



2023
**ANNUAL
REPORT**



ASX:CXU

www.cauldronenergy.com.au

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CHAIRMAN'S LETTER

Dear Shareholder

On behalf of the Board of Directors of Cauldron, I am pleased to provide our 2023 Annual Report.

The 2023 financial year has been a year of transition for Cauldron as we welcomed in Jonathan Fisher as Chief Executive Officer and Angelo Socio as Exploration Manager, re-aligned the Company strategy to focus on an energy transition thematic, leading to the acquisition of the Melrose Ni-Cu-PGE Project in the West Yilgarn region of Western Australia, and re-engaged with our shareholder base and wider investment community via regular webinars and presentations at conferences.

In reality, a considerable amount has been achieved but is yet to reflect, in our view, in the Company's market capitalisation on the Australian Securities Exchange (ASX).

Cauldron's newly acquired Melrose Project covers an area of approximately 1,507 km² and is the largest contiguous Nickel-Copper-PGE prospective land-holding in the Barrabarra Greenstone Belt portion of the West Yilgarn Craton. The West Yilgarn Craton is presently a hub of activity with several companies actively undertaking substantial exploration activity including Tamborough, SQM, West Yilgarn, Nickel X and ourselves, with the West Yilgarn Craton seeing some major successes in recent times.

Chalice's Gonnevillie Ni-Cu-PGE deposit at its Julimar Project, located ~70kms north-east of Perth, east of Muchea, is one of the world's largest ortho-magnetic Ni-Cu-PGE sulphide deposits, while Caravel Minerals Caravel Copper Project located ~150kms north-east of Perth, near Wongan Hills, boasts a copper resource of 1.18B tonnes @ 0.24% Cu, making it one of Australia's largest undeveloped copper deposits.

The Melrose Project, located near to the township of Dalwallinu, ~250 km north-east of Perth is ideally situated ~13 km south of Chalice's Barrabarra Ni-Cu-PGE project and about 130 km north of Chalice's Julimar project, placing it in the same Ni-Cu-PGE region as Julimar and Caravel.

The recent results of the EM Survey at the Melrose Project are highly encouraging, and we look forward to the upcoming maiden drill program with a high degree of expectation and excitement.

Our Yanrey uranium project is potentially our most valuable asset, with uranium prices recently reaching a 10-year high. The Project's mineralisation is amenable to in-situ recovery and as such has the potential for low-cost production. We are well placed to take advantage of the surging appetite for uranium world-wide if there was to be a change of sentiment by the WA Labor government which has placed a ban on uranium mining in the state of Western Australia since 2017.

Nuclear power is expected to play a major part in the planet's carbon free plans with nuclear power providing a base load of reliable electricity that is cheap, carbon-free and clean. The recent commercialisation of small modular reactors (SMR) has opened up the potential for Australia to reduce its power costs and carbon footprint especially in remote centres such as those in Western Australia.

And with uranium safely and responsibly being mined in other parts of Australia, and with significant improvement in techniques and practices over the past 50 years, there seems to be no logical justification for a continuation of the ban. Growth in the uranium and associated industries in WA and Australia more broadly could bring a range of benefits, including numerous highly skilled jobs, long term projects, diversification away from traditional commodities, as well as the all-important contribution to assisting Australia with its international climate change obligations. As such, we expect that the WA government will come under increasing pressure to overturn its illogical ban and to enable the state of Western Australia to take advantage of the uranium boom presently underway.

Indeed, with initiatives at Federal level such as the AUKUS submarine deal, polling released nationally shows strong positive support to consider growing the nuclear industry (including uranium mining) in Australia. Momentum is clearly building in this space and the Company continues to be active in promoting the case for change, and is confident that such change will occur in due course. This underwrites our strong conviction that the Yanrey asset is highly valuable.

Your Board's priorities for FY2023 are the health and safety of our employee and contractors, prudent financial management, execution of our exploration strategy and regular communication with our investors, and we look forward to updating you on our progress as the FY2024 year unfolds.

For and on behalf of the Board of Cauldron Energy Limited.

Ian Mulholland
Non-Executive Chairman



CEO'S REPORT

It is with genuine excitement that I provide my first Annual Report update since joining Cauldron as CEO in December of 2022.

Most importantly, I would like to thank our patient shareholders, many of whom have been with the Company for a long period of time, during which the Company's strategic and share price performance have been disappointing. Since commencing as CEO and as part of the Company's broader refresh, a number of initiatives have been implemented to address these fundamental issues, which I will provide update on below. These give us confidence that the Company is now on the right path, and a change in the fortunes as a result will bring positive returns for our loyal and patient shareholders. I look forward to sharing our future success with you.



Cauldron CEO Jonathan Fisher on site at the Melrose Project

BUILD-OUT OF THE COMPANY'S COMMERCIAL AND TECHNICAL TEAM

The appointment of the Company's current Chairman Ian Mulholland in mid-2022 marked the commencement of a re-fresh of practically every aspect of the Company's operations and messaging. Ian is exceptionally well credentialled in the field of mineral exploration and he has had a history of significant resource discovery over his long career. Following his appointment, Ian undertook a thorough review of Cauldron's existing project portfolio and took the first steps towards refocusing the Company.

When presented the opportunity to join the team at Cauldron, I jumped at it. With my background in the nuclear industry as well as significant experience in the junior and mid cap mining space, the opportunity to deliver a turnaround strategy (whilst still being heavily weighted to future uranium value) was one that resonated strongly with me.

A critical component of Cauldron's new direction has been the appointment in February 2023 of Angelo Socio as the Company's new Exploration Manager, who has been working with Ian on analysing and prioritising our extensive pipeline of potential new projects. The combination of Ian and Angelo represents a truly world class capability and positions the Company very well to identify, prioritise and then execute our exploration plans. Supporting the technical resources is Michael Fry and myself, bringing decades of commercial acumen to the Cauldron stable.

We expect to build out our technical and commercial team further to align with new project acquisitions as they occur.



EXPLORING THE ENERGY TRANSITION: THE NEW CXU

The Company's new strategy is to focus on the Energy Transition – by definition this facilitates continued (and even growing) exposure to the uranium sector (through the key role uranium plays in delivering on the global green low carbon nuclear energy renaissance), as well as looking at additional commodities in strong demand to support the decarbonisation and electrification of the global economy.

The Company's new strategy has been set by the team considering not only long term macro trends, but also our ability to execute and be successful in those focus areas.

The new strategy has then been reflected in updated corporate branding (including a new website) which better reflects the Company's focus and provides improved investor engagement.

Following our first communication of the new strategy, we have already secured our first major steps as described below.

Securing the Melrose Project

During the year, the Company acquired an option over the highly prospective Melrose Project near Dalwallinu, Western Australia. Subsequent to year end and following successful due diligence we announced we had exercised the option to acquire.

The Melrose Project is conveniently located just 3 hours north of Perth in a mining friendly region, and is not subject to native title.

The Project area is 13 km south of Chalice's Barrabarra Ni-Cu-PGE project, which Chalice state as containing a ~15 km long unexplored interpreted mafic-ultramafic complex, with a similar geophysical signature to the Julimar Complex and anomalous Ni-Cu in soils, and ~140 km northwest of Chalice's Julimar project.

Historical surface geochemistry, drill assay results, and geophysical data for the Melrose Project shows a clear geological, geochemical, and geophysical trend in the north and south of the Project area containing elevated levels of nickel in soils and hits of copper and PGE's.

The Company has moved quickly to secure a large area immediately west and south of the Melrose Project area covering a further area of ~1,338 km² containing further nickel and copper prospects interpreted to be on the same structural trend.





The Company technical team has recently been to site, and are undertaking planning for further on ground activities which will likely involve auger and / or RC drilling. Further details will be publicised when a drilling contractor is secured and timing is certain.

Yanrey Uranium Project and the Broader nuclear renaissance

The Bennett Well Deposit at Yanrey remains one of the world's best undeveloped uranium deposits and has significant value. And significant opportunity exists to extend the Bennett Well deposit which remains open at depth and for the identification of look-a-like Bennett Well deposits elsewhere in the Yanrey project area.

The mineralisation at Bennet Well is amenable to in-situ leach (ISL) recovery and as such has the potential for low-impact, low-cost production, providing capex and opex benefits over traditional uranium mining. We are following with interest the restart of the Boss Energy (ASX:BOE) Honeymoon ISL uranium project in WA, which is planning to deliver first production in Q2 2023. Honeymoon is a fantastic analogue for Yanrey and demonstrates what Yanrey and Cauldon could grow into once issues with the current WA policy are determined.

The Company would be well placed to take advantage of the surging appetite for uranium world-wide were it not for the current policy of the Western Australian Labor government which has placed a ban on uranium mining in the state since 2017. A change in sentiment by the Western Australian government (or indeed a change in Government) would allow Yanrey, and Western Australia, to establish itself as a low risk, reliable producer of uranium for global markets.

With uranium safely and responsibly being mined in other parts of Australia and around the world there seems to be no logical justification for a continuation of the state Labor government policy and the ban. The Company looks forward to participating in the active dialogue to deliver change to the WA policy and implement an active and successful uranium mining policy in WA.

Further, essentially "commercial scale" nuclear power in Australia is now part of confirmed Federal government policy through the acquisition of nuclear submarines as part of the AUKUS structure (with each nuclear submarine being similar in power – approx. 200MW – to a "small modular reactor" or SMR. A significant proportion of this future submarine fleet are due to home ported at Garden Island, Western Australia. Such local adoption of nuclear power is in the Company's view logically inconsistent with a continued ban on the mining of the nuclear fuel source.



Cauldron remains strongly committed to the Yanrey project and the broader uranium market. As a source of carbon-free, baseload electricity, nuclear power is proving increasingly important as countries and companies around the world commit to ambitious net-zero emission targets.

Yanrey alternative commodities strategy

Yanrey is not only prospective for uranium. This aspect of the potential value of Yanrey appears to be currently overlooked by the investment market and further developing this strategy is a clear priority. Recognition of such value by the investment market could have a significant positive impact on trading in the Company's shares.

As outlined in our ASX announcement of 24 May 2023 we are encouraged by the potential for additional commodity discoveries at Yanrey. Examination of old open file reports has identified an area with outcrops high in iron and manganese, and anomalous in Rare Earth Elements (REEs), such as Ce, La and Nb.

The technical team expect to undertake further early stage field work this year in order to continue to improve our understanding of this opportunity.



Cauldron Chairman Ian Mulholland investigating alternative commodity potential on the Yanrey tenements, May 2023.



NEW PROJECT OPPORTUNITIES AND THE LEGACY ASSET PORTFOLIO

As outlined in our investor correspondence during the year, the Company has and continues to review a range of new project opportunities to supplement the existing portfolio. The focus is on the energy transition thematic and ideally domiciled here in Australia although we will look internationally for the right assets.



Cauldron Exploration Manager Angelo Socio collecting samples from the river sands tenements, May 2023.

Additionally, the Company is continuing its efforts to generate value out of its legacy asset portfolio. Further updates on these activities will be provided in due course.

IMPROVING OUR COMMUNICATION AND SHAREHOLDER ENGAGEMENT

The Company enjoys a broad shareholder base with >1800 shareholders. I acknowledge that the Company has not engaged sufficiently with its base in its recent past, leading to low levels of liquidity in the stock and a lack of market support and hence lower interest from potential new investors than the Company's potential ought warrant. Management is acutely aware of this issue and has placed significant focus on these issues in the second half of the financial year. Outbound investor activity has increased substantially, with conferences, webinars, interviews as well media attention. Further, the Company has refreshed its social media presence, acknowledging the important role this channel now plays in ensuring shareholders are up to date with the latest information. The Company is currently using LinkedIn (follow [here](#)) or Twitter ([@cxuasx](#)). We would encourage all shareholders and stakeholders to utilise their social media channels of choice to follow the Company's progress.

We also continue to encourage shareholders to provide updated contact details to us to ensure shareholders can be emailed our latest information – a large proportion of the shareholder base have incomplete contact details. There are a number of easy ways to do that – from logging on to our new website and signing up on the mailing list, contacting the share registry directly ([Advanced Share Registry](#)), or even emailing me directly. As is evident from all our recent ASX releases, my full contact details are on the bottom of each announcement and I aim to be highly responsive and helpful to any shareholder or stakeholder enquiries.



Cauldron CEO Jonathan Fisher presenting at the AMEC investor day in Perth, June 2023



BUILDING RELATIONSHIPS IN OUR COMMUNITIES

One of my favourite parts of the job is getting the opportunity to meet our local project partners – from farmers and landowners to traditional owners, to service providers, to community organisations to government representatives – federal, state and local.

Since starting, I have had the opportunity to spend time in the local Dalwallinu community, which is the home of our Melrose Project. This included meeting a number of the local farmers in the area, local businesses as well as the local Shire of Dalwallinu representatives.



As the area is under Freehold Land, where the local landowners have green title to their farms; forming strong relationships with the local farmers is extremely important and was one of the major final diligence items that the Company wanted to confirm prior to the exercise of the Option to acquire the project. The Company is extremely pleased with the highly supportive local community and landowner environment and looks forward to working with all stakeholders to progress the Melrose Project.

DELIVERING SHAREHOLDER VALUE

The last transitional period has seen Cauldron put in place a number of the building blocks for future growth; that have not yet crystallised in share price appreciation. However, the progress is evident through increased trading volumes and eyes on the stock; welcoming a number of new shareholders to the register, and a generally increased profile of the company in investor, broker, media and government circles.

During the upcoming year, I look forward to delivering on our strategy, building shareholder value and continuing to advance our project portfolio. Specific activities expected are as follows:

- [Completion of the EM survey]
- Initial drill campaign at the Melrose Project
- Field exploration activity on Yanrey focused in the Southern areas for alternative commodities
- Continued assessment of; and potentially acquisition of a new project
- Finalisation of various activities with respect to the legacy asset portfolio

I sincerely thank shareholders for their continued support of the current management and board and for our refreshed strategy. Always feel free to contact me personally on Jonathan.fisher@cauldronenergy.com.au should you wish to discuss our Company any further.

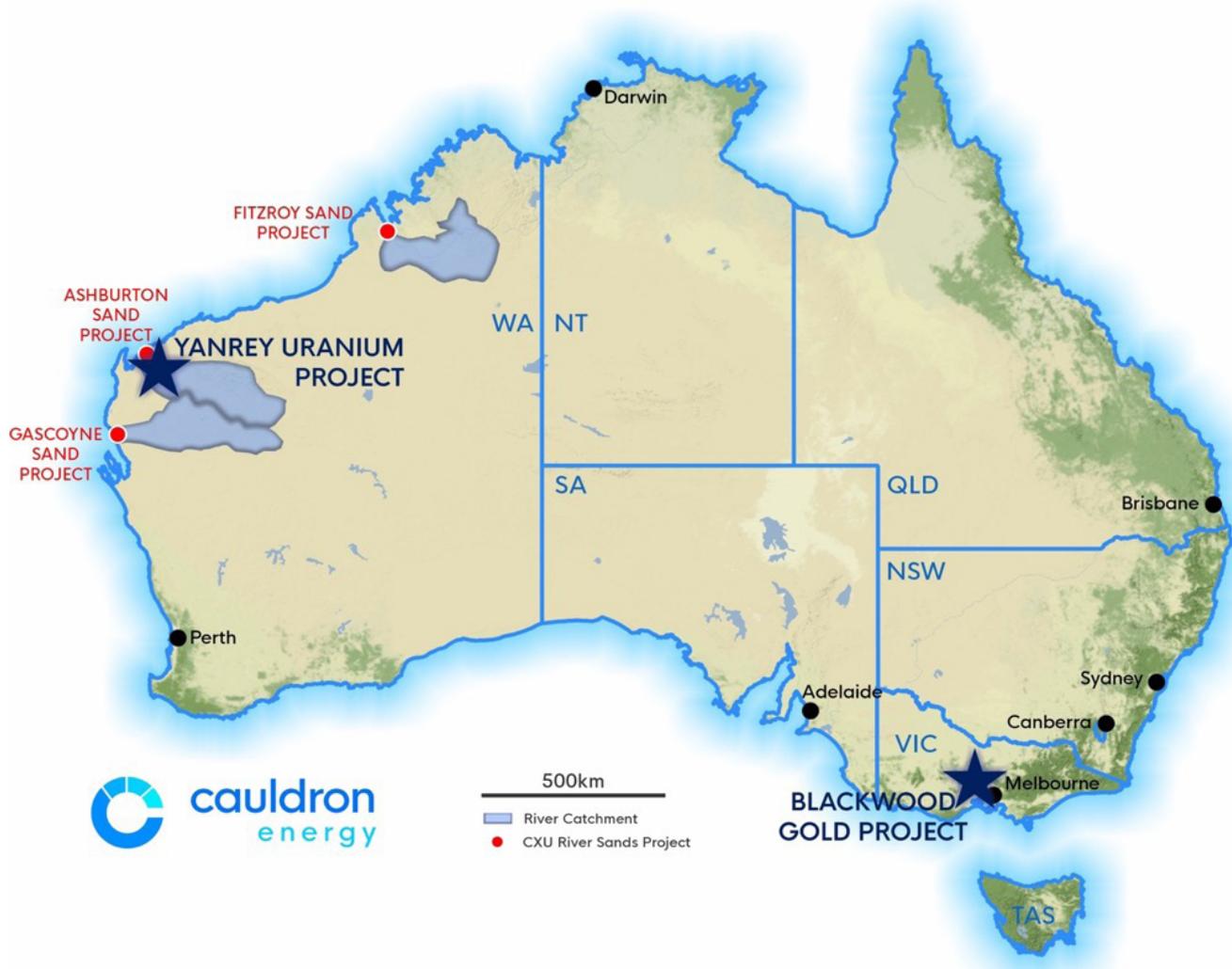
I look forward to providing you with further updates on Cauldrons progress throughout the year.

Jonathan Fisher
Chief Executive Officer



PROJECT OVERVIEW

Cauldron has project interests in Western Australia (Yanrey Uranium Project, Melrose Ni-Cu_PGE Project and WA Sands Project prospective for uranium, nickel, copper, platinum group elements (PGEs), rare earths and sand, the locations of which are set out on the map below.



Ni anomalies identified under the darker soils present at Melrose Target 1.

An overview of each Project and a brief description of the work undertaken at each during the financial year is as follows.



MELROSE PROJECT, WESTERN AUSTRALIA

The Melrose Project is located in the Dalwallinu region of Western Australia, approximately 250 km north of Perth (Figure 1).



Figure 1: Location Map - Melrose Project

The Melrose Project covers an area of approximately 1,507 km² and comprises E70/6160 covering an area of ~169 km² and the area immediately west and south of E70/6160 covering a further area of ~1,338 km² (pegged by Caldron; represented by Applications E70/6463, 6466, 6467, 6468 and 6469).

Of the areas pegged, two have recently been granted (E70/6467 and E70/6468), and three remain as tenement applications (E70/6463, 6466, and 6469).

Caldron's Melrose Project is the largest contiguous Nickel-Copper-PGE prospective land-holding in the Barrabarra Greenstone Belt portion of the West Yilgarn Craton.

The Melrose Project area is 13 km south of Chalice's Barrabarra Ni-Cu-PGE project. Chalice have described Barrabarra as containing a ~15 km long unexplored interpreted mafic-ultramafic complex, with anomalous Ni-Cu in soils, and a similar geophysical signature to the Julimar Complex. Barrabarra is about 140 km north of Chalice's Julimar project.

Nickel X is another important player in the region, having identified two very strong EM conductors associated with magnetic anomalies that they plan to drill test soon. Both Chalice and Nickel X are targeting Julimar style Ni-Cu-PGE deposits in the region (Figure 2).

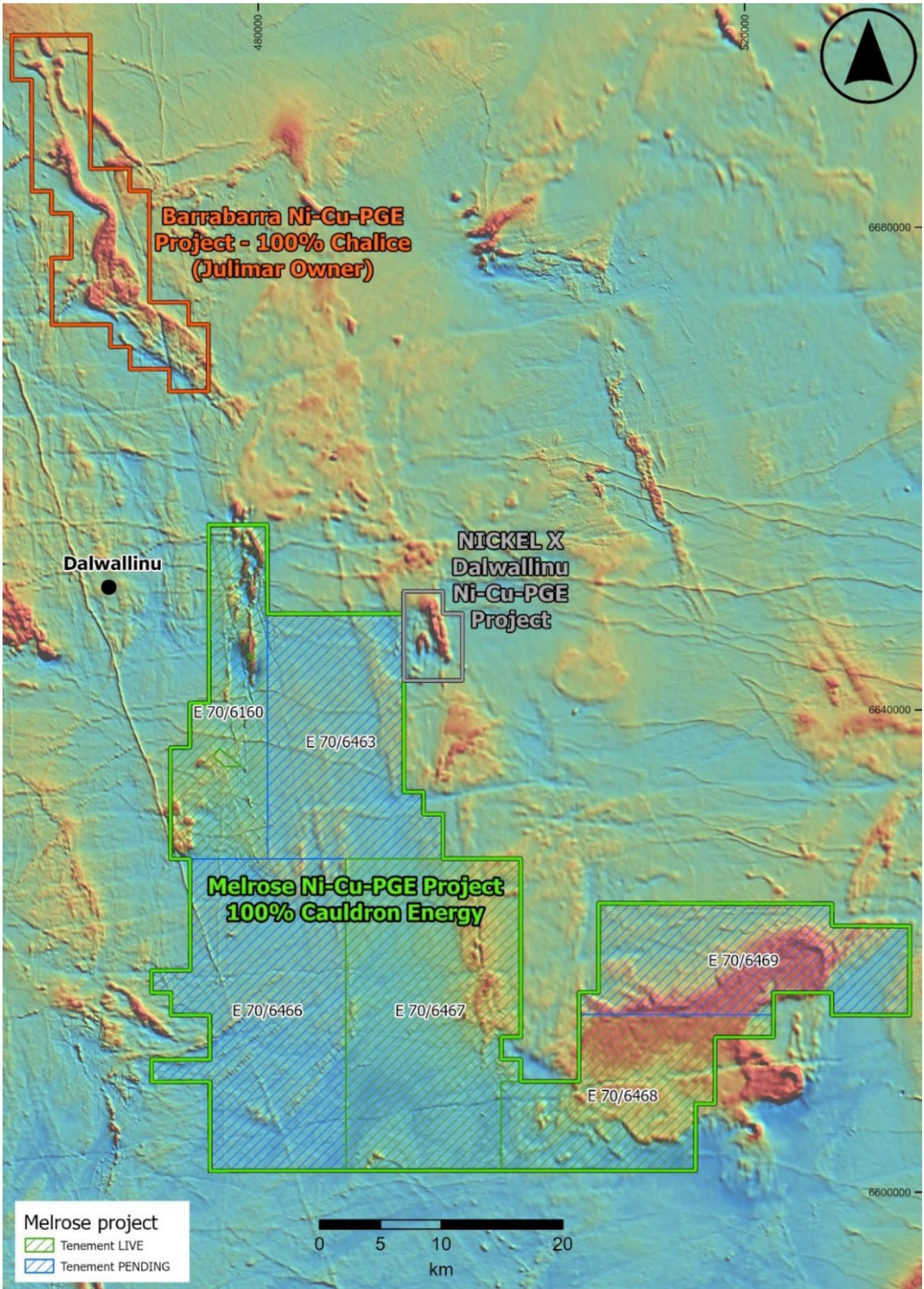


Figure 2: Melrose project - nearby projects over regional aeromagnetics, and showing initial Melrose Tenement E70/6160, recently granted new Tenements (E70/6467 and E70/6468) and additional pending tenement applications (E70/6463, E70/6466 and E70/6469)

The Melrose Project area is also known to host historical gold production – at the Pithara gold deposit, discovered by IGO in 2005, which is excised from the Project tenements. In addition, Cauldron’s technical team has undertaken a thorough review of the available historical information which has highlighted significant Ni results from first pass reconnaissance Air Core and RAB drilling undertaken by IGO in 2006 in the Project area.

IGO was the first company to undertake gold exploration over the area. IGO drilled ~496 shallow first pass air-core holes, 508 shallow first pass RAB holes, 11 RC holes and 1 diamond hole. Most of these holes were drilled at the Pithara prospect as the exploration focus was centred on the discovery of the Pithara gold deposit (excised area in the centre of the Tenement).

After reviewing this historical data, Cauldron has delineated four (4) nickel (Ni) targets, with continuous drill hole intervals assaying from 0.10% to 0.47% Ni, sometimes with accompanying anomalous Cu or Au. Since these are first pass reconnaissance drill results in shallow air core drilling, they are highly prospective, with levels similar to those that led to the discovery of other nickel deposits in WA.

Many other untested magnetic anomalies also exist in the Project and recently pegged areas, that could be related to Ni mineralisation.

HIGH-PRIORITY NICKEL TARGETS IDENTIFIED FROM HISTORICAL EXPLORATION

There are four high-priority nickel targets that CXU aims to test as soon as possible, which have been identified from historical air-core drilling geochemistry listed in order of nickel grades.

Target 01: One line of previous Air Core drilling has been drilled across this target, which has a magnetic trend extending over 2km in length north-south and 300m east-west (Figures 5 & 6). Highly anomalous drill results included:

- 19m @ 0.32% Ni from 17m downhole, incl. 4m @ 0.41% from 25m (hole DTR937), and
- 4m @ 0.47% Ni from 25m downhole (hole DTR936)

Target 02: One previous hole (Figures 5 & 7) intersected:

- 12m @ 0.26% Ni from 32m downhole (hole DTR850)

Target 03: Two parallel magnetic anomalies extending over 3km each north-south, with only the eastern one tested by previous Air Core drilling (Figures 5 & 8). Best results were:

- 3m @ 0.19% Ni from 42m downhole (hole DTR931), and
- 2m @ 203 ppb Au from 36m downhole (hole DTR466)

Target 04: A large and complex magnetic anomaly (Figures 5 & 9) extending over 3km with anomalous previous drill results:

- 2m @ 0.13% Ni and 213 ppm Cu from 36m downhole (hole DTR466)
- 8m @ 536 ppm Ni from 36m downhole (hole DTR417), and
- 2m @ 749 ppm Cu from 48m downhole (hole DTR407)

MAGNETIC INVERSION GEOPHYSICAL RESULTS

Magnetic inversion modelling performed by Newexco Geophysics has implied the presence of a magnetic body at Target 01 (previously reported ASX: CXU 3 July 2023) (Figure 3).

The top of the magnetic body interpreted to lie between 110m and 160m below surface, which is approximately 60m beneath historic shallow air-core holes, which returned elevated levels of nickel and copper including nickel grades of up to 0.47% (Figures 3 & 4).

The magnetic inversion results for Target 01 are interpreted to be robust since several inversion models were run by Newexco, each yielding consistent susceptibilities and geometries.

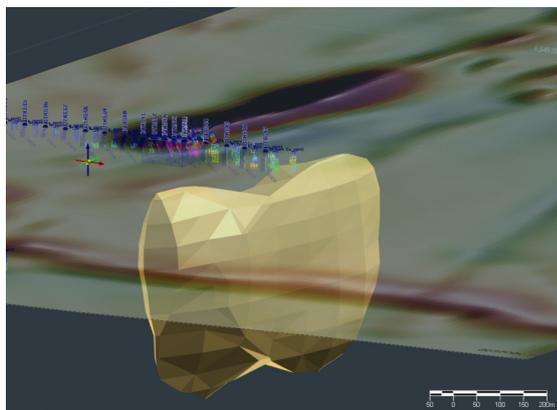


Figure 3: 3D view of the inverted magnetic anomaly at Target 01, including the air-core drill holes and original magnetic survey image before inversion (shaded).

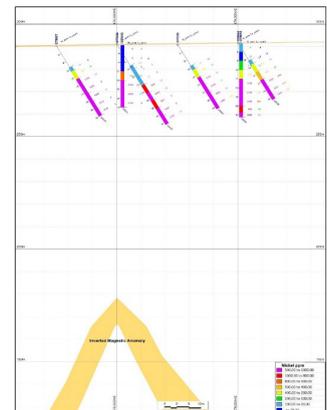


Figure 4: showing anomalous nickel and copper air-core drill hole intervals in relation to the interpreted magnetic body

PREVIOUSLY ANNOUNCED TARGET 04 GEOPHYSICAL RESULTS

Magnetic inversion modelling performed by Newexco Geophysics has modelled the presence of a magnetic body at Target 04 (refer ASX: CXU 26 July 2023), (Figure 5).

The top of the magnetic body interpreted to lie at approximately 184 metres below surface, around 150 metres beneath historic shallow air-core holes, which returned elevated levels of copper (750ppm) and nickel (592ppm).

The alignment of the modelled magnetic body with the Ni and Cu geochemical anomaly and the interpreted mafic-ultramafic bedrock, provides the Company confidence to drill-test Target 04 at the earliest opportunity. The modelled magnetic body is at similar depth and strike to that at Target 01 (which was also coincident with anomalous drill results from historical shallow air-core drilling).

The magnetic inversion results for Target 04 are also interpreted to be robust since several inversion models were run by Newexco, each yielding consistent susceptibilities and geometries.

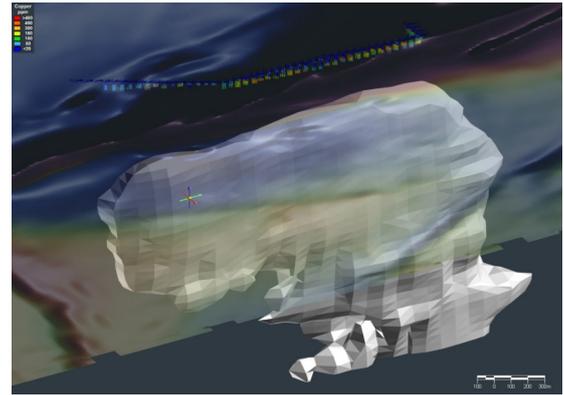


Figure 5: 3D view of the inverted magnetic anomaly at Target 04, including the air-core drill holes and original magnetic survey image before inversion (shaded).

Yanrey Project, Western Australia

The Yanrey Project comprises a collection of twelve granted exploration tenements over an area of 1,270 km² in northwest Western Australia, which are highly prospective for uranium mineralisation, and host the Bennet Well Uranium Deposit. The project is prospective of sandstone-style uranium mineralisation capable of extraction by in-situ recovery mining techniques.

The Bennet Well Uranium Deposit has been the subject of significant amount of exploration over a number of years by Cauldron, culminating in the release of a mineral resource, refer below.

Bennet Well

The mineralisation at Bennet Well is a shallow accumulation of uranium hosted in unconsolidated sands (less than 100 m downhole depth) in Cretaceous sedimentary units of the North Carnarvon Basin. 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.

No development work quantifying the ISR potential Bennet Well deposit has been completed during the year because of the uncertainty surrounding the Labor Government's policy on uranium exploration following their election win in March 2017. The Government has yet to clarify their policy on uranium exploration. Cauldron intends to submit a POW to DMIRS for a potential FLT, when the policy on uranium exploration is clarified and if the standard regulatory system applies.

Bennet Well Mineral Resource

A Mineral Resource (JORC 2012) for the mineralisation at Bennet Well was completed by Ravensgate Mining Industry Consultants following new drilling completed during the reporting period ending 2016. The information on this Mineral Resource was fully reported in ASX announcement dated 17 December 2015, including geological maps and cross sections, supporting and explanatory statements and metadata as required under the reporting standards of JORC2012. No work on the Mineral Resource has been completed since, and therefore remains unchanged for the current reporting period.

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.

The Mineral Resource (JORC 2012) estimate is:

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

Work completed During the Year

Cauldron has undertaken limited field work at Yanrey Project since the WA Labor Minister for Mines, Mr Bill Johnston, announced the state-wide ban on uranium mining on 20 June 2017. The policy heading for uranium exploration in Western Australia remains uncertain, and Cauldron continues to regularly seek advice from the Minister and the Department of Mines, Industry Regulation and Safety (DMIRS).



Notwithstanding, Cauldron did undertake a passive seismic program at its Exploration Licence E08/3088 (Flagstaff), which is situated approximately 10 kilometres northwest of Bennett Well. Several unusual basement complexities were identified as being similar to those observed at Bennett Well and as such are considered to be highly prospective targets for future drill-testing.

Subsequent to year end, the Company has received approved from the WA Department of mines for a Program of Works, which aims to increase the uranium resources and delineate vanadium occurrences as well as targeting other mineralization such as rare earths, copper and nickel. The approval of the Program of Works remains valid for 4 years from date of issue,

Blackwood Goldfield Project, Victoria

Subsequent to year end, Cauldron has disposed of its a 51% joint venture interest in the Blackwood Gold Project located south-east of Daylesford, in the Central Victorian Goldfields that surround Ballarat.

For information on the Project refer to the Company's ASX announcements.

Wa Sands Project, Mid-West Region Of Western Australia

In late December 2020, Cauldron announced the acquisition of a 100% ownership interest in a number of river sand tenements located at the mouths of the Carnarvon, Onslow and Derby rivers in Western Australia, collectively covering an area of about 286 km².

The acquisition is partially complete, with ownership of four of the eight licences transferred to Cauldron to date. In June 2021, ownership of four of the sought-after river mouth sand licences (E08/2328, E08/2329 and E08/2462 and miscellaneous licence L08/71) located at the mouth of the Ashburton River in Onslow were transferred to Cauldron.

Background

Cauldron has secured licences located on three of the largest river systems crossing the coast in central to northern Western Australia. These licences cover the mouths of the Fitzroy River at Derby, the Ashburton River at Onslow and the Gascoyne River at Carnarvon.

The Fitzroy, Ashburton and Gascoyne rivers drain a huge area of granitic rocks commencing from their respective headwaters all the way to the project areas, at the mouths of the rivers. Every time there is a flooding event somewhere in the catchment area, sand is deposited into the project area, replenishing the supply of sand and re-establishing the river mouth in its original pristine condition.

Sand is by far the largest globally mined commodity, outstripping the shipments of coal, iron ore and grain. Source: *UN Environment 2019; Sand and Sustainably, Finding new solutions for Environmental Governance of global sand resources*. The global market for construction aggregates in 2020 was worth an estimated US\$393 billion, and by 2030 its worth is estimated to grow to US\$560 billion; a growth rate of 5.2 per cent per year. Source: www.researchandmarkets.com/reports/5140975/construction-aggregates-global-market

Cauldron has been investigating mining sand and aggregates from its licences to meet demand from the local and global construction industry. At the same time Cauldron is investigating establishing a concrete supply business in Onslow to service the mid-west region of Western Australia and the suitability of its sand for the high silica sand industry.

Tenement Holding

Cauldron's sand tenement interests at Onslow, Carnarvon and Derby comprise:

| Tenement | Location | Legal and Beneficial Holder | Interest | Grant Date | Expiry Date |
|------------------------------|--------------|---|----------|-------------------|-------------|
| Granted Tenements | | | | | |
| E08/2328 | Onslow-WA | Cauldron Energy Limited | 100% | 3/12/2015 | 2/12/2022 |
| E08/2329 | Onslow-WA | Cauldron Energy Limited | 100% | 11/06/2013 | 10/06/2023 |
| E08/2642 | Onslow-WA | Cauldron Energy Limited | 100% | 29/09/2015 | 28/09/2022 |
| L08/71 | Onslow-WA | Cauldron Energy Limited | 100% | 2/12/2009 | 1/12/2022 |
| M09/96 | Onslow-WA | Cauldron Energy Limited | 100% | 29/04/2013 | 28/04/2034 |
| M08/487 | Onslow-WA | Quarry Park Pty Ltd - injunction preventing transfer to Cauldron Energy Limited | 100% | 12/04/2013 | 11/04/2034 |
| Tenement Applications | | | | | |
| E09/2687 | Carnarvon-WA | Cauldron Energy Limited | 100% | Under application | N/A |
| E09/2715 | Carnarvon-WA | Cauldron Energy Limited | 100% | Under application | N/A |
| M09/180 | Carnarvon-WA | Onslow Resources Ltd* | 100% | Under application | N/A |
| E04/2548 | Derby-WA | Rand Mining Limited* | 100% | Under application | N/A |
| P08/798 | Onslow-WA | Cauldron Energy Limited | 100% | Under application | N/A |
| P08/800 | Onslow-WA | Cauldron Energy Limited | 100% | Under application | N/A |

*: to be transferred to Cauldron Energy Limited on grant



Proceedings remain ongoing against Cauldron, the project vendor, the Mining Registrar and the WA Minister for Mines, Industry Regulation and Safety with respect to Mining Lease 08/487, located at the mouth of the Ashburton River in Onslow, where a third party is opposing the transfer of Mining Lease 08/487 to Cauldron. The initial hearing found in favour of Cauldron and its co-defendants with the applicant seeking leave of appeal which was granted, with the matter set down for hearing in early October 2022. An injunction preventing transfer to Cauldron remains in place whilst the matter is before the Court of Appeal.

The project vendor and the Company have agreed that if the legal proceedings in relation to ML08/487 are not concluded in favour of Cauldron or the project vendor, that they may consider an adjustment to the consideration or a replacement of the tenement.

The licences under application are in most instances under objection by third parties or before the Warden's Court. There is no guarantee that the licences will be granted in favour of Cauldron.

Work Completed During the Year

Only limited work was undertaken during the year with respect to the Sand projects.

Work involved further investigation of the establishment of a concrete supply business in Onslow potentially utilising sand from the Tenements.

In addition, the Company had preliminary discussions with arrange of parties around supply of bulk sand and crushed rock, both for local and international requirements.

Competent Person Statements

Exploration Results

The information in this report that relates to exploration results for the **Melrose Project** is extracted from reports compiled by Angelo Socio who is employed by Cauldron as its Exploration Manager, and who is a member of the Australian Institute of Geoscientists. Mr Socio has provided a Competent Person's consent which remains in place for subsequent releases by the Company of the information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The information in this report that relates to exploration results for the **Western Australian Sands Project** is extracted from reports compiled by Mr Jess Oram who was employed by Cauldron at the time, and a member of the Australasian Institute of Geoscientists. Mr Oram has provided a Competent Person's consent which remains in place for subsequent releases by the Company of the information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

Mineral Resources

The information in this report that relates to Mineral Resources for the **Bennett Well Deposit** is extracted from a report released to the Australian Securities Exchange Tonnes and Grade Confirms Bennet Well as Globally Significant ISR Project" and available to view at www.cauldronenergy.com.au and for which Competent Persons' consents were obtained.

Each Competent Person's consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that is not aware of any new information or data that materially affects the information included in the original ASX announcement released on 17 December 2015 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original ASX announcement.

Forward looking statements

Information in this report may contain forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Cauldron Energy Limited's business plans, intentions, opportunities, expectations, capabilities and other statements that are not historical facts. Forward-looking statements include those containing such words as could-plan-target-estimate-forecast-anticipate-indicate-expect-intend-may-potential-should or similar expressions. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and which could cause actual results to differ from those expressed in this report. Because actual results might differ materially to the information in this report, the Company does not make, and this announcement should not be relied upon as, any representation or warranty as to the accuracy, or reasonableness, of the underlying assumptions and uncertainties.



DIRECTOR'S REPORT

Your directors present their report together with the financial report on the Group consisting of Cauldron Energy Limited ("**Cauldron**" or "**the Company**") and its controlled entities ("**the Group**") for the financial year ended 30 June 2023 and the auditors' report thereon.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

DIRECTORS

The names and particulars of the directors of the Company in office at the date of this report are detailed below. Directors have held office since the start of the financial year to the date of this report unless otherwise stated.

Mr Ian Mulholland

Non-Executive Director and Chairman
Appointed 31 May 2022
B.Sc (Hons), M.Sc

Mr Mulholland has had a long and distinguished career in the exploration and mining industry holding senior technical and executive roles for over 30 years.

Mr Mulholland was Chief Geologist of Summit Resources during which time Summit completed a resource upgrade on the Valhalla uranium deposit and acquired a portfolio of uranium projects in Queensland; ultimately being taken over by ASX-listed Paladin Resources for ~\$44 million. Subsequently, Mr Mulholland was Exploration Manager at Anaconda Nickel during the period that Anaconda grew its lateritic nickel ore resource from 300 million tonnes to over 1.3 billion tonnes; and Technical Director of Conquest Mining during the period in which Conquest acquired the Mt Carlton silver-gold project with Conquest subsequently merging with Evolution Mining for a ~\$320 million valuation.

Most recently, Mr Mulholland was founding Managing Director of ASX-listed Rox Resources for 15 years. Since retiring from Rox Resources in April 2019, Mr Mulholland has operated a highly successful personal geological and mining consultancy.

| | |
|---|--|
| Directorships of listed companies held within the last 3 years: | Nil |
| Interest in Shares: | 8,476,191 Fully Paid Ordinary Shares |
| Interest in Options: | 3,654,761 Options 30 Dec 2025 @\$0.015 5,000,000 Options 31 May 2025 @\$0.020 |

Mr Michael Fry

Executive Director
Appointed on 7 September 2022

Mr Fry is an experienced public company director and senior executive who has been involved in the mineral resources mining and exploration industries for over twenty years. Mr Fry has a background in accounting and corporate advice having worked with KPMG (Perth), Deloitte Touche Tohmatsu (Melbourne) and boutique corporate advisory practice Troika Securities Ltd (Perth), prior to joining Swick Mining Services Limited as its Chief Financial Officer and Finance Director. More recently, Mr Fry was Chief Financial Officer and Company Secretary of Globe Metals & Mining Limited (ASX: GBE) prior to joining Cauldron as Chief Financial Officer and Company Secretary.

Mr Fry is also currently a director of VDM Group Limited (ASX: VMG), the Chief Financial Officer and Company Secretary of Lindian Resources Limited (ASX: LIN) and VDM Group Limited (ASX: VMG), and company secretary of unlisted public company GLX Digital Limited.

| | |
|---|---|
| Directorships of listed companies held within the last 3 years: | VDM Group Limited, 3 June 2011 to present |
| Interest in Shares: | 88,890 fully paid ordinary shares |
| Interest in Options: | 5,556 Options 30 Dec 2025 @\$0.015 |

Mr Qiu Derong

Non-Executive Director
Appointed on 6 November 2009

Mr Qiu is a highly experienced industrialist with more than 30 years' experience in the architecture, construction and real estate industries in China as well as over 20 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: | Nil |
| Interest in Shares: | 159,570,377 Fully Paid Ordinary Shares |
| Interest in Options: | 9,973,149 Options 30 Dec 2025 @\$0.015 |



Ms Judy Li

Non-Executive Director

Appointed on 17 December 2014

Ms Judy Li has over 10 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: Nil
Interest in Shares and Options: Nil

Mr Chengchong Zhou

Non-Executive Director

Appointed on 2 May 2017

Mr Chengchong Zhou is an experienced financial analyst in the materials and energy sector. In his career, Mr Zhou covers an extensive list of junior to mature mining companies and has developed a good understanding of industry financing. Mr Zhou received his Bachelor of Science in Economics degree from Wharton Business School in 2013.

Directorships of listed companies held within the last 3 years: Nil
Interest in Shares and Options: Nil

Mr Simon Youds

Executive Director and Chairman

Appointed 15 March 2019; Resigned 7 September 2022

B.Eng (Mining), MBA, AUSIMM Member

Mr Youds has over 30 years' experience in the exploration and mining industry across a range of commodities. Mr Youds was Managing Director, Australia, of Consolidated Minerals Limited, which owned and operated the Woodie Woodie and Coobina manganese and chromite mines. Mr Youds also spent five years working as a member of the WMC team at Olympic Dam in South Australia developing the world's largest uranium deposit. Further in Africa Mr Youds held various operating and development roles at the Bibiani Gold Mine in Ghana and the Bulyanhulu and North Mara Gold Mines in Tanzania.

Directorships of listed companies held within the last 3 years: Vector Resources Ltd (in liquidation)
Interest in Shares as at date of resignation: 4,172,864 Fully Paid Ordinary Shares

COMPANY SECRETARY

Michael Fry was appointed Company Secretary of Cauldron on 11 April 2019. Michael holds a Bachelor of Commerce degree from the University of Western Australia and has worked in the capacity of chief financial officer and company secretary of ASX listed companies for over 20 years.

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 2023.

KEY MANAGEMENT PERSONNEL

Key Management Personnel includes:

- Ian Mulholland (Non-executive Director and Chairman; appointed 31 May 2022)
- Simon Youds (Executive Director – resigned 7 September 2022)
- Michael Fry (Executive Director – appointed 7 September 2022)
- Derong Qiu (Non-executive Director)
- Judy Li (Non-executive Director)
- Chenchong Zhou (Non-executive Director)
- Jonathan Fisher (Chief Executive Officer; appointed 1 December 2022)

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.

Cauldron's 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 Group, 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. Due to the size of the business, a remuneration consultant is not engaged in making this assessment.

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 Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

REMUNERATION REPORT AT AGM

The 2022 remuneration report received positive shareholder support at the Annual General Meeting of the Company held on 29 November 2022 whereby of the proxies received 99.93% voted in favor of the adoption of the remuneration report.

COMPANY PERFORMANCE AND SHAREHOLDER WEALTH

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

| Financial Year | Profit/(loss) after tax \$ | Earnings/(loss) per share (cents) | Company Share Price (cents) |
|------------------------|----------------------------------|---|-----------------------------------|
| 30 June 2023 | (3,959,067) | (0.53) | 0.7 |
| 30 June 2022* Restated | (3,225,436) | (0.65) | 0.7 |
| 30 June 2021* Restated | (2,866,036) | (0.68) | 3.9 |
| 30 June 2020 | (1,634,616) | (0.47) | 1.6 |
| 30 June 2019 | (3,197,797) | (0.97) | 1.7 |
| 30 June 2018 | 173,299 | 0.05 | 3.0 |

*: refer Note 2 for details regarding restatement as a result of a change in accounting policy.

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



KMP REMUNERATION

Key Management Personnel (KMP) remuneration for the year ended 30 June 2023 was:

| 30 June 2023 | Short-Term Benefits | | Long-Term Benefits | Post Employment | | Share Based Payments | Total | Remuneration Performance Based |
|-----------------------|---------------------------|----------------|-------------------------|----------------------|--------------------------|----------------------|----------------|--------------------------------|
| | Salary, Fees & Leave (\$) | Other (\$) | Long Service Leave (\$) | Super-annuation (\$) | Retirement Benefits (\$) | \$ | \$ | % |
| Directors | | | | | | | | |
| Ian Mulholland (i) | 60,000 | 14,500 | - | - | - | 15,420 | 89,920 | 17.15% |
| Simon Youds (ii) | 20,000 | 48,000 | - | - | - | (81,571) | (13,571) | - |
| Michael Fry (iii) | - | 110,700 | - | - | - | - | 110,700 | 0.00% |
| Derong Qiu (iv) | 36,000 | - | - | - | - | 8,607 | 44,607 | 19.30% |
| Judy Li (v) | 36,000 | - | - | - | - | 8,607 | 44,607 | 19.30% |
| Chenchong Zhou (vi) | 36,000 | - | - | - | - | 8,607 | 44,607 | 19.30% |
| Jonathan Fisher (vii) | 145,833 | - | - | 15,313 | - | 114,300 | 275,446 | 41.50% |
| TOTAL | 333,833 | 173,200 | - | 15,313 | - | 70,970 | 596,316 | 16.64% |

- (i) In his capacity as Director and Non-Executive Chairman, Mr Ian Mulholland is entitled to a fixed fee of \$60,000 per annum plus \$250 per hour for additional services. The Company has entered into a consulting agreement for the provision of these services.
- (ii) Mr Youds resigned on 7 September 2022. Up until his resignation, in his capacity as an Executive Director, Mr Simon Youds was entitled to a fixed fee of \$48,000 per annum plus a variable fee of \$100 per hour to a maximum of 160 hours per month (i.e. up to a maximum of \$16,000 per month) for assistance on a day-to-day basis in supervising and managing work at the Company's projects. The Company has entered into a consulting agreement for the provision of these services.
- (iii) Mr Michael Fry was appointed as a director on 7 September 2023. Mr Fry is entitled to a fee for the provision of company secretarial and chief financial officer services. The Company has entered into a consulting agreement for the provision of these services.
- (iv) In his capacity as Non-Executive Director, Mr Derong Qiu is entitled to a fee of \$36,000 per annum. The Company has entered into a consulting agreement for the provision of these services. Amounts included in this table represent accrued fees.
- (v) In her capacity as Non-Executive Director, Ms Judy Li is entitled to a fee of \$36,000 per annum. The Company has entered into a consulting agreement for the provision of these services.
- (vi) In his capacity as Non-Executive Director, Mr Chenchong Zhou is entitled to a fee of \$36,000 per annum. A consulting agreement for the provision of services is yet to be executed. Amounts included in this table represent accrued fees.
- (vii) Mr Jonathan Fisher was appointed Chief Executive Officer on 1 December 2022. Mr Fisher is entitled to a base salary of \$250,000 plus statutory superannuation plus incentives, pursuant to an employment agreement with Mr Fisher.

Key Management Personnel (KMP) remuneration for the year ended 30 June 2022 was:

| 30 June 2022 | Short-Term Benefits | | Long-Term Benefits | Post Employment | | Share Based Payments | Total | Remuneration Performance Based |
|--------------------|---------------------------|------------|-------------------------|----------------------|--------------------------|----------------------|----------------|--------------------------------|
| | Salary, Fees & Leave (\$) | Other (\$) | Long Service Leave (\$) | Super-annuation (\$) | Retirement Benefits (\$) | \$ | \$ | % |
| Directors | | | | | | | | |
| Ian Mulholland (i) | 5,000 | - | - | - | - | 2,500 | 7,500 | 33.34% |
| Simon Youds | 240,000 | - | - | - | - | 38,667 | 278,667 | 13.88% |
| Jess Oram (ii) | 109,603 | - | - | 983 | - | (21,452) | 89,134 | (24.07)% |
| Qiu Derong | 36,000 | - | - | - | - | 9,667 | 45,667 | 21.17% |
| Judy Li | 36,000 | - | - | - | - | 9,667 | 45,667 | 21.17% |
| Chenchong Zhou | 36,000 | - | - | - | - | 9,667 | 45,667 | 21.17% |
| TOTAL | 462,603 | - | - | 983 | - | 48,716 | 512,302 | 9.51% |

- (i) Mr Mulholland was appointed as a Director and Non-Executive Chairman on 31 May 2022.
- (ii) Mr Jess Oram resigned as a Non-Executive Director of the Company on 31 May 2022.



KMP CONTRACTUAL ARRANGEMENTS

Directors may be appointed by the members of the company in a general meeting or by the other directors in a board meeting. Directors leave office if they resign, retire, or are removed in accordance with the Corporations Act and/or the Company's Constitution, or are disqualified from managing companies.

Non-Executive Directors

Each non-executive director has a written agreement with the Company that covers all aspects of their appointment including term, time commitment required, remuneration, disclosure of interests that may affect independence, guidance on complying with the Company's corporate governance policies and the right to seek independent advice, indemnity and insurance arrangements, rights of access to the Company's information and ongoing confidentiality obligations as well as roles on the Company's committees.

The ongoing appointment of each non-executive director of the Company is subject to election by Shareholders at the next Annual General Meeting of the Company following their initial appointment and thereafter subject to the rotational provisions set out in the Company's Constitution.

The maximum aggregate remuneration that can be paid to Non-Executive Directors excluding share-based payments or other employee benefits is subject to approval by shareholders at a general meeting.

Non-executive directors are remunerated at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes option pricing model. Shares are valued at market value.

Fees paid to non-executive directors during the current financial year were:

| | |
|-------------------------|--------------------|
| Non-executive Chairman | \$60,000 per annum |
| Non-executive directors | \$36,000 per annum |

In addition, during the year 5,000,000 Options were issued to Ian Mulholland, relating to his appointment as Non-executive Chairman, following shareholder approval being obtained.

Chief Executive Officer

Mr Jonathan Fisher Fry was appointed as the Company's Chief Executive Officer with effect from 1 December 2022.

The key terms of Mr Fisher's engagement are as follows:

| | |
|-------------------|---|
| Name | Jonathan Fisher |
| Title | Chief Executive Officer |
| Commencement Date | 1 December 2022 |
| Term of Agreement | Agreement continues until terminated in accordance with employment agreement |
| Notice | 3 months |
| Details | Base salary of \$250,000 (exclusive of statutory superannuation) Short term incentive of up to 40% of base Salary upon achievement of KPIs as defined and approved by The board from time to time on an annual basis Long term Incentive: 45 million Options. |

Executive Director

Mr Michael Fry was appointed as an Executive Director with effect from 7 September 2022.

In addition, Mr Fry is the Company's Chief Financial Officer and Company Secretary, having been appointed in April 2019.

The key terms of Mr Fry's engagement are as follows:

| | |
|-------------------|---|
| Name | Michael Bernard Fry |
| Title | Director, Chief Financial Officer and Company Secretary |
| Commencement Date | 1 April 2019 |
| Term of Agreement | Agreement continues until terminated in accordance with service agreement |
| Notice | 3 months |
| Details | Fee for provision of CFO and company secretarial services of \$113,400 per annum; no entitlement to superannuation or leave benefits. No additional fee for acting as a director. |



KMP INTEREST IN SECURITIES

Shareholdings of Key Management Personnel

The shares held by key management personnel as at 30 June 2023 were:

| 30 June 2023 | Balance 1 July 2022 / date of appointment | Additions | Disposal | Net Change Other | Balance 30 June 2023 |
|-----------------|--|--------------------------|----------|--------------------------|-------------------------|
| Ian Mulholland | 1,000,000 | 7,476,191 | - | - | 8,476,191 |
| Simon Youds | 4,172,864 | - | - | (4,172,864) ¹ | - |
| Michael Fry | 66,667 ² | 22,223 | - | - | 88,890 |
| Qiu Derong | 47,544,710 | 112,025,667 ³ | - | - | 159,570,377 |
| Judy Li | - | - | - | - | - |
| Chenchong Zhou | - | - | - | - | - |
| Jonathan Fisher | - | - | - | - | - |
| | 52,784,241 | 119,524,081 | - | (4,172,864) | 168,135,458 |

1: shareholding on date of resignation

2: shareholding on date of appointment

3: On 29 November 2022, at a general meeting of shareholders, shareholders approved the conversion of the loan into shares, resulting in the issue of 72,133,072 fully paid ordinary shares. In addition, Mr Qiu acquired 39,892,595 shares pursuant to the December 2022 rights issue

Option-holdings of Key Management Personnel

The options over unissued shares held by key management personnel as at 30 June 2023 were:

| 30 June 2023 | Balance 1 July 2022 | Addition: Grant | Addition: Rights Issue | Disposal | Net Change Other | Balance 30 June 2023 |
|-----------------|------------------------|-------------------------|---------------------------|----------|---------------------|-------------------------|
| Ian Mulholland | - | 5,000,000 ¹ | 3,654,761 ² | - | - | 8,654,761 |
| Simon Youds | - | - | - | - | - | - |
| Michael Fry | - | - | 5,556 | - | - | 5,556 |
| Qiu Derong | - | - | 9,973,149 | - | - | 9,973,149 |
| Judy Li | - | - | - | - | - | - |
| Chenchong Zhou | - | - | - | - | - | - |
| Jonathan Fisher | - | 45,000,000 ³ | - | - | - | 45,000,000 |
| | - | 50,000,000 | 13,627,910 | - | - | 63,633,466 |

1: During the year ended 30 June 2022, options were granted to Ian Mulholland upon his appointment as Chairman effective 1 June 2022, subject to shareholder approval. The fair value of the equity-settled share options was initially estimated at the date of commencement of Mr Mulholland as a director on 1 June 2022 and subsequently revalued upon shareholder approval being gained on 29 November 2022.

The revalued fair value was estimated as at the date of shareholder approval using the Black and Scholes valuation method taking into account the terms and conditions upon which the options were granted, as follows:

| | Assumptions |
|-----------------------------|-------------|
| Number | 5,000,000 |
| Dividend yield | 0.00% |
| Expected volatility | 100% |
| Risk-free interest rate | 2.97% |
| Expiry Date | 31 May 2025 |
| Expected life of options | 2.5 years |
| Market price on 29-Nov-2022 | \$0.01 |
| Exercise price | \$0.02 |
| Value per option (cents) | 0.435 |
| Total Value of Options (\$) | \$21,769 |

2: In addition to receiving free-attaching options on the same terms and conditions as shareholders as part of the placement, Director Ian Mulholland entered into an agreement with the Underwriter to sub-underwrite the Placement Offer and received 1,785,714 Options.



3: 45,000,000 Options were granted to Jonathan Fisher upon his appointment as a Chief Executive Officer effective 1 December 2022 subject to shareholder approval which was subsequently attained on 11 May 2023, and were valued on the date of grant with the following factors and assumptions used to determine their fair value:

| 30 June 2023 | Number of Options | Grant date | Vesting Date | Expiry date | Exercise Price | Value per option on Grant Date | Total fair value |
|--------------|-------------------|-------------|--------------|-------------|----------------|--------------------------------|------------------|
| J Fisher | 15,000,000 | 11 May 2023 | 11 May 2023 | 29 Nov 2024 | \$0.015 | \$0.00199 | \$29,850 |
| J Fisher | 15,000,000 | 11 May 2023 | 11 May 2023 | 30 Nov 2025 | \$0.020 | \$0.00256 | \$38,400 |
| J Fisher | 15,000,000 | 11 May 2023 | 11 May 2023 | 30 Nov 2026 | \$0.025 | \$0.00307 | \$46,050 |
| TOTAL | 45,000,000 | | | | | | \$114,300 |

The fair value of the equity-settled share options issued to Mr Fisher were estimated as at the date of the grant using the Black and Scholes valuation method taking into account the terms and conditions upon which the options were granted, as follows:

| | Tranche A Assumptions | Tranche B Assumptions | Tranche C Assumptions |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| Number | 15,000,000 | 15,000,000 | 15,000,000 |
| Dividend yield | 0.00% | 0.00% | 0.00% |
| Expected volatility | 100% | 100% | 100% |
| Risk-free interest rate | 3.19% | 3.07% | 3.11% |
| Expected life of options | 1.56 years | 2.56 years | 3.56 years |
| Market price on 11-May-23 | \$0.007 | \$0.007 | \$0.007 |
| Exercise price | \$0.015 | \$0.020 | \$0.025 |
| Value per option (cents) | 0.199 | 0.256 | 0.307 |
| Total Value of Options (\$) | \$29,850 | \$38,400 | \$46,050 |
| Vesting | Immediately | Immediately | Immediately |

Performance Rights of Key Management Personnel

The performance rights held by key management personnel as at 30 June 2023 were:

| 30 June 2023 | Balance 1 July 2022 | Issued | Cancelled/Converted | Balance 30 June 2023 | % Vested |
|----------------|---------------------|----------|---------------------|----------------------|-----------|
| Qiu Derong | 1,000,000 | - | - | 1,000,000 | 0% |
| Judy Li | 1,000,000 | - | - | 1,000,000 | 0% |
| Chenchong Zhou | 1,000,000 | - | - | 1,000,000 | 0% |
| | 3,000,000 | - | - | 3,000,000 | 0% |

Note: subsequent to year end, on 16 September 2023, the performance rights expired.

KMP OTHER

Loans to Key Management Personnel

There were no loans to key management personnel during the year.

Other Transactions with Key Management Personnel

Receipt of Loan of \$500,000 from Director Qiu Derong

On 16 August 2022, Cauldron received \$500,000 by way of a short term unsecured converting loan. The key terms of the loan facility are as follows:

| | |
|------------------------|---|
| Loan Amount: | A\$500,000 |
| Interest Rate: | 8% per annum |
| Default Interest Rate: | 20% per annum |
| Term: | 6 months |
| Repayment Terms: | Repayable in cash or by the issue of fully paid ordinary shares at a price of 0.7 cents per share, subject to shareholder approval. |

On 29 November 2022, at a general meeting of shareholders, shareholders approved the conversion of the loan into shares, resulting in the issue of 72,133,072 fully paid ordinary shares. On conversion of the loan a finance cost of \$216,399 was incurred.

There were no other transactions with key management personnel that occurred during the year not described above.

End of Audited Remuneration Report.



PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year was mineral exploration.

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

OPERATING RESULTS

The loss of the Group from continuing operations after providing for income tax amounted to \$2,344,608 (30 June 2022: \$3,225,436 loss).

REVIEW OF OPERATIONS

Cauldron is an Australian exploration company resulting from the merger of Scimitar Resources Limited and Jackson Minerals Limited in 2009. Cauldron retains an experienced board of directors with proven success in the resources sector.

The Company's primary exploration focus is at its Yanrey Uranium Project and Melrose Ni-Cu_PGE Project, both located in Western Australia. Refer to Project Overview section for detailed information.

BUSINESS STRATEGIES AND PROSPECTS FOR THE FORTHCOMING YEAR

The Group is involved in the mineral exploration industry.

The Melrose Nickel-Copper-PGE Project and the Yanrey Uranium Project will be the primary focus of Cauldron's activity in the upcoming year.

The Melrose Nickel-Copper-PGE Project is highly prospective for Nickel-Copper-PGE and the Company is planning significant exploration activity over the course of the next 12 months including but not limited to mapping, sampling, geophysics, drilling, and assay.

The quantum of work that Cauldron will be able to undertake on the Yanrey Uranium Project will be largely dependent upon the Western Australian Mines Department. The Company is hopeful of a change in policy from the Western Australian State Labor government which is presently opposed to uranium mining.

In addition, Cauldron aims to divest or advance its WA Sands Project through the sale of sand, crushed rock and a concrete-supply business, if demand is sufficient.

MATERIAL BUSINESS RISKS

The Group is subject to general risks as well as risks that are specific to the Group and the Group's business activities. The following is a list of risks which the Directors believe are or potentially will be material to the Group's business, however, this list is not purported to be a complete list of all risks which the Group is or may be subject to.

General economic risks

Economic conditions, movements in interest and inflation rates, and currency exchange rates may have an adverse effect on the Group's procurement, exploration and development activities, as well as its ability to fund those activities.

Fluctuations in the price of uranium, nickel, copper, PGE's and sand

The Group is exposed to fluctuations in commodity prices and specifically the prices of uranium, nickel, copper, PGE's and sand. The Board actively monitors the prices of each to guide decision making.

Changes in technology

Changes in technology can impact demand for particular products and lead to an increase or decrease in demand for certain commodities. The Board actively monitors technological changes insofar as they are likely to affect the products that require the commodities intended to be mined by the Group to guide decision making.

Changes in consumer preference

Changes in consumer preference can impact demand for particular products and lead to an increase or decrease in demand for certain commodities. The Board actively monitors changes in consumer preferences insofar as they are likely to affect the products that require the commodities intended to be mined by the Group to guide decision making.



Mineral Resources

The Group's Mineral Resources are estimates based largely on interpretations of geological data. No assurances can be given that Resources are accurate and that the indicated levels of uranium, sand and other commodities can be recovered from any project. To reduce the risks the Group ensures estimates are determined in accordance with the JORC Code and compiled or reviewed by qualified competent persons.

Government regulation

The Group's operations and exploration are subject to extensive laws. The Group can not give any assurances that future amendments to current laws or regulations won't have a material impact on its projects. The Group monitors new laws and regulations to ensure compliance and address any impacts on projects as early as possible.

Social, legal and compliance

The Group is subject to a broad range of laws, regulations and standards in jurisdictions in which it operates. Changes in laws and regulations, and non-compliance due to inadequate systems, processes and/or conduct could lead to losses and liabilities, reputational damage and business interruption. The Group is committed to ensuring compliance and addressing any potential for or actual non-compliance as early as possible.

Exploration and development risk

Future production is in part dependent on successful exploration and development activities. There is a risk that those activities are unsuccessful.

Key personnel risk

The Group's success depends upon on the continued active performance of its key personnel. If The Group were to lose any of its key personnel or if it were unable to employ additional or replacement personnel, its operations and financial results could be adversely affected. The Group attempts to mitigate this risk through its remuneration arrangements.

Work Health and Safety

The Group's is focussed on the safety and wellbeing of its personnel including its employees, contractors and supplier representatives at its workplaces. Occupational accidents and health hazards can result in injuries, legal liabilities, increased insurance costs, and operational disruptions.

Weather and physical climate impacts

Extreme weather is an inherent risk for the minerals and construction industries. Periods of extreme weather can interrupt operations, and ability to construct, which in turn may result in delays. The Group acknowledges that its business may be impacted by the effects of climate change in both the near and longer term, and any significant or sustained impacts could adversely affect the Group's financial performance and/or financial position. The Group is committed to understanding these risks and developing strategies to manage their impact.

Environmental, health and safety

The Group has environmental obligations associated with each of its projects. The Group is subject to extensive laws and regulations governing the protection and management of the health and safety of workers, the environment, waste disposal, mine development and rehabilitation and local cultural heritage.

The Group seeks to obtain and comply with the required permits and approvals needed for each project. It acknowledged that any delays in obtaining these approvals may affect the Group's operations or its ability to continue its operations. Any non-compliance may result in regulatory fines and/or civil liability.

IT system failure and cyber security risks

Any information technology system is potentially vulnerable to interruption and/or damage from several sources. Including but not limited to computer viruses, cyber security attacks, and other security breaches, power, systems, internet and data network failures, and natural disasters. The Group is committed to preventing and reducing cyber security risks through ongoing management of the risks and continuous review.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no changes in the state of affairs of the Group other than those disclosed in the review of operations and those stated below.

Resignation of Mr Simon Youds as a Director

On 7 September 2022, Mr Simon Youds resigned as a Director of the Company and as an executive.



Appointment of Mr Michael Fry as a Director

On 7 September 2022, Mr Michael Fry was appointed as a Director of the Company.

December 2022 Placement

On 6 December 2022, Cauldron completed a broker supported placement resulting in the issue of 91,131,652 shares at \$0.007 (0.7 cents) per share each (Shares), raising a total of \$637,922 before costs.

The Lead Manager received a placement fee of 6%, settled in cash.

December 2022 Rights Issue

On 30 December 2022, Cauldron completed a rights issue resulting in the issue of 232,892,000 shares at \$0.007 (0.7 cents) per share each (Shares), raising a total of \$1,630,244 before costs.

Participants in the Rights Issue also received a free attaching option on a 1 for 4 basis exercisable at \$0.015 (1.5 cents) with an expiry of 30 December 2025 (Unlisted Options), resulting in the issue of 58,223,053 unlisted options.

The Lead Manager received a placement fee of 6% and a corporate advisory fee of \$30,000, settled in cash, and an incentive fee of 58,223,000 unlisted options on the same terms as participants in the placement.

In total, 232,892,000 Shares and 116,446,053 Unlisted Options were issued.

Option over E70/6160 (Melrose Project)

In May 2023, Cauldron executed an option agreement to acquire Exploration Tenement E70/6160 covering an area of ~169km² located in the prospective West Yilgarn Ni-Cu-PGE province of Western Australia.

Cauldron subsequently pegged a further area of ~1,338 km² (Applications E70/6463, 6466, 6467, 6468 and 6469). Together E70/6160 and the Applications are referred to as the Melrose Project.

Pursuant to the terms of the option agreement, Cauldron paid a \$10,000 non-refundable deposit, and agreed to pay a further amount on exercise, subject to its due diligence, of \$10,000 plus 20,000,000 fully paid shares in Cauldron plus a 2% Gross Metal Royalty.

EVENTS SUBSEQUENT TO REPORTING DATE

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

Execution of Option over E70/6160 (Melrose Project)

In July 2023, Cauldron elected to exercise its option to acquire E70/6160, being the centrepiece of its Melrose Project. The consideration paid consisted of \$10,000 cash and 20 million fully paid Cauldron shares which were deemed to have a value of \$0.007 each.

Sale of Cauldron's 51% interest in EL5479 and PL 007763 (Blackwood Gold Project)

In September 2023, Cauldron agreed to sell its 51% interest in interest in Exploration Licence EL5479 and Prospecting Licence PL007763, together comprising what Cauldron refers to as its Blackwood Gold Project.

The Agreement is subject to the following Condition Precedent: both parties obtaining all shareholder and regulatory approvals required to perform their obligations under the Agreement, and the Vendor and Blackwood entering into a termination agreement to terminate the Joint Venture Agreement.

The Company will receive \$300,000 in cash consideration, \$200,000 of which is due on or before the Closing Date being the date mutually agreed to by the Purchaser and the Vendor to close this Agreement but in any event no later than 30 days from the date of the Agreement, with the balance of \$100,000 payable prior to the first anniversary of the Closing Date.

ENVIRONMENTAL ISSUES

The Group 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.

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.



SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number |
|------------------|------------------|----------------|--------------------|
| 6 November 2020 | 30 November 2023 | (\$0.05) | 43,354,839 |
| 8 November 2021 | 30 November 2023 | (\$0.05) | 17,647,059 |
| 18 March 2022 | 15 March 2024 | (\$0.34) | 24,705,882 |
| 30 December 2023 | 30 December 2025 | (\$0.015) | 116,445,393 |
| 11 May 2023 | 29 November 2024 | (\$0.015) | 15,000,000 |
| 11 May 2023 | 30 December 2025 | (\$0.02) | 15,000,000 |
| 11 May 2023 | 30 December 2026 | (\$0.025) | 15,000,000 |
| TOTAL | | | 247,153,173 |

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

During the financial year and up to and including the date of this report, nil ordinary shares were issued on the exercise of options.

CORPORATE GOVERNANCE

Throughout FY23, Cauldron's corporate governance arrangements were consistent with the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (ASX Principles).

Cauldron's 2023 Corporate Governance Statement is available at <http://cauldronenergy.com.au/our-company/corporate-governance/>. The Corporate Governance Statement outlines details in relation to Cauldron's values, its Board, Board Committees, risk management framework and financial reporting, diversity and inclusion, key corporate governance policies and shareholder engagement. Cauldron's website also contains copies of Cauldron's Board and Committee Charters and key policies and documents referred to in the Corporate Governance Statement.

MEETINGS OF DIRECTORS

Due to the size of the Company and the lack of complexity of current operations, the Company does not have a formally constituted audit committee or remuneration committee, with the Board of Directors performing the role of the Audit Committee and Remuneration Committee.

The number of meetings held during the year and the number of meetings attended by each Director whilst in office are:

| Director | Directors' meetings | |
|----------------|----------------------|----------|
| | Held while in office | Attended |
| Ian Mulholland | 7 | 7 |
| Simon Youds | 2 | 2 |
| Michael Fry | 5 | 5 |
| Qiu Derong | 7 | 7 |
| Judy Li | 7 | 7 |
| Chenchong Zhou | 7 | 7 |



INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year the Company paid premiums in respect of a contract insuring all the directors and officers of the Company against liabilities incurred by the directors and officers that may arise from their position as directors or officers of the Company.

In accordance with normal commercial practice, the disclosure of the total amount of premiums under and the nature of the liabilities covered by the insurance contract is prohibited by a confidentiality clause in the contract.

Except for the above, the Company has not indemnified or made an agreement to indemnify any person who is or has been an officer or auditor of the Company against liabilities incurred as an officer or auditor of the Company.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2023 has been received and is included on page 29 of the annual report.

NON-AUDIT SERVICES

There were no non-audit services provided by the Company's auditor BDO Audit (WA) Pty Ltd.

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

Michael Fry

Director

29 September 2023



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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF CAULDRON ENERGY LIMITED

As lead auditor of Cauldron Energy Limited for the year ended 30 June 2023, 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.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

29 September 2023

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Notes | 2023 \$ | Restated 2022 * \$ |
|--|-------|--------------------|--------------------------|
| Continuing Operations | | | |
| Revenue | 4 (a) | 15,079 | 844 |
| Other Income | 4 (b) | 54,281 | 1,396 |
| Administration expenses | | (131,201) | (158,024) |
| Employee benefits expenses | | (518,699) | (347,919) |
| Directors' fees | | (188,000) | (229,749) |
| Compliance and regulatory expenses | | (157,153) | (95,290) |
| Consultancy expenses | | (255,997) | (141,530) |
| Finance costs | 19 | (216,399) | - |
| Legal fees | | (67,050) | (75,467) |
| Occupancy expenses | | 54,304 | (115,343) |
| Travel expenses | | (21,828) | (27) |
| Exploration expenditure | | (744,598) | (1,680,038) |
| Net fair value (loss) on financial assets | 8 | (92,489) | (333,263) |
| Depreciation and amortisation | | (888) | (2,311) |
| Share based payments expense | 17 | (73,970) | (48,715) |
| Loss for the year before income tax | | (2,344,608) | (3,225,436) |
| Income tax expense | 5 | - | - |
| Loss for the year from continuing operations attributable to members of the Company | | (2,344,608) | (3,225,436) |
| Other comprehensive income, net of income tax | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange difference arising on translation of foreign operations | | | |
| Total comprehensive (loss)/profit for the year attributable to members of the Company | | (2,344,608) | (3,225,436) |
| Loss from discontinued operations | 11 | (1,614,459) | |
| Loss for year after tax | | (3,959,067) | (3,225,436) |
| Loss per share | 14 | (0.31) | (0.65) |
| Basic and diluted loss from continuing operations per share (cents per share) | | | |

*: refer Note 2 for details regarding restatement as a result of a change in accounting policy.

The above consolidated statement of profit and loss and other comprehensive income is to be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | 2023 \$ | Restated * 2022 \$ | Restated * 2021 \$ |
|---|-------|------------------|--------------------------|--------------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 6 | 771,393 | 235,738 | 375,221 |
| Trade and other receivables | 7 | 61,276 | 77,800 | 77,951 |
| Financial assets at fair value through profit or loss | 8 | 267,071 | 359,560 | 1,517,787 |
| Total current assets | | 1,099,740 | 673,098 | 1,970,959 |
| Non-current assets | | | | |
| Plant and equipment | | 4,949 | 8,000 | 2,311 |
| Total non-current assets | | 4,949 | 8,000 | 2,311 |
| Total assets | | 1,104,689 | 681,098 | 1,973,270 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 9 | 975,704 | 1,087,481 | 956,863 |
| Employee entitlements | | 4,641 | 22,052 | 101,121 |
| Total current liabilities | | 980,345 | 1,109,533 | 1,057,984 |
| Total liabilities | | 980,345 | 1,109,533 | 1,057,984 |
| Net assets | | 124,344 | (428,435) | 915,286 |
| Equity | | | | |
| Issued capital | 10 | 62,689,099 | 60,061,504 | 58,269,504 |
| Reserves | 11 | 7,103,200 | 5,218,950 | 5,129,235 |
| Accumulated losses | 13 | (69,667,956) | (65,708,889) | (62,483,453) |
| Total equity | | 124,344 | (428,435) | 915,286 |

*: refer Note 2 for details regarding restatement as a result of a change in accounting policy.

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CASH FLOWS

| | Notes | 2023 \$ | Restated 2022 * \$ |
|---|---------------|--------------------|--------------------------|
| Cash flows from operating activities | | | |
| Payments for exploration and evaluation | | (744,598) | (1,680,038) |
| Payments to suppliers and employees | | (1,331,074) | (1,106,205) |
| Interest received | | 15,079 | 844 |
| Grant received | | - | 9,886 |
| Net cash flows used in operating activities | 19 (a) | (2,060,594) | (2,775,513) |
| Cash flows from investing activities | | | |
| Purchase of plant and equipment | | (5,837) | (8,000) |
| Proceeds from sales of equity investments | 8 | - | 811,030 |
| Net cash flows (used in)/ investing activities | | (5,837) | 803,030 |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 10 | 2,268,166 | 1,950,000 |
| Proceeds from conversion of options | 10 | 10 | - |
| Share issue costs | 10 | (166,090) | (117,000) |
| Proceeds from borrowings | 16 | 500,000 | - |
| Net cash flows from financing activities | | 2,602,086 | 1,833,000 |
| Net increase/(decrease) in cash and cash equivalents | | 535,655 | (139,483) |
| Cash and cash equivalents at beginning of period | | 235,738 | 375,221 |
| Cash and cash equivalents at end of period | 6 | 771,393 | 235,738 |

*: refer Note 2 for details regarding restatement as a result of a change in accounting policy.

There is no impact on the statement of cashflows from discontinued operations. The above statement of cash flows is to be read in conjunction with the accompanying notes.



| | Issued Capital \$ | Accumulated Losses \$ | Share Based Payment Reserve \$ | Foreign Currency Translation Reserve \$ | Non-Controlling Interests \$ | Total Equity \$ |
|--|----------------------|--------------------------|-----------------------------------|--|---------------------------------|--------------------|
| Balance at 1 July 2021 | 58,269,504 | (61,019,282) | 6,743,693 | (1,614,458) | 779,848 | 3,158,905 |
| Restatement * | - | (1,464,171) | - | - | (779,448) | (2,243,619) |
| Re-stated Balance at 1 July 2021 * | 58,269,504 | (62,483,453) | 6,743,693 | (1,614,458) | - | (915,286) |
| Loss attributable to members of the parent entity – Restated * | - | (3,225,436) | - | - | - | (3,225,436) |
| Other comprehensive loss | - | - | - | - | - | - |
| Total comprehensive Loss for the year | - | (3,225,436) | - | - | - | (3,225,436) |
| Transactions with owners in their capacity as owners | | | | | | |
| Performance rights | - | - | 46,215 | - | - | 46,215 |
| Options | - | - | 2,500 | - | - | 2,500 |
| Shares issued during the period, net of costs | 1,792,000 | - | 41,000 | - | - | 1,833,000 |
| Balance at 30 June 2022 | 60,061,504 | (65,708,889) | 6,833,408 | (1,614,458) | - | (428,435) |
| Re-stated Balance at 1 July 2022 * | 60,061,504 | (65,708,889) | 6,833,408 | (1,614,458) | - | (428,435) |
| Loss attributable to members of the parent entity | - | (2,344,608) | - | - | - | (2,344,608) |
| Other comprehensive loss | - | (1,614,459) | - | 1,614,459 | - | - |
| Total comprehensive Loss for the year | - | (3,959,067) | - | 1,614,459 | - | (2,344,608) |
| Transactions with owners in their capacity as owners | | | | | | |
| Performance rights | - | - | (55,748) | - | - | (55,748) |
| Options | - | - | 325,541 | - | - | 325,541 |
| Shares issued during the period, net of costs | 2,627,595 | - | - | - | - | 2,627,595 |
| Balance at 30 June 2023 | 62,689,099 | (69,667,956) | 7,103,200 | - | - | 124,344 |

* Refer Note 2 for details regarding restatement as a result of a change in accounting policy.

The above statement of changes in equity is to be read in conjunction with the accompanying notes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial report covers Cauldron Energy Limited (“Cauldron”) and its controlled entities (“the Group”) for the year ended 30 June 2023 and was authorised for issue in accordance with a resolution of the directors on 29 September 2023.

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, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report is presented in Australian dollars.

b. Compliance statement

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial report, comprising the financial statements and notes thereto, complies with the International Financial Reporting Standards (IFRS).

c. Adoption of New and Revised Accounting Standards

New or amended Accounting Standards and Interpretations adopted

The Group has considered all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023.

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

d. 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 21 to the financial statements.

All inter-group balances and transactions between entities in the Group, 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.



Non-Controlling Interests

The Group recognised non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in the Blackwood Goldfield Project, the Group elected to recognise the non-controlling interests in at its proportionate share of the net assets acquired.

Control of 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 and they are deconsolidated from the date that control ceases.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

e. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group'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 Group'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 Group'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.

f. 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.



g. 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 Group 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.

h. 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.

i. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.



Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

j. 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 for the 30 June 2023 year are:

| Class of Fixed Asset | Depreciation Rate |
|--------------------------------|--------------------------|
| 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.

k. Exploration and Evaluation Expenditure

The Group expenses exploration and evaluation expenditure as incurred in respect of each identifiable area of interest until a time where an asset is in development.

Exploration and Evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area as well as the determination of the technical feasibility and commercial viability of extracting mineral resource.

l. Impairment of Non-Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.



Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

m. 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 Group has determined that these incentives are akin to government grants because they are not conditional upon earning taxable income.

n. 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 Group 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.

o. Leases

At the inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use-asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight line over the term of the lease.

Initially the lease is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

The right-of-use-assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any indirect costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use-assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

p. Revenue Recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.



q. **Provisions and Employee Benefits**

Provisions are recognised when the Group 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 measures 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.

r. **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.

s. **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 Group'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.

t. **Critical accounting judgements, estimates and assumptions**

The Group 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.

Asset Acquisition not Constituting a Business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

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 Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Income taxes

The Group 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 Group estimates its tax liabilities based on the Group'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 Group 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.

Performance Rights

Performance rights issued to Directors under the Performance Rights Plan are measured by reference to the fair value of the equity instruments at the date on which they were granted using share price of the Company on grant date.

Share-based payments recognised may require an estimation of reasonable expectations about achievement of future vesting conditions. Vesting conditions must be satisfied for the director to become entitled to receive ordinary shares.

Vesting conditions include services conditions, which require the director to complete a specified period of service, and performance conditions, which require the specified performance targets to be met.

The Company recognises a share-based payment expense amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the Company shall revise the estimate to equal the number of equity instruments that ultimately vested.

The achievement of future vesting conditions is reassessed at each reporting period.

Options

Options issued to Directors and key management personnel are measured at the fair value of the equity instruments at the date on which they were granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to options have no impact on the carrying amounts of assets and liabilities within the reporting period but may impact profit or loss and equity.

u. Comparative Figures

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

v. 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."

w. Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

As at 30 June 2023, the Group had cash and cash equivalents of \$771,393 and had net working capital of \$119,395. The Group incurred a loss from continuing operations for the year ended 30 June 2023 of \$2,344,608 (30 June 2022: \$3,225,436 loss) and net cash outflows used in operating activities and investing activities totalling \$2,066,431 (30 June 2022: \$1,972,483).

The ability of the Group to continue as a going concern is dependent on the Group securing additional debt and/or equity funding to meet its working capital requirements in the next 12 months. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group'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.



At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned operations and the Group will be able to meet its obligations as and when they fall due, for the following reasons:

- the Company has demonstrated its ability to raise funds through equity issues by way of share capital raisings completed in September 2021, March 2022 and December 2022 - refer Note 10;
- the Group holds a portfolio of investments valued at \$267,071 at 30 June 2023, which may be sold to fund ongoing cash requirements of the Company; and
- the Directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are confident in the ability of the Group to be successful in securing additional funds through further debt or equity issues as and when the need to raise working capital arises.

Should the Group 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 Group not continue as a going concern and meet its debts as and when they become due and payable.

2. CHANGE IN ACCOUNTING POLICY

The financial report has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure in accordance with standard AASB 6: *Exploration for and Evaluation of Mineral Resources*.

Previously, the Group capitalised, accumulated exploration and evaluation expenditure and carried forward to the extent that they were expected to be recouped through the successful development of the area where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Going forward the Group will expense exploration and evaluation costs as they are incurred as an operating cost of the Group.

The Board has determined that the change in accounting policy will result in more relevant and no less reliable information as the policy is more transparent and less subjective. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. Furthermore, the change in policy aids in accountability of expenditures and is consistent with industry practice.

The effects on the Consolidated Statement of Financial Position on implementation of the new accounting policy, were as follows:

| | Exploration Assets \$ | Accumulated Losses \$ |
|---|-----------------------------|-----------------------------|
| Balances at 30 June 2021, as previously reported: | 2,243,619 | (61,019,282) |
| Impact of the change in accounting policy | (2,243,619) | (2,243,619) |
| Reversal of non-controlling interest | - | 779,448 |
| Restated balance at 30 June 2021 | - | (62,483,453) |
| Balances at 30 June 2022, as previously reported: | 3,614,106 | (62,874,231) |
| Impact of the change in accounting policy for year ended 30 June 2021 | (2,243,619) | (2,243,619) |
| Impact of the change in accounting policy for year ended 30 June 2022 | (1,370,487) | (1,370,487) |
| Reversal of non-controlling interest | - | 779,448 |
| Restated balance at 30 June 2022 | - | (65,708,889) |



The effects on the Consolidated Statement of Profit or Loss and Other Comprehensive Income on implementation of the new accounting policy, were as follows:

| | For the year ended 30 June 2022 \$ |
|--|---|
| Previously reported loss for the year | (1,854,949) |
| Impact of the change in accounting policy | (1,370,487) |
| Restated amount at 30 June 2022 | (3,225,436) |
| Previously reported – basic and diluted loss per share | (0.37) |
| Impact of the change in accounting policy | (0.28) |
| Restated amount at 30 June 2022 | (0.65) |

The effects on the Consolidated Statement of Cashflows on implementation of the new accounting policy is the reclassification of payments for exploration and evaluation from Investing Activities to Operating Activities.

3. SEGMENT INFORMATION

The Group 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 Group operated in one business segment (for primary reporting) being mineral exploration and principally in two geographical segments (for secondary reporting) being Australia and Argentina. Prior to year end, the Argentinian operation was discontinued. Reportable segments exclude results from discontinued operations.

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 Group.

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 incurrance of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group 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
- subscription funds
- loans to other entities
- financial assets at fair value through profit or loss



| Segment Information | Mineral Exploration | | Other | | Total | |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Revenue | | | | | | |
| Interest received | - | - | 15,079 | 844 | 15,079 | 844 |
| Other | - | - | 54,281 | 1,396 | 54,281 | 1,396 |
| Gain on disposal of financial assets | - | - | - | - | - | - |
| Total segment revenue and other income | - | - | 69,360 | 2,240 | 69,360 | 2,240 |
| Segment net operating profit/ (loss) after tax | | | | | | |
| Segment net operating profit/ (loss) after tax includes the following significant items: | | | | | | |
| Net fair value gain/ (loss) on financial assets | - | - | (92,489) | (333,263) | (92,489) | (333,263) |
| Depreciation | - | - | (888) | (2,311) | (888) | (2,311) |
| Employee benefits expense | (357,553) | - | (161,146) | (347,919) | (518,699) | (347,919) |
| Director's fees | - | - | (188,000) | (229,749) | (188,000) | (229,749) |
| Consultancy expenses | - | - | (255,997) | (141,530) | (255,997) | (141,530) |
| Legal fees | (67,050) | - | - | (75,467) | (67,050) | (75,467) |
| Exploration expenditure | (744,598) | (1,680,038) | - | - | (744,598) | (1,680,038) |
| Share based payments expense | - | - | (73,970) | (48,715) | (73,970) | (48,715) |
| Finance costs | - | - | (216,399) | - | (216,399) | - |
| Other expenses | - | - | (255,878) | (368,684) | (255,878) | (368,684) |
| Total segment net operating profit / (loss) after tax | (1,169,201) | (1,680,038) | (1,175,407) | (1,545,398) | (2,344,608) | (3,225,436) |
| Segment assets | | | | | | |
| Segment assets include: | | | | | | |
| Cash and cash equivalents | - | - | 771,393 | 235,738 | 771,393 | 235,738 |
| Financial assets | - | - | 267,071 | 359,560 | 267,071 | 359,560 |
| Other assets | - | - | 66,225 | 85,800 | 66,225 | 85,800 |
| | - | - | 1,104,689 | 681,098 | 4,295,204 | 673,098 |
| Segment liabilities | - | - | (980,345) | (1,109,533) | (980,345) | (1,109,533) |
| Segment net assets | - | - | 124,344 | (428,435) | 124,344 | (428,435) |
| Segment information by geographical region | | | | | | |
| The analysis of the location of net assets is as follows: | | | | | | |
| Australia | | | | | 124,344 | (424,435) |
| Argentina | | | | | - | (3,977) |
| | | | | | 124,344 | (428,435) |



4. REVENUE AND OTHER INCOME

| | 2023 \$ | 2022 \$ |
|-----------------------------|---------------|--------------|
| (a) Revenue | | |
| Interest received | 15,079 | 844 |
| Total revenue | 15,079 | 844 |
| (b) Other income | | |
| Tenement rent refunds | 31,468 | - |
| Sale of miscellaneous items | 15,404 | - |
| Grant received | - | 9,886 |
| Other | 7,409 | (8,490) |
| Total other income | 54,281 | 1,396 |

5. INCOME TAX

| | 2023 \$ | 2022 \$ |
|--|--------------------|--------------------|
| (a) The components of tax expense comprise: | | |
| Current tax (expense)/benefit | - | - |
| Deferred tax (expense)/benefit | - | - |
| Total | - | - |
| (b) The prima facie tax (benefit)/expense on (loss)/profit from ordinary activities before income tax is reconciled to the income tax as follows: | | |
| Loss before tax | (2,344,608) | (3,225,436) |
| Loss from discontinued operation | (1,614,459) | - |
| Loss attributable to members of the Company | (3,959,067) | (3,225,436) |
| Prima facie income tax (expense)/benefit @ 30.0% | (1,187,720) | (967,631) |
| Tax effect of: | | |
| Non-deductible expenses | 107,465 | 48,772 |
| Loss on discontinued operation | | |
| Tax losses utilised | - | (336,731) |
| Adjustment to exploration costs capitalised | - | 411,146 |
| Deductible capitalised exploration costs | - | 4,180 |
| Realised capital (gain)/loss on investments | - | 99,979 |
| Unrealised capital (gain)/loss on investments | 484,338 | 3,409 |
| Losses and other deferred tax balances not recognised during the period | 568,171 | 736,876 |
| Aggregate income tax expense | - | - |



5. INCOME TAX (continued)

| | 2023 \$ | 2022 \$ |
|---|--------------------|--------------------|
| (c) Recognised deferred tax balances | | |
| Deferred tax balances have been recognised in respect of the following: | - | - |
| Deferred tax assets | | |
| Employee entitlements | 1,392 | 6,616 |
| Other receivables | - | 26,096 |
| Other payables | 160,834 | 193,419 |
| Tax losses | 6,433,326 | 5,801,250 |
| Deferred tax assets not recognised | (6,595,552) | (6,027,381) |
| Total deferred tax assets | - | - |
| Deferred tax liabilities | | |
| Exploration | | 428,864 |
| Deferred tax liabilities not recognised | | (428,864) |
| Total deferred tax liabilities | - | - |
| Net recognised deferred tax assets/(liabilities) | - | - |

6. CASH AND CASH EQUIVALENTS

| | 2023 \$ | 2022 \$ |
|---|----------------|----------------|
| Cash at bank and in hand | 771,393 | 235,738 |
| Cash and cash equivalents | 771,393 | 235,738 |
| <i>Reconciliation to cash flow statement</i> | | |
| For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June: | | |
| Cash at bank and in hand | 771,393 | 235,738 |
| Cash held in trust | - | - |
| Cash for reconciliation of cash flow statement | 771,393 | 235,738 |

7. TRADE AND OTHER RECEIVABLES

| | 2023 \$ | 2022 \$ |
|--|-----------------|-----------------|
| CURRENT | | |
| Trade receivables | 86,987 | 159,787 |
| Prepayments | - | 5,000 |
| GST Receivable | 20,090 | - |
| Other | 41,186 | - |
| Allowance for expected credit losses (2022: Provision for impairment of receivables) (a) | (86,987) | (86,987) |
| Total current trade and other receivables | 61,276 | 77,800 |
| (a) Provision for non-recovery of trade receivables | | |
| Balance at 1 July | (86,987) | (86,987) |
| Balance at 30 June | (86,987) | (86,987) |



Allowance for expected credit losses

The Group has recognised a loss of \$nil, in profit or loss in respect of the expected credit losses for the year ended 30 June 2023 for its Trade and Other Receivables (30 June 2022: \$nil).

Credit risk

The Group 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 Group and the counter party to the transaction. Receivables that are past due are assessed for impairment is 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.

| Trading terms | Gross amount | Past due and impaired | Within initial trade terms |
|-------------------|--------------|-----------------------|----------------------------|
| 2023 | | | |
| Trade receivables | 86,787 | 86,987 | - |
| 2022 | | | |
| Trade receivables | 159,787 | 86,987 | 72,800 |

8. FINANCIAL ASSETS

| | 2023 \$ | 2022 \$ |
|--|----------------|----------------|
| Financial assets at fair value through profit or loss (listed investments) | 261,811 | 354,300 |
| Financial assets at fair value through profit or loss (unlisted investments) | 5,260 | 5,260 |
| Total financial assets | 267,071 | 359,560 |
| Movements: | | |
| Opening balance | 359,560 | 1,517,787 |
| Disposal of equity securities | - | (811,030) |
| Realised fair value (loss) through profit or loss | - | (13,935) |
| Fair value (loss) through profit or loss | (92,489) | (333,262) |
| Closing balance | 267,071 | 359,560 |

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.

9. TRADE AND OTHER PAYABLES

| | 2023 \$ | 2022 \$ |
|---------------------------------------|----------------|------------------|
| Trade payables | 95,996 | 100,004 |
| Other payables and accruals | 879,708 | 987,473 |
| Total trade and other payables | 975,704 | 1,087,481 |

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



10. ISSUED CAPITAL

| | 2023 \$ | 2023 No. Shares | 2022 \$ | 2022 No. Shares |
|--|-------------------|--------------------|-------------------|--------------------|
| Share capital | | | | |
| Ordinary shares fully paid | 62,689,099 | 931,568,661 | 60,061,504 | 535,411,277 |
| Opening balance at 1 July | 60,061,504 | 535,411,277 | 58,269,504 | 455,999,512 |
| Share Issue – Placement Sep 2021 | - | - | 1,200,000 | 35,294,118 |
| Share Issue – Placement Mar 2022 | - | - | 750,000 | 44,117,647 |
| Share Issue – Loan Conversion 1 | 721,331 | 72,133,072 | - | - |
| Share Issue – Placement Dec 2022 | 637,922 | 91,131,652 | - | - |
| Share Issue – Entitlements Dec 2022 | 1,630,244 | 232,892,000 | - | - |
| Share issue – option conversion | 11 | 660 | - | - |
| Share issue costs – placement fees | (166,090) | - | (117,000) | - |
| Share issue costs – value of options granted (Note 17) | (195,821) | - | (41,000) | - |
| Closing balance at 30 June | 62,689,099 | 931,568,661 | 60,061,504 | 535,411,277 |

1: conversion of convertible loan. Refer Note 16.

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, 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 \$62,689,099 at 30 June 2023 (2022: \$60,061,504). The Group'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 Group'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 Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads.

11. RESERVES

| | 2023 \$ | 2022 \$ |
|---|------------------|------------------|
| Reserves | | |
| Share based payment reserve (a) | 7,103,201 | 6,833,409 |
| Foreign currency translation reserve (b) | - | (1,614,459) |
| Total reserves | 7,103,201 | 5,218,950 |
| (a) Share based payment reserve | | |
| Reserve balance at beginning of year | 6,833,409 | 6,787,552 |
| Performance rights – allocation of value | (55,749) | 2,357 |
| Options issued as part of March 2022 Placement | - | 41,000 |
| Options issued as part of December 2022 Placement | 195,821 | - |
| Options issued to KMP – refer Note 17 | 129,720 | 2,500 |
| Reserve balance at end of year | 7,103,201 | 6,833,409 |



11. RESERVES (continued)

| | 2023 \$ | 2022 \$ |
|--|-------------|--------------------|
| (b) Foreign currency translation reserve | | |
| Reserve balance at beginning of year | (1,614,459) | (1,614,459) |
| De-recognition through profit and loss upon de-registration ¹ | 1,614,459 | - |
| Reserve balance at end of year | - | (1,614,459) |

¹ Previously, exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars were recognised directly in the foreign currency translation reserve. During the year the Company deregistered its foreign subsidiaries resulting in a de-recognition of the foreign currency translation reserve. This deregistration has been accounted for as a discontinued operation.

12. OPTIONS OVER UNISSUED SHARES

Unissued ordinary shares of the Company under option at 30 June 2023 were:

| Grant date | Expiry date | Exercise price | Number |
|------------------|------------------|----------------|--------------------|
| 6 November 2020 | 30 November 2023 | (\$0.05) | 43,354,839 |
| 8 November 2021 | 30 November 2023 | (\$0.05) | 17,647,059 |
| 18 March 2022 | 15 March 2024 | (\$0.34) | 24,705,882 |
| 30 December 2022 | 30 December 2025 | (\$0.015) | 116,445,393 |
| 11 May 2023 | 29 November 2024 | (\$0.015) | 15,000,000 |
| 11 May 2023 | 30 December 2025 | (\$0.02) | 15,000,000 |
| 11 May 2023 | 30 December 2026 | (\$0.025) | 15,000,000 |
| Total | | | 247,153,173 |

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

During the financial year and up to and including the date of this report, nil ordinary shares were issued on the exercise of options.

13. ACCUMULATED LOSSES

| | 2023 \$ | Restated 2022* \$ |
|--|--------------|-------------------------|
| Accumulated Losses | (69,667,956) | (65,708,889) |
| Accumulated losses at 1 July | (65,708,889) | (61,019,282) |
| Restatement adjustment * | - | (1,464,171) |
| Accumulated losses at 1 July – re-stated | - | (62,483,453) |
| Net (loss) attributable to members | (3,959,067) | (3,225,436) |
| Balance at 30 June | (69,667,956) | (65,708,889) |

*: refer Note 2.



14. LOSS PER SHARE

| | 2023 \$ | Restated 2022* \$ |
|--|------------------------|-------------------------|
| (a) Loss used in calculating loss per share | | |
| Net loss from continuing operations attributable to ordinary equity holders of the parent | (2,344,608) | (3,225,436) |
| Loss from discontinued operations | (1,614,459) | - |
| Net loss for year | (3,959,067) | (3,225,436) |
| (b) Weighted average number of shares outstanding during the year used in the calculation of: | | |
| | No. | No. |
| Basic and diluted loss per share | 744,316,520 | 497,578,884 |
| | Cents per share | Cents per share |
| Basic and diluted loss per share | | |
| Continuing operations | (0.31) | (0.65) |
| Basic and diluted loss per share | | |
| Discontinued operations | (0.22) | (0.00) |

15. CONTROLLED ENTITIES

Details of Cauldron Energy Limited's subsidiaries are:

| Name | Country of Incorporation | Date/Company of Incorporation | Shares | Ownership Interest | | Investment Carrying Amount | |
|--|--------------------------|-------------------------------|--------|--------------------|-----------|----------------------------|------------|
| | | | | 2023 % | 2022 % | 2023 \$ | 2022 \$ |
| Ronin Energy Ltd ¹ | Australia | 24 April 2006 | Ord | - | 100 | 5 | 5 |
| Cauldron Energy (Bermuda) Limited ¹ | Bermuda | 2 February 2012 | Ord | - | 100 | 1 | 1 |
| Cauldron Energy (SL) Limited ¹ | Sierra Leone | 12 March 2012 | Ord | - | 100 | 1 | 1 |
| Blackwood Goldfield Joint Venture Pty Ltd | Australia | 3 April 2020 | Ord | 51 | 51 | 2 | 2 |
| Anthill Concrete Pty Ltd | Australia | 15 April 2021 | Ord | 100 | 100 | 2 | - |
| Total Investment | | | | | | 11 | 9 |

¹: de-registered



16. KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

This section includes information about key management personnel's remunerations, related parties information and any transaction key management personnel or related parties may have had with the Company during the year.

Key Management Personnel

Names and positions held of key management personnel in office at any time during the 2022/2023 financial year and up to the date of this report, unless otherwise indicated, were:

| Name | Position |
|--|-------------------------------------|
| Ian Mulholland | Non-Executive Director and Chairman |
| Simon Youds (<i>resigned 7 September 2023</i>) | Executive Director |
| Michael Fry (<i>appointed 7 December 2022</i>) | Executive Director |
| Derong Qiu | Non-Executive Director |
| Judy Li | Non-Executive Director |
| Chenchong Zhou | Non-Executive Director |
| Jonathan Fisher (<i>appointed 1 December 2022</i>) | Chief Executive Officer |

Refer to the Remuneration Report contained in the Directors' Report for details of the shares, rights and options held and remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2023.

Compensation of Key Management Personnel of the Group

The following remuneration and benefits were provided to key management personnel by the Company on normal terms and conditions in the ordinary course of business.

| | 2023 \$ | 2022 \$ |
|--|----------------|----------------|
| <i>The key management personnel compensation comprised of:</i> | | |
| Short term employment benefits | 507,033 | 462,603 |
| Long term employment benefits | - | - |
| Post-employment benefits | 15,313 | 983 |
| Share-based payments | 169,670 | 48,715 |
| Total key management personnel remuneration | 692,016 | 512,301 |

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2023.

Transactions with key management personnel and related parties

There were no transactions with key management personnel and related parties during the year that are not included in the Compensation of Key Management Personnel of the Group detailed above, other than a short-term loan of \$500,000 from Director Qiu Derong detailed below.

Loans with Related Parties

There were no loans made to Cauldron Energy Limited by directors and entities related to them during the year ended 30 June 2023 (30 June 2022: nil), except for the following.

On 16 August 2022, Cauldron received a short-term loan of \$500,000 from Director Qiu Derong by way of a short term unsecured converting loan. Following shareholder approval on 29 November 2022, the loan together with interest of \$4,931 was extinguished by the issue of 72,133,072 fully paid ordinary shares at an agreed price of \$0.007.

The Company's share price prevailing on 29 November 2022 was \$0.01; and consequently Mr Qiu received a benefit on conversion equal to \$216,399 which has been recognised as a financing charge.



Significant shareholders

Derong Qiu holds a significant interest of 17.76% in the issued capital of Cauldron Energy at 30 June 2023 (30 June 2022: 8.84%). Mr Qiu Derong is a director of Cauldron.

Key management personnel interest in securities

Refer to the Remuneration Report contained in the Directors' Report for details of share and option holdings of each member of the Group's key management personnel for the year ended 30 June 2023.

The ultimate parent

The ultimate parent of the Group is Cauldron Energy Limited which is based in and listed in Australia.

Transactions with subsidiary companies

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. Note 16 provides information about the Group's structure including the details of the subsidiaries and the percentage held in each subsidiary by the holding company.

17. SHARE BASED PAYMENTS

Share based expense for the year ended 30 June 2023 totalling \$73,970 (2022: \$48,715) was comprised as follows:

| | 2023 \$ | 2022 \$ |
|--|---------------|---------------|
| <i>Share based payments expense</i> | | |
| Options issued to Directors and Key management personnel | | |
| - Jonathan Fisher (Chief Executive Officer) – (a) | 114,300 | - |
| - Ian Mulholland (Non-executive Director and Chairman) – (b) | 15,419 | 2,500 |
| Performance rights | (55,749) | 48,715 |
| Total share-based payment expense | 73,970 | 48,715 |

The fair value of options and performance rights granted to directors and employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employee becomes unconditionally entitled to the rights or options, from the grant date. The amount recognised as an expense is adjusted to reflect the actual number of share options or performance rights that vest, except for those that fail to vest due to their conditions not being met.

Options issued to Directors and Key Management Personnel

A total of 50,000,000 options were granted to directors and key management personnel of the Company as part of remuneration arrangements during the year ended 30 June 2023 (2022: nil).

- a) 45,000,000 Options were granted to Jonathan Fisher upon his appointment as a Chief Executive Officer effective 1 December 2022 subject to shareholder approval which was subsequently attained on 11 May 2023, and were valued on the date of grant with the following factors and assumptions used to determine their fair value:

| | Number of Options | Grant date | Vesting Date | Expiry date | Exercise Price | Value per option on Grant Date | Total fair value |
|--------------|----------------------|---------------|-----------------|----------------|-------------------|--------------------------------------|---------------------|
| J Fisher | 15,000,000 | 11 May 2023 | 11 May 2023 | 29 Nov 2024 | \$0.015 | \$0.00199 | \$29,850 |
| J Fisher | 15,000,000 | 11 May 2023 | 11 May 2023 | 30 Nov 2025 | \$0.020 | \$0.00256 | \$38,400 |
| J Fisher | 15,000,000 | 11 May 2023 | 11 May 2023 | 30 Nov 2026 | \$0.025 | \$0.00307 | \$46,050 |
| Total | 45,000,000 | | | | | | \$114,300 |



The fair value of the equity-settled share options issued to Mr Fisher were estimated as at the date of the grant using the Black and Scholes valuation method taking into account the terms and conditions upon which the options were granted, as follows:

| | Tranche A Assumptions | Tranche B Assumptions | Tranche C Assumptions |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| Number | 15,000,000 | 15,000,000 | 15,000,000 |
| Dividend yield | 0.00% | 0.00% | 0.00% |
| Expected volatility | 100% | 100% | 100% |
| Risk-free interest rate | 3.19% | 3.07% | 3.11% |
| Expected life of options | 1.56 years | 2.56 years | 3.56 years |
| Market price on 11-May-23 | \$0.007 | \$0.007 | \$0.007 |
| Exercise price | \$0.015 | \$0.020 | \$0.025 |
| Value per option (cents) | 0.199 | 0.256 | 0.307 |
| Total Value of Options (\$) | \$29,850 | \$38,400 | \$46,050 |
| Vesting | Immediately | Immediately | Immediately |

- b) During the year ended 30 June 2022, options were granted to Ian Mulholland upon his appointment as Chairman effective 1 June 2022.

The fair value of the equity-settled share options was initially estimated at the date of commencement of Mr Mulholland as a director on 1 June 2022 and subsequently revalued upon shareholder approval being gained on 29 November 2022.

The revalued fair value was estimated as at the date of shareholder approval using the Black and Scholes valuation method taking into account the terms and conditions upon which the options were granted, as follows:

| Assumptions | |
|-----------------------------|-----------|
| Number | 5,000,000 |
| Dividend yield | 0.00% |
| Expected volatility | 100% |
| Risk-free interest rate | 2.97% |
| Expected life of options | 2.5 years |
| Market price on 29-Nov-2022 | \$0.01 |
| Exercise price | \$0.02 |
| Value per option (cents) | 0.435 |
| Total Value of Options (\$) | \$21,769 |

The fair value of the options of \$21,769 is expected to be expensed as follows:

| | Number of Options | Total fair value | Expensed up to 30 June 2022 | Expensed in FY23 | To be expensed in FY24 |
|--------------|-------------------|------------------|-----------------------------|------------------|------------------------|
| I Mulholland | 5,000,000 | \$21,769 | \$2,500 | \$15,420 | \$3,850 |
| Total | 5,000,000 | \$21,769 | \$2,500 | \$15,420 | \$3,850 |

Performance Rights

The following Performance Rights remaining on issue at 30 June 2023:

| Issue date | Expiry date | Exercise price | Number | Valuation per right | Value |
|-------------------|----------------|----------------|-----------|---------------------|----------|
| 16 September 2020 | 10 August 2025 | Nil | 3,000,000 | \$0.029 | \$87,000 |

Note: subsequent to year end, the performance rights expired on 16 September 2023.



They are held as follows:

| | Number of performance Rights |
|-----------------|------------------------------|
| Derong Qiu | 1,000,000 |
| Judy Li | 1,000,000 |
| Chengchong Zhou | 1,000,000 |
| Total | 3,000,000 |

Vesting Conditions relating to the Performance Rights are as follows:

- The volume weighted average price of the Shares as quoted on ASX exceeds \$0.05 each day for a period of not less than 20 consecutive trading days on which the Shares have actually traded;
- Gross Proceeds exceed \$250,000 in any financial year; and
- The discovery of an "Inferred Mineral resource" (as that term is defined in the Code) at the Blackwood Gold Project having a contained gold mass of at least 300,000 ounces at a cut-off grade of 2g/t, (each a Performance Milestone).

Pursuant to AASB 2: Share Based Payments, a share based payments expense was required to be recognised with effect from the date the Board of Directors resolved to issue the performance rights (i.e. 21 May 2020) over the period to vesting (i.e. until 10 August 2025). Where a holder is no longer eligible due to their no longer being a Director, as in the case of Simon Youds who resigned on 7 September 2022, AASB 2 requires that the cost previously recognised be reversed. The effect is to recognise a share based payments expense in the year ended 30 June 2023 of (\$55,749) (2022: \$46,215).

The share based expenses recognised in accordance with the requirements of AASB 2 are as follows:

| | Number of Rights | Total fair value | Expensed FY20 | Expensed FY21 | Expensed FY22 | Expensed FY23 | Total |
|--------------------------|------------------|------------------|----------------|-----------------|-----------------|-------------------------|-----------------|
| Current Directors | | | | | | | |
| Derong Qiu | 1,000,000 | \$29,000 | \$1,060 | \$9,667 | \$9,667 | \$8,607 | \$29,000 |
| Judy Li | 1,000,000 | \$29,000 | \$1,060 | \$9,667 | \$9,667 | \$8,607 | \$29,000 |
| Chengchong Zhou | 1,000,000 | \$29,000 | \$1,059 | \$9,667 | \$9,667 | \$8,607 | \$29,000 |
| Sub-Total | 3,000,000 | \$87,000 | \$3,179 | \$29,001 | \$29,001 | \$25,821 | \$87,000 |
| Former Directors | | | | | | | |
| Simon Youds | 4,000,000 | \$116,000 | \$4,237 | \$38,666 | \$38,667 | (\$81,570) ¹ | - |
| Jess Oram | 2,000,000 | \$58,000 | \$2,118 | \$19,333 | (\$21,452) | - | - |
| Sub-Total | 6,000,000 | \$174,000 | \$6,355 | \$57,999 | \$17,215 | (\$81,570) | - |
| Total | 9,000,000 | \$261,000 | \$9,534 | \$87,000 | \$46,215 | (\$55,749) | \$87,000 |

1: performance rights were forfeited on resignation as a director on 7 September 2022

Other Share-Based Payment Transactions

From time to time the Company may settle payment for services received from non-employees by way of issuing securities in lieu of settlement by cash. The following non-cash transactions have been settled by the issuing of securities:

| | 30 June 2023 \$ | 30 June 2022 \$ |
|---|--------------------|--------------------|
| December 2022 – 58,223,232 (refer inputs below) Unlisted Options issued in satisfaction of incentive fees payable to the Lead Manager of the December 2022 Rights Issue – refer note 10 | 195,821 | - |
| | 195,821 | - |



| Assumptions | |
|-----------------------------------|------------|
| Number | 58,223,000 |
| Dividend yield | 0.00% |
| Expected volatility | 100% |
| Risk-free interest rate | 3.50% |
| Expected life of options | 3 years |
| Market price | \$0.007 |
| Exercise price | \$0.015 |
| Value per option, rounded (cents) | 0.34 |

Mr Ian Mulholland was issued 1,785,713 options by the Lead Manager for sub-underwriting up to \$50,000 worth of Shares (7,142,857 and 1,785,714 Options) in the December 2022 rights issue. The fair value of these 1,785,713 Options was \$0.0034 each, for a total, of \$5,996 based upon the assumptions above.

18. COMMITMENTS

Office Rental Commitments

The Company currently sub-leases on a month to month basis. Accordingly, no fixed commitment exists at 30 June 2023. Previously the Company occupied premises at Unit 47, 1008 Wellington Street, West Perth, which arrangement ended on 30 November 2022.

| | 2023 \$ | 2022 \$ |
|----------------------------|------------|---------------|
| Within one year | - | 12,500 |
| Between one and five years | - | - |
| Longer than five years | - | - |
| Total commitments | - | 12,500 |

Exploration Expenditure Commitments

The minimum exploration expenditure commitments inclusive of rents and rates outstanding at 30 June 2023 in relation to the Company's licenced tenements were as follows:

| | 2023 \$ | 2022 \$ |
|----------------------------|----------------|----------------|
| Within one year | 861,730 | 497,441 |
| Between one and five years | - | - |
| Longer than five years | - | - |
| Total commitments | 861,730 | 497,441 |



19. CASH FLOW INFORMATION

| | 2023 \$ | Restated 2022* \$ |
|---|--------------------|-------------------------|
| (a) Reconciliation of cash flows from continuing operations with profit/(loss) from ordinary activities after income tax | | |
| (Loss) from continuing operations | (2,344,608) | (3,225,436) |
| <i>Non-cash items:</i> | | |
| Depreciation | 888 | 2,311 |
| Share based payments | 73,970 | 48,715 |
| Net fair value loss/(gain) on financial assets | 92,489 | 333,263 |
| Fair value loss/(gain) on disposal of shares | - | (13,934) |
| Finance costs | 216,399 | - |
| <i>Change in operating assets and liabilities:</i> | | |
| Decrease/(increase) in trade and other receivables | 16,524 | 151 |
| Increase in trade and other creditors | (98,845) | 158,486 |
| Increase/(decrease) in provisions | (17,411) | (79,069) |
| Net cash flows used in operating activities | (2,060,594) | (2,775,513) |
| (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: | | |
| Cash at bank and in hand | 771,393 | 235,738 |
| Cash for reconciliation of cash flow statement | 771,393 | 235,738 |

20. FINANCIAL RISK MANAGEMENT

Financial risk management

The Group's financial instruments consist mainly of deposits with banks, trade and other receivable, loan receivables, trade and other payables and shares in listed and unlisted companies.

The Group does not speculate in the trading of derivative instruments.

The totals for each category of financial instruments, measured in accordance with AASB 9 are:

| | 2023 \$ | 2022 \$ |
|---|------------------|------------------|
| Financial assets | | |
| Cash and cash equivalents (note 6) | 771,393 | 235,738 |
| Financial assets at fair value through profit or loss (listed investments) (note 8) | 261,811 | 354,300 |
| Financial assets at fair value through profit or loss (unlisted investments) (note 8) | 5,260 | 5,260 |
| Trade and other receivables (note 7) | 61,276 | 77,800 |
| Total Financial Assets | 1,099,740 | 333,263 |
| Financial liabilities | | |
| Trade and other payables (note 9) | 975,704 | 1,087,482 |
| Total financial liabilities | 975,704 | 1,087,482 |



Financial risk management policies

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

The Group'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 Group. The Group 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 Group'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 Group 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 Group's has no significant exposure to foreign currency risk as at the reporting date.

(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 Group to cash flow interest rate risk. The Group 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 profit/(loss) and equity as a result of changes in the interest rate:

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| Change in loss: | | |
| Increase in interest rate by 200 basis points | 302 | 1 |
| Decrease in interest rate by 200 basis points | (302) | (1) |

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

(c) Equity Securities Price risk

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

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio which is done in accordance with the limits set by the Group. The majority of the Group's equity investments are publicly traded on the ASX.

The table below summarises the impact of increases/decreases of the index on the Group's post tax profit/(loss) for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 20% (2022 – 20%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

| | Impact on Post-Tax Profit or (Loss) | |
|--------------|-------------------------------------|------------|
| | 2023 \$ | 2022 \$ |
| Index | | |
| ASX listed | 53,414 | 71,912 |



(d) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for expected credit loss of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

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

| | 2023 \$ | 2022 \$ |
|--------------------------------------|----------------|----------------|
| Financial assets | | |
| Cash and cash equivalents (note 6) | 771,393 | 235,738 |
| Trade and other receivables (note 7) | 61,276 | 77,800 |
| Total Financial Assets | 832,669 | 313,538 |

(e) *Liquidity risk*

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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.

| Maturity analysis | Within 1 Year \$ | 1 to 5 Years \$ | Over 5 Years \$ | Total \$ |
|--|---------------------|--------------------|--------------------|------------------|
| Year ended 30 June 2023 | | | | |
| <i>Financial Assets</i> | | | | |
| Cash and cash equivalents (note 6) | 771,393 | - | - | 771,393 |
| Financial assets at fair value through profit or loss (note 8) | 267,071 | - | - | 267,071 |
| Receivables (note 7) | 61,276 | - | - | 61,276 |
| Total financial assets | 1,099,740 | - | - | 1,099,740 |
| <i>Financial liabilities</i> | | | | |
| Trade and other payables (note 9) | 975,704 | - | - | 975,704 |
| Total financial liabilities | 975,704 | - | - | 975,704 |
| Net maturity | 124,036 | - | - | 124,036 |



| Maturity analysis | Within 1 Year \$ | 1 to 5 Years \$ | Over 5 Years \$ | Total \$ |
|--|---------------------|--------------------|--------------------|------------------|
| Year ended 30 June 2022 | | | | |
| <i>Financial Assets</i> | | | | |
| Cash and cash equivalents (note 6) | 235,738 | - | - | 235,738 |
| Financial assets at fair value through profit or loss (note 8) | 359,560 | - | - | 359,560 |
| Receivables and loans (note 7) | 77,800 | - | - | 77,800 |
| Total financial assets | 673,098 | - | - | 673,098 |
| <i>Financial liabilities</i> | | | | |
| Trade and other payables (note 9) | 1,087,482 | - | - | 1,087,482 |
| Total financial liabilities | 1,087,482 | - | - | 1,087,482 |
| Net maturity | (414,384) | - | - | (414,384) |

(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).

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|--|---------------|---------------|---------------|-------------|
| Year ended 30 June 2023 | | | | |
| Financial Assets: | | | | |
| Financial assets at fair value through profit or loss (note 8) | 261,811 | 5,260 | - | 267,071 |
| Year ended 30 June 2022 | | | | |
| Financial Assets: | | | | |
| Financial assets at fair value through profit or loss (note 8) | 354,300 | 5,260 | - | 359,560 |

21. REMUNERATION OF AUDITORS

| | 2023 \$ | 2022 \$ |
|---|---------------|---------------|
| <i>Paid or payable to BDO (WA) Pty Ltd for:</i> | | |
| Audit and review of financial statements | 48,500 | 37,923 |
| Total auditor's remuneration | 48,500 | 37,923 |



22. CONTINGENT ASSETS AND LIABILITIES

Sand Mining Licence M08/487

Cauldron is a defendant in matter seeking to prevent the transfer of Sand Mining Licence M08/487 to Cauldron. The initial judgement was in favour of Cauldron and its co-defendants. The applicant sought leave to appeal the judgement and that hearing will take place in early October 2022. Whoever is successful will be entitled to costs. Cauldron has incurred approximately \$182,000 on the matter to date and it is expected that if the Court of Appeal upholds the earlier decision Cauldron will be entitled to recover a substantial portion of its costs.

The Group has no other contingent liabilities or assets at 30 June 2023.

23. EVENTS SUBSEQUENT TO REPORTING DATE

Execution of Option over E70/6160 (Melrose Project)

In July 2023, Cauldron elected to execute its option to acquire E70/6160, being the centrepiece of its Melrose Project.

Sale of Cauldron's 51% interest in EL5479 and PL 007763 (Blackwood Gold Project)

In September 2023, Cauldron agreed to sell its 51% interest in interest in Exploration Licence EL5479 and Prospecting Licence PL007763, together comprising what Cauldron refers to as its Blackwood Gold Project.

The Agreement is subject to the following Condition Precedent: both parties obtaining all shareholder and regulatory approvals required to perform their obligations under the Agreement, and the Vendor and Blackwood entering into a termination agreement to terminate the Joint Venture Agreement.

The Company will receive \$300,000 in cash consideration, \$200,000 of which is due on or before the Closing Date being the date mutually agreed to by the Purchaser and the Vendor to close this Agreement but in any event no later than 30 days from the date of the Agreement, with the balance of \$100,000 payable prior to the first anniversary of the Closing Date.

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

24. PARENT ENTITY DISCLOSURES

| | 2023 \$ | Restated 2022 * \$ |
|---|--------------------|--------------------------|
| Financial Position | | |
| Assets | | |
| Current assets | 832,665 | 313,549 |
| Non-current assets | 226,464 | 1,170,833 |
| Total assets | 1,915,958 | 1,484,382 |
| Liabilities | | |
| Current liabilities | 934,785 | 1,055,986 |
| Total liabilities | 934,785 | 1,055,986 |
| Net assets | 124,344 | (428,396) |
| Equity | | |
| Issued capital | 62,689,100 | 60,061,504 |
| Accumulated loss | (69,764,321) | (66,495,269) |
| Option premium reserve | 7,199,565 | 6,862,159 |
| Total equity | 124,344 | (428,396) |
| Financial Performance | | |
| (Loss)/profit of parent entity | (3,269,052) | (3,924,064) |
| Total comprehensive (loss)/profit of the parent entity | (3,269,052) | (3,924,064) |

* re-stated refer Note 2.



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.

Commitments

The commitments of the Parent Entity are consistent with the Group (refer to note 24).

Contingent Liabilities and Assets

The contingent liabilities and assets of the Parent Entity are consistent with those of the Group, refer Note 27.



DIRECTION'S 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 set out on pages 30 to 60 and the Directors' Report are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 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) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. The Directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.
3. The Directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 30 June 2023 required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.

Michael Fry

Director

29 September 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Cauldron Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cauldron Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Change in Accounting Policy

| <i>Key audit matter</i> | <i>How the matter was addressed in our audit</i> |
|---|--|
| <p>During the year, the Group changed its accounting policy regarding its treatment of exploration and evaluation expenditure. In previous financial years, exploration and evaluation expenditure in relation to areas of interest which had not reached a stage that permitted reasonable assessment of the existence or otherwise of economically recoverable reserves, was capitalised. The Group then assessed whether any indicators of impairment existed which would require the Group to assess capitalised exploration and evaluation expenditure for impairment. The new accounting policy is to expense exploration and evaluation expenditure as incurred.</p> <p>The change in accounting policy has been applied retrospectively and resulted in the restatement of the 2022 comparatives and related disclosures.</p> <p>The change in accounting policy was a key audit matter due to the size and scope of the change and impact on the presentation of the financial statements.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Assessing the appropriateness of the change in accounting policy with reference to the requirements of the Australian Accounting Standards; Assessing whether the change in accounting policy provides more relevant financial information to the users of the financial report; Reviewing the accuracy and presentation of the restated balances of the prior financial year within the financial statements; and Assessing the adequacy of related disclosures throughout the financial statements and Note 2 of the financial report. |

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Cauldron Energy Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO Audit (WA) Pty Ltd

BDO

Jarrad Prue

Director

Perth

29 September 2023



ASX ADDITIONAL INFORMATION

Additional information required by ASX Listing Rules and not shown elsewhere in the report is set out below. The information is current as of 2 October 2023.

1. CORPORATE GOVERNANCE

The Company's Corporate Governance Statement is available on the corporate governance page on the Company's website at <http://cauldronenergy.com.au/our-company/corporate-governance/>.

2. SHAREHOLDING AS AT 2 OCTOBER 2023

Cumulative number of fully paid ordinary shares on issue 951,568,661

3. SUBSTANTIAL HOLDERS AS AT 2 OCTOBER 2023

The names of the substantial shareholders listed in the Company's register as at 2 October 2023 were:

| Shareholder | Number of shares held |
|---------------|-----------------------|
| Mr Derong Qiu | 159,570,377 |

4. DISTRIBUTION OF EQUITY SECURITIES AS AT 2 OCTOBER 2023

The distribution of members and their holdings of securities in the Company as at 2 October 2023 were as follows:

| Range | Number of shareholders | Fully Paid Ordinary Shares | % of Total Issued Capital |
|------------------|------------------------|----------------------------|---------------------------|
| 1 - 1,000 | 182 | 80,220 | 0.01% |
| 1,001 - 5,000 | 378 | 986,317 | 0.10% |
| 5,001 - 10,000 | 216 | 1,731,463 | 0.18% |
| 10,001 - 100,000 | 620 | 27,451,129 | 2.88% |
| 100,001 and over | 532 | 923,319,446 | 96.82% |
| TOTAL | 1,932 | 951,568,661 | 100.00% |

5. UN-MARKETABLE PARCELS AS AT 2 OCTOBER 2023

As at 2 October 2023, there were 1,102 holders (each holding 38,461 or less fully paid ordinary shares) or less than a marketable parcel of ordinary shares, based upon the closing share price on 29 September 2023 of \$0.013. In cumulative, the number of shares held by holders of unmarketable parcels totalled 9,692,368 (1.02%).

6. UN-QUOTED SECURITIES AS AT 2 OCTOBER 2023

| Class | Exercise Price | Issue Date | Expiry Date | No. of Securities | No. of Holders | Name (where holder >20%) | Number held (%) |
|---------|----------------|--------------------|-------------|-------------------|----------------|--------------------------|-----------------|
| Options | \$0.05 | 6-Nov-20, 8-Sep-21 | 30-Nov-23 | 61,001,898 | 10 | | |
| Options | \$0.034 | 15-Mar-21 | 15-Mar-24 | 24,705,882 | 32 | | |
| Options | \$0.015 | 30-Dec-22 | 30-Dec-25 | 116,445,393 | 181 | | |
| Options | \$0.020 | 31-May-22 | 31-Mar-25 | 5,000,000 | 1 | Ian Robert Mulholland | 5,000,000 |
| Options | \$0.015 | 31-Mar-22 | 29-Nov-23 | 15,000,000 | 1 | JWest Nominees Pty Ltd | 15,000,000 |
| Options | \$0.020 | 31-Mar-22 | 30-Nov-24 | 15,000,000 | 1 | JWest Nominees Pty Ltd | 15,000,000 |
| Options | \$0.025 | 31-Mar-22 | 30-Nov-25 | 15,000,000 | 1 | JWest Nominees Pty Ltd | 15,000,000 |



7. TWENTY LARGEST SHAREHOLDERS AS AT 2 OCTOBER 2023

The names of the twenty largest holders of ordinary fully paid shares at 2 October 2023 are:

| Name | Number of ordinary shares held | % of issued shares |
|-----------------------------------|--------------------------------|--------------------|
| Mr Derong Qiu | 159,570,377 | 16.77% |
| Sky Shiner Investment Ltd | 41,866,667 | 4.40% |
| Yidi Tao | 41,666,667 | 4.38% |
| Joseph Energy (Hong Kong) Limited | 41,205,500 | 4.33% |
| Dekang Qiu | 40,000,000 | 4.20% |
| Starry World Investment Ltd | 33,898,318 | 3.56% |
| Citicorp Nominees Pty Ltd | 31,631,280 | 3.32% |
| TGG Capital Pty Ltd | 26,285,714 | 2.76% |
| Dempsey Resources Pty Ltd | 25,186,036 | 2.65% |
| BNP Paribas Nominees Pty Ltd | 24,678,254 | 2.59% |
| Comsec Nominees Pty Ltd | 12,173,868 | 1.28% |
| M Drew Money | 10,150,000 | 1.07% |
| M Glenn Money | 10,000,000 | 1.05% |
| HSBC Custody Nominees Pty Ltd | 9,980,232 | 1.05% |
| Citcon Australia Pty Ltd | 9,000,000 | 0.95% |
| Ian Robert Mulholland | 8,476,191 | 0.89% |
| Regent Point Pty Ltd | 8,000,000 | 0.84% |
| Granborough Pty Ltd | 8,000,000 | 0.84% |
| M & K Korkidas Pty Ltd | 7,960,000 | 0.84% |
| | 549,729,104 | 57.77% |

8. 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.

9. RESTRICTED SECURITIES

The Company has no restricted securities on issue.

10. EXPLORATION RESULTS, MINERAL RESOURCE AND ORE RESERVE ESTIMATION GOVERNANCE STATEMENT

Cauldron ensures that Exploration results and Mineral Resource estimates are subject to appropriate levels of governance, internal controls and external independent review. The exploration results and Mineral Resource estimation of the Company's projects are subject to appropriate procedural controls and systematic internal and external technical review by competent and qualified professionals on an as needed basis. These reviews have not identified any material issues undertaken as part of a formal risk assessment. The Company periodically reviews the governance framework in line with the business expectations.

Exploration results and Mineral Resource estimates referred to in this report were undertaken in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC) 2012 Edition. Competent persons named by the Company are members of the Australian Institute of Mining and Metallurgy and are qualified as competent persons as defined in the JORC Code.



11. INTERESTS IN TENEMENTS

| Tenement Reference | Project & Location | Interest |
|------------------------|-----------------------------|----------|
| 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% |
| E08/2205 | YANREY – WESTERN AUSTRALIA | 100% |
| E08/2385 | YANREY – WESTERN AUSTRALIA | 100% |
| E08/2386 | YANREY – WESTERN AUSTRALIA | 100% |
| E08/2387 | YANREY – WESTERN AUSTRALIA | 100% |
| E08/2774 | YANREY – WESTERN AUSTRALIA | 100% |
| E08/3088 (APPLICATION) | YANREY – WESTERN AUSTRALIA | -% |
| E08/3611 | YANREY – WESTERN AUSTRALIA | 100% |
| EL5479 | BLACKWOOD – VICTORIA 1 | 51% |
| PL007763 | BLACKWOOD – VICTORIA 1 | 51% |
| E70/6160 | MELROSE – WESTERN AUSTRALIA | 100% |
| E70/6463 (APPLICATION) | MELROSE – WESTERN AUSTRALIA | -% |
| E70/6466 (APPLICATION) | MELROSE – WESTERN AUSTRALIA | -% |
| E70/6467 | MELROSE – WESTERN AUSTRALIA | 100% |
| E70/6468 | MELROSE – WESTERN AUSTRALIA | 100% |
| E70/6469 (APPLICATION) | MELROSE – WESTERN AUSTRALIA | -% |
| E08/2328 | ONSLOW – WESTERN AUSTRALIA | 100% |
| E08/2329 | ONSLOW – WESTERN AUSTRALIA | 100% |
| E08/2462 | ONSLOW – WESTERN AUSTRALIA | 100% |
| L08/71 | ONSLOW – WESTERN AUSTRALIA | 100% |
| M09/96 | ONSLOW – WESTERN AUSTRALIA | 100% |
| M08/487 2 | ONSLOW – WESTERN AUSTRALIA | -% |
| P08/798 (APPLICATION) | ONSLOW – WESTERN AUSTRALIA | -% |
| P08/800 (APPLICATION) | ONSLOW – WESTERN AUSTRALIA | -% |
| E04/2548 (APPLICATION) | ONSLOW – WESTERN AUSTRALIA | -% |
| E09/2715 (APPLICATION) | ONSLOW – WESTERN AUSTRALIA | -% |
| M09/180 (APPLICATION) | ONSLOW – WESTERN AUSTRALIA | -% |

1: In September 2023, Cauldron agreed to sell its 51% interest in Exploration Licence EL5479 and Prospecting Licence PL007763, together comprising what Cauldron refers to as its Blackwood Gold Project. The Agreement is subject to the following Condition Precedent: both parties obtaining all shareholder and regulatory approvals required to perform their obligations under the Agreement, and the Vendor and Blackwood entering into a termination agreement to terminate the Joint Venture Agreement. The Company will receive \$300,000 in cash consideration, \$200,000 of which is due no later than 30 days from the date of the Agreement, with the balance of \$100,000 payable prior to the first anniversary of the Closing Date.

2: Proceedings remain ongoing against Cauldron, the project vendor, the Mining Registrar and the WA Minister for Mines, Industry Regulation and Safety with respect to Mining Lease 08/487, located at the mouth of the Ashburton River in Onslow, where a third party is opposing the transfer of Mining Lease 08/487 to Cauldron. The initial hearing found in favour of Cauldron and its co-defendants with the applicant seeking leave of appeal which was granted, with the matter set down for hearing in early October 2022. An injunction preventing transfer to Cauldron remains in place whilst the matter is before the Court of Appeal.