerate.
Dyke	A tabular intrusive body of igneous rock that cuts across bedding at a high angle.
Fault	A fracture in rocks on which there has been movement on one of the sides relative to the other, parallel to the fracture.
Fold	A bend in the rock strata or planar structure.
Ga	A major period of geological time: billion years before present day. The 'G' stands for giga.
Grade	The average quality of ore or metal in a specified quantity of rock.
Hanging-wall	Rocks overlying deposits of mineralisation.
Hydrothermal	The mineralising process associated with igneous activity which involves heated or superheated water which has usually originated from a vent above or below the Earth's surface.
Igneous	A rock formed by the solidification of magma from a molten state.
Indicated Resource	A resource sampled by drillholes, underground openings, or other sampling procedures at locations too widely spaced to confirm the continuity of a resource but where geoscientific data is known with a reasonable level of reliability.
Inferred Resource	A resource inferred from geoscientific evidence, drill-holes, underground openings or other sampling procedures where lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.
Intercept	The length of rock or mineralisation traversed by a drillhole.
Intrusive	Rock formed from magma which has been injected into the earth's crust and has solidified before reaching the surface.
JORCJoint Ore Reserves Committee	Australasian Code for Reporting of Identified Resources and Ore Reserves.
Lode	A mineral deposit of potentially valuable material or minerals between definite boundaries.
Ma	An abbreviation for million years ago.
Measured Resource	A resource intersected by drillholes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known.
Mineral Resource	A tonnage or volume of rock or mineralisation of economic value.
Mineralisation	In economic geology, the presence of valuable elements in a body of rock.
Ore	A mixture of minerals, host rock and waste material which is expected to be mineable at a profit.
Ore-body	A continuous, well defined mass of ore.
Orogenic	Belts of various rock types, forming long parallel strips as a result of major deformation caused by mountain building movements.
Quartz	A common rock forming mineral composed of silicon dioxide, SiO_2.
Quaternary	A division of geological time ranging between 1.8 million years to the present.
Reserve	In-situ mineral occurrence which has had mining parameters applied to it, from which valuable or useful minerals may be recovered.

Resource	In-situ mineral occurrence from which valuable or useful minerals may be recovered, but from which only a broad knowledge of the geological character of the deposit is based on relatively few samples or measurements.
Shale	Laminated sediment in which the constituent particles are predominantly clay sized (smaller than 0.0039mm in diameter).
Shear (Zone)	Zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated.

CHEMICAL SYMBOLS

As	Arsenic	Au	Gold
Ca	Calcium	Ce	Cerium
Co	Cobalt	Cu	Copper
Fe	Iron	Mg	Magnesium
Mo	Molybdenum	Ni	Nickel
Pb	Lead	Sn	Tin
U	Uranium	W	Tungsten
Zn	Zinc		

ABBREVIATIONS

g	gram	ha	hectare
kg	kilogram	km	kilometre
km^2	square kilometre	m	metre
m^2	square metre	m^3	cubic metre
mm	millimetre	t	tonne
oz	troy ounce, equivalent to 31.103477g.		

UNITS OF CONCENTRATION

ppb	parts per billion	ppm	parts per million

Appendix 1: Valuation Estimate Workings.

Exploration Licence	Project Name	Holders	Status	Application date	Annual Expenditure Commitment @ 30 Jun15	Total Tenure Expenditure @ 30 Jun15
E08/1489	YANREY - WA	CXU 100%	Granted	24/11/2004	$210,000	$1,052,150
E08/1490	YANREY - WA	CXU 100%	Granted	29/11/2004	$70,000	$430,310
E08/1493	Bennet Well	CXU 100%	Granted	2/12/2004	$210,000	$7,339,549
E08/1501	YANREY - WA	CXU 100%	Granted	28/01/2005	$156,000	$849,110
E08/2017	YANREY - WA	CXU 100%	Granted	25/06/2009	$30,000	$114,909
E08/2081	YANREY - WA	CXU 100%	Granted	2/11/2009	$20,000	$73,626
E08/2160	YANREY - WA	CXU 100%	Granted	17/05/2010	$261,000	$204,460
E08/2161	YANREY - WA	CXU 100%	Granted	17/05/2010	$213,000	$255,057
E08/2205	YANREY - WA	CXU 100%	Granted	6/08/2010	$30,000	$52,834
E08/2385	YANREY - WA	CXU 100%	Pending	4/04/2012	$0.00	$0.00
E08/2386	YANREY - WA	CXU 100%	Pending	4/04/2012	$0.00	$0.00
E08/2387	YANREY - WA	CXU 100%	Pending	4/04/2012	$0.00	$0.00
E08/2478	YANREY - WA	CXU 100%	Granted	21/03/2013	$20,000	$27,786.00
E08/2479	YANREY - WA	CXU 100%	Granted	21/03/2013	$20,000	$25,719.00
E08/2480	YANREY - WA	CXU 100%	Granted	21/03/2013	$20,000	$24,526.00
E08/2665	YANREY - WA	CXU 100%	Pending	5/12/2014	$0.00	$0.00
E08/2666	YANREY - WA	CXU 100%	Pending	5/12/2014	$0.00	$0.00
E08/2667	YANREY - WA	CXU 100%	Pending	5/12/2014	$0.00	$0.00
E08/2668	YANREY - WA	CXU 100%	Pending	5/12/2014	$0.00	$0.00
					$1,260,000	$10,450,036
					Other	$3,110,487

Empirical Method for 'Bennet Well'

Mlb U	**Low**	**Preferred**	**High**
US$/lb	2.70	**3.00**	3.30
US$M	58.482	**64.98**	71.478
AU$M	**79.0**	**87.7**	**96.5**

Above refers to Bennet Well Only

Bennet Well Resource = 21.66 Mlb

US$1.00 | $1.35 | 14/08/2015

MEE for 'Other' Yanrey

	Low	**Preferred**	**High**
A$M	3.7	**4.4**	5
Totals	**82.7**	**92.1**	**101.5**

EL 4609	MARREE JV - SA	CXU 60%	Granted	9/06/2010	$1,600,000 between 01 Jul 14 - 30 Jun 16	$1,315,669				
EL 4610	MARREE JV - SA		Granted	9/06/2010		$593,015				
EL 4746	MARREE JV - SA		Granted	30/06/2011		$445,993				
EL 4794	MARREE JV -SA		Granted	3/03/2011		$283,318	**MEE**	**1.2**	**1.4**	**1.6**
EL 5442	MARREE JV - SA		Granted	25/03/2014		$42,747		Low	**Preferred**	High
						$2,680,742		$1,930,134	**$2,251,823**	$2,573,512
					60%	$1,608,445	**A$M**	**1.9**	**2.5**	**2.6**

E08/2496	Boolaloo - WA	CXU 100%	Granted	17/06/2013	$20,000	$19,996	**MEE**	**0.8**	**1.0**	**1.2**
					$20,000	$19,996		Low	**Preferred**	High
								$15,997	**$19,996**	$23,995
							A$M	**0.016**	**0.02**	**0.024**

							MEE	**1.2**	**1.4**	**1.6**
E45/2405	Beadell - WA	CXU 20%	Granted	25/03/2002	$70,000	$2,603,810		Low	**Preferred**	High
					20%	$520,762		$624,914	**$729,067**	$833,219
							A$M	**0.6**	**0.7**	**0.8**

Argentina	JV to earn	$	3 years	100%			0.7	0.8	1.0
	92.50%	500,000		540,541			378,378	**432,432**	540,541
						A$M	0.4	**0.4**	0.5

Grand Total	**A$M**	**85.5**	**95.8**	**105.5**

Appendix 2: List of Comparable Transactions.

Date	Project/Company acquired	Target	Acquirer	Interest	Consideration A$M	U_3O_8 Mlb	Implied value A$/lb	Where
20-Jan-14	Langer Heinrich	Paladin Energy Limited	China National Nuclear Corporation	25.0%	215.81	34.7	$6.22	Africa
07-Nov-13	Powertech Uranium Corp	Powertech Uranium Corp	Azarga Resources Limited	8.9%	1.22	1.2	$0.99	USA
12-Aug-13	Lake Maitland	Mega Uranium Ltd	Toro Energy Ltd	100.0%	39.4	22.3	$1.77	WA
01-Aug-13	Centennial	Powertech Uranium Corp	Azarga Resources Limited	60.0%	1.63	7.6	$0.21	USA
31-Jul-13	Powertech Uranium Corp	Powertech Uranium Corp	Azarga Resources Limited	17.5%	1.87	2.4	$0.77	USA
15-May-13	Strathmore	Strathmore Minerals Corp	Energy Fuels Inc	100.0%	28.7	56.0	$0.51	USA
02-May-13	Energia Minerals Ltd	Energia Minerals Ltd	Cauldron Energy Ltd	100.0%	1.5	16.7	$0.09	WA Italy
27-Aug-12	Yeelirrie Uranium Deposit	BHP Billiton plc	Cameco Corp	100.0%	408	144.5	$2.82	WA
16-Apr-12	Denison Mines Holdings and Uranium Holdings Ltd	Denison Mines Corp	Energy Fuels Inc	100.0%	98.51	20.9	$4.71	USA
01-Mar-12	Extract	Extract Resources Ltd	Taurus (CGNPC-URC)	100.0%	2100	512.9	$4.09	Africa
18-Nov-11	Hathor	Hathor Exploration Ltd	Rio Tinto plc	100.0%	653	57.9	$11.28	Canada
18-Jul-11	Nowthanna	Private vendors	Toro Energy Ltd	100.0%	2.8	7.4	$0.38	Canada
						Mean	**$2.82**	
						Median	**$1.38**	