CAULDRON ENERGY LTD

(ABN 22 102 912 783)

AND CONTROLLED ENTITIES

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

CONTENTS

CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN
Antony Sage

EXECUTIVE DIRECTOR
Brett Smith

NON-EXECUTIVE DIRECTORS
Qiu Derong
Amy Wang – appointed effective 9 June 2014
Anson Huang – appointed effective 29 July 2014

COMPANY SECRETARY
Catherine Grant – appointed effective 31 January 2013
Claire Tolcon – resigned effective 31 January 2013

PRINCIPAL & REGISTERED OFFICE
32 Harrogate Street
West Leederville WA 6007
Telephone: (08) 9380 9555
Facsimile: (08) 9380 9666

AUDITORS
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

SHARE REGISTRAR
Advanced Share Registry
110 Stirling Hwy
Nedlands WA 6009
Telephone: (08) 9389 8033
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STOCK EXCHANGE LISTING
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: CXU

BANKERS
National Australia Bank
50 St Georges Terrace
Perth WA 6000

DIRECTORS' REPORT

The directors of Cauldron Energy Limited ("Cauldron") submit their report, together with the consolidated financial statements comprising Cauldron and its controlled entities (together the "Consolidated Entity") for the financial year ended 30 June 2014.

1. INFORMATION ON DIRECTORS

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

Antony Sage — Executive Chairman

Qualifications: B.Bus, FCPA, CA, FTIA

Experience: Mr Sage has in excess of 30 years' experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and has been involved in the management and financing of listed mining and exploration companies for the last 18 years. Mr Sage has operated in Argentina, Brazil, Peru, Romania, Russia, Sierra Leone, Guinea, Cote d'Ivoire, Congo, South Africa, Indonesia, China and Australia. Mr Sage is currently chairman of listed ASX-listed companies, Cape Lambert Resources Ltd (which was AIM Company of the year in 2008), Cauldron Energy Ltd and Fe Ltd. Mr Sage is also a Non-Executive Director of the following ASX-listed companies, Kupang Resources Ltd, Caeneus Minerals Ltd; and National Stock Exchange of Australia ("NSX") listed International Petroleum Ltd. Mr Sage is also the sole owner of A League football club Perth Glory that plays in the National competition in Australia.

Directorships of listed companies held within the last 3 years:

Cape Lambert Resources Limited	December 2000 to present
Fe Limited	August 2009 to present
Kupang Resources Limited	September 2010 to present
Caeneus Minerals Limited	December 2010 to present
Global Strategic Metals NL	June 2012 to present
International Petroleum Limited*	January 2006 to present
African Iron Limited	January 2011 to March 2012
African Petroleum Corporation Limited *	October 2007 to June 2013
International Goldfields Limited	February 2009 to May 2013

* Listed on National Stock Exchange of Australia

Interest in Shares & Options: Fully Paid Ordinary Shares 5,894,600

Brett Smith — Executive Director

Qualifications: B.Sc(Geol), M.AusIMM MAIG.

Experience: Mr Smith has over 21 years of experience in the mining and exploration industry as a geologist, manager, consultant and director. His industry experience is broad, dominated by exploration and resource definition for mining operations. Mr Smith is primarily responsible for Cauldron's strategic move into Argentina.

Directorships of listed companies held within the last 3 years:

Jacka Resources Limited	October 2009 to present
Corazon Mining Limited	July 2010 to present
Metals of Africa Limited	October 2012 to present
Eclipse Metals Limited	March 2010 to November 2011
Blackham Resources Limited	July 2007 to June 2013

Interest in Shares & Options: Fully Paid Ordinary Shares 11,844

Qiu Derong	Non-Executive Director	
Experience	Mr Qiu is a highly experienced industrialist with more than 26 years' experience in the architecture, construction and real estate industries in China as well as over 16 years of experience in the management of enterprises and projects throughout the country. Mr Qiu has a MBA obtained from the Oxford Commercial College, a joint program operated by Oxford University in China.	
Directorships of listed companies held within the last 3 years	None	
Interest in Shares & options	Fully Paid Ordinary Shares Options	28,930,324 3,000,000
Amy Wang	Non-Executive Director	
Experience	Dr Wang is an Australian national who holds a Bachelor of Materials Engineering from the Shanghai Jiaotong University, P.R. China, a Master of Materials Engineering from the Shanghai Jiaotong University, P.R. China and a Doctorate of Philosophy from Monash University, Australia.	
Directorships of listed companies held within the last 3 years	None	
Interest in Shares & options	Fully Paid Ordinary Shares	80,000
Anson Huang	Non-Executive Director	
Experience	Mr Huang is a Chinese national with Australian permanent residence. He holds a Bachelor of Commerce from the University of Melbourne and Masters of Applied Finance from the University of Macquarie. Mr Huang has more than ten years investment banking experience in both Australia and China. He has assisted many companies in public listings and financing transactions through IPO, M&A, PIPE pre Pre-IPO types.	
Directorships of listed companies held within the last 3 years	None	
Interest in Shares & options	Fully Paid Ordinary Shares	Nil

Remuneration of key management personnel

Information about the remuneration of directors and senior management is set out in the remuneration report of this director's report, on pages 15 to 20. The term key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, including any director (executive or otherwise) of the Consolidated Entity.

COMPANY SECRETARY

Ms Catherine Grant has been Chief Financial Officer of Cauldron since July 2013, and its Company Secretary since 31 January 2014. She commenced her career at Ernst & Young, where she qualified as an Accountant with the Institute of Chartered Accountants Australia (ICAA) in 2007. Ms Grant has 10 years' experience in accounting and finance and currently provides accounting and company secretarial services to several listed resource companies.

2. PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTVITIES

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

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

3. OPERATING RESULTS

The loss of the Consolidated Entity after providing for income tax amounted to $3,944,234 (30 June 2013: $7,896,865). The loss for the year includes impairment losses in respect of capitalised exploration and evaluation to the extent of $1,731,119 for the year ended 30 June 2014 (30 June 2013: $2,168,174) following the decision not to continue exploration and for costs associated with tenements not granted in certain areas of Lake Frome, South Australia, the Amadeus project in the Northern Territory and Argentina.

4. REVIEW OF OPERATIONS

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

Cauldron controls over 6,000km^2 of uranium prospective tenements across South Australia and Western Australia, and large projects with defined uranium mineralisation in Argentina; this allows for diversification, both geologically and with regards to differing political sentiment and policy towards uranium exploration and mining within each region.

CORPORATE

The following significant transactions occurred during the financial year:

Conversion of convertible notes

In July 2013, the Consolidated Entity secured $1.5 million in funding via the execution of converting loan agreements with two of its major shareholders (Cape Lambert Resources Ltd and Mr Qiu Derong). Pursuant to the terms of the converting loan agreements, the Consolidated Entity received a total of $1.5 million, which automatically converted into ordinary shares in the Consolidated Entity, upon receipt of shareholder approval at the Consolidated Entity's 2013 Annual General Meeting on 22 November 2013. The converting loans, plus interest at 10% per annum were converted into 13,824,102 fully paid ordinary shares, at a conversion price of $0.1125 per share. The conversion price was calculated based on 80% 10 day VWAP of shares on ASX before the date of the shareholder approval on 22 November 2013.

Convertible notes issued

Two major Cauldron shareholders advanced the Consolidated Entity short term loans totaling $400,000 ($200,000 each from Cape Lambert Resources Ltd and Mr Qiu Derong) for operating expenses that are either repayable or convertible into shares (subject to receipt of shareholder approval).

Converting loan

In a further show of support, Cape Lambert Resources Ltd agreed to provide $1 million to the Company pursuant to a converting loan agreement ("Converting Loan Agreement"). As at 30 June 2014, $650,000 has been utilized by the Company. Unless the loan (together with the interest that accrues daily at 10% per annum) is repaid in full by the Company, the loan funds will automatically convert into ordinary shares in the Company, subject to receipt of shareholder approval at the Company's 2014 Annual General Meeting. If converted, the conversion price will be 80% of the volume weighted average closing price of the shares as quoted on ASX over the last ten (10) days immediately preceding the day of receipt of shareholder approval. On 4 August 2014, $325,000 was repaid in cash to Cape Lambert Resources Limited.

New substantial shareholder

During the period the Consolidated Entity announced one of its major shareholders, Mr Derong Qiu, signed a share transfer agreement with one of the leading investment companies in China Beijing Joseph Investment Corporation Ltd ("Joseph Investments"). Mr Qiu, a non-executive director of the Consolidated Entity, held a 26.25% stake in Cauldron. Pursuant to the terms of the agreement, Mr Qiu transferred approximately half of his shareholding in Cauldron (representing 13% of the Consolidated Entity) to Joseph Investments in consideration for 5.46% of the corporate shares of Joseph Investment.

Following this share exchange, Joseph Investments became a significant shareholder of Cauldron, holding 13% of the Consolidated Entity's shares at the time (increasing to 14.25% following the Placement for $600,000 detailed below).

As at the date of this report, Joseph Investments holds a 12.69% interest in Cauldron.

Initial Placement

In December 2013, the Consolidated Entity completed a placement of 4,615,385 fully paid ordinary shares at $0.13 per share to Joseph Investments to raise $600,000 (before capital raising costs).

Placement Funding: A$15 million funding secured

As announced on 10 June 2014 and 1 July 2014, the Company has entered into a series of placement agreements ("Placement Agreements") with a range of Chinese investors to issue a total of 127,118,756 Shares ("Placement Shares") at an issue price of $0.118 per share ("Issue Price") to raise A$15 million ("Placement Funds") (before capital raising costs). The Issue Price of the Placement Shares was determined at 80% of the volume weighted average closing price of Shares as quoted on ASX over the last ten (10) trading days immediately preceding 29 May 2014. The Placement Shares are to be issued (and the Placement Funds received) in various tranches, with the final tranche due to be received in December 2015.

Pursuant to the terms of the Placement Agreements, the investors will also be issued with unlisted options (subject to Shareholder approval). Refer to ASX Announcements dated 10 June 2014 and 1 July 2014 for details).

As announced on 20 June 2014, the Company received an initial $4,000,000 in Placement Funds from new investor Guangzhou City Guangrong Investment Management Co., Ltd ("Guangrong Investment"). The Company used its remaining capacity under Listing Rule 7.1 to issue 16,476,621 fully paid shares to Guangrong Investment, making $1,944,241 (of the $4,000,000) immediately available to the Company (before capital raising costs) (being Tranche 1 of the Placement Funds). The balance of these funds ($2,055,759) are being held in trust by the Company until the Placement Shares can be issued.

On 28 July 2014, the Company received $1m of the Placement Funds from Starry World Investments Ltd ("Starry World"). These funds are being held in trust by the Company (together with the $2,055,759 from Guangrong Investments) until the Placement Shares can be issued.

The Company will seek shareholder approval at the upcoming general shareholder meeting ("Meeting"), in respect of A$11 million of the Placement Funds and associated Placement Shares issued/to be issued (including ratification of 16,476,621 shares issued under Listing Rule 7.1 and approval to issue a further 76,743,779 shares within 3 months of the Meeting). The remaining Placement Funds (A$4 million) and Placement Shares agreed to be issued beyond this 3 month period are outside of Listing Rule 7.1, and as such shareholder approval cannot be sought at the upcoming Meeting). A Notice of General Meeting will be dispatched to all Shareholders shortly.

Options issued

In November 2013, the Consolidated Entity issued 3,000,000 unlisted options exercisable at $0.20 each on or before 30 September 2015 to a director in consideration for overseas marketing services performed on behalf of the Consolidated Entity, as approved at Cauldron's Annual General Meeting on 22 November 2013.

On 26 February 2014, the Consolidated Entity issued 5,000,000 unlisted options to consultants and employees with an exercise price of $0.20 on or before 30 June 2015 (subject to vesting conditions).

Options exercised

During June 2014, 1,900,000 share options were exercised at $0.20 each providing $380,000 funding to the Company.

Options lapsed

On 30 June 2014, 900,000 unlisted employee and consultant options exercisable at $0.20 each in the Company lapsed.

Energia Minerals takeover bid

Earlier in 2013, the Consolidated Entity announced its intent to bid for all of the shares in Energia Minerals Limited (ASX: EMX) ("Energia") in an all scrip takeover on a one (1) Cauldron share for eight (8) Energia shares basis ("Takeover Offer").

On 6 February 2014 the Consolidated Entity announced that it had varied the Energia Takeover Offer by extending the offer period to 1 May 2014.

On 2 May 2014 the Consolidated Entity announced that the offer period for the off market takeover bid closed and the conditions to the offer were not met. Accordingly the offer lapsed.

Board changes

Dr Amy Wang was appointed as Non-executive Director with effect from 9 June 2014.

Mr Anson Huang was appointed as Non-executive Director with effect from 29 July 2014.

Change in Company Secretary

On 30 January 2014 Cauldron announced that Company Secretary Claire Tolcon had resigned from her position with the Company effective 31 January 2014. Following the resignation of Ms Tolcon, the Board announced the appointment of Ms Catherine Grant as Company Secretary.

PROJECT INFORMATION

In Australia, Cauldron has two project areas (Figure 1) covering more than 6,000km^2 in two known uranium provinces in South Australia and Western Australia. Projects include:

- **Yanrey Project** ("Yanrey") **and Uaroo Joint Venture** in Western Australia. Yanrey comprises 14 granted exploration licences (2,991km^2) and 3 applications for exploration licences (241km^2). Uaroo Joint Venture comprises 2 granted exploration licences (114km^2). Yanrey is prospective for large sedimentary hosted uranium deposits.

- **Marree Joint Venture** in South Australia comprising 5 granted exploration licences (2,794km^2) prospective for sedimentary-hosted uranium deposits as well as base metal mineralisation.

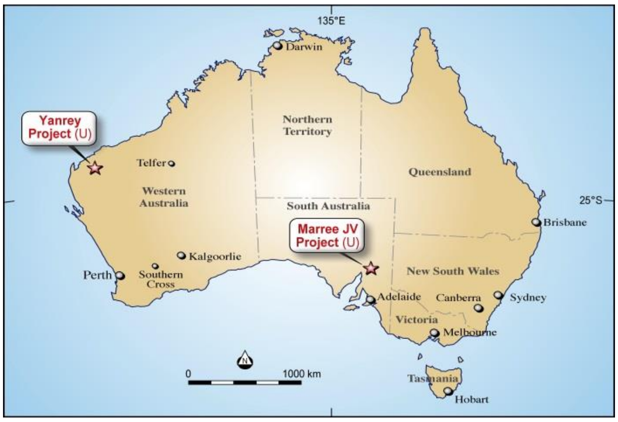

Figure 1: Major Project Locations in Australia

YANREY URANIUM PROJECT, WESTERN AUSTRALIA

JORC 2012 resource for Bennet Well near completion

Cauldron has been working with Ravensgate on the revised JORC 2012 uranium resource for the Bennet Well region and this work is near completion.

The completion of the resource was anticipated in the previous quarter but additional time has been spent finalising the detailed geological 3D Micromine model. This geological model will allow for both a more robust resource to be calculated as well as assist with planning of future drill holes at the project. The revised resource is now expected to be finalised by August 2014.

Cauldron is in the process of planning for a mud rotary or air-core exploration drilling program in the September 2014 quarter. The aim of this program is to further define the areas of known uranium mineralisation as well as identify new uranium resources in the overall project area.
This planned exploration work is expected to continue into larger programs in early 2015 including further drill holes, core drilling as well as possible field leach test programs.

Cauldron have also been working with geophysicist, Kim Frankcombe on re-interpretation of current geophysical images, re-processing of current images and looking at additional geophysical surveys that can be completed to assist in the planning of drill hole locations.

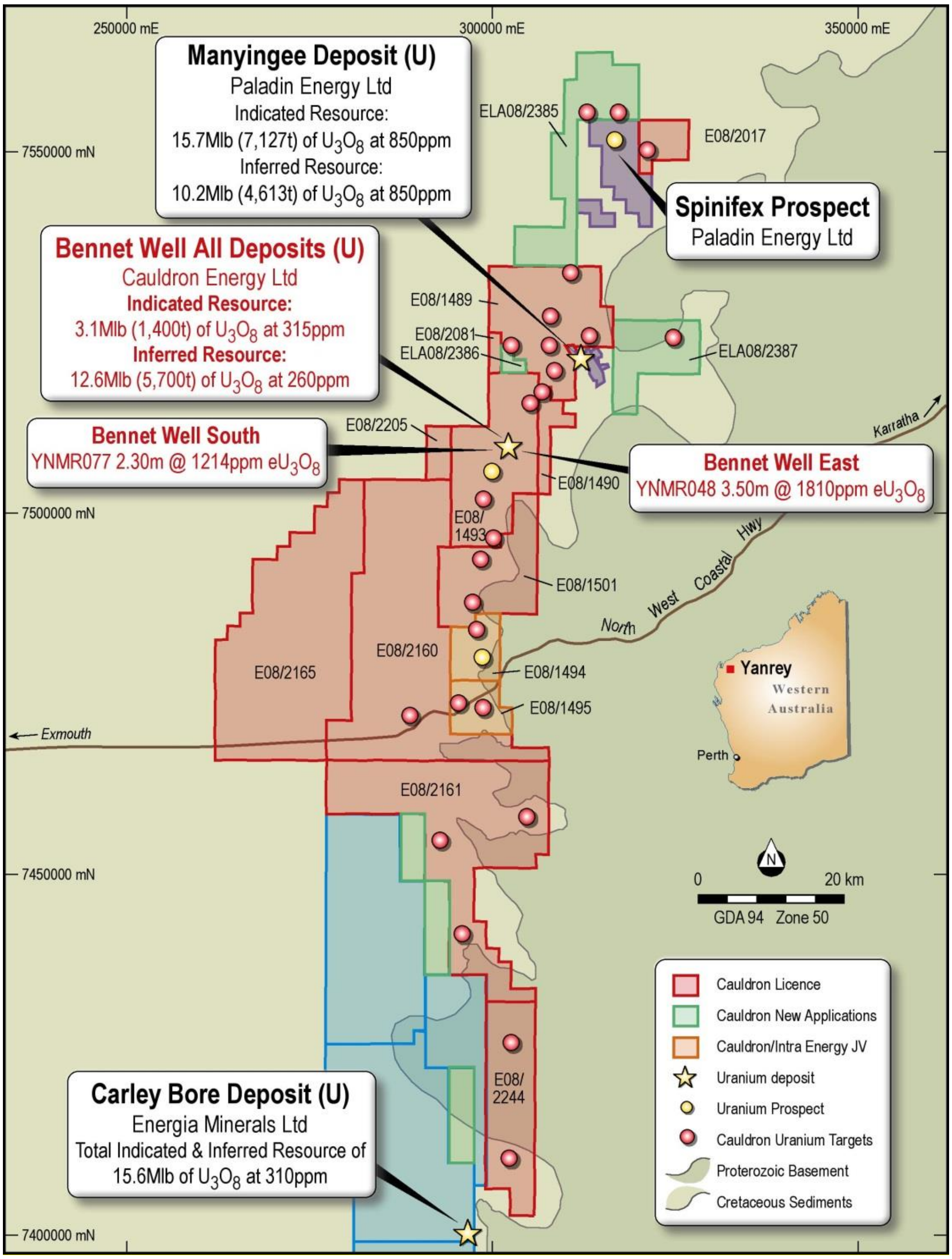

Figure 2: Yanrey Project – Deposit, Prospect and Target Locations

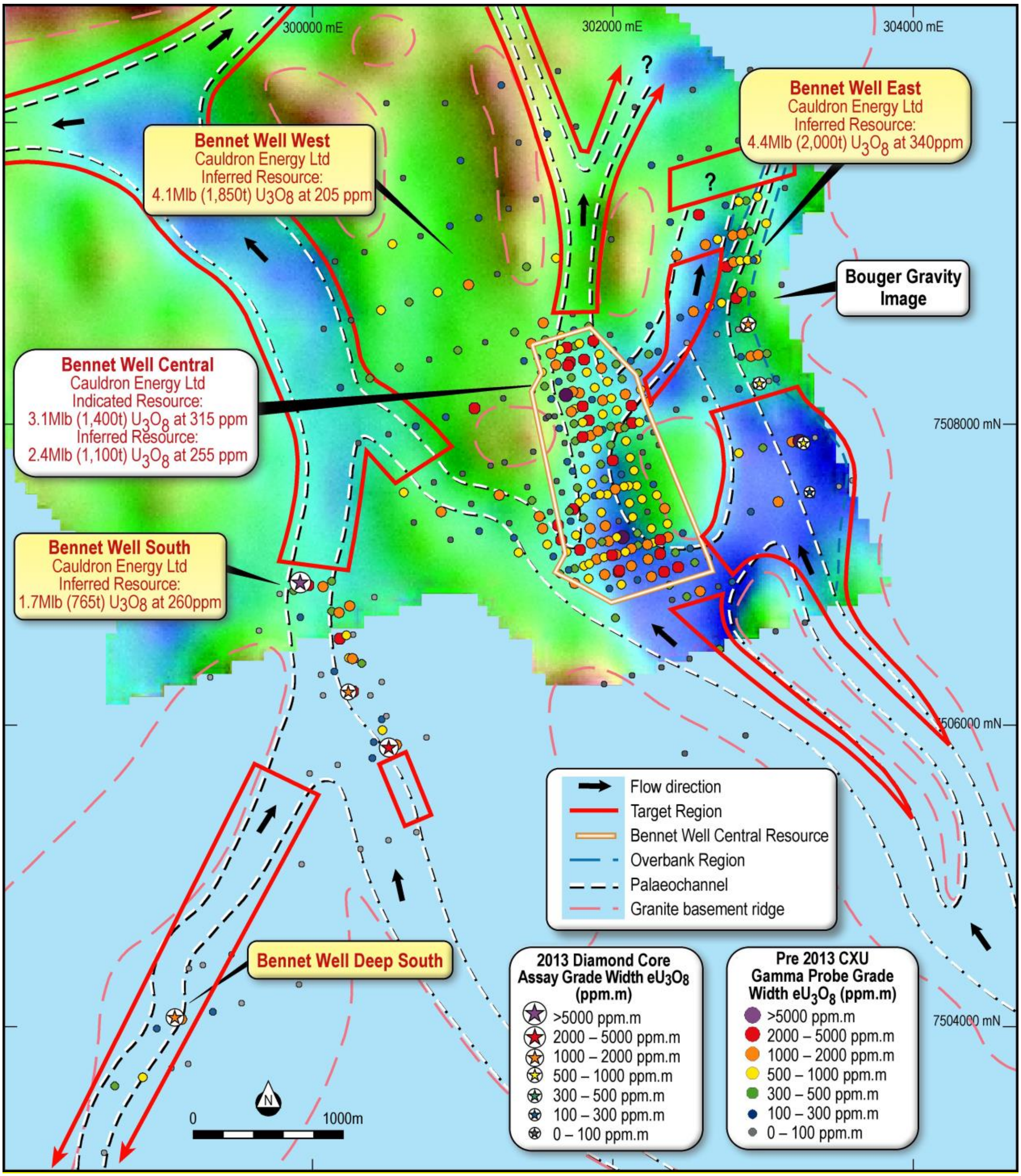

Figure 3: Bennet Well prospect location map on E08/1493 showing the location of the various Bennet Well resources and geological interpretation shown on a bouguer gravity image

MARREE BASE METALS PROJECT, SOUTH AUSTRALIA

Despite an initial desire to immediately drill test the geophysical anomaly beneath the historical Ooloo Mine, a review of Kim Frankcombe's (Frankcombe) interpretation report indicates that detailed regional structural information through mapping and more detailed geophysical surveys are required. Based on initial geological reconnaissance conducted in the June 2013 quarter, as well as the results of Frankcombe's IP and gravity reports, the currently developing hypothesis for Ooloo involves a regional structural control given the mineralisation at Ooloo and its similarities with Mount Freeling 20km to the south. This being the case, the collection of wider and more detailed structural orientation data is highly critical for the design of drilling programs at Ooloo, Mount Freeling and other new prospective targets arising from the previously completed mapping (Figure 4).

During the June 2014 quarter Cauldron have been working with geophysicist Kim Frankcombe in sourcing quotes for additional geophysical surveys over selected parts of the project area. No final decision on the final geophysical survey has been made but it's likely to be an air-borne magnetic survey to define the structural setting to improve drill orientation.

It is planned to complete the selected geophysical survey by 31 December 2014 so that a decision on what the next step will be for this project including the possibility of drilling.

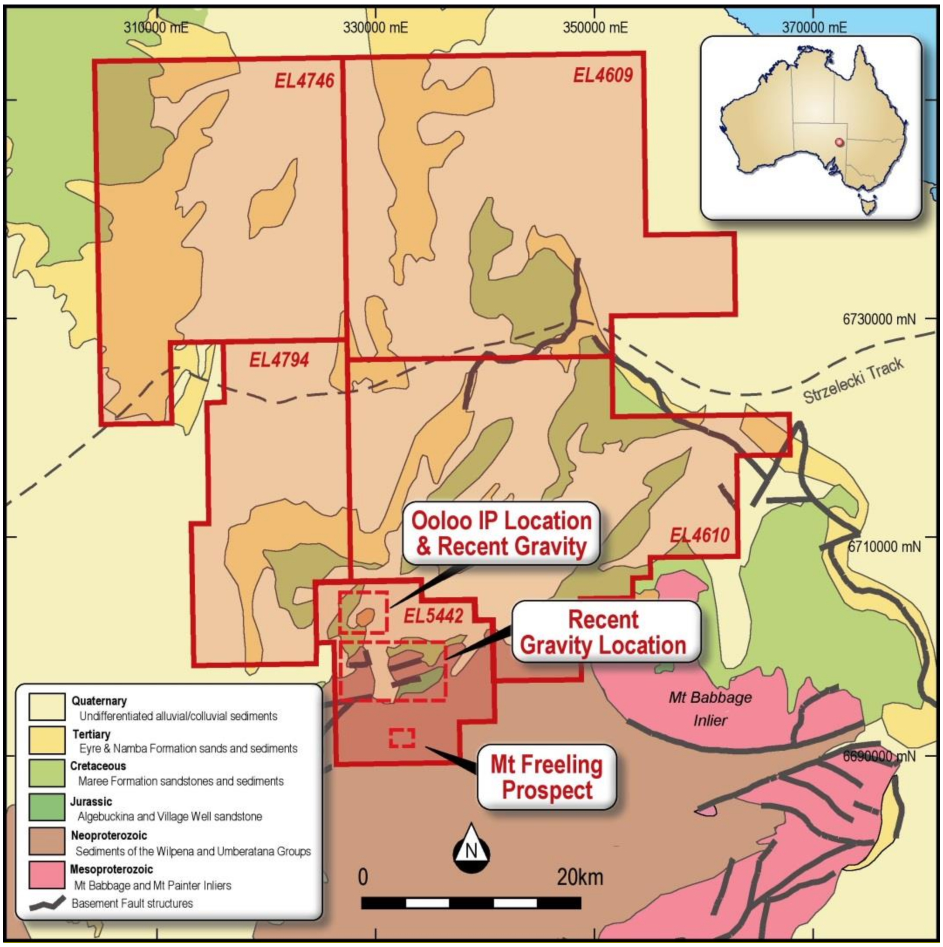

Figure 4 : Marree Project – Location of identified prospects

TENEMENT ADMINISTRATION: AUSTRALIA

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

Cauldron has lodged applications for exploration licences 08/2385-2387 ("Exploration Licences") to which Forrest & Forrest Pty Ltd has objected. The applications and objections were heard before the Perth Mining Warden over 9 to 12 December 2013. As announced on 14 February 2014, the Mining Warden recommended that the uranium exploration licences sought by Cauldron to conduct exploration on and adjacent to pastoral leases on the Minderoo pastoral station in Western Australia's Pilbara region be refused. The Warden has recommended that the Minister refuse to grant the exploration licences on the ground of financial capacity. The Minister is not bound to follow the Warden's recommendation and may grant the exploration licences irrespective of the Warden's recommendation. The Company awaits the Minister's decision on this matter. The Company's recent success in fund raising may be taken into consideration on the final decision.

Energia Mineral's Objection and Application for Forfeiture

On 14 August 2013 Energia lodged objections to applications for exemption from expenditure and applications for forfeiture affecting exploration licences 08/2160, 08/2161 and 08/2165 held by Cauldron ("Tenements"). The applications for exemption (and associated objections) and applications for forfeiture relate to the expenditure year ending 20 May 2013 (in relation to exploration licence 08/2160) and 14 June 2013 (in relation to exploration licences 08/2161 and 08/2165). The proceedings are administrative in nature and are commenced under the *Mining Act* 1978 (WA) ("Act"). In relation to the applications for exemption and objections, under the Act the Warden hears the applications and delivers a report and recommendation to the Minister for Mines and Petroleum as to the grant or refusal of certificates of exemption for the Tenements. Upon receipt of the Warden's report and recommendation, the Minister for Mines and Petroleum determines whether certificates of exemption are granted for the Tenements. If certificates of exemption are granted, Cauldron will have a complete defence to the applications for forfeiture. In relation to the applications for forfeiture, under the Act the Warden conducts a hearing of the applications and may recommend to the Minister the forfeiture of the Tenements, impose a penalty not exceeding $10,000 per Tenement or dismiss the applications for forfeiture. If the Warden makes a recommendation for forfeiture of the Tenements, the Minister may declare the Tenements forfeited, impose a penalty not exceeding $10,000 per Tenement or determine not to forfeit the Tenements or impose any penalty. The proceedings are currently at an early stage before the Perth Mining Warden.

EXPLORATION ACTIVITES: ARGENTINA

In Argentina, Cauldron controls, through its wholly-owned subsidiary Cauldron Minerals Limited ("Cauldron Minerals"), and an agreement with Caudillo Resources S.A. ("Caudillo") more than 3,400 km^2 of ground in 6 project areas (Figure 5) in 4 Provinces.

Following the recently announced $15 million funding being secured, the focus for exploration in Argentina has changed from consolidation and cost saving measures to a focus on completing further exploration to add value to the current projects and define resources. This coincides with the announcement of the continued expansion of the Federal government's nuclear power generation capacity.

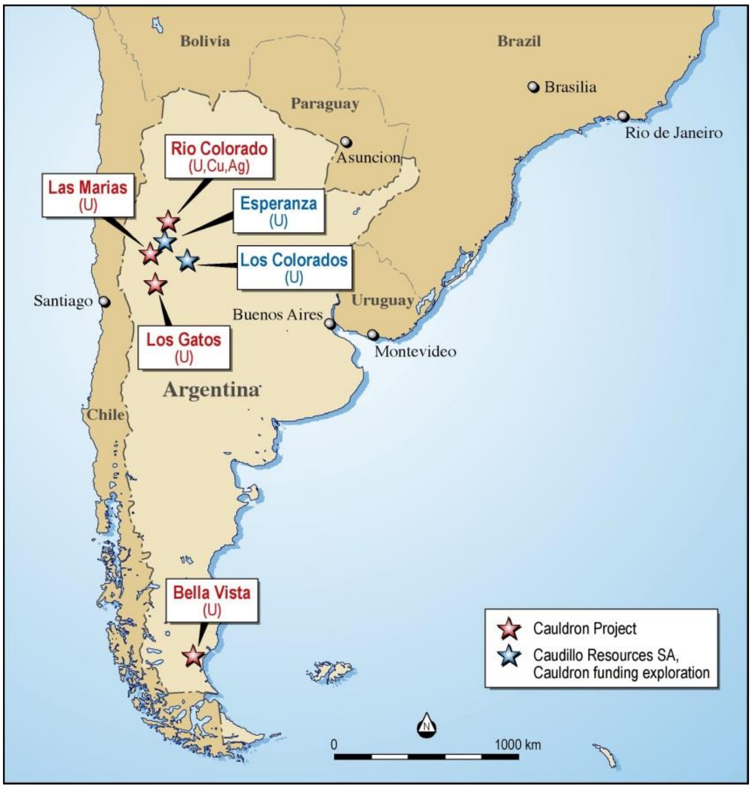

Figure 5: Argentina – Location of Prospects

Below is a summary of the Company's project areas in Argentina:

<u>Cauldron Minerals Ltd</u>

- The Rio Colorado Project, Catamarca Province: covers an area of 454 km^2 and comprises 4 granted mining leases (minas), 6 granted exploration licences (cateos) and 4 mining lease applications. The deposit intermittently outcrops over a strike of 17 km with numerous small scale historical workings focused on the sandstone-hosted uranium-copper-silver mineralisation; and
- Las Marias, San Juan Province: comprises 2 granted exploration licences and 9 applications covering an area of 793 km^2. The project displays outcropping sandstone hosted uranium deposits, but is also prospective for copper, silver and gold.

<u>Caudillo Resources S.A.</u>

- Los Colorados Project, La Rioja Province: comprises 1 granted mining lease and 1 granted exploration licence. The project includes the old Los Colorados Uranium Mine, which has a quoted production of approximately 55 tonnes of uranium concentrate (1992 and 1996), from roll-front, sandstone-hosted uranium mineralisation.
- Esperanza Project, La Rioja Province: comprising 8 licences (756km^2) prospective for sandstone hosted uranium deposits.

  The Company also has several applications pending for exploration licences in the Catamarca, San Juan, La Rioja and Santa Cruz provinces.

Competent Person Statement

The information in this announcement to which this statement is attached that relates to Cauldron Energy Limited's exploration results is based on information compiled by Mr Brett Smith who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Smith is a part-time employee of Cauldron Energy Limited and has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration. Mr Smith is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Smith consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.

5. BUSINESS STRATEGIES AND PROSPECTS FOR THE FORTHCOMING YEAR

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

6. SIGNFICANT CHANGES IN STATE OF AFFAIRS

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

7. SUBSEQUENT EVENTS

Subsequent to 30 June 2014, the following took place:

- Mr Anson Huang was appointed as a Non-executive Director with effect from 29 July 2014.
- On 28 July 2014, the Company received $1m of the Placement Funds from Starry World Investments Ltd ("Starry World"). These funds are being held in trust by the Company (together with the $2,055,759 from Guangrong Investments) until the Placement Shares can be issued.

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

8. ENVIRONMENTAL ISSUES

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

9. DIVIDENDS PAID OR RECOMMENDED

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

10. SHARES UNDER OPTION

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

Grant Date	Class of Shares	Exercise Price	Number of Options	Expiry Date	Listed / Unlisted
20 October 2010	Ordinary	$0.45	500,000	20 October 2015	Unlisted
19 September 2012	Ordinary	$0.20	1,000,000	18 September 2015	Unlisted
22 November 2013	Ordinary	$0.20	3,000,000	30 September 2015	Unlisted
25 February 2014	Ordinary	$0.20	5,000,000	30 June 2015	Unlisted

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

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

During the year ended 30 June 2014 there were 1,900,000 ordinary shares issued for $380,000 consideration (2013: 2,663,124 ordinary shares issued for $1,198,406) as a result of the exercise of options.

11. INDEMNITY AND INSURANCE PREMIUMS FOR DIRECTORS AND OFFICERS

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

12. MEETINGS OF DIRECTORS

Two directors meetings were held during the year and all directors were in attendance. The Consolidated Entity does not have a formally constituted audit committee or remuneration committee as the board considers that the Consolidated Entity's size and type of operation do not warrant such committees.

13. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2014 has been received and is included on page 21 of the annual report.

14. REMUNERATION REPORT

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 2014.

KEY MANAGEMENT PERSONNEL

The following persons acted as directors of Cauldron during or since the end of the financial year:

Antony Sage	Executive Chairman
Brett Smith	Executive Technical Director
Qiu Derong	Non-Executive Director
Amy Wang	Non-Executive Director (Appointed 9 June 2014)
Anson Huang	Non-Executive Director (Appointed 29 July 2014)

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

REMUNERATION POLICY

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

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The executive directors in consultation with independent advisors determine payments to the non-executive directors and review 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. Fees for non-executive directors are not linked to the performance of the Consolidated Entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Consolidated Entity.

COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTORS AND EXECUTIVES' REMUNERATION

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

CAULDRON ENERGY LTD

REMUNERATION REPORT

Executive remuneration for the years ended 30 June 2014 and 30 June 2013

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENTS		TOTAL	Remuneration share based payment
	Salary, Fees & Leave	Other	Non-Monetary	Super-annuation	Retirement Benefits	Equity	Options	$	%
Directors (i)									
Antony Sage – Executive Chairman									
2014	**120,000**	**-**	**-**	**-**	**-**	**-**	**-**	**120,000**	-
2013	120,000	-	-	-	-	-	-	120,000	-
Brett Smith – Executive Technical Director									
2014	**109,008**	**-**	**-**	**-**	**-**	**-**	**-**	**109,008**	-
2013	112,982	-	-	-	-	-	-	112,982	-
Qiu Derong – Non Executive Director (ii)									
2014	**100,000**	**-**	**-**	**-**	**-**	**-**	**230,801**	**330,801**	**70%**
2013	365,068	-	-	-	-	-	-	365,068	-
Amy Wang – Non Executive Director (iv)									
2014	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Remuneration Directors									
2014	**329,008**	**-**	**-**	**-**	**-**	**-**	**230,801**	**559,809**	**41%**
2013	598,050	-	-	-	-	-	-	598,050	-
Other Key Management Personnel									
Simon Youds – Consultant (Head of Operations)									
2014	**150,000**	**-**	**-**	**-**	**-**	**-**	**51,540**	**201,540**	**26%**
2013	150,000	-	-	-	-	-	108,949	258,949	42%
Catherine Grant – Company Secretary and Chief Financial Officer (iii)									
2014	**114,749**	**-**	**-**	**7,940**	**-**	**-**	**29,206**	**151,895**	**19%**
2013	-	-	-	-	-	-	-	-	-
Total Remuneration – Other Key Management Personnel									
2014	**264,749**	**-**	**-**	**7,940**	**-**	**-**	**80,746**	**353,435**	**23%**
2013	150,000	-	-	-	-	-	108,949	258,949	42%
Total Remuneration									
2014	**593,757**	**-**	**-**	**7,940**	**-**	**-**	**311,547**	**913,244**	**34%**
2013	748,050	-	-	-	-	-	108,949	856,999	13%

(i) There are no employment contracts between the company and the directors.

(ii) In his capacity as Non-Executive Director of Cauldron Energy Ltd, Mr Qiu Derong is entitled to a fee of $100,000 per annum, back-dated to his appointment on 6 November 2009. The amount of $365,068 recognised in 2013 relates to the fee paid and accrued for the period from the date of appointment to 30 June 2013.

(iii) Ms Catherine Grant has been Chief Financial Officer of Cauldron since July 2013, and its Company Secretary since 31 January 2014. A portion of Ms Grant's salary is recharged to related entities Fe Limited and Kupang Resources Limited; and another non-related entity.

(iv) Dr Amy Wang was appointed as Non-executive Director on 9 June 2014.

REMUNERATION REPORT

Additional disclosure relating to options and shares

Options awarded, vested and lapsed during the year

The table below discloses the number of share options granted to executives as remuneration during the year ended 30 June 2014 as well as the number of options that vested or lapsed during the year.

Share options do not carry any voting or dividend rights and can be exercised once the vesting conditionals have been met until their expiry date.

	Year	Options awarded during the year No.	Award date	Fair value of options at award date $	Vesting date	Exercise price	Expiry date	No. vested during the year	No. lapsed during the year
Directors									
Qiu Derong (i)	2014	3,000,000	22-Nov-13	$0.08	22-Nov-13	$0.20	30-Sep-15	3,000,000	-
Other Key Management Personnel									
Simon Youds	2014	1,500,000	25-Feb-14	$0.03	(ii)	$0.20	30-Jun-15	-	-
Simon Youds	2013	2,000,000	7-Jun-12	$0.07	(iii)	$0.20	30-Jun-14	1,350,000	650,000
Catherine Grant	2014	850,000	25-Feb-14	$0.03	(ii)	$0.20	30-Jun-15	-	-

(i) Unlisted options were issued to Mr Qiu Derong as reasonable remuneration for overseas marketing services performed on behalf of the Company.

(ii) Share options shall vest as follows:

a. One half shall vest on the Company achieving a JORC resource at the Company's Yanrey Project in WA containing more than 30 million lbs of Uranium;
b. One quarter shall vest on the progression of the Bennet well resource area to pre-feasibility;
c. One quarter shall vest on the commencement of drilling by the Company at the Rio Colorado project in Argentina.

(iii) Share options shall vest as follows:

a. 650,000 vest on the Company achieving the start of drilling at the Company's Rio Colorado project in Argentina;
b. 650,000 vest on the Company achieving a resource at the Company's Yanrey project in WA containing more than 10 million lbs of Uranium or equivalent;
c. 700,000 vest on the Company achieving a resource at the Company's Yanrey project in WA containing more than 15 million lbs of Uranium or equivalent.

Value of options awarded, exercised and lapsed during the year

	Value of options granted $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of share options for the year %
Directors				
Qiu Derong	230,801	-	-	70%
Other Key Management Personnel				
Simon Youds	51,540	200,000	42,876	26%
Catherine Grant	29,206	-	-	19%

REMUNERATION REPORT

Shares issued on exercise of options

	Shares issued	Paid per share	Unpaid per share
	No.	$	$
Other Key Management Personnel			
Simon Youds	1,350,000	$0.20	-

Additional disclosure relating to options and shares

Option holdings of key management personnel

	Balance 1 July 2013	Granted	Exercised	Lapsed	Balance 30 June 2014	Vested and Exercisable 30 June 2014	Un-exercisable 30 June 2014
Directors							
Antony Sage	-	-	-	-	-	-	-
Brett Smith	-	-	-	-	-	-	-
Qiu Derong	-	3,000,000	-	-	3,000,000	3,000,000	-
Other Key Management Personnel							
Simon Youds	2,000,000	1,500,000	(1,350,000)	(650,000)	1,500,000	-	1,500,000
Catherine Grant	-	850,000	-	-	850,000	-	850,000
	2,000,000	**5,350,000**	**(1,350,000)**	**(650,000)**	**5,350,000**	**3,000,000**	**2,350,000**

Shareholdings key management personnel

Shares held in Cauldron Energy Limited

	Balance 1 July 2013	Issued	Received on exercise of options	Net Change Other	Balance 30 June 2014
Directors					
Antony Sage	5,894,600	-	-	-	5,894,600
Brett Smith	11,844	-	-	-	11,844
Qiu Derong	41,900,000	7,781,263 (a)	-	(20,750,939) (b)	28,930,324
Amy Wang	-	-	-	80,000 (c)	80,000
Other Key Management Personnel					
Simon Youds	250,000	-	1,350,000	(447,136) (d)	1,152,864
Catherine Grant	-	-	-	8,888 (e)	8,888
	48,056,444	**7,781,263**	**1,350,000**	**(21,189,187)**	**35,998,520**

(a) Shares were issued in satisfaction of a loan (and interest) of $875,774 to the Company.

(b) Mr Qiu Derong, signed a share transfer agreement with one of the leading investment companies in China Beijing Joseph Investment Corporation Ltd ("Joseph Investments"). Pursuant to the terms of the agreement, Mr Qiu transferred approximately half of his shareholding in Cauldron (representing 13% of the Consolidated Entity) to Joseph Investments in consideration for 5.46% of the corporate shares of Joseph Investment.

(c) Ms Amy Wang held shares at the date of her appointment as Non-Executive Director on 9 June 2014, which had previously been purchased on market.

(d) Mr Simon Youds acquired 102,864 shares on market and sold 550,000 shares on market during the year.

(e) Ms Catherine Grant held shares at the date of her appointment as Company Secretary on 31 January 2014, which had previously been purchased on market.

REMUNERATION REPORT

Loans with key management personnel and their related parties

Details of loans made to Cauldron Energy Limited by directors and entities related to them are set out below.

	Balance at the start of the year	Loan advanced	Interest paid and payable for the year	Conversion of loan to shares	Balance at the end of the year
30 June 2014					
Cape Lambert Resources Limited (a)	-	655,685	24,431	(680,116)	-
Mr Qiu Derong (a)	-	844,315	31,459	(875,774)	-
Cape Lambert Resources Limited (b)	-	200,000	12,948	-	212,948
Mr Qiu Derong (b)	-	200,000	11,032	-	211,032
Cape Lambert Resources Limited (c)	-	650,000	13,038	-	663,038
TOTAL	**-**	**2,550,000**	**92,908**	**(1,555,890)**	**1,087,018**

(a) In July 2013, the Consolidated Entity secured $1,500,000 in funding via the execution of converting loan agreements with two of its major shareholders ($655,685 from Cape Lambert and $844,315 from Mr Qiu Derong). Pursuant to the terms of the converting loan agreements, the Consolidated Entity received a total of $1,500,000, which automatically converted into ordinary shares in the Consolidated Entity, upon receipt of shareholder approval at the Consolidated Entity's 2013 Annual General Meeting on 22 November 2013. The converting loans, plus interest at 10% per annum ($1,555,890) were converted into 13,824,102 fully paid ordinary shares, at a conversion price of $0.1125 per share (refer note 17). The conversion price was calculated based on 80% 10 day VWAP of shares on ASX before the date of the shareholder approval on 22 November 2013. Mr Sage is a director of Cape Lambert Resources Limited.

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

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

REMUNERATION REPORT

Other transactions and balances with key management personnel and their related parties

Details and terms and conditions of other transactions with key management personnel and their related parties:

		Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
Director related entities					
Fe Limited	**2014**	**45,329**	**-**	**-**	**-**
Fe Limited	2013	-	54,435	-	-
Cape Lambert Resources Limited	**2014**	**-**	**166,035**	**-**	**33,135**
Cape Lambert Resources Limited	2013	-	143,667	-	-
Kupang Resources Limited	**2014**	**61,146**	**-**	**-**	**-**
Kupang Resources Limited	2013	-	-	-	-

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

Mr Sage is a director of Fe Limited, Cape Lambert Resources Limited and Kupang Resources Limited.

15. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

16. NON AUDIT SERVICES

No other fees were paid or payable to the auditors for non-audit services performed during the year ended 30 June 2014.

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

Mr Brett Smith
Executive Director

PERTH
21 August 2014

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DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF CAULDRON ENERGY LIMITED

As lead auditor of Cauldron Energy Limited for the year ended 30 June 2014, 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.

Brad McVeigh

Director

BDO Audit (WA) Pty Ltd

Perth, 21 August 2014

CORPORATE GOVERNANCE STATEMENT

This statement outlines the corporate governance framework and practices of ASX-listed Cauldron Energy Limited (**Cauldron**) in the form of a report against the ASX Corporate Governance Principles and Recommendations (2nd Edition) (**ASX Principles**). Cauldron will report against the 3rd Edition ASX Principles in the next financial year.

Principle 1 – Lay solid foundations for management and oversight

The Board's primary responsibility is the creation, promotion and protection of long-term shareholder value. The Board has ultimate responsibility for the successful operations of the Company. The Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The functions reserved to the Board, the Board's responsibilities and other matters relating to Board governance are set out in the Board Charter which is available on the Company's website at www.cauldronenergy.com.au.

The Board Charter also sets out the responsibilities of the CEO. The Board has delegated authority and responsibility to the manage and administer the Company's general and financial operations to the CEO. The Company has put in place formal letters of engagement for its senior management, which set out in further detail the responsibilities specifically delegated to those persons.

The Board establishes the strategic direction and policy framework within which the business of the Company is managed. The role of Management is to manage the Company within the parameters of direction and delegation set by the Board, and the Board is responsible for oversight of the activities of Management in carrying out those delegated duties. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

Board members are required to commit sufficient time to enable them to carry out their duties as Directors of Cauldron Energy. Director candidates must confirm that they are in a position to devote the necessary time to their Board position prior to appointment. Non-executive Directors enter into formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

The Board Charter provides that the Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman. The Company Secretary is appointed by the Board and all Directors have the right of access to the Company Secretary.

Principle 2 – Structure the Board to add value

Cauldron Energy currently has five Directors, one of whom (Tony Sage) is the Executive Chairman and one of whom (Brett Smith) is an Executive Director. Mr Sage and Mr Smith jointly discharge the role of Chief Executive Officer of the Company.

The Company does not comply with Principle 2.1 which requires that a majority of the Board should be independent. The Board believes that, given the size of the Company, the nature and scale of its operations and the ability of the Directors to bring independent judgement to bear in their deliberations, a five member Board with two independent Directors is appropriate for the Company at its current stage of development.

It is intended that the Board comprise a balance of Directors with an appropriate mix of skills, experience, expertise and qualifications relevant to the Company's business, together with other attributes such as decision-making and judgement skills. The qualifications, experience and tenure of each of the Directors is set out in the Directors' Report.

The Board consider that independent decision-making is critical to effective governance. Independent directors are those who are able to exercise their duties unfettered by business or other relationships, and are willing to express and objective opinion.

CORPORATE GOVERNANCE (cont)

The Board has determined that for the purposes of the ASX Mr Anson Huang and Dr Amy Wang are independent Directors. The Board has taken into account the commentary in the ASX Principles set out in Box 2.1 in determining whether the Directors are independent.

Mr Qiu Derong is a Non-Executive Director but does not meet the Company's criteria for independence as he is a substantial shareholder of the Company.

Mr Smith and Mr Sage are Executive Directors of the Company and as they are employed in an executive capacity do not meet the Company's criteria for independence. The Board considers this is appropriate, taking into account the size of the Company, its stage of development and nature of its operations. The Board has also taken into account the experience and knowledge of Mr Smith and Mr Sage in its considerations.

Mr Sage is the Executive Chairman of the Company and does not meet the Company's criteria for independence, which is a departure from Recommendation 2.2. The Board believes Mr Sage's experience and knowledge of the Company makes him the most appropriate person to lead the Board at this time.

Mr Sage also acts in the capacity as both Executive Chairman and joint Chief Executive Officer and therefore the Company does not comply with Recommendation 2.3.

The Company's Constitution provides that at each Annual General Meeting (AGM) one-third of Directors and any Director who has held office for three or more years since their last election must retire from office and are eligible to stand for re-election. Any Director appointed by the Board since the previous AGM must stand for election at the next AGM.

New Directors undergo an induction process in which they are given a full briefing on the Company, including meetings with key members of senior management. Directors are also provided with an induction package containing key corporate information and recent market presentations.

All Directors have the right of access to Company information and to senior management. The Board collectively and each Director individually has the right, subject to agreement from the Executive Chairman, to seek independent professional advice from a qualified advisor, at the Company's expense. Any advice obtained must be made available to other members of the Board.

The term in office held by each director in office at the date of this report is detailed in the Directors' Report.

Performance Review/Evaluation

It is the policy of the Board to conduct an annual evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company.

The performance of Mr Sage and Mr Smith in their capacity as joint- Chief Executive Officer is monitored by the Board as a whole. A formal performance review of the Chief Executive Officer did not occur during the year. The performance of senior management is monitored by the Executive Chairman. No formal performance evaluation of the Board, individual directors of senior management took place during the year. As a result of the recent changes in the structure of the Board, the a performance evaluation will be performed in the future.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skill gaps where they are identified.

Nomination Committee

The Board has not established a Nomination Committee. It considers this is not necessary, taking into account the size of the Company, the size and structure of the Board and the stage of development of the Company. The Board believes that it is best placed to consider the issues that would ordinarily be considered by a Nomination Committee, and has processes in place to perform those functions.

CORPORATE GOVERNANCE (cont)

Criteria for selection of Directors

Directors are appointed based on the specific skills and experience required by the Company, which may include relevant industry experience, financial and accounting skills, and legal expertise at a senior level. This is in addition to experience in a listed company environment and an understanding of best practice corporate governance. Given the size of the Company and the business it operates, the Company aims at all times to have at least one Director with relevant industry experience.

Principle 3 – Promote Ethical and Responsible Decision Making

The Board has established a Code of Conduct which is available on the Company's website in the Corporate Governance section. The Board, senior management and employees are committed to implementation of and compliance with the Code. The Code requires that the Company and its employees, consultants, contractors, advisors and all other people who represent Cauldron Energy operate to the highest standards of ethical behaviour, honesty and fairness in relationships with stakeholders, government authorities, regulators, creditors and the community as a whole.

All Cauldron Energy personnel must immediately report any possible breach of the Code to the Company Secretary.

The external auditors of the Company are responsible for reviewing the operations of Cauldron Energy, which includes reporting to the Board in relation to any breaches of the Code that have been identified.

Securities Trading Policy

The Company's Securities Trading Policy provides that a Director, executive or other employee must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities. Additionally, the Board and other employees may not deal in the Company's securities 10 days prior to, and 2 days after, the release of the Company's half yearly or yearly results. Prior approval by the Chairman (or the Board in the event of the Chairman undertaking a trade) is required before any Director or employee may trade in the Company's securities. The Securities Trading Policy can be accessed on the Company's website at www.cauldronenergy.com.au .

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by a Director in the securities of the Company within five days of the transaction.

Diversity Policy

The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people.

Under the Company's Code of Conduct the Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company has not yet adopted a formal diversity policy.

The Board has not set measurable objectives on achieving gender diversity. Due to the size and scale of operations of the Company, and the nature of its activities the Board considers this is appropriate.

The proportion of women in the Company's workforce are as follows:

(a) the proportion of women employees in the whole organisation: 59% of employees, key consultants & contractors;
(b) women in senior executive positions: one – Company Secretary/Chief Financial Officer; and
(c) women on the Board: one.

CORPORATE GOVERNANCE (cont)

Principle 4 – Safeguard integrity in financial reporting

The Company has not established an Audit Risk Committee and therefore does not comply with Recommendation 4.1. The Board believes this is appropriate taking into account the size of the Board, the size of the Company and the nature of the Company's operations and activities. The functions that would ordinarily be undertaken by an Audit and Risk Committee are discharged by the Board as a whole.

The Board each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal. The Board as a whole is also responsible for establishing policies on risk oversight and management.

At the time of the half-year review and full-year audit of the Company's financial statements, the external auditor formally presents to the Board a certificate confirming their independence. The external auditor's independence statement is included in the Report provided to the Board.

Principle 5 – Make timely and balanced disclosure

The Board has adopted a Continuous Disclosure policy to ensure that the Company complies with the disclosure requirements of the ASX Listing Rules. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The Company's Continuous Disclosure Policy can be accessed via the Company's website at www.cauldronenergy.com.au.

Principle 6 – Respect the rights of shareholders

The Company is committed to communicating with shareholders regularly and clearly.

Cauldron Energy is committed to:

- communicating effectively with shareholders through releases to the market via ASX, Cauldron Energy's website, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals; and
- making it easy for shareholders to participate in general meetings of the Company.

The Annual Report, Half-Year Report, Annual General Meeting and specific investor briefings are all important communication forums. The Company encourages shareholders to attend and participate at general meetings. The Company welcomes questions from shareholders at any time and these will be answered subject to the parameters of information that has been publicly released and is not market sensitive. The external auditor attends the AGM and is available to answer any questions regarding the conduct of the audit and the Annual Report.

Shareholder communication is conducted in accordance with the Company's Continuous Disclosure Policy and Shareholder Communication Policy, which are available on the Cauldron Energy website.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company and encourages shareholders to visit the Company's website for information. The following Company Policies and other Corporate Governance documents are available on the Company's website in the Corporate Governance Section (www.cauldronenergy.com.au).

CORPORATE GOVERNANCE (cont)

- Board Charter
- Director Selection Procedure
- Code of Conduct
- Remuneration Statement
- Risk Management Strategy
- Shareholder Communication Policy
- Share Trading Policy
- Board Performance Evaluation Policy
- Audit Committee Charter

Principle 7 – Recognise and manage risk

The Board's Charter provides that the Board is responsible for ensuring there is a good sound system for overseeing and managing risk. Due to the size and scale of the operations of the Company and the size of the Board, risk management issues are considered by the Board as a whole. In accordance with Recommendation 7.1, the Board has established a formal policy for risk management and a framework for monitoring and managing material business risks on an ongoing basis. The policies and procedures adopted are directed at meeting the following objectives:

- effectiveness and efficiency in the use of the Company's resources.
- compliance with applicable laws and regulations.
- preparation of reliable published financial information.

In developing its risk management policies, the Board has taken into consideration any legal obligations and the reasonable expectations of its stakeholders in relation to risk management. The joint Chief Executive Officers and Company Secretary are accountable to the Board for effective risk management. The Board undertakes a review the management of material business risks at least annually. The Company's Risk Management Policy is located on its website in the Corporate Governance Section: www.cauldronenergy.com.au.

The Board receives assurance from the Chief Executive Officers and Chief Financial Officer in respect of the financial statements and notes for the financial year that the declaration provided in accordance with section 295A of the Corporations Act 2001 (Cth) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board also receives assurance from the CEO and Chief Financial Officer in respect of its half-year financials that in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Principle 8 – Remunerate fairly and responsibly

Remuneration Committee

Due to the current size of the Board, the functions of the Remuneration Committee are discharged by the Board as a whole. The Board, is charged with the responsibility in respect of establishing appropriate remuneration levels and incentive policies for employees, executives and directors.

The Board is responsible for setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Executive Chairman, Chief Executive Officer, reviewing and amending the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

CORPORATE GOVERNANCE (cont)

Remuneration Policy

Directors' Remuneration has been approved by resolutions of the Board when Directors have been appointed to the Company, and resolutions of Shareholders when the total remuneration of Non-Executive Directors has increased.

Senior Executive Remuneration

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, the remuneration of senior executives may be comprised of the following:

- fixed fee that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders; and
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance. Where shares or options are granted to senior executives the value will be calculated using the Black-Scholes option pricing model.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders. The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

Non-Executive Director Remuneration

Non-Executive Directors are paid fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. The current aggregate amount for remuneration of Directors is $300,000.

There are no arrangements to provide retirement benefits, other than superannuation, for non-executive directors.

Full details regarding the remuneration of Directors, is included in the Remuneration Report of the Annual Report.

CORPORATE GOVERNANCE (cont)

Adherence to the Guide on Best Practice Recommendations

Recommendation		Comply Yes / No
Principle 1 – Lay solid foundations for management and oversight		
1.1	Establish and disclose the functions reserved to the Board and those delegated to senior executives.	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	Yes
1.3	Provide the information indicated in the guide to reporting on Principle 1.	Yes
Principle 2 – Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	No
2.2	The chairperson should be an independent director.	No
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	No
2.4	The Board should establish a nomination committee.	No
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes
2.6	Provide the information indicated in the guide to reporting on Principle 2.	Yes
Principle 3 – Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: 3.1.1 The practices necessary to maintain confidence in the Company's integrity. 3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. 3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes
3.5	Provide the information indicated in the guide to reporting on Principle 3.	Yes

Principle 4 – Safeguard integrity in financial reporting		Comply Yes / No
4.1	The Board should establish an audit committee.	No
4.2	The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chairperson, who is not chairperson of the Board; and • has at least three members.	No
4.3	The audit committee should have a formal charter	No
4.4	Provide the information indicated in the guide to reporting on Principle 4.	Yes
Principle 5 – Make timely and balanced disclosure		
5.1	Companies should established written policies designed to ensure compliance with ASX	Yes

CORPORATE GOVERNANCE (cont)

	Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	
5.2	Provide the information indicated in the guide to reporting on Principle 5.	Yes
Principle 6 – Respect the rights of shareholders		
6.1	Companies should design a communication policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy or a summary of that policy.	Yes
6.2	Provide the information indicated in the guide to reporting on Principle 6.	Yes
Principle 7 – Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes
7.3	The Board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Provide the information indicated in the guide to reporting on Principle 7.	Yes
Principle 8 – Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee.	No
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.	No
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes
8.4	Provide the information indicated in the guide to reporting on Principle 8.	Yes

CAULDRON ENERGY LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Revenue	3(a)	3,639	141,341
Other income	3(b)	-	188,000
Administration expenses		(256,488)	(355,532)
Employee benefits expenses		(284,050)	(129,207)
Directors fees		(274,504)	(598,050)
Share based payments	28	(288,229)	(236,353)
Compliance and regulatory expenses		(127,783)	(116,437)
Consultancy expenses		(342,870)	(550,791)
Legal fees		(853,560)	(287,084)
Occupancy expenses		(10,332)	(59,082)
Travel expenses		(52,435)	(61,056)
Net fair value profit/(loss) on financial assets	8	268,425	(2,268,478)
Profit/(loss) on disposal of financial assets		5,295	(8,242)
Depreciation		(17,014)	(22,107)
Finance costs	4	(92,908)	(91,041)
Realised foreign exchange loss		(36,627)	(13,320)
Impairment losses	5	(1,931,452)	(3,429,426)
Loss before income tax expense		(4,290,893)	(7,896,865)
Income tax benefit	6	346,659	-
Loss for the year		**(3,944,234)**	**(7,896,865)**
Other comprehensive income; net of income tax			
Items that will not be reclassified subsequently to profit or loss:		-	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(436,009)	(158,166)
Other comprehensive income for the year after income tax		(436,009)	(158,166)
Total comprehensive income attributable to members of the Company		**(4,380,243)**	**(8,055,031)**
Earnings/(loss) Per Share			
Basic earnings/(loss) per share (cents per share)	20	(2.30)	(5.16)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	26(b)	1,873,667	214,006
Restricted cash	9	2,055,748	-
Trade and other receivables	7	134,690	127,118
Financial assets	8	826,506	572,302
TOTAL CURRENT ASSETS		4,890,611	913,426
NON CURRENT ASSETS			
Restricted cash	9	69,000	217,761
Exploration and evaluation expenditure	11	9,216,249	9,384,605
Property, plant and equipment	12	25,076	46,105
TOTAL NON CURRENT ASSETS		9,310,325	9,648,471
TOTAL ASSETS		**14,200,936**	**10,561,897**
CURRENT LIABILITIES			
Trade and other payables	13	706,349	504,537
Borrowings	14	1,087,018	-
Subscription funds	15	2,055,759	-
Provisions	16	50,534	16,989
TOTAL CURRENT LIABILITIES		3,899,660	521,526
TOTAL LIABILITIES		**3,899,660**	**521,526**
NET ASSETS		**10,301,276**	**10,040,371**
EQUITY			
Issued capital	17	41,701,715	37,348,796
Reserves	18	1,297,759	1,445,539
Accumulated losses	19	(32,698,198)	(28,753,964)
TOTAL EQUITY		**10,301,276**	**10,040,371**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(2,065,730)	(2,052,596)
Interest received		4,573	51,948
R&D Tax Incentive received		346,906	
Interest paid		-	(260,712)
Administration service fees received		-	89,119
Net cash used in operating activities	26(a)	(1,714,251)	(2,172,241)
Cash Flows from Investing Activities			
Payments for exploration and evaluation	11	(2,064,713)	(2,992,375)
Reimbursement for exploration and evaluation incurred on behalf of other parties		17,028	751,850
Refund of environmental bonds and deposits		148,761	-
Funding provided to Caudillo Resources SA		(216,681)	(257,329)
Proceeds from sales of equity investments		20,265	-
Payments for plant and equipment		-	(33,050)
Refund of deposits paid		-	3,830
Net cash used in investing activities		(2,095,340)	(2,527,074)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options, net of transaction costs		2,924,241	1,989,281
Proceeds from issue of convertible loan note	14	2,550,000	-
Net cash from financing activities		5,474,241	1,989,281
Net increase/ (decrease) in cash held		1,664,650	(2,710,034)
Effects of exchange rate changes on cash		(4,989)	(3,071)
Cash and cash equivalents at beginning of financial year		214,006	2,927,111
Cash and cash equivalents at end of financial year		**1,873,667**	**214,006**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2014

	Issued Capital	Accumulated Losses	Option Premium Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$
Balance at 1 July 2013	**37,348,796**	**(28,753,964)**	**2,357,499**	**(911,960)**	**10,040,371**
Loss attributable to members of the parent entity	-	(3,944,234)	-	-	(3,944,234)
Other comprehensive income	-	-	-	(436,009)	(436,009)
Total comprehensive income for the year	-	(3,944,234)	-	(436,009)	(4,380,243)
Transaction with owners, directly in equity					
Shares issued during the year, net of costs	4,352,919	-	-	-	4,352,919
Share based payments expense recognised for value of options issued/vested during the year	-	-	288,229	-	288,229
Balance at 30 June 2014	**41,701,715**	**(32,698,198)**	**2,645,728**	**(1,347,969)**	**10,301,276**
Balance at 1 July 2012	**23,593,625**	**(20,857,099)**	**2,121,146**	**(753,794)**	**4,103,878**
Loss attributable to members of the parent entity	-	(7,896,865)	-	-	(7,896,865)
Other comprehensive income	-	-	-	(158,166)	(158,166)
Total comprehensive income for the year	-	(7,896,865)	-	(158,166)	(8,055,031)
Transaction with owners, directly in equity					
Shares issued during the year, net of costs	13,755,171	-	-	-	13,755,171
Share based payments expense recognised for value of options issued/vested during the year	-	-	236,353	-	236,353
Balance at 30 June 2013	**37,348,796**	**(28,753,964)**	**2,357,499**	**(911,960)**	**10,040,371**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial report covers Cauldron Energy Limited ("Cauldron") and its controlled entities ("the Consolidated Entity") for the year ended 30 June 2014 and was authorised for issue in accordance with a resolution of the directors on 21 August 2014.

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

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

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

The financial report is presented in Australian dollars.

b. Compliance with IFRS

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

c. Application of New and Revised Accounting Standards

Changes in accounting policies on initial application of Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year.
From 1 July 2013, the Consolidated Entity has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2013. Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Consolidated Entity. The Consolidated Entity has not elected to early adopt any new standards or amendments.

The following standards and interpretations would have been applied for the first time for entities with period ending 30 June 2014 (unless early adopted):

Reference	Title	Application date of standard	Application date for Group
AASB 10	Consolidated Financial Statements AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.	1 January 2013	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Reference	Title	Application date of standard	Application date for Group
AASB 11	Joint Arrangements AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly-controlled Entities - Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128. Amendments made by the IASB in May 2014 add guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	1 July 2013
AASB 119	Employee Benefits The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Reference	Title	Application date of standard	Application date for Group
	AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.		
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: ► Repeat application of AASB 1 is permitted (AASB 1) ► Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 *Presentation of Financial Statements*)	1 January 2013	1 July 2013
AASB 2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039 AASB 2012-9 amends AASB 1048 *Interpretation of Standards* to evidence the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia.*	1 January 2013	1 July 2013
AASB 1053	Application of Tiers of Australian Accounting Standards This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: a. Tier 1: Australian Accounting Standards b. Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: a. For-profit entities in the private sector that have public accountability (as defined in this standard) b. The Australian Government and State, Territory and Local governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: a. For-profit private sector entities that do not have public accountability b. All not-for-profit private sector entities c. Public sector entities other than the Australian Government and State, Territory and Local governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.	1 July 2013	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124] This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

New accounting standards and interpretations issued but yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 30 June 2014.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
AASB 9	*Financial Instruments*	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10. The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes: 1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures	1 January 2018^	1 July 2018^

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Reference	Title	Summary	Application date of standard	Application date for Group
		2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time 3. In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018		
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
Annual Improvements 2010–2012 Cycle	Annual Improvements to IFRSs 2010–2012 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: ► IFRS 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► IFRS 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37. ► IFRS 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► IAS 16 & IAS 38 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► IAS 24 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of IAS 24 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 July 2014
Annual Improvements 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle	This standard sets out amendments to International Financial Reporting. Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: ► IFRS 13 - Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32. ► IAS 40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of IFRS 3 that includes an	1 July 2014	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Reference	Title	Summary	Application date of standard	Application date for Group
		investment property. That judgment is based on guidance in IFRS 3.		
AASB 1031	*Materiality*	The revised AASB 1031 is an interim standard that cross-references to other Standards and the F*ramework (*issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 January 2014	1 July 2014
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	^^	^^
IFRS 14	Interim standard on regulatory deferral accounts	This interim standard provides first-time adopters of IFRS with relief from derecognising rate-regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB. It is intended to encourage rate-regulated entities to adopt IFRS while bridging the gap with entities that already apply IFRS, but do not recognise regulatory deferral accounts.	1 January 2016	1 July 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016

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

***** These IFRS amendments have not yet been adopted by the AASB. In order to claim compliance with IFRS, these amendments should be noted in the financial statements.

^ In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be for annual reporting period on or after 1 January 2018, however it is available for application now.

^^ The application dates of AASB 2013-9 are as follows:
Part A – periods ending on or after 20 Dec 2013 / Application date for the Group: period ending 30 June 2014
Part B – periods beginning on or after 1 January 2014 / Application date for the Group: period beginning 1 July 2014
Part C – reporting periods beginning on or after 1 January 2015 / Application date for the Group: period beginning 1 July 2015

The Consolidated Entity is in the process of determining the impact of the above on its financial statements. The Consolidated Entity has not elected to early adopt any new Standards or Interpretations. At the date of this report, management does not anticipate significant impact from adopting the new standards and interpretations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 23 to the financial statements.

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

(ii) Joint arrangements

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

Joint operations

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

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

e. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

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

Exchange differences arising on the translation of monetary items are recognised in the statement of 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 comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Group companies

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Entity's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 unused tax losses.

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

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

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

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

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

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

Tax consolidation

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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. Financial Instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.
The Consolidated Entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

The Consolidated Entity has the following financial instruments:

<u>Financial Assets at Fair Value through Profit or Loss</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with gains or losses being recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets).

Loans and Receivables

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

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

Debt and equity instruments

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

Impairment

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

Derecognition of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

j. Borrowing Costs

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

k. Property, Plant and Equipment

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

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

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

Class of Fixed Asset	**Depreciation Rate**	
	2014	**2013**
Plant and equipment	40%	40%
Office furniture and equipment	40%	40%
Motor vehicle	40%	40%

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

l. Exploration and Evaluation Expenditure

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

m. Impairment of Assets

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

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

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 Consolidated Entity during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

o. Revenue Recognition

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

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

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

p. Provisions and Employee Benefits

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

Provisions are 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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.

q. 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.

r. Share based payments

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

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

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

s. Critical accounting judgements, estimates and assumptions

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

Share based payment transactions

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

Exploration and evaluation costs

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

Environmental Issues

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Income taxes

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

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

t. Comparative Figures

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

u. 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."

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2. SEGMENT INFORMATION

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

Basis of accounting for purposes of reporting by operating segments

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2. SEGMENT INFORMATION (continued)

	Mineral exploration		Unallocated		Total	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
Interest received	-	-	3,639	52,222	3,639	52,222
Administration service fee	-	89,119	-	-	-	89,119
Termination of WLF joint venture	-	188,000	-	-	-	188,000
Total segment revenue and other income	**-**	**277,119**	**3,639**	**52,222**	**3,639**	**329,341**
Segment net operating profit/ (loss) after tax	**(1,490,956)**	**(2,000,083)**	**(2,453,278)**	**(5,896,782)**	**(3,944,234)**	**(7,896,865)**
Segment net operating profit/ (loss) after tax includes the following significant items:						
Interest and other finance charges	-	-	(92,908)	(91,041)	(92,908)	(91,041)
Net fair value gain/(loss) on financial assets	-	-	268,425	(2,268,478)	268,425	(2,268,478)
Gain/(loss) on disposal of financial assets	-	-	5,295	(8,242)	5,295	(8,242)
Impairment of loan receivable	-	-	(200,333)	(1,204,485)	(200,333)	(1,204,485)
Impairment of exploration assets	(1,731,119)	(2,168,174)	-	-	(1,731,119)	(2,168,174)
Segment assets	**9,358,944**	**9,972,618**	**4,841,990**	**589,279**	**14,200,936**	**10,561,897**
Segment assets include:						
Capitalised exploration expenditure	9,216,249	9,384,605	-	-	9,216,249	9,384,605
Financial assets	-	-	826,506	572,302	826,506	572,302
Restricted cash	69,000	-	2,055,748	-	2,214,748	-
Other assets	73,695	588,013	1,959,738	16,977	2,033,433	604,990
	9,358,944	**9,972,618**	**4,841,992**	**589,279**	**14,200,936**	**10,561,897**
Segment liabilities	**(706,349)**	**(126,493)**	**(3,193,311)**	**(395,033)**	**(3,899,660)**	**(521,526)**

Segment information by geographical region

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

	2014	2013
	$	$
Australia	13,678,230	8,752,724
Argentina	522,636	1,809,173
	14,200,936	**10,561,897**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

3. REVENUE AND OTHER INCOME

	2014 $	2013 $
(a) Revenue		
Interest received	3,639	52,222
Administration fees received	-	89,119
	3,639	141,341
(b) Other Income		
Termination of West Lake Frome joint venture agreement	-	188,000
	-	188,000

4. FINANCE COSTS

	2014 $	2013 $
Interest on convertible notes	92,908	91,041
	92,908	91,041

5. IMPAIRMENT LOSSES

	2014 $	2013 $
Impairment of exploration and evaluation expenditure (a)	1,731,119	2,168,174
Impairment of loans	200,333	1,204,485
Impairment of other receivables	-	56,767
	1,931,452	3,429,426

(a) The Consolidated Entity has assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources and has recognised an impairment expense of $1,731,119 during the year (30 June 2013: $2,168,174) following the decision not to continue exploration in certain areas and costs associated with tenements not yet granted within South Australia, Western Australia and in Argentina.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

6. INCOME TAX EXPENSE

	2014 $	2013 $
(a) The components of tax expense comprise:		
Current tax benefit / (expense)	346,659	-
Deferred tax benefit / (expense)	-	-
	346,659	-

(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:	**2014 $**	**2013 $**
Loss before tax	(4,290,893)	(7,896,865)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2013: 30%)	(1,287,268)	(2,369,059)
Add tax effect of:		
Non-deductible expenses	373,708	1,099,734
De-recognition of previously recognised tax losses	-	585,232
Current year tax losses not recognised	913,560	671,134
Less tax effect of:		
Under/(over) provision for prior year	-	12,959
R&D Tax Incentive for the prior year	(346,659)	-
Total income tax (income)/expense attributable to entity	(346,659)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

6. INCOME TAX EXPENSE (continued)

(c) Recognised deferred tax balances

	2014 $	2013 $
Deferred tax balances have been recognised in respect of the following:		
Deferred tax assets		
Annual Leave	15,160	5,097
Investments	2,047,588	1,948,095
Other receivables	61,658	-
Other accruals	75,490	2,328
Loan receivable	309,548	363,107
Previously expensed capital raising costs	35,363	35,363
Tax losses	89,586	-
	2,634,393	2,353,990
Deferred tax liabilities		
Exploration	(2,634,290)	(2,314,891)
Unearned income	(103)	(19,493)
Other receivables	-	(19,606)
	(2,634,393)	(2,353,990)
Net recognised deferred tax assets/(liabilities)	-	-

(d) Unrecognised deferred tax balances

The Consolidated Entity has $19,509,354 (2013: $17,731,218) gross tax losses arising in Australia that are available indefinitely for offset against future profit of the Company in which the losses arose.

(e) The Consolidated Entity has unrecognised temporary differences for which no deferred tax asset is recognised in the statement of financial position of $1,138,654 (2013: $1,138,654) which are available indefinitely for offset against future taxable income subject to the Consolidated Entity continuing to meet relevant statutory tests.

7. TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Current		
Trade receivables	322,799	164,746
Provision for non-recovery of trade receivables	(205,524)	(61,352)
Accrued interest	345	1,279
Other receivables	-	5,468
Prepayments	17,070	16,977
	134,690	127,118

Provision for non-recovery of trade receivables

	2014 $	2013 $
Movements:		
Opening balance at beginning of the year	(61,352)	-
Provision for doubtful debts	(144,172)	(61,352)
	(205,524)	(61,352)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

7. TRADE AND OTHER RECEIVABLES (continued)

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

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

The following table details the Group's trade and other receivables exposure to credit risk with ageing analysis. Amounts are considered 'past due' when the debt has not been settled, with the terms and conditions agreed between the Consolidated Entity and the counter party to the transaction. Receivables that are past due are assessed for impairment 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.

	Gross amount	Past due and impaired	Within initial trade terms
2014			
Trade receivables	322,799	205,524	117,275
2013			
Trade receivables	164,746	61,352	103,394

8. FINANCIAL ASSETS

	2014 $	2013 $
Financial assets		
Financial assets at fair value through profit or loss	826,506	572,302
	826,506	572,302

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 investments is calculated with reference to current market prices at balance date.

	2014 $	2013 $
Movements:		
Opening balance at beginning of the year	572,302	2,660,302
Acquisition of equity securities	-	188,720
Recognition of equity securities	750	-
Disposal of equity securities	(14,971)	(8,242)
Fair value gain/(loss) through profit or loss	268,425	(2,268,478)
	826,506	572,302

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

9. RESTRICTED CASH

	2014 $	2013 $
Current		
Restricted cash		
Subscription funds held in trust (a)	2,055,748	-
Non-Current		
Bank guarantees (b)	69,000	217,761

(a) As announced on 20 June 2014, the Company received an initial $4,000,000 in Placement Funds from new investor Guangzhou City Guangrong Investment Management Co., Ltd ("Guangrong Investment"). The Company used its remaining capacity under Listing Rule 7.1 to issue 16,476,621 fully paid shares to Guangrong Investment, making $1,944,241 (of the $4,000,000) immediately available to the Company (before capital raising costs) (being Tranche 1 of the Placement Funds). The balance of these funds ($2,055,759) were placed and are being held in trust by the Company until the Placement Shares can be issued. Refer note 15. The Company will seek shareholder approval at the upcoming Meeting, in respect of $11,000,000 of the Placement Funds and associated Placement Shares issued/to be issued (including ratification of 16,476,621 shares issued under Listing Rule 7.1 and approval to issue a further 76,743,779 shares within 3 months of the Meeting). A Notice of General Meeting will be dispatched to all Shareholders shortly.

(b) The above restricted cash balances relates to term deposits held with financial institutions as security for bank guarantees issued to various environmental regulatory departments in respect of the potential rehabilitation exploration areas.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10. LOAN RECEIVABLES

	2014 $	2013 $
Non-current		
Caudillo Resources SA (a)	1,287,459	1,210,355
Provision for non-recovery (a)	(1,287,459)	(1,210,355)
	-	-

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

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

(i) cash; or

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

Until such time as the First Loan and Second Loan are repaid or converted to an equity interest in Caudillo the Consolidated Entity has conservatively provided for the non-recovery of the loans in full. As a result of this, an impairment expense of $216,681 (30 June 2013: $1,204,485) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

11. EXPLORATION AND EVALUATION EXPENDITURE

	2014 $	2013 $
Exploration and evaluation expenditure	9,216,249	9,384,605
Movements:		
Carrying value at beginning of year	9,384,605	9,332,498
Exploration expenditure incurred	2,064,713	2,972,131
Exploration expenditure reimbursed	(17,028)	(751,850)
Impairment of exploration expenditure (a)	(1,731,119)	(2,168,174)
Foreign exchange movements	(484,922)	-
Carrying value at end of year	9,216,249	9,384,605

a) The Consolidated Entity has assessed the carrying amount of exploration and evaluation expenditure in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* and has recognised an impairment expense of $1,731,119 during the current year (30 June 2013: $2,168,174) following the decision not to continue exploration and for costs associated with tenements not granted in certain areas of Lake Frome, South Australia, the Amadeus project in the Northern Territory and Argentina. The impairment expense is shown as a separate line item in the Statement of Profit or Loss and Other Comprehensive Income.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

12. PLANT AND EQUIPMENT

	2014 $	2013 $
Plant and equipment		
At cost	177,955	190,287
Accumulated depreciation	(152,879)	(145,007)
	25,076	45,280
Motor vehicles		
At cost	-	2,500
Accumulated depreciation	-	(1,675)
	-	825
Total plant and equipment	25,076	46,105

Movements:

2014	Plant & equipment $	Motor vehicles $	Total $
Carrying value at beginning of year	45,280	825	46,105
Depreciation expense	(16,685)	(329)	(17,014)
Written off	-	(496)	(496)
Foreign currency differences arising from translating functional currency to presentation currency	(3,519)	-	(3,519)
Carrying value at end of year	25,076	-	25,076

2013	Plant & equipment $	Motor vehicles $	Total $
Carrying value at beginning of year	34,918	1,372	36,290
Additions	31,991	-	31,991
Depreciation expense	(21,560)	(547)	(22,107)
Foreign currency differences arising from translating functional currency to presentation currency	(69)	-	(69)
Carrying value at end of year	45,280	825	46,105

13. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Current		
Trade payables	163,236	338,440
Other payables and accruals	543,113	166,097
	706,349	504,537

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

14. BORROWINGS

	2014 $	2013 $
Current		
Unsecured		
Convertible loan notes	1,050,000	-
Interest payable on convertible loan notes	37,018	-
	1,087,018	-
Movements:		
Carrying value at beginning of year	-	-
Converting loan funds received (a)	1,500,000	-
Converting loan funds received (b)	400,000	-
Converting loan funds received (c)	650,000	-
Interest on converting loans	92,908	-
Fully paid shares issued upon conversion (a)	(1,555,890)	-
Balance at the end of the year	1,087,018	-

(a) In July 2013, the Consolidated Entity secured $1,500,000 in funding via the execution of converting loan agreements with two of its major shareholders ($655,685 from Cape Lambert and $844,315 from Mr Qiu Derong). Pursuant to the terms of the converting loan agreements, the Consolidated Entity received a total of $1,500,000, which automatically converted into ordinary shares in the Consolidated Entity, upon receipt of shareholder approval at the Consolidated Entity's 2013 Annual General Meeting on 22 November 2013. The converting loans, plus interest at 10% per annum ($1,555,890) were converted into 13,824,102 fully paid ordinary shares, at a conversion price of $0.1125 per share (refer note 17). The conversion price was calculated based on 80% 10 day VWAP of shares on ASX before the date of the shareholder approval on 22 November 2013.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

15. SUBSCRIPTION FUNDS

	2014 $	2013 $
Subscription funds received (a)	2,055,759	-
	2,055,759	-

(a) As announced on 20 June 2014, the Company received an initial $4,000,000 in Placement Funds from new investor Guangzhou City Guangrong Investment Management Co., Ltd ("Guangrong Investment"). The Company used its remaining capacity under Listing Rule 7.1 to issue 16,476,621 fully paid shares to Guangrong Investment, making $1,944,241 (of the $4,000,000) immediately available to the Company (before capital raising costs) (being Tranche 1 of the Placement Funds). The balance of these funds ($2,055,759) are being held in trust by the Company until the Placement Shares can be issued. Refer to note 9. The Company will seek shareholder approval at the upcoming Meeting, in respect of $11,000,000 of the Placement Funds and associated Placement Shares issued/to be issued (including ratification of 16,476,621 shares issued under Listing Rule 7.1 and approval to issue a further 76,743,779 shares within 3 months of the Meeting). A Notice of General Meeting will be dispatched to all Shareholders shortly.

16. PROVISIONS

	2014 $	2013 $
Current		
Employee benefits	50,534	16,989
	50,534	16,989

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

17. ISSUED CAPITAL

	2014 $	2013 $
Ordinary shares issued and fully paid	41,701,715	37,348,796

	2014 No.	2014 $	2013 No.	2013 $
Issued and fully paid up ordinary shares				
Opening balance	159,622,605	37,348,796	96,280,029	23,593,625
Shares issued during the year (a)	4,615,385	600,000	-	-
Shares issued during the year (b)	16,476,621	1,944,241		
Shares issued upon conversion of convertible notes (c)	13,824,102	1,555,890	58,829,452	11,765,890
Shares issued upon exercise of options (d)	1,900,000	380,000	2,663,124	1,198,406
Shares issued pursuant to underwriting agreement	-	-	1,850,000	832,500
Share issue costs	-	(127,212)	-	(41,625)
	196,438,713	41,701,715	159,622,605	37,348,796

(a) In December 2013, the Consolidated Entity completed a placement of 4,615,385 fully paid ordinary shares at $0.13 per share to Joseph Investments to raise $600,000 (before capital raising costs).

(b) As announced on 10 June 2014 and 1 July 2014, the Company has entered into a series of placement agreements ("Placement Agreements") with a range of Chinese investors to issue a total of 127,118,756 Shares ("Placement Shares") at an issue price of $0.118 per share ("Issue Price") to raise A$15 million ("Placement Funds") (before capital raising costs). The Issue Price of the Placement Shares was determined at 80% of the volume weighted average closing price of Shares as quoted on ASX over the last ten (10) trading days immediately preceding 29 May 2014. The Placement Shares are to be issued (and the Placement Funds received) in various tranches, with the final tranche due to be received in December 2015.

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

The Company used its remaining capacity under Listing Rule 7.1 to issue 16,476,621 fully paid shares to Guangrong Investment, making $1,944,241 (of the $4,000,000) immediately available to the Company (before capital raising costs) (being Tranche 1 of the Placement Funds). The balance of these funds ($2,055,759) are being held in trust by the Company until the Placement Shares can be issued.

The Company will seek shareholder approval at the upcoming Meeting, in respect of A$11 million of the Placement Funds and associated Placement Shares issued/to be issued (including ratification of 16,476,621 shares issued under Listing Rule 7.1 and approval to issue a further 76,743,779 shares within 3 months of the Meeting). A Notice of General Meeting will be dispatched to all Shareholders shortly.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(c) In July 2013, the Consolidated Entity secured $1.5 million in funding via the execution of converting loan agreements with two of its major shareholders (Cape Lambert Resources Limited and Mr Qiu Derong). Pursuant to the terms of the converting loan agreements, the Consolidated Entity received a total of $1.5 million, which automatically converted into ordinary shares in the Consolidated Entity upon receipt of shareholder approval at the Consolidated Entity's 2013 Annual General Meeting on 22 November 2013. The converting loans, plus interest at 10% per annum were converted into 13,824,102 fully paid ordinary shares, at a conversion price of $0.1125 per share. The conversion price was calculated based on 80% 10 day VWAP of shares on ASX before the date of shareholder approval on 22 November 2013.

(d) In June 2014, 1,900,000 share options were exercised at $0.20 each providing $380,000 funding.

The Company has authorised share capital amounting to 196,438,713 shares with no par value.

Terms and Conditions

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

Capital risk management

Capital managed by the Board includes shareholder equity, which was $41,701,715 at 30 June 2014 (2013: $37,348,796). The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns to shareholders and benefits to other stakeholders. The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

18. RESERVES

	2014 $	2013 $
Reserves		
Option premium reserve (a)	2,645,728	2,357,499
Foreign currency translation reserve (b)	(1,347,969)	(911,960)
	1,297,759	1,445,539

	2014 $	2013 $
(a) Option premium reserve		
Reserve balance at beginning of year	2,357,499	2,121,146
Share based payments (refer note 28)	288,229	236,353
Reserve balance at end of year	2,645,728	2,357,499

The option premium reserve arises on the grant of share options to employees, directors and consultants (share based payments) and to record the issue, exercise and lapsing of listed options.

(b) Foreign currency translation reserve	2014 $	2013 $
Reserve balance at beginning of the year	(911,960)	(753,794)
Foreign currency exchange differences arising on translation of foreign operations	(436,009)	(158,166)
Reserve balance at end of year	(1,347,969)	(911,960)

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

19. ACCUMULATED LOSSES

	2014 $	2013 $
Balance at beginning of year	(28,753,964)	(20,857,099)
Loss for the year	(3,944,234)	(7,896,865)
Balance at end of year	(32,698,198)	(28,753,964)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

20. LOSS PER SHARE

	2014 Cents per share	2013 Cents per share
Basic loss per share		
Continuing operations	(2.30)	(5.16)
	(2.30)	(5.16)
	$	**$**
Loss used in calculation of basic loss per share		
Continuing operations	(3,944,234)	(7,896,865)
	(3,944,234)	(7,896,865)
	No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	171,474,347	152,938,145

There are 9,500,000 share options excluded from the calculation of diluted earnings per share (that could potentially dilute basic earnings per share in the future) because they are anti-dilutive for each of the periods presented.

21. COMMITMENTS

Mineral Tenement Discretionary Commitments

In order to maintain current rights of tenure to mining tenements, the Consolidated Entity has the following discretionary exploration expenditure and rental requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	2014 $	2013 $
Within one year	1,480,234	1,312,627
Between one and five years	1,271,299	899,378
Longer than five years	-	-
	2,751,533	2,212,005

If the Consolidated Entity decides to relinquish certain tenement leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of their carrying values. The sale, transfer, farm-out of exploration rights to third parties or attainments of exemptions to minimum spend commitments will reduce or extinguish these obligations.

Office Rental Commitments

The Consolidated Entity entered into a sub-lease for office premises for a period of 5 years terminating on 31 March 2017.

Total office rental commitments for the Consolidated Entity are:

	2014 $	2013 $
Within one year	51,099	38,390
Between one and five years	91,796	105,574
Longer than five years	-	-
	142,895	143,964

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

22. CONTINGENT ASSETS AND LIABILITIES

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

23. CONTROLLED ENTITIES

Details of Cauldron Energy Limited's subsidiaries are:

Name	Country of Incorporation	Date/Company of Incorporation	Shares	Ownership Interest 2014 %	Ownership Interest 2013 %	Investment Carrying Amount 2014 $	Investment Carrying Amount 2013 $
Ronin Energy Ltd	Australia	24 April 2006	Ord	100	100	5	5
Cauldron Minerals Ltd (formerly Jackson Global Ltd)	Australia	24 April 2006	Ord	100	100	1	1
Jakaranda Minerals Ltd	Australia	24 April 2006	Ord	100	100	1	1
Raven Minerals Ltd	Australia	24 April 2006	Ord	100	100	5	5
						12	12

24. JOINT OPERATION

Marree - 60% (increasing)

The Marree Project was formed by way of a joint venture agreement between Cauldron and a Korean consortium, comprising of the Korean Government (KORES), Daewoo International Corporation and LG International Corporation. Cauldron is the Manager of the project. The terms of the joint venture agreement enabled the Korean participants to earn up to an aggregate 50% interest in the Marree Project by funding $6.0 million of exploration activities over an earn-in period. Exploration activities commenced in mid-2009. The earn-in period of this joint venture agreement ended in January 2013, at which point the Korean participants had contributed a total of $4.9 million. At the end of the earn-in period, the parties' interests in the tenements are as follows:

- Cauldron 60%; and
- Korean participants 40%.

In line with the terms of the joint venture agreement, following the earn-in period, the parties are required to participate in expenditure of the Marree Project pro-rata to their ownership interests, otherwise the parties interests will be diluted. Since January 2013, Cauldron has continued to fund the exploration works, thus diluting the Korean participants' interests. As at 31 December 2013 (being the most recent period for which audited financial statements are available in respect of the Maree Project), the parties' interests in the tenements were:

- Cauldron 61.86%
- Korean Participants 38.14%.

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

25. FARM-IN AGREEMENT

Uaroo – 70%

The Consolidated Entity has earned in a 70% interest in, and is the manager of the Uaroo Joint Venture, which comprises 2 granted exploration licenses in the Yanrey project area of Western Australia. The other 30% interest holder in the Joint Venture is Intra Energy Corporation Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

26. CASH FLOW INFORMATION

(a) Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax

	2014 $	2013 $
Loss from ordinary activities after income tax	(3,944,234)	(7,896,865)
Non-cash flows in operating loss:		
Depreciation	17,014	22,107
Equity settled share based payments	288,229	236,353
Net fair value (gain)/loss on investments	(268,425)	2,268,478
Realised gain on disposal of financial assets	(5,295)	8,242
Foreign exchange (gain)/loss	36,627	(13,320)
Impairment losses	1,931,452	3,435,296
Acquisition of equity securities	-	(188,000)
Interest accrued	92,908	-
Other	17,084	54,140
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	(103,063)	(24,460)
Decrease/(increase) in interest receivable	935	(275)
Increase/(decrease) in trade and other payables	151,953	124,478
Increase/(decrease) in provisions	33,546	1,917
Increase/(decrease) in interest payable	37,018	(194,466)
Net cash inflows/(outflows) from operating activities	(1,714,251)	(2,172,241)

(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 balance sheet as follows:

	2014 $	2013 $
Cash at bank	1,873,667	214,006
Cash and cash equivalents	1,873,667	214,006

(c) Non-cash activities

In July 2013, the Consolidated Entity secured $1.5 million in funding via the execution of converting loan agreements with two of its major shareholders (Cape Lambert Resources Limited and Mr Qiu Derong). Pursuant to the terms of the converting loan agreements, the Consolidated Entity received a total of $1.5 million, which automatically converted into ordinary shares in the Consolidated Entity upon receipt of shareholder approval at the Consolidated Entity's 2013 Annual General Meeting on 22 November 2013. The converting loans, plus interest at 10% per annum were converted into 13,824,102 fully paid ordinary shares, at a conversion price of $0.1125 per share. The conversion price was calculated based on 80% 10 day VWAP of shares on ASX before the date of shareholder approval on 22 November 2013.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

27. FINANCIAL RISK MANAGEMENT

Financial risk management

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

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

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

	2014 $	2013 $
Financial Assets		
Cash and cash equivalents	1,873,667	214,006
Financial assets at fair value through profit or loss	826,506	572,302
Trade and other receivables	134,690	127,118
	2,834,863	913,426
Financial Liabilities		
Trade and other payables	706,349	504,537
Financial liabilities	1,087,018	-
	1,793,367	504,537

Financial risk management policies

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

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

Financial risk exposures and management

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

(a) Foreign currency risk

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(b) Interest rate risk

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

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

	2014 Change $	2013 Change $
Change in loss:		
Increase in interest rate by 200 basis points	+37,473	+4,280
Decrease in interest rate by 200 basis points	-37,473	-4,280

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

(c) Price risk

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

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

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

The table below summarises the impact of increases/decreases of the index on the Consolidated Entity’s post tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% (2013 – 10%) with all other variables held constant and all the Consolidated Entity’s equity instruments moved according to the historical correlation with the index.

	Impact on Post-Tax Profit/(Loss) 2014 $	2013 $
Index		
ASX 200	82,651	57,230

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

27. FINANCIAL RISK MANAGEMENT (continued)

(d) Credit risk

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

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

	2014 $	2013 $
Financial assets		
Cash and cash equivalents (AA)	1,873,667	214,006
Trade and other receivables	134,690	127,118
	2,008,357	341,124

(e) Liquidity risk

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

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.

2014	Within 1 Year $	1 to 5 Years $	Over 5 Years $	2014 Total $
Financial assets				
Cash	1,873,667	2,124,749	-	3,998,416
Held for trading investments	826,506	-	-	826,506
Receivables and loans	134,690	-	-	134,690
	2,834,863	2,124,749	-	4,959,612
Financial Liabilities				
Trade and other payables	706,349	-	-	706,349
Financial liabilities	1,087,018	-	-	1,087,018
	1,793,367	-	-	1,793,367

2013	Within 1 Year $	1 to 5 Years $	Over 5 Years $	2013 Total $
Financial assets				
Cash	214,006	217,761	-	431,767
Held for trading investments	572,302	-	-	572,302
Receivables and loans	127,118	-	-	127,118
	913,426	217,761	-	1,131,187
Financial Liabilities				
Trade and other payables	504,537	-	-	504,537
Financial liabilities	-	-	-	-
	504,537	-	-	504,537

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(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)

2014	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets:				
Financial assets at fair value through profit or loss:				
Held for trading investments	826,506	-	-	826,506

2013	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets:				
Financial assets at fair value through profit or loss:				
Held for trading investments	572,302	-	-	572,302

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

28. SHARE BASED PAYMENTS

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

	2014 $	2013 $
Options issued to employees and consultants (i)	57,428	236,353
Options issued to director (ii)	230,801	-
	288,229	236,353

(i) On 25 February 2014, the Consolidated Entity issued 5,000,000 unlisted options (subject to vesting conditions set out below) with an exercise price of $0.20 and an expiry date of on or before 30 June 2015. The options were issued in consideration for services performed by employees and consultants of the Company.

The share options shall vest as follows:

a. One half shall vest on the Company achieving a JORC resource at the Company's Yanrey Project in WA containing more than 30 million lbs of Uranium;
b. One quarter shall vest on the progression of the Bennet well resource area to pre-feasibility;
c. One quarter shall vest on the commencement of drilling by the Company at the Rio Colorado project in Argentina.

(ii) On 22 November 2013, the Consolidated Entity issued 3,000,000 unlisted options to a director in consideration for overseas marketing services performed on behalf of the Consolidated Entity with an exercise price of $0.20 and an expiry date of on or before 30 September 2015.

(a) Summary of options granted

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

	2014 No.	2014 WAEP
Outstanding at the beginning of the year	4,300,000	$0.23
Granted during the year	8,000,000	$0.20
Exercised during the year	(1,900,000)	$0.20
Expired during the year	(900,000)	$0.20
Outstanding at year end	9,500,000	$0.21
Exercisable at the end of the year	4,500,000	$0.23
Not exercisable at the end of the year	5,000,000	$0.20

The outstanding balance at 30 June 2014 is represented by:

- 1,000,000 Consultant Options with an exercise price of $0.20 each exercisable on or before 18 September 2015;
- 500,000 Employee Options with an exercise price of $0.45 each exercisable on or before 20 October 2015;
- 3,000,000 Director Options with an exercise price of $0.20 and an expiry date of on or before 30 September 2015; and
- 5,000,000 Consultant and Employee Options with an exercise price of $0.20 and an expiry date of on or before 30 June 2015, with vesting conditions attached.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(b) Remaining contractual life

The remaining contractual life for Options outstanding at 30 June 2014 is 1.31 years.

(c) Fair value

The fair value of the 3,000,000 Options granted during the year was $0.08.

The fair value of the 5,000,000 Options granted during the year was $0.03.

(d) Option pricing model

The fair value of the Options issued during the year is estimated as at the date of grant using the Black Scholes option pricing model taking into account the terms and conditions upon which the Options were granted.

The following table lists the inputs to the model:

	November 2013 3,000,000 Director Options
Dividend yield (%)	Nil
Expected volatility (%)	126%
Risk free interest rate (%)	2.77%
Exercise price ($)	$0.20
Marketability discount (%)	Nil
Expected life of options (years)	1.85
Share price at grant date ($)	$0.14
Value per Option ($)	$0.08

	February 2014 5,000,000 Employee & Consultant Options
Dividend yield (%)	Nil
Expected volatility (%)	132%
Risk free interest rate (%)	2.50%
Exercise price ($)	$0.20
Marketability discount (%)	Nil
Expected life of options (years)	1.34
Share price at grant date ($)	$0.09
Value per Option ($)	$0.03

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

29. PARENT ENTITY DISCLOSURES

	2014 $	2013 $
Financial Position		
Assets		
Current assets	1,970,676	278,787
Non-current assets	11,752,278	10,248,804
Total assets	13,722,954	10,527,591
Liabilities		
Current liabilities	3,822,294	487,220
Non-current liabilities	-	-
Total liabilities	3,822,294	487,220
Equity		
Issued capital	41,701,715	37,348,796
Accumulated losses	(34,446,782)	(29,665,923)
Option Premium Reserve	2,645,728	2,357,498
Total equity	9,900,660	10,040,371
Financial Performance		
Profit/(loss) for the year	(4,780,860)	(12,536,842)
Total comprehensive income/(loss)	(4,780,860)	(12,536,842)

Loans to Controlled Entities

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

	2014 $	2013 $
Subsidiaries		
Ronin Energy Ltd	23,329	24,197
Cauldron Minerals Ltd (formerly Jackson Global Ltd)	7,545,579	7,081,763
Jakaranda Minerals Ltd	1,063,812	853,025
Raven Minerals Ltd	25,775	26,643
Total value of loans provided to subsidiaries	8,658,495	7,985,628

Commitments

Total commitments for the Parent Entity are:

	2014 $	2013 $
Within one year	1,531,333	1,351,017
Between one and five years	1,363,095	1,004,952
Longer than five years	-	-
	2,894,428	2,355,969

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Contingent Liabilities and Assets

The contingent liabilities and assets of the Parent Entity are consistent with the Consolidated Entity (refer to note 22).

30. RELATED PARTY INFORMATION

Balances between the company and its subsidiaries which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of percentage of ordinary shares held in subsidiaries are disclosed in note 23 to the financial statements.

Note 23 provides the information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions and outstanding balances that have been entered into with related parties for the relevant year.

		Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
Director related entities					
Fe Limited	**2014**	**45,329**	**-**	**-**	**-**
Fe Limited	2013	-	54,435	-	-
Cape Lambert Resources Limited	**2014**	**-**	**166,035**	**-**	**33,135**
Cape Lambert Resources Limited	2013	-	143,667	-	-
Kupang Resources Limited	**2014**	**61,146**	**-**	**-**	**-**
Kupang Resources Limited	2013	-	-	-	-

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

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

	Loan issue date	Interest earned during the year	Amounts owed by related parties at 30 June 2014 (principal)
Loan from / to related parties			
Cape Lambert Resources Limited (a)	Mar 2014	12,948	650,000
Cape Lambert Resources Limited (b)	Nov 2013	13,038	200,000
Qiu Derong (b)	Nov 2013	11,032	200,000
Cape Lambert Resources Limited (c)	July 2013	24,431	-
Qiu Derong (c)	July 2013	31,459	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

30. RELATED PARTY INFORMATION (continued)

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

(c) In July 2013, the Consolidated Entity secured $1,500,000 in funding via the execution of converting loan agreements with two of its major shareholders (Cape Lambert and Mr Qiu Derong). Pursuant to the terms of the converting loan agreements, the Consolidated Entity received a total of $1,500,000, which automatically converted into ordinary shares in the Consolidated Entity, upon receipt of shareholder approval at the Consolidated Entity's 2013 Annual General Meeting on 22 November 2013. The converting loans, plus interest at 10% per annum were converted into 13,824,102 fully paid ordinary shares, at a conversion price of $0.1125 per share. The conversion price was calculated based on 80% 10 day VWAP of shares on ASX before the date of the shareholder approval on 22 November 2013.

The ultimate parent

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

Terms and conditions of transactions with related parties other than KMP

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2013: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Financial Assets

At 30 June 2014, Cauldron held 15,695,835 shares in Fe Limited (ASX: FEL) (2013: 15,695,835) with a market value of $659,225 (2013: $313,917). Mr Antony Sage is a director of FEL.

Significant shareholders

Qiu Derong holds a significant interest of 14.73% in the issued capital of Cauldron Energy at 30 June 2014 (30 June 2013: 26.25%). Mr Qiu Derong is a director of Cauldron.

Cape Lambert, via its wholly owned subsidiary Dempsey Resources Pty Ltd ("Dempsey"), holds a significant interest of 21.00% (30 June 2013: 21.05%) in the issued capital of Cauldron at 30 June 2014. Mr Antony Sage is a director of Cape Lambert.

Compensation of Key Management Personnel of the Group

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's key management personnel ("KMP") for the year ended 30 June 2014.

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

	2014 **$**	**2013** **$**
Short-term employee benefits	593,757	748,050
Post employment benefits	7,940	-
Share based payments	311,547	108,949
	913,244	856,999

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

31. REMUNERATION OF AUDITORS

	2014 $	2013 $
Paid or payable to Bentleys for:		
- Audit or review of the Consolidated Entity financial report	850	36,650
Paid or payable to BDO for:		
- Audit or review of the Consolidated Entity financial report	48,249	-
Remuneration of the auditors of subsidiaries for:		
- Audit or review of the financial report	8,329	6,485
	57,428	43,135

32. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2014, the following took place:

- Mr Anson Huang was appointed as a Non-executive Director with effect from 29 July 2014;

- On 28 July 2014, the Company received $1m of the Placement Funds from Starry World Investments Ltd ("Starry World"). These funds are being held in trust by the Company (together with the $2,055,759 from Guangrong Investments) until the Placement Shares can be issued.

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

DIRECTORS' DECLARATION

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

1. In the opinion of the directors:

    a) the financial statements and notes of Cauldron Energy Limited for the financial year ended 30 June 2014 are in accordance with the Corporations Act 2001, including:

        (i) giving a true and fair view of its financial position as at 30 June 2014 and its performance for the year ended on that date of the Consolidated Entity; and

        (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

    b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(b);

    c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the board

Mr Brett Smith
Executive Director

PERTH
21 August 2014

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Subiaco, WA 6008
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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Cauldron Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of Cauldron Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Cauldron Energy Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cauldron Energy Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, 21 August 2014

ADDITIONAL ASX INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 15 August 2014 were as follows:

	Class of Equity Securities	
Number Held	**Fully Paid Ordinary Shares**	**Number of shareholders**
1-1,000	95,440	200
1,001 - 5,000	1,440,794	535
5,001 -10,000	2,362,125	293
10,001 -100,000	16,236,677	462
100,001 and over	176,303,677	116
TOTAL	**196,438,713**	**1,606**

There are 1,606 shareholders holding a total of 196,438,713 shares.

There are 689 shareholders holding less than a marketable parcel of shares.

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 15 August 2014:

Shareholder	**Number**
Cape Lambert Resources Limited & Dempsey Resources Pty Ltd	41,261,888
Joseph Investment International Limited	24,920,324
Mr Derong Qiu	28,930,324
Guangzhou City Guangrong Investment Management Co Ltd	16,476,621
Citicorp Nominees Pty Ltd	15,143,655

Options

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

Grant Date	**Class of Shares**	**Exercise Price**	**Number of Options**	**Expiry Date**	**Listed / Unlisted**
20 October 2010	Ordinary	$0.45	500,000	20 October 2015	Unlisted
19 September 2012	Ordinary	$0.20	1,000,000	18 September 2015	Unlisted
22 November 2013	Ordinary	$0.20	3,000,000	30 September 2015	Unlisted
25 February 2014	Ordinary	$0.20	5,000,000	30 June 2015	Unlisted

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

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

ADDITIONAL SHAREHOLDER INFORMATION

Voting Rights

Ordinary Shares

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

Options

Holders of options do not have a right to vote.

Restricted Securities

The Company does not currently have any restricted securities on issue.

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders in the Company as at 15 August 2014 are as follows:

Shareholder	Number	% Held of Issued Ordinary Capital
Dempsey Resources Pty Ltd	41,261,888	21.00%
Joseph Investment International Limited	24,920,324	12.69%
Mr Derong Qiu	21,149,061	10.77%
Guangzhou City Guangrong Investment Management Co Ltd	16,476,621	8.39%
Citicorp Nominees Pty Ltd	15,143,655	7.71%
Mr Derong Qiu	7,781,263	3.96%
Okewood Pty Ltd	3,300,000	1.68%
Lanoti Pty Limited <Pinto Super Fund A/C>	3,000,000	1.53%
Mr Yuanrong Luo	2,626,257	1.34%
Mr Antony William Paul Sage <Egas Super Fund A/C>	2,594,600	1.32%
Canifare Pty Ltd	1,917,450	0.98%
HSBC Custody Nominees (Australia) Limited	1,756,238	0.89%
Miss Jacqueline Sarah Hearn <JSH Family A/C>	1,400,000	0.71%
UOB Kay Hian (Hong Kong) Limited	1,294,660	0.66%
System Nominees Pty Ltd <Youds Family A/C>	1,152,864	0.59%
Sams Watchmaker Jeweller Pty Ltd <Super Fund A/C	1,130,019	0.58%
Miss Jacqueline Sarah Hearn <JSH Family A/C>	1,125,000	0.57%
Ms Qiyuan Guo	1,040,000	0.53%
Mr Andre Kunz & Mrs Grace Kunz <IGS Retirement Fund A/C>	1,006,625	0.51%
Australian Capital Markets Pty Ltd	850,000	0.43%
	150,926,525	**76.83%**

CAULDRON ENERGY LTD

SCHEDULE OF MINERAL TENEMENTS
AS AT 21 AUGUST 2014

Tenement reference	Project & Location	Interest held
E08/1489	YANREY - WESTERN AUSTRALIA	100%
E08/1490	YANREY - WESTERN AUSTRALIA	100%
E08/1493	YANREY - WESTERN AUSTRALIA	100%
E08/1501	YANREY - WESTERN AUSTRALIA	100%
E08/2017	YANREY - WESTERN AUSTRALIA	100%
E08/2081	YANREY - WESTERN AUSTRALIA	100%
E08/2152	BOOLALOO - WESTERN AUSTRALIA	20%
E08/2160	YANREY - WESTERN AUSTRALIA	100%
E08/2161	YANREY - WESTERN AUSTRALIA	100%
E08/2165	YANREY - WESTERN AUSTRALIA	100%
E08/2205	YANREY - WESTERN AUSTRALIA	100%
E08/2244	YANREY - WESTERN AUSTRALIA	100%
E45/2405	BEADELL - WESTERN AUSTRALIA	20%
E08/2478	YANREY – WESTERN AUSTRALIA	100%
E08/2479	YANREY – WESTERN AUSTRALIA	100%
E08/2480	YANREY – WESTERN AUSTRALIA	100%
165/2008	Rio Colorado Project - Catamarca, Argentina	100%
571/2009	Rio Colorado Project - Catamarca, Argentina	100%
393/2010	Rio Colorado Project - Catamarca, Argentina	100%
321/2008	Rio Colorado Project - Catamarca, Argentina	100%
322/2008	Rio Colorado Project - Catamarca, Argentina	100%
307/2008	Rio Colorado Project - Catamarca, Argentina	100%
312/2008	Rio Colorado Project - Catamarca, Argentina	100%
316/2008	Rio Colorado Project - Catamarca, Argentina	100%
317/2008	Rio Colorado Project - Catamarca, Argentina	100%
324/2008	Rio Colorado Project - Catamarca, Argentina	100%
1124-333-2008	Las Marias Project - San Juan, Argentina	100%
1124-546-2010	Las Marias Project - San Juan, Argentina	100%

SCHEDULE OF MINERAL TENEMENTS
AS AT 21 AUGUST 2014 (cont)

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

Farm-in Agreement and Tenement reference	Project & Location	Interest held
E08/1494	UAROO - WESTERN AUSTRALIA	70%*
E08/1495	UAROO - WESTERN AUSTRALIA	70%*
140/2007	Rio Colorado Project - Catamarca, Argentina	92.50%
141/2007	Rio Colorado Project - Catamarca, Argentina	92.50%
142/2007	Rio Colorado Project - Catamarca, Argentina	92.50%
143/2007	Rio Colorado Project - Catamarca, Argentina	92.50%
144/2007-581/2009	Rio Colorado Project - Catamarca, Argentina	92.50%
176/1997	Rio Colorado Project - Catamarca, Argentina	92.50%
232/2007	Rio Colorado Project - Catamarca, Argentina	92.50%
270/1995	Rio Colorado Project - Catamarca, Argentina	92.50%
271/1995	Rio Colorado Project - Catamarca, Argentina	92.50%
43/2007	Rio Colorado Project - Catamarca, Argentina	92.50%
EL4609	MAREE - SOUTH AUSTRALIA	60% (increasing)
EL4610	MAREE - SOUTH AUSTRALIA	60% (increasing)
EL4746	MAREE - SOUTH AUSTRALIA	60% (increasing)
EL4794	MAREE - SOUTH AUSTRALIA	60% (increasing)
EL5442	MAREE - SOUTH AUSTRALIA	60% (increasing)

*Rights to uranium only