

(ABN 22 102 912 783)

AND CONTROLLED ENTITIES

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2016

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CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN

Antony Sage

NON-EXECUTIVE DIRECTORS

Qiu Derong

Judy Li

Mark Gwynne

COMPANY SECRETARY

Catherine Grant

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STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: CXU

BANKERS

National Australia Bank
100 St Georges Terrace
Perth WA 6000

DIRECTORS' REPORT

The directors of Cauldron Energy Limited ("Cauldron") submit their report, together with the consolidated financial statements comprising Cauldron and its controlled entities (together the "Consolidated Entity") for the financial year ended 30 June 2016.

1. INFORMATION ON DIRECTORS

The names and particulars of the directors of the Consolidated Entity during or since the end of the financial year are as follows. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Antony Sage	Executive Chairman	
Qualifications	B.Bus, FCPA, CA, FTIA	
Experience	Mr Sage has in excess of 30 years' experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and has been involved in the management and financing of listed mining and exploration companies for the last 20 years. Mr Sage has operated in Argentina, Brazil, Peru, Romania, Russia, Sierra Leone, Guinea, Cote d'Ivoire, Congo, South Africa, Indonesia, China and Australia. Mr Sage is currently chairman of listed ASX-listed companies, Cape Lambert Resources Ltd (which was AIM Company of the year in 2008), Cauldron Energy Ltd and Fe Ltd. Mr Sage is also a Non-Executive Director of the National Stock Exchange of Australia ("NSX") listed International Petroleum Ltd. Mr Sage is also the sole owner of A League football club Perth Glory that plays in the National competition in Australia.	
Directorships of listed companies held within the last 3 years	Cape Lambert Resources Limited Fe Limited Kupang Resources Limited* Caeneus Minerals Limited International Petroleum Limited** Global Strategic Metals NL*** * Company was delisted August 2015 ** Listed on National Stock Exchange of Australia *** Company was delisted August 2014	December 2000 to present August 2009 to present September 2010 to September 2015 December 2010 to January 2016 January 2006 to present June 2012 to August 2014
Interest in Shares & Options	Fully Paid Ordinary Shares	5,894,600
Qiu Derong	Non-Executive Director	
Experience	Mr Qiu is a highly experienced industrialist with more than 26 years' experience in the architecture, construction and real estate industries in China as well as over 17 years of experience in the management of enterprises and projects throughout the country. Mr Qiu has a MBA obtained from the Oxford Commercial College, a joint program operated by Oxford University in China.	
Directorships of listed companies held within the last 3 years	None	
Interest in Shares & options	Fully Paid Ordinary Shares Unlisted Options	47,544,710 8,000,000
Judy Li	Non-Executive Director	
Experience	Judy Li has over 8 years of extensive international trading experience in hazardous chemical products. She has also been involved in international design works for global corporates and government clients while working for Surbana that has been jointly held by two giant Singapore companies—CapitaLand and Temasek Holdings. Throughout her career, Judy has contributed to building tighter relationship between corporates and governments. Judy earned her masters degree in art with Honors Architecture from University of Edinburgh in the United Kingdom.	
Directorships of listed companies held within the last 3 years	None	
Interest in Shares & options	None	

Mark Gwynne	Non-Executive Director		
Experience	Mr Gwynne has been involved in gold exploration and mining for over 20 years, predominantly in Western Australia. Mr Gwynne has held management positions on mine sites and in the private sector of the mining industry, including general manager of an exploration consultancy company.		
Directorships of listed companies held within the last 3 years	Fe Limited Iron Mountain Mining Limited Kupang Resources Limited	August 2009 to Present May 2014 to Present January 2013 to August 2013	
Interest in Shares & options	Fully Paid Ordinary Shares		100,000

COMPANY SECRETARY

Ms Catherine Grant has been Chief Financial Officer of Cauldron since July 2013, and its Company Secretary since 31 January 2014. Ms Grant has a Bachelor of Commerce degree from the University of Western Australia, majoring in Accounting and Finance. She commenced her career at Ernst & Young, where she qualified as an Accountant with the Institute of Chartered Accountants Australia (ICAA) in 2007. Ms Grant has over 12 years' experience in accounting and finance and currently provides accounting and company secretarial services to several listed resource companies.

Remuneration of key management personnel

Information about the remuneration of directors and senior management is set out in the remuneration report of this director's report, on pages 44 to 49. The term key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, including any director (executive or otherwise) of the Consolidated Entity.

2. PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activity of the Consolidated Entity during the financial year was uranium exploration.

There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

3. OPERATING RESULTS

The loss of the Consolidated Entity after providing for income tax amounted to \$3,978,324 (30 June 2015: \$6,712,800 loss). The loss for the year includes impairment losses in respect of capitalised exploration and evaluation to the extent of \$1,641,604 for the year ended 30 June 2016 (30 June 2015: \$1,604,898) following the decision not to continue exploration and for costs associated with tenements not granted in certain areas of South Australia, Western Australia and Argentina.

4. REVIEW OF OPERATIONS

Cauldron is an Australian exploration company resulting from the merger of Scimitar Resources Limited and Jackson Minerals Limited. Cauldron retains an experienced board of directors with proven success in the resources sector.

Cauldron controls over 6,000km² of uranium prospective tenements across South Australia and Western Australia, and large projects with defined uranium mineralisation in Argentina; this allows for diversification, both geologically and with regards to differing political sentiment and policy towards uranium exploration and mining within each region.

CORPORATE

The following significant transactions and events occurred during the financial year:

Annual General Meeting

The Company held its annual general meeting on 9 November 2015 ("AGM"). All resolutions put to shareholders were passed.

Research and Development refund

In December 2015, Cauldron received \$1,649,378 from the Australian Taxation Office under the Research and Development Tax Incentive Programme relating to the 2015 financial year.

Royalties for Regions funding

During the year, Cauldron received \$150,000 from the Department of Mines & Petroleum under the Royalties for Regions – Industry Drilling Program 2015-16 in respect to drilling at the Yanrey Project.

Funding

As previously announced 10 June 2014 and 1 July 2014, the Company had 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 of \$0.118 per share ("Issue Price") to raise a total of \$15 million ("Placement Funds") (before capital raising costs) ("Placements").

The Placement Shares were to be issued (and the Placement Funds received) in various tranches, the final tranche due to be received in December 2015.

The Company received Placement Funds and issued Placement Shares in respect of the Placements, as follows:

- 19 June 2014: 16,476,621 fully paid ordinary shares to Guangzhou City Guangrong Investment Management Co. Ltd ("Guangzhou City") for \$1,944,241;
- 30 September 2014: 17,421,697 fully paid ordinary shares to Guangzhou City for \$2,055,759;
- 30 September 2014: 8,474,579 fully paid ordinary shares to Starry World Investments Ltd ("Starry World") for \$1,000,000;
- 30 December 2014: 21,440,678 fully paid ordinary shares to Starry World for \$2,530,000;
- 30 March 2015: 3,983,061 fully paid ordinary shares to Starry World for \$470,000;
- 9 November 2015: 16,949,178 fully paid ordinary shares to Mr Derong Qiu for \$2,000,000. Of this amount, \$1,714,932 was received in cash from Mr Derong Qiu in June 2015, with the balance \$285,068 agreed to settle director fee payments owing to Mr Qiu in respect of his services (together, \$2,000,000). In accordance with the Placement Agreement, the 16,949,178 fully paid ordinary shares to be issued to Mr Qiu were subject to shareholder approval, and as such the cash component of these Placement Funds were held in trust by the Company until shareholder approval was obtained. Shareholders approved the issue of these shares at the Company's 9 November 2015 Annual General Meeting.

As detailed in the previous Annual Report, Placement Funds were due from various investors under the Placement Agreements as follows:

- \$2,000,000 from Beijing Joseph Investment Co Ltd / Joseph Investment International Co Ltd ("Joseph Investment") were due in equal tranches of \$1,000,000 on 2 October 2014 and 1 December 2014 respectively). This debt was settled in March 2016 following legal proceedings (detailed below);
- \$1,000,000 from Guangzhou City due 3 November 2014. The Guangzhou City debt was partially recovered in July 2016 following legal proceedings (detailed below);
- \$300,000 and \$1,700,000 from Guangzhou Joseph Investment Co Ltd ("Guangzhou Joseph") due 1 December 2014 and 1 December 2015 respectively. These funds were not received by the Company.

LEGAL PROCEEDINGS

The Company took legal action against Joseph Investment and Guangzhou City to enforce its rights under the Placement Agreements to receive the unpaid funds. On 28 January 2016, His Honour Justice Mitchell of the Supreme Court of Western Australia found in favour of Cauldron in respect of its claim that Joseph Investment and Guangzhou City had breached their respective Placement Agreements in 2014 and entered judgment in favour of the Company in the following amounts:

- \$3,000,000 plus interest (of which \$2,000,000 pertained to Joseph Investment, and \$1,000,000 pertained to Guangzhou City);
- damages of \$55,000 plus interest; and
- 85% of the Company's legal costs.

Recovery of judgment debt from Joseph Investment

On 24 March 2016, Cauldron reached an agreement whereby payment of interest, damages and costs in the amount of \$530,539 was made by Joseph Investment and the remaining \$2,000,000 was paid by a third party, MGT Resources Limited (ASX: MGS) ("MGT Resources"), in exchange for the shares and options which were to be issued to Joseph Investment. This represents 100% of the amount owed by Joseph Investment.

Following receipt of funds, the Company issued to MGT Resources:

- 16,949,176 fully paid ordinary shares at \$0.118 for \$2,000,000; and
- 20,000,000 unlisted options exercisable at \$0.138 expiring 31 December 2016.

Partial recovery of judgment debt from Guangzhou City

Guangzhou City was the registered holder of 33,898,812 shares in Cauldron ("Shares").

On 17 May 2016, upon the Company's ex parte application, Master Sanderson made orders appointing a receiver (Mr Kim Waldman of HLB Mann Judd (Insolvency WA) ("Receiver")) over the Shares to recover payment of the judgment debt in accordance with the powers by the *Civil Judgments Enforcement Act*.

On 5 July 2016, the Receiver completed the sale of the Shares to investors who have agreed to a six-month escrow period in respect of the Shares. The Company recovered \$488,000 of the judgment debt (net of \$20,475 Receiver costs) from the sale of Shares by the Receiver, and the funds were received by the Company during July 2016.

The Company is seeking to enforce payment of the outstanding balance of the judgment debt in accordance with the powers under the *Civil Judgments Enforcement Act*.

CHANGES IN CAPITAL STRUCTURE

Issue of shares

The Company issued the following during the year ended 30 June 2016:

- 16,949,178 fully paid shares at \$0.118 per share in accordance with a Placement Agreement with Mr Derong Qiu for \$2,000,000 (before capital raising costs) (part of the Placement Shares);
- 3,000,000 fully paid shares were issued upon exercise of options at \$0.138 for \$414,000; and
- 16,949,176 fully paid shares at \$0.118 per share for \$2,000,000 received from MGT Resources (as detailed above).

The shares issued to MGT Resources were issued using the Company's capacity under Listing Rule 7.1.

Issue of options

The Company issued the following during the year ended 30 June 2016:

- 16,000,000 unlisted options to investor Mr Qiu Derong ("Placement 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 Options"); and
 - b) the remaining half of the options ("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.
- 20,000,000 unlisted options to investor MGT Resources. The key terms of these options are the same as those of the Vesting Options noted above.

The options issued to MGT Resources were issued using the Company's capacity under Listing Rule 7.1.

Options exercised

There were 3,000,000 shares issued as a result of exercise of share options at an exercise price of \$0.138 for \$414,000 during the year.

Options lapsed

The following options expired or lapsed during the year:

- 1,000,000 unlisted options exercisable at \$0.20 with an expiry date of 18 September 2015;
- 3,000,000 unlisted options exercisable at \$0.20 with an expiry date of 30 September 2015;
- 500,000 unlisted options exercisable at \$0.45 with an expiry date of 31 December 2015;
- 16,000,000 unlisted options exercisable at \$0.138 with an expiry date of 31 December 2015; and
- 24,000,000 unlisted options exercisable at \$0.118 with an expiry date of 31 December 2016.

PROJECT INFORMATION

In Australia, Cauldron has two project areas (Figure 1) covering more than 4,500 km² in two known uranium provinces in South Australia and Western Australia. Projects include:

- Yanrey Project (Yanrey)** in Western Australia comprises 13 granted exploration licences (2,209 km²) and 7 applications for exploration licences (912 km²). Yanrey is prospective for large sedimentary-hosted uranium deposits. A joint venture securing two of the exploration licences in the Yanrey Project tenement group (called the Uaroo Joint Venture) has expired. The Bennet Well Uranium Deposit is located within the Yanrey Project area
- Marree Joint Venture** in South Australia comprising five granted exploration licences (2,794 km²) prospective for sedimentary-hosted uranium deposits of both the Beverley Uranium and Four Mile Uranium style, and for base metal mineralisation.
- Boolaloo Project (Boolaloo)** in Western Australia comprises 2 granted exploration licences (104.13km²) prospective for gold mineralisation.

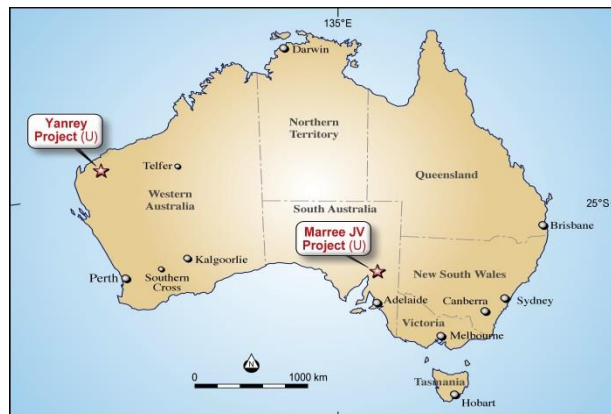


Figure 1: Major Project Locations in Australia

BENNET WELL (YANREY REGION)

The mineralisation at Bennet Well is a shallow accumulation of uranium hosted in unconsolidated sands close to surface (less than 100 m downhole depth) in Cretaceous sedimentary units of the Ashburton Embayment.

The Bennet Well deposit is comprised of four spatially separate deposits; namely Bennet Well East, Bennet Well Central, Bennet Well South and Bennet Well Channel, refer to Figure 4.

Work completed during the reporting period comprised a drilling program at the Bennet Well Uranium Deposit that led to:

1. Initial discovery of mineralised Bennet Well Channel
2. delineation drilling of the Bennet Well Channel
3. Mineral Resource (JORC 2012) upgrade of entire Bennet Well mineralised system;
4. drill testing a palaeochannel to the northeast of Bennet Well with intersection of mineralisation that warrants further follow-up drilling.
5. completion of Radiation Management Plan and Radiation Waste Management Plan for proposed in-situ field leach test site at Bennet Well
6. commencement of a passive seismic orientation survey over Bennet Well

Cauldron achieved its objective of increasing the Mineral Resource estimate of the Bennet Well Uranium deposit.

Ravensgate Mining Industry Consultants completed the Mineral Resource (JORC 2012) estimate for the Bennet Well deposit, using the results of new drilling and interpretation. The upgraded Mineral Resource (JORC 2012) estimate is:

- Inferred Resource: 16.9 Mt at 335 ppm eU₃O₈ for total contained uranium-oxide of 12.5 Mlb (5,670 t) at 150 ppm cut-off;
- Indicated Resource: 21.9 Mt at 375 ppm eU₃O₈ for total contained uranium-oxide of 18.1 Mlb (8,230 t) at 150 ppm cut-off;
- total combined Mineral Resource: 38.9 Mt at 360 ppm eU₃O₈, for total contained uranium-oxide of 30.9 Mlb (13,990 t) at 150 ppm cut-off.

The improvement mass and grade made to the Mineral Resource of the Bennet Well deposit is attributable to:

- the successful delineation of newly discovered mineralisation at Bennet Well Channel returned from mud rotary drilling;
- improved correlation of mineralised lenses following interpretation of recently completed drilling in between Bennet Well East and Bennet Well Central; and
- further refinement of mineralisation domains to guide grade interpolation of laterally extensive mineralised lenses situated adjacent to impermeable sedimentary units.

The grade-tonnage plots of Figure 2 demonstrate the robustness of the Mineral Resource, because elevating cut-off grades has relatively small effect on the estimated contained uranium oxide content. Increasing the cut-off grade (150 ppm eU₃O₈) by 100% decreases metal content by just 33% (refer to the red curve of Figure 1 and data presented in Table 1).

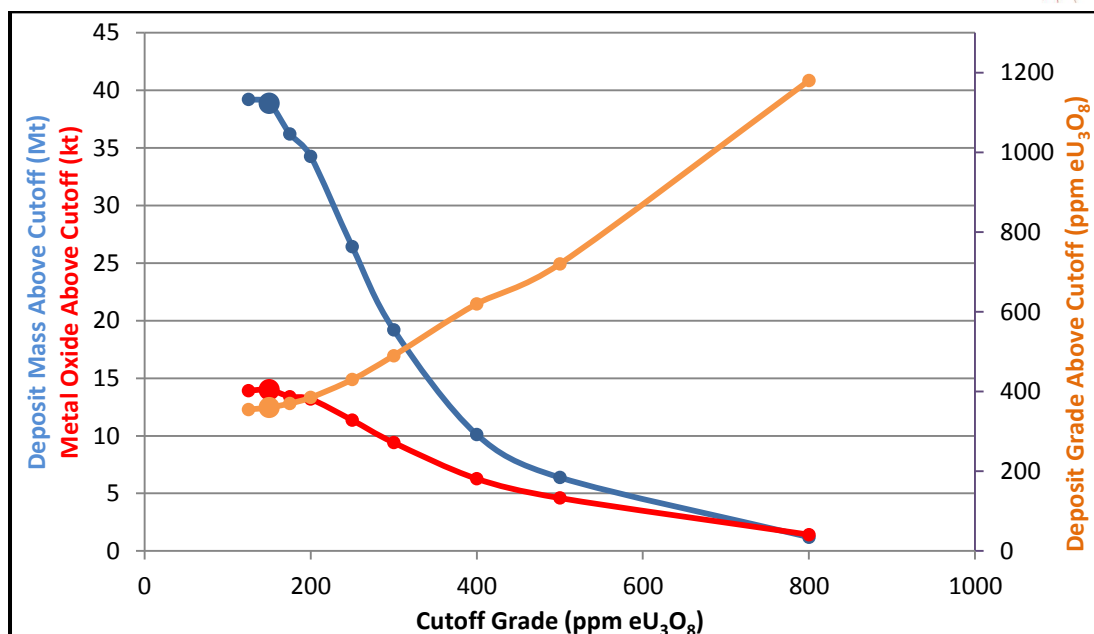


Figure 2: Grade-Tonnage curve for the Mineral Resource; deposit mass above cut-off in blue, deposit grade above cut-off in orange, deposit contained metal-oxide mass above cut-off in red

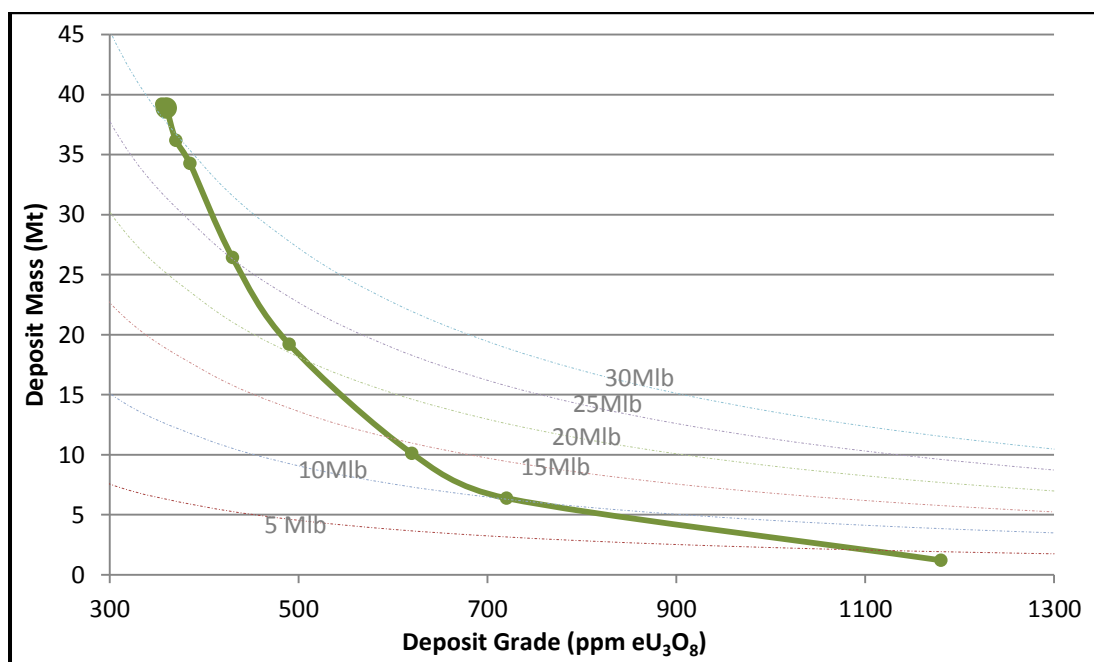


Figure 3: Deposit mass versus grade for various cut-off, the large dot is the 150 ppm eU_3O_8 economic cut-off; dotted lines are contours of equal metal-oxide mass in imperial unit

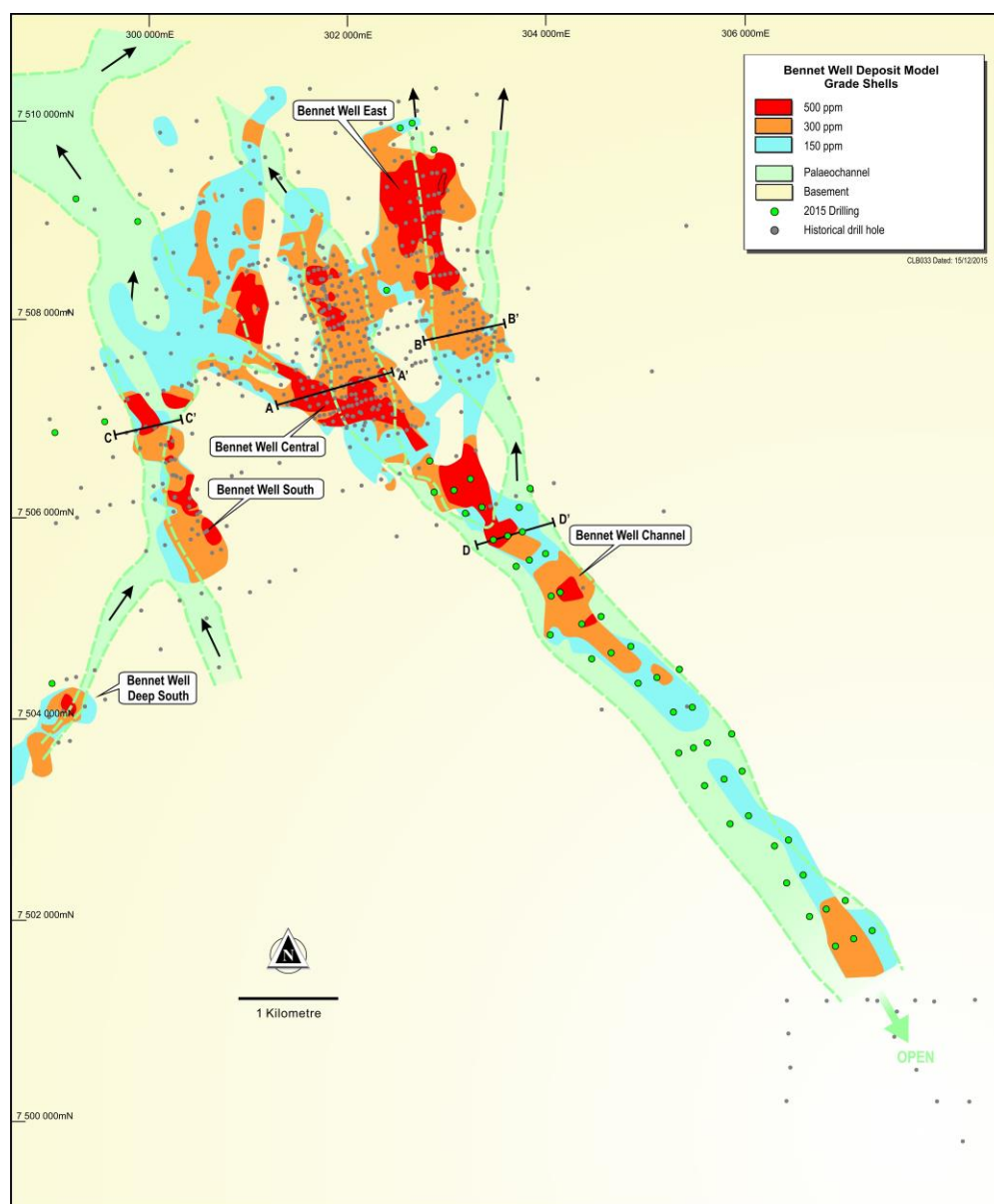


Figure 4: Bennet Well distribution of mineralisation

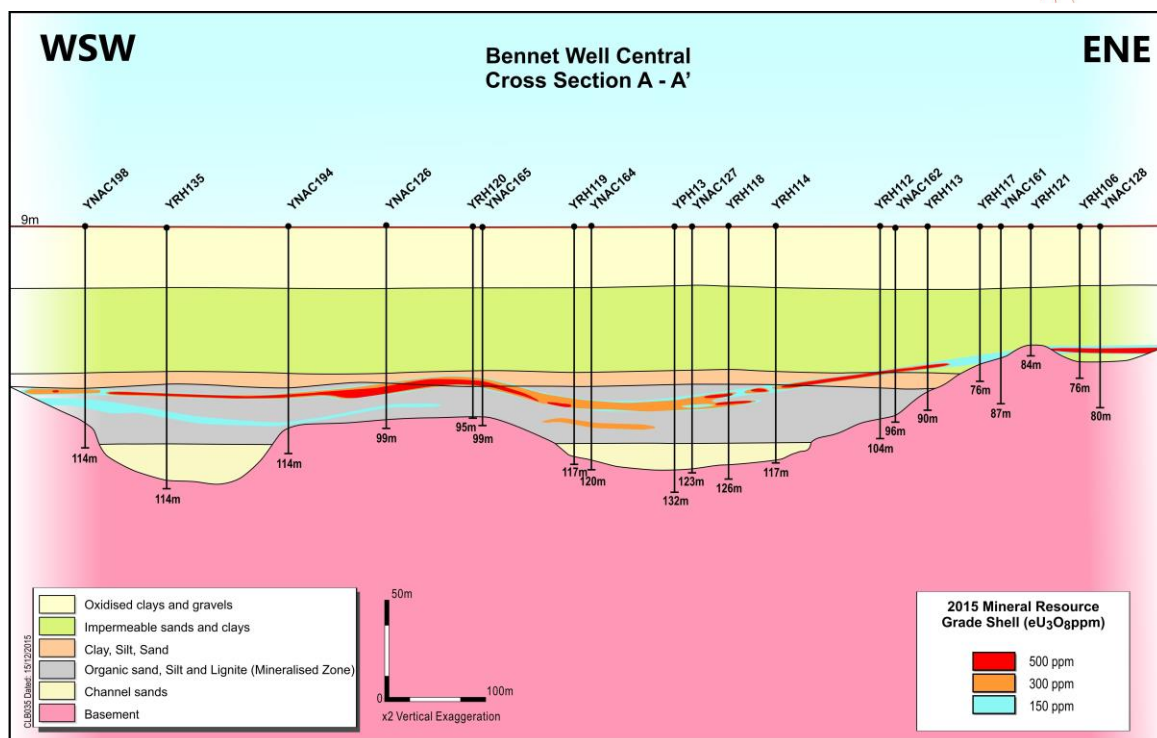


Figure 5: Bennet Well Central; cross-section line A-A'; distribution of mineralisation

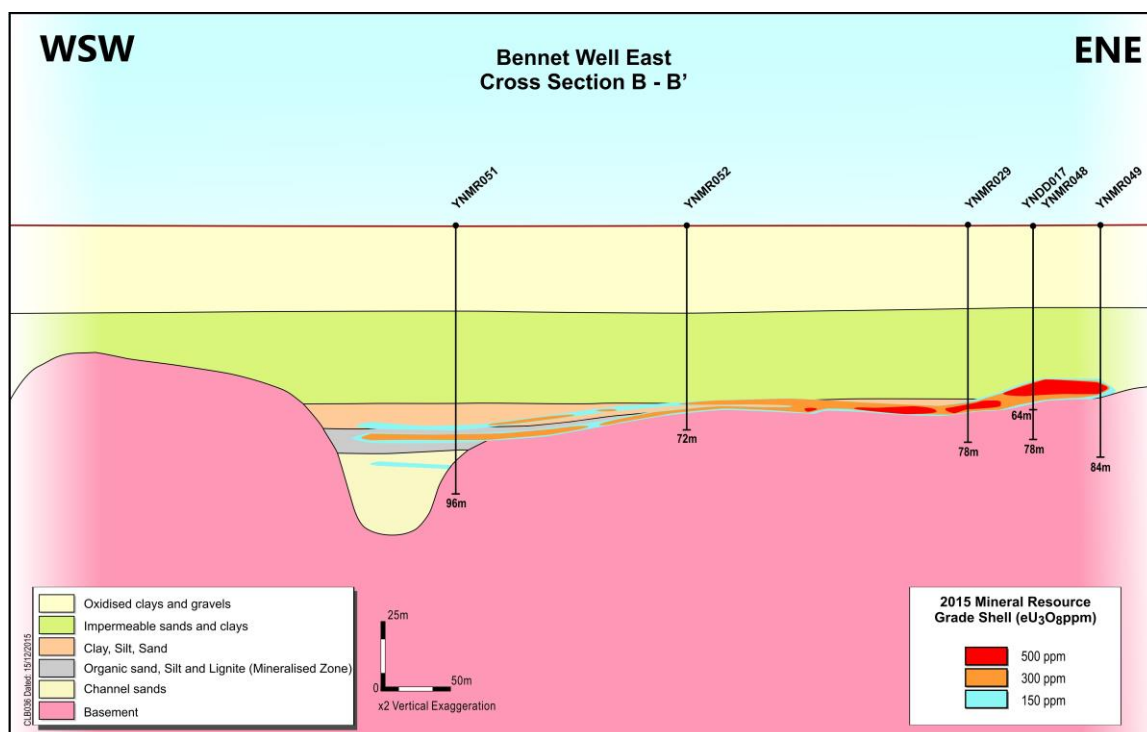


Figure 6: Bennet Well East; cross-section line B-B'; distribution of mineralisation

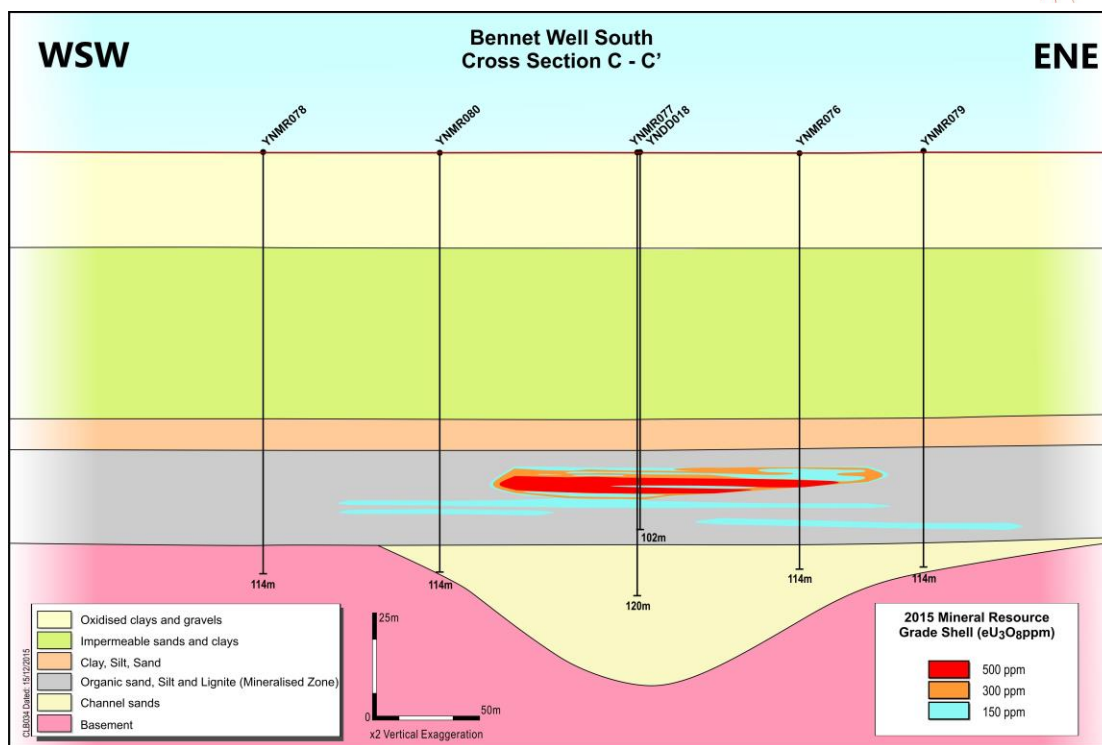


Figure 7: Bennet Well South; cross-section line C-C'; distribution of mineralisation

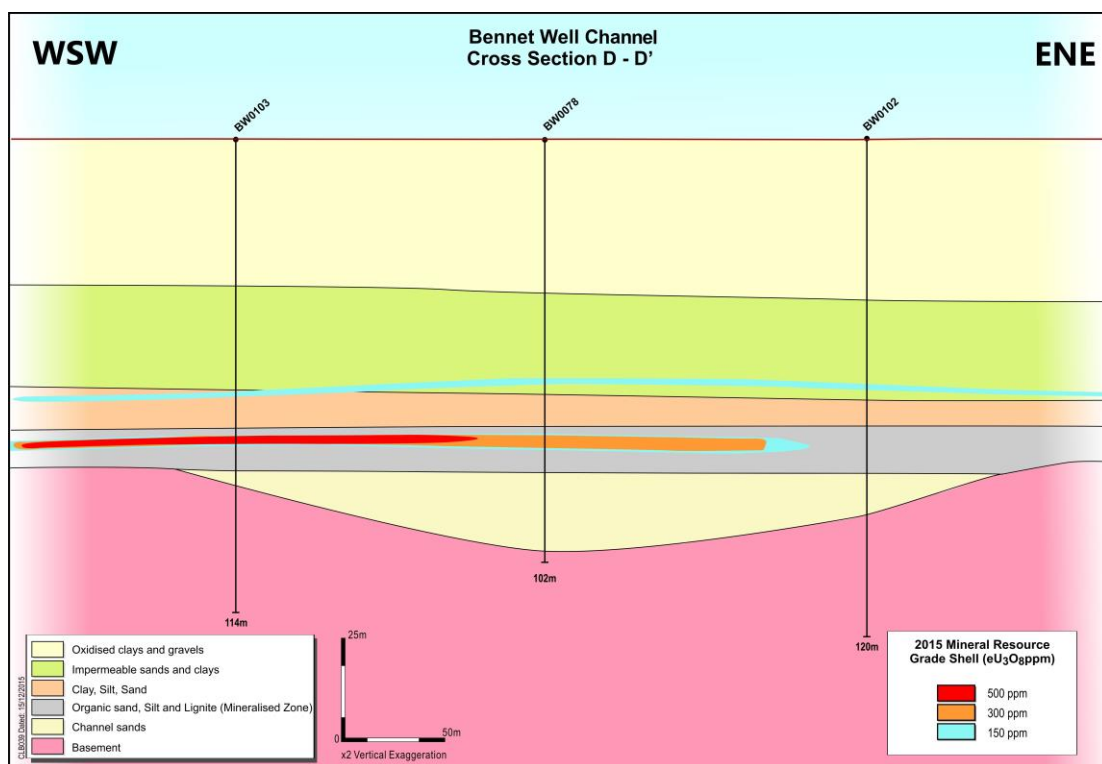


Figure 8: Bennet Well Channel; cross-section line D-D'; distribution of mineralisation

Table 1: Mineral Resource at various cut-off, table used to make Figure 2 and 3

Deposit	Cutoff (ppm eU ₃ O ₈)	Deposit Mass (t)	Deposit Grade (ppm eU ₃ O ₈)	Mass U ₃ O ₈ (kg)	Mass U ₃ O ₈ (lbs)
Bennet Well_Total	125	39,207,000	355	13,920,000	30,700,000
Bennet Well_Total	150	38,871,000	360	13,990,000	30,900,000
Bennet Well_Total	175	36,205,000	375	13,580,000	29,900,000
Bennet Well_Total	200	34,205,000	385	13,170,000	29,000,000
Bennet Well_Total	250	26,484,000	430	11,390,000	25,100,000
Bennet Well_Total	300	19,310,000	490	9,460,000	20,900,000
Bennet Well_Total	400	10,157,000	620	6,300,000	13,900,000
Bennet Well_Total	500	6,494,000	715	4,640,000	10,200,000
Bennet Well_Total	800	1,206,000	1175	1,420,000	3,100,000

Deposit	Cutoff (ppm U ₃ O ₈)	Deposit Mass (t)	Deposit Grade (ppm U ₃ O ₈)	Mass U ₃ O ₈ (kg)	Mass U ₃ O ₈ (lbs)
BenWell_Indicated	125	22,028,000	375	8,260,000	18,200,000
BenWell_Indicated	150	21,939,000	375	8,230,000	18,100,000
BenWell_Indicated	175	21,732,000	380	8,260,000	18,200,000
BenWell_Indicated	200	20,916,000	385	8,050,000	17,800,000
BenWell_Indicated	250	17,404,000	415	7,220,000	15,900,000
BenWell_Indicated	300	13,044,000	465	6,070,000	13,400,000
BenWell_Indicated	400	7,421,000	560	4,160,000	9,200,000
BenWell_Indicated	500	4,496,000	635	2,850,000	6,300,000
BenWell_Indicated	800	353,000	910	320,000	700,000

Deposit	Cutoff (ppm U ₃ O ₈)	Deposit Mass (t)	Deposit Grade (ppm U ₃ O ₈)	Mass U ₃ O ₈ (kg)	Mass U ₃ O ₈ (lbs)
BenWell_Inferred	125	17,179,000	335	5,750,000	12,700,000
BenWell_Inferred	150	16,932,000	335	5,670,000	12,500,000
BenWell_Inferred	175	14,474,000	365	5,280,000	11,600,000
BenWell_Inferred	200	13,288,000	380	5,050,000	11,100,000
BenWell_Inferred	250	9,080,000	455	4,130,000	9,100,000
BenWell_Inferred	300	6,266,000	535	3,350,000	7,400,000
BenWell_Inferred	400	2,736,000	780	2,130,000	4,700,000
BenWell_Inferred	500	1,998,000	900	1,800,000	4,000,000
BenWell_Inferred	800	853,000	1285	1,100,000	2,400,000

Note: table shows rounded numbers therefore units may not convert nor sum exactly

Notes to Accompany the Mineral Resource Estimate of Bennet Well

Drilling and Assay Data

Drilling technique: The drilling used to complete the Mineral Resource estimate is a combination of mud rotary and diamond core with assay data collected by downhole geophysical probes from open hole; and aircore drilling with geophysically derived grade data collected from inside rods. The assay data set used for the Mineral Resource is derived from deconvolved gamma logs from downhole geophysical logs obtained from all drillholes with a set of models defined in section 'sample analysis method'. The Mineral Resource was estimated from the results of 285 aircore holes for 29,320 m, 217 rotary mud holes for 19,245 m and 23 diamond core holes for 2,104 m (a total of 252 holes for 50,669 m of drilling).

Drilling density: the drilling density covering the deposit is variable and is highest at Bennet Well East and Bennet Well Central having drill-densities of about 50x100 m and extending out to 100x100 m and out to about 200x400 m and up to 800 m section spacing in the Bennet Well South and Deep South Areas.

Sampling and sub-sampling techniques: the principal sampling method for assay was by downhole geophysical gamma logging in mud rotary drillholes and diamond core holes and in-rod aircore holes. The downhole gamma probe data is collected at 0.01 m, 0.02 m and 0.05 m measurement intervals (which varied depending on drilling-logging program). Using these methods there is no requirement to collect a physical sample to assay at a commercial laboratory. The downhole geophysically derived assay is used in the interpolation process used to derive the Mineral Resource estimate. Physical assay from core drilling is not used for grade interpolation because recovery of sample from unconsolidated lithology is poor and variable; and the cost obtaining the sample is too high. Assays from core, however, are used as a check against the deconvolved gamma-derived assay.

Sample analysis method: the uranium grade (in units of parts per million uranium oxide) is measured using natural gamma logging by downhole geophysical probes, and denoted ppm eU3O8. At depth increments of five to ten centimetres the downhole gamma probes measures the gamma emission from specific decay elements of the uranium radioactive decay series. If the parent uranium is in secular equilibrium with its decay progeny the natural gamma response is directly proportional to the amount of uranium detected from the formation by the logging. In practice there are a specific set of calibration factors, correction factors and a deconvolution process that enable the use of gamma logging to estimate uranium grade:

- calibrated total count gamma logs (using sodium iodide crystal) collected by various downhole geophysical logging contractors
- calibration models derived by various downhole geophysical logging contractors using the uranium grade model and hole size correction model of the calibration facility in Glenside, Adelaide, administered by the South Australian Department of Environment, Water and Natural Resources
- non-deadtime corrected polynomial grade models of pit grade versus tool count
- deconvolution of gamma response to remove the 'shoulder effect' of the radiometric signal, caused by:
 - thin bed radiometric signal from thinly bedded uraniferous mineralisation
 - gamma probe capable of detecting mineralisation prior to passing its starting interval
 - gamma probe capable of detecting mineralisation after passing its ending interval
 - a gamma probe that has measured a 'diluted (and therefore reduced) radiometric response' whilst inside the mineralised interval
- deconvolution of the gamma response effected by:
 - a high pass filter, used to deconvolve the radiometric response, that reduces the effective width of the detected interval but increases the peak response of the signal derived from the mineralised zone
 - a low pass filter, used to smooth the noise introduced by the high pass filter applied to gamma data
 - the process developed in 1978 by the Geological Survey of Canada and described by Bristow, Conaway & Killeen in 1984.
 - the parameters of the high pass and low pass filters are derived by independent consultant, David Wilson of 3D Exploration Pty Ltd, who is expert in these data
- rod correction factor for historic aircore holes that were logged inside drill rods:
 - the steel of the rods cause an attenuation of the radiometric signal measured at the probe
 - the rod correction factor is derived from data collected from both in-hole and open-hole logging for a portion of each respective aircore program
 - the rod correction model was derived by independent consultant, David Wilson of 3D Exploration Pty Ltd, who is expert in these data
- hole size correction model derived from data collected the calibration facility in Glenside, Adelaide, and applied to:
 - nominal drill hole diameter for historic holes (prior to BW series drilling)
 - caliper measured drill hole diameter collected by logging contractor Borehole Wireline for the 'BW series' drilling completed in 2014 and 2015
- moisture correction factor of 1.11 applied to all data to account for the moisture (and therefore density) difference between the cement calibration model and the unconsolidated water filled environment that is host to mineralisation
- disequilibrium correction factor of 1.07 to account for variation caused by secular disequilibrium

Mineral Resource Estimation Methodology

Estimation methodology: The mineralisation at Bennet Well is shown to be closely associated with the sediments filling the depression of palaeo-valleys incised into once-exposed basement; the mineralisation is wholly contained within the up-projected margins of the palaeo-valley. This palaeo-valley depression is able to be modelled on a local scale by drilling, high resolution gravity data and on wider expanses by airborne electromagnetic data.

Ravensgate Mineral Consultants completed three dimensional grade interpolation using the following parameters:

- the detailed assay data (deconvolved gamma logs) was composited to 0.4 m down-hole lengths used for block model interpolation for all deposit areas
- mineralisation wire-frames constructed from a nominal 150 ppm eU_3O_8 assay (composited deconvolved downhole gamma) and used to constrain all of the observed zones of mineralisation, that subset mineralisation into eight domains
- spatial distribution analysis of eU_3O_8 ppm (deconvolved) data for each specific mineralisation domain was carried out through an updated review of population distribution statistics and variography building upon previous analysis conducted in August 2014
- a resource block model was constructed to assist estimating the Mineral Resource for the Bennet Well Deposit which contains the Bennet Well East, Bennet Well Central, Bennet Well South, Bennet Well Deep South and Bennet Well Channel designated sub-areas
- the resource block model was constructed using Minesight software.
- the resource estimates for these deposits utilised a block model with block dimensions of 15 m by 20 m by 0.4 m blocks – [(East(X), North(Y), Bench(Z)); (uniform block – no sub-blocks)
- Ordinary Kriging block interpolation was carried out within mineralisation wire-frames with restrictions of outlier composites limited to typically 160 m if above a localised composite population 99th percentile level

Parallel mineral resource estimate checks: Cauldron completed a parallel two-dimensional resource estimation using an inverse distance squared interpolation methodology as a check model to assess the overall tenor and levels of estimated grades and mineralisation domain interpretation and designation sensitivities.

Resource classification: resource classification has been considered with respect to various reporting ‘modifying factors’ as outlined in the JORC Code (2012). Consideration has been given to data quality, drilling and sample density, distances of interpolated blocks from assays points and the associated statistical local spatial distribution of uranium and estimation (kriging) variances.

- Block to composite threshold distances of 80 to 150 m were used as an initial quality of interpolation confidence parameter used ultimately to guide resource classification. The Bennet Well East Area with the highest density drilling as well as the Bennet Well Central area contain the bulk of the reported Indicated Resources
- Data density varies and is reflected in the resource category which has been applied. The mineralisation domains constrained by the detailed mineralisation wire-frames contains all of the Indicated resources where drilling density and associated spatial distribution aspects in conjunction with appropriate reporting modifying factors are considered adequate. Inferred resources are reported for additional material typically beyond the 80-150 m threshold depending on the interpreted underlying geological and mineralisation distribution confidence.

Bulk Density: A conservative average porosity of 30% is assumed for the host sediments to mineralisation, which derives a conservative dry bulk density value of 1.74 t/m^3 . Independent laboratory, Corelabs in Perth, has measured the volume and mass taken from core plugs of diamond core sample to derive dry bulk density on 62 samples from Bennet Well Central and Bennet Well East. The dry bulk density measurements of these samples averaged 1.81 t/m^3 and ranged from 1.44 to 2.20 t/m^3 .

Economic Framework

Estimation of mineral extraction: future mining or mineral extraction at the Bennet Well deposit is likely to be by in-situ recovery methods using a series of leaching solution injection bores and pregnant solution extraction bores. No other assumptions on mining methodology have been made.

Cut-off grade and the basis for the selected cut-off: financial modelling completed by Cauldron using rudimentary cost assumptions for in-situ recovery mining style has shown that a cut-off of 150 ppm uranium oxide for Bennet Well is able to be mined economically for a uranium sale price of US\$ 40 per pound. The mining cost assumptions used in this estimation are:

- well spacing in five-spot pattern, having 25 m centres, at a cost of US\$10,000 per well
- annual production rate of 1.5 Mlb uranium oxide (~680,000 kg)
- in-situ recovery uranium oxide recovery of 67%
- operating cost of US\$ 25/lb

YANREY PROJECT

The Yanrey Project comprises a collection of twelve exploration tenements in north-west Western Australia, one of which secures the Bennet Well Uranium Deposit. The project is prospective of sandstone-style uranium mineralisation capable of extraction by in-situ recovery mining techniques.

A major technical review of potential mineralisation in the Yanrey tenement group produced 17 target areas as shown in Figure 9.

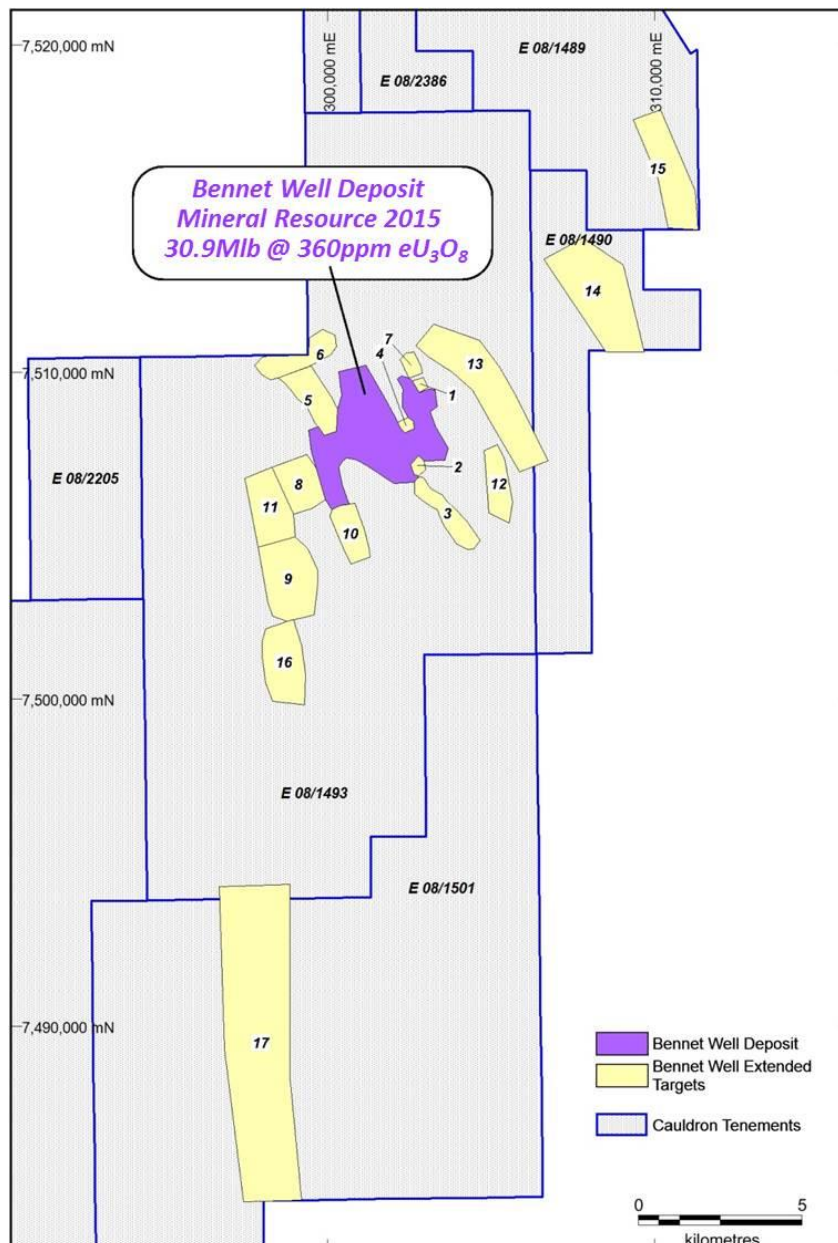


Figure 9: Bennet Well Channel; cross-section line D-D'; distribution of mineralisation

Cauldron completed two mud rotary drillholes in Area 14 and intersected ore grade mineralisation:

- BW0096: 0.75 m @ 288.91 ppm eU_3O_8 , from 53.0 m
- BW0097: 0.45 m @ 235.80 ppm eU_3O_8 , from 53.4 m

Target area 14 is now called Manyingee South and requires further follow-up, as a mineral deposit of substantial size may exist, refer to Figure 10.

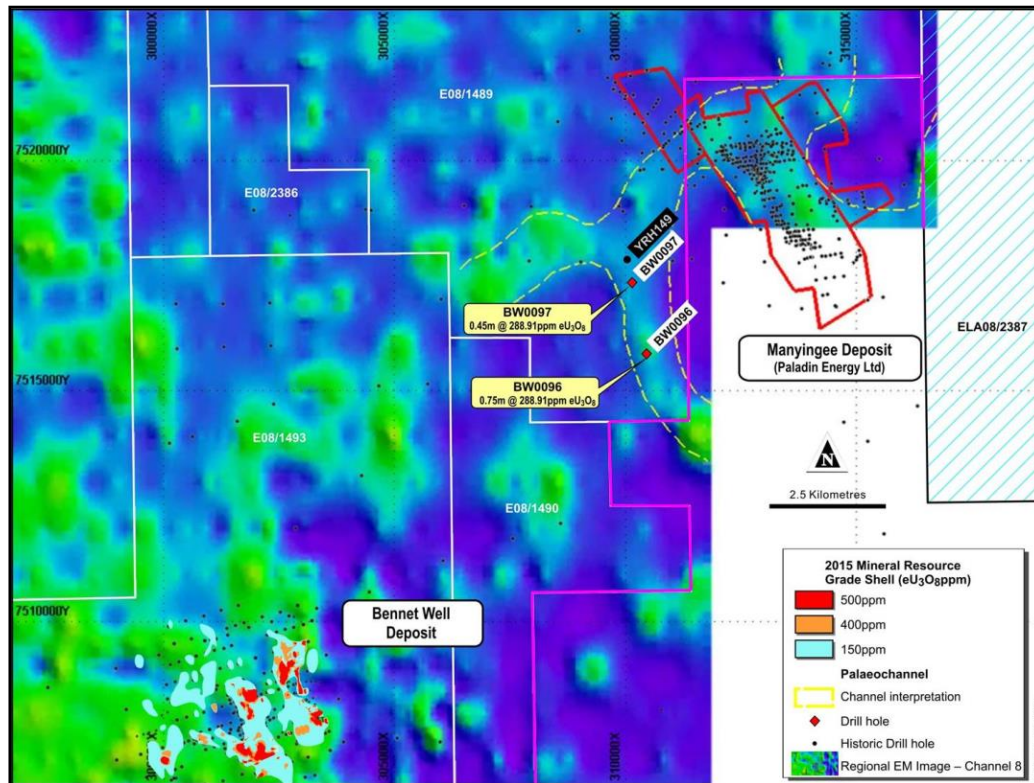


Figure 10: Manyingee South Channel - plan view showing summary of mineralisation from drilling on EM image showing interpreted channel bounds

Exploration Incentive Scheme

The Western Australian Department of Minerals and Petroleum (DMP) has approved the recent drilling completed at Yanrey under their Exploration Incentive Scheme. This scheme allows up to \$150,000 of DMP funding for drill testing of greenfields type targets, and is awarded on the technical justification of the drill program.

Cauldron received payment of \$150,000 from the Exploration Incentive Scheme from the DMP for an exploration program that comprised a total of 39 mud rotary drillholes for a total of 3,601 m.

The funding under this scheme facilitated the discovery of the Bennet Well Channel and the ore grade intercepts received from the Manyingee South prospect.

As part of Exploration Incentive Scheme (EIS), eight uranium exploration targets across the Yanrey Project were drill tested, located on tenements E08/1493, E08/1489, E08/1490 and E08/1501, situated within the Yanrey and Uaroo Pastoral Leases.

The EIS drill program at Yanrey has significantly extended the strike length of mineralisation in the Bennet Well Channel, demonstrating its extension for at least 7 km. The Bennet Well Channel remains open to the southeast extending through E08/1490 and is interpreted to also extend into Cauldron's new application area within E08/2774. Following the discovery of the Bennet Well Channel, further non-subsidised follow-up drilling collected the data required to significantly improve the Mineral Resource (JORC 2012) for Bennet Well.

Cauldron reports significant drill intercepts from two drillholes on E08/1489 (BW0096 and BW0097) near Manyingee South, and coupled with the 2007 programme (YNMR006 and YNMR007) opens the potential for uranium accumulation within E08/1489.

Drilling at the other five prospects did not return economic accumulations of uranium.

Bennet Well Channel (E08/1493):

The Bennet Well Channel was an under-explored, approximately 7 km-long, linear EM anomaly to the south-east of Cauldron's Bennet Well Uranium Resource Area. The anomaly contained sparse historic drilling from 1981-1982, with unconfirmed collar locations, indicating the presence of potentially economic uranium mineralisation.

As part of the co-funded drilling, five mud rotary holes were planned to test the strike extent of the EM-high anomaly, thought to represent a palaeochannel and possibly hosting economic uranium mineralisation. The five holes, BW0077-BW0081, were successful in intercepting uranium at grades economic for extraction via In-situ Leach (ISL), as shown in **Figure 11**. Drillhole BW0082 was drilled to the east of this EM anomaly, targeting another, more northerly striking anomaly of high EM response however this hole intersected only shallow pegmatitic, granite basement with no mineralisation.

Assay highlights from this first drilling tranche included:

- BW0077 returned 4.15m @ 597ppm eU₃O₈ from 88.75m;
- BW0078 returned 2.80m @ 466ppm eU₃O₈ from 72.45m;
- BW0079 returned 0.40m @ 525 ppm eU₃O₈ from 54.95m;
- BW0080 returned 1.60m @ 538 ppm eU₃O₈ from 70.20m; and
- BW0081 returned 0.50m @ 268 ppm eU₃O₈ from 67.65m.

Due to the favourable results a further seventeen co-funded drillholes (specifically BW0098-0099, BW0102-103, BW0106, BW0115-120 and BW0123 within E08/1493 and BW0107-109 and BW0140+142 in E08/1490) were drilled into the anomaly, down the axis of the palaeochannel, with most holes intersecting elevated uranium grades. Highlights from this second tranche of drilling included:

- BW0098 returned 1.45m @ 267ppm eU₃O₈ from 82.45m;
- BW0099 returned 4.40m @ 522 ppm eU₃O₈ from 76.45m;
- BW0103 returned 1.20m @ 558 ppm eU₃O₈ from 72.40m;
- BW0106 returned 2.40m @ 504 ppm eU₃O₈ from 79.90m; and
- BW0116 returned 1.20m @ 308 ppm eU₃O₈ from 65.95m.

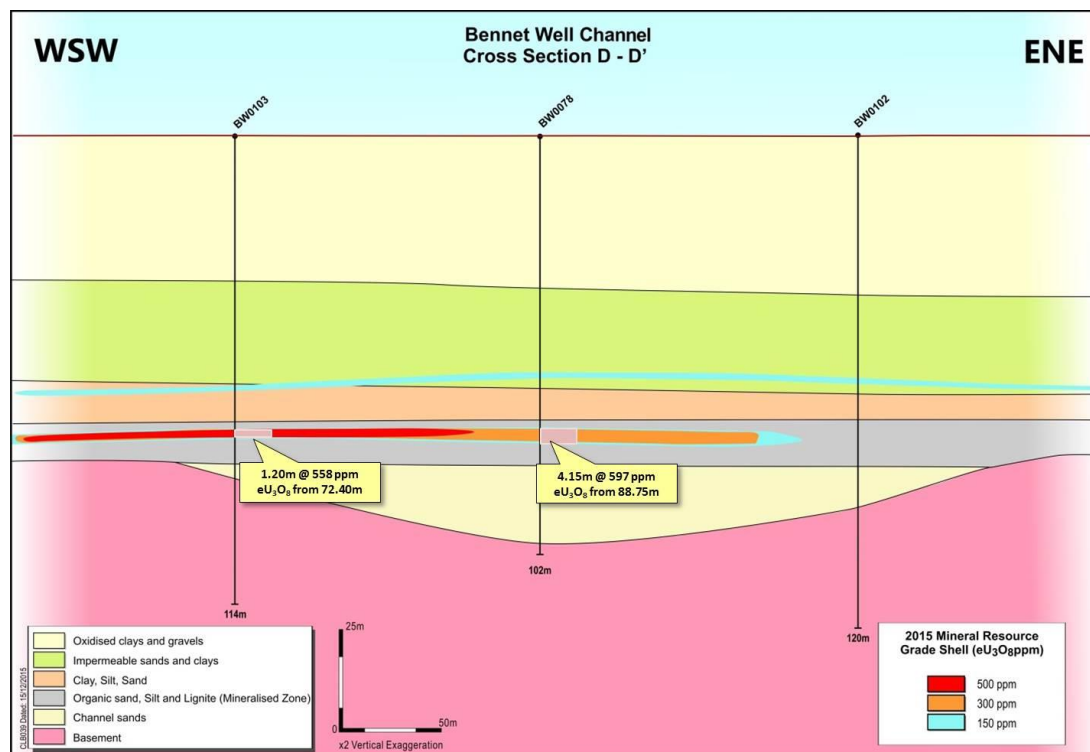


Figure 11: E08/1493 Bennet Well Channel Cross Section

Figure 11 shows co-funded drillholes BW0077-BW0081 within E08/1493, along the previously untested EM anomaly, now named Bennet Well Channel.

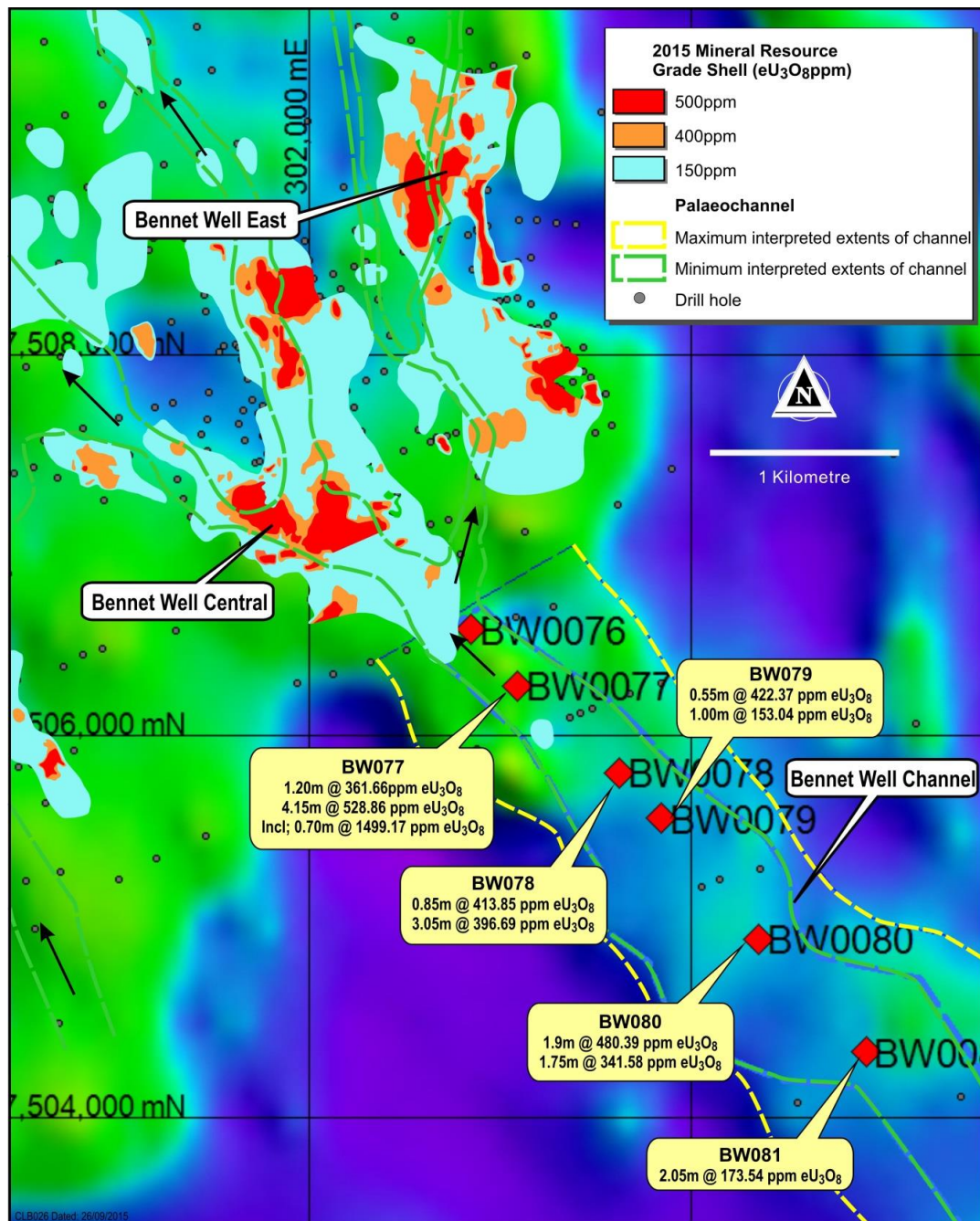


Figure 12- E08/1493 Bennet Well Channel EIS Drill Results

The zone of mineralisation drilled (mentioned above) is adjacent to the Bennet Well uranium deposit and is outside the limits of the first Mineral Resource estimate (JORC 2012) upgraded in July 2015. Encouraging drill results from the second tranche of drilling, as aforementioned, has now allowed the inclusion of the Bennet Well Channel into the main Bennet Well Deposit, thus providing further extension to the existing size of the Mineral Resource estimate (JORC 2012) (Figure 12).

Manyingee South Channel (E08/1489):

In October 2015, Cauldron drilled two mud rotary holes within the boundaries of E08/1489 for 197.5 metres. The holes were completed at the Manyingee South Channel target, an EM-high thought to represent a north-south trending palaeochannel to the south-west of Paladin Energy's Manyingee deposit (Figure 13). Historic drilling from the early 1980's indicated the presence of elevated uranium however the location of these historic drillholes has not been confirmed.

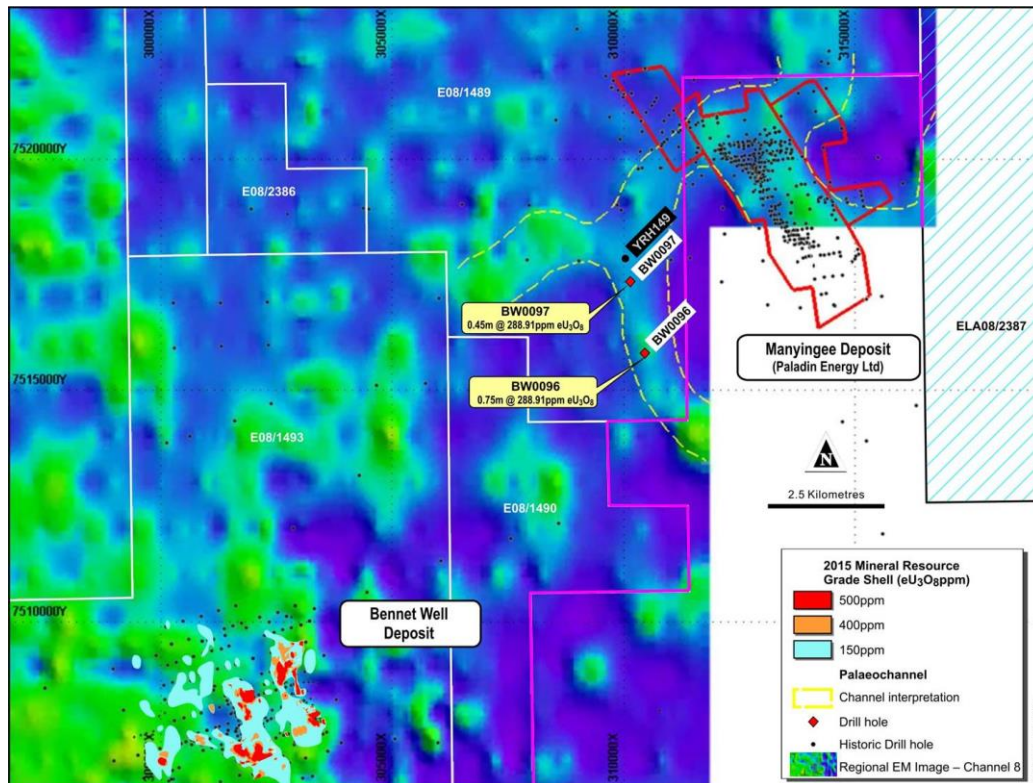


Figure 13: Manyingee Sth Channel – drilled mineralisation on EM + Channel Interpretation

Drillholes BW0096 and BW0097 were drilled ~1.5km apart along the axis of the interpreted channel, both successfully defining uranium mineralisation at economic levels ($>150\text{ppm eU}_3\text{O}_8$). These results attest to the potential for mineralisation of considerable size within the channel and the tenement boundaries (Figure 14).

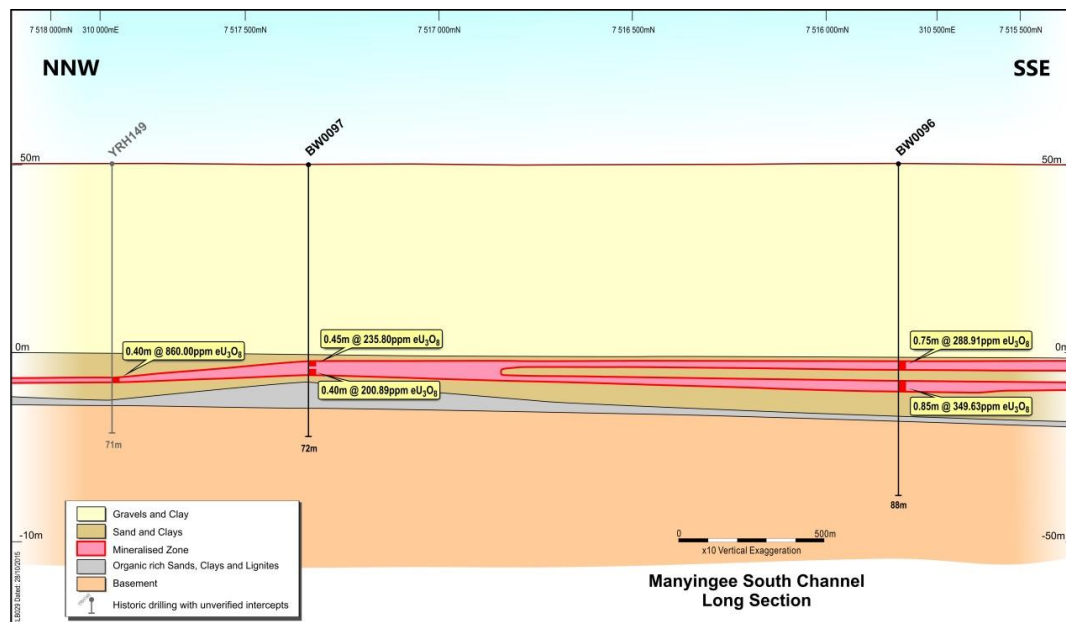


Figure 14: Cross Section Manyingee Sth - mineralisation continuity approx 1.5km strike length

Highlights from the drilling of the two Manyingee South holes are as follows:

- BW0096: 0.70 m @ 303.00 ppm eU₃O₈, from 53.05 m
- BW0096: 0.75 m @ 378.17 ppm eU₃O₈, from 58.45 m
- BW0097: 0.35 m @ 270.17 ppm eU₃O₈, from 53.45 m
- BW0097: 0.40 m @ 206.69 ppm eU₃O₈, from 54.50 m

E08/1490:

Cauldron drilled five mud rotary drill holes within the boundaries of E08/1490, at the southeastern portion of the Bennet Well Channel, for 379.15 metres, between November and December 2015. The assays returned the following significant results:

- BW0107 returned 0.50 m @ 540 ppm eU3O8 from 41.95 m;
- BW0108 returned 2.40 m @ 299 ppm eU3O8 from 38.15 m;
- BW0109 returned 2.00 m @ 227 ppm eU3O8 from 34.00 m;
- BW0140 returned 1.20 m @ 325 ppm eU3O8 from 48.35 m; and
- BW0142 returned 1.60 m @ 184 ppm eU3O8 from 40.80 m.

The results from this drilling confirm the existence of high-grade mineralisation within the newly discovered Bennet Well Channel that extends into E08/1490.

Mineralisation of significant tenor within the Bennet Well Channel is currently interpreted to extend for at least 8 to 10 km to the southeast of the currently defined Bennet Well Deposit. This hypothesis results from the recent drilling completed over tenements E08/1490 and 1493, interpretation of regional EM geophysics and the results of historical drilling by Dynasty Metals on open file (Figure 15).

The mineralisation in Bennet Well Channel extends to the southeast from Bennet Well across E08/1490 into an area not currently held by any form of mining title. Initial drilling success provided Cauldron with the justification to lodge an application for E08/2774 on 29 September 2015, to capture the area that it believes may be an extension of the Bennet Well Channel.

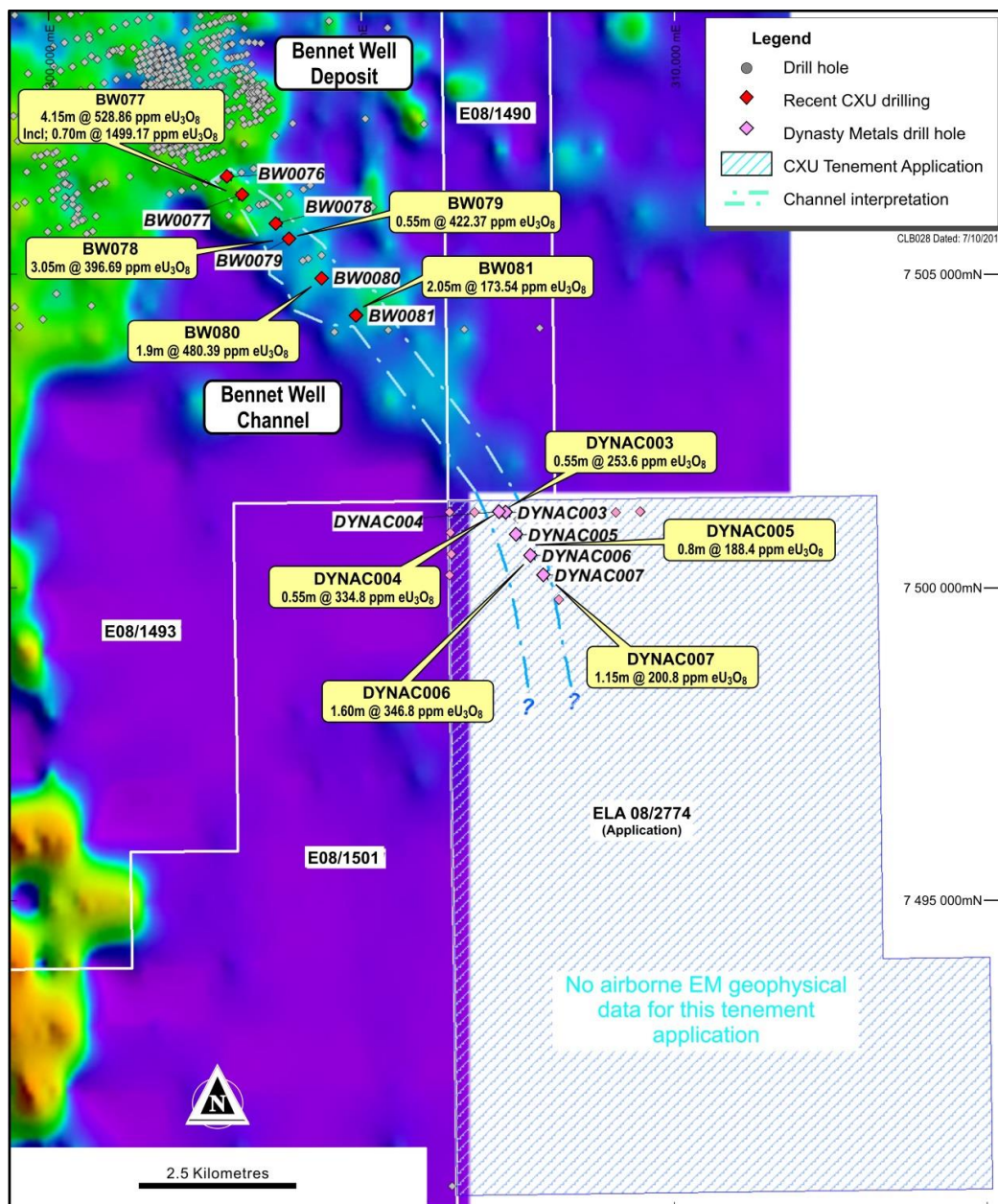


Figure 15: E08/2774 Application on EM Imagery +E08/1490 Drill Results

Bennet Well North-East (E08/1493):

The Bennet Well North-East drilling consisted of four mud rotary drillholes, two holes testing ineffective air-core drilling, and the remaining two testing geophysical anomalies thought to represent a poorly explored palaeochannel.

Drillholes BW0083 and BW0089 were successful in testing the theory that historic aircore drilling was ineffective in defining low-grade uranium mineralisation. During an aircore drill program, the downhole geophysical survey will often be conducted within the steel drill rods. The thickness of the steel rods greatly reduces, or attenuates, the gamma response, resulting in a loss of signal for low-grade uranium mineralisation. Downhole geophysical surveying for the mud rotary drilling technique is only conducted after the extraction of the drill rods from the drillhole (i.e. "open-hole" surveying) which enables the detection of low-grade uranium – in this case, up to 330ppm eU_3O_8 , located in a single lens.

Drillholes BW0084 and BW0088 tested EM and gravity anomalies thought to represent a palaeochannel to the north of the Bennet Well Resource. Both holes failed to intersect uranium mineralisation above the 150ppm eU_3O_8 minimum cut-off.

Cheetara (E08/1493):

Three mud rotary drillholes, BW0085, BW0086 and BW0087, were completed in the Cheetara prospect testing coincidental magnetic-lows and EM-highs thought to represent structurally controlled palaeochannels.

All three holes were unsuccessful in defining uranium mineralisation, intersecting shallow pegmatitic granite basement, with all cover sediments highly oxidised from surface to bottom of hole. Reduced environments are required for uranium deposition and therefore these particular structures are considered unlikely to host uranium mineralisation.

Bennet Well West (E08/1493):

Mud rotary holes BW0090 and BW0091 targeted uranium mineralisation to the north-west of the Bennet Well Resource, located along a gravity-low, thought to represent a uranium bearing palaeochannel.

Both holes were unsuccessful in intersecting uranium mineralisation, terminated early due to blade refusal caused by cemented bands of what is currently interpreted as fresh silcrete. Due to the hard nature of these bands, stronger drilling blades and bits will be required to break through to the underlying sediments in these holes, however this will be completed at a later date. The Bennet Well West prospect is still considered to be a prospective target for uranium mineralisation given the association between fresh silcrete and mineralisation of significant tenor, as proven in other ISR deposits such as Beverley and Four Mile, South Australia.

Bennet Well South (E08/1493):

A poorly explored gravity-low anomaly, thought to represent a palaeochannel to the west of Bennet Well South, was drill tested with two mud rotary holes, BW0093 and BW0094.

Both drillholes intersected favourable reduced, organic-rich, clean channel sands; however were unsuccessful in defining uranium at economic levels. Given the proximity of both drillholes to known mineralisation and prospective geology, it's likely that mineralised ground waters have not flown through these sediments either because of the presence of a cross-cutting structure or simply because of an over-abundance of reduced, organic material. As the gravity anomaly remains open and untested to the west it's possible that the channel may still contain economic mineralisation. Further investigation of Bennet Well South is required.

Bennet Well Deep South (E08/1493):

Drillhole BW0095 was completed to the north of Bennet Well Deep South to test for north-west – south-east striking mineralisation extending from Bennet Well South. Current interpretations indicate mineralisation is striking north-east – south-west, opposite to the majority of mineralisation within the Bennet Well deposit.

Drilling was unsuccessful in intersecting uranium mineralisation at economic levels however favourable lithologies were intersected including lignites and carbonaceous channel sands. Further testing is still required along the same orientation as there could be cross-cutting structures that may be offsetting the palaeochannels in this area.

Main Road Channel & New Palaeochannel (E08/1501):

The Main Road Channel and New Palaeochannel prospects, located on E08/1501, are regional exploration targets which remain underexplored. A single mud rotary drill hole was completed at each exploration target (see **Figure 8**), testing EM-high anomalies in proximity to historic drilling.

Both drillholes were unsuccessful in intersecting anomalous uranium; however did intersect favourable sulphide-rich sediments.

Table 2 – EIS Drill Hole Collar Details

Hole_ID	Tenement	Target	MGA_East	MGA_North	Orig_RL	Azimuth	Dip	Max_Depth (metres)
BW0077	E08/1493	BW Channel	303,098	7,506,260	48	0	-90	110
BW0078	E08/1493	BW Channel	303,633	7,505,786	48	0	-90	102
BW0079	E08/1493	BW Channel	303,849	7,505,563	48	0	-90	102
BW0080	E08/1493	BW Channel	304,359	7,504,936	48	0	-90	102
BW0081	E08/1493	BW Channel	304,923	7,504,339	48	0	-90	96
BW0082	E08/1493	BW Channel	305,180	7,506,068	48	0	-90	67
BW0083	E08/1493	BW NE	302,549	7,509,948	48	0	-90	91
BW0084	E08/1493	BW NE	302,493	7,510,358	48	0	-90	121
BW0085	E08/1493	Cheetara	305,414	7,508,931	48	0	-90	49
BW0086	E08/1493	Cheetara	304,555	7,510,081	48	0	-90	73
BW0087	E08/1493	Cheetara	304,481	7,509,037	48	0	-90	61
BW0088	E08/1493	BW NE	303,051	7,510,788	48	0	-90	91
BW0089	E08/1493	BW NE	302,496	7,509,934	48	0	-90	91
BW0090	E08/1493	BW West	299,320	7,509,302	48	0	-90	103
BW0091	E08/1493	BW West	299,885	7,508,988	48	0	-90	97
BW0093	E08/1493	BW South	299,580	7,506,940	48	0	-90	85
BW0094	E08/1493	BW South	299,141	7,506,751	48	0	-90	127
BW0095	E08/1493	Deep South	298,998	7,504,357	48	0	-90	97
BW0096	E08/1489	Manyingee South	310,471	7,515,814	48	0	-90	87
BW0097	E08/1489	Manyingee South	310,156	7,517,343	48	0	-90	72
BW0098	E08/1493	BW Channel	303367	7506097	48	0	-90	107
BW0099	E08/1493	BW Channel	303258	7506376	48	0	-90	108
BW0102	E08/1493	BW Channel	303775	7505850	48	0	-90	120
BW0103	E08/1493	BW Channel	303482	7505770	48	0	-90	114
BW0106	E08/1493	BW Channel	304148	7505246	48	0	-90	114
BW0107	E08/1490	BW Channel	307057	7501808	48	0	-90	84
BW0108	E08/1490	BW Channel	306875	7501733	48	0	-90	79
BW0109	E08/1490	BW Channel	307244	7501889	48	0	-90	78
BW0111	E08/1501	New Palaeochannel	298,601	7,493,602	48	0	-90	60
BW0112	E08/1501	Main Road Channel	297,502	7,486,294	48	0	-90	91
BW0115	E08/1493	BW Channel	304,044	7,504,827	48	0	-90	116
BW0116	E08/1493	BW Channel	305110	7504397	48	0	-90	102
BW0117	E08/1493	BW Channel	305,469	7,503,705	48	0	-90	84
BW0118	E08/1493	BW Channel	305769	7503401	48	0	-90	104
BW0119	E08/1493	BW Channel	305276	7504054	48	0	-90	86
BW0120	E08/1493	BW Channel	306,014	7,503,031	48	0	-90	75
BW0123	E08/1493	BW Channel	306275	7502731	48	0	-90	78
BW0140	E08/1490	BW Channel	306786	7502111	48	0	-90	74
BW0142	E08/1490	BW Channel	306561	7502445	48	0	-90	64

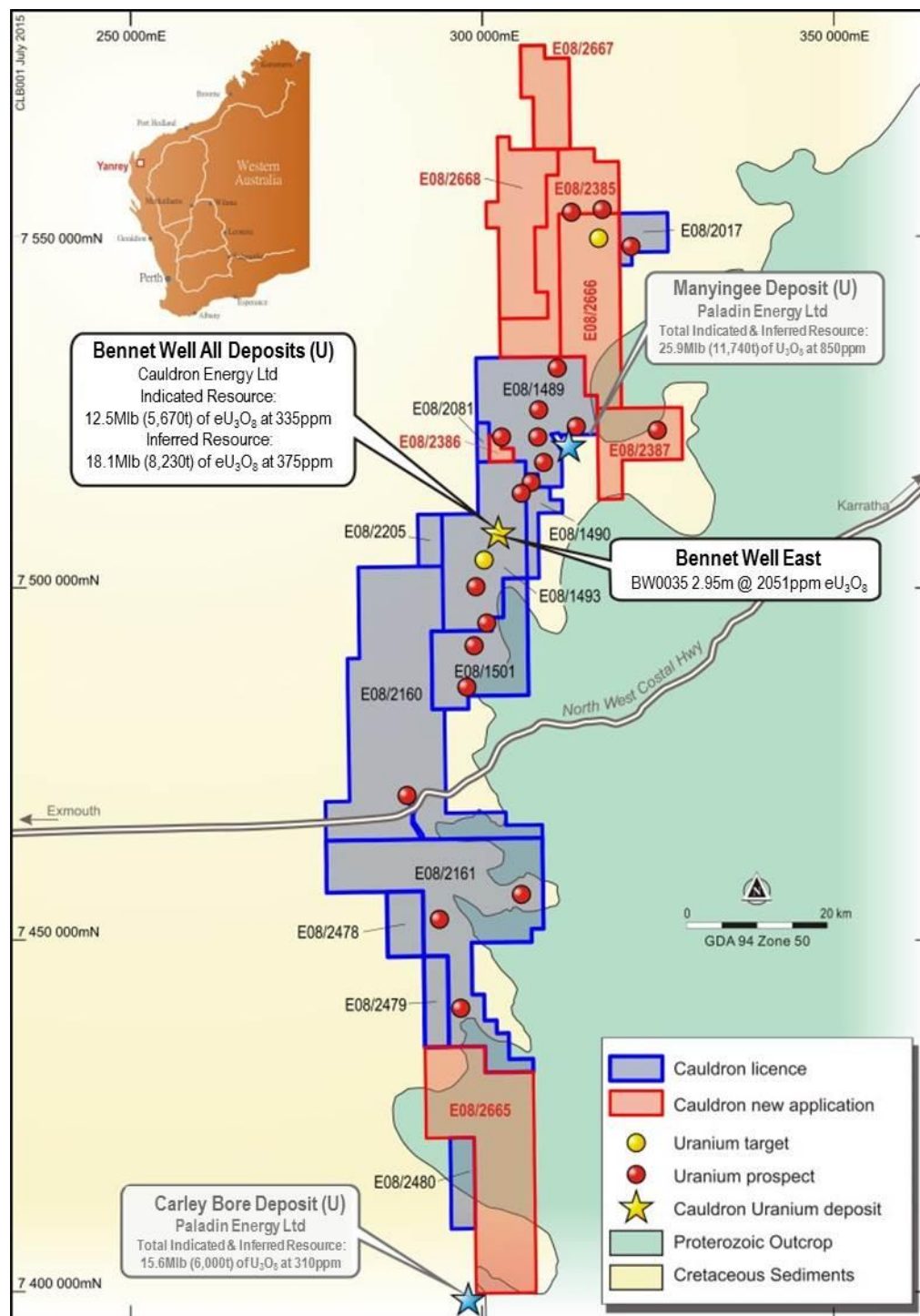


Figure 16: Yanrey Project – Deposit, Prospect and Target Locations

MARREE PROJECT, SOUTH AUSTRALIA

Cauldron completed no work at the Marree project during the period.

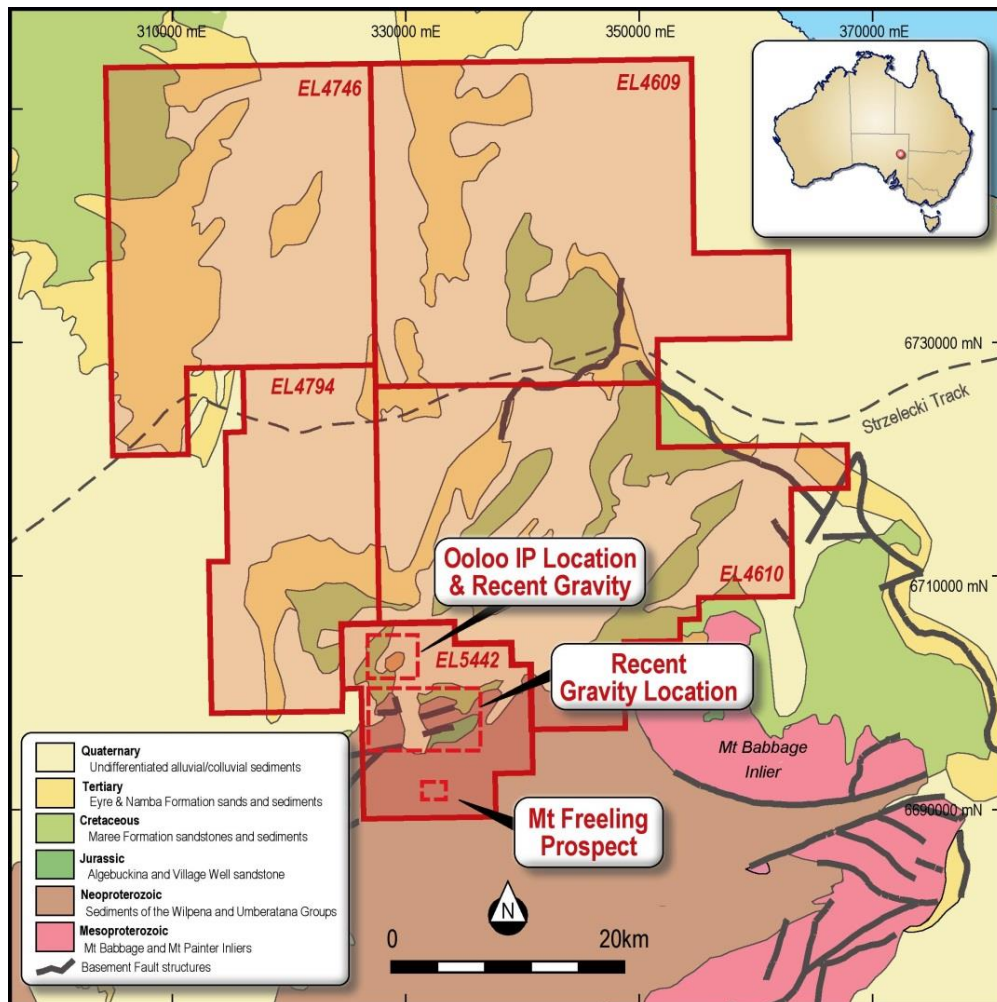


Figure 17 : Marree Project – Location of identified prospects

TENEMENT ADMINISTRATION: AUSTRALIA

Objection to Cauldron's Applications for exploration licences 08/2385-2387

Cauldron lodged applications for exploration licences 08/2385, 08/2386 and 08/2387 on 4 April 2012. Forrest & Forrest Pty Ltd lodged objections to the applications under the Mining Act. On 5 January 2015 the Minister for Mines decided there were sufficient grounds to allow the applications to proceed through the determination process under the Mining Act and the Native Title Act. On 1 April 2015, Forrest & Forrest Pty Ltd requested the applications return to the warden. The warden declined to have any further hearing of the applications and the applications have successfully passed through the Native Title process. On 27 August 2015, Forrest & Forrest Pty Ltd made application to the Supreme Court of Western Australia for judicial review of the Minister's decision to progress each application through the determination process under the Mining Act and the Native Title Act. The application for judicial review was heard on 19 April 2016, and its judgment is reserved.

Energia Mineral's Objection and Application for Forfeiture

On 14 August 2013 Energia Minerals Limited (ASX: EMX) lodged objections to applications for exemption from expenditure and lodged applications for forfeiture affecting exploration licences 08/2160, 08/2161 and 08/2165 held by Cauldron (Tenements). The applications for exemption (and associated objections) and applications for forfeiture relate to the expenditure year ending 20 May 2013 (in relation to exploration licence 08/2160) and 14 June 2013 (for exploration licences 08/2161 and 08/2165). The proceedings are administrative in nature and are commenced under the Mining Act 1978 (WA) (Act).

The matter of the exemptions was heard by Warden Maughan 15-16 April 2015. On 22 May 2015, the Warden recommended that the exemptions be refused in each instance. Cauldron has since surrendered E08/2165 in its entirety and lodged a submission to the Minister, requesting his approval of the exemption applications for E08/2160 and E08/2161. On 9 March 2016 the Minister for Mines refused Cauldron's applications for exemption from expenditure for the Tenements.

Exploration Licences 08/2160 and 08/2161 are currently proceeding through the warden's court process for the Forfeiture applications and are scheduled for mention on 26 August 2016.

Objection to Cauldron's Applications for exploration licences 08/2666-2668

Cauldron lodged applications for Exploration Licences 08/2666-2668 (E08/2666-2668) on 5 December 2014. Forrest & Forrest Pty Ltd lodged objections against E08/2666-2668 on 6 January 2015. The Warden has accepted several adjournments of the first mention of the objections, due to the DMP requirement to assess other applications that were first in line before Cauldron's applications for the same land. The matters are to be adjourned to October 2016 for mention.

Since the adjournment, first in line applications with regard to the land under E08/2667 and E08/2668 have been refused, which now puts Cauldron's applications at the forefront for grant. However, E08/2666 remains second in line for assessment.

Cauldron has contacted Forrest & Forrest Pty Ltd for provision of an access agreement to procure the withdrawal of objections against E08/2667-2668 and is currently awaiting a response. These legal proceedings are currently at an early stage, and no negotiation between the parties has commenced.

Gnulli and Budina Native Title Claimants Objection to Expedited Procedure for E08/2665

On 12 February 2015, both the Gnulli and Budina Native Title Claimants lodged objections to the expedited Native Title procedure being applied to the grant of Cauldron's application for Exploration Licence 08/2665. Cauldron agreed to terms for a heritage agreement with both Gnulli and Budina on 11 March 2016, and the agreements were finalized on 4 April 2016. The objections were withdrawn on 8 April 2016 and E08/2665 was granted to Cauldron on 12 April 2016.

Red Sky Stations Pty Ltd Objection to Tenement Application for E08/2733

Red Sky lodged an objection against the application for E08/2733 (applied for by Ashrock Nominees Pty Ltd) on the basis that exploration on the tenement would be detrimental to their pastoral lease (Uaroo). In December 2015, Red Sky provided Ashrock with a draft access agreement to resolve the issue and withdraw the objection. Negotiations were paused whilst another Ashrock tenement went through a ballot process. Cauldron purchased E08/2733 from Ashrock in May 2016 and has taken over this matter. The Objection is proceeding through Warden's court and is expected to be heard on a date in September 2016, to allow negotiation of an access agreement.

EXPLORATION ACTIVITIES: ARGENTINA

In Argentina, Cauldron controls, through its wholly-owned subsidiary Cauldron Minerals Limited (“Cauldron Minerals”), and an agreement with Caudillo Resources S.A. (“Caudillo”) more than 3,400 km² of ground in 6 project areas (Figure 4) in 4 provinces. The most advanced project, Rio Colorado, is a Cu-Ag target exhibiting characteristics similar to the globally significant sedimentary copper deposits.

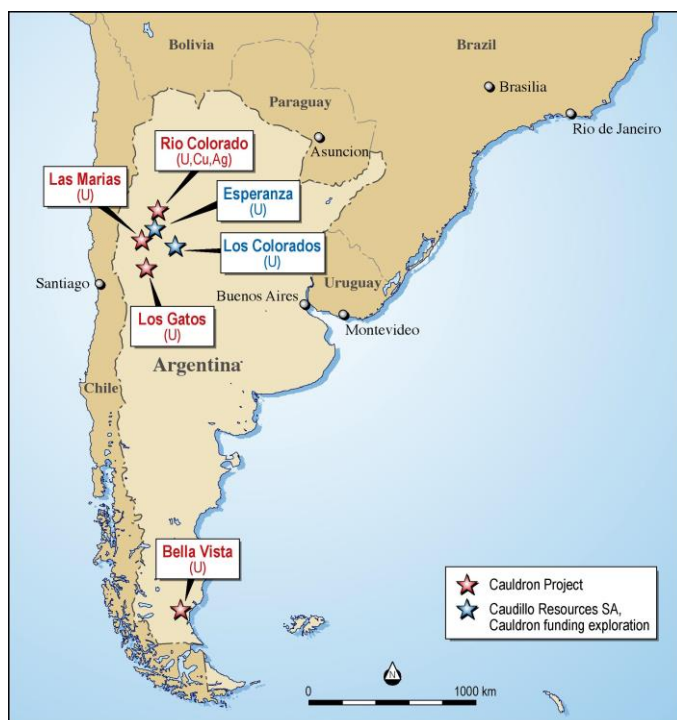


Figure 18: Argentina – Location of Prospects

During the reporting period, Cauldron completed the first earn-in stage of the Rio Colorado project, now owning a 51% equity stake in the joint venture. No work was completed in Argentina as Cauldron is awaiting approval for drilling at the Rio Colorado Project.

Disclosure Statements

Competent Person Statement

The information in this report that relates to exploration results is based on information compiled by Mr Jess Oram, Exploration Manager of Cauldron Energy. Mr Oram is a Member of the Australasian Institute of Geoscientists who has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC Code 2012). Mr Oram consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource for the Bennet Well Uranium Deposit is based on information compiled by Mr Jess Oram, Exploration Manager of Cauldron Energy and Mr Stephen Hyland, who is a Principal Consultant of Ravensgate. Mr Oram is a Member of the Australasian Institute of Geoscientists and Mr Hyland is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Oram has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC Code 2012). Mr Oram and Mr Hyland consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

Bennet Well Mineral Resource - December 2015

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Part	Criteria	Explanation	Comment
1-1	Sampling Techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>	The principal sampling method for all drilling conducted at the Bennet Well and larger Yanrey projects has been by downhole geophysical gamma logging to determine uranium assay and in-situ formation density data. Data collected at 1 cm sample rate comprised gamma ray (two calibrated sondes on two separate sonde stacks), caliper, dual lateral resistivity, dual induction and triple density. Downhole geophysical log data was collected by contractors, Borehole Wireline Logging Services of Adelaide using GeoVista made downhole slim-line tools. Core samples were also collected for the diamond drilling conducted in 2013 and 2014 however these data have not been deemed as being representative of the entire project area and have therefore not been used in the derivation of the Exploration Target. All uranium assay grade is determined from deconvolved gamma logs; using non dead-time corrected calibrated gamma sondes, the consecutive application of a smoothing and sharpening filter on the raw data, hole-size correction, moisture correction, and a correction for secular disequilibrium. All in-situ formation density estimated from data was collected by a triple density probe; using calibrated density sondes from the three channels of the probe (short spaced, long spaced and bed resolution density). These data were corrected for the high background gamma environment of the mineralised zone (by running the probe without the source in grades above 800 ppm eU_3O_8) and for variations in hole-size by applying a hole-size correction model derived from the AMDEL calibration facility.
		<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Downhole gamma logging for the BW series drillholes was performed by Borehole Wireline Pty Ltd using a Geovista 38mm total count gamma probe.. The data used to calibrate the gamma probes was collected by Duncan Cogswell BSc, MSc who is a Member of the Australasian Institute of Mining and Metallurgy. Duncan Cogswell is a full time employee of Borehole Wireline Pty Ltd and has sufficient experience in the area of downhole gamma probe calibration and borehole corrections. Calibration of two gamma sondes was completed using non-dead-time corrected grade and hole-size correction models, and for the density sonde using a density model and a hole-size correction model.
		<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>	Data was collected at 1 cm sample intervals down the length of the drillhole. Uranium assay grades were determined from deconvolved gamma logs using non dead-time corrected calibrated gamma sondes, the consecutive application of a smoothing and sharpening filter on the raw data, hole-size correction, moisture correction, and a correction for secular disequilibrium. Downhole geophysical logging was undertaken by contractors, Borehole Wireline Logging Services of Adelaide using GeoVista made downhole slim-line tools.
	Drilling	<i>Drill type (e.g. core, reverse circulation, open-hole hammer,</i>	Drilling within the Bennet Well – Yanrey project consists of various phases of rotary mud, aircore and diamond core drilling conducted between 1979 (historical) and 2014 (CXU). All holes were drilled vertically. The breakdown of

Part	Criteria	Explanation	Comment
	Techniques	<i>rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	programs is as follows: ➤ pre-2013: historical drilling consisting mostly of aircore, comprising 285 holes for a total of 29,065 m and rotary mud, consisting of 95 holes for 8,993 m . ➤ 2013: diamond core drilling comprising a total of 8 holes, consisting of 356 m rotary mud pre-collars and 257 m of HQ diamond core tails. The rotary mud pre-collars were drilled at a diameter of 5 ½" while the diamond core tails were drilled with triple-tube PQ (diameter 83mm) in areas of hard drilling, and subsequently HQ (61mm) when the target zone of mineralisation was intersected. ➤ 2014: approximately 90 % of the drill program was comprised of rotary mud (diameter for a total of 67 holes (5,785 m), while 10% consisted of triple tube diamond-drilled PQ core for a total of 6 holes (534m). The bore wall was stabilised by bentonite muds and chemical polymers.
1-2	Drill Sample Recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Core processing for the 2013 and 2014 diamond drill programs involved checking every run for accuracy on drilling blocks to identify areas of core loss/gain that would then assist with determination of total core recovery. Recoveries of core were measured inside the splits before transferring it to the core trays. The measured recoveries were then logged in a database and later used to determine recovery percentages. Average core recoveries for the 2013 and 2014 programs were 93.6% and 87.8%, respectively. Sample recovery from mud rotary drilling is not required for assay, but during the 2014 program a sample was collected in 1 m downhole increments and laid out near the drill collar for use in logging the downhole lithology, redox state, alteration and the stratigraphic sequence. A specimen sample of each downhole increment for each drillhole remains on-site.
		<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Sample recovery from the mud rotary drilling has never been recorded because a physical sample is unnecessary for assay determination. Triple tube PQ core has been determined as the most effective drilling method (outside of potential use of sonic drilling) to maximize recovery of the mostly unconsolidated interbedded sand and clay sequences hosting the mineralisation. The 2013 and 2014 diamond core programs involved drilling run lengths of 3.0 m outside of the target ore zone and then decreasing the run length to 1.5, 1.0 and even 0.5 m on approach to and within the ore zone itself. The short runs were found to achieve the best overall recovery.
		<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Cauldron has not identified any relationship between sample recovery and the determination of uranium assay from deconvolved gamma ray data. Variations in uranium grade caused by changing drillhole size is minimised through an accurate measurement of hole diameter using the caliper tool and application of a hole-size correction factor. Hole-size correction models have been determined by Borehole Wireline, using data collected at the PIRSA calibration facility in Adelaide; with a hole-size correction factor derived as a function of drillhole diameter.
1-3	Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining</i>	All mud rotary chips are geologically logged and used to assist in the interpretation of the resistivity, induction and density profiles derived from the downhole geophysical sondes. Uranium assay for a potential in-situ recovery project requires mineralisation to be hosted in a porous sedimentary sequence that is readily leachable, and is determined for the former geophysical data and the mud rotary chips.

Part	Criteria	Explanation	Comment
		<i>studies and metallurgical studies.</i>	The drill core was also geologically logged in greater detail than that undertaken during the logging of the mud rotary chips. This information was later used in a deposit-wide geological interpretation exercise and the subsequent establishment of a working 3D exploration model that has also been used in the derivation of the Exploration Target as well the planning and design of the proposed work to test these Targets. No geotechnical data was collected due to the generally flat-lying geology and mostly unconsolidated sediments.
		<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	The geological logging completed was both qualitative (sediment/rock type, colour, degree of oxidation, etc.) and quantitative (recording of specific depths and various geophysical data). The chip samples were sieved and photographed wet (lightly sprayed with water) and dry. Selected half-core zones were also photographed by Core Labs Australia, (Kewdale, W.A.), showing the cut and cleaned surfaces.
		<i>The total length and percentage of the relevant intersections logged.</i>	All mud rotary chip samples and core samples were geologically logged. All drillholes from the 2013 and 2014 programs were logged with the downhole geophysical probes.
1-4	Sub-Sampling Techniques and Sample Preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Most of the core from the 2013 program was cut on-site in half using an angle grinder and chisels by the Site Geologist since the core was loosely consolidated. More consolidated core was cut at Core Labs (Kewdale, W.A.) using a diamond blade saw. Core from the 2014 program was treated differently. Immediately after the drilled core was measured and logged, the trays containing the target mineralised zones would be separated from the 'barren' core. Core from the mineralised zone were wrapped in cling-wrap and the whole trays were then stored and transported within freezers for delivery to Core Labs, Kewdale W.A. Drill core samples from both the 2013 and 2014 diamond core programs were processed at Core Labs (during their respective exploration periods) and selected intervals chosen for porosity/density and permeability testing (PdPK) which involved the drilling of a half-inch length plug removed from the interval of core. Intervals were later selected for geochemical assay sampling which involved the collection of half core for normal samples and quarter core as duplicate (QAQC) samples. The geochemical assay results have not been used in the calculations behind the derivation of the Exploration Target in this report and therefore have not been included here. After the sampling process, the surfaces of the remaining half-core intervals were cleaned and smoothened by the use of very small, thin razor blades and thin brushes (for the removal of the resulting dust and debris). This procedure is part of the "slabbing" procedure routinely conducted by Core Labs. Once the core was sufficiently cleaned, profile permeability measurements were taken to establish amenability to the passage of fluids through the mineralised target zones.
		<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	No mud rotary chip samples were collected for geochemical assay.
		<i>For all sample types, the nature, quality and appropriateness of the sample preparation</i>	Rotary mud drilling does not require a physical sample to assay nor would it provide a sufficiently clean sample if there was a need for geochemical assaying (because it involves an open hole with no control on contamination or smearing of the sample between metres). However, this type of drilling does allow the passage of geophysical probes which can derive assay for uranium

Part	Criteria	Explanation	Comment
		<i>technique.</i>	mineralisation. A check against assay and density derived from gamma and density probes, respectively, will be completed using physical sampling derived from core drilled during the 2014 program. Geochemical assays from the diamond core have not been used in the derivation of the Exploration Targets. Sampling information will therefore not be included here as it is deemed irrelevant for the purpose of this report.
		<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Two calibrated gamma probes run in separate stacks were utilised to derive uranium assay from every hole. Assay from only one probe (the grade probe) is used in grade determination; the alternate probe is used to check the result derived from the grade probe. This cross-check is used to check if the correct calibration models are applied to the data, and to ascertain potential spurious results from a damaged probe or a probe that drifts out of calibration range. Geochemical assays from the diamond core have not been used in the derivation of the Exploration Targets. Sampling information will therefore not be included here as it is deemed irrelevant for the purpose of this report.
		<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	All holes drilled during the 2014 rotary mud / diamond core program were assayed with two different calibrated gamma probes. Geochemical assays from the diamond core have not been used in the derivation of the Exploration Targets. Sampling information will therefore not be included here as it is deemed irrelevant for the purpose of this report.
		<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	During the downhole logging process, the gamma and density probe used for uranium assay determination and in situ density measurement is retracted past in-situ material accessed by the drillhole. No sorting of sample by grain size will occur under these conditions. Cauldron used well known laboratories for geochemical assessment of the core samples to ensure that all sample preparation including crushing and pulverizing was suitable for the material being tested. The profile permeability measurements were taken every 15 centimetres, where possible, along the cut face of the remaining one-half core section, throughout each of the 8 x drill core holes. The grain size of the sampled material is therefore not relevant to the selection of sample points for this type of analysis. Samples selected for the porosity/grain and bulk density testwork were trimmed, dried and cooled (see "Sampling Techniques" section) according to standard Core Lab sampling procedures. Material grain size is also irrelevant to the selection of samples for these testworks.
1-5	Quality of Assay Data and Laboratory Tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	Borehole Wireline Logging Services have strict quality assurance procedures to ensure tool reliability and tool calibration. Borehole Wireline has collected recent data to allow calibration of the gamma, density and caliper probes, and has supplied these data to Cauldron. Provided appropriate correction factors and assay control, deconvolved downhole gamma assay provide the best assay for uranium hosted in unconsolidated sedimentary material, because of low sample quality derived from RC drilling and potential low recovery from core drilling. The PdpK technique is a well-used procedure throughout the oil and gas industry and is widely used by Core Labs for many Petroleum companies throughout the world. As such, this analytical method is usually considered to result in a very accurate, representative and precise data set.
		<i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in</i>	Deconvolved uranium grade from gamma logging comprises the following: each gamma tool is calibrated for tool count (gamma scintillations) against uranium response in the PIRSA calibration pits, Adelaide; using

Part	Criteria	Explanation	Comment
		<i>determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	the revised pit grades of Dickson 2012 - hole size correction factor is applied; which is generated from the PIRSA calibration pits, Adelaide; applied to every hole based on the measured hole diameter of the drillhole - moisture correction factor of 1.11 is applied because of the difference in dry weight uranium grade between the relatively dry calibration pits compared to the saturated unconsolidated sediments that are host to the deposit - disequilibrium factor of 1.07 is applied to all holes based on minimal data that needs further analysis and quantification Profile permeability was measured on the cut face of the remaining one-half core section of each of the core holes using the PdpK TM 300 Profile Permeameter. Measurements were made approximately every 15 centimetres, where possible, along the core. A total of only 514 point measurements were made from the 2013 program, as the core in each hole was in a very deteriorated condition. The 2014 core samples submitted for PdpK testing returned a total of 258 point measurements because of more constrained sampling procedures in line with budgetary limitations. Samples selected for porosity, grain and bulk density measurement were first weighed and then processed through the Ultrapore TM 400 Porosimeter to first determine Grain Volume, using a combination of Helium gas and calculations involving Boyle's Law. A calibration check plug was run after every 5th sample. Grain density data was subsequently calculated from the grain volume and sample weight results. Bulk volume data for each of the samples were obtained by the use of Mercury displacement (using a Volumetric Displacement Pump) and Grain Volume data. Dry bulk density data was subsequently calculated using these resulting bulk volumes and the sample weights. The porosity of each sample was finally calculated from the same dataset using the bulk volume results and the grain volume data obtained at the beginning of the process.
		<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	In every hole, duplicate deconvolved gamma assay data is derived from two distinct probes and used to check for potential inaccuracy caused by electronic malfunction of any probe at any possible time. Core Labs, Perth, performed their own in-house calibration checks (such as running the calibration check plugs every 5th sample on the Ultrapore 400 Porosimeter) and re-running samples through the respective machines, as part of their quality control procedures.
1-6	Verification of Sampling and Assaying	<i>The verification of significant intersections by independent or alternative company personnel.</i>	Independent checks were completed on these data by Borehole Wireline; which were cross-checked by Cauldron against deconvolved gamma grades derived by Cauldron.
		<i>The use of twinned holes.</i>	Eight core holes drilled in 2013 comprised a mix of twinned holes and new exploration holes in geologically and mineralogically significant areas. The core holes that served as twins were situated between 2.0 m to 10.0 m from the original holes.
		<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and</i>	Data used to derive deconvolved gamma assay (depth, gamma reading and caliper, tool ID, calibration ID) is stored in .LAS files (a common industry space delimited format for downhole geophysical data) and viewed in WellCad (saved as WellCad .WCL files) which is then later uploaded to SQL database. The database and server is backed up regularly.

Part	Criteria	Explanation	Comment
		<i>electronic) protocols.</i>	Preliminary and final PdpK data are stored as '.csv' files on the Cauldron server for future reference. All data is verified by senior personnel and then entered into an in-house SQL database by a designated database consultant who manages all data entry. All data is saved as electronic copies with server backups completed. Profile permeability data is reported in units of milli Darcies or Darcies
		<i>Discuss any adjustment to assay data.</i>	A disequilibrium factor of 1.07 is applied to the gamma deconvolved grade to account for secular disequilibrium as measured by ANSTO on limited samples in 2007; and by the difference between wet chemical assay derived from core and deconvolved assay derived from gamma logging as seen in the core drilling completed in 2013. Spatial variations in secular disequilibrium in any orebody is common; and can range from a value both greater and less than 1. More work is required to map the variations in secular disequilibrium. The calculations used to obtain the grain, bulk and porosity data, and the respective reported units given to each data set, are as follows: Grain density and volume: $GD = W1/GV$ where: GD = Grain Density (grams per cubic centimeter – g/cc) W1 = Weight of sample (grams – g) GV = Grain Volume (cubic centimetres – cc) Porosity: $\emptyset = ((BV-GV)/BV) \times 100$ where: $\emptyset$ = Porosity (percent - %) BV = Bulk Volume (cubic centimetres – cc) GV = Grain Volume (cubic centimetres – cc) Bulk Density: $BD = W1/BV$ where: BD = Bulk Density (grams per cubic centimeter – g/cc) W1 = Weight of sample (grams – g) BV = Bulk Volume (cubic centimetres – cc)
1-7	Location of Data Points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	The method to locate collars is by a real-time kinematic GPS system having an accuracy of plus or minus 0.5 m in the X-Y-Z plane, collected by qualified surveyor, Phil Richards of MHR Surveyors, WA. The relative level is determined from levelling to a grid derived from LIDAR survey having an RL accuracy of 0.2 m. No downhole surveys were completed since all holes were drilled vertically and the shallow drillhole depths relative to wide drill spacing would have minimal effect on potential mis-position of mineralised intercepts.
		<i>Specification of the grid system used.</i>	The grid system used at the Bennet Well-Yanrey project area is MGA_GDA94, Zone 50. All data is recorded using Easting and Northing and AHD.
		<i>Quality and adequacy of topographic control.</i>	The primary topographic control is from a high resolution LIDAR survey flown in early 2015.
1-8	Data Spacing and Distribution	<i>Data spacing for reporting of Exploration Results.</i>	Spacing of holes drilled historically is variable between 30 and 200 m on individual fence lines, and 50 m to 1,100 m between fence lines along strike. Spacing of the core holes from the 2013 drilling program varied between 350 m and 800 m within individual prospects. The spacing of the drill holes from the 2014 program varied between 100 m and 800 m within individual prospects.
		<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	The area occupied by the deposit is very large and therefore drill spacing has always been variable.

Part	Criteria	Explanation	Comment
		<i>Whether sample compositing has been applied.</i>	Downhole geophysical data was collected on 0.01 m increments; a running five point average was subsequently applied to these data for the purposes of reducing file storage sizes. All downhole geophysical data was later composited to 0.50 m increments for the purpose of block modelling for the revision of the mineral resource estimate. The only compositing undertaken for core thus far was conducted in 2013 in relation to leach testing by ANSTO over a selected interval. A total of 34 and 10 assay pulp samples for YNDD018 and YNDD022 respectively were composited to make the leach test samples. These results however have not been used in the derivation of the Exploration Target supplied in this report.
1-9	Orientation of Data in Relation to Geological Structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	All drill holes were drilled vertically since the sediments are mostly unconsolidated and generally flat-lying. All holes therefore sample the true width of mineralisation.
		<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No sampling bias is observed by the orientation of the drill holes.
1-10	Sample Security	<i>The measures taken to ensure sample security.</i>	Chips collected from each rotary mud and aircore drill hole are stored securely in a locked sea container at the Bennet Well Exploration Camp. Diamond drill core from the 2008 and 2013 drill programs is also stored at a secure location on the project site, in lockable sea containers. If there is a requirement to transport core to Perth for sampling and assaying, the following procedure is followed: ➤ core is frozen, wrapped and stacked on pallets and strapped with secure metal strapping; ➤ A Ludlum Alpha/Gamma Surface meter is then used to measure the concentration of alpha/gamma particles (if any) being emitted from each of the pallets. ➤ Pending the results of these surveys, and in accordance with the Safe Transport of Radioactive Material (2008) guidelines issued by the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA), the appropriate transport documentation was inserted into the top layer of plastic pallet wrap in such a way as to be visible to the transporter, if required. ➤ Upon arrival at the desired destination in Perth, the core is finally inspected by senior Cauldron personnel to check that sample integrity has been maintained.
1-11	Audits or	<i>The results of any audits or reviews of</i>	Cauldron's Competent Person has verified all sampling techniques and data

Part	Criteria	Explanation	Comment
	Reviews	<i>sampling techniques and data.</i>	collection is of high standard and no reviews are required at this stage.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Part	Criteria	Explanation	Comment
2-1	Mineral Tenement and Land Tenure Status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	All drilling was completed, at various times, on exploration tenements E08/1493, E08/1489, E08/1490 and E08/1501, which are wholly owned by Cauldron. A Native Title Agreement is struck with the Thalanyji Traditional Owners which covers 100% of the tenements listed above.
		<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	These tenements are in good standing and Cauldron is unaware of any impediments for exploration on these leases.
2-2	Exploration Done by Other Parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	A 70 km long regional redox front and several palaeochannels were identified by open hole drilling by CRA Exploration Pty Ltd (CRAE) during the 1970s and early 1980s. CRAE drilled over 200 holes in the greater Yanrey Project area, resulting in the discovery of the Manyingee Deposit and the identification of uranium mineralisation in the Bennet Well channel and the Spinifex Well Channel. Uranium mineralisation was also identified in the Ballards and Barradale Prospects.
2-3	Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	At least 15 major palaeochannels have been identified in the greater Yanrey project area at the contact between the Cretaceous aged marine sediments of the Carnarvon Basin and the Proterozoic Yilgarn Block which lies along the granitic and metamorphic ancient coastline. These palaeochannels have incised the underlying Proterozoic-aged granite and metamorphic rocks, which are subsequently filled and submerged by up to 150m of mostly unconsolidated sand and clay of Mesozoic, Tertiary and Quaternary age. The channels sourced from the east enter into a deep north-south trending depression that was probably caused by regional faulting and may be a depression formed at the former Mesozoic-aged coastline.
2-4	Drill Hole Information	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <i>Easting and northing of the drill hole collar;</i> <i>Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill collar;</i> <i>Dip and azimuth of the</i>	Refer to table below titled: "BW Extended Area and Yanrey Regional Area - drilling intercepts, location"

Part	Criteria	Explanation	Comment
		hole; - Down hole length and interception depth; - Hole length If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract for the understanding of the report, the Competent Person should clearly explain why this is the case.	
2-5	Data Aggregation Methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	Average reporting intervals are derived from applying a cut-off grade of 150 ppm U_3O_8 for a minimum thickness of 0.40 m.
		Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	The length of assay sample intervals varies for all results, therefore a weighted average on a 0.40 m composite has been applied when calculating assay grades to take into account the size of each interval. The intervals quoted in Table 2 are derived by length weighted averaging assay intervals greater than 0.4 m in width that have assays above 150 ppm. A maximum internal dilution of 0.4 m was used to aggregate a thin barren zone within bounding higher grade material as long as the grade-thickness of the entire interval was above cutoff (= 150 x 0.4).
		The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents are used.
2-6	Relationship Between Mineralisation Widths and Intercept Lengths	These relationships are particularly important in the reporting of Exploration Results.	All drilling at Bennet Well is vertical. The recent 3D interpretation and establishment of a mineralisation model has determined that the uranium mineralisation dips very shallowly (no more than 2-3°) to the west at Bennet Well East, yet at Bennet Well Central the mineralisation is observed to follow the contours of the underlying granitic basement. The overall dip of the mineralisation in the Bennet Well Resource Area could be described as sub-horizontal therefore, all mineralisation values could be considered to be true width.
		If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	The recent 3D interpretation and establishment of a mineralisation model has determined that the uranium mineralisation dips very shallowly (no more than 2-3°) to the west at Bennet Well East, yet at Bennet Well Central the mineralisation is observed to follow the contours of the underlying granitic basement. The overall dip of the mineralisation in the Bennet Well Resource Area could be described as sub-horizontal therefore, all mineralisation values could be considered to be true width.
		If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not	The recent 3D interpretation and establishment of a mineralisation model has determined that the uranium mineralisation dips very shallowly (no more than 2-3°) to the west at Bennet Well East, yet at Bennet Well Central the mineralisation is observed to follow the contours of the underlying granitic

Part	Criteria	Explanation	Comment
		<i>known').</i>	basement. The overall dip of the mineralisation in the Bennet Well Resource Area could be described as sub-horizontal therefore, all mineralisation values could be considered to be true width.
2-7	Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Included in this report
2-8	Balanced Reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All drill locations are shown in Table 2; intercepts that are greater than 150 ppm for at least 0.4 m in thickness.
2-9	Other Substantive Exploration Data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	Metallurgical sighter testing was completed by the Australian Nuclear Science and Technology Organisation (ANSTO) for the diamond core drilled in 2013, with further testing planned for core drilled in 2014. Geochemical assaying was also completed for the diamond core from both 2013 and 2014. These data however have not been used in the derivation of the Exploration Targets reported here. Sampling information will therefore not be included here as it is deemed irrelevant for the purpose of this report.
2-10	Further Work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	The core obtained from recent drilling will provide samples for density and profile permeability testing and geochemical assay; with further metallurgical characterisation. The former physical and chemical characterisation testing will be used to cross-check the data collected by the downhole geophysics system, the latter metallurgical testing will expand on the core work completed in 2013. The aims of proposed metallurgical work include: characterisation of the modal mineralogy of mineralisation using QEMSCAN/SEM or similar; quantification of the elemental composition of mineralisation and host sequences; quantify the degree of secular disequilibrium; test for the presence and behaviour of organic material, carbonate material or pyrite that may affect efficiency of leaching; further test the leach performance of mineralisation in acid and in alkali/carbonate media. Further core and mud rotary drilling to improve the Mineral Resource category of the Bennet Well deposit. Further exploration drilling is required to identify extensions to mineralisation.
		<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations</i>	Plans and sections have been included in this report.

Part	Criteria	Explanation	Comment
		<i>and future drilling areas, provided this information is not commercially sensitive.</i>	

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in Section 1, and where relevant in Section 2, also apply to this section.)

Part	Criteria	Explanation	Comment
3-1	Database Integrity	<i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i>	Downhole gamma probe data collected in-field was processed by Mr David Wilson (Principal Consultant - 3D Exploration Ltd – Adelaide) and directly input by Cauldron personnel into a database. Ravensgate received the data from Cauldron Energy Limited in Microsoft Access Database files. There has been at least three recent reviews and revision of the database carried out through normal updates of data and these updates were loaded and reviewed as part of ongoing lithological modelling carried out by Cauldron primarily using Micromine Software. Ravensgate transferred the radlog data and lithological unit modelling data completed by Cauldron data into an interim Microsoft Access and MineSight® databases for internal review. Validated data was combined into a single database before loading into MineSight® prior to block model construction and resource estimation.
		<i>Data validation procedures used.</i>	Suitable care and diligence was employed when entering all older and new data into project working databases. Ravensgate completed a check of the databases as was possible for missing coordinates, duplicate assay, collar, geology and survey intervals, duplicated drill holes and missing assays and surveys. A visual validation was undertaken by displaying the data in 3D on computer screen using MineSight® geological modelling software.
3-2	Site Visits	<i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i>	A site visit to the Bennet Well Areas has not yet been conducted by Ravensgate. Ravensgate is satisfied that given the early stage of resource development at the Yanrey Project, only limited additional benefit will be derived from a site visit at this stage. The project area terrain is relatively flat and featureless with little in the way of outcrops or related geology features evident. Drill sites, and evidence of drilling operations and sampling operations are evident from selected photos observed of the site.
		<i>If no site visits have been undertaken indicate why this is the case.</i>	A site visit by Ravensgate personnel has not yet been carried out with respect to recent resource-estimate. The exploration manager of Cauldron has visited the site recently in Nov 2015. A site visit by Ravensgate is anticipated in the near future when new drilling program commences.
3-3	Geological Interpretation	<i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i>	The confidence in the geological interpretation is good. The geological setting has been clearly established as a basinal and palaeochannel scoured granite basement constrained sediment hosted environment with uranium deposited through hydro-geochemical uranium deposition in oxidising conditions. From within the channel, the uranium moves through adjacent sand units and even smaller sand lenses within some of the terrestrial swamp units. The uranium-rich fluids meet with changing chemical conditions caused by the presence of reduced material such as pyrite, wood fragments, reduced lignitic clays, where the uranium is caused to precipitate. The transport pathway for the uranium is not just confined to one lithological unit. The uranium can move from one unit to surrounding units if there are permeable zones that will allow this to happen. Most of the uranium seen at Bennet Well East is

Part	Criteria	Explanation	Comment
			located within about four main units that are all connected by permeable zones.
		<i>Nature of the data used and of any assumptions made.</i>	No assumptions on the historic data have been made except that whilst it is not now directly verifiable, is still represents cumulative data for the area. Cauldron has subsequently carried out recent Mud Rotary, Air-Core and Diamond Drilling programs that have gone towards verifying and confirming the general tenor of the historic project development work.
		<i>The effect, if any, of alternative estimation interpretations on Mineral Resource estimation</i>	The Bennet Well deposit areas are close to horizontally disposed with only very minor dipping typically of less than 2-3 degrees observed locally with some minor undulating in geometry evident. The lithological units are interpreted for have distinct boundaries based on an extensive drill-logging data-set. The lithological units and their material type composition primarily define the position and relative size of the uranium mineralised domains. The exploration programs carried out at the Bennet Well areas comprise a reasonably large drilling data-set which is adequate to clearly outline the majority of the mineralisation geometries. It is unlikely an alternative mineralisation geometry interpretation could depart significantly from the interpretation arrived at to date.
		<i>The use of geology in guiding and controlling Mineral Resource estimation.</i>	Experience modelling similar sediment hosted and stratigraphically controlled deposits was utilised in guiding and controlling the estimation. The mineralised envelopes for were based on a nominal minimum range of 125-150 ppm eU₃O₈ (deconvolved gamma with disequilibrium factor) lower cut-off and were appropriated using maximum of +/-0.8 m internal dilution definition threshold. The mineralised zone wireframes were only extrapolated to distances approximately equivalent to half of a typical drill-grid section spacing (or slightly less) used at Bennet Well East, Central and South.
		<i>The factors affecting continuity both of grade and geology.</i>	Palaeochannel basement scour features are interpreted to affect the geology and therefore uranium grade at the local scale. In addition the stratigraphic sequence and composition of the various sediment units also affects uranium mineralisation distribution. The uncertainties caused by these factors will have only a small impact on the global resource estimates at this stage of project development. More closely spaced drilling will be required in the future to define the short range variability of the mineralisation. For the resource classification levels derived for this report these factors been adequately addressed via the resource estimation process applied.
3-4	Dimensions	<i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i>	Bennet Well East – Main Zone is approximately 3000 m along strike – Grid Azimuth 330-345 degrees (North-South) by 1100m perpendicular to strike (East-West). Individual lithological units within this area typically vary between 2m and 10m in thickness. Bennet Well Central – Main Zone is approximately 4200m along strike - Grid Azimuth 320-335 degrees (North-South) by 2200m perpendicular to strike (North-South). Individual lithological units within this area typically vary between 2m and 20m in thickness. Bennet Well South – Main Zone is approximately 2900m along strike Grid Azimuth 330-340 degrees (North-South) by 500-1000m perpendicular to strike (East-West). Individual lithological units within this area typically and vary between 2m and 20m in thickness. Bennet Well Deep South – Main Zone is approximately 500m along strike Grid Azimuth 330-335 degrees (North-South) by 500-700m perpendicular to strike (East-West). Individual lithological

Part	Criteria	Explanation	Comment
			units within this area typically and vary between 2m and 5m in thickness.
3-5	Estimation and Modelling Techniques	<i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i>	The most current interpretation of the mineralisation units that have been formed within the overall marginal marine environment, in conjunction with the interpreted uranium mineralisation distribution (based on a nominal minimum range of 125-150 ppm U_3O_8 deconvolved (deconvolved gamma with disequilibrium factor) cut-off has been used to interpret and construct wireframes of mineralisation within the Main Bennet Well Area. These have been allocated ZON1 (zone) code numbers for modelling use and have been designated as ZON1=1-BWGS, 2-BWMAINA1, 3-BWMAIND1, 4-BWMAINA2, 5-BWMAIND1, 6-BWMAINC1, 7-BWMAINE1, 8-BWBASAL1. Grade estimation using ordinary kriging was completed for one main reportable element item; DSEQ1 for eU_3O_8 deconvolved gamma with disequilibrium factor. Drill hole downhole gamma probe radlog data (DSEQ1) was flagged using domain codes generated from 3D mineralisation domains and geological surfaces. Radlog data was composited per DSEQ1 item element to 0.4m downhole lengths within the major lithological units. There were no residual composites using the lithological coding approach. Intervals without assays were excluded and designated with null values as determined from the compositing routine. The influence of extreme grade values were examined utilising top cutting analyst tools (grade histograms; log probability plots and coefficients of variation) on a detailed ZON1 designation basis. The grade / cut-off distance restriction regime utilised during interpolation to limit the influence of very high grade outliers for Bennet Well was set at varying cut-off thresholds depending on ZON1 designation of 400-4,400 ppm eU_3O_8 (Deconv) (deconvolved gamma with disequilibrium factor). The distance of outlier restriction for the main Bennet Well zones was set at a spherical 160 m. Grade continuity for each zone (lithological unit) was measured using geostatistical techniques. Directional variograms were modelled using traditional and co-variance transformation variograms. Nugget values for all elements were observed to range from moderate through to high depending on zone designation. Estimation search ellipsoids were also defined according to the local geometry orientation as defined by an additional AREA domain code. The main Bennet Well (ZON1=1-8), Bennet Well Central (ZONE=5-8), Bennet Well South (ZONE=9-12) and Bennet Well Deep South (ZONE=13-15), mineralisation domains were interpreted and treated from a modelling perspective as a 'continuous mineralisation event'.
		<i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i>	No previous economic mining activity has taken place within the Bennet Well Areas. A previous set of resource estimates for the Bennet Well Areas and have been undertaken in the past. An early JORC (2004) Mineral Resource Estimate carried out by Ravensgate at a 150ppm eU_3O_8 lower cut-off was: Bennet Well All Areas → Inferred Resource - 26,707Mt @ 267 ppm U_3O_8 (DisEq). A more recent subsequent JORC (2012) Mineral Resource Estimate carried out by Ravensgate (September 2014) at a 150ppm eU_3O_8 lower cut-off was: Bennet Well All Areas → Combined Indicated and Inferred Resource – 32.4Mt @ 260 ppm U_3O_8 (DisEq) Comprised of Indicated Resource - 9.4Mt @ 300 ppm U_3O_8 (DisEq) and

Part	Criteria	Explanation	Comment
			Inferred Resource - 23.0Mt @ 240 ppm U₃O₈ (DisEq) A previous early stage mineral resource estimate for the Bennet Well Central Area only was carried out by Hellman & Schofield (H&S) during May 2008. At the time, the drilling density was a nominal 100m by 100m in the resource area. H&S also utilised Ordinary Kriging and composited to 0.5 metre downhole lengths however no capping or cutting of outlier values was used possibly leading inadvertently to elevated resource estimated tonnages and grades. H&S reported an Inferred Mineral Resource under the JORC 2004 Code of 7.296Mt at a cut-off of 150ppm eU₃O₈ an average grade of 296ppm eU₃O₈ (DisEq).
		<i>The assumptions made regarding recovery of by-products.</i>	The Yanrey Project is not expected to produce excess or saleable by-products.
		<i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i>	No significant deleterious elements have been identified or reported to date.
		<i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i>	Multiple interpolation runs and search passes depending on ZON1 and / or AREA domain were used for interpolation of grade into the 20mN by 15mE by 0.4mRL blocks. Each Area domain for ZON1=1 to ZON1=8 and AREA=1 to AREA=7 based on observed mineralisation orientation and were treated as hard boundaries. The main ZON1 (mineralised unit) domains were treated as hard boundaries.
		<i>Any assumptions behind modelling of selective mining units.</i>	No firm selective mining units have been assumed particularly given an in-situ recovery extraction technology is to be considered.
		<i>Any assumptions about correlation between variables.</i>	No statistical analysis was undertaken to determine the relationship between U ₃ O ₈ and any minor analytical elements as no significant element correlation factors have been identified as being critical.
		<i>Description of how the geological interpretation was used to control the resource estimates.</i>	All blocks within the mineralisation wire-frame were estimated. Mostly Hard, bounded were used for the major designated mineralized lenses (ZON1=1-8).
		<i>Discussion of basis for using or not using grade cutting or capping.</i>	Statistical analysis showed the populations in the main ZON1=1-16 domains to generally have moderate, ranging to high, coefficients of variation. Therefore, a moderated grade / cut off and associated distance restriction regime was applied during kriging interpolation individually on a zone by zone basis.
		<i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i>	Model validation was carried out graphically and statistically to ensure that the block model grades accurately represent the input drill-hole data. A number of methods were employed to validate the block model including: - Global mean comparison; - Visual comparison, and - Bench trend plot comparison. The global mean comparison between drill composite grades and model grades within each of the mineralised zone wireframes for the eU₃O₈ item shows that, globally, the estimates compare favourably within all the well drilled parts of the main mineralised domain. Some localised bench variations are observed with the bench trend plots. These areas of variation are due to the

Part	Criteria	Explanation	Comment
			inherent bench variability and non-stationarity of the analytical deconvolved eU3O8 data. Cross sections were viewed on-screen and showed a good comparison between the drill hole data and the block model grades. A volume comparison between the volume of the block model cells within each mineralised zone and the volume of the corresponding wireframe was carried out to ensure coding methods were within acceptable limits.
3-6	Moisture	<i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i>	The tonnages are estimated on a dry basis; and has been reviewed by Mr David Wilson who suggested using a conservative average porosity of factor of 30% for current resource estimation purposes until more definitive in-situ data is acquired.
3-7	Cut-off Parameters	<i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i>	A nominal cut-off range of 125-150 ppm eU ₃ O ₈ (deconvolved) in conjunction with lithological logging was used to define the mineralised envelopes based on a visual significant change of mineralisation distribution and to some extent some localised population statistics thresholds. A financial model completed by Cauldron using the Ravensgate September 2014 Mineral Resource estimate and widely published production costs for in-situ recovery operations has shown that 125 ppm eU3O8 is economically viable at a uranium sale price of \$US45/lb. The use of a lower cutoff of 150 ppm eU3O8 is therefore justified.
3-8	Mining Factors or Assumptions	<i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution.</i>	No previous mining other or mineral extraction other than the recent program of exploration and resource model development has taken place; therefore no reconciliation data is available. Future Mining or mineral extraction at the Bennet Well deposit areas deposit is anticipated and likely to be by In-Situ Leaching (ISL) methods using a series of leaching solution injection bores and pregnant solution extraction bores. No other assumptions on mining methodology have been made.
3-9	Metallurgical Factors or Assumptions	<i>The basis for assumptions or predictions regarding metallurgical amenability.</i>	Minor metallurgical test work has been completed for Bennet Well Area samples. The results suggest that the uranium mineralisation is readily soluble in either acid or alkali/carbonate leaching solution returning greater than 95% extraction in either leaching media. Acid and alkali/consumption were both very low. Cauldron plans more detailed test work in the future with the aim of identifying and optimising the best processing route for the production of high grade yellowcake.
3-10	Environmental Factors or Assumptions	<i>Assumptions made regarding possible waste and process residue disposal options.</i>	It has been assumed that there are no significant environmental factors which would prevent the eventual economic extraction of uranium from the Bennet Well deposit areas. Environmental surveys and assessments will form a part of future prefeasibility study.
3-11	Bulk Density	<i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i>	Bulk density has been estimated from density measurements Archimedes method of dry weight verses weight in water carried out on diamond core samples obtained in 2008 from diamond drilling available at the time from within the Bennet Well Central Area. A total of 62 samples have been measured predominantly on the main highest grade mineralised (more sandy) units accounting for the porosity and permeability where porosity ranges from 26.7% to 42.7% with an average of 34.0% have been observed. When considered in conjunction with the geology, the porosity data indicates the presence of confining lithologies such as interbedded sandstones and clays. The inherent porosity levels observed suggest that the eU3O8 mineralisation at Bennet Well mineralisation is amenable to In-Situ Recovery ('ISR') although additional test work will be required to confirm the mining and processing techniques. Mr David Wilson has considered and used a conservative average porosity of 30% which derives a

Part	Criteria	Explanation	Comment
			conservative value of 1.74t/m ³ for bulk density used in this current August 2014 resource estimation. This average bulk density value, was applied to all the block model cells within the appropriate zone using a direct code approach.
		<i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i>	As per above, the estimated bulk density used for resource estimation has been measured by techniques that have adequately considered and account for void space.
		<i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i>	It is acknowledged there may be minor differences in bulk densities locally and between different material mineralised unit types (ie high sand content versus high silt / mud content). There is further work to be carried out in the future to resolve sandy bulk density variations with higher resolution.
3-12	Classification	<i>The basis for the classification of the Mineral Resources into varying confidence categories.</i>	Estimation parameters including kriging variance, number of composites informing the interpolated block and distance of block centroid from nearest drill-hole were considered during the classification process. These parameters were condensed into a 'quality of estimate' (QLTY) item which was used as a starting basis for decisions relating to resource classification. This was further condensed into a RCAT (resource reporting item) derived after consideration of additional resource estimation 'modifying factors'.
		<i>Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i>	The input data is comprehensive in its coverage of the mineralisation and does not favour or misrepresent in-situ mineralisation. The mineralisation within the different units at the Bennet Well Areas are contained in a stratigraphically defined horizontally disposed series of lithological units with varying amounts of internal eU3O8 mineralisation. The definition of the mineralised zones was relatively constant from section to section and based on a good level of geological understanding producing a robust model of mineralised domains. The validation of the block model shows relatively good correlation of the input data to the estimated grades.
		<i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i>	The Mineral Resource estimate appropriately reflects the view of the Competent Person.
3-13	Audits or Reviews.	<i>The results of any audits or reviews of Mineral Resource estimates.</i>	Resource model data has been internally reviewed by Cauldron using a parallel estimation and similar verification estimation technique. No external reviews or audits of the resource estimation have been undertaken at this stage.
3-14	Discussion of Relative Accuracy / Confidence	<i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person.</i>	The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource into the Inferred categories as per the guidelines of the JORC Code 2012. Less than 10% of the inferred material for the Bennet Well Area deposits has been extrapolated. Preparation of Section 3 of JORC - Table 1 has been undertaken by Ravensgate; a consultancy which is fully independent from Cauldron. Preparation of this report has incorporated a previous peer review process as part of Ravensgate's QA procedures. This report has included an independent QA/QC review of the drill data collected by Cauldron.
		<i>The statement should</i>	This statement relates to both global and local estimates of

Part	Criteria	Explanation	Comment
		<i>specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation.</i>	tonnes and grades.
		<i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i>	No production data is available as no mining has taken place.

5. BUSINESS STRATEGIES AND PROSPECTS FOR THE FORTHCOMING YEAR

The Consolidated Entity intends to continue its focus on the uranium sector.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no changes in the state of affairs of the Consolidated Entity other than those disclosed in the review of operations.

7. SUBSEQUENT EVENTS

As detailed above, on 5 July 2016, the Company recovered \$488,000 (after \$20,455 Receiver costs) of the Guangzhou City judgment debt from sale of Shares by Receiver. The Shares were sold to investors who have agreed to a six-month escrow period in respect of the Shares. On 5 July 2016, 33,898,318 fully paid ordinary Shares were escrowed.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

8. ENVIRONMENTAL ISSUES

The Consolidated Entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

9. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

10. SHARES UNDER OPTION

Details of unissued shares under option as at the date of this report are:

Grant Date	Class of Shares	Exercise Price	Number of Options	Expiry Date	Listed / Unlisted
20 October 2014	Ordinary	\$0.138	16,000,000	31 December 2016	Unlisted
9 November 2015	Ordinary	\$0.138	8,000,000	31 December 2016	Unlisted
29 March 2016	Ordinary	\$0.138	20,000,000	31 December 2016	Unlisted

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

During the year ended 30 June 2016 there were 3,000,000 ordinary shares issued for \$414,000 consideration as a result of the exercise of options (2015: nil).

11. INDEMNITY AND INSURANCE PREMIUMS FOR DIRECTORS AND OFFICERS

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001* every Officer or agent of the Consolidated Entity shall be indemnified out of the property of the Consolidated Entity against any liability incurred by him in his capacity as Officer, auditor or agent of the Consolidated Entity or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The contracts of insurance contain confidentiality provisions that preclude disclosure of the premiums paid, the nature of the liability covered by the policies, the limit of liability and the name of the insurer.

12. MEETINGS OF DIRECTORS

There was one directors meeting held during the year and all but one of the directors in office at the time were in attendance (Mr Gwynne). The Consolidated Entity does not have a formally constituted audit committee or remuneration committee as the board considers that the Consolidated Entity's size and type of operation do not warrant such committees.

13. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and is included on page 50 of the annual report.

14. REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Cauldron's directors for the financial year ended 30 June 2016.

KEY MANAGEMENT PERSONNEL

Key Management Personnel includes:

Antony Sage (Executive Chairman)
Qiu Derong (Non-executive Director)
Judy Li (Non-executive Director)
Mark Gwynne (Non-executive Director)
Catherine Grant (Company Secretary and Chief Financial Officer)
Jess Oram (Exploration Manager)
Simon Youds (Head of Operations) (terminated 10 February 2016)

The named persons held their positions for the duration of the financial year and up to the date of this report, unless otherwise indicated.

REMUNERATION POLICY

The remuneration policy of Cauldron has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain appropriately skilled directors to run and manage the Consolidated Entity, as well as create goal congruence between directors and shareholders.

During the year, the Company did not have a separately established remuneration committee. The Board is responsible for determining and reviewing remuneration arrangements for the executive and non-executive directors. The Board assesses the appropriateness of the nature and amount of remuneration of such officers on a yearly basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from retention of a high quality board.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The executive director determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Shareholders approved the maximum total aggregate fixed sum per annum to paid to non-executive directors be set at \$750,000 at the 2015 Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Consolidated Entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Consolidated Entity.

REMUNERATION REPORT AT 2015 AGM

The 2015 remuneration report received positive shareholder support at the 2015 Annual General Meeting whereby of the proxies received 96.1% voted in favour of the adoption of the remuneration report.

COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTORS AND EXECUTIVES' REMUNERATION

Below is a table summarizing key performance and shareholder wealth statistics for the Consolidated Entity over the last five financial years.

Financial Year	Profit / (Loss) after tax \$	Profit / (Loss) per share (cents)	Share Price (cents)
30 June 2012	(380,737)	(0.40)	16.5
30 June 2013	(7,896,865)	(5.16)	10.0
30 June 2014	(3,944,234)	(2.30)	36.0
30 June 2015	(6,712,800)	(2.91)	11.0
30 June 2016	(3,978,324)	(1.49)	6.6

The remuneration policy has been tailored to increase goal congruence between shareholders and directors. This has been achieved by the issue of options to select directors to encourage the alignment of personal and shareholder interest.

Key Management Personnel (KMP) remuneration for the years ended 30 June 2016 and 30 June 2015:

30 JUNE 2016	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENTS OPTIONS	TOTAL	Remuneration share based payment
	Salary, Fees & Leave	Other	Non- Monetary	Super- annuation	Retirement Benefits	\$	\$	%
Directors (i)								
Anthony Sage (ii)	120,000	-	-	-	-	244,412	364,412	67%
Qiu Derong (iii)	36,000	-	-	-	-	-	36,000	-
Judy Li (iv)	36,000	-	-	-	-	-	36,000	-
Mark Gwynne (v)	36,000	-	-	-	-	-	36,000	-
	228,000	-	-	-	-	244,412	472,412	52%
Other KMP								
Simon Youds (vi)	104,310	-	-	-	-	188,010	292,320	64%
Catherine Grant (vii)	210,000	-	-	19,000	-	125,340	354,340	35%
Jess Oram (viii)	193,000	-	-	18,335	-	62,670	274,005	23%
	507,310	-	-	37,335	-	376,020	920,665	41%
TOTAL	735,310	-	-	37,335	-	620,432	1,393,077	45%

30 JUNE 2015	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENTS OPTIONS (xii)	TOTAL	Remuneration share based payment
	Salary, Fees & Leave	Other	Non- Monetary	Super- annuation	Retirement Benefits	\$	\$	%
Directors (i)								
Anthony Sage (ii)	120,000	-	-	-	-	362,634	482,634	75%
Qiu Derong (iii)	58,619	-	-	-	-	-	58,619	-
Judy Li (iv)	6,000	-	-	-	-	-	6,000	-
Mark Gwynne (v)	800	-	-	-	-	-	800	-
Brett Smith (ix)	104,466	-	-	-	-	46,491	150,957	31%
Anson Huang (x)	-	-	-	-	-	-	-	-
Amy Wang (xi)	-	-	-	-	-	-	-	-
	289,885	-	-	-	-	409,125	699,010	59%
Other KMP								
Simon Youds (vi)	150,000	-	-	-	-	278,949	428,949	65%
Catherine Grant (vii)	200,000	-	-	19,000	-	185,966	404,966	46%
Jess Oram (viii)	176,422	-	-	16,760	-	92,983	286,165	32%
	526,422	-	-	35,760	-	557,898	1,120,080	50%
TOTAL	816,307	-	-	35,760	-	967,023	1,819,090	53%

- (i) There are no employment contracts between the company and the directors.
- (ii) In his capacity as Executive Chairman, Mr Antony Sage is entitled to a fee of \$120,000 per annum. With effect from 1 July 2016, Mr Sage is entitled to a fee of \$240,000 per annum.
- (iii) In his capacity as Non-Executive Director, Mr Qiu Derong was entitled to a fee of \$100,000 per annum up to 6 November 2014. From 7 November 2014 onwards, Mr Qiu Derong is entitled to a fee of \$36,000 per annum.
- (iv) Ms Judy Li was appointed 17 December 2014. In her capacity as Non-Executive Director, Ms Li is entitled to a fee of \$36,000 per annum effective from 1 May 2015.
- (v) Mr Mark Gwynne was appointed 23 June 2015. In his capacity as Non-Executive Director, Mr Gwynne is entitled to a fee of \$36,000 per annum effective from date of appointment.
- (vi) The consultancy contract between the Company and Mr Simon Youds was terminated 10 February 2016. Up until this date, Mr Youds was engaged as Cauldron's Head of Operations, and is included in the Company's Key Management Personnel. Mr Youds was entitled to a consultancy fee of \$150,000 per annum.
- (vii) Ms Catherine Grant is an employee of Cauldron and has been Chief Financial Officer of Cauldron since July 2013, and its Company Secretary since 31 January 2014, and is included in the Company's Key Management Personnel. A portion of Ms Grant's salary was recharged to other non-related entities during the year (2016: \$54,000) (2015: \$59,750).
- (viii) Mr Jess Oram is an employee of Cauldron and has been Exploration Manager since 11 August 2014. Mr Oram is included in the Company's Key Management Personnel.
- (ix) Mr Brett Smith resigned 23 June 2015.
- (x) Mr Anson Huang was appointed 29 July 2014 and resigned 17 December 2014. During his appointment, Mr Huang did not receive any remuneration.
- (xi) Ms Amy was appointed 9 June 2014 and resigned 1 October 2014. During her appointment, Ms Wang did not receive any remuneration.
- (xii) Relates to the portion of the total value of options issued during the year recognised as a share based expense in the year ended 30 June 2015.

ADDITIONAL DISCLOSURE RELATING TO OPTION HOLDINGS AND SHARE HOLDINGS

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

30 JUNE 2016

	Balance 1 July 2015	Granted	Exercised	Lapsed	Other	Balance 30 June 2016	Vested and Exercisable 30 June 2016	Un-exercisable 30 June 2016
Directors								
Antony Sage	3,900,000	-	-	(3,900,000)	-	-	-	-
Qiu Derong (i)	3,000,000	-	-	(3,000,000)	8,000,000	8,000,000	8,000,000	-
Mark Gwynne	500,000	-	-	(500,000)	-	-	-	-
Other KMP								
Simon Youds	3,000,000	-	(3,000,000)	-	-	-	-	-
Catherine Grant	2,000,000	-	-	(2,000,000)	-	-	-	-
Jess Oram	1,000,000	-	-	(1,000,000)	-	-	-	-
	13,400,000	-	(3,000,000)	(10,400,000)	8,000,000	8,000,000	8,000,000	-

- (i) During the year Mr Qiu Derong received 16,000,000 unlisted options (8,000,000 unlisted options exercisable at \$0.118 which expired 31 December 2015; and 8,000,000 unlisted options at \$0.138 expiring 31 December 2016). These options were issued in accordance with a placement agreement between the Company and Mr Qiu. As Mr Qiu did not receive these options in his capacity as a key management personnel, they have not been disclosed as such in the above table.

VALUE OF OPTIONS AWARDED, EXERCISED AND LAPSED DURING THE YEAR

30 JUNE 2016	Value of options granted (ii)	Value of options exercised during the year	Value of options lapsed during the year
	\$	\$	\$
Directors			
Antony Sage	-	-	607,046
Qiu Derong	-	-	230,801
Mark Gwynne	-	-	77,826
Other KMP			
Simon Youds (i)	-	(54,000)	-
Catherine Grant	-	-	311,306
Jess Oram	-	-	155,563
30 JUNE 2015	Value of options granted (iii)	Value of options exercised during the year	Value of options lapsed during the year
	\$	\$	\$
Directors			
Antony Sage	607,046	-	-
Brett Smith	77,826	-	-
Other KMP			
Simon Youds	466,959	-	51,540
Catherine Grant	311,306	-	29,206
Jess Oram	155,653	-	-

(i) During the year, Mr Youds exercised 3,000,000 options at \$0.138 for \$414,000 consideration. The share price on the date of exercise was \$0.12, translating to a market value of \$360,000. The net position of the market value and the consideration on exercise of the options is negative \$54,000.

(ii) There were no options granted as remuneration during the year ended 30 June 2016.

(iii) Relates to the total value of options granted during the year ended 30 June 2015.

SHARES ISSUED ON EXERCISE OF OPTIONS

30 JUNE 2016	Shares issued	Paid per share	Unpaid per share
	No.	\$	\$
Other KMP			
Simon Youds	3,000,000	\$0.138	-

There were no options exercised during the year ended 30 June 2015.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL**30 JUNE 2016**

	Balance 1 July 2015	Issued	Received on exercise of options	Net Change Other	Balance 30 June 2016
Directors					
Antony Sage	5,894,600	-	-	-	5,894,600
Qiu Derong (i)	30,595,532	-	-	16,949,178	47,544,710
Mark Gwynne	100,000	-	-	-	100,000
Other KMP					
Simon Youds (ii)	1,172,864	-	3,000,000	(4,172,864)	-
Catherine Grant	8,888	-	-	-	8,888
	37,771,884	-	3,000,000	12,776,314	53,548,198

(i) 16,949,178 shares were issued in accordance with a placement agreement for \$2,000,000, as approved by shareholders at the AGM held 9 November 2015.

(ii) At the date of termination 10 February 2016, Mr Youds held 4,172,864 shares.

LOANS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

There were no loan made to Cauldron Energy by directors and entities related to them during the year ended 30 June 2016. Details regarding loan arrangements in the year ended 30 June 2015 are as follow:

	Balance at the start of the year	Loan advanced / (repaid)	Interest paid and payable for the year	Conversion of loan to shares	Balance at the end of the year
30 June 2015					
Cape Lambert Resources Limited (a)	212,948	-	5,495	(218,443)	-
Mr Qiu Derong (a)	211,032	-	5,445	(216,477)	-
Cape Lambert Resources Limited (b)	663,038	(674,851)	11,813	-	-
TOTAL	1,087,018	(674,851)	22,753	(434,920)	-

(a) In November 2013, the Consolidated Entity entered into short term loan agreements with Cape Lambert Resources Limited (**Cape Lambert**) and Mr Qiu Derong (**Mr Qiu**). Cape Lambert and Mr Qiu Derong have each lent the Consolidated Entity \$200,000 which may be converted into shares at a conversion rate of \$0.13 per share (with an interest rate of 10% per annum).

On 30 September 2014 at a General Meeting, shareholders approved the conversion of:

- loan (plus interest) of \$218,433 by issuing 1,680,330 shares to Cape Lambert; and
- loan (plus interest) of \$216,477 by issuing 1,665,208 shares to Mr Qiu.

(b) In March 2014, the Consolidated Entity entered into a converting loan agreement. Pursuant to the Converting Loan Agreement, the loan funds, subject to receipt of shareholder approval at the Company's 2014 Annual General Meeting, will automatically convert into ordinary shares in the Company. Subject to receipt of shareholder approval, the conversion will be 80% of the volume weighted average closing price of the Shares as quoted on the ASX over the last ten trading days immediately preceding the day of receipt of shareholder approval. If shareholder approval is not obtained, the loan (together with interest accrues daily at 10% per annum) is repayable by the Company by 31 December 2014. As at 30 June 2014, \$650,000 had been drawn down by the Consolidated Entity. On 4 August 2014, \$325,000 was repaid in cash to Cape Lambert Resources Limited and on 1 October 2014, the remaining \$349,851 (including interest) was repaid.

OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

Details and terms and conditions of other transactions with key management personnel and their related parties (other than payments to directors as remuneration disclosed above):

		Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
<i>Director related entities</i>					
Fe Limited	2016	-	2,500	-	-
Fe Limited	2015	-	18,318	-	-
Cape Lambert Resources Limited	2016	-	238,422	-	6,066
Cape Lambert Resources Limited	2015	-	390,044	-	5,119
Okewood Pty Ltd	2016	-	28,523	-	-
Okewood Pty Ltd	2015	-	30,975	-	-

* Amounts are classified as trade receivables and trade payables, respectively.

Mr Sage is a director of Fe Limited, Cape Lambert Resources Limited, and Okewood Pty Ltd.

End of Audited Remuneration Report.

15. NON AUDIT SERVICES

The following non-audit services were provided by the Company's auditor BDO (WA) Pty Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. BDO (WA) Pty Ltd received the following amounts for the provision of non-audit services:

	2016 \$	2015 \$
Tax advice	-	7,271

This report of the Directors, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.



Mr Antony Sage
Executive Chairman

PERTH
26 August 2016

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF CAULDRON ENERGY LIMITED

As lead auditor of Cauldron Energy Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cauldron Energy Limited and the entities it controlled during the period.



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 26 August 2016

CORPORATE GOVERNANCE STATEMENT

In March 2014, the ASX Corporate Governance Council released a third edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**).

The Company's Corporate Governance Statement for the year ended 30 June 2016 (which reports against these ASX Principles) may be accessed from the Company's website at www.cauldronenergy.com.au.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
Revenue	3(a)	7,375	6,352
Other income	3(b)	1,233,829	(396,348)
Administration expenses		(126,301)	(457,145)
Employee benefits expenses		(493,892)	(437,312)
Directors fees		(228,000)	(239,512)
Share based payments	26	(1,190,727)	(1,972,026)
Compliance and regulatory expenses		(254,884)	(121,883)
Consultancy expenses		(263,616)	(564,306)
Legal fees		(510,997)	(412,100)
Occupancy expenses		(133,333)	(52,752)
Travel expenses		(67,733)	(198,166)
Exploration expenditure		(118,105)	(9,012)
Loss on disposal of fixed asset		-	(4,148)
Depreciation		(154,476)	(124,625)
Finance costs	4	-	(22,634)
Realised foreign exchange loss		-	(12,567)
Impairment losses	5	(1,677,464)	(1,694,616)
Loss before income tax expense		(3,978,324)	(6,712,800)
Income tax expense	6	-	-
Loss for the year		(3,978,324)	(6,712,800)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
-		-	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(147,995)	3,292
Other comprehensive income / (loss) for the year after income tax		(147,995)	3,292
Total comprehensive loss attributable to members of the Company		(4,126,319)	(6,709,508)
Loss per share for the year attributable to the members of Cauldron Energy Ltd			
Basic earnings/(loss) per share (cents per share)	19	(1.49)	(2.91)
Diluted earnings/(loss) per share (cents per share)	19	(1.49)	(2.91)

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	24(b)	2,808,356	1,216,478
Restricted cash	9	-	1,714,932
Trade and other receivables	7	128,345	136,013
Financial assets at fair value through profit or loss	8	1,103,046	419,667
TOTAL CURRENT ASSETS		4,039,747	3,487,090
NON CURRENT ASSETS			
Exploration and evaluation expenditure	11	9,227,557	10,204,649
Property, plant and equipment	12	286,850	442,356
TOTAL NON CURRENT ASSETS		9,514,407	10,647,005
TOTAL ASSETS		13,554,154	14,134,095
CURRENT LIABILITIES			
Trade and other payables	13	463,496	840,757
Subscription funds	14	-	1,714,932
Provisions	15	67,344	33,500
TOTAL CURRENT LIABILITIES		530,840	2,589,189
TOTAL LIABILITIES		530,840	2,589,189
NET ASSETS		13,023,314	11,544,906
EQUITY			
Issued capital	16	52,443,486	48,029,486
Reserves	17	4,315,809	3,273,077
Accumulated losses	18	(43,735,981)	(39,757,657)
TOTAL EQUITY		13,023,314	11,544,906

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,494,659)	(2,409,873)
Interest received		6,295	6,697
<i>Net cash used in operating activities</i>	24(a)	<u>(1,488,364)</u>	<u>(2,403,176)</u>
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(2,615,958)	(3,928,206)
R&D Tax Incentive received		1,649,378	814,557
Payments for plant and equipment		-	(541,466)
Acquisition of equity investments		(44,512)	-
Proceeds from sales of equity investments		54,650	-
Refund of environmental bonds and deposits		-	68,989
Funding provided to Caudillo Resources SA		(88,336)	(195,564)
Repayment from Caudillo Resources SA		51,862	121,380
Funding provided to Black Mountain Resources Limited	7(b)	<u>(50,000)</u>	<u>-</u>
<i>Net cash used in investing activities</i>		<u>(1,042,916)</u>	<u>(3,660,310)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares and options, net of transaction costs		4,128,932	6,055,759
Repayment of convertible loan		-	(650,000)
<i>Net cash from financing activities</i>		<u>4,128,932</u>	<u>5,405,759</u>
Net increase/ (decrease) in cash held		1,597,652	(657,727)
Effects of exchange rate changes on cash		(5,774)	538
Cash and cash equivalents at beginning of financial year		<u>1,216,478</u>	<u>1,873,667</u>
Cash and cash equivalents at end of financial year		<u>2,808,356</u>	<u>1,216,478</u>

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2016**

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2015	48,029,486	(39,757,657)	4,617,754	(1,344,677)	11,544,906
Loss attributable to members of the parent entity	-	(3,978,324)	-	-	(3,978,324)
Other comprehensive loss	-	-	-	(147,995)	(147,995)
Total comprehensive loss for the year	-	(3,978,324)	-	(147,995)	(4,126,319)
Transaction with owners, directly in equity					
Shares issued during the year, net of costs	4,414,000	-	-	-	4,414,000
Share based payments expense recognised for value of options issued/vested during the year	-	-	1,190,727	-	1,190,727
Balance at 30 June 2016	52,443,486	(43,735,981)	5,808,481	(1,492,672)	13,023,314

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	41,701,715	(33,044,857)	2,645,728	(1,347,969)	9,954,617
Loss attributable to members of the parent entity	-	(6,712,800)	-	-	(6,712,800)
Other comprehensive income	-	-	-	3,292	3,292
Total comprehensive loss for the year	-	(6,712,800)	-	3,292	(6,709,508)
Transaction with owners, directly in equity					
Shares issued during the year, net of costs	6,327,771	-	-	-	6,327,771
Share based payments expense recognised for value of options issued/vested during the year	-	-	1,972,026	-	1,972,026
Balance at 30 June 2015	48,029,486	(39,757,657)	4,617,754	(1,344,677)	11,544,906

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial report covers Cauldron Energy Limited ("Cauldron") and its controlled entities ("the Consolidated Entity") for the year ended 30 June 2016 and was authorised for issue in accordance with a resolution of the directors on 26 August 2016.

Cauldron is a public listed company, incorporated and domiciled in Australia.

Cauldron is a for-profit entity for the purposes of preparing these financial statements.

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars.

b. Compliance with IFRS

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

c. Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity incurred a loss for the year of \$3,978,324 and net cash inflows of \$1,597,652. At 30 June 2016, the Consolidated Entity has cash and cash equivalents of \$2,808,356.

Whilst sufficient cash is available to meet general and administrative requirements, additional funding may be necessary for the Consolidated Entity to fulfil its planned exploration activities in the next twelve months. These conditions indicate a material uncertainty that may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. As such, the ability of the Consolidated Entity to continue as a going concern and to fulfil its planned exploration program in the next twelve months is dependent upon the ability of the Consolidated Entity to secure additional funding through a capital raising. The directors are confident that the Consolidated Entity will be able to secure additional funding to enable it to continue its planned exploration and evaluation activities and to meet its obligations as and when they fall due.

Should the Consolidated Entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

d. Application of New and Revised Accounting Standards

Changes in accounting policies on initial application of Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. From 1 July 2015, the Consolidated Entity has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2015. Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Consolidated Entity. The Consolidated Entity has not elected to early adopt any new standards or amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The following standards and interpretations would have been applied for the first time for entities with year ending 30 June 2016:

Reference	Title
AASB 2013-9	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i> The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 <i>Hedge Accounting</i> into AASB 9 <i>Financial Instruments</i> .
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i> The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.
AASB 2015-4	<i>Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent</i> The amendment aligns the relief available in AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> in respect of the financial reporting requirements for Australian groups with a foreign parent.

New accounting standards and interpretations issued but yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 30 June 2016.

Reference	Title	Summary	Application date of standard*	Application date for CXU*
AASB 9	<i>Financial Instruments</i>	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Classification and measurement AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. <i>Financial assets</i> - Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. - Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. - Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on	1 January 2018	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Reference	Title	Summary	Application date of standard*	Application date for CXU*
		them, on different bases. <i>Financial liabilities</i> Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. <i>Impairment</i> The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. <i>Hedge accounting</i> Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 <i>Joint Arrangements</i> to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11 (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations This Standard also makes an editorial correction to AASB 11.	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to	AASB 116 <i>Property Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016	1 July 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Reference	Title	Summary	Application date of standard*	Application date for CXU*
	AASB 116 and AASB 138)	The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.		
AASB 15	Revenue from Contracts with Customers	AASB 15 <i>Revenue from Contracts with Customers</i> replaces the existing revenue recognition standards AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i> and related Interpretations (Interpretation 13 <i>Customer Loyalty Programmes</i>, Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, Interpretation 18 <i>Transfers of Assets from Customers</i>, Interpretation 131 <i>Revenue—Barter Transactions Involving Advertising Services</i> and Interpretation 1042 <i>Subscriber Acquisition Costs in the Telecommunications Industry</i>). AASB 15 incorporates the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i> issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.	1 January 2018	1 July 2018
AASB 1057	Application of Australian Accounting Standards	This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible.	1 January 2016	1 July 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Reference	Title	Summary	Application date of standard*	Application date for CXU*
		The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.		
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not) (b) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016.	1 January 2018	1 July 2018
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: <i>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</i> • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. <i>AASB 7 Financial Instruments: Disclosures:</i> • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 <i>Disclosure–Offsetting Financial Assets and Financial Liabilities</i> is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 <i>Interim Financial Reporting</i> when its inclusion would be required by the requirements of AASB 134.	1 January 2016	1 July 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Reference	Title	Summary	Application date of standard*	Application date for CXU*
		AASB 119 <i>Employee Benefits</i>: Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 <i>Interim Financial Reporting</i>: Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.		
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016
AASB 2015-6	Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	This Standard makes amendments to AASB 124 <i>Related Party Disclosures</i> to extend the scope of that Standard to include not-for-profit public sector entities.	1 July 2016	1 July 2016
AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]	This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.	1 January 2016	1 July 2016
AASB 16	Leases	The key features of AASB 16 are as follows: Lessee accounting - Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. - A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. - Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. - AASB 16 contains disclosure requirements for lessees. Lessor accounting - AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a	1 January 2019	1 July 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Reference	Title	Summary	Application date of standard*	Application date for CXU*
		lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. AASB 16 supersedes: (a) AASB 117 Leases (b) Interpretation 4 Determining whether an Arrangement contains a Lease (c) SIC-15 Operating Leases—Incentives (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.		
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	This Standard amends AASB 112 <i>Income Taxes</i> (July 2004) and AASB 112 <i>Income Taxes</i> (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 <i>Statement of Cash Flows</i> (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	1 July 2017
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2]	This standard amends to IFRS 2 <i>Share-based Payment</i>, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: - The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments - Share-based payment transactions with a net settlement feature for withholding tax obligations A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled	1 January 2018	1 July 2018

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

The Consolidated Entity is in the process of determining the impact of the above on its financial statements. The Consolidated Entity has not elected to early adopt any new Standards or Interpretations.

e. Principles of Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. A list of controlled entities is contained in note 22 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

All inter-group balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the Parent Entity.

(ii) Joint arrangements

Under AASB 11, Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

Cauldron Energy Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

f. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Consolidated Entity's companies is measured using the currency of the primary economic environment in which that company operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Entity's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

g. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

h. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

Cauldron Energy Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Consolidated Entity recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2009.

i. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have an original maturity of three months or less.

j. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Consolidated Entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Consolidated Entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

The Consolidated Entity has the following financial instruments:

Financial Assets at Fair Value through Profit or Loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Impairment

At the end of each reporting period, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Consolidated Entity neither transfers nor retains substantially all the risks or rewards of ownership and continues to control the transferred asset, the Consolidated Entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Consolidated Entity retains substantially all the risk and rewards to ownership of a transferred financial asset, the Consolidated Entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

k. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l. Property, Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
	<u>2016</u>
Plant and equipment	33.3%
Office furniture and equipment	33.3%
Motor vehicle	33.3%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

m. Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

n. Impairment of Assets

The Consolidated Entity periodically reviews the carrying amounts of its assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

o. R&D Tax Incentive

Refundable tax incentives are accounted for as government grants under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* because the directors consider this policy to provide more relevant information to meet the economic decision-making needs of users, and to make the financial statements more reliable. The Consolidated Entity has determined that these incentives are akin to government grants because they are not conditional upon earning taxable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

p. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Consolidated Entity during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

q. Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. All revenue is stated net of the amount of goods and services tax (GST).

r. Provisions and Employee Benefits

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligation includes the costs of removing facilities, abandoning sites and restoring the affected areas.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

s. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t. Share based payments

Equity-settled share based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes options pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods and services received is recognised at the current fair value determined at each reporting date.

u. Critical accounting judgements, estimates and assumptions

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Share based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by an internal valuation using Black-Scholes option pricing model, while the fair value of shares is determined based on the market bid price at date of issue.

Exploration and evaluation costs

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or relating to, the area of interest are continuing.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Consolidated Entity's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Income taxes

The Consolidated Entity is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity estimates its tax liabilities based on the Consolidated Entity's understanding of the tax laws in the relevant jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, the Consolidated Entity has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

v. Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

w. Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the board of directors.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 "Operating Segments" are combined and disclosed in a separate category called "other."

2. SEGMENT INFORMATION

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. During the year, the Consolidated Entity operated in one business segment (for primary reporting) being mineral exploration and principally in two geographical segments (for secondary reporting) being Australia and Argentina.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised as the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Consolidated Entity as a whole and are not allocated to specific segments. Segment liabilities include trade and other payables and certain direct borrowings.

Other items

The following items of revenue, expense, assets and liabilities are not allocated to the Mineral Exploration segment as they are not considered part of the core operations of that segment:

- administration and other operating expenses not directly related to uranium exploration
- interest income
- interest expense
- convertible loan notes
- subscription funds
- loans to other entities
- held for trading investments

	Mineral exploration		Other		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Legal costs, damages, and interest	-	-	530,538	-	530,538	-
Interest received	-	-	7,375	6,352	7,375	6,352
Other	-	-	5,878	-	5,878	-
Realised (profit)/loss on FX	(921)	-	-	-	(921)	-
Fuel tax credits	4,817	10,491	-	-	4,817	10,491
Net fair value gain/(loss) on financial assets	-	-	648,617	(601,706)	648,617	(601,706)
Gain on disposal of financial assets	-	-	13,008	194,867	13,008	194,867
Gain on disposal of exploration assets	31,892	-	-	-	31,892	-
Total segment revenue and other income	35,788	10,491	1,205,416	(400,487)	1,241,204	(389,996)

Segment net operating profit/ (loss) after tax

(1,878,397)	(2,010,635)	(2,099,927)	(4,702,165)	(3,978,324)	(6,712,800)
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Segment net operating profit/ (loss) after tax includes the following significant items:

Interest and other finance charges	-	-	-	(22,634)	-	(22,634)
Share based payments expense	-	-	(1,190,727)	(1,972,026)	(1,190,727)	(1,972,026)
Impairment of loans and receivables	-	-	(35,860)	(89,718)	(35,860)	(89,718)
Impairment of exploration assets	(1,641,604)	(1,604,898)	-	-	(1,641,604)	(1,604,898)
Depreciation	(154,476)	(124,625)	-	-	(154,476)	(124,625)
Employee benefits expense	-	-	(493,892)	(437,312)	(493,892)	(437,312)
Directors fees	-	-	(228,000)	(239,512)	(228,000)	(239,512)
Consultancy expenses	-	-	(263,616)	(564,306)	(263,616)	(564,306)
Legal fees	-	-	(510,997)	(412,100)	(510,997)	(412,100)
Tenement expenditure	(118,105)	-	-	(9,012)	(118,105)	(9,012)
Other expenses	-	(291,603)	(582,251)	(555,058)	(582,251)	(846,661)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Mineral exploration		Other		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Segment assets	9,635,052	10,770,343	3,919,102	3,363,752	13,554,154	14,134,095
Segment assets include:						
Capitalised exploration expenditure	9,227,557	10,204,649	-	-	9,227,557	10,204,649
Financial assets	-	-	1,103,046	419,667	1,103,046	419,667
Restricted cash	-	-	-	1,714,932	-	1,714,932
Other assets	407,495	565,694	2,816,056	1,229,153	3,223,551	1,794,847
	9,635,052	10,770,343	3,919,102	3,363,752	13,554,154	14,134,095
Segment liabilities	(32,752)	(117,240)	(498,088)	(2,471,949)	(530,840)	(2,589,189)

Segment information by geographical region

The analysis of the location of total assets is as follows:

	2016	2015
	\$	\$
Australia	13,521,554	13,415,351
Argentina	32,600	718,744
	13,554,154	14,134,095

3. REVENUE AND OTHER INCOME

	2016	2015
	\$	\$
(a) Revenue		
Interest received	7,375	6,352
	7,375	6,352
(b) Other Income		
Legal costs, damages, and interest	530,538	-
Fuel tax credits	4,817	10,491
Realised (profit)/loss on FX	(921)	-
Other	5,878	-
Net fair value gain/(loss) on financial assets	648,617	(601,706)
Gain on disposal of exploration assets	31,892	-
Gain on disposal of financial assets	13,008	194,867
	1,233,829	(396,348)

4. FINANCE COSTS

	2016	2015
	\$	\$
Interest on convertible notes	-	22,634
	-	22,634

5. IMPAIRMENT LOSSES

	2016	2015
	\$	\$
Impairment of exploration and evaluation expenditure (a)	1,641,604	1,604,898
Impairment of loans and other receivables	87,721	212,007
Reversal of previously impaired loans and receivables	(51,861)	(122,289)
	1,677,464	1,694,616

(a) The Consolidated Entity has assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources and has recognised an impairment expense of \$1,641,604

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

during the year (30 June 2015: \$1,604,898) attributable to (i) the decision not to continue exploration in certain areas of South Australia, Western Australia and Argentina; (ii) costs associated with tenements not yet granted in Western Australia; and (iii) continued drilling approval delays in respect of the Company's Rio Colorado project in Argentina.

6. INCOME TAX EXPENSE

	2016 \$	2015 \$
(a) The components of tax expense comprise:		
Current tax benefit / (expense)	-	-
Deferred tax benefit / (expense)	-	-
	-	-
(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:	2016 \$	2015 \$
Loss before tax	(3,978,324)	(6,712,800)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2015: 30%)	(1,193,497)	(2,013,840)
Add tax effect of:		
Non-deductible expenses	519,906	601,193
Current year tax losses not recognised	673,591	1,412,647
Less tax effect of:		
Under/(over) provision for prior year	-	-
Total income tax (income)/expense attributable to entity	-	-
(c) Recognised deferred tax balances	2016 \$	2015 \$
Deferred tax balances have been recognised in respect of the following:		
<u>Deferred tax assets</u>		
Annual Leave	20,203	10,050
Investments	1,960,360	2,165,374
Other receivables	-	66,277
Other accruals	26,422	24,717
Loan receivable	394,718	368,217
Capital raising costs	44,612	68,406
Tax losses	341,341	176,824
	2,787,656	2,879,865
<u>Deferred tax liabilities</u>		
Exploration	(2,768,267)	(2,879,865)
Other receivables	(19,065)	-
Unearned income	(324)	-
	(2,787,656)	(2,879,865)
Net recognised deferred tax assets/(liabilities)	-	-
(d) Unrecognised deferred tax balances		

The Consolidated Entity has \$22,900,707 (2015: \$21,180,405) gross tax losses arising in Australia that are available indefinitely for offset against future profit of the Company in which the losses arose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

7. TRADE AND OTHER RECEIVABLES

	2016 \$	2015 \$
Current		
Trade receivables	122,514	344,260
Provision for non-recovery of trade receivables (a)	(52,949)	(220,922)
Loan to ASX-listed company (b)	51,080	-
Prepayments	7,700	12,675
	128,345	136,013

(a) Provision for non-recovery of trade receivables

	2016 \$	2015 \$
<i>Movements:</i>		
Opening balance at beginning of the year	(220,922)	(205,524)
Adjustment to provision for doubtful debts	167,359	(19,367)
Recovery of previously impaired receivable	614	3,969
	(52,949)	(220,922)

A provision for impairment is recognised when there is objective evidence that an individual receivable is impaired.

Credit risk

The Consolidated Entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The following table details the Group's trade and other receivables exposure to credit risk with ageing analysis. Amounts are considered 'past due' when the debt has not been settled, with the terms and conditions agreed between the Consolidated Entity and the counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully recoverable by the Group.

	Gross amount	Past due and impaired	Within initial trade terms
2016			
Trade receivables	122,514	(52,949)	69,565
2015			
Trade receivables	344,260	220,922	123,338

(b) Loan to ASX-listed company:

	2016 \$	2015 \$
<i>Movements:</i>		
Opening balance at beginning of the year	-	-
Converting loan funds advanced	50,000	-
Interest on converting loan	1,080	-
	51,080	-

On 14 April 2016, Cauldron entered into a converting loan agreement with Black Mountain Resources Limited (ASX: BMZ) ("BMZ Loan Agreement"). Pursuant to the BMZ Loan Agreement, the principal loan funds of \$50,000, together with any interest ("Loan Funds") are repayable, at Cauldron's election, by either:

- cash; or
- conversion to fully paid ordinary shares in BMZ at a conversion price of \$0.075 per share, subject to BMZ's receipt of any required shareholder approvals, at the repayment date.

The repayment date per the BMZ Loan Agreement was 13 July 2016. As at this date, the Loan Funds were not repaid. Cauldron has provided BMZ an extension to the repayment date to 13 September 2016. The loan is interest-bearing at a rate of 10% per annum compounding daily for the initial three months, increasing to 16% per annum compounding daily from 14 July 2016 onwards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

In consideration for Cauldron making the loan available to BMZ, BMZ has agreed to issue Cauldron with unlisted options ("Options"), the number of which will be determined in accordance with the following formula:

$$A = (B / (\$0.075)) \times (1 / 3)$$

Whereby:

A = Number of Options

B = Amount of Loan Funds at repayment date

8. FINANCIAL ASSETS

	2016 \$	2015 \$
Financial assets		
Financial assets at fair value through profit or loss (listed investments)	1,065,334	419,667
Financial assets at fair value through profit or loss (unlisted investments)	37,712	-
	<u>1,103,046</u>	<u>419,667</u>

Financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

The fair value of listed investments is calculated with reference to current market prices at balance date.

	2016 \$	2015 \$
<i>Movements:</i>		
Opening balance at beginning of the year	419,667	826,506
Acquisition of equity securities (non-cash)	31,892	-
Acquisition of equity securities (cash)	44,512	-
Disposal of equity securities	(41,642)	194,867
Fair value gain/(loss) through profit or loss	648,617	(601,706)
	<u>1,103,046</u>	<u>419,667</u>

9. RESTRICTED CASH

	2016 \$	2015 \$
Current		
Restricted cash		
Subscription funds held in trust (a)	-	1,714,932
	<u>-</u>	<u>1,714,932</u>

- (a) As previously announced, the Company had entered into a placement agreement with Cauldron's Non-executive Director Mr Derong Qiu \$2,000,000 ("Placement Funds") at an issue price of \$0.118 per share (16,949,178 shares). In June 2015, the Company confirmed it had received \$1,714,932 in cash from Mr Qiu ("Subscription Sum"), 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 cash component of the Subscription Sum (\$1,714,932) was held in trust by the Company until the Placement Shares were issued (refer note 14). Shareholder approval to issue these shares was obtained in November 2015 (refer note 16(e)).

10. LOAN RECEIVABLES

	2016 \$	2015 \$
Non-current		
Caudillo Resources SA (a)	1,376,782	1,386,382
Provision for non-recovery (a)	(1,376,782)	(1,386,382)
	<u>-</u>	<u>-</u>

- a) The Consolidated Entity's wholly owned subsidiary Jakaranda Minerals Limited ("Jakaranda") previously provided a draw-down facility ("First Loan") up to \$650,000 to Caudillo Resources SA ("Caudillo"), which is included in this balance. The First Loan and interest (LIBOR + 2%) was required to be repaid in cash by 21 February 2013, or Jakaranda may elect to convert the First Loan into an 80% interest in the issued capital of Caudillo. At 30 June 2014, this draw-down facility had

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

been utilised. The Consolidated Entity intends to elect to convert the First Loan into an 80% equity interest in Caudillo, and the execution of this is currently in the process of being completed.

The Consolidated Entity agreed to provide further draw-down facilities from Jakaranda to Caudillo for \$650,000 and \$150,000 respectively ("Second Loan" and "Third Loan"). The Second Loan and Third Loan and interest (LIBOR + 2%) is repayable, at the election of Caudillo, by way of:

- (i) cash; or
- (ii) subject to Caudillo and Jakaranda obtaining all necessary shareholder and regulatory approvals, the issue to the Jakaranda of fully paid ordinary shares in the capital of Caudillo based on a deemed issue price per Caudillo share of \$100 (Argentinean pesos).

Until such time as the First Loan, Second Loan and Third Loan are repaid or converted to an equity interest in Caudillo the Consolidated Entity has conservatively provided for the non-recovery of the loans in full. As a result of this, an impairment expense of \$88,336 (30 June 2015: \$195,564) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. During the year, \$51,862 was repaid by Caudillo (reversal of previously impaired amount) (2015: \$121,380), which has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

11. EXPLORATION AND EVALUATION EXPENDITURE

	2016 \$	2015 \$
Exploration and evaluation expenditure	9,227,557	10,204,649
<i>Movements:</i>		
Carrying value at beginning of year	10,204,649	8,869,590
Exploration expenditure incurred	2,561,467	3,712,390
Impairment of exploration expenditure (a)	(1,641,604)	(1,604,898)
Foreign exchange movements	(97,577)	42,124
Royalties for Regions grant	(150,000)	-
R&D Tax Incentive	(1,649,378)	(814,557)
Carrying value at end of year	9,227,557	10,204,649

- a) The Consolidated Entity has assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources and has recognised an impairment expense of \$1,641,604 during the year (30 June 2015: \$1,604,898) attributable to (i) the decision not to continue exploration in certain areas of South Australia, Western Australia and Argentina; (ii) costs associated with tenements not yet granted in Western Australia; and (iii) continued drilling approval delays in respect of the Company's Rio Colorado project in Argentina. The impairment expense is shown as a separate line item in the Statement of Profit or Loss and Other Comprehensive Income.

The carrying value of the Consolidated Entity's interest in exploration expenditure is dependent upon:

- the continuance of the Consolidated Entity's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Consolidated Entity's Australian exploration properties may be subjected to claims under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

12. PLANT AND EQUIPMENT

	2016 \$	2015 \$
Plant and equipment		
At cost	657,091	666,296
Accumulated depreciation	(370,241)	(223,940)
	286,850	442,356

Movements:

	2016 \$	2015 \$
Carrying value at beginning of year	442,356	25,076
Additions	-	541,466
Depreciation expense	(154,476)	(124,625)
Impairment expense	-	(4,148)
Foreign currency differences arising from translating functional currency to presentation currency	(1,030)	4,587
Carrying value at end of year	286,850	442,356

13. TRADE AND OTHER PAYABLES

	2016 \$	2015 \$
Current		
Trade payables	368,450	732,602
Other payables and accruals	95,046	108,155
	463,496	840,757

Trade payables are non interest bearing and are normally settled on 30 day terms.

14. SUBSCRIPTION FUNDS

	2016 \$	2015 \$
Subscription funds received (refer note 9(a))	-	1,714,932
	-	1,714,932

15. PROVISIONS

	2016 \$	2015 \$
Current		
Employee benefits	67,344	33,500
	67,344	33,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

16. ISSUED CAPITAL

	2016 \$	2015 \$
Ordinary shares issued and fully paid	52,443,486	48,029,486

	2016 No.	2016 \$	2015 No.	2015 \$
Issued and fully paid up ordinary shares				
Opening balance	251,104,266	48,029,486	196,438,713	41,701,715
Shares issued (a)	-	-	17,421,697	2,055,759
Shares issued (b)	-	-	8,474,579	1,000,000
Shares issued (c)	-	-	21,440,678	2,530,000
Shares issued (d)	-	-	3,983,061	470,000
Shares issued (e)	16,949,178	2,000,000	-	-
Shares issued (f)	16,949,176	2,000,000	-	-
Shares issued upon conversion of convertible notes (g)	-	-	3,345,538	434,801
Shares issued upon exercise of options (h)	3,000,000	414,000	-	-
Share issue costs	-	-	-	(162,789)
	288,002,620	52,443,486	251,104,266	48,029,486

Shares issued pursuant to placement agreements

- (a) 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 of \$0.118 per share ("Issue Price") to raise A\$15 million ("Placement Funds") (before capital raising costs). 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. The Placement Shares were to be issued (and the Placement Funds received) in various tranches, with the final tranche due to be received in December 2015.

As announced on 20 June 2014, the Company received an initial \$4,000,000 in Placement Funds from new investor Guangzhou City Guangrong Investment Management Co., Ltd ("Guangrong Investment").

The Company used its remaining capacity under Listing Rule 7.1 at the time to issue 16,476,621 fully paid shares to Guangrong Investment, making \$1,944,241 (of the \$4,000,000) immediately available to the Company (before capital raising costs) (being Tranche 1 of the Placement Funds) during the year ended 30 June 2014. The issue of these shares was subsequently ratified by shareholders at the 30 September 2014 General Meeting.

In September 2014, following receipt of shareholder approval at the general meeting held 30 September 2014 ("General Meeting") the remaining 17,421,697 fully paid shares were issued and the balance of these funds (\$2,055,759) held in trust by the Company was released.

- (b) In July 2014, the Company received \$1,000,000 of the Placement Funds from Starry World and issued 8,474,579 fully paid shares. Shareholder approval for the issue of these shares was obtained at the 30 September 2014 General Meeting.
- (c) In December 2014, the Company received a further \$2,530,000 of the Placement Funds from Starry World under the Share Placement Agreement and issued 21,440,678 fully paid shares. Shareholder approval for the issue of these shares was obtained at the 30 September 2014 General Meeting.
- (d) In March 2015, the Company received the final instalment Placement Funds from Starry World, and used its remaining capacity under Listing Rule 7.1 to issue 3,983,061 fully paid shares. Shareholders ratified the issue of these shares at the 9 November 2015 Annual General Meeting.
- (e) Mr Qiu Derong was a party to a Placement Agreement for a total of \$2,000,000 ("Subscription Sum"). In June 2015, The Company received \$1,714,932 in cash from Mr Qiu Derong, with the balance of \$285,068 to settle director fee payments owing to Mr Qiu in respect of his services (together, \$2,000,000). The cash component of the Subscription Sum (\$1,714,932) was held in trust by the Company until the Placement Shares were issued (included in current payables as at 30 June 2015). Following receipt of Shareholder approval at the 9 November 2015 Annual General Meeting, 16,949,178 fully paid shares were issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

- (f) In March 2016, Cauldron received \$2,000,000 from MGT Resources pursuant to a placement agreement and issued 16,949,176 fully paid shares using the Company's capacity under Listing Rule 7.1.

Shares issued pursuant to converting loan agreements

- (g) In November 2013, the Consolidated Entity entered into short term loan agreements with Cape Lambert Resources limited and Mr Qiu Derong. Cape Lambert and Mr Qiu Derong each lent the Consolidated Entity \$200,000 which may be converted into shares at a conversion rate of \$0.13 per share (with an interest rate of 10% per annum). On 30 September 2014, the Consolidated Entity converted \$434,801 (including interest) into shares, following receipt of shareholder approval at a General Meeting.

Shares issued upon exercise of unlisted options

- (h) In December 2015, 3,000,000 share options were exercised at \$0.138 each providing \$414,000 funding.

The Company has authorised share capital amounting to 288,002,620 shares with no par value.

Terms and Conditions

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up of the Consolidated Entity, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Capital risk management

Capital managed by the Board includes shareholder equity, which was \$52,443,486 at 30 June 2016 (2015: \$48,029,486). The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns to shareholders and benefits to other stakeholders. The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets.

Due to the nature of the Consolidated Entity's activities, being mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Consolidated Entity's capital risk management is to balance the current working capital position against the requirements of the Consolidated Entity to meet exploration programmes and corporate overheads.

17. RESERVES

	2016 \$	2015 \$
Reserves		
Share based payment reserve (a)	5,808,481	4,617,754
Foreign currency translation reserve (b)	(1,492,672)	(1,344,677)
	<u>4,315,809</u>	<u>3,273,077</u>
	2016 \$	2015 \$
(a) Share based payment reserve		
Reserve balance at beginning of year	4,617,754	2,645,728
Share based payments (refer note 26)	1,190,727	1,972,026
Reserve balance at end of year	<u>5,808,481</u>	<u>4,617,754</u>
	2016 \$	2015 \$
(b) Foreign currency translation reserve		
Reserve balance at beginning of the year	(1,344,677)	(1,347,969)
Foreign currency exchange differences arising on translation of foreign operations	(147,995)	3,292
Reserve balance at end of year	<u>(1,492,672)</u>	<u>(1,344,677)</u>

Exchange differences relating to the translation from the functional currencies of the Consolidated Entity's foreign controlled entities into Australian dollars are recognised directly in the foreign currency translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

18. ACCUMULATED LOSSES

	2016 \$	2015 \$
Balance at beginning of year	(39,757,657)	(33,044,857)
Loss for the year	(3,978,324)	(6,712,800)
Balance at end of year	(43,735,981)	(39,757,657)

19. LOSS PER SHARE

	2016 Cents per share	2015 Cents per share
Basic loss per share		
Continuing operations	(1.49)	(2.91)
	(1.49)	(2.91)
	\$	\$
Loss used in calculation of basic loss per share		
Continuing operations	(3,978,324)	(6,712,800)
	(3,978,324)	(6,712,800)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	267,792,981	230,509,441

There are 44,000,000 share options (2015: 55,500,000) excluded from the calculation of diluted earnings per share (that could potentially dilute basic earnings per share in the future) because they are anti-dilutive for each of the periods presented.

20. COMMITMENTS

Office Rental Commitments

The Consolidated Entity entered into a sub-lease for office premises for a period of 8 years terminating on 31 March 2020. Total office rental commitments for the Consolidated Entity are:

	2016 \$	2015 \$
Within one year	129,180	51,064
Between one and five years	355,245	38,298
Longer than five years	-	-
	484,425	89,362

21. CONTINGENT ASSETS AND LIABILITIES

The Consolidated Entity has no contingent liabilities or assets at the year end.

22. CONTROLLED ENTITIES

Details of Cauldron Energy Limited's subsidiaries are:

Name	Country of Incorporation	Date/Company of Incorporation	Shares	Ownership Interest		Investment Carrying Amount	
				2016 %	2015 %	2016 \$	2015 \$
Ronin Energy Ltd	Australia	24 April 2006	Ord	100	100	5	5
Cauldron Minerals Ltd	Australia	24 April 2006	Ord	100	100	1	1
Jakaranda Minerals Ltd	Australia	24 April 2006	Ord	100	100	1	1
Raven Minerals Ltd	Australia	24 April 2006	Ord	100	100	5	5
Cauldron Energy (Bermuda) Limited	Bermuda	2 February 2012	Ord	100	100	1	1
Cauldron Energy (SL) Limited	Sierra Leone	12 March 2012	Ord	100	100	1	1
						14	14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

23. JOINT OPERATION

Marree - 60% (increasing)

The Marree Project was formed by way of a joint venture agreement between Cauldron and a Korean consortium, comprising of the Korean Government (KORES), Daewoo International Corporation and LG International Corporation. Cauldron is the Manager of the project. The terms of the joint venture agreement enabled the Korean participants to earn up to an aggregate 50% interest in the Marree Project by funding \$6.0 million of exploration activities over an earn-in period. Exploration activities commenced in mid-2009. 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 were 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. As at 31 December 2015 (being the most recent period for which audited financial statements are available in respect of the Marree Project), the parties' interests in the tenements were:

- Cauldron 62.56%
- Korean Participants 37.44%.

The Marree JV joint arrangement was set up as an unincorporated joint venture. The joint venture agreement in relation to the Marree JV requires unanimous consent from all parties for all relevant activities. The parties own the assets of the incorporate JV as tenants in common and are jointly and severally liable for the liabilities incurred by the JV. This JV is therefore classified as a joint operation and the consolidated entity recognises its direct right to the jointly held assets, liabilities, revenue and expenses.

24. CASH FLOW INFORMATION

	2016 \$	2015 \$
(a) Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax		
Loss from ordinary activities after income tax	(3,978,324)	(6,712,800)
Non-cash flows in operating loss:		
Depreciation	154,476	124,625
Equity settled share based payments	1,190,727	1,972,026
Net fair value (gain)/loss on investments	(648,617)	601,706
Realised gain on disposal of financial assets	(13,008)	(194,867)
Gain on sale of exploration assets	(31,892)	-
Foreign exchange (gain)/loss	-	12,567
Impairment losses	1,677,464	1,816,905
Director fees settled via issue of shares	285,068	-
Interest accrued	-	22,634
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	157,394	(136,708)
Decrease/(increase) in interest receivable	(1,080)	345
Increase/(decrease) in trade and other payables	(314,415)	132,277
Increase/(decrease) in provisions	33,843	(17,034)
Increase/(decrease) in interest payable	-	(24,852)
Net cash inflows/(outflows) from operating activities	(1,488,364)	(2,403,176)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(b) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	2016 \$	2015 \$
Cash at bank	2,808,356	1,216,478
Cash and cash equivalents	2,808,356	1,216,478

25. FINANCIAL RISK MANAGEMENT

Financial risk management

The Consolidated Entity's financial instruments consist mainly of deposits with banks, accounts receivable, loan receivables, accounts payable, convertible loan notes and shares in listed companies.

The Consolidated Entity does not speculate in the trading of derivative instruments.

The totals for each category of financial instruments, measured in accordance with AASB 139 are as follows:

	2016 \$	2015 \$
Financial Assets		
Cash and cash equivalents	2,808,356	1,216,478
Financial assets at fair value through profit or loss (listed investments)	1,065,334	419,667
Financial assets at fair value through profit or loss (unlisted investments)	37,712	-
Trade and other receivables	128,345	136,013
	4,039,747	1,772,158
Financial Liabilities		
Trade and other payables	463,496	840,757
	463,496	840,757

Financial risk management policies

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit rate risk and liquidity risk.

The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. Risk management is carried out by the Board and they provide written principles for overall risk management.

Financial risk exposures and management

The main risks arising from the Consolidated Entity's financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

(a) Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Given the few transactions the Board does not consider there to be a need for policies to hedge against foreign currency risk. The Consolidated Entity's has no significant exposure to foreign currency risk as at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(b) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. Cash and cash equivalents on deposit at variable rates expose the Consolidated Entity to cash flow interest rate risk. The Consolidated Entity is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

The effect on loss and equity as a result of changes in the interest rate.

	2016 Change \$	2015 Change \$
Change in loss:		
Increase in interest rate by 200 basis points	56,167	+24,330
Decrease in interest rate by 200 basis points	(56,167)	-24,330

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

(c) Price risk

The Consolidated Entity is exposed to equity securities price risk. This arises from investments held by the Consolidated Entity and classified on the statement of financial position as current financial assets at fair value through profit or loss. The Consolidated Entity is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Consolidated Entity diversifies its portfolio which is done in accordance with the limits set by the Consolidated Entity.

The majority of the Consolidated Entity's equity investments are publicly traded and are included on the ASX 200 Index.

The table below summarises the impact of increases/decreases of the index on the Consolidated Entity's post tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% (2015 – 10%) with all other variables held constant and all the Consolidated Entity's equity instruments moved according to the historical correlation with the index.

	Impact on Post-Tax Profit/(Loss) 2016 \$	2015 \$
Index		
ASX listed	106,533	41,967

(d) Credit risk

Credit risk is managed on a consolidated basis. Credit risk arises from cash and cash equivalents and credit exposures to wholesale and retail customers and suppliers. The Consolidated Entity has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings:

	2016 \$	2015 \$
Financial assets		
Cash and cash equivalents (AA)	2,808,356	1,216,478
Trade and other receivables	128,345	136,013
	<u>2,936,701</u>	<u>1,352,491</u>

(e) Liquidity risk

The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

2016	Within 1 Year \$	1 to 5 Years \$	Over 5 Years \$	2016 Total \$
Financial assets				
Cash	2,808,356	-	-	2,808,356
Held for trading investments	1,103,046	-	-	1,103,046
Receivables and loans	128,345	-	-	128,345
	<u>4,039,747</u>	<u>-</u>	<u>-</u>	<u>4,039,747</u>
Financial Liabilities				
Trade and other payables	463,496	-	-	463,496
	<u>463,496</u>	<u>-</u>	<u>-</u>	<u>463,496</u>
2015	Within 1 Year \$	1 to 5 Years \$	Over 5 Years \$	2015 Total \$
Financial assets				
Cash	1,216,478	-	-	1,216,478
Restricted cash	1,714,932	-	-	1,714,932
Held for trading investments	419,667	-	-	419,667
Receivables and loans	136,013	-	-	136,013
	<u>3,487,090</u>	<u>-</u>	<u>-</u>	<u>3,487,090</u>
Financial Liabilities				
Trade and other payables	840,757	-	-	840,757
	<u>840,757</u>	<u>-</u>	<u>-</u>	<u>840,757</u>

(f) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values as the carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Held for trading investments	1,065,334 ¹	-	37,712 ²	1,103,046

¹ Level 1 held for trading investments includes an investment in Fe Ltd shares that have been based on a quoted price on 8 April 2016, being the last date of trading prior to Fe Ltd being suspended from trading pending compliance with Chapters 1 and 2 of the ASX Listing.

² The fair value of financial instruments that are not traded in active markets is determined using valuation techniques based on the present value of net cash inflows from future profits and subsequent disposal of the securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Held for trading investments	419,667	-	-	419,667

26. SHARE BASED PAYMENTS

Total costs arising from share based payment transactions recognised as expense during the year were as follows:

	2016 \$	2015 \$
Options issued to employees and consultants	914,980	1,562,900
Options issued to directors	275,747	409,126
	<u>1,190,727</u>	<u>1,972,026</u>

(a) Summary of movements in options granted as share based payments

The following table details the number and weighted average exercise price (WAEP) of, and movements in, unlisted options issued as share based payments during the year:

	2016 No.	2016 WAEP
Outstanding at the beginning of the year	23,500,000	\$0.155
Granted during the year (i)	-	-
Exercised during the year (ii)	(3,000,000)	\$0.138
Expired during the year (iii)	(20,500,000)	\$0.158
Outstanding at year end	<u>-</u>	<u>-</u>
Exercisable at the end of the year	-	-
Not exercisable at the end of the year	<u>-</u>	<u>-</u>

i. Options granted during the year

There were no options granted during the year.

ii. Options exercised during the year

The following options were exercised during the year ended 30 June 2016:

- 3,000,000 unlisted options exercisable at \$0.138 expiring 31 December 2015.

iii. Options expired during the year

The following options expired during the year ended 30 June 2016:

- 1,000,000 unlisted options exercisable at \$0.20 expired 18 September 2015;
- 500,000 unlisted options exercisable at \$0.45 expired 20 September 2015;
- 3,000,000 unlisted options exercisable at \$0.20 expired 30 September 2015; and
- 16,000,000 unlisted options exercisable at \$0.138 expired 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

27. OTHER UNLISTED OPTIONS

Options Granted during the year

The Company also issued the following unlisted options (not share based payments) during the year ended 30 June 2016:

- 16,000,000 unlisted options to investor Mr Derong Qiu ("Placement 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 Options"); and
 - b) the remaining half of the options ("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, Mr Derong Qiu can only exercise a maximum of 8,000,000 Placement Options.

- 20,000,000 unlisted options to investor MGT Resources exercisable at \$0.138 expiring 31 December 2016 (no vesting conditions).

Options expired during the year

The following options expired during the year ended 30 June 2016:

- 24,000,000 unlisted options exercisable at \$0.118 expired 31 December 2015.

Options on issue at 30 June 2016

The outstanding balance of options at 30 June 2016 (other than those granted as a share based payment) is represented by:

- 44,000,000 Investor Options with an exercise price of \$0.118 and an expiry date of on or before 31 December 2016 with no vesting conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

28. PARENT ENTITY DISCLOSURES

	2016 \$	2015 \$
Financial Position		
Assets		
Current assets	2,886,666	2,989,946
Non-current assets	10,647,046	11,118,383
Total assets	13,533,712	14,108,329
Liabilities		
Current liabilities	510,398	2,563,423
Non-current liabilities	-	-
Total liabilities	510,398	2,563,423
Equity		
Issued capital	52,443,486	48,029,486
Accumulated losses	(45,228,652)	(41,102,333)
Option Premium Reserve	5,808,480	4,617,753
Total equity	13,023,314	11,544,906
Financial Performance		
Profit/(loss) for the year	(4,126,319)	(6,308,892)
Total comprehensive income/(loss)	(4,126,319)	(6,308,892)

Loans to Controlled Entities

Loans are provided by the Parent Entity to its controlled entities for their respective operating activities. Amounts receivable from controlled entities are non-interest bearing with no fixed term of repayment. The eventual recovery of the loan will be dependent upon the successful commercial application of these projects or the sale to third parties. Details of loans provided are listed below:

	2016 \$	2015 \$
Subsidiaries		
Ronin Energy Ltd	23,329	23,329
Cauldron Minerals Ltd	8,495,868	8,205,591
Jakaranda Minerals Ltd	1,346,312	1,259,312
Raven Minerals Ltd	25,775	25,775
Total value of loans provided to subsidiaries	9,891,284	9,514,007

Commitments

The commitments of the Parent Entity are consistent with the Consolidated Entity (refer to note 20).

Contingent Liabilities and Assets

The contingent liabilities and assets of the Parent Entity are consistent with the Consolidated Entity (refer to note 21).

29. RELATED PARTY INFORMATION

Balances between the company and its subsidiaries which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of percentage of ordinary shares held in subsidiaries are disclosed in note 22 to the financial statements.

Note 22 provides information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions and outstanding balances that have been entered into with related parties for the relevant year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Sales and Purchases between Related Parties

		Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
<i>Director related entities</i>					
Fe Limited	2016	-	2,500	-	-
Fe Limited	2015	-	18,318	-	-
Cape Lambert Resources Limited	2016	-	238,422	-	6,066
Cape Lambert Resources Limited	2015	-	390,044	-	5,119
Okewood Pty Ltd	2016	-	28,523	-	-
Okewood Pty Ltd	2015	-	30,975	-	-

* Amounts are classified as trade receivables and trade payables, respectively.

Mr Sage is a director of Fe Limited, Cape Lambert Resources Limited, and Okewood Pty Ltd. Mr Gwynne is a director of Fe Limited.

Sales to and purchases from director related entities are for the reimbursement of employee, consultancy, occupancy costs and other costs.

Loans between Related Parties

There were no loan made to Cauldron Energy by directors and entities related to them during the year ended 30 June 2016. Details regarding loan arrangements in the year ended 30 June 2015 are as follow:

	Balance at 1 July 2014	Loan advanced / (repaid)	Interest paid and payable for the year	Conversion of loan to shares	Balance at 30 June 2015
30 June 2015					
Cape Lambert Resources Limited (a)	212,948	-	5,495	(218,443)	-
Mr Qiu Derong (a)	211,032	-	5,445	(216,477)	-
Cape Lambert Resources Limited (b)	663,038	(674,851)	11,813	-	-
TOTAL	1,087,018	(674,851)	22,753	(434,920)	-

- (a) In November 2013, the Consolidated Entity entered into short term loan agreements with Cape Lambert Resources Limited ("Cape Lambert") and Mr Derong Qiu. Cape Lambert and Mr Qiu have each lent the Consolidated Entity \$200,000 which may be converted into shares at a conversion rate of \$0.13 per share (with an interest rate of 10% per annum).

On 30 September 2014 at a General Meeting, shareholders approved the conversion of:

- loan (plus interest) of \$218,433 by issuing 1,680,330 shares to Cape Lambert; and
- loan (plus interest) of \$216,477 by issuing 1,665,208 shares to Mr Qiu.

- (b) In March 2014, the Consolidated Entity entered into a converting loan agreement. Pursuant to the Converting Loan Agreement, the loan funds, subject to receipt of shareholder approval at the Company's 2014 Annual General Meeting, will automatically convert into ordinary shares in the Company. Subject to receipt of shareholder approval, the conversion will be 80% of the volume weighted average closing price of the Shares as quoted on the ASX over the last ten trading days immediately preceding the day of receipt of shareholder approval. If shareholder approval is not obtained, the loan (together with interest accrues daily at 10% per annum) is repayable by the Company by 31 December 2014. As at 30 June 2014, \$650,000 had been drawn down by the Consolidated Entity. On 4 August 2014, \$325,000 was repaid in cash to Cape Lambert Resources Limited and on 1 October 2014, the remaining \$349,851 (including interest) was repaid.

The ultimate parent

The ultimate parent of the Group is Cauldron Energy Limited and is based on and listed in Australia. There were no transactions between the Group and Cauldron Energy Limited during the financial year.

Terms and conditions of transactions with related parties other than KMP

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Financial Assets

At 30 June 2016, Cauldron held 23,128,112 shares in Fe Limited (ASX: FEL) (2015: 23,773,112) with a market value of \$832,612 (2015: \$309,050). Mr Antony Sage and Mr Mark Gwynne are directors of FEL.

Significant shareholders

Qiu Derong holds a significant interest of 16.51% in the issued capital of Cauldron Energy at 30 June 2016 (30 June 2015: 12.20%). Mr Qiu Derong is a director of Cauldron.

Cape Lambert, via its wholly owned subsidiary Dempsey Resources Pty Ltd ("Dempsey"), holds a significant interest of 14.9% (30 June 2015: 17.10%) in the issued capital of Cauldron at 30 June 2016. Mr Antony Sage is a director of Cape Lambert.

Compensation of Key Management Personnel of the Group

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's key management personnel ("KMP") for the year ended 30 June 2016.

The totals of remuneration paid to KMP of the Consolidated Entity during the year are as follows:

	2016 \$	2015 \$
Short-term employee benefits	735,310	816,307
Post employment benefits	37,335	35,760
Share based payments	620,432	967,023
	<u>1,393,077</u>	<u>1,819,090</u>

30. REMUNERATION OF AUDITORS

	2016 \$	2015 \$
Paid or payable to BDO (WA) Pty Ltd for:		
- Audit or review of the Consolidated Entity financial report	33,600	34,331
Remuneration of the auditors of subsidiary/joint venture for:		
- Audit or review of the financial report	14,760	13,957
Remuneration of the BDO (WA) Pty Ltd for:		
- Non-audit services	-	7,271
	<u>48,360</u>	<u>55,559</u>

31. EVENTS SUBSEQUENT TO REPORTING DATE

On 5 July 2016, the Company recovered \$488,000 (after \$20,455 Receiver costs) of the Guangzhou City judgment debt from sale of Shares by Receiver. The Shares were sold to investors who have agreed to a six-month escrow period in respect of the Shares. On 5 July 2016, 33,898,318 fully paid ordinary Shares were escrowed.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

DIRECTORS' DECLARATION

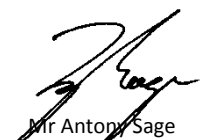
In accordance with a resolution of the directors of Cauldron Energy Limited, I state that:

1. In the opinion of the directors:

- a) the financial statements and notes of Cauldron Energy Limited for the financial year ended 30 June 2016 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of its financial position as at 30 June 2016 and its performance for the year ended on that date of the Consolidated Entity; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(b);
- c) subject to the matters described in note 1(c), there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

On behalf of the board


Mr Antony Sage
Executive Director

PERTH
26 August 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Cauldron Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of Cauldron Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cauldron Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Cauldron Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(c) in the financial report which describes the conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 44 to 49 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cauldron Energy Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO



Phillip Murdoch

Director

Perth, 26 August 2016

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 5 August 2016 were as follows:

Number Held	Class of Equity Securities	
	Fully Paid Ordinary Shares	Number of shareholders
1-1,000	89,841	193
1,001 - 5,000	1,276,922	481
5,001 -10,000	2,196,487	275
10,001 -100,000	14,801,139	425
100,001 and over	269,638,231	122
TOTAL	288,002,620	1,496

There are 1,496 shareholders holding a total of 288,002,620 shares.

There are 805 shareholders holding less than a marketable parcel of shares.

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 5 August 2016:

Shareholder	Number
Cape Lambert Resources Limited (Dempsey Resources Pty Ltd)	52,470,036
Mr Derong Qiu	47,544,710
Starry World Investment Ltd	33,898,318
Joseph Investment International Limited	24,256,324
Sky Shiner Investment Limited	23,400,000
MGT Resources Limited	16,949,176

Options

Details of unissued shares under option as at the date of this report are:

Grant Date	Class of Shares	Exercise Price	Number of Options	Expiry Date	Listed / Unlisted
30 September 2014	Ordinary	\$0.138	16,000,000	31 December 2016	Unlisted
9 November 2015	Ordinary	\$0.138	8,000,000	31 December 2016	Unlisted
29 March 2016	Ordinary	\$0.138	20,000,000	31 December 2016	Unlisted

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

ADDITIONAL SHAREHOLDER INFORMATION

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Options

Holders of options do not have a right to vote.

Restricted Securities

The Company has 33,898,318 shares on issue the subject to voluntary escrow period ending 4 January 2017.

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders in the Company as at 5 August 2016 are as follows:

Shareholder	Number	% Held of Issued Ordinary Capital
Dempsey Resources Pty Ltd	52,470,036	18.22%
Mr Derong Qiu	47,544,710	16.51%
Starry World Investment Ltd	33,898,318	11.77%
Joseph Investment International Limited	24,256,324	8.42%
Sky Shiner Investment Limited	23,400,000	8.12%
MGT Resources Limited	16,949,176	5.89%
Pershing Australia Nominees Pty Ltd <Philip Securities (HK) A/C>	10,707,622	3.72%
Citicorp Nominees Pty Limited (Group #889634)	5,548,241	1.93%
Systematic Nominees Pty Ltd <Youds Family A/C>	4,172,864	1.45%
Okewood Pty Ltd	3,300,000	1.15%
Lanoti Pty Limited <Pinto Super Fund A/C>	3,000,000	1.04%
Mr Yuanrong Luo	2,726,257	0.95%
Antony William Paul Sage + Lucy Fernandes Sage <EGAS Superannuation Fund A/C>	2,594,600	0.90%
Canifare Pty Ltd	1,917,450	0.67%
Sams Watchmaker Jeweller Pty Ltd <Super Fund A/C>	1,783,663	0.62%
JP Morgan Nominees Australia Limited (Group #889608)	1,655,655	0.57%
Quam Securities Company Limited <Quam Sec Co Ltd – Client A/C>	1,431,018	0.50%
Health Communications Australia Pty Ltd <Super Fund A/C>	1,109,967	0.39%
Mr Andre Kunz & Mrs Grace Kunz <IGS Retirement Fund A/C>	1,006,625	0.35%
Interview Holdings Pty Ltd <The Kim Chng Family A/C>	1,000,000	0.35%
	240,472,526	83.50%

SCHEDULE OF MINERAL TENEMENTS AS AT 5 AUGUST 2016

Tenement reference	Project & Location	Interest held
E08/1489	YANREY - WESTERN AUSTRALIA	100%
E08/1490	YANREY - WESTERN AUSTRALIA	100%
E08/1493	YANREY - WESTERN AUSTRALIA	100%
E08/1501	YANREY - WESTERN AUSTRALIA	100%
E08/2017	YANREY - WESTERN AUSTRALIA	100%
E08/2081	YANREY - WESTERN AUSTRALIA	100%
E08/2160	YANREY - WESTERN AUSTRALIA	100%
E08/2161	YANREY - WESTERN AUSTRALIA	100%
E08/2205	YANREY - WESTERN AUSTRALIA	100%
E08/2478	YANREY - WESTERN AUSTRALIA	100%
E08/2479	YANREY - WESTERN AUSTRALIA	100%
E08/2480	YANREY - WESTERN AUSTRALIA	100%
E08/2665	YANREY - WESTERN AUSTRALIA	100%
E08/2774	YANREY - WESTERN AUSTRALIA	100%
E08/2496	BOOLALOO - WESTERN AUSTRALIA	100%
E08/2638	BOOLALOO - WESTERN AUSTRALIA	100%
393/2010	Catamarca, Argentina	100%

Mining tenements with beneficial interest held in farm-in/farm-out agreements:

Farm-in Agreement and Tenement reference	Project & Location	Interest held
140/2007	Rio Colorado Project - Catamarca, Argentina	51%*
141/2007	Rio Colorado Project - Catamarca, Argentina	51%*
142/2007	Rio Colorado Project - Catamarca, Argentina	51%*
143/2007	Rio Colorado Project - Catamarca, Argentina	51%*
144/2007-581/2009	Rio Colorado Project - Catamarca, Argentina	51%*
176/1997	Rio Colorado Project - Catamarca, Argentina	51%*
232/2007	Rio Colorado Project - Catamarca, Argentina	51%*
270/1995	Rio Colorado Project - Catamarca, Argentina	51%*
271/1995	Rio Colorado Project - Catamarca, Argentina	51%*
43/2007	Rio Colorado Project - Catamarca, Argentina	51%*
EL4609 (now EL5789)	MAREE - SOUTH AUSTRALIA	62.56%** (increasing)
EL4610 (now EL5788)	MAREE - SOUTH AUSTRALIA	62.56%** (increasing)
EL4746	MAREE - SOUTH AUSTRALIA	62.56%** (increasing)
EL4794	MAREE - SOUTH AUSTRALIA	62.56%** (increasing)
EL5442	MAREE - SOUTH AUSTRALIA	62.56%** (increasing)

*Cauldron has signed an exclusive option agreement through its wholly owned subsidiary Cauldron Minerals Ltd (formerly Jackson Global Ltd) with a private party (Dr Horacio Solis), to earn 92.5% in 230km² of the Rio Colorado uranium project in Argentina. The remainder of the project is (532km²) is held by Cauldron in the name of a related entity. Together, both areas will form the Rio Colorado Joint Venture. Cauldron has earned its Initial Interest of 51% in the project. 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.

**As at 31 December 2015