

(ABN 22 102 912 783)
AND CONTROLLED ENTITIES

**CONSOLIDATED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2015**

For personal use only

CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN

Antony Sage

NON-EXECUTIVE DIRECTORS

Qiu Derong
Judy Li
Mark Gwynne

COMPANY SECRETARY

Catherine Grant

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STOCK EXCHANGE LISTING

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

BANKERS

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100 St Georges Terrace
Perth WA 6000

DIRECTORS' REPORT

The directors of Cauldron Energy Limited ("Cauldron" or "Company") submit their report, together with the consolidated financial statements comprising Cauldron and its controlled entities (together the "Consolidated Entity") for the half-year ended 31 December 2015.

1. DIRECTORS

The names of Directors who held office during or since the end of the half-year:

Antony Sage (Executive Chairman)
Qiu Derong (Non-executive Director)
Ms Judy Li (Non-executive Director)
Mark Gwynne (Non-executive Director)

Directors were in office for this entire period unless otherwise stated.

2. OPERATING RESULTS

The loss after tax of the Consolidated Entity for the half-year ended 31 December 2015 amounted to \$2,066,368 (31 December 2014: \$2,480,299).

3. 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 6,000 km² 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 period:

Annual General Meeting

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

Research and Development refund

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

Royalties for Regions funding

In January 2016, Cauldron received \$120,000 from the Department of Mines & Petroleum under the Royalties for Regions - Industry Drilling Program 2015-16 in respect to drilling at the Yanrey project. This amount represents 80% of the total that may be claimed by the Company.

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

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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 31 December 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 a general meeting on 30 September 2014 ("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 initially issued using the Company's capacity under Listing Rule 7.1. Shareholder ratified the issue of these shares at the Company's recent AGM.

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 were subject to shareholder approval, and as such the cash component of these Placement Funds were held in trust by the Company until shareholder approval was obtained. Shareholders approved the issue of these shares at the Company's recent AGM, and the shares were issued on 9 November 2015.

Funds not yet received

The remaining \$5,000,000 in funding due from the various investors under the Placement Agreements at 31 December 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);
- \$1,000,000 from Guangzhou City due 3 November 2014;
- \$300,000 from Guangzhou Joseph Investment Co Ltd due 1 December 2014; and
- \$1,700,000 from Guangzhou Joseph Investment Co Ltd due 1 December 2015.

To date, these funds have not been received by the Company.

Legal proceedings

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

- \$3 million plus interest;
- damages of \$55,000 plus interest; and
- 85% of the Company's legal costs.

As previously announced, the proceedings began on 12 October 2014, when Beijing Joseph Investment Co. Ltd, Joseph Investment International Limited, and Guangzhou City Guangrong Investment Management Co. Ltd (the "Plaintiffs") obtained ex parte injunctive relief against the Company in the Supreme Court of New South Wales without notice to the Company. The injunctive orders were discharged by consent on 15 October 2014. On 11

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December 2014, Justice Robb of the New South Wales Supreme Court made orders transferring the proceedings to the Supreme Court of Western Australia.

Cauldron counterclaimed seeking to enforce the Placement Agreements.

The Company will now take steps to enforce the judgment and recover its legal costs as ordered by the Supreme Court.

Issue of shares

The Company issued the following during the half-year ended 31 December 2015:

- 16,949,178 fully paid shares at \$0.118 per share in accordance with a placement agreement for \$2,000,000 (before capital raising costs) (part of the Placement Shares);
- 3,000,000 fully paid shares were issued upon exercise of options at \$0.138 for \$414,000.

Issue of options

The Company issued the following during the half-year ended 31 December 2015:

- 16,000,000 unlisted options to Mr Derong Qiu ("Placement Options") pursuant to a Placement Agreement. The key terms of the Placement Options are as follows:
 - a) Half of the Placement Options will vest immediately upon issue with an:
 - (i) exercise price of \$0.118 each; and
 - (ii) expiry date of 31 December 2015 (the "Upfront Options"); and
 - b) the remaining half of the options ("Vesting Options") will vest on 1 January 2016 provided that the holder's Upfront Options are not exercised (in the event that only a portion of the holder's Upfront Options are exercised by the holder, the number of Vesting Options that actually vest will be equal to the number of un-exercised Upfront Options) with an:
 - (i) exercise price of \$0.138 each; and
 - (ii) expiry date of 31 December 2016.

Accordingly, Mr Qiu Derong can only exercise a maximum of 8,000,000 Placement Options.

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

Options exercised

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

Options lapsed

The following options expired or lapsed during the period:

- 1,000,000 unlisted options exercisable at \$0.20 with an expiry date of 18 September 2015;
- 3,000,000 unlisted options exercisable at \$0.20 with an expiry date of 30 September 2015;
- 500,000 unlisted options exercisable at \$0.45 with an expiry date of 20 October 2015;
- 16,000,000 unlisted options exercisable at \$0.138 with an expiry date of 31 December 2015;
- 24,000,000 unlisted options exercisable at \$0.118 with an expiry date of 31 December 2015 (being Placement Options).

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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 km²) and 7 applications for exploration licences (1,107 km²). Yanrey is prospective for large sedimentary-hosted uranium deposits. A joint venture securing two of the exploration licences in the Yanrey Project tenement group (called the Uaroo Joint Venture) 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 km²) prospective for sedimentary-hosted uranium deposits of both the Beverley Uranium and Four Mile Uranium style, and for base metal mineralisation.

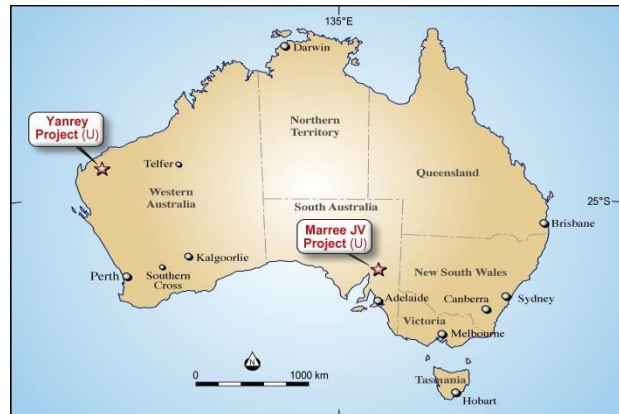


Figure 1: Major Project Locations in Australia

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 four spatially separate deposits; namely Bennet Well East, Bennet Well Central, Bennet Well South and Bennet Well Channel, refer to Figure 4.

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

1. Initial discovery of mineralised Bennet Well Channel
2. delineation drilling of the Bennet Well Channel
3. Mineral Resource (JORC 2012) upgrade of entire Bennet Well mineralised system;
4. Drill testing a palaeochannel to the northeast of Bennet Well with intersection of mineralisation that warrants further follow-up drilling.

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

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

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

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

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

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

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presented in Table 1).

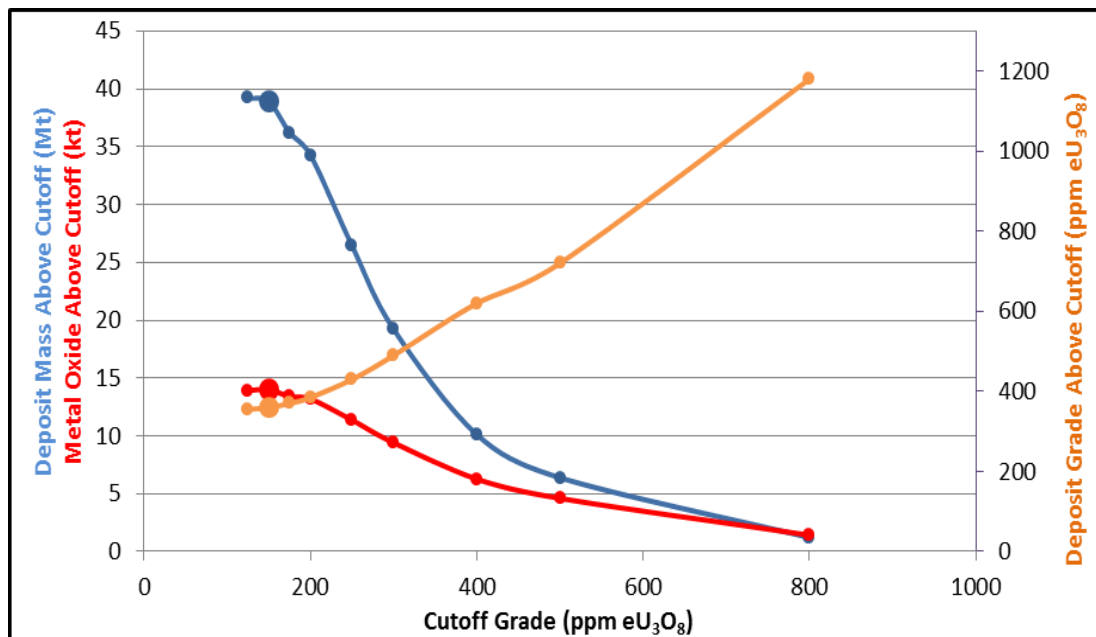


Figure 2: Grade-Tonnage curve for the Mineral Resource; deposit mass above cut-off in blue, deposit grade above cut-off in orange, deposit contained metal-oxide mass above cut-off in red

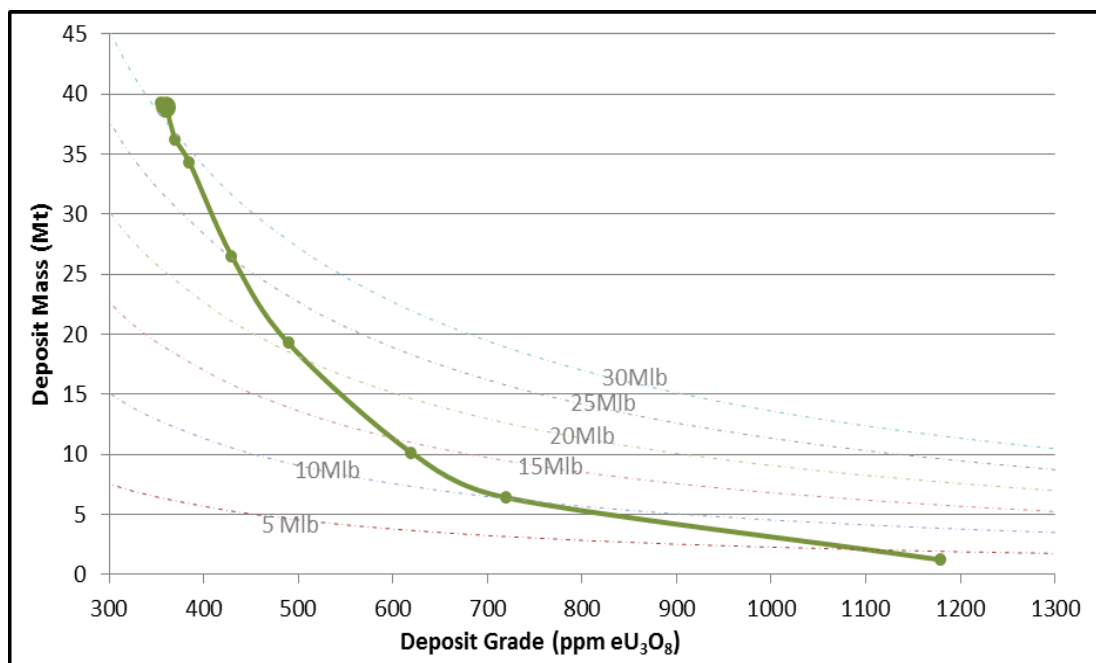


Figure 3: Deposit mass versus grade for various cut-off, the large dot is the 150 ppm eU_3O_8 economic cut-off; dotted lines are contours of equal metal-oxide mass in imperial unit

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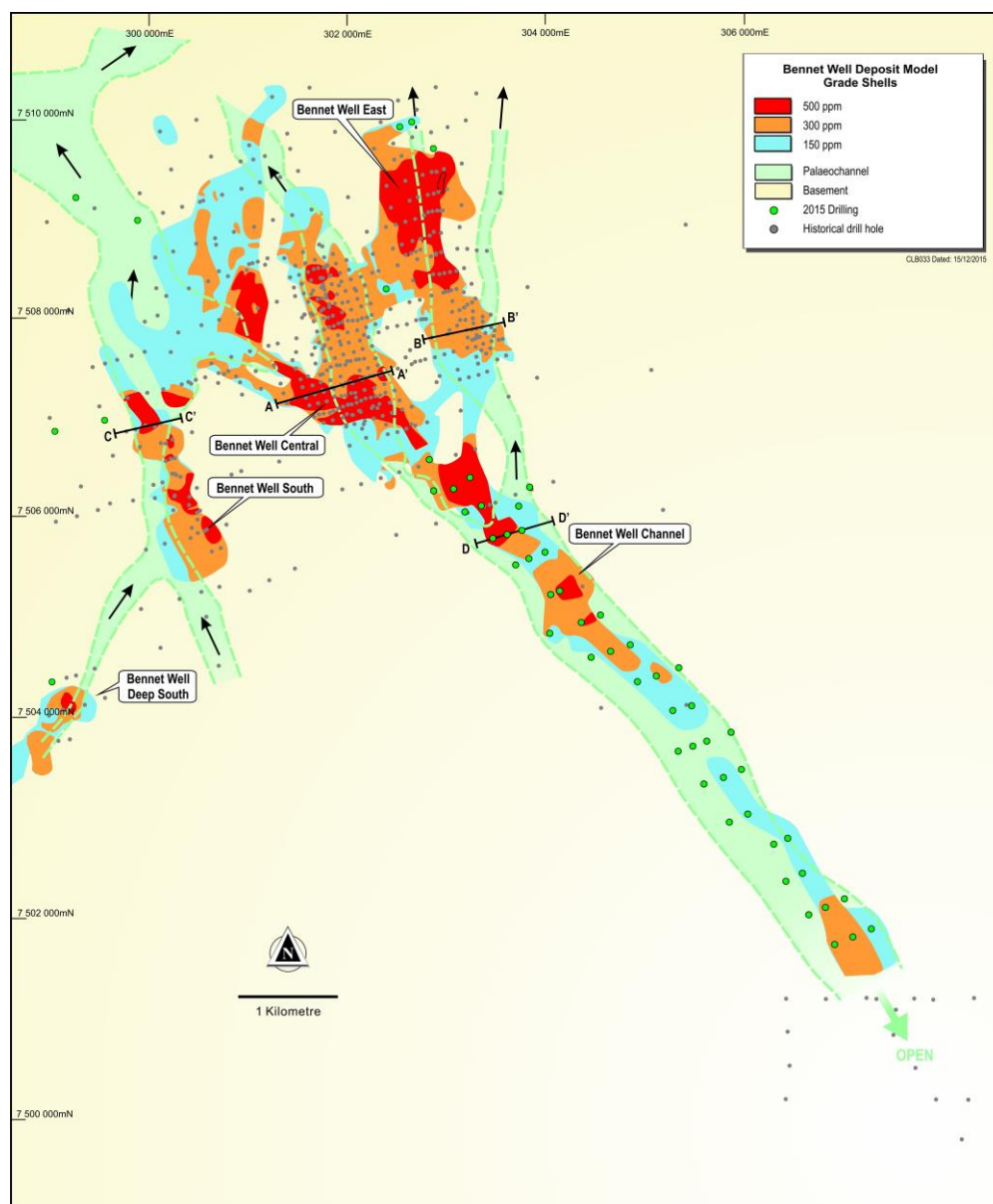


Figure 4: Bennet Well distribution of mineralisation

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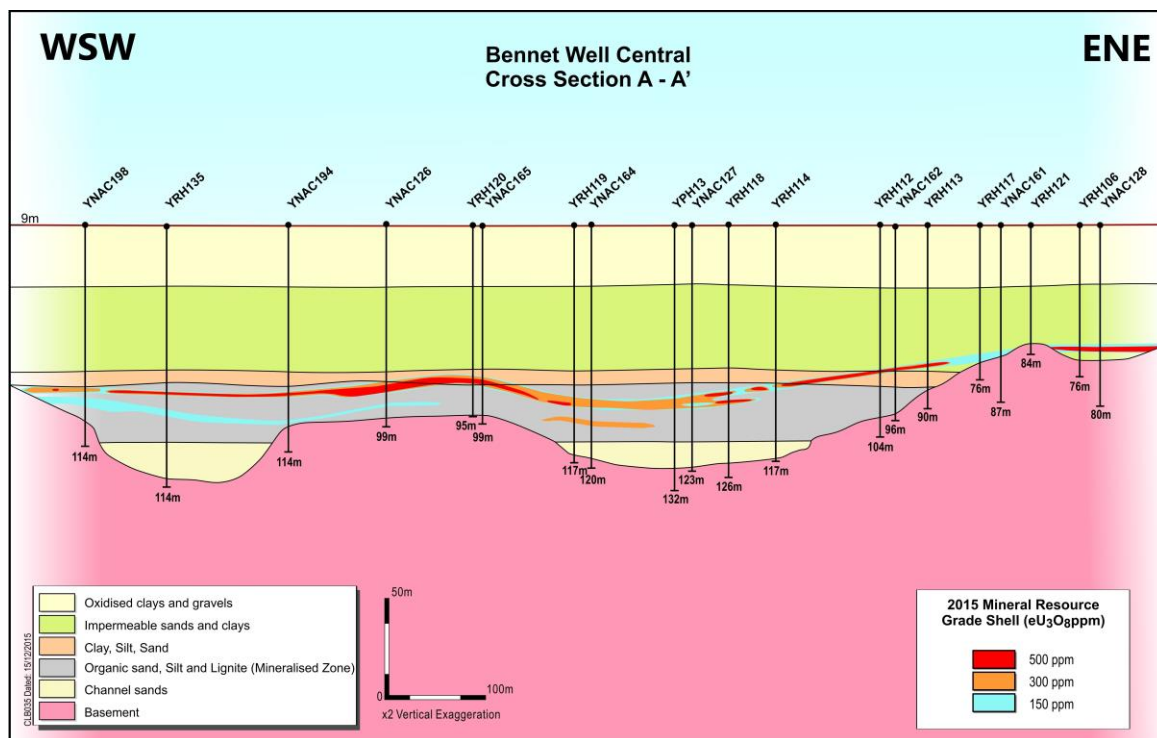


Figure 5: Bennet Well Central; cross-section line A-A'; distribution of mineralisation

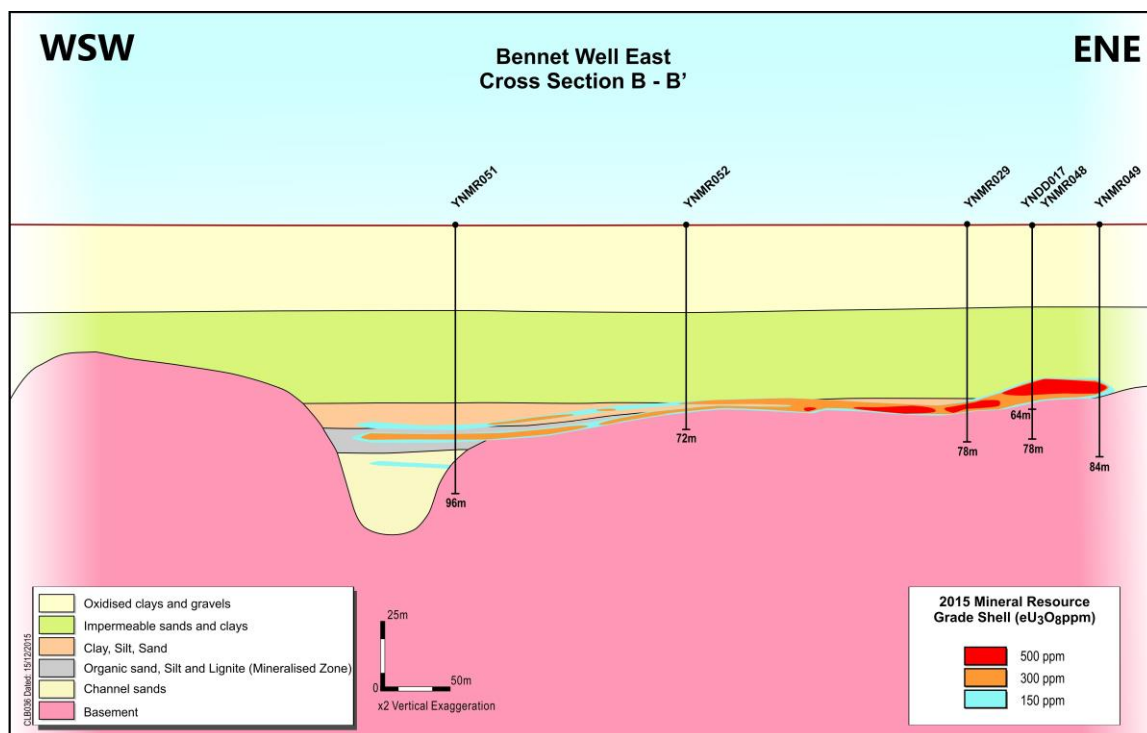


Figure 6: Bennet Well East; cross-section line B-B'; distribution of mineralisation

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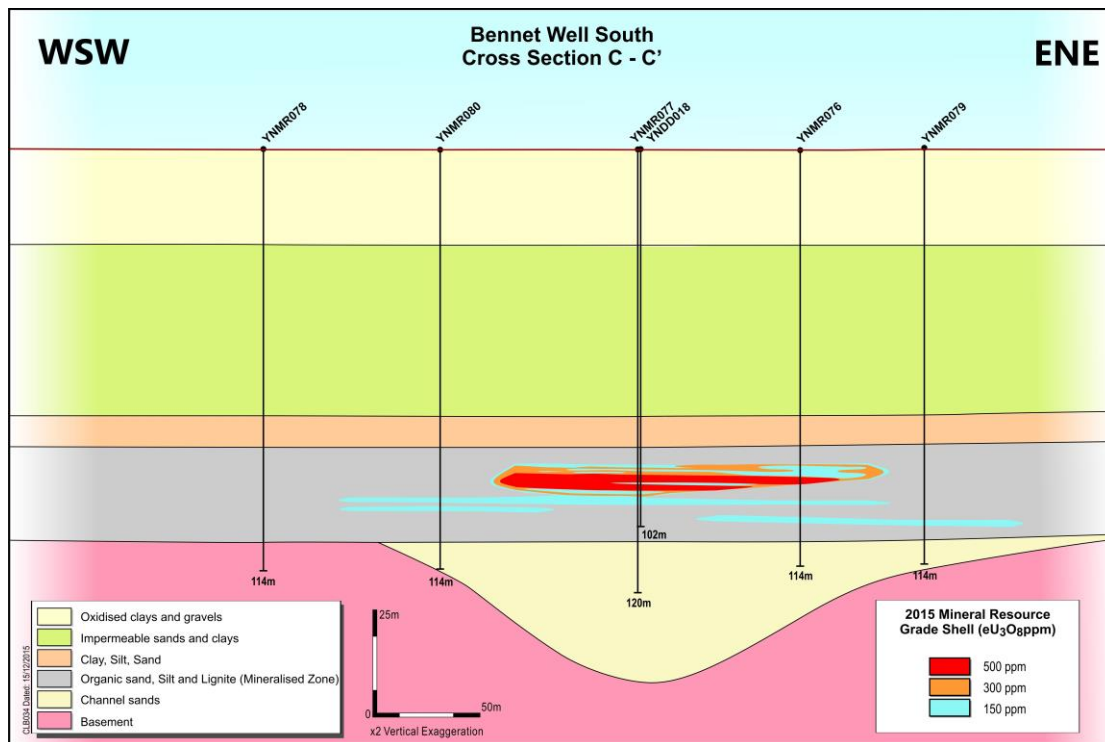


Figure 7: Bennet Well South; cross-section line C-C'; distribution of mineralisation

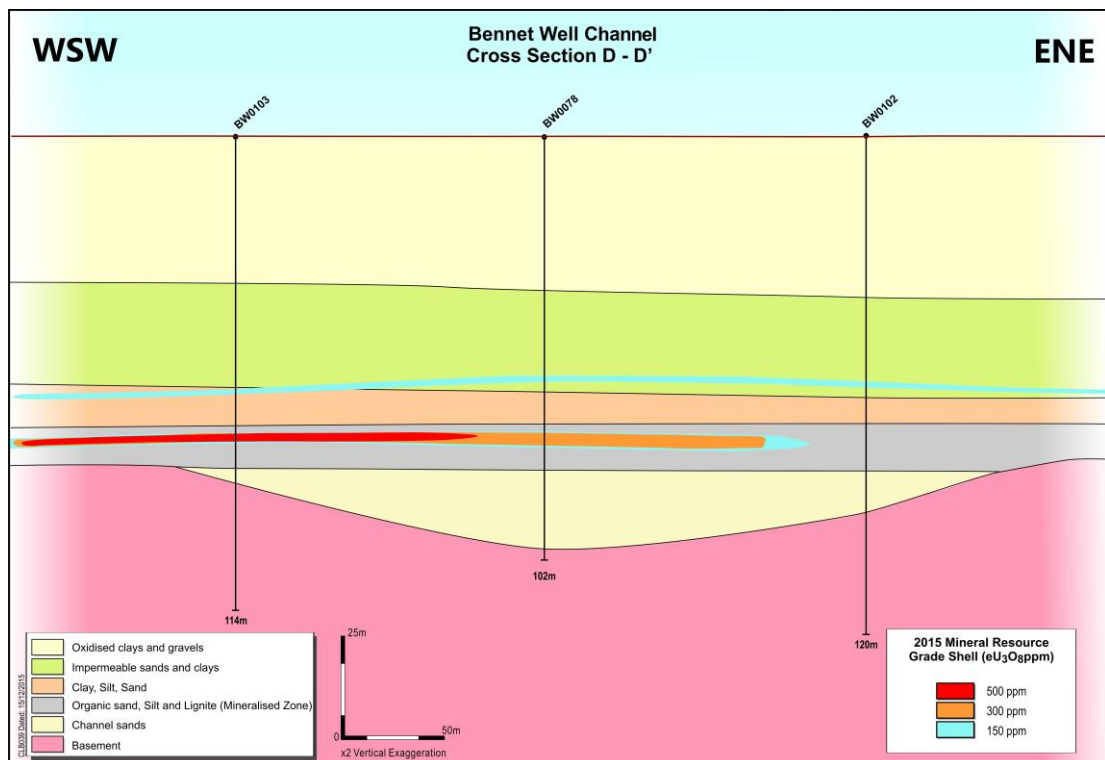


Figure 8: Bennet Well Channel; cross-section line D-D'; distribution of mineralisation

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

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

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

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

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

Notes to Accompany the Mineral Resource Estimate of Bennet Well

Drilling and Assay Data

Drilling technique: The drilling used to complete the Mineral Resource estimate is a combination of mud rotary and diamond core with assay data collected by downhole geophysical probes from open hole; and aircore drilling with geophysically derived grade data collected from inside rods. The assay data set used for the Mineral Resource is derived from deconvolved gamma logs from downhole geophysical logs obtained from all drillholes with a set of models defined in section 'sample analysis method'. The Mineral Resource was estimated from the results of 285

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aircore holes for 29,320 m, 217 rotary mud holes for 19,245 m and 23 diamond core holes for 2,104 m (a total of 252 holes for 50,669 m of drilling).

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

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

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

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

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Mineral Resource Estimation Methodology

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

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

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

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

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

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

Economic Framework

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

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

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

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- in-situ recovery uranium oxide recovery of 67%
- operating cost of US\$ 25/lb

YANREY PROJECT

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

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

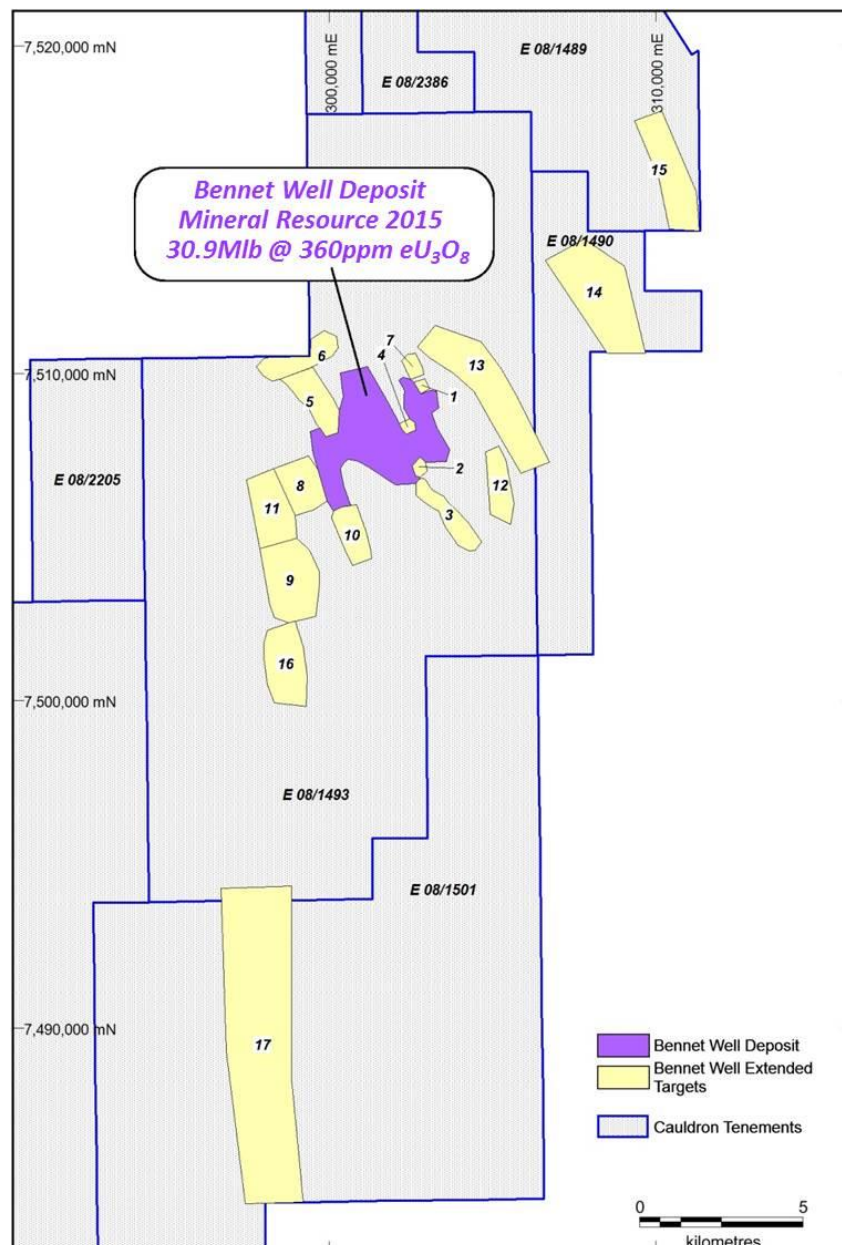


Figure 9: Bennet Well Channel; cross-section line D-D'; distribution of mineralisation

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

- BW0096: 0.75 m @ 288.91 ppm eU₃O₈, from 53.0 m
- BW0097: 0.45 m @ 235.80 ppm eU₃O₈, from 53.4 m

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

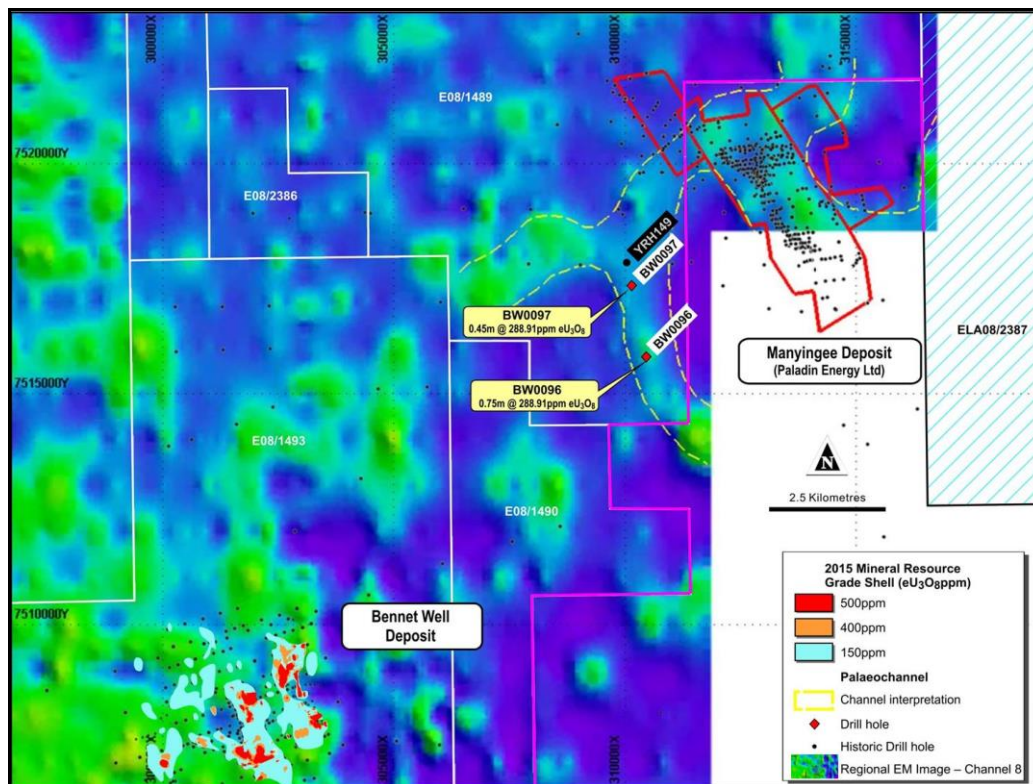


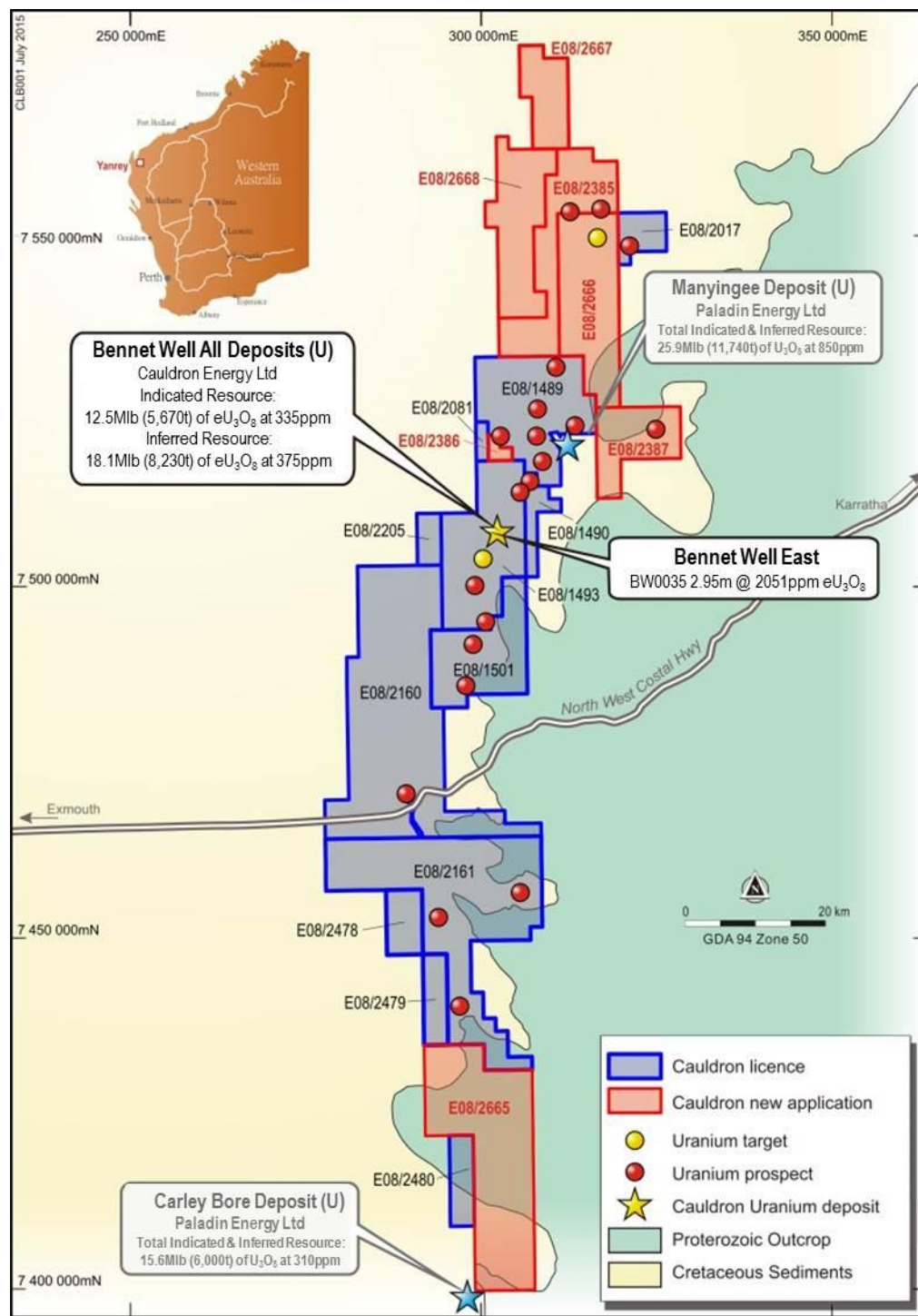
Figure 10: Manyingee South Channel - plan view showing summary of mineralisation from drilling on EM image showing interpreted channel bounds

Exploration Incentive Scheme

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

Cauldron has received payment of the Interim Invoice for the Exploration Incentive Scheme from the DMP of \$120,000 on the basis of the draft report completed following the drilling. The company can expect the balance of \$30,000 following acceptance of the Final Report due in March 2016.

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

DIRECTORS' REPORT**Figure 11:** Yanrey Project – Deposit, Prospect and Target Locations

DIRECTORS' REPORT**MARREE PROJECT, SOUTH AUSTRALIA**

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

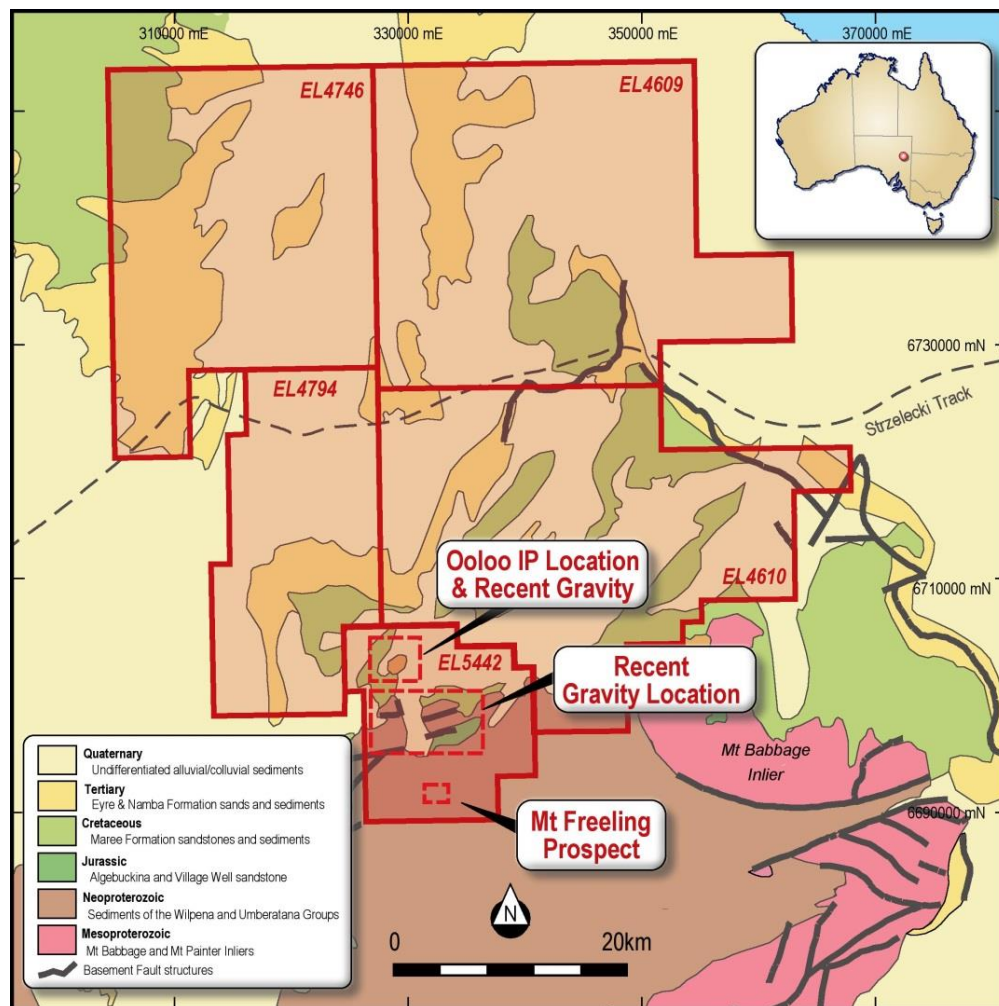


Figure 12 : Marree Project – Location of identified prospects

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 and the Native Title Act 1993. 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. The warden declined to reconsider the applications. Forrest and Forrest Pty Ltd have now commenced proceedings in the Supreme Court of Western Australia seeking to overturn the Minister's decision to allow Cauldron's applications to proceed through the determination process under the mining Act and the Native Title Act. The Supreme Court will hear this application on 19 April 2016. The Minister will not determine whether to grant the application until the application before the Supreme Court is determined.

DIRECTORS' REPORT

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 May 2016. 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 this adjournment, the first in line applications for 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.

On 6 November 2015, the Warden accepted a Minute of Programming orders from Cauldron to adjourn this matter to mention until 22 April 2016.

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.

DIRECTORS' REPORT

EXPLORATION ACTIVITIES: ARGENTINA

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

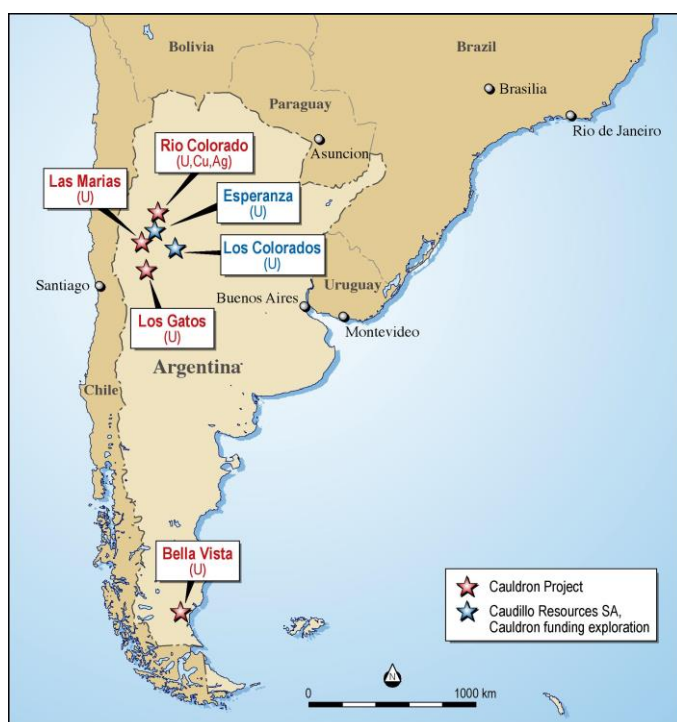


Figure 13: Argentina – Location of Prospects

During the reporting period, Cauldron completed the first earn-in stage of the Rio Colorado project, now owning a 51% equity stake in the joint venture.

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.

DIRECTORS' REPORT

JORC Code, 2012 Edition – Table 1

Bennet Well Mineral Resource - Dec 2015

Section 1 Sampling Techniques and Data

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

Part	Criteria	Explanation	Comment
1-1	Sampling Techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>	<p>The principal sampling method for all drilling conducted at the Bennet Well and larger Yanrey projects has been by downhole geophysical gamma logging to determine uranium assay and in-situ formation density data. Data collected at 1 cm sample rate comprised gamma ray (two calibrated sondes on two separate sonde stacks), caliper, dual lateral resistivity, dual induction and triple density. Downhole geophysical log data was collected by contractors, Borehole Wireline Logging Services of Adelaide using GeoVista made downhole slim-line tools.</p> <p>Core samples were also collected for the diamond drilling conducted in 2013 and 2014 however these data have not been deemed as being representative of the entire project area and have therefore not been used in the derivation of the Exploration Target.</p> <p>All uranium assay grade is determined from deconvolved gamma logs; using non dead-time corrected calibrated gamma sondes, the consecutive application of a smoothing and sharpening filter on the raw data, hole-size correction, moisture correction, and a correction for secular disequilibrium.</p> <p>All in-situ formation density estimated from data was collected by a triple density probe; using calibrated density sondes from the three channels of the probe (short spaced, long spaced and bed resolution density). These data were corrected for the high background gamma environment of the mineralised zone (by running the probe without the source in grades above 800 ppm eU₃O₈) and for variations in hole-size by applying a hole-size correction model derived from the AMDEL calibration facility.</p>
		<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Downhole gamma logging for the BW series drillholes was performed by Borehole Wireline Pty Ltd using a Geovista 38mm total count gamma probe.. The data used to calibrate the gamma probes was collected by Duncan Cogswell BSc, MSc who is a Member of the Australasian Institute of Mining and Metallurgy. Duncan Cogswell is a full time employee of Borehole Wireline Pty Ltd and has sufficient experience in the area of downhole gamma probe calibration and borehole corrections. Calibration of two gamma sondes was completed using non-dead-time corrected grade and hole-size correction models, and for the density sonde using a density model and a hole-size correction model.
		<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>	<p>Data was collected at 1 cm sample intervals down the length of the drillhole. Uranium assay grades were determined from deconvolved gamma logs using non dead-time corrected calibrated gamma sondes, the consecutive application of a smoothing and sharpening filter on the raw data, hole-size correction, moisture correction, and a correction for secular disequilibrium.</p> <p>Downhole geophysical logging was undertaken by contractors, Borehole Wireline Logging Services of Adelaide using GeoVista made downhole slim-line tools.</p>

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
	Drilling Techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	<p>Drilling within the Bennet Well – Yanrey project consists of various phases of rotary mud, aircore and diamond core drilling conducted between 1979 (historical) and 2014 (CXU). All holes were drilled vertically. The breakdown of programs is as follows:</p> <ul style="list-style-type: none"> ➤ pre-2013: historical drilling consisting mostly of aircore, comprising 285 holes for a total of 29,065 m and rotary mud, consisting of 95 holes for 8,993 m . ➤ 2013: diamond core drilling comprising a total of 8 holes, consisting of 356 m rotary mud pre-collars and 257 m of HQ diamond core tails. The rotary mud pre-collars were drilled at a diameter of 5 1/4" while the diamond core tails were drilled with triple-tube PQ (diameter 83mm) in areas of hard drilling, and subsequently HQ (61mm) when the target zone of mineralisation was intersected. ➤ 2014: approximately 90 % of the drill program was comprised of rotary mud (diameter for a total of 67 holes (5,785 m), while 10% consisted of triple tube diamond-drilled PQ core for a total of 6 holes (534m). The bore wall was stabilised by bentonite muds and chemical polymers.
1-2	Drill Sample Recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	<p>Core processing for the 2013 and 2014 diamond drill programs involved checking every run for accuracy on drilling blocks to identify areas of core loss/gain that would then assist with determination of total core recovery. Recoveries of core were measured inside the splits before transferring it to the core trays. The measured recoveries were then logged in a database and later used to determine recovery percentages. Average core recoveries for the 2013 and 2014 programs were 93.6% and 87.8%, respectively.</p> <p>Sample recovery from mud rotary drilling is not required for assay, but during the 2014 program a sample was collected in 1 m downhole increments and laid out near the drill collar for use in logging the downhole lithology, redox state, alteration and the stratigraphic sequence. A specimen sample of each downhole increment for each drillhole remains on-site.</p>
		<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	<p>Sample recovery from the mud rotary drilling has never been recorded because a physical sample is unnecessary for assay determination.</p> <p>Triple tube PQ core has been determined as the most effective drilling method (outside of potential use of sonic drilling) to maximize recovery of the mostly unconsolidated interbedded sand and clay sequences hosting the mineralisation. The 2013 and 2014 diamond core programs involved drilling run lengths of 3.0 m outside of the target ore zone and then decreasing the run length to 1.5, 1.0 and even 0.5 m on approach to and within the ore zone itself. The short runs were found to achieve the best overall recovery.</p>
		<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	<p>Cauldron has not identified any relationship between sample recovery and the determination of uranium assay from deconvolved gamma ray data.</p> <p>Variations in uranium grade caused by changing drillhole size is minimised through an accurate measurement of hole diameter using the caliper tool and application of a hole-size correction factor. Hole-size correction models have been determined by Borehole Wireline, using data collected at the PIRSA calibration facility in Adelaide; with a hole-size correction factor derived as a function of drillhole diameter.</p>

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
1-3	Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	<p>All mud rotary chips are geologically logged and used to assist in the interpretation of the resistivity, induction and density profiles derived from the downhole geophysical sondes. Uranium assay for a potential in-situ recovery project requires mineralisation to be hosted in a porous sedimentary sequence that is readily leachable, and is determined for the former geophysical data and the mud rotary chips.</p> <p>The drill core was also geologically logged in greater detail than that undertaken during the logging of the mud rotary chips. This information was later used in a deposit-wide geological interpretation exercise and the subsequent establishment of a working 3D exploration model that has also been used in the derivation of the Exploration Target as well the planning and design of the proposed work to test these Targets.</p> <p>No geotechnical data was collected due to the generally flat-lying geology and mostly unconsolidated sediments.</p>
		<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	<p>The geological logging completed was both qualitative (sediment/rock type, colour, degree of oxidation, etc.) and quantitative (recording of specific depths and various geophysical data).</p> <p>The chip samples were sieved and photographed wet (lightly sprayed with water) and dry. Selected half-core zones were also photographed by Core Labs Australia, (Kewdale, W.A.), showing the cut and cleaned surfaces.</p>
		<i>The total length and percentage of the relevant intersections logged.</i>	All mud rotary chip samples and core samples were geologically logged. All drillholes from the 2013 and 2014 programs were logged with the downhole geophysical probes.
1-4	Sub-Sampling Techniques and Sample Preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	<p>Most of the core from the 2013 program was cut on-site in half using an angle grinder and chisels by the Site Geologist since the core was loosely consolidated. More consolidated core was cut at Core Labs (Kewdale, W.A.) using a diamond blade saw.</p> <p>Core from the 2014 program was treated differently. Immediately after the drilled core was measured and logged, the trays containing the target mineralised zones would be separated from the 'barren' core. Core from the mineralised zone were wrapped in cling-wrap and the whole trays were then stored and transported within freezers for delivery to Core Labs, Kewdale W.A.</p> <p>Drill core samples from both the 2013 and 2014 diamond core programs were processed at Core Labs (during their respective exploration periods) and selected intervals chosen for porosity/density and permeability testing (PdPK) which involved the drilling of a half-inch length plug removed from the interval of core.</p> <p>Intervals were later selected for geochemical assay sampling which involved the collection of half core for normal samples and quarter core as duplicate (QAQC) samples. The geochemical assay results have not been used in the calculations behind the derivation of the Exploration Target in this report and therefore have not been included here.</p> <p>After the sampling process, the surfaces of the remaining half-core intervals were cleaned and smoothened by the use of very small, thin razor blades and thin brushes (for the removal of the resulting dust and debris). This procedure is part of the "slabbing" procedure routinely conducted by Core Labs. Once the core was sufficiently cleaned, profile permeability measurements were taken to establish amenability to the passage of fluids through the mineralised target zones.</p>

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
		<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	No mud rotary chip samples were collected for geochemical assay.
		<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	<p>Rotary mud drilling does not require a physical sample to assay nor would it provide a sufficiently clean sample if there was a need for geochemical assaying (because it involves an open hole with no control on contamination or smearing of the sample between metres). However, this type of drilling does allow the passage of geophysical probes which can derive assay for uranium mineralisation. A check against assay and density derived from gamma and density probes, respectively, will be completed using physical sampling derived from core drilled during the 2014 program.</p> <p>Geochemical assays from the diamond core have not been used in the derivation of the Exploration Targets. Sampling information will therefore not be included here as it is deemed irrelevant for the purpose of this report.</p>
		<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	<p>Two calibrated gamma probes run in separate stacks were utilised to derive uranium assay from every hole. Assay from only one probe (the grade probe) is used in grade determination; the alternate probe is used to check the result derived from the grade probe. This cross-check is used to check if the correct calibration models are applied to the data, and to ascertain potential spurious results from a damaged probe or a probe that drifts out of calibration range.</p> <p>Geochemical assays from the diamond core have not been used in the derivation of the Exploration Targets. Sampling information will therefore not be included here as it is deemed irrelevant for the purpose of this report.</p>
		<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	<p>All holes drilled during the 2014 rotary mud / diamond core program were assayed with two different calibrated gamma probes.</p> <p>Geochemical assays from the diamond core have not been used in the derivation of the Exploration Targets. Sampling information will therefore not be included here as it is deemed irrelevant for the purpose of this report.</p>
		<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	<p>During the downhole logging process, the gamma and density probe used for uranium assay determination and in situ density measurement is retracted past in-situ material accessed by the drillhole. No sorting of sample by grain size will occur under these conditions.</p> <p>Cauldron used well known laboratories for geochemical assessment of the core samples to ensure that all sample preparation including crushing and pulverizing was suitable for the material being tested.</p> <p>The profile permeability measurements were taken every 15 centimetres, where possible, along the cut face of the remaining one-half core section, throughout each of the 8 x drill core holes. The grain size of the sampled material is therefore not relevant to the selection of sample points for this type of analysis.</p> <p>Samples selected for the porosity/grain and bulk density testwork were trimmed, dried and cooled (see "Sampling Techniques" section) according to standard Core Lab sampling procedures. Material grain size is also irrelevant to the selection of samples for these testworks.</p>
1-5	Quality of Assay Data and Laboratory	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered</i>	Borehole Wireline Logging Services have strict quality assurance procedures to ensure tool reliability and tool calibration. Borehole Wireline has collected recent data to allow calibration of the gamma, density and caliper probes, and has supplied these data to Cauldron.

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
	Tests	<i>partial or total.</i>	<p>Provided appropriate correction factors and assay control, deconvolved downhole gamma assay provide the best assay for uranium hosted in unconsolidated sedimentary material, because of low sample quality derived from RC drilling and potential low recovery from core drilling.</p> <p>The PdpK technique is a well-used procedure throughout the oil and gas industry and is widely used by Core Labs for many Petroleum companies throughout the world. As such, this analytical method is usually considered to result in a very accurate, representative and precise data set.</p>
		<i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	<p>Deconvolved uranium grade from gamma logging comprises the following:</p> <ul style="list-style-type: none"> each gamma tool is calibrated for tool count (gamma scintillations) against uranium response in the PIRSA calibration pits, Adelaide; using the revised pit grades of Dickson 2012 hole size correction factor is applied; which is generated from the PIRSA calibration pits, Adelaide; applied to every hole based on the measured hole diameter of the drillhole moisture correction factor of 1.11 is applied because of the difference in dry weight uranium grade between the relatively dry calibration pits compared to the saturated unconsolidated sediments that are host to the deposit disequilibrium factor of 1.07 is applied to all holes based on minimal data that needs further analysis and quantification <p>Profile permeability was measured on the cut face of the remaining one-half core section of each of the core holes using the PdpK TM 300 Profile Permeameter. Measurements were made approximately every 15 centimetres, where possible, along the core. A total of only 514 point measurements were made from the 2013 program, as the core in each hole was in a very deteriorated condition. The 2014 core samples submitted for PdpK testing returned a total of 258 point measurements because of more constrained sampling procedures in line with budgetary limitations.</p> <p>Samples selected for porosity, grain and bulk density measurement were first weighed and then processed through the Ultrapore TM 400 Porosimeter to first determine Grain Volume, using a combination of Helium gas and calculations involving Boyle's Law. A calibration check plug was run after every 5th sample. Grain density data was subsequently calculated from the grain volume and sample weight results.</p> <p>Bulk volume data for each of the samples were obtained by the use of Mercury displacement (using a Volumetric Displacement Pump) and Grain Volume data. Dry bulk density data was subsequently calculated using these resulting bulk volumes and the sample weights.</p> <p>The porosity of each sample was finally calculated from the same dataset using the bulk volume results and the grain volume data obtained at the beginning of the process.</p>
		<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	<p>In every hole, duplicate deconvolved gamma assay data is derived from two distinct probes and used to check for potential inaccuracy caused by electronic malfunction of any probe at any possible time.</p> <p>Core Labs, Perth, performed their own in-house calibration checks (such as running the calibration check plugs every 5th sample on the Ultrapore 400 Porosimeter) and re-running samples through the respective machines, as part of their quality control procedures.</p>

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
1-6	Verification of Sampling and Assaying	<i>The verification of significant intersections by independent or alternative company personnel.</i>	Independent checks were completed on these data by Borehole Wireline; which were cross-checked by Cauldron against deconvolved gamma grades derived by Cauldron.
		<i>The use of twinned holes.</i>	Eight core holes drilled in 2013 comprised a mix of twinned holes and new exploration holes in geologically and mineralogically significant areas. The core holes that served as twins were situated between 2.0 m to 10.0 m from the original holes.
		<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	<p>Data used to derive deconvolved gamma assay (depth, gamma reading and caliper, tool ID, calibration ID) is stored in .LAS files (a common industry space delimited format for downhole geophysical data) and viewed in WellCad (saved as WellCad .WCL files) which is then later uploaded to SQL database. The database and server is backed up regularly.</p> <p>Preliminary and final PdpK data are stored as '.csv' files on the Cauldron server for future reference. All data is verified by senior personnel and then entered into an in-house SQL database by a designated database consultant who manages all data entry. All data is saved as electronic copies with server backups completed.</p> <p>Profile permeability data is reported in units of milli Darcies or Darcies</p>
		<i>Discuss any adjustment to assay data.</i>	<p>A disequilibrium factor of 1.07 is applied to the gamma deconvolved grade to account for secular disequilibrium as measured by ANSTO on limited samples in 2007; and by the difference between wet chemical assay derived from core and deconvolved assay derived from gamma logging as seen in the core drilling completed in 2013. Spatial variations in secular disequilibrium in any orebody is common; and can range from a value both greater and less than 1. More work is required to map the variations in secular disequilibrium.</p> <p>The calculations used to obtain the grain, bulk and porosity data, and the respective reported units given to each data set, are as follows:</p> <p>Grain density and volume: $GD = W1/GV$ where: GD = Grain Density (grams per cubic centimeter – g/cc) W1 = Weight of sample (grams – g) GV = Grain Volume (cubic centimetres – cc)</p> <p>Porosity: $\emptyset = ((BV-GV)/BV) \times 100$ where: \emptyset = Porosity (percent - %) BV = Bulk Volume (cubic centimetres – cc) GV = Grain Volume (cubic centimetres – cc)</p> <p>Bulk Density: $BD = W1/BV$ where: BD = Bulk Density (grams per cubic centimeter – g/cc) W1 = Weight of sample (grams – g) BV = Bulk Volume (cubic centimetres – cc)</p>
1-7	Location of Data Points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	<p>The method to locate collars is by a real-time kinematic GPS system having an accuracy of plus or minus 0.5 m in the X-Y-Z plane, collected by qualified surveyor, Phil Richards of MHR Surveyors, WA. The relative level is determined from levelling to a grid derived from LIDAR survey having an RL accuracy of 0.2 m.</p> <p>No downhole surveys were completed since all holes were drilled vertically and the shallow drillhole depths relative to wide drill spacing would have minimal effect on potential mis-position of mineralised intercepts.</p>
		<i>Specification of the grid system used.</i>	The grid system used at the Bennet Well-Yanrey project area is MGA_GDA94, Zone 50. All data is recorded using Easting and Northing and AHD.
		<i>Quality and adequacy of topographic control.</i>	The primary topographic control is from a high resolution LIDAR survey flown in early 2015.

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
1-8	Data Spacing and Distribution	<i>Data spacing for reporting of Exploration Results.</i>	<p>Spacing of holes drilled historically is variable between 30 and 200 m on individual fence lines, and 50 m to 1,100 m between fence lines along strike.</p> <p>Spacing of the core holes from the 2013 drilling program varied between 350 m and 800 m within individual prospects.</p> <p>The spacing of the drill holes from the 2014 program varied between 100 m and 800 m within individual prospects.</p>
		<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	The area occupied by the deposit is very large and therefore drill spacing has always been variable.
		<i>Whether sample compositing has been applied.</i>	<p>Downhole geophysical data was collected on 0.01 m increments; a running five point average was subsequently applied to these data for the purposes of reducing file storage sizes.</p> <p>All downhole geophysical data was later composited to 0.50 m increments for the purpose of block modelling for the revision of the mineral resource estimate.</p> <p>The only compositing undertaken for core thus far was conducted in 2013 in relation to leach testing by ANSTO over a selected interval. A total of 34 and 10 assay pulp samples for YNDD018 and YNDD022 respectively were composited to make the leach test samples. These results however have not been used in the derivation of the Exploration Target supplied in this report.</p>
1-9	Orientation of Data in Relation to Geological Structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	All drill holes were drilled vertically since the sediments are mostly unconsolidated and generally flat-lying. All holes therefore sample the true width of mineralisation.
		<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No sampling bias is observed by the orientation of the drill holes.
1-10	Sample Security	<i>The measures taken to ensure sample security.</i>	Chips collected from each rotary mud and aircore drill hole are stored securely in a locked sea container at the Bennet Well Exploration Camp. Diamond drill core from the 2008 and 2013 drill programs is also stored at a secure location on the project site, in lockable sea containers.

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
			<p>If there is a requirement to transport core to Perth for sampling and assaying, the following procedure is followed:</p> <ul style="list-style-type: none"> ➤ core is frozen, wrapped and stacked on pallets and strapped with secure metal strapping; ➤ A Ludlum Alpha/Gamma Surface meter is then used to measure the concentration of alpha/gamma particles (if any) being emitted from each of the pallets. ➤ Pending the results of these surveys, and in accordance with the Safe Transport of Radioactive Material (2008) guidelines issued by the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA), the appropriate transport documentation was inserted into the top layer of plastic pallet wrap in such a way as to be visible to the transporter, if required. ➤ Upon arrival at the desired destination in Perth, the core is finally inspected by senior Cauldron personnel to check that sample integrity has been maintained.
1-11	Audits or Reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	Cauldron's Competent Person has verified all sampling techniques and data collection is of high standard and no reviews are required at this stage.

Section 2 Reporting of Exploration Results

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

Part	Criteria	Explanation	Comment
2-1	Mineral Tenement and Land Tenure Status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	<p>All drilling was completed, at various times, on exploration tenements E08/1493, E08/1489, E08/1490 and E08/1501, which are wholly owned by Cauldron.</p> <p>A Native Title Agreement is struck with the Thalanyji Traditional Owners which covers 100% of the tenements listed above.</p>
		<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	These tenements are in good standing and Cauldron is unaware of any impediments for exploration on these leases.
2-2	Exploration Done by Other Parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	A 70 km long regional redox front and several palaeochannels were identified by open hole drilling by CRA Exploration Pty Ltd (CRAE) during the 1970s and early 1980s. CRAE drilled over 200 holes in the greater Yanrey Project area, resulting in the discovery of the Manyingee Deposit and the identification of uranium mineralisation in the Bennet Well channel and the Spinifex Well Channel. Uranium mineralisation was also identified in the Ballards and Barradale Prospects.

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
2-3	Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>At least 15 major palaeochannels have been identified in the greater Yanrey project area at the contact between the Cretaceous aged marine sediments of the Carnarvon Basin and the Proterozoic Yilgarn Block which lies along the granitic and metamorphic ancient coastline.</p> <p>These palaeochannels have incised the underlying Proterozoic-aged granite and metamorphic rocks, which are subsequently filled and submerged by up to 150m of mostly unconsolidated sand and clay of Mesozoic, Tertiary and Quaternary age. The channels sourced from the east enter into a deep north-south trending depression that was probably caused by regional faulting and may be a depression formed at the former Mesozoic-aged coastline.</p>
2-4	Drill Hole Information	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> <i>Easting and northing of the drill hole collar;</i> <i>Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill collar;</i> <i>Dip and azimuth of the hole;</i> <i>Down hole length and interception depth;</i> <i>Hole length</i> <p><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract for the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p>	Refer to table below titled: "BW Extended Area and Yanrey Regional Area - drilling intercepts, location"
2-5	Data Aggregation Methods	<p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p> <p><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p>	<p>Average reporting intervals are derived from applying a cut-off grade of 150 ppm U₃O₈ for a minimum thickness of 0.40 m.</p> <p>The length of assay sample intervals varies for all results, therefore a weighted average on a 0.40 m composite has been applied when calculating assay grades to take into account the size of each interval.</p> <p>The intervals quoted in Table 2 are derived by length weighted averaging assay intervals greater than 0.4 m in width that have assays above 150 ppm. A maximum internal dilution of 0.4 m was used to aggregate a thin barren zone within bounding higher grade material as long as the grade-thickness of the entire interval</p>

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
			was above cutoff (= 150 x 0.4).
		<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalents are used.
2-6	Relationship Between Mineralisation Widths and Intercept Lengths	<i>These relationships are particularly important in the reporting of Exploration Results.</i>	All drilling at Bennet Well is vertical. The recent 3D interpretation and establishment of a mineralisation model has determined that the uranium mineralisation dips very shallowly (no more than 2-3°) to the west at Bennet Well East, yet at Bennet Well Central the mineralisation is observed to follow the contours of the underlying granitic basement. The overall dip of the mineralisation in the Bennet Well Resource Area could be described as sub-horizontal therefore, all mineralisation values could be considered to be true width.
		<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	The recent 3D interpretation and establishment of a mineralisation model has determined that the uranium mineralisation dips very shallowly (no more than 2-3°) to the west at Bennet Well East, yet at Bennet Well Central the mineralisation is observed to follow the contours of the underlying granitic basement. The overall dip of the mineralisation in the Bennet Well Resource Area could be described as sub-horizontal therefore, all mineralisation values could be considered to be true width.
		<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i>	The recent 3D interpretation and establishment of a mineralisation model has determined that the uranium mineralisation dips very shallowly (no more than 2-3°) to the west at Bennet Well East, yet at Bennet Well Central the mineralisation is observed to follow the contours of the underlying granitic basement. The overall dip of the mineralisation in the Bennet Well Resource Area could be described as sub-horizontal therefore, all mineralisation values could be considered to be true width.
2-7	Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Included in this report
2-8	Balanced Reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All drill locations are shown in Table 2; intercepts that are greater than 150 ppm for at least 0.4 m in thickness.
2-9	Other Substantive Exploration Data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to):</i>	Metallurgical sighter testing was completed by the Australian Nuclear Science and Technology Organisation (ANSTO) for the diamond core drilled in 2013, with further testing planned for core

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
		<i>geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	<p>drilled in 2014.</p> <p>Geochemical assaying was also completed for the diamond core from both 2013 and 2014.</p> <p>These data however have not been used in the derivation of the Exploration Targets reported here. Sampling information will therefore not be included here as it is deemed irrelevant for the purpose of this report.</p>
2-10	Further Work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	<p>The core obtained from recent drilling will provide samples for density and profile permeability testing and geochemical assay; with further metallurgical characterisation. The former physical and chemical characterisation testing will be used to cross-check the data collected by the downhole geophysics system, the latter metallurgical testing will expand on the core work completed in 2013.</p> <p>The aims of proposed metallurgical work include: characterisation of the modal mineralogy of mineralisation using QEMSCAN/SEM or similar; quantification of the elemental composition of mineralisation and host sequences; quantify the degree of secular disequilibrium; test for the presence and behaviour of organic material, carbonate material or pyrite that may affect efficiency of leaching; further test the leach performance of mineralisation in acid and in alkali/carbonate media.</p> <p>Further core and mud rotary drilling to improve the Mineral Resource category of the Bennet Well deposit. Further exploration drilling is required to identify extensions to mineralisation.</p>
		<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Plans and sections have been included in this report.

Section 3 Estimation and Reporting of Mineral Resources

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

Part	Criteria	Explanation	Comment
3-1	Database Integrity	<i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i>	Downhole gamma probe data collected in-field was processed by Mr David Wilson (Principal Consultant - 3D Exploration Ltd – Adelaide) and directly input by Cauldron personnel into a database. Ravensgate received the data from Cauldron Energy Limited in Microsoft Access Database files. There has been at least three recent reviews and revision of the database carried out through normal updates of data and these updates were loaded and reviewed as part of ongoing lithological modelling carried out by Cauldron primarily using Micromine Software. Ravensgate transferred the radlog data and lithological unit modelling data completed by Cauldron data into an interim Microsoft Access and MineSight® databases for internal review. Validated data was combined into a single database before loading into MineSight® prior to block model construction and resource estimation.

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
		<i>Data validation procedures used.</i>	<p>Suitable care and diligence was employed when entering all older and new data into project working databases.</p> <p>Ravensgate completed a check of the databases as was possible for missing coordinates, duplicate assay, collar, geology and survey intervals, duplicated drill holes and missing assays and surveys. A visual validation was undertaken by displaying the data in 3D on computer screen using MineSight[®] geological modelling software.</p>
3-2	Site Visits	<i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i>	A site visit to the Bennet Well Areas has not yet been conducted by Ravensgate. Ravensgate is satisfied that given the early stage of resource development at the Yanrey Project, only limited additional benefit will be derived from a site visit at this stage. The project area terrain is relatively flat and featureless with little in the way of outcrops or related geology features evident. Drill sites, and evidence of drilling operations and sampling operations are evident from selected photos observed of the site.
		<i>If no site visits have been undertaken indicate why this is the case.</i>	A site visit by Ravensgate personnel has not yet been carried out with respect to recent resource-estimate. The exploration manager of Cauldron has visited the site recently in Nov 2015. A site visit by Ravensgate is anticipated in the near future when new drilling program commences.
3-3	Geological Interpretation	<i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i>	<p>The confidence in the geological interpretation is good. The geological setting has been clearly established as a basinal and palaeochannel scoured granite basement constrained sediment hosted environment with uranium deposited through hydro-geochemical uranium deposition in oxidising conditions.</p> <p>From within the channel, the uranium moves through adjacent sand units and even smaller sand lenses within some of the terrestrial swamp units. The uranium-rich fluids meet with changing chemical conditions caused by the presence of reduced material such as pyrite, wood fragments, reduced lignitic clays, where the uranium is caused to precipitate.</p> <p>The transport pathway for the uranium is not just confined to one lithological unit. The uranium can move from one unit to surrounding units if there are permeable zones that will allow this to happen. Most of the uranium seen at Bennet Well East is located within about four main units that are all connected by permeable zones.</p>
		<i>Nature of the data used and of any assumptions made.</i>	<p>No assumptions on the historic data have been made except that whilst it is not now directly verifiable, is still represents cumulative data for the area.</p> <p>Cauldron has subsequently carried out recent Mud Rotary, Air-Core and Diamond Drilling programs that have gone towards verifying and confirming the general tenor of the historic project development work.</p>
		<i>The effect, if any, of alternative estimation interpretations on Mineral Resource estimation</i>	The Bennet Well deposit areas are close to horizontally disposed with only very minor dipping typically of less than 2-3 degrees observed locally with some minor undulating in geometry evident. The lithological units are interpreted for have distinct boundaries based on an extensive drill-logging data-set. The lithological units and their material type composition primarily define the position and relative size of the uranium mineralised domains. The exploration programs carried out at the Bennet Well areas comprise a reasonably large drilling data-set which is adequate to clearly outline the majority of the mineralisation geometries. It is unlikely an alternative mineralisation geometry interpretation could depart significantly from the interpretation arrived at to

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
			date.
		<i>The use of geology in guiding and controlling Mineral Resource estimation.</i>	<p>Experience modelling similar sediment hosted and stratigraphically controlled deposits was utilised in guiding and controlling the estimation. The mineralised envelopes for were based on a nominal minimum range of 125-150 ppm eU₃O₈ (deconvolved gamma with disequilibrium factor) lower cut-off and were appropriated using maximum of +/-0.8 m internal dilution definition threshold.</p> <p>The mineralised zone wireframes were only extrapolated to distances approximately equivalent to half of a typical drill-grid section spacing (or slightly less) used at Bennet Well East, Central and South.</p>
		<i>The factors affecting continuity both of grade and geology.</i>	<p>Palaeochannel basement scour features are interpreted to affect the geology and therefore uranium grade at the local scale. In addition the stratigraphic sequence and composition of the various sediment units also affects uranium mineralisation distribution. The uncertainties caused by these factors will have only a small impact on the global resource estimates at this stage of project development. More closely spaced drilling will be required in the future to define the short range variability of the mineralisation. For the resource classification levels derived for this report these factors been adequately addressed via the resource estimation process applied.</p>
3-4	Dimensions	<i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i>	<p>Bennet Well East – Main Zone is approximately 3000 m along strike – Grid Azimuth 330-345 degrees (North-South) by 1100m perpendicular to strike (East-West). Individual lithological units within this area typically vary between 2m and 10m in thickness.</p> <p>Bennet Well Central – Main Zone is approximately 4200m along strike - Grid Azimuth 320-335 degrees (North-South) by 2200m perpendicular to strike (North-South). Individual lithological units within this area typically vary between 2m and 20m in thickness.</p> <p>Bennet Well South – Main Zone is approximately 2900m along strike Grid Azimuth 330-340 degrees (North-South) by 500-1000m perpendicular to strike (East-West). Individual lithological units within this area typically and vary between 2m and 20m in thickness.</p> <p>Bennet Well Deep South – Main Zone is approximately 500m along strike Grid Azimuth 330-335 degrees (North-South) by 500-700m perpendicular to strike (East-West). Individual lithological units within this area typically and vary between 2m and 5m in thickness.</p>
3-5	Estimation and Modelling Techniques	<i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i>	<p>The most current interpretation of the mineralisation units that have been formed within the overall marginal marine environment, in conjunction with the interpreted uranium mineralisation distribution (based on a nominal minimum range of 125-150 ppm U₃O₈ deconvolved (deconvolved gamma with disequilibrium factor) cut-off has been used to interpret and construct wireframes of mineralisation within the Main Bennet Well Area. These have been allocated ZON1 (zone) code numbers for modelling use and have been designated as ZON1=1-BWGS, 2-BWMAINA1, 3-BWMAIND1, 4-BWMAINA2, 5-BWMAINB1, 6-BWMAINC1, 7-BWMAINE1, 8-BWBASAL1.</p> <p>Grade estimation using ordinary kriging was completed for one main reportable element item; DSEQ1 for eU₃O₈ deconvolved gamma with disequilibrium factor. Drill hole downhole gamma probe radlog data (DSEQ1) was flagged using domain codes</p>

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
			<p>generated from 3D mineralisation domains and geological surfaces.</p> <p>Radlog data was composited per DSEQ1 item element to 0.4m downhole lengths within the major lithological units. There were no residual composites using the lithological coding approach. Intervals without assays were excluded and designated with null values as determined from the compositing routine. The influence of extreme grade values were examined utilising top cutting analyst tools (grade histograms; log probability plots and coefficients of variation) on a detailed ZON1 designation basis.</p> <p>The grade / cut-off distance restriction regime utilised during interpolation to limit the influence of very high grade outliers for Bennet Well was set at varying cut-off thresholds depending on ZON1 designation of 400-4,400 ppm eU₃O₈ (Deconv) (deconvolved gamma with disequilibrium factor). The distance of outlier restriction for the main Bennet Well zones was set at a spherical 160 m.</p> <p>Grade continuity for each zone (lithological unit) was measured using geostatistical techniques. Directional variograms were modelled using traditional and co-variance transformation variograms. Nugget values for all elements were observed to range from moderate through to high depending on zone designation. Estimation search ellipsoids were also defined according to the local geometry orientation as defined by an additional AREA domain code. The main Bennet Well (ZON1=1-8), Bennet Well Central (ZONE=5-8), Bennet Well South (ZONE=9-12) and Bennet Well Deep South (ZONE=13-15), mineralisation domains were interpreted and treated from a modelling perspective as a 'continuous mineralisation event'.</p>
		<i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i>	<p>No previous economic mining activity has taken place within the Bennet Well Areas. A previous set of resource estimates for the Bennet Well Areas and have been undertaken in the past.</p> <p>An early JORC (2004) Mineral Resource Estimate carried out by Ravensgate at a 150ppm eU₃O₈ lower cut-off was:</p> <p>Bennet Well All Areas → Inferred Resource - 26,707Mt @ 267 ppm U₃O₈ (DisEq).</p> <p>A more recent subsequent JORC (2012) Mineral Resource Estimate carried out by Ravensgate (September 2014) at a 150ppm eU₃O₈ lower cut-off was:</p> <ul style="list-style-type: none"> Bennet Well All Areas → Combined Indicated and Inferred Resource – 32.4Mt @ 260 ppm U₃O₈ (DisEq) Comprised of Indicated Resource - 9.4Mt @ 300 ppm U₃O₈ (DisEq) and Inferred Resource - 23.0Mt @ 240 ppm U₃O₈ (DisEq) A previous early stage mineral resource estimate for the Bennet Well Central Area only was carried out by Hellman & Schofield (H&S) during May 2008. At the time, the drilling density was a nominal 100m by 100m in the resource area. H&S also utilised Ordinary Kriging and composited to 0.5 metre downhole lengths however no capping or cutting of outlier values was used possibly leading inadvertently to elevated resource estimated tonnages and grades. H&S reported an Inferred Mineral Resource under the JORC 2004 Code of 7.296Mt at a cut-off of 150ppm eU₃O₈ an average grade of 296ppm eU₃O₈ (DisEq).
		<i>The assumptions made regarding recovery of by-</i>	The Yanrey Project is not expected to produce excess or saleable by-products.

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
		<i>products.</i>	
		<i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i>	No significant deleterious elements have been identified or reported to date.
		<i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i>	Multiple interpolation runs and search passes depending on ZON1 and / or AREA domain were used for interpolation of grade into the 20mN by 15mE by 0.4mRL blocks. Each Area domain for ZON1=1 to ZON1=8 and AREA=1 to AREA=7 based on observed mineralisation orientation and were treated as hard boundaries. The main ZON1 (mineralised unit) domains were treated as hard boundaries.
		<i>Any assumptions behind modelling of selective mining units.</i>	No firm selective mining units have been assumed particularly given an in-situ recovery extraction technology is to be considered.
		<i>Any assumptions about correlation between variables.</i>	No statistical analysis was undertaken to determine the relationship between U ₃ O ₈ and any minor analytical elements as no significant element correlation factors have been identified as being critical.
		<i>Description of how the geological interpretation was used to control the resource estimates.</i>	All blocks within the mineralisation wire-frame were estimated. Mostly Hard, bounded were used for the major designated mineralized lenses (ZON1=1-8).
		<i>Discussion of basis for using or not using grade cutting or capping.</i>	Statistical analysis showed the populations in the main ZON1=1-16 domains to generally have moderate, ranging to high, coefficients of variation. Therefore, a moderated grade / cut off and associated distance restriction regime was applied during kriging interpolation individually on a zone by zone basis.
		<i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i>	<p>Model validation was carried out graphically and statistically to ensure that the block model grades accurately represent the input drill-hole data. A number of methods were employed to validate the block model including:</p> <ul style="list-style-type: none"> • Global mean comparison; • Visual comparison, and • Bench trend plot comparison. <p>The global mean comparison between drill composite grades and model grades within each of the mineralised zone wireframes for the eU₃O₈ item shows that, globally, the estimates compare favourably within all the well drilled parts of the main mineralised domain. Some localised bench variations are observed with the bench trend plots. These areas of variation are due to the inherent bench variability and non-stationarity of the analytical deconvolved eU₃O₈ data.</p> <p>Cross sections were viewed on-screen and showed a good comparison between the drill hole data and the block model grades. A volume comparison between the volume of the block model cells within each mineralised zone and the volume of the corresponding wireframe was carried out to ensure coding methods were within acceptable limits.</p>

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Part	Criteria	Explanation	Comment
3-6	Moisture	<i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i>	The tonnages are estimated on a dry basis; and has been reviewed by Mr David Wilson who suggested using a conservative average porosity of factor of 30% for current resource estimation purposes until more definitive in-situ data is acquired.
3-7	Cut-off Parameters	<i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i>	A nominal cut-off range of 125-150 ppm eU ₃ O ₈ (deconvolved) in conjunction with lithological logging was used to define the mineralised envelopes based on a visual significant change of mineralisation distribution and to some extent some localised population statistics thresholds. A financial model completed by Cauldron using the Ravensgate September 2014 Mineral Resource estimate and widely published production costs for in-situ recovery operations has shown that 125 ppm eU ₃ O ₈ is economically viable at a uranium sale price of \$US45/lb. The use of a lower cutoff of 150 ppm eU ₃ O ₈ is therefore justified.
3-8	Mining Factors or Assumptions	<i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution.</i>	<p>No previous mining other or mineral extraction other than the recent program of exploration and resource model development has taken place; therefore no reconciliation data is available.</p> <p>Future Mining or mineral extraction at the Bennet Well deposit areas deposit is anticipated and likely to be by In-Situ Leaching (ISL) methods using a series of leaching solution injection bores and pregnant solution extraction bores. No other assumptions on mining methodology have been made.</p>
3-9	Metallurgical Factors or Assumptions	<i>The basis for assumptions or predictions regarding metallurgical amenability.</i>	<p>Minor metallurgical test work has been completed for Bennet Well Area samples. The results suggest that the uranium mineralisation is readily soluble in either acid or alkali/carbonate leaching solution returning greater than 95% extraction in either leaching media. Acid and alkali/consumption were both very low.</p> <p>Cauldron plans more detailed test work in the future with the aim of identifying and optimising the best processing route for the production of high grade yellowcake.</p>
3-10	Environmental Factors or Assumptions	<i>Assumptions made regarding possible waste and process residue disposal options.</i>	It has been assumed that there are no significant environmental factors which would prevent the eventual economic extraction of uranium from the Bennet Well deposit areas. Environmental surveys and assessments will form a part of future prefeasibility study.
3-11	Bulk Density	<i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i>	<p>Bulk density has been estimated from density measurements Archimedes method of dry weight verses weight in water carried out on diamond core samples obtained in 2008 from diamond drilling available at the time from within the Bennet Well Central Area. A total of 62 samples have been measured predominantly on the main highest grade mineralised (more sandy) units accounting for the porosity and permeability where porosity ranges from 26.7% to 42.7% with an average of 34.0% have been observed. When considered in conjunction with the geology, the porosity data indicates the presence of confining lithologies such as interbedded sandstones and clays. The inherent porosity levels observed suggest that the eU₃O₈ mineralisation at Bennet Well mineralisation is amenable to In-Situ Recovery ('ISR') although additional test work will be required to confirm the mining and processing techniques. Mr David Wilson has considered and used a conservative average porosity of 30% which derives a conservative value of 1.74t/m³ for bulk density used in this current August 2014 resource estimation.</p> <p>This average bulk density value, was applied to all the block model cells within the appropriate zone using a direct code approach.</p>

DIRECTORS' REPORT

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

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
		<i>state the relevant tonnages, which should be relevant to technical and economic evaluation.</i>	
		<i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i>	No production data is available as no mining has taken place.

DIRECTORS' REPORT

4. SHARES UNDER OPTION

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

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

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.

5. SUBSEQUENT EVENTS

As announced on 12 January 2016, the Company advised that the Department of Mines and Petroleum ("DMP") had assigned the Bennet Well Uranium project as a Lead Agency Project under the WA Lead Agency Framework.

On 28 January 2016, His Honour Justice Mitchell of the Supreme Court of Western Australia found in favour of Cauldron in respect of its claim that Joseph Investment and Guangzhou City have breached their respective placements agreements in 2014 and entered judgment in favour of the Company for \$3 million, damages, interest and legal costs. Refer Legal Proceedings for further details.

No other matters or circumstances have arisen since the end of the financial period 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.

6. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2015 has been received and is included on page 38.

This report is signed in accordance with a resolution of the Board of Directors.



Mr Antony Sage
Executive Chairman

PERTH
12 February 2016

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

As lead auditor for the review of Cauldron Energy Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 12 February 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	31 December 2015 \$	31 December 2014 \$
Revenue	3(a)	316	5,563
Other income	3(b)	573,743	-
Administration expenses		(49,814)	(280,547)
Employee benefits expenses		(272,838)	(183,492)
Directors fees		(113,091)	(137,252)
Share based payments	9	(1,190,727)	(611,031)
Compliance and regulatory expenses		(207,917)	(70,223)
Legal expenses		(381,726)	(244,187)
Consultancy expenses		(157,620)	(230,017)
Occupancy expenses		(64,868)	(26,039)
Travel expenses		(47,722)	(118,644)
Exploration expenditure		(92,185)	-
Net fair value loss on financial assets		-	(611,283)
Gain on disposal of financial assets		-	194,867
Gain on disposal of other assets		31,892	(4,061)
Depreciation		(74,310)	(34,102)
Finance costs		-	(22,634)
Realised foreign exchange loss		-	(19,287)
Impairment losses	4	(19,501)	(87,930)
Loss before income tax expense		(2,066,368)	(2,480,299)
Income tax expense		-	-
Loss for the period		(2,066,368)	(2,480,299)
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		(186,122)	72,758
Other comprehensive loss for the period after income tax		(186,122)	72,758
Total comprehensive loss attributable to members of the Company		(2,252,490)	(2,407,541)
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents per share)		(0.81)	(1.22)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	31 December 2015 \$	30 June 2015 \$
CURRENT ASSETS			
Cash and cash equivalents		2,223,870	1,216,478
Restricted cash		-	1,714,932
Trade and other receivables		331,802	136,013
Financial assets	5	1,004,357	419,667
TOTAL CURRENT ASSETS		3,560,029	3,487,090
NON CURRENT ASSETS			
Loan receivable	6	-	-
Exploration and evaluation expenditure	7	10,253,928	10,204,649
Property, plant and equipment		367,360	442,356
TOTAL NON CURRENT ASSETS		10,261,288	10,647,005
TOTAL ASSETS		14,181,317	14,134,095
CURRENT LIABILITIES			
Trade and other payables		1,211,589	840,757
Subscription funds	8(e)	-	1,714,932
Provisions		72,585	33,500
TOTAL CURRENT LIABILITIES		1,284,174	2,589,189
TOTAL LIABILITIES		1,284,174	2,589,189
NET ASSETS		12,897,143	11,544,906
EQUITY			
Issued capital	8	50,443,486	48,029,486
Reserves		4,277,682	3,273,077
Accumulated losses		(41,824,025)	(39,757,657)
TOTAL EQUITY		12,897,143	11,544,906

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

Note	31 December 2015 \$	31 December 2014 \$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(1,171,010)	(479,517)
Interest received	316	5,497
Interest paid	-	(24,852)
<i>Net cash used in operating activities</i>	(1,170,694)	(498,872)
Cash Flows from Investing Activities		
Payments for exploration and evaluation	(1,587,160)	(2,700,797)
R&D Tax Incentive refund	1,649,378	-
Payments for plant and equipment	-	(443,056)
Funding provided to Caudillo Resources SA	(68,827)	(57,264)
Repayment from Caudillo Resources SA	44,228	-
Proceeds from sales of equity investments	15,560	-
<i>Net cash from/(used in) investing activities</i>	53,179	(3,201,117)
Cash Flows from Financing Activities		
Proceeds from issue of shares and options (net of transaction costs)	2,128,932	5,585,759
Repayment of loans	-	(650,000)
<i>Net cash provided by financing activities</i>	2,128,932	4,935,759
Net increase/(decrease) in cash held	1,011,417	1,235,770
Effects of exchange rate changes on cash	(4,025)	568
Cash and cash equivalents at beginning of period	1,216,478	1,873,667
Cash and cash equivalents at end of period	2,223,870	3,110,005

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2015	48,029,486	(39,757,657)	4,617,754	(1,344,677)	11,544,906
Loss attributable to members of the parent entity	-	(2,066,368)	-	-	(2,066,368)
Other comprehensive loss	-	-	-	(186,122)	(186,122)
Total comprehensive loss for the period	-	(2,066,368)	-	(186,122)	(2,252,490)
Transaction with owners, directly in equity					
Shares issued during the period, net of costs	2,414,000	-	-	-	2,414,000
Share based payment expense recognised for value of options issued/vested during the period	-	-	1,190,727	-	1,190,727
Balance at 31 December 2015	50,443,486	(41,824,025)	5,808,481	(1,530,799)	12,897,143
Balance at 1 July 2014	41,701,715	(32,698,198)	2,645,728	(1,347,969)	10,301,276
Loss attributable to members of the parent entity	-	(2,480,299)	-	-	(2,480,299)
Other comprehensive loss	-	-	-	72,758	72,758
Total comprehensive loss for the period	-	(2,480,299)	-	72,758	(2,407,541)
Transaction with owners, directly in equity					
Shares issued during the period, net of costs	5,741,272	-	-	-	5,741,272
Share based payment expense recognised for value of options vested during the period	-	-	611,031	-	611,031
Balance at 31 December 2014	47,442,987	(35,178,497)	3,256,759	(1,275,211)	14,246,038

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 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"). Cauldron is a public listed company, incorporated and domiciled in Australia.

This general purpose financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report. It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any announcements made by Cauldron during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Consolidated Entity's 2015 annual financial report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

b. Changes in accounting policy

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

Except as noted below, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Impact of standards issued by not yet applied by the Consolidated Entity

There were no new standards issued since 30 June 2015 that have been applied by the Consolidated Entity. The 30 June 2015 annual report disclosed that the Consolidated Entity anticipated no new material impacts arising from initial application of those standards issued by not yet applied at that date, and this remains the assessment as at 31 December 2015.

c. Going concern

- c. 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.
- c. The Consolidated Entity incurred a loss of \$2,066,368 and a net cash inflow of \$1,011,417 for the half-year ended 31 December 2015. As 31 December 2015, the Consolidated Entity has cash and cash equivalents of \$2,223,870.

The ability of the Consolidated Entity to continue as a going concern and to fulfil its planned exploration activities 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 that may raise significant doubt as to 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 meeting its debts as and when they fall due.

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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 period, 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.

	Mineral exploration		Other		Total	
	31 Dec 2015 \$	31 Dec 2014 \$	31 Dec 2015 \$	31 Dec 2014 \$	31 Dec 2015 \$	31 Dec 2014 \$
Interest received	-	-	316	5,563	316	5,563
Other	-	-	5,878	-	5,878	-
Net fair value gain on financial assets	-	-	568,358	-	568,358	-
Realised loss on FX	(803)	-	-	-	(803)	-
Fuel tax credits	310	-	-	-	310	-
Total segment revenue and other income	(493)	-	574,552	5,563	574,059	5,563

Segment net operating profit/ (loss) after tax	(135,095)	(226,484)	(1,931,273)	(2,253,815)	(2,066,368)	(2,480,299)
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Segment net operating profit/ (loss) after tax includes the following significant items:

Interest and other finance charges	-	-	-	(22,634)	-	(22,634)
Share based payments	-	-	(1,190,727)	(611,031)	(1,190,727)	(611,031)
Net fair value loss on financial assets through profit and loss	-	-	-	(611,283)	-	(611,283)
Gain/(loss) on disposal of financial assets	-	-	-	194,867	-	194,867
Impairment of loans and receivables	-	-	(19,501)	(57,264)	(19,501)	(57,264)
Impairment of exploration expenditure	-	(30,666)	-	-	-	(30,666)
Depreciation	(74,310)	(34,102)	-	-	(74,310)	(34,102)
Employee benefits expense	-	-	(272,838)	(183,492)	(272,838)	(183,492)
Director fees	-	-	(113,091)	(137,252)	(113,091)	(137,252)
Consultancy expenses	-	-	(157,620)	(230,017)	(157,620)	(230,017)
Legal fees	-	-	(381,726)	(244,187)	(381,726)	(244,187)
Tenement expenditure	(92,185)	-	-	-	(92,185)	-
Other expenses	31,893	(161,716)	(370,322)	(357,085)	(338,429)	(518,801)

	31 Dec 15 \$	30 Jun 15 \$	31 Dec 15 \$	30 Jun 15 \$	31 Dec 15 \$	30 Jun 15 \$
Segment assets	10,930,015	10,770,343	3,251,302	3,363,752	14,181,317	14,134,095
Segment assets include:						
Capitalised exploration expenditure	10,253,928	10,204,649	-	-	10,253,928	10,204,949
Financial assets	-	-	1,004,357	419,667	1,004,357	419,667
Restricted cash	-	-	-	1,714,932	-	1,714,932
Other assets	676,087	565,694	2,246,945	1,229,153	2,923,032	1,794,847
	10,930,015	10,770,343	3,251,302	3,363,752	14,181,317	14,134,095
Segment liabilities	(505,521)	(117,240)	(778,653)	(2,471,949)	(1,284,174)	(2,589,189)

Segment information by geographical region

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

	31 December 2015 \$	30 June 2015 \$
Australia	13,653,434	13,415,351
Argentina	527,883	718,744
	14,181,317	14,134,095

3. REVENUE AND OTHER INCOME

	31 December 2015 \$	31 December 2014 \$
(a) Revenue		
Interest received	316	5,563
	316	5,563
(b) Other income		
Net fair value gain on financial assets	568,358	-
Fuel tax credits	310	-
Realised loss on FX	(803)	-
Other	5,878	-
	573,743	-

4. IMPAIRMENT LOSSES

	31 December 2015 \$	31 December 2014 \$
Impairment of exploration and evaluation expenditure (a)	-	30,666
Impairment of loan and other receivables	81,810	57,264
Reversal of previously impaired loans and receivables	(62,309)	-
	19,501	87,930

- (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 nil during the current half year (2014: \$30,666) following the decision not to continue exploration in certain areas and costs associated with tenements not yet granted within South Australia, Western Australia and Argentina.

5. FINANCIAL ASSETS

	31 December 2015 \$	30 June 2015 \$
Financial assets at fair value through profit and loss	1,004,357	419,667

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

	31 December 2015 \$	30 June 2015 \$
<i>Movements:</i>		
Opening balance at beginning of the period	419,667	826,506
Acquisition of equity securities	31,892	-
Sale of equity securities	(15,560)	194,867
Fair value gain/(loss) through profit and loss	568,358	(601,706)
Closing balance at end of the period	1,004,357	419,667

6. LOAN RECEIVABLE

	31 December 2015 \$	30 June 2015 \$
Caudillo Resources SA (a)	1,368,203	1,386,382
Provision for non-recovery (a)	(1,368,203)	(1,386,382)
	-	-

- 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 \$68,827 (31 Dec 2014: \$57,264) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. During the period, \$62,309 was repaid by Caudillo (reversal of previously impaired amount), which has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

7. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2015 \$	30 June 2015 \$
Exploration and evaluation expenditure	10,253,928	10,204,649
<i>Movements:</i>		
Carrying value at beginning of period	10,204,649	8,869,590
Exploration expenditure incurred	1,975,441	3,712,390
Impairment of exploration expenditure	-	(1,604,898)
Foreign exchange movements	(156,784)	42,124
Royalties for Regions - Industry Drilling Program 2015-16	(120,000)	-
R&D Tax Incentive	(1,649,378)	(814,557)
Carrying value at end of period	10,253,928	10,204,649

8. ISSUED CAPITAL

	31 December 2015		30 June 2015	
	\$		\$	
Ordinary shares issued and fully paid	50,443,486		48,029,486	
	31 December 2015	31 December 2015	30 June 2015	30 June 2015
	Number of shares	\$	Number of shares	\$
<i>Movements</i>				
Balance at beginning of period	251,104,266	48,029,486	196,438,713	41,701,715
Shares issued (a)	-	-	17,421,697	2,055,759
Shares issued (b)	-	-	8,474,579	1,000,000
Shares issued (c)	-	-	21,440,678	2,530,000
Shares issued (d)	-	-	3,983,061	470,000
Shares issued (e)	16,949,178	2,000,000	-	-
Shares issued upon conversion of convertible notes (f)	-	-	3,345,538	434,801
Shares issued upon exercise of options (g)	3,000,000	414,000	-	-
Share issue costs	-	-	-	(162,789)
	271,053,444	50,443,486	251,104,266	48,029,486

Shares issued pursuant to placement agreements

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

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

The Company used its remaining capacity under Listing Rule 7.1 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).

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

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

Shares were issued (included in current payables as at 30 June 2015). Following receipt of Shareholder approval at the AGM, 16,949,178 fully paid shares were issued in November 2015.

Shares issued pursuant to converting loan agreements

- (f) In November 2013, the Consolidated Entity entered into short term loan agreements with Cape Lambert Resources Limited ("Cape Lambert") 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

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

The Company has authorised share capital amounting to 271,053,444 shares with no par value.

9. SHARE BASED PAYMENTS

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

	31 December 2015 \$	31 December 2014 \$
Options issued to directors, employees and consultants	1,190,727	611,031
	<u>1,190,727</u>	<u>611,031</u>

There were no new unlisted options issued during the period as a share based payment transaction.

10. OTHER UNLISTED OPTIONS

The following refers to unlisted options issued by the Company, other than those issued as share based payment transactions.

Options Granted during the period

The Company issued the following unlisted options during the half-year ended 31 December 2015:

- 16,000,000 unlisted options to investor Mr Qiu Derong ("Placement Options"). The key terms of the Placement Options are as follows:
 - a) Half of the Placement Options will vest immediately upon issue with an:
 - (i) exercise price of \$0.118 each; and
 - (ii) expiry date of 31 December 2015
 (the "Upfront Options"); and
 - b) the remaining half of the options ("Vesting Options") will vest on 1 January 2016 provided that the holder's Upfront Options are not exercised (in the event that only a portion of the holder's Upfront Options are exercised by the holder, the number of Vesting Options that actually vest will be equal to the number of un-exercised Upfront Options) with an:
 - (i) exercise price of \$0.138 each; and
 - (ii) expiry date of 31 December 2016.

Accordingly, Mr Qiu Derong can only exercise a maximum of 8,000,000 Placement Options.

These options have been issued following receipt of shareholder approval at its recent AGM.

Options expired or lapsed during the period

On 31 December 2015, 24,000,000 Investor Options with an exercise price of \$0.118 expired.

Options on issue at 31 December 2015

The outstanding balance of options at 31 December 2015 (other than those granted as a share based payment) is represented by:

- 24,000,000 Investor Options with an exercise price of \$0.138 and an expiry date of on or before 31 December 2016 (vested).

11. CONTROLLED ENTITIES

There have been no changes to the Consolidated Entity's controlled entities detailed in the recent 30 June 2015 annual report.

12. CONTINGENT ASSETS AND LIABILITIES

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

13. RELATED PARTY INFORMATION

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 31 December 2015 and 2014 as well as balances with related parties as at 31 December 2015 and 30 June 2015:

		Sales to related parties	Purchases from related parties
<i>Director related entities</i>			
Fe Limited	31 Dec 2015	-	2,500
Fe Limited	31 Dec 2014	-	-
Cape Lambert Resources Limited	31 Dec 2015	-	126,466
Cape Lambert Resources Limited	31 Dec 2014	-	295,658
Okewood Pty Ltd	31 Dec 2015	-	173
Okewood Pty Ltd	31 Dec 2014	-	-
		Amounts owed by related parties*	Amounts owed to related parties*
<i>Director related entities</i>			
Fe Limited	31 Dec 2014	-	-
Fe Limited	30 June 2015	-	-
Cape Lambert Resources Limited	31 Dec 2014	-	22,141
Cape Lambert Resources Limited	30 June 2015	-	33,135
Okewood Pty Ltd	31 Dec 2014	-	-
Okewood Pty Ltd	30 June 2015	-	-

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

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

There were no loans from or to related parties during the six months ended 31 December 2015.

The ultimate parent

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

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 balance date 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 period ended 31 December 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 31 December 2015, Cauldron held 23,308,112 shares in Fe Limited (ASX: FEL) (30 June 2015: 23,773,112) with a market value of \$815,784 (30 June 2015: \$309,050). Mr Antony Sage is a director of FEL.

Significant shareholders

Qiu Derong holds a significant interest of 17.54% in the issued capital of Cauldron Energy at 31 December 2015 (30 June 2015: 12.20%). Mr Qiu Derong is a director of Cauldron. Refer to note 8(e) for details of shares acquired by Mr Qiu Derong during the half-year period to 31 December 2015.

Cape Lambert, via its wholly owned subsidiary Dempsey Resources Pty Ltd ("Dempsey"), holds a significant interest of 15.84% (30 June 2015: 17.10%) in the issued capital of Cauldron at 31 December 2015. Mr Antony Sage is a director of Cape Lambert.

14. FINANCIAL INSTRUMENTS

Financial risk management

The risk management activities are consistent with those of the previous financial year unless otherwise stated.

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:

	31 December 2015 \$	30 June 2015 \$
Financial assets:		
Cash and cash equivalents	2,223,870	1,216,478
Financial assets at through profit and loss	1,004,357	419,667
Trade and other receivables	331,802	136,013
	3,560,029	1,772,158
Financial liabilities:		
Trade and other payables	1,211,589	840,757
	1,211,589	840,757

Financial risk management policies

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

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

Financial risk exposures and management

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

Fair value estimation

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

Financial Instruments Measured at Fair Value

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

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

31 December 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Held for trading investments	1,004,357	-	-	1,004,357
30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Held for trading investments	419,667	-	-	419,667

15. EVENTS SUBSEQUENT TO REPORTING DATE

As announced on 12 January 2016, the Company advised that the Department of Mines and Petroleum ("DMP") had assigned the Bennet Well Uranium project as a Lead Agency Project under the WA Lead Agency Framework.

On 28 January 2016, His Honour Justice Mitchell of the Supreme Court of Western Australia found in favour of Cauldron in respect of its claim that Joseph Investment and Guangzhou City have breached their respective placements agreements in 2014 and entered judgment in favour of the Company for \$3 million, damages, interest and legal costs. Refer Legal Proceedings in the Directors' Report for further details.

No other matters or circumstances have arisen since the end of the financial period 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 in the opinion of the directors:

- a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2015 and its performance for the half-year ended on that date of the Consolidated Entity; and
 - (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b) subject to the matters described in note 1(c), there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the board



Mr Antony Sage
Executive Chairman

PERTH
12 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cauldron Energy Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cauldron Energy Ltd, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cauldron Energy Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cauldron Energy Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1(c) in the half-year 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, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1(c), 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.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

Phillip Murdoch

Director

Perth, 12 February 2016