CAULDRON ENERGY LTD

(ABN 22 102 912 783)

AND CONTROLLED ENTITIES

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

CONTENTS

CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN
Antony Sage

NON-EXECUTIVE DIRECTORS
Qiu Derong
Judy Li
Mark Gwynne

COMPANY SECRETARY
Catherine Grant

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
Facsimile: (08) 9262 3723

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

BANKERS
National Australia Bank
100 St Georges Terrace
Perth WA 6000

DIRECTORS' REPORT

The directors of Cauldron Energy Limited ("Cauldron") submit their report, together with the consolidated financial statements comprising Cauldron and its controlled entities (together the "Consolidated Entity") for the financial year ended 30 June 2015.

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 19 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:

Company	Period
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
International Petroleum Limited*	January 2006 to present
Global Strategic Metals NL	June 2012 to August 2014
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
Unlisted Options	3,900,000

Qiu Derong — Non-Executive Director

Experience: Mr Qiu is a highly experienced industrialist with more than 26 years' experience in the architecture, construction and real estate industries in China as well as over 17 years of experience in the management of enterprises and projects throughout the country.

Mr Qiu has a MBA obtained from the Oxford Commercial College, a joint program operated by Oxford University in China.

Directorships of listed companies held within the last 3 years: None

Interest in Shares & options:

Fully Paid Ordinary Shares	30,595,532
Unlisted Options	3,000,000

Judy Li — Non-Executive Director (Appointed 17 December 2014)

Experience: Judy Li has over 8 years of extensive international trading experience in hazardous chemical products. She has also been involved in international design works for global corporates and government clients while working for Surbana that has been jointly held by two giant Singapore companies—CapitaLand and Temasek Holdings. Throughout her career, Judy has contributed to building tighter relationship between corporates and governments. Judy earned her masters degree in art with Honors Architecture from University of Edinburgh in the United Kingdom.

Directorships of listed companies held within the last 3 years: None

Interest in Shares & options: None

Mark Gwynne	Non-Executive Director (Appointed 23 June 2015)	
Experience	Mr Gwynne has been involved in gold exploration and mining for over 19 years, predominantly in Western Australia. Mr Gwynne has held management positions on mine sites and in the private sector of the mining industry, including general manager of an exploration consultancy company.	
Directorships of listed companies held within the last 3 years	Kupang Resources Limited International Goldfields Limited Iron Mountain Mining Limited	January 2013 to August 2013 January 2013 to May 2013 May 2014 to Present
Interest in Shares & options	Fully Paid Ordinary Shares Unlisted Options	100,000 500,000
Brett Smith	Executive Director (Resigned 23 June 2015)	
Qualifications	B.Sc(Geol), M.AusIMM MAIG.	
Experience	Mr Smith has over 22 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 Corazon Mining Limited Metals of Africa Limited Blackham Resources Limited	October 2009 to present July 2010 to present October 2012 to present July 2007 to June 2013
Interest in Shares & Options	Interests held at date of resignation: Fully Paid Ordinary Shares Unlisted Options	 11,844 500,000
Anson Huang	Non-Executive Director (Appointed 29 July 2014, Resigned 17 December 2014)	
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	Interests held at date of resignation: Fully Paid Ordinary Shares	 Nil
Amy Wang	Non-Executive Director (Appointed 9 June 2014, Resigned 1 October 2014)	
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	Interests held at date of resignation: Fully Paid Ordinary Shares	 80,000

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 over 10 years' experience in accounting and finance and currently provides accounting and company secretarial services to several listed resource companies.

Remuneration of key management personnel

Information about the remuneration of directors and senior management is set out in the remuneration report of this director's report, on pages 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.

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 $6,712,800 (30 June 2014: $4,290,893 loss). The loss for the year includes impairment losses in respect of capitalised exploration and evaluation to the extent of $1,604,898 for the year ended 30 June 2014 (30 June 2014: $1,731,119) following the decision not to continue exploration and for costs associated with tenements not granted in certain areas of Western Australia and Argentina.

4. REVIEW OF OPERATIONS

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

Cauldron controls over 6,000km^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 and events occurred during the financial year:

Board changes

Mr Anson Huang was appointed as Non-executive Director with effect from 29 July 2014 and resigned with effect from 17 December 2014.

Dr Amy Wang resigned from her position as Non-executive Director with effect from 1 October 2014.

Ms Judy Li was appointed as Non-executive Director with effect from 17 December 2014.

Mr Brett Smith resigned from his position as Executive Director with effect from 23 June 2015.

Mr Mark Gwynne was appointed as Non-executive Director with effect from 23 June 2015.

General Meeting

The Company held a general meeting on 30 September 2014 ("General Meeting"). All resolutions put to shareholders were passed.

Annual General Meeting

The Company held its annual general meeting on 27 November 2014 ("AGM"). All resolutions put to shareholders were passed.

Research and Development refund

In June 2015, Cauldron received A$0.8 million from the Australian Taxation Office under the Research and Development Tax Incentive Programme relating to the 2014 financial year.

Conversion of convertible notes

During the prior year, two major Cauldron shareholders advanced the Consolidated Entity short term loans totaling $400,000 ($200,000 each from Cape Lambert Resources Ltd ("Cape Lambert") and Mr Qiu Derong) for operating expenses that are either repayable or convertible into shares. Following receipt of shareholder approval at the Company's General Meeting on 30 September 2014 ("General Meeting"), 3,345,538 fully paid shares at $0.13 per share were issued in satisfaction of the loans (plus interest) ("Converting Loan Shares").

Converting loan repaid

As at 30 June 2014, $650,000 had been drawn down by the Consolidated Entity under a converting loan agreement with Cape Lambert. On 4 August 2014, $325,000 was repaid in cash to Cape Lambert and on 1 October 2014, the remaining $349,851 (including interest) was repaid.

Funding

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

The Placement Shares were to be issued (and the Placement Funds received) in various tranches, the final tranche due to be received in December 2015. ASX Listing Rule 7.3.2 requires the issue of securities approved by shareholders pursuant to Listing Rule 7.1 to be completed within 3 months of the relevant shareholder meeting. As such, the Company sought and received shareholder approval for the issue of Placement Shares in respect of the initial $11 million Placement Funds (received and to be received at the time) at its General Meeting (with shareholder approval for the issue of future Placement Shares to be sought at the subsequent Shareholder meeting/s, as required).

Funds received

Of the $15,000,000 Placements, a total of $10,000,000 has been received as at 30 June 2015, summarised as follows (amounts referred to are before capital raising costs):

On 19 June 2014, the Company issued:

- 16,476,621 fully paid ordinary shares to Guangzhou City Guangrong Investment Management Co. Ltd ("Guangzhou City") using its remaining capacity under Listing Rule 7.1 at the time, in respect of $1,944,241 funding received in June 2014. The issue of these shares were later ratified by shareholders at the General Meeting.

On 30 September 2014, following receipt of shareholder approval at the General Meeting, the Company issued:

- 17,421,697 fully paid ordinary shares to Guangzhou City in respect of $2,055,759 funding received in June 2014; and
- 8,474,579 fully paid ordinary shares to Starry World Investments Ltd ("Starry World") in respect of $1,000,000 in funding received in July 2014.

On 30 December 2014, the Company issued:

- 21,440,678 fully paid ordinary shares to Starry World in respect of $2,530,000 funding received in December 2014.

On 30 March 2015, the Company issued:

- 3,983,061 fully paid ordinary shares to Starry World in respect of $470,000 funding received in March 2015 (these shares were issued using the Company's capacity under Listing Rule 7.1).

During June 2015, the Company received pursuant to a Placement Agreement:

- $1,714,932 in cash from Mr Derong Qiu, with the balance $285,068 planned to settle director fee payments owing to Mr Qiu in respect of his services (together, $2,000,000). In accordance with the Placement Agreement, the 16,949,178 fully paid ordinary shares to be issued to Mr Qiu are subject to shareholder approval. The cash component of these Placement Funds are held in trust by the Company until shareholder approval is obtained and the shares issued.

Funds not yet received/receivable

The remaining $5,000,000 in funding due from the various investors under the Placement Agreements at 30 June 2015 is as follows:

- $2,000,000 from Beijing Joseph Investment Co Ltd / Joseph Investment International Co Ltd ("Joseph Investment") due in equal tranches of $1,000,000 on 2 October 2014 and 1 December 2014 respectively). To date, these funds have not been received by the Company;
- $1,000,000 from Guangzhou City due 3 November 2014. To date, these funds have not been received by the Company;
- $300,000 from Guangzhou Joseph Investment Co Ltd due 1 December 2014. To date, these funds have not been received by the Company; and
- $1,700,000 from Guangzhou Joseph Investment Co Ltd due 1 December 2015.

The Company intends to take action to enforce its rights under the Placement Agreement to receive the Placement Funds.

LEGAL PROCEEDINGS

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

The Company announced on the afternoon of the 15 October 2014, the Supreme Court of New South Wales discharged ex parte orders obtained by Beijing Joseph Investment Co., Ltd, Joseph Investment International Co., Ltd and Guangzhou City Guangrong Investment Management Co., Ltd (the "Plaintiffs") without notice to Cauldron on Sunday 12 October 2014.

The legal proceedings followed on from a written demand Cauldron made to Beijing Joseph Investment Co., Ltd and Joseph Investment International Co., Ltd on 3 October 2014 to pay $1,000,000 for the subscription of shares due to the Company on 2 October 2014 pursuant to a placement agreement dated 6 June 2014.

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

- The legal proceedings commenced by the Plaintiffs against Cauldron ("the Proceedings") be immediately transferred to the Supreme Court of Western Australia; and
- The Plaintiffs pay Cauldron's costs of the application to transfer the Proceedings.

On 27 May 2015 the Supreme Court of Western Australia made orders in the Proceedings with the effect that:

- The action by the Plaintiffs against Cauldron be discontinued;
- Cauldron have the ability to counterclaim for unpaid subscription sums in the amount of $3 million plus damages, interest and costs against the Plaintiffs without the delay of requiring services overseas;
- The injunctive orders previously made against Cauldron be completely discharged; and
- The Plaintiffs pay Cauldron's costs to 25 March 2015, including all reserved costs.

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

Cauldron continues to vigorously pursue its counterclaim.

Issue of shares

The Company issued the following during the year ended 30 June 2015:

- 3,345,538 fully paid shares at $0.13 per share issued in satisfaction of loans previously provided to the Company totalling $400,000 (plus interest) (Converting Loan Shares); and
- 51,320,015 fully paid shares at $0.118 per share to raise $6,055,759 (before capital raising costs) (part of the Placement Shares).

Shareholder approval for issue of 50,682,492 of these shares was obtained at the General Meeting. The remaining 3,345,538 shares were issued using the Company's capacity under Listing Rule 7.1.

Issue of options

The Company issued the following during the year ended 30 June 2015:

- 4,400,000 unlisted options exercisable at $0.138 on or before 31 December 2015 to directors ("Director Options"). The Director Options will vest upon:
  a) the Company achieving a JORC resource at the Company's Yanrey Project in Western Australia containing more than 30 million lbs of Uranium; or
  b) the commencement of drilling by the Company at the Rio Colorado project in Argentina.

- 14,000,000 unlisted options exercisable at $0.138 on or before 31 December 2015 to Australian employees and consultants ("Australian Options"). The Australian Options vest on the same terms as the Director Options.

- 1,450,000 unlisted options exercisable at $0.138 on or before 31 December 2015 to Argentinian employees and consultants ("Argentinian Options"). The Argentinian Options will vest upon:
  a) the commencement of drilling by the Company at the Rio Colorado project in Argentina.

- 32,000,000 unlisted options to investor Starry World ("Placement Options"). The key terms of the Placement Options are as follows:
  a) Half of the Placement Options will vest immediately upon issue with an:
     (i) exercise price of $0.118 each; and
     (ii) expiry date of 31 December 2015
     (the "Upfront Options"); and

b) the remaining half of the options ("Vesting Options") will vest on 1 January 2016 provided that the holder's Upfront Options are not exercised (in the event that only a portion of the holder's Upfront Options are exercised by the holder, the number of Vesting Options that actually vest will be equal to the number of un-exercised Upfront Options) with an:
   (i) exercise price of $0.138 each; and
   (ii) expiry date of 31 December 2016.

Accordingly, Starry World can only exercise a maximum of 16,000,000 Placement Options.

These options have been issued following receipt of shareholder approval at its General Meeting.

Options exercised

There were no shares issued as a result of exercise of share options during the year.

Options lapsed

The following options expired or lapsed during the year:
- 5,000,000 unlisted options exercisable at $0.20 expiring 30 June 2015; and
- 850,000 unlisted options exercisable at $0.138 expiring 31 December 2015.

PROJECT INFORMATION

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

- **Yanrey Project (Yanrey)** in Western Australia comprises 12 granted exploration licences (1,847 km^2) and 7 applications for exploration licences (1,107 km^2). Yanrey is prospective for large sedimentary-hosted uranium deposits. A joint venture securing two of the exploration licences in the Yanrey Project tenement group (called the Uaroo Joint Venture) dissolved upon their expiry on 2 July 2015. The Bennet Well Uranium Deposit is located within the Yanrey Project area

- **Marree Joint Venture** in South Australia comprising five granted exploration licences (2,794 km^2) prospective for sedimentary-hosted uranium deposits of both the Beverley Uranium and Four Mile Uranium style, and for base metal mineralisation.

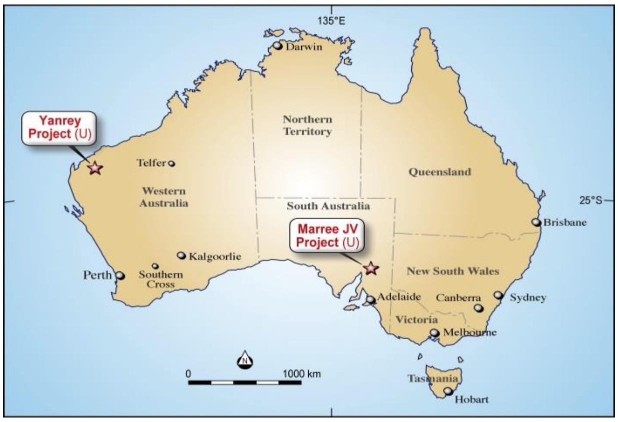

Figure 1: Major Project Locations in Australia

BENNET WELL (YANREY REGION)

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

The Bennet Well deposit is comprised of three spatially separate deposits; namely Bennet Well East, Bennet Well Central, and Bennet Well South

Work completed during the reporting period comprised a drilling program at the Bennet Well Uranium Deposit that led to:
1. the revision of the interpreted geological setting, by using information gained from deposit wide drilling and interpretation from drilling sample and data from a comprehensive suite of downhole geophysical tools;
2. the development of a three-dimensional mineralisation model of the deposit, by using the information gained from re-logging core;
3. a significant revision of the Mineral Resource (JORC 2012) estimate of Bennet Well, revealing an upgrade to the contained mass of the deposit;
4. the development of a systems style exploration model for the Yanrey region.

Cauldron achieved its dual objective of improving the understanding of the mineralisation at Bennet Well, including its Mineral Resource category and in developing a regional scale mineral systems style exploration model capable of improving decision making and drill targeting of mineralisation.

Ravensgate Mining Industry Consultants completed a Mineral Resource (JORC 2012) estimate for the Bennet Well deposit, using the results of new drilling and interpretation which was published in an ASX Announcement dated 14 July 2015. The upgraded Mineral Resource (JORC 2012) estimate is 36.1 million tonne (Mt) at 270 ppm uranium oxide (eU_3O_8) for a contained metal content of 21.5 Mlb uranium oxide, using a cut-off of 150 ppm, summarised in Table 1.

Total Bennet Well	Resource Category	Mass Resource	Grade Resource	Mass U oxide	Mass U oxide
		kt	ppm eU_3O_8	t eU3O8	Mlb eU3O8
	Measured	-	-	-	-
	Indicated	18,126	300	5,440	11.99
	Inferred	17,994	240	4,320	9.52
	TOTAL	**36,120**	**270**	**9,760**	**21.51**

Note: Use of rounded values may not allow for exact unit conversion or summation; cut-off is 150 ppm eU_3O_8

Table 1: Bennet Well Mineral Resource (JORC 2012) estimate

This is an increase in the total uranium content of the deposit as a consequence of a significant improvement in geological confidence level. The improved geological confidence has also allowed for an increase in the proportion of mineralised material reporting to the Indicated Resource classification level, an increase of about 90%.

Development of the Exploration Model

Geological Model

Cauldron used drill core to characterise downhole geophysical data with the purpose of modelling sedimentary grain size that ultimately determined the location of porous (which host mineralisation) and non-porous (which aid in-situ leach extraction methodology) sedimentary packages. Physical sample from drill chips and core was used to develop the geological model. The newly revised lithological framework for Bennet Well consists of the following units:

1. Alluvial, transported sands and clays; colluvial gravels and cobbles, mostly heavily haematised (red iron oxde) – terrestrial cover
2. Sands, light green-yellow clays, fine-medium sized gravels, calcretes – terrestrial cover
3. Greensand Unit – tightly packed, clayey sands and silts, often bioturbated, very glauconitic. Currently interpreted to act as an “aquiclude”, or impermeable cap, to the underlying mineralisation – marine setting, varying from deeper marine to near-shore, possibly estuarine
4. Organic-rich, often lignitic, interbedded sands, silts and clays. Wood and coal fragments are common, as well as sulphide minerals such as pyrite and marcasite. This unit is the main host to the uranium mineralisation – estuarine or lagoonal in places
5. Basement – mostly granitic gneiss, mostly weathered. Historically, drilling has revealed the top approx. 20m of the basement to be moderately to strongly weathered and appearing as kaolinitic, bleached quartz sands and clays in many places. Some drill holes on the eastern-most side of Bennet Well East intersecting what is currently interpreted as a pegmatitic granite intrusion

REDOX conditions, as modelled from physical sample, appear to alternate frequently (representing fluctuations in fluid movement, or maybe a pulsing of fluids from a source below or through the permeable horizon), changing quickly from oxidised (orange-yellow) to reduced (grey-black).

Mineralisation Model

Cauldron modelled the uranium mineralisation at Bennet Well in a similar way to the process followed for the establishment of the geological model. Fifteen mineralised lenses have been identified and modelled, and provide a framework on which an upcoming resource revision can be based.

This process also showed where mineralisation remains open having potential for further extension of deposit boundary.

With the development of the mineralisation model for Bennet Well, information can be extrapolated into more regional locations within the larger Yanrey area, which will assist targeting for potential new mineralised bodies.

YANREY PROJECT

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

Cauldron completed a major in-house technical appraisal of all regional areas in the Yanrey Project with the aim of developing a systems style exploration model to generate targets for further exploration work. This involved the use of the significantly updated mineralisation and geological model of the Bennet Well Uranium Deposit, compilations of regional and local scale geophysical data.

The objective of this technical appraisal is to:

- rank the potential for uranium mineralisation in under-explored areas of the tenement group;
- generate target areas for follow-up geophysical surveys; and
- generate targets for further drill testing.

The result of this improvement of the exploration model, allowed for:

- the successful application of up to $150,000 grant for regional drilling from the Western Australian Department of Mines and Petroleum, as awarded to Cauldron under their Exploration Incentive Scheme; and
- the selection of areas for further airborne electromagnetic data acquisition which will be used to identify target areas capable of hosting uranium mineralisation that require further follow-up exploration

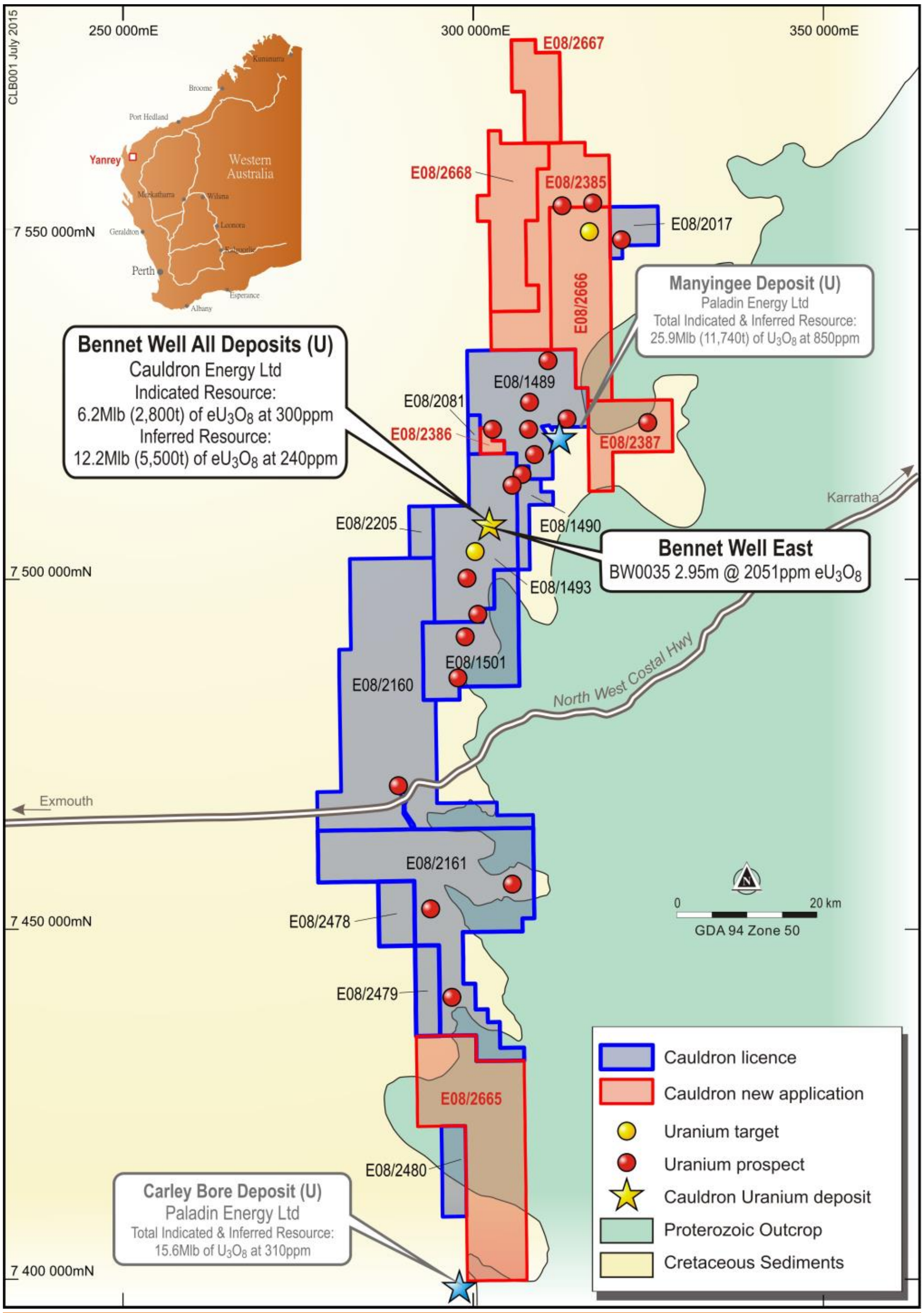

Figure 2: Yanrey Project – Deposit, Prospect and Target Locations

MARREE PROJECT, SOUTH AUSTRALIA

Following a comprehensive review of all historically collected exploration data along with a field inspection, Cauldron has put on hold a proposed drill test into a gravity anomaly beneath the historical Ooloo Mine. More information is required to reduce any risk of poor targeting of the anomaly. This will be achieved after mapping out the structural architecture of the area; either by mapping of surficial outcrop and mine exposures or through interpretation of higher resolution geophysical survey/s.

Cauldron is investigating an appropriate geophysical technique or combination of techniques that together with mapping will improve the understanding of the Ooloo and Mount Freeling anomalies (Figure 3). It is envisaged that a metalliferous systems style of approach will improve the process of generating drill targets.

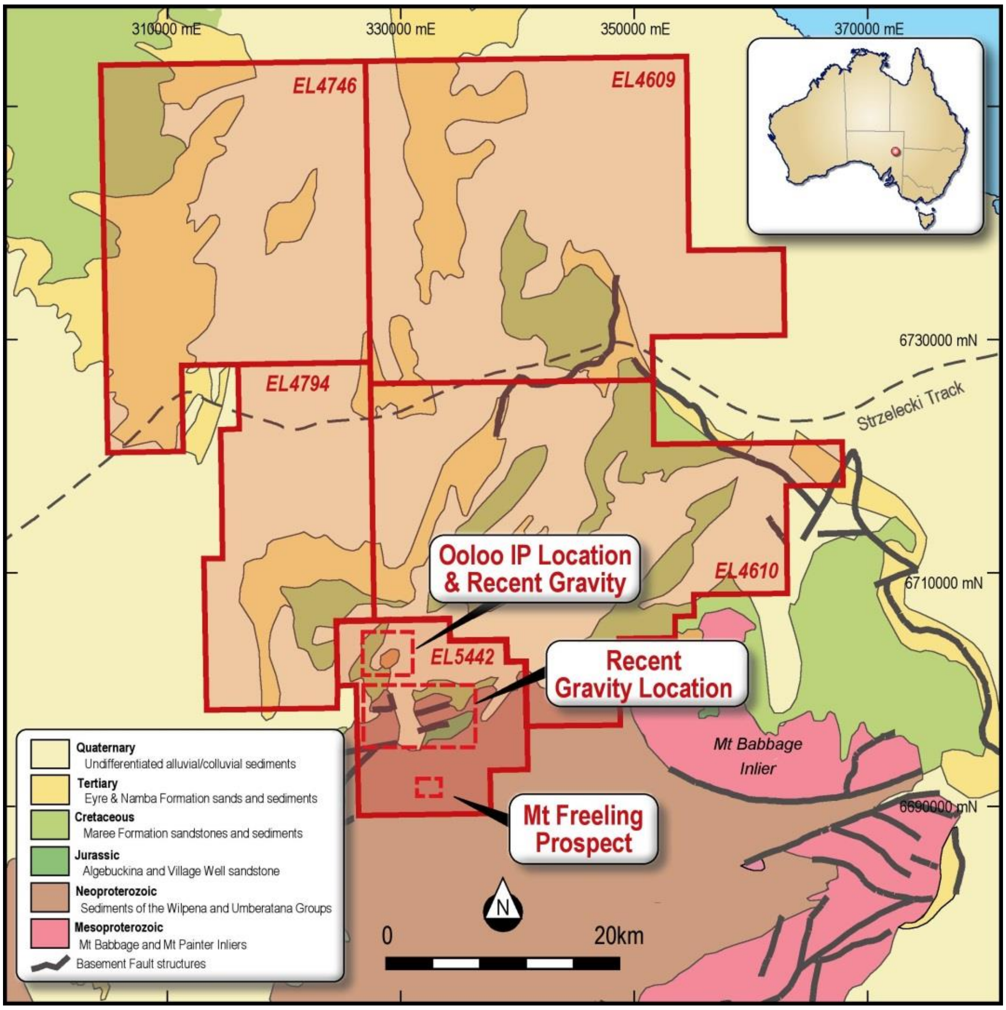

Figure 3 : Marree Project – Location of identified prospects

TENEMENT ADMINISTRATION: AUSTRALIA

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

Cauldron lodged applications for exploration licences 08/2385-2387 (**Exploration Licences**) on 4 April 2012. Forrest & Forrest Pty Ltd lodged objections against the Cauldron applications on 8 May 2012. 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. As announced on 7 January 2015, Cauldron received confirmation, from the Department of Mines and Petroleum on 5 January 2015, that the Minister reversed the Warden's decision and that there is sufficient grounds to allow the Cauldron applications to proceed through the determination process under the Mining Act 1978. The applications completed the native title process on 10 June 2015. On 1 April 2015, Forrest & Forrest Pty Ltd made a submission to the Warden and the Minister, requesting they return the matter to Warden's court. Cauldron submitted a response to this request on 27 July 2015 and is currently awaiting a response from the Department of Mines & Petroleum (DMP). The DMP assessment of these applications is in abeyance at present.

Energia Mineral's Objection and Application for Forfeiture

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

The matter of the exemptions was heard by Warden Maughan 15-16 April 2015. On 22 May 2015, the Warden recommended that the exemptions be refused in each instance. Cauldron has since surrendered E08/2165 in its entirety and lodged a submission to the Minister, requesting his approval of the exemption applications for E08/2160 and E08/2161. Cauldron now awaits the decision of the Minister, as to whether the exemption applications will be granted.

The matter of the forfeiture applications against E08/2160 and E08/2161 by EMX has been listed for mention on 6 November 2015. This date may be re-scheduled dependent on the decision of the Minister with regard to the objection to the exemption applications.

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

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

Since the adjournment on 6 March 2015, first in line applications with regard to the land under E08/2667 and E08/2668 have been refused, which now puts Cauldron's applications at the forefront for grant. Cauldron has contacted Forrest & Forrest Pty Ltd for provision of an access agreement to procure the withdrawal of objections against E08/2667-2668 and is currently awaiting a response.

E08/2666 remains second in line for assessment at this point in time.

These legal proceedings are currently at an early stage, with negotiation between the parties stalled at this point in time.

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

On 12 February 2015, both the Gnulli and Budina Native Title Claimants lodged objections to the expedited Native Title procedure being applied to the grant of Cauldron's application for Exploration Licence 08/2665. The matters are now under the guidance of the National Native Title Tribunal to oversee the negotiation of heritage agreements with both Claimants. The parties are currently negotiating in good faith. The matter is scheduled for a Status Conference on 7 October 2015.

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 4) in 4 provinces. The most advanced project, Rio Colorado, is a Cu-Ag target exhibiting characteristics similar to the globally significant sedimentary copper deposits.

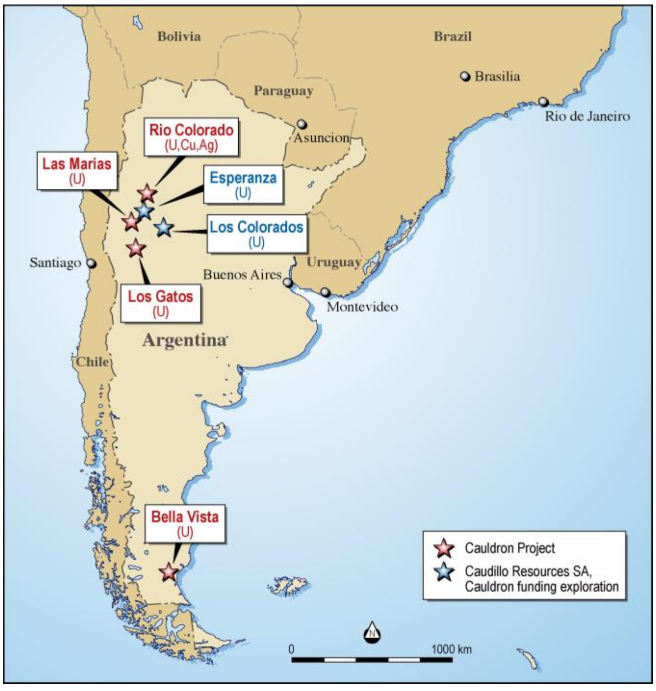

Figure 4: Argentina – Location of Prospects

During the reporting period, Cauldron completed further significant steps towards gaining statutory approval for drilling at the Rio Colorado Cu-Ag Project.

In anticipation of imminent commencement of fieldwork at Rio Colorado, Cauldron has finalised a thorough desk-top review of historical surface geochemistry and mapping, and a photo-geological structural interpretation. This review has identified:

- geochemically anomalous (Cu/Ag/U) outcrop covering 6 km of strike; with copper assay up to 3.7%;
- identification of a total about 16 km zone of prospective unexplored outcrop; and
- Thirteen distinct prospect areas capable of hosting polymetallic mineralisation.

There are three priorities of prospects and targets, summarised as:

Priority 1 – Rio Colorado Phase 1: drill-test ready; six outcropping geochemical and structural targets ready for drill testing;

Priority 2 – Rio Colorado Phase 2: near drill-test ready; further refinement through more detailed mapping and geochemical sampling of seven target zones of leached outcrop; and

Priority 3 – Rio Colorado Regional: target generation; further mapping and geochemical sampling to identify new regional targets along strike that may, or may not, be concealed beneath Holocene cover.

Priority 1 and 2 targets will be subject to field mapping and follow-up 3,000 m combined reverse circulation and core drilling program, with planned completion by end of December 2015 quarter.

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

Cauldron Minerals Ltd

- The Rio Colorado Project, Catamarca Province: covers an area of 448 km^2 and comprises 4 Manifestations of Discovery (MDs), 6 granted exploration licences (cateos). 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 one granted exploration licence (cateo) and 12 cateo applications covering an area of 747 km^2. The project displays outcropping sandstone hosted uranium deposits, but is also prospective for copper, silver and gold.

Caudillo Resources S.A.

- Los Colorados Project, La Rioja Province: comprises four Manifestations of Discovery (MDs). 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 7 Manifestations of Discovery (MDs) and 8 granted exploration licences (cateo) for an aerial coverage of 1,018 km^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.

Disclosure Statements

Competent Person Statement

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

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

Notes to Accompany Mineral Resource Estimate table:

- Resource assaying data sets derived from deconvolved gamma derived from downhole logging of aircore, mud rotary and diamond drilling. Physical assay from core drilling used as a check againd the deconvolved gamma assay.
- The Downhole gamma Probe data collected in-field to a precision as small as 0.02 m measurement intervals was processed by Mr David Wilson (Principal Consultant - 3D Exploration Ltd – Adelaide) who is expert in these data
- Drilling density at Yanrey are variable and are highest at Bennet Well East and Bennet Well Central which have drilling densities of about 50x100 m and extending out to 100x100 m and out to about 200x400 m and up to 800 m section spacing in the Bennet Well South and Deep South Areas.
- The detailed deconvolved assay determination data was composited to 0.5 m down-hole lengths used for block model interpolation for all deposit areas.
- Mineralisation wire-frames based on a nominal 100-150 ppm eU3O8 (deconvolved downhole gamma) assay determinations were used to constrain the majority of observed and interpreted mineralisation and construct mineralisation lens wire-frames.
- Spatial distribution analysis of eU_3O_8 ppm (deconvolved) data for each specific mineralisation domain was carried out through an updated review of population distribution statistics and variography building upon previous analysis conducted in August 2014.
- A resource block model was constructed to assist estimating resources for the Yanrey Uranium Project containing the Bennet Well East, Central, South and Deep South designated sub-areas.
- The resource block model was constructed using Minesight software. The resource estimates for these deposits utilised a block model with block dimensions of 10 m by 10 m by 0.5 m blocks – [(East(X), North(Y), Bench(Z)]; (uniform block – no sub-blocks).
- Ordinary Kriging block interpolation was carried out within mineralisation wire-frames with restrictions of outlier composites limited to typically 80 m if above a localised composite population 99th percentile level.
- Resource classification has been considered with respect to various reporting ‘modifying factors’ as outlined in the JORC Code (2012). Consideration has been given to data quality, drilling and sample density, distances of interpolated blocks from assays points and the associated statistical local spatial distribution of uranium and estimation (kriging) variances.
- Block to composite threshold distances of 80 to 150 m were used as an initial quality of interpolation confidence parameter used ultimately to guide resource classification. The Bennet Well East Area with the highest density drilling as well as the Bennet Well Central area contain the bulk of the reported Indicated Resources
- Data density varies and is reflected in the resource category which has been applied. The mineralisation domains constrained by the detailed mineralisation wire-frames contains all of the Indicated resources where drilling density and associated spatial distribution aspects in conjunction with appropriate reporting modifying factors are considered adequate. Inferred resources are reported for additional material typically beyond the 80-150 m threshold depending on the interpreted underlying geological and mineralisation distribution confidence.
- Some interpolation of outlying or peripheral mineralisation within larger geological domains where drilling and assay data was present was also carried out as necessary.
- Geology ‘sediment facies’ models have been used to describe or constrain mineralisation as appropriate.
- Bulk density has been estimated from density measurements Archimedes method of dry weight verses weight in water carried out on diamond core samples obtained in 2008 from diamond core from the Bennet Well Central Area where a total of 62 samples were collected and measured predominantly on the main highest grade mineralised (more sandy) and where porosity and permeability ranged from 26.7% to 42.7% with an average of 34.0% have been observed. Cauldron has elected to use a conservative average porosity of 30% which derives a conservative value of 1.74t/m3 for bulk density.
- The check or parallel resource estimation was also carried out be Cauldron using a Inverse Distance squared interpolation methodology to assess the overall tenor and levels of estimated grades and mineralisation domain interpretation and designation sensitivities.
- Future Mining or mineral extraction at the Bennet Well deposit is anticipated and likely to be by In-Situ Leaching (ISL) methods using a series of leaching solution injection bores and pregnant solution extraction bores. No other assumptions on mining methodology have been made.

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

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
30 September 2014	Ordinary	$0.138	4,400,000	31 December 2015	Unlisted
20 October 2014	Ordinary	$0.118	16,000,000	31 December 2015	Unlisted
20 October 2014	Ordinary	$0.138	16,000,000	31 December 2016	Unlisted
19 December 2014	Ordinary	$0.138	13,250,000	31 December 2015	Unlisted
19 December 2014	Ordinary	$0.138	1,350,000	31 December 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 2015 there were no ordinary shares issued as a result of the exercise of options (2014: 1,900,000 ordinary shares issued for $380,000 consideration).

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

Three directors meetings were held during the year and all directors in office at the time 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 2015 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 2015.

KEY MANAGEMENT PERSONNEL

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

Antony Sage (Executive Chairman)
Qiu Derong (Non-executive Director)
Judy Li (Non-executive Director) – appointed 17 December 2014
Mark Gwynne (Non-executive Director) – appointed 23 June 2015
Brett Smith (Executive Director) – resigned 23 June 2015
Anson Huang (Non-executive Director) – appointed 29 July 2014, resigned 17 December 2014
Amy Wang (Non-executive Director) – appointed 9 June 2014, resigned 1 October 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 select directors to encourage the alignment of personal and shareholder interest.

Key Management Personnel (KMP) remuneration for the years ended 30 June 2015 and 30 June 2014:

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

CAULDRON ENERGY LTD

30 JUNE 2014	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENTS OPTIONS	TOTAL	Remuneration share based payment
	Salary, Fees & Leave	Other	Non-Monetary	Super-annuation	Retirement Benefits	$	$	%
Directors (i)								
Anthony Sage (ii)	120,000	-	-	-	-	-	120,000	-
Qiu Derong (iii)	100,000	-	-	-	-	230,801	330,801	70%
Judy Li (iv)	-	-	-	-	-	-	-	-
Mark Gwynne (v)	-	-	-	-	-	-	-	-
Brett Smith (vi)	109,008	-	-	-	-	-	109,008	-
Anson Huang (vii)	-	-	-	-	-	-	-	-
Amy Wang (viii)	-	-	-	-	-	-	-	-
	329,008	-	-	-	-	230,801	559,809	41%
Other KMP								
Simon Youds (ix)	150,000	-	-	-	-	51,540	201,540	26%
Catherine Grant (x)	114,749	-	-	7,940	-	29,206	151,895	19%
Jess Oram (xi)	-	-	-	-	-	-	-	-
	264,749	-	-	7,940	-	80,746	353,435	23%
TOTAL	**593,757**	**-**	**-**	**7,940**	**-**	**311,549**	**913,244**	**34%**

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

(ii) In his capacity as Executive Chairman, Mr Antony Sage is entitled to a fee of $120,000 per annum.

(iii) In his capacity as Non-Executive Director, Mr Qiu Derong was entitled to a fee of $100,000 per annum up to 6 November 2014. From 7 November 2014 onwards, Mr Qiu Derong is entitled to a fee of $36,000 per annum.

(iv) Ms Judy Li was appointed 17 December 2014. In her capacity as Non-Executive Director, Ms Li is entitled to a fee of $36,000 per annum effective from 1 May 2015.

(v) Mr Mark Gwynne was appointed 23 June 2015. In his capacity as Non-Executive Director, Mr Gwynne is entitled to a fee of $36,000 per annum effective from date of appointment.

(vi) Mr Brett Smith resigned 23 June 2015.

(vii) Mr Anson Huang was appointed 29 July 2014 and resigned 17 December 2014. During his appointment, Mr Huang did not receive any remuneration.

(viii) Ms Amy was appointed 9 June 2014 and resigned 1 October 2014. During her appointment, Ms Wang did not receive any remuneration.

(ix) Mr Simon Youds is Cauldron's Head of Operations, and is included in the Company's Key Management Personnel. Mr Youds is entitled to a consultancy fee of $150,000 per annum.

(x) Ms Catherine Grant is an employee of Cauldron and has been Chief Financial Officer of Cauldron since July 2013, and its Company Secretary since 31 January 2014, and is included in the Company's Key Management Personnel. A portion of Ms Grant's salary was recharged to related entities Fe Limited (2014) and Kupang Resources Limited (2014); and another non-related entity (2014 and 2015).

(xi) Mr Jess Oram is an employee of Cauldron and has been Exploration Manager since 11 August 2014. Mr Oram is included in the Company's Key Management Personnel.

(xii) Relates to the portion of the total value of options issued during the year recognised as a share based expense in the year ended 30 June 2015.

ADDITIONAL DISCLOSURE RELATING TO OPTION HOLDINGS AND SHARE HOLDINGS

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 2015 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.

30 JUNE 2015	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									
Antony Sage (ii)	2015	3,900,000	30-Sep-14	$0.156	(iii)	$0.138	31-Dec-15	-	-
Brett Smith (ii)	2015	500,000	30-Sep-14	$0.156	(iii)	$0.138	31-Dec-15	-	-
Other KMP									
Simon Youds	2015	3,000,000	30-Sep-14	$0.156	(iii)	$0.138	31-Dec-15	-	-
Simon Youds	2014	-	25-Feb-14	$0.03	(i)	$0.20	30-Jun-15	-	1,500,000
Catherine Grant	2015	2,000,000	30-Sep-14	$0.156	(iii)	$0.138	31-Dec-15	-	-
Catherine Grant	2014	-	25-Feb-14	$0.03	(i)	$0.20	30-Jun-15	-	850,000
Jess Oram	2015	1,000,000	30-Sep-14	$0.156	(iii)	$0.138	31-Dec-15	-	-

(i) 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) Unlisted options were issued to Mr Antony Sage and Mr Brett Smith following receipt of shareholder approval at the General Meeting held on 30 September 2014.

(iii) Share options will vest upon:
  a. the Company achieving a JORC resource at the Company's Yanrey Project in Western Australia containing more than 30 million lbs of Uranium; or
  b. the commencement of drilling by the Company at the Rio Colorado project in Argentina.

VALUE OF OPTIONS AWARDED, EXERCISED AND LAPSED DURING THE YEAR

30 JUNE 2015	Value of options granted (i) $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of share options for the year %
Directors				
Antony Sage	607,046	-	-	75%
Brett Smith	77,826	-	-	31%
Other KMP				
Simon Youds	466,959	-	51,540	65%
Catherine Grant	311,306	-	29,206	46%
Jess Oram	155,653	-	-	32%

(i) Relates to the total value of options issued during the year.

SHARES ISSUED ON EXERCISE OF OPTIONS

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

30 JUNE 2014	Shares issued	Paid per share	Unpaid per share
	No.	$	$
Other KMP			
Simon Youds	1,350,000	$0.20	-

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

30 JUNE 2015	Balance 1 July 2014	Granted	Exercised	Lapsed	Other	Balance 30 June 2015	Vested and Exercisable 30 June 2015	Un-exercisable 30 June 2015
Directors								
Antony Sage	-	3,900,000	-	-	-	3,900,000	-	3,900,000
Brett Smith (i)	-	500,000	-	-	(500,000)	-	-	-
Qiu Derong	3,000,000	-	-	-	-	3,000,000	3,000,000	-
Mark Gwynne (ii)	-	-	-	-	500,000	500,000	-	
Other KMP								
Simon Youds	1,500,000	3,000,000	-	(1,500,000)	-	3,000,000	-	3,000,000
Catherine Grant	850,000	2,000,000	-	(850,000)	-	2,000,000	-	850,000
Jess Oram	-	1,000,000	-	-	-	1,000,000		
	5,350,000	**10,400,000**	**-**	**(2,350,000)**	**-**	**13,400,000**	**3,000,000**	**10,400,000**

(i) At date of resignation, Mr Smith held 500,000 unlisted options exercisable at $0.138 expiring 31 December 2015 (subject to vesting conditions).

(ii) Prior to his appointment, Mr Gwynne received 500,000 unlisted options exercisable at $0.138 expiring 31 December 2015 (subject to vesting conditions). As Mr Gwynne did not receive these options in the capacity as a key management personnel, they have not been disclosed as such in the above tables.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

30 JUNE 2015	Balance 1 July 2014	Issued	Received on exercise of options	Net Change Other	Balance 30 June 2015
Directors					
Antony Sage	5,894,600	-	-	-	5,894,600
Brett Smith (i)	11,844	-	-	(11,844)	-
Qiu Derong (ii)	28,930,324	-	-	1,665,208	30,595,532
Mark Gwynne (iii)	-	-	-	100,000	100,000
Amy Wang (iv)	80,000	-	-	(80,000)	-
Other KMP					
Simon Youds (v)	1,152,864	-	-	20,000	1,172,864
Catherine Grant	8,888	-	-	-	8,888
	36,078,520	**-**	**-**	**1,693,364**	**37,771,884**

(i) At the date resignation, Mr Smith held 11,844 shares.

(ii) 1,665,208 shares were issued in satisfaction of a loan of $200,000 (plus interest) to the Company, as approved by shareholders at the General Meeting held 30 September 2014.

(iii) Mr Gwynne held shares at the date of his appointment as Non-Executive Director on 23 June 2015.

(iv) At date of resignation, Ms Wang held 80,000 shares.

(v) During the year, Mr Youds acquired 20,000 shares on market.

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 / (repaid)	Interest paid and payable for the year	Conversion of loan to shares	Balance at the end of the year
30 June 2015					
Cape Lambert Resources Limited (b)	212,948	-	5,495	(218,443)	-
Mr Qiu Derong (b)	211,032	-	5,445	(216,477)	-
Cape Lambert Resources Limited (c)	663,038	(674,851)	11,813	-	-
TOTAL	**1,087,018**	**(674,851)**	**22,753**	**(234,920)**	**-**

	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 (**Cape Lambert**) and Mr Qiu Derong (**Mr Qiu**). Cape Lambert and Mr Qiu Derong have each lent the Consolidated Entity $200,000 which may be converted into shares at a conversion rate of $0.13 per share (with an interest rate of 10% per annum).

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

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

(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 and on 1 October 2014, the remaining $349,851 (including interest) was repaid.

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

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

		Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
Director related entities					
Fe Limited	**2015**	**-**	**18,318**	**-**	**-**
Fe Limited	2014	45,329	-	-	-
Cape Lambert Resources Limited	**2015**	**-**	**390,044**	**-**	**5,119**
Cape Lambert Resources Limited	2014	-	166,035	-	33,135
Kupang Resources Limited	**2015**	**-**	**-**	**-**	**-**
Kupang Resources Limited	2014	61,146	-	-	-
Okewood Pty Ltd	**2015**	**-**	**30,975**	**-**	**-**
Okewood Pty Ltd	2014	-	-	-	-

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

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

End of Remuneration Report.

15. NON AUDIT SERVICES

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

	2015 $	2014 $
Tax advice	7,271	-

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

Mr Antony Sage
Executive Chairman

PERTH
25 August 2015

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor of Cauldron Energy Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd

Perth, 25 August 2015

CORPORATE GOVERNANCE STATEMENT

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

The Company's Corporate Governance Statement for the year ended 30 June 2015 (which reports against these ASX Principles) may be accessed from the Company's website at www.cauldronenergy.com.au.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
Revenue	3(a)	6,352	3,639
Other income	3(b)	10,491	-
Administration expenses		(457,145)	(256,488)
Employee benefits expenses		(437,312)	(284,050)
Directors fees		(239,512)	(274,504)
Share based payments	27	(1,972,026)	(288,229)
Compliance and regulatory expenses		(121,883)	(127,783)
Consultancy expenses		(564,306)	(342,870)
Legal fees		(412,100)	(853,560)
Occupancy expenses		(52,752)	(10,332)
Travel expenses		(198,166)	(52,435)
Exploration expenditure		(9,012)	-
Net fair value gain/(loss) on financial assets	8	(601,706)	268,425
Gain on disposal of financial assets	8	194,867	5,295
Loss on disposal of fixed asset		(4,148)	-
Depreciation		(124,625)	(17,014)
Finance costs	4	(22,634)	(92,908)
Realised foreign exchange loss		(12,567)	(36,627)
Impairment losses	5	(1,694,616)	(1,931,452)
Loss before income tax expense		(6,712,800)	(4,290,893)
Income tax expense	6	-	-
Loss for the year		**(6,712,800)**	**(4,290,893)**
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		3,292	(436,009)
Other comprehensive income for the year after income tax		3,292	(436,009)
Total comprehensive income attributable to members of the Company		**(6,709,508)**	**(4,726,902)**
Earnings/(loss) Per Share			
Basic earnings/(loss) per share (cents per share)	20	(2.91)	(2.50)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	25(b)	1,216,478	1,873,667
Restricted cash	9	1,714,932	2,055,748
Trade and other receivables	7	136,013	134,690
Financial assets at fair value through profit or loss	8	419,667	826,506
TOTAL CURRENT ASSETS		3,487,090	4,890,611
NON CURRENT ASSETS			
Restricted cash	9	-	69,000
Exploration and evaluation expenditure	11	10,204,649	8,869,590
Property, plant and equipment	12	442,356	25,076
TOTAL NON CURRENT ASSETS		10,647,005	8,963,666
TOTAL ASSETS		**14,134,095**	**13,854,277**
CURRENT LIABILITIES			
Trade and other payables	13	840,757	706,349
Financial liabilities	14	-	1,087,018
Subscription funds	15	1,714,932	2,055,759
Provisions	16	33,500	50,534
TOTAL CURRENT LIABILITIES		2,589,189	3,899,660
TOTAL LIABILITIES		**2,589,189**	**3,899,660**
NET ASSETS		**11,544,906**	**9,954,617**
EQUITY			
Issued capital	17	48,029,486	41,701,715
Reserves	18	3,273,077	1,297,759
Accumulated losses	19	(39,757,657)	(33,044,857)
TOTAL EQUITY		**11,544,906**	**9,954,617**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(2,409,873)	(2,065,730)
Interest received		6,697	4,573
Net cash used in operating activities	25(a)	(2,403,176)	(2,061,157)
Cash Flows from Investing Activities			
Payments for exploration and evaluation	11	(3,928,206)	(2,064,713)
R&D Tax Incentive received		814,557	346,906
Reimbursement for exploration and evaluation incurred on behalf of other parties		-	17,028
Payments for plant and equipment		(541,466)	-
Refund of environmental bonds and deposits		68,989	148,761
Funding provided to Caudillo Resources SA		(195,564)	(216,681)
Repayment from Caudillo Resources SA		121,380	-
Proceeds from sales of equity investments		-	20,265
Net cash used in investing activities		(3,660,310)	(1,748,434)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options, net of transaction costs		6,055,759	2,924,241
Proceeds from issue of convertible loan note	14	-	2,550,000
Repayment of convertible loan		(650,000)	-
Net cash from financing activities		5,405,759	5,474,241
Net increase/ (decrease) in cash held		(657,727)	1,664,650
Effects of exchange rate changes on cash		538	(4,989)
Cash and cash equivalents at beginning of financial year		1,873,667	214,006
Cash and cash equivalents at end of financial year		**1,216,478**	**1,873,667**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2015

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

	Issued Capital	Accumulated Losses	Share Based Payment 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	-	(4,290,893)	-	-	(4,290,893)
Other comprehensive income	-	-	-	(436,009)	(436,009)
Total comprehensive income for the year	-	(4,290,893)	-	(436,009)	(4,726,902)
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**	**(33,044,857)**	**2,645,728**	**(1,347,969)**	**9,954,617**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 25 August 2015.

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

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

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

The financial report is presented in Australian dollars.

b. Compliance with IFRS

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

c. Going concern

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

The Consolidated Entity incurred a loss for the year of $6,712,800 and net cash outflows of $657,727. At 30 June 2015, the Consolidated Entity has cash and cash equivalents of $1,216,478, and a further restricted cash amount of $1,714,932 received pursuant to a share placement agreement. This funding will become available to the Company and the shares issued following receipt of shareholder approval.

The ability of the Consolidated Entity to continue as a going concern and to fulfil its planned exploration program in the next twelve months is dependent upon the ability of the Consolidated Entity to secure additional funding.

The directors are confident that the Consolidated Entity will be able to secure additional funding to enable it to meet its obligations as and when they fall due.

Should the Consolidated Entity not achieve the matters set out above, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts nor to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern and meet its debts as and when they fall due.

d. Application of New and Revised Accounting Standards

Changes in accounting policies on initial application of Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year, with the exception of R&D Tax Incentive. From 1 July 2014, the Consolidated Entity has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2014. Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Consolidated Entity. The Consolidated Entity has not elected to early adopt any new standards or amendments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

The following standards and interpretations would have been applied for the first time for entities with period ending 30 June 2015 (unless early adopted):

Reference	Title
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.
Interpretation 21	*Levies* This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.
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.
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139] AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.
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. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 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*.
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 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. ► AASB 116 & AASB 138 - 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. AASB 124 - 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 AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.
AASB 2014-1 Part A -Annual	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Reference	Title
Improvements 2011–2013 Cycle	► AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. AASB 140 - 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 AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.

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 2015.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 9	*Financial Instruments*	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simpler 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	1 January 2018	1 July 2018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Reference	Title	Summary	Application date of standard	Application date for Group
		the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised 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, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 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 amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC *13 Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract	1 January 2017	1 July 2017

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Reference	Title	Summary	Application date of standard	Application date for Group
		(c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.		
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 C*onsolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:* • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 Financial Instruments: Disclosures: • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the	1 January 2016	1 July 2016

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Reference	Title	Summary	Application date of standard	Application date for Group
		amendments to AASB 7 *Disclosure–Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 *Interim Financial Reporting* when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: • Disclosure of information 'elsewhere in the interim financial report' -amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.		
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	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.

e. Principles of Consolidation

(i) Subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

(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.

f. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

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

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

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.

g. Goods and Services Tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

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

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

h. Income Tax

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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.

i. Cash and Cash Equivalents

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

j. Financial Instruments

Recognition and initial measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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.

<u>Loans and Receivables</u>

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.)

<u>Debt and equity instruments</u>

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

<u>Impairment</u>

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

<u>Derecognition of financial assets</u>

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.

k. Borrowing Costs

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

l. Property, Plant and Equipment

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

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

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

Class of Fixed Asset	**Depreciation Rate**
	2015
Plant and equipment	33.3%
Office furniture and equipment	33.3%
Motor vehicle	33.3%

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

m. Exploration and Evaluation Expenditure

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

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

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

n. Impairment of Assets

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

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

o. R&D Tax Incentive

The Consolidated Entity previously accounted for refundable R&D tax incentives as an income tax benefit. The Consolidated Entity has determined that these incentives are more akin to government grants because they are not conditional upon earning taxable income. The Consolidated Entity has therefore made a voluntary change in accounting policy during the reporting period (refer Note 1(d)). Refundable tax incentives are now accounted for as government grants under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* because the directors consider this policy to provide more relevant information to meet the economic decision-making needs of users, and to make the financial statements more reliable.

p. Trade and Other Payables

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

q. Revenue Recognition

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

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

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

r. Provisions and Employee Benefits

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

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

Provision for restoration and rehabilitation

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

Employee leave benefits

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

s. Contributed equity

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

t. Share based payments

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

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

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

u. Critical accounting judgements, estimates and assumptions

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Exploration and evaluation costs

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

Environmental Issues

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

Income taxes

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

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

v. Comparative Figures

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

w. Operating Segments

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

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

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

2. SEGMENT INFORMATION

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

Basis of accounting for purposes of reporting by operating segments

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Segment assets

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

Segment liabilities

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

Other items

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

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

	Mineral exploration		**Other**		**Total**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**	**$**	**$**
Interest received	-	-	6,352	3,639	6,352	3,639
Fuel tax credits	10,491	-	-	-	10,491	-
Total segment revenue and other income	**10,491**	**-**	**6,352**	**3,639**	**16,843**	**3,639**
Segment net operating profit/ (loss) after tax	**(2,010,635)**	**(1,837,615)**	**(4,702,164)**	**(2,453,278)**	**(6,712,800)**	**(4,290,893)**
Segment net operating profit/ (loss) after tax includes the following significant items:						
Interest and other finance charges	-	-	(22,634)	(92,908)	(22,634)	(92,908)
Share based payments expense	-	-	(1,972,026)	(288,229)	(1,972,026)	(288,229)
Net fair value gain/(loss) on financial assets	-	-	(601,706)	268,425	(601,706)	268,425
Gain/(loss) on disposal of financial assets	-	-	194,867	5,295	194,867	5,295
Impairment of loans and receivables	-	-	(89,718)	(200,333)	(89,718)	(200,333)
Impairment of exploration assets	(1,604,898)	(1,731,119)	-	-	(1,604,898)	(1,731,119)
Depreciation	(124,625)	(17,014)	-	-	(124,625)	(17,014)
Employee benefits expense	-	-	(437,312)	(284,050)	(437,312)	(284,050)
Directors fees	-	-	(239,512)	(274,504)	(239,512)	(274,504)
Consultancy expenses	-	-	(564,306)	(342,870)	(564,306)	(342,870)
Legal fees	-	-	(412,100)	(853,560)	(412,100)	(853,560)
Other	(281,112)	(89,482)	(557,717)	(390,544)	(838,829)	(480,026)
Segment assets	**10,770,343**	**9,012,285**	**3,363,752**	**4,841,990**	**14,134,095**	**13,854,277**
Segment assets include:						
Capitalised exploration expenditure	10,204,649	8,869,590	-	-	10,204,649	8,869,590
Financial assets	-	-	419,667	826,506	419,667	826,506
Restricted cash	-	69,000	1,714,932	2,055,748	1,714,932	2,214,748
Other assets	565,694	73,695	1,229,153	1,959,738	1,794,847	2,033,433
	10,770,343	**9,012,285**	**3,363,752**	**4,841,992**	**14,134,095**	**13,854,277**
Segment liabilities	**(117,240)**	**(706,349)**	**(2,471,949)**	**(3,193,311)**	**(2,589,189)**	**(3,899,660)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Segment information by geographical region

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

	2015 $	2014 $
Australia	13,415,351	13,331,571
Argentina	718,744	522,636
	14,134,095	**13,854,277**

3. REVENUE AND OTHER INCOME

	2015 $	2014 $
(a) Revenue		
Interest received	6,352	3,639
	6,352	3,639
(b) Other Income		
Fuel tax credits	10,491	-
	10,491	-

4. FINANCE COSTS

	2015 $	2014 $
Interest on convertible notes	22,634	92,908
	22,634	92,908

5. IMPAIRMENT LOSSES

	2015 $	2014 $
Impairment of exploration and evaluation expenditure (a)	1,604,898	1,731,119
Impairment of loans	195,564	200,333
Impairment of other receivables	16,443	-
Reversal of previously impaired loans and receivables	(122,289)	-
	1,694,616	1,931,452

(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 $1,604,898 during the year (30 June 2014: $1,731,119) following the decision not to continue exploration in certain areas and costs associated with tenements not yet granted within Western Australia and in Argentina.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

6. INCOME TAX EXPENSE

	2015 $	2014 $
(a) The components of tax expense comprise:		
Current tax benefit / (expense)	-	-
Deferred tax benefit / (expense)	-	-
	-	-

(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:	2015 $	2014 $
Loss before tax	(6,712,800)	(4,290,893)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2013: 30%)	(2,013,840)	(1,287,268)
Add tax effect of:		
Non-deductible expenses	601,193	373,708
Current year tax losses not recognised	1,412,647	913,560
Less tax effect of:		
Under/(over) provision for prior year	-	-
Total income tax (income)/expense attributable to entity	-	-

(c) Recognised deferred tax balances	2015 $	2014 $
Deferred tax balances have been recognised in respect of the following:		
Deferred tax assets		
Annual Leave	10,050	15,160
Investments	2,165,374	2,047,588
Other receivables	66,277	61,658
Other accruals	24,717	75,490
Loan receivable	368,217	309,548
Capital raising costs	68,406	35,363
Tax losses	176,824	89,586
	2,879,865	2,634,393
Deferred tax liabilities		
Exploration	(2,879,865)	(2,634,290)
Unearned income	-	(103)
	(2,879,865)	(2,634,393)
Net recognised deferred tax assets/(liabilities)	-	-

(d) Unrecognised deferred tax balances

The Consolidated Entity has $21,358,875 (2014: $18,855,701) gross tax losses arising in Australia that are available indefinitely for offset against future profit of the Company in which the losses arose.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

7. TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Current		
Trade receivables	344,260	322,799
Provision for non-recovery of trade receivables	(220,922)	(205,524)
Accrued interest	-	345
Prepayments	12,675	17,070
	136,013	134,690

Provision for non-recovery of trade receivables

	2015 $	2014 $
Movements:		
Opening balance at beginning of the year	(205,524)	(61,352)
Recovery of previously impaired receivable	3,969	-
Provision for doubtful debts	(19,367)	(144,172)
	(220,922)	(205,524)

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
2015			
Trade receivables	344,260	220,922	123,338
2014			
Trade receivables	322,799	205,524	117,275

8. FINANCIAL ASSETS

	2015 $	2014 $
Financial assets		
Financial assets at fair value through profit or loss	419,667	826,506
	419,667	826,506

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.

	2015 $	2014 $
Movements:		
Opening balance at beginning of the year	826,506	572,302
Recognition of equity securities	-	750
Disposal of equity securities	194,867	(14,971)
Fair value gain/(loss) through profit or loss	(601,706)	268,425
	419,667	826,506

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9. RESTRICTED CASH

	2015 $	2014 $
Current		
Restricted cash		
Subscription funds held in trust (a)	1,714,932	-
Subscription funds held in trust (b)	-	2,055,748
	1,714,932	2,055,748
Non-Current		
Bank guarantees (c)	-	69,000
	-	69,000

(a) As previously announced, the Company had entered into a placement agreement with Cauldron's Non-executive Director Mr Derong Qiu $2,000,000 (**Placement Funds**) at an issue price of $0.118 per share (16,949,178 shares). In June 2015, the Company confirmed it had received $1,714,932 in cash from Mr Qiu (**Subscription Sum**), with the balance of $285,068 planned to settle director fee payments owing to Mr Qiu in respect of his services (together, $2,000,000). The cash component of the Subscription Sum ($1,714,932) is being held in trust by the Company until the Placement Shares can be issued. Refer note 15. A Notice of Meeting will be dispatched to all Shareholders in due course to seek approval for the issue of these shares.

(b) 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) during the year ended 30 June 2014. The balance of these funds ($2,055,759) was held in trust by the Company at 30 June 2014 until the Placement Shares were issued in September 2014. Refer note 15 and note 17.

(c) 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.

10. LOAN RECEIVABLES

	2015 $	2014 $
Non-current		
Caudillo Resources SA (a)	1,386,382	1,287,459
Provision for non-recovery (a)	(1,386,382)	(1,287,459)
	-	-

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

During the years ended 30 June 2014 and 30 June 2015, the Consolidated Entity agreed to provide further draw-down facilities from Jakaranda to Caudillo for $650,000 and $150,000 respectively ("Second Loan" and "Third Loan"). The Second Loan and Third Loan and interest (LIBOR + 2%) is repayable, at the election of Caudillo, by way of:

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

Until such time as the First Loan, Second Loan and Third Loan are repaid or converted to an equity interest in Caudillo the Consolidated Entity has conservatively provided for the non-recovery of the loans in full. As a result of this, an impairment expense of $195,564 (30 June 2014: $216,681) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. During the year, $121,380 was repaid by Caudillo (reversal of previously impaired amount), which 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 2015

11. EXPLORATION AND EVALUATION EXPENDITURE

	2015 $	2014 $
Exploration and evaluation expenditure	10,204,649	8,869,590
Movements:		
Carrying value at beginning of year	8,869,590	9,384,605
Exploration expenditure incurred	3,712,390	2,064,713
Exploration expenditure reimbursed	-	(17,028)
Impairment of exploration expenditure (a)	(1,604,898)	(1,731,119)
Foreign exchange movements	42,124	(484,922)
R&D Tax Incentive (b)	(814,557)	(346,659)
Carrying value at end of year	10,204,649	8,869,590

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 $1,604,898 during the year (30 June 2014: $1,731,119) following the decision not to continue exploration in certain areas and costs associated with tenements not yet granted within Western Australia and in Argentina. The impairment expense is shown as a separate line item in the Statement of Profit or Loss and Other Comprehensive Income.

The carrying value of the Consolidated Entity's interest in exploration expenditure is dependent upon:
- the continuance of the Consolidated Entity's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

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

b) During the year the Consolidated Entity reviewed its policy with respect to the classification of research and development tax incentive and has offset claims received with respect to exploration expenditure against the carrying value. The comparative period has been adjusted for consistency.

12. PLANT AND EQUIPMENT

	2015 $	2014 $
Plant and equipment		
At cost	666,296	177,955
Accumulated depreciation	(223,940)	(152,879)
	442,356	25,076

Movements:

	2015 $	2014 $
Carrying value at beginning of year	25,076	46,105
Additions	541,466	-
Depreciation expense	(124,625)	(17,014)
Impairment expense	(4,148)	(496)
Foreign currency differences arising from translating functional currency to presentation currency	4,587	(3,519)
Carrying value at end of year	442,356	25,076

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

13. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Current		
Trade payables	732,602	163,236
Other payables and accruals	108,155	543,113
	840,757	706,349

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

14. BORROWINGS

	2015 $	2014 $
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	1,087,018	-
Converting loan funds received (a)	-	1,500,000
Fully paid shares issued upon conversion (a)	-	(1,555,890)
Converting loan funds received (b)	-	400,000
Fully paid shares issued upon conversion (b)	(434,801)	-
Converting loan funds received (c)	-	650,000
Repayment of converting loan funds and interest (c)	(674,851)	-
Interest on converting loans	22,634	92,908
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. 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. Refer note 17.

(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).

These converting loans ($400,000), plus interest at 10% per annum ($34,801) (together, $434,801) were converted into 3,345,538 fully paid ordinary shares following receipt of shareholder approval on 30 September 2014. Refer note 17.

(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) was repayable by the Company by 31 December 2014. As at 30 June 2014, $650,000 had been drawn down by the Consolidated Entity. On 4 August 2014, $325,000 was repaid in cash to Cape Lambert Resources Limited and on 1 October 2014, the remaining $349,851 (including interest) was repaid.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

15. SUBSCRIPTION FUNDS

	2015 $	2014 $
Subscription funds received (refer note 9(a))	1,714,932	-
Subscription funds received (refer note 9(b))	-	2,055,759
	1,714,932	2,055,759

16. PROVISIONS

	2015 $	2014 $
Current		
Employee benefits	33,500	50,534
	33,500	50,534

17. ISSUED CAPITAL

	2015 $	2014 $
Ordinary shares issued and fully paid	48,029,486	41,701,715

	2015 No.	2015 $	2014 No.	2014 $
Issued and fully paid up ordinary shares				
Opening balance	196,438,713	41,701,715	159,622,605	37,348,796
Shares issued (a)			4,615,385	600,000
Shares issued (b)	17,421,697	2,055,759	16,476,621	1,944,241
Shares issued (c)	8,474,579	1,000,000	-	-
Shares issued (d)	21,440,678	2,530,000	-	-
Shares issued (e)	3,983,061	470,000	-	-
Shares issued upon conversion of convertible notes (f)	-	-	13,824,102	1,555,890
Shares issued upon conversion of convertible notes (g)	3,345,538	434,801	-	-
Shares issued upon exercise of options (h)	-	-	1,900,000	380,000
Share issue costs	-	(162,789)	-	(127,212)
	251,104,266	48,029,486	196,438,713	41,701,715

Shares issued pursuant to placement agreements

(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). The issue of these shares was subsequently ratified by shareholders at the 30 September 2014 General Meeting.

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

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

The Company used its remaining capacity under Listing Rule 7.1 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

costs) (being Tranche 1 of the Placement Funds) during the year ended 30 June 2014. The issue of these shares was subsequently ratified by shareholders at the 30 September 2014 General Meeting.

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

(c) In July 2014, the Company received $1,000,000 of the Placement Funds from Starry World and issued 8,474,579 fully paid shares. Shareholder approval for the issue of these shares was obtained at the 30 September 2014 General Meeting.

(d) In December 2014, the Company received a further $2,530,000 of the Placement Funds from Starry World under the Share Placement Agreement and issued 21,440,678 fully paid shares. Shareholder approval for the issue of these shares was obtained at the 30 September 2014 General Meeting.

(e) In March 2015, the Company received the final instalment Placement Funds from Starry World, and used its remaining capacity under Listing Rule 7.1 to issue 3,983,061 fully paid shares.

Shares issued pursuant to converting loan agreements

(f) 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.

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

Shares issued upon exercise of unlisted options

(h) 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 251,104,266 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 $48,029,486 at 30 June 2015 (2014: $41,701,715). 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 2015

18. RESERVES

	2015 $	2014 $
Reserves		
Share based payment reserve (a)	4,617,754	2,645,728
Foreign currency translation reserve (b)	(1,344,677)	(1,347,969)
	3,273,077	1,297,759

	2015 $	2014 $
(a) Share based payment reserve		
Reserve balance at beginning of year	2,645,728	2,357,499
Share based payments (refer note 27)	1,972,026	288,229
Reserve balance at end of year	4,617,754	2,645,728

The share based payment 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	2015 $	2014 $
Reserve balance at beginning of the year	(1,347,969)	(911,960)
Foreign currency exchange differences arising on translation of foreign operations	3,292	(436,009)
Reserve balance at end of year	(1,344,677)	(1,347,969)

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

	2015 $	2014 $
Balance at beginning of year	(33,044,857)	(28,753,964)
Loss for the year	(6,712,800)	(4,290,893)
Balance at end of year	(39,757,657)	(33,044,857)

20. LOSS PER SHARE

	2015 Cents per share	2014 Cents per share
Basic loss per share		
Continuing operations	(2.91)	(2.50)
	(2.91)	(2.50)
	$	$
Loss used in calculation of basic loss per share		
Continuing operations	(6,712,800)	(4,290,893)
	(6,712,800)	(4,290,893)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	230,509,441	171,474,347

There are 55,500,000 share options (2014: 9,500,000) excluded from the calculation of diluted earnings per share (that could potentially dilute basic earnings per share in the future) because they are anti-dilutive for each of the periods presented.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

21. COMMITMENTS

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:

	2015 $	2014 $
Within one year	51,064	51,099
Between one and five years	38,298	91,796
Longer than five years	-	-
	89,362	142,895

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 2015 %	Ownership Interest 2014 %	Investment Carrying Amount 2015 $	Investment Carrying Amount 2014 $
Ronin Energy Ltd	Australia	24 April 2006	Ord	100	100	5	5
Cauldron Minerals Ltd	Australia	24 April 2006	Ord	100	100	1	1
Jakaranda Minerals Ltd	Australia	24 April 2006	Ord	100	100	1	1
Raven Minerals Ltd	Australia	24 April 2006	Ord	100	100	5	5
						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 were as follows:

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

In line with the terms of the joint venture agreement, following the earn-in period, the parties are required to participate in expenditure of the Marree Project pro-rata to their ownership interests, otherwise the parties interests will be diluted. Since January 2013, Cauldron has continued to fund the exploration works, thus diluting the Korean participants' interests. As at 31 December 2014 (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 62.32%
- Korean Participants 37.68%.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

25. CASH FLOW INFORMATION

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

	2015 $	2014 $
Loss from ordinary activities after income tax	(6,712,800)	(4,290,893)
Non-cash flows in operating loss:		
Depreciation	124,625	17,014
Equity settled share based payments	1,972,026	288,229
Net fair value (gain)/loss on investments	601,706	(268,425)
Realised gain on disposal of financial assets	(194,867)	(5,295)
Foreign exchange (gain)/loss	12,567	36,627
Impairment losses	1,816,905	1,931,452
Interest accrued	22,634	92,908
Other	-	17,084
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	(136,708)	(103,063)
Decrease/(increase) in interest receivable	345	935
Increase/(decrease) in trade and other payables	(132,277)	151,706
Increase/(decrease) in provisions	(17,034)	33,546
Increase/(decrease) in interest payable	(24,852)	37,018
Net cash inflows/(outflows) from operating activities	(2,403,176)	(2,061,157)

(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:

	2015 $	2014 $
Cash at bank	1,216,478	1,873,667
Cash and cash equivalents	1,216,478	1,873,667

26. 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:

	2015 $	2014 $
Financial Assets		
Cash and cash equivalents	1,216,478	1,873,667
Financial assets at fair value through profit or loss	419,667	826,506
Trade and other receivables	136,013	134,690
	1,772,158	2,834,863
Financial Liabilities		
Trade and other payables	840,757	706,349
Financial liabilities	-	1,087,018
	840,757	1,793,367

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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.

(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.

	2015 Change $	2014 Change $
Change in loss:		
Increase in interest rate by 200 basis points	+24,330	+37,473
Decrease in interest rate by 200 basis points	-24,330	-37,473

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% (2014 – 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)	
	2015 $	2014 $
Index		
ASX 200	41,967	82,651

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(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:

	2015 $	2014 $
Financial assets		
Cash and cash equivalents (AA)	1,216,478	1,873,667
Trade and other receivables	136,013	134,690
	1,352,491	2,008,357

(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.

2015	Within 1 Year $	1 to 5 Years $	Over 5 Years $	2015 Total $
Financial assets				
Cash	1,216,478	-	-	1,216,478
Restricted cash	1,714,932	-	-	1,714,932
Held for trading investments	419,667	-	-	419,667
Receivables and loans	136,013	-	-	136,013
	3,487,090	-	-	3,487,090
Financial Liabilities				
Trade and other payables	840,757	-	-	840,757
Financial liabilities	-	-	-	-
	840,757	-	-	840,757

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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)

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

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

27. SHARE BASED PAYMENTS

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

	2015 **$**	**2014** **$**
Options issued to employees and consultants	1,562,900	57,428
Options issued to directors	409,126	230,801
	1,972,026	288,229

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

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

	2015 **No.**	**2015** **WAEP**
Outstanding at the beginning of the year	9,500,000	$0.210
Granted during the year (i)	19,850,000	$0.138
Exercised during the year	-	-
Expired during the year (ii)	(5,850,000)	$0.191
Outstanding at year end (iii)	23,500,000	$0.155
Exercisable at the end of the year	4,500,000	$0.228
Not exercisable at the end of the year	19,000,000	$0.138

i. Options Granted during the year

The Company issued the following during the year ended 30 June 2015:

- 4,400,000 unlisted options exercisable at $0.138 on or before 31 December 2015 to directors (“Director Options”). The Director Options will vest upon:

  a) the Company achieving a JORC resource at the Company’s Yanrey Project in Western Australia containing more than 30 million lbs of Uranium; or

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

b) the commencement of drilling by the Company at the Rio Colorado project in Argentina.

- 14,000,000 unlisted options exercisable at $0.138 on or before 31 December 2015 to Australian employees and consultants (“Australian Options”). The Australian Options vest on the same terms as the Director Options.

- 1,450,000 unlisted options exercisable at $0.138 on or before 31 December 2015 to Argentinian employees and consultants (“Argentinian Options”). The Argentinian Options will vest upon:

  a) the commencement of drilling by the Company at the Rio Colorado project in Argentina.

These options have been issued following receipt of shareholder approval at its General Meeting.

ii. *Options expired during the year*

The following options expired during the year ended 30 June 2015:

- 5,000,000 unlisted options exercisable at $0.20 expiring 30 June 2015; and
- 850,000 unlisted options exercisable at $0.138 expiring 31 December 2015.

iii. *Options on issue at 30 June 2015 granted as share based payments*

The outstanding balance at 30 June 2015 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;
- 1,350,000 Consultant and Employee Options with an exercise price of $0.138 and an expiry date of on or before 31 December 2015, with vesting conditions attached;
- 13,250,000 Consultant and Employee Options with an exercise price of $0.138 and an expiry date of on or before 31 December 2015, with vesting conditions attached; and
- 4,400,000 Director Options with an exercise price of $0.138 and an expiry date of on or before 31 December 2015, with vesting conditions attached.

(b) Remaining contractual life

The remaining contractual life for Options outstanding at 30 June 2015 is 0.46 years.

(c) Fair value

The fair value of the Options granted during the year were:

	Fair Value Per Option $
Director Options	$0.156
Australian Options	$0.156
Argentinian Options	$0.156

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

(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 for the Director Options, Australian Options and Argentinian Options:

	Options
Dividend yield (%)	Nil
Expected volatility (%)	109%
Risk free interest rate (%)	2.47%
Exercise price ($)	$0.138
Marketability discount (%)	Nil
Expected life of options (years)	1.25
Share price at grant date ($)	$0. 25
Value per Option ($)	$0.156

28. OTHER UNLISTED OPTIONS

Options Granted during the year

In addition to options granted as share based payments (as detailed at note 27), the Company also issued the following unlisted options during the year ended 30 June 2015:

- 32,000,000 unlisted options to investor Starry World ("Placement Options"). The key terms of the Placement Options are as follows:

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

     (i) exercise price of $0.118 each; and

     (ii) expiry date of 31 December 2015

     (the "Upfront Options"); and

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

     (i) exercise price of $0.138 each; and

     (ii) expiry date of 31 December 2016.

  Accordingly, Starry World can only exercise a maximum of 16,000,000 Placement Options.

These options have been issued following receipt of shareholder approval at its General Meeting.

Options on issue at 30 June 2015

The outstanding balance of options at 30 June 2015 (other than those granted as a share based payment) is represented by:

- 16,000,000 Investor Options with an exercise price of $0.118 and an expiry date of on or before 31 December 2015; and
- 16,000,000 Investor Options with an exercise price of $0.138 and an expiry date of on or before 31 December 2016, with vesting conditions attached.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

29. PARENT ENTITY DISCLOSURES

	2015 $	2014 $
Financial Position		
Assets		
Current assets	2,989,946	1,970,676
Non-current assets	11,118,383	11,405,619
Total assets	14,108,329	13,376,295
Liabilities		
Current liabilities	2,563,423	3,822,294
Non-current liabilities	-	-
Total liabilities	2,563,423	3,822,294
Equity		
Issued capital	48,029,486	41,701,715
Accumulated losses	(41,102,333)	(34,793,441)
Option Premium Reserve	4,617,753	2,645,728
Total equity	11,544,906	9,554,002
Financial Performance		
Profit/(loss) for the year	(6,308,892)	(5,127,519)
Total comprehensive income/(loss)	(6,308,892)	(5,127,519)

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:

	2015 $	2014 $
Subsidiaries		
Ronin Energy Ltd	23,329	23,329
Cauldron Minerals Ltd	8,205,591	7,545,579
Jakaranda Minerals Ltd	1,259,312	1,063,812
Raven Minerals Ltd	25,775	25,775
Total value of loans provided to subsidiaries	9,514,007	8,658,495

Commitments

The commitments of the Parent Entity are consistent with the Consolidated Entity (refer to note 21).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Sales and Purchases between 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	**2015**	**-**	**18,318**	**-**	**-**
Fe Limited	2014	45,329	-	-	-
Cape Lambert Resources Limited	**2015**	**-**	**390,044**	**-**	**5,119**
Cape Lambert Resources Limited	2014	-	166,035	-	33,135
Kupang Resources Limited	**2015**	**-**	**-**	**-**	**-**
Kupang Resources Limited	2014	61,146	-	-	-
Okewood Pty Ltd	**2015**	**-**	**30,975**	**-**	**-**
Okewood Pty Ltd	2014	-	-	-	-

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

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

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

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

	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 (**Cape Lambert**) and Mr Qiu Derong (**Mr Qiu**). Cape Lambert and Mr Qiu Derong have each lent the Consolidated Entity $200,000 which may be converted into shares at a conversion rate of $0.13 per share (with an interest rate of 10% per annum).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

On 30 September 2014 at a General Meeting, shareholders approved the conversion of:
- loan (plus interest) of $218,433 by issuing 1,680,330 shares to Cape Lambert; and
- loan (plus interest) of $216,477 by issuing 1,665,208 shares to Mr Qiu.

(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 and on 1 October 2014, the remaining $349,851 (including interest) was repaid.

The ultimate parent

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

Terms and conditions of transactions with related parties other than KMP

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2014: 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 2015, Cauldron held 23,773,112 shares in Fe Limited (ASX: FEL) (2014: 15,695,835) with a market value of $309,050 (2014: $659,225). Mr Antony Sage is a director of FEL.

Significant shareholders

Qiu Derong holds a significant interest of 12.20% in the issued capital of Cauldron Energy at 30 June 2015 (30 June 2014: 14.73%). 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 17.10% (30 June 2014: 21.00%) in the issued capital of Cauldron at 30 June 2015. 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 2015.

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

	2015 $	2014 $
Short-term employee benefits	816,307	593,757
Post employment benefits	35,760	7,940
Share based payments	967,023	311,547
	1,819,090	913,244

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

31. REMUNERATION OF AUDITORS

	2015 $	2014 $
Paid or payable to BDO (WA) Pty Ltd for:		
- Audit or review of the Consolidated Entity financial report	34,331	48,249
Remuneration of the auditors of subsidiary/joint venture for:		
- Audit or review of the financial report	13,957	8,329
Paid or payable to Bentleys for:		
- Audit or review of the Consolidated Entity financial report	-	850
Remuneration of the BDO (WA) Pty Ltd for:		
- Non-audit services	7,271	
	55,559	57,428

32. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the 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 2015 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of its financial position as at 30 June 2015 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) subject to the matters described in note 1(c), there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

On behalf of the board

Mr Antony Sage
Executive Director

PERTH
25 August 2015

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
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 2015, 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 2015 and of its performance for the year ended on that date; and

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

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

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. This condition, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 25 August 2015

ADDITIONAL ASX INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 5 August 2015 were as follows:

	Class of Equity Securities	
Number Held	**Fully Paid Ordinary Shares**	**Number of shareholders**
1-1,000	96,240	201
1,001 - 5,000	1,399,178	520
5,001 -10,000	2,253,946	281
10,001 -100,000	15,245,165	424
100,001 and over	232,109,737	114
TOTAL	**251,104,266**	**1,540**

There are 1,540 shareholders holding a total of 251,104,266 shares.

There are 523 shareholders holding less than a marketable parcel of shares.

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 5 August 2015:

Shareholder	**Number**
Cape Lambert Resources Limited (Dempsey Resources Pty Ltd)	42,942,218
Guangzhou City Guangrong Investment Management Co Ltd	33,898,318
Starry World Investment Ltd	33,898,318
Joseph Investment International Limited	24,256,324
Mr Derong Qiu	30,595,532

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
30 September 2014	Ordinary	$0.138	1,350,000	31 December 2015	Unlisted
30 September 2014	Ordinary	$0.138	13,250,000	31 December 2015	Unlisted
30 September 2014	Ordinary	$0.138	4,400,000	31 December 2015	Unlisted
30 September 2014	Ordinary	$0.118	16,000,000	31 December 2015	Unlisted
30 September 2014	Ordinary	$0.138	16,000,000	31 December 2016	Unlisted

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

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

ADDITIONAL SHAREHOLDER INFORMATION

Voting Rights

Ordinary Shares

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

Options

Holders of options do not have a right to vote.

Restricted Securities

The Company 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 5 August 2015 are as follows:

Shareholder	**Number**	**% Held of Issued Ordinary Capital**
Dempsey Resources Pty Ltd	42,942,218	17.10%
Guangzhou City Guangrong Investment Management Co Ltd	33,898,318	13.50%
Starry World Investment Ltd	33,898,318	13.50%
Joseph Investment International Limited	24,256,324	9.66%
Mr Derong Qiu	21,149,061	8.42%
Pershing Australia Nominees Pty Ltd <Philip Securities (HK) A/C>	12,458,905	4.96%
Mr Derong Qiu	9,446,471	3.76%
Citicorp Nominees Pty Limited (Group #647070)	5,052,669	2.01%
Okewood Pty Ltd	3,300,000	1.31%
Lanoti Pty Limited <Pinto Super Fund A/C>	3,000,000	1.20%
Mr Yuanrong Luo	2,726,257	1.09%
Mr Antony William Paul Sage <Egas Super Fund A/C>	2,594,600	1.03%
Maximise Your Body Pty Ltd <JSH Family A/C>	2,247,500	0.90%
Canifare Pty Ltd	1,917,450	0.76%
HSBC Custody Nominees (Australia) Limited (Group #889118)	1,761,238	0.70%
Sams Watchmaker Jeweller Pty Ltd <Super Fund A/C	1,287,078	0.51%
Systematic Nominees Pty Ltd <Youds Family A/C>	1,172,864	0.47%
Health Communications Australia Pty Ltd <Super Fund A/C>	1,050,000	0.42%
Mr Andre Kunz & Mrs Grace Kunz <IGS Retirement Fund A/C>	1,006,625	0.40%
Australian Capital Markets Pty Ltd	850,000	0.34%
	206,015,896	**82.04%**

SCHEDULE OF MINERAL TENEMENTS
AS AT 5 AUGUST 2015

Tenement reference	Project & Location	Interest held
E08/1489	YANREY - WESTERN AUSTRALIA	100%
E08/1490	YANREY - WESTERN AUSTRALIA	100%
E08/1493	YANREY - WESTERN AUSTRALIA	100%
E08/1501	YANREY - WESTERN AUSTRALIA	100%
E08/2017	YANREY - WESTERN AUSTRALIA	100%
E08/2081	YANREY - WESTERN AUSTRALIA	100%
E08/2160	YANREY - WESTERN AUSTRALIA	100%
E08/2161	YANREY - WESTERN AUSTRALIA	100%
E08/2205	YANREY - WESTERN AUSTRALIA	100%
E45/2405	BEADELL - WESTERN AUSTRALIA	20%
E08/2478	YANREY – WESTERN AUSTRALIA	100%
E08/2479	YANREY – WESTERN AUSTRALIA	100%
E08/2480	YANREY – WESTERN AUSTRALIA	100%
E08/2496	BOOLALOO – WESTERN AUSTRALIA	100%
E08/2638	BOOLALOO – WESTERN AUSTRALIA	100%
393/2010	Catamarca, Argentina	100%
1124-546-2010	Las Marías Project - San Juan, Argentina	100%

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

Farm-in Agreement and Tenement reference	Project & Location	Interest held
140/2007	Rio Colorado Project - Catamarca, Argentina	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	62.32%** (increasing)
EL4610	MAREE - SOUTH AUSTRALIA	62.32%** (increasing)
EL4746	MAREE - SOUTH AUSTRALIA	62.32%** (increasing)
EL4794	MAREE - SOUTH AUSTRALIA	62.32%** (increasing)
EL5442	MAREE - SOUTH AUSTRALIA	62.32%** (increasing)

*Cauldron has signed an exclusive option agreement through its wholly owned subsidiary Cauldron Minerals Ltd (formerly Jackson Global Ltd) with a private party (Dr Horacio Solis), to earn 92.5% in 230km^2 of the Rio Colorado uranium project in Argentina. The remainder of the project is (532km^2) is held by Cauldron in the name of a related entity. Together, both areas will form the Rio Colorado Joint Venture. Cauldron will earn its Initial Interest of 51% in the project by completing a minimum work program, including 3,000 metres of drilling. The Company can earn 92.5% of the project by completing exploration expenditure of $500,000 within three years following earning of the initial interest.
**As at 31 December 2014