CAULDRON ENERGY LTD

(ABN 22 102 912 783)
AND CONTROLLED ENTITIES

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

CONTENTS

CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN
Antony Sage

NON-EXECUTIVE DIRECTORS
Qiu Derong
Judy Li
Nicholas Sage
Chenchong Zhou

COMPANY SECRETARY
Catherine Grant-Edwards

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(Home Exchange: Perth, Western Australia)
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DIRECTORS' REPORT

The directors of Cauldron Energy Limited (**Cauldron**) submit their report, together with the consolidated financial statements comprising Cauldron and its controlled entities (together the **Consolidated Entity**) for the financial year ended 30 June 2017.

1. INFORMATION ON DIRECTORS

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

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

Nicholas Sage	Non-Executive Director (Appointed 20 February 2017)	
Experience	Mr Nicholas Sage was appointed as a Non-Executive Director effective 20 February 2017. Mr Nicholas Sage is an experienced marketing and communications professional with in excess of 25 years in various management and consulting roles. Mr Nicholas Sage is based in Western Australia and currently consults to various companies and has held various managements roles with Tourism Western Australia. He also runs his management consulting business.	
Directorships of listed companies held within the last 3 years	Fe Limited	October 2016 to Present
Interest in Shares & options	None	
Chenchong Zhou	Non-Executive Director (Appointed 2 May 2017)	
Experience	Mr Zhou is an experienced financial analyst in the materials and energy sector. In his career, Mr Zhou covers an extensive list of junior to mature mining companies and has developed a good understanding of industry financing. Mr Zhou received his Bachelor of Science in Economics degree from Wharton Business School in 2013.	
Directorships of listed companies held within the last 3 years	None	
Interest in Shares & options	None	
Xinyi Zhang	Non-Executive Director (Appointed 1 January 2017, Resigned 2 May 2017)	
Experience	Ms Zhang is a practising architect with over 15 years of experience. Xinyi has developed strong technical and management skills during her career and has experience with all aspects of the design and construction process. Xinyi has held positions at the Chinese branch of international companies, HASSELL Studio, Mulvanny G2, and M.A.O., undertaking work for many established developers, including, China Eastern Airlines Group, Greentown Real Estate Co. Ltd, Suning Real Estate Group Co. Ltd and Keppel Land China. Xinyi has a bachelor degree in architecture from Tongji University, China.	
Directorships of listed companies held within the last 3 years	None	
Interest in Shares & options at date of resignation	None	
Mark Gwynne	Non-Executive Director (Resigned 20 February 2017)	
Experience	Mr Gwynne has been involved in gold exploration and mining for over 20 years, predominantly in Western Australia. Mr Gwynne has held management positions on mine sites and in the private sector of the mining industry, including general manager of an exploration consultancy company.	
Directorships of listed companies held within the last 3 years	Fe Limited Iron Mountain Mining Limited Kupang Resources Limited	August 2009 to Present May 2014 to Present January 2013 to August 2013
Interest in Shares & options at date of resignation	Fully Paid Ordinary Shares	100,000

COMPANY SECRETARY

Ms Catherine Grant-Edwards has been Chief Financial Officer of Cauldron since July 2013, and its Company Secretary since 31 January 2014. Ms Grant-Edwards has a Bachelor of Commerce degree from the University of Western Australia, majoring in Accounting and Finance. She commenced her career at Ernst & Young, where she qualified as an Accountant with the Institute of Chartered Accountants Australia (ICAA) in 2007. Ms Grant-Edwards has over 13 years' experience in accounting and finance and currently provides accounting and company secretarial services to several listed resource companies.

Remuneration of key management personnel

Information about the remuneration of directors and senior management is set out in the remuneration report of this director's report, on pages 28 to 32. The term key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, including any director (executive or otherwise) of the Consolidated Entity.

2. PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTVITIES

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

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

3. OPERATING RESULTS

The loss of the Consolidated Entity after providing for income tax amounted to $11,954,682 (30 June 2016: $3,978,324 loss). The loss for the year includes an impairment loss in respect of capitalised exploration and evaluation to the extent of $9,589,592 for the year ended 30 June 2017 (30 June 2016: $1,641,604), the majority of which is attributable to the impairment trigger being the 20 June 2017 announced implementation of a ban on uranium mining on all future mining leases by the McGowen Government of Western Australia.

4. REVIEW OF OPERATIONS

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

Cauldron controls over 1,280 km^2 of uranium prospective tenements and a smaller gold prospective project covering over 100km^2 within Western Australia. The Company also has an interest in a large project with defined uranium mineralisation and prospects for copper and gold in Argentina.

CORPORATE

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

Board Changes

During the year, the Company made the following changes to the board of directors:

- Ms Xinyi Zhang was appointed as a Non-Executive Director on 1 January 2017, and later resigned 2 May 2017;
- Mr Mark Gwynne resigned as a Non-Executive Director on 20 February 2017;
- Mr Nicholas Sage was appointed as a Non-Executive Director on 20 February 2017; and
- Mr Chenchong Zhou was appointed as Non-Executive Director on 2 May 2017.

Annual General Meeting

The Company held its annual general meeting on 24 November 2016 (**AGM**). All resolutions put to shareholders were passed.

Research and Development refund

In March 2017, Cauldron received $946,102 from the Australian Taxation Office under the Research and Development Tax Incentive Programme relating to the 2016 financial year.

Placement

As announced 19 September 2016, the Company entered into a $2.5 million placement agreement with a new Chinese sophisticated investor Yidi Tao (**Tao Placement Agreement**) for 31,250,000 fully paid ordinary shares (**Tao Shares**) at an issue price of $0.08 per share (**Tao Placement**).

The Tao Placement Agreement included an offer of 20 million unlisted options exercisable at $0.08 on or before 31 December 2018 (**Placement Options**).

The Tao Shares and Placement Options were issued following receipt of shareholder approval at the Company's AGM.

Recovery of Judgment Debt

As previously announced 6 July 2016, Cauldron advised it had received judgment in its favour in respect of its claims against Guangzhou City Investment Management Co. Ltd (**Guangzhou City**). The judgment debt due and payable to the Company was for $1 million plus interest (**Judgment Debt**). On 5 July 2016, the Company recovered $508,455 (net of costs) of the Judgement Debt.

As announced 9 December 2016, the Company advised it sought to enforce payment of the outstanding balance of the Judgment Debt in accordance with the powers afforded by the Civil Judgments Enforcement Act. On 8 December 2016, Cauldron issued 8,474,588 shares (**Guangzhou Shares**) to Guangzhou City, in full satisfaction of the Company's obligations pursuant to a placement agreement (**Guangzhou City Placement Agreement**). In accordance with court orders (**Orders**) obtained by the Company, upon issue of the Guangzhou Shares to Guangzhou City, an immediate holding lock was placed over the Guangzhou Shares, and receiver (Mr Kim Wallman of HLB Mann Judd (Insolvency WA) (**Receiver**)) was appointed over the Guangzhou Shares.

The Receiver exercised his power for the purpose of realising a portion of the outstanding balance of the Judgment Debt. On 4 April 2017, the Receiver completed the sale of the Guangzhou Shares to investors who have agreed to a six-month escrow period in respect of the Guangzhou Shares (**Escrowed Shares B**), recovering $161,785 of the outstanding balance (before Receiver costs) from the sale of Guangzhou Shares by the Receiver.

CHANGES IN CAPITAL STRUCTURE

Issue of shares

The Company issued the following during the year:

- 31,250,000 fully paid shares at $0.08 per share in accordance with the Tao Placement Agreement for $2,500,000 (being the Tao Shares);
- 1,562,500 fully paid shares at $0.05 per share to a consultant as consideration for services provided to the Company (**Consultant Shares**); and
- 8,474,588 fully paid shares were issued in full satisfaction of the Company's obligations in respect of the Guangzhou Placement Agreement (being the Guangzhou Shares).

The Tao Shares and Consultant Shares were issued following receipt of shareholder approval at the Company's AGM. The Guangzhou Shares were issued using the Company's capacity under Listing Rule 7.1.

Issue of options

The Company issued the following during the year:

- 20,000,000 unlisted options at $0.08 expiring 31 December 2018 (being the Placement Options).

The Placement Options were issued following receipt of shareholder approval at the Company's AGM.

Options exercised

There were no options exercised during the year.

Options lapsed

The following options expired during the year:

- 44,000,000 unlisted options exercisable at $0.138 with an expiry date of 31 December 2016.

Escrowed shares

On 5 January 2017, 33,898,318 fully paid ordinary shares (**Escrowed Shares A**) were released from escrow. The Escrowed Shares A, which were acquired by a series of investors via off market transfers, were subject to voluntary escrow provisions for six months from 5 July 2016.

On 4 April 2017, a total of 8,474,588 fully paid ordinary shares, the subject of off market transfer agreements, were escrowed for six months pursuant to voluntary escrow agreements (being the Escrowed Shares B).

PROJECT INFORMATION

In Western Australia, Cauldron currently has two project areas (***Figure 1***) covering more than 1,380 km^2 in two areas. Projects include:

- **Yanrey Project (Yanrey)** in Western Australia comprises 12 granted exploration licences (1.280km^2) and 7 applications for exploration licences (913 km^2). Yanrey is prospective for large sedimentary-hosted uranium deposits. The Bennet Well Uranium Deposit is located within the Yanrey Project area

- **Boolaloo Project (Boolaloo)** in Western Australia comprises 2 granted exploration licences (104km^2) prospective for gold mineralisation.

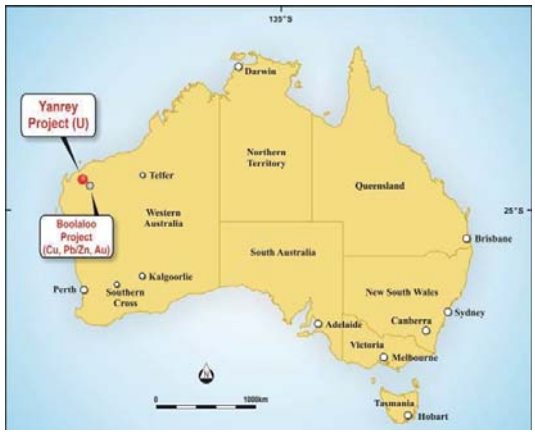

Figure 1: Map Location of Cauldron Projects

In November 2016, Cauldron relinquished the last of its tenements that formed the Marree Project in South Australia and subsequently terminated the Joint Venture Agreement associated with this Project.

BENNET WELL (YANREY REGION)

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

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

Work completed during the 2016 - 2017 period consisted of a metallurgical leaching study of mineralisation at Bennet Well and collection of geophysical (Passive Seismic) survey data over the Yanrey Project area.

CSIRO Leaching Study:

The first of a two-phase, joint Cauldron-MRIWA funded research program was completed by CSIRO in the June quarter. The first stage of investigation (shown by the green column of Table 1) used existing sample and project data to test the leaching properties of mineralisation which would in turn aid in designing a field leach trial. The second stage of the study (shown by the four brown coloured columns of Table 1) is aimed to support the activities of the field leach trial, and is yet to be commenced. The results of the first phase of study show the deposit is favourable for recovery by in-situ recovery (ISR) style mining; because:

- mineralisation is readily leachable by both acid and alkaline leachates;
- the gangue has a chemistry that does not produce scale, generally a detriment of the leaching process;
- there is very little leachate consumption caused by unfavourable host-to-leachate chemical interaction.

Table 1: The activities of the CSIRO research program

Activity	Laboratory	Field			
	Preparation	Pump Test	Push-Pull Test	Recirculation Test	Recovery Test
Sample characterisation	x	x	x	x	
Leach tests	x	x	x	x	
Downstream processing	x	x	x	x	x
Hydrogeology	x	x	x	x	x
Reactive transport modelling	x	x	x	x	x
Downstream process optimisation			x	x	x
Process flow sheet development			x	x	
Support field test work		x	x	x	x

CSIRO completed ten column leach tests on five mineralised zones sampled by core taken from Bennet Well East and Bennet Well Central. Both acid leach and alkali leach was tested in separate columns made from each of the five mineralised drillholes, namely BW0061, BW0056, BW0071 from Bennet Well East, and BW0073 and BW0072 from Bennet Well Central. Oxidant was added to each leachate (both acid and alkali) mid-way through the leaching cycle. The results of leaching for each zone of mineralisation is shown in Figure 2, with the acid leach marked by dark blue and the alkaline leach marked by the light blue curve.

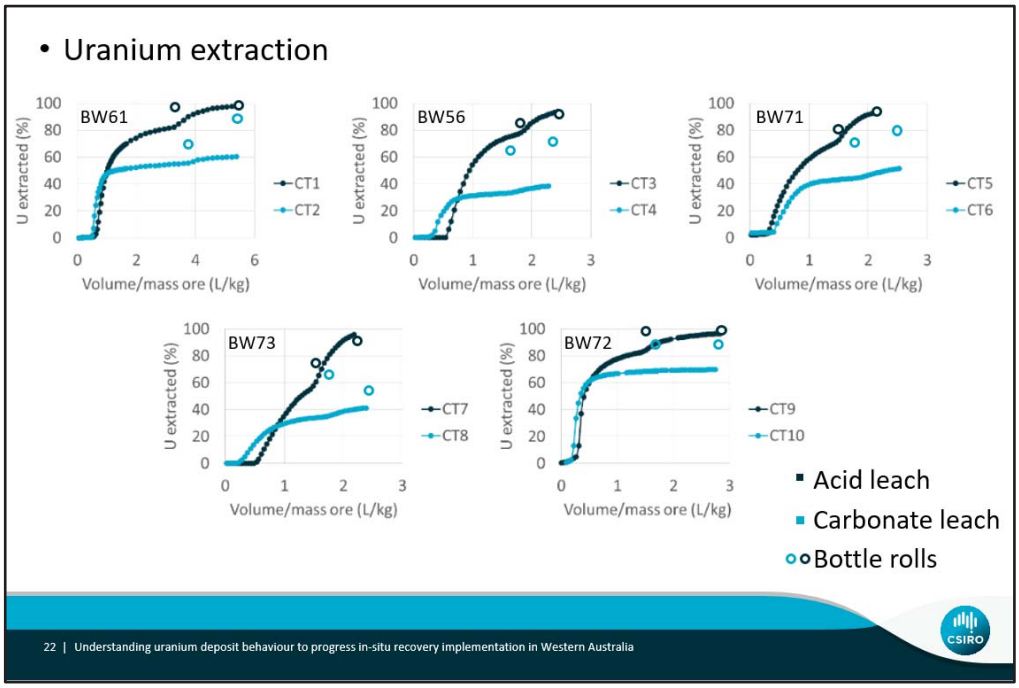

Figure 2: Column leach test recovery curves – mineralised core at Bennet Well

These data show:

- acid leach achieves higher uranium extraction than alkali leach;
- use of oxidant improves uranium extraction in acid leachate;
- oxidant may not be necessary because very high extraction rates are achieved by acid leaching solutions without oxidant;
- column test results concur with bottle roll recoveries measured by ANSTO in a previous study completed in 2014.

In addition to the column leach testing, CSIRO completed testing on the ion exchange properties of ten commercially available resins, used for stripping uranium from a pregnant leach soution. The results show:

- near 100% adsorption of uranium from acid solution from one of the commercially available resins;
- suitable resins are available for alkali leach solutions, although resins generally perform better for acid leach than for alkali leach solutions;
- in the acid leach solution, a resin generally performs better in low oxidant conditions.

Passive Seismic Data Collection:

The passive seismic survey technique utilises the natural high frequency seismicity in the ground to map depth to basement, the contact between the cover sediments and the underlying basement bedrock, with the aim of detecting areas of depression that indicate potential mineralised palaeochannels. The survey itself was conducted in a two-phases; with the first comprising an orientation survey over the Bennet Well Uranium Deposit (***Figure 2***), to test the suitability of the survey technique by comparing the resulting depths to basement with that intersected by drilling. The orientation consisted of six survey lines with a station spacing of 50 to 100 m. Both station spacings were trialled and the spacing of 100 m was deemed the most appropriate based on initial results. The results from the orientation survey:

1. Showed the system can provide an important input into the exploration model developed for understanding the localisation of mineralisation. The results of the orientation survey showed:
    a. the topographic surface of the basement sequence (that underlays the sequence that is host to mineralisation) could be mapped to relatively high accuracy;
    b. that an inexpensive non-drilling technique can be used to expand the exploration model and generate drilling targets in proximity to Bennet Well as well as into areas that have no previous drilling;
    c. that an inexpensive non-drilling technique can be used to establish an important parameter of the hydro-geological framework of the deposit;
    d. the line spacing needed to delineate areas where mineralisation may be hosted;
2. Helped design a survey to collect passive seismic data proximal to the Bennet Well deposit in strike extensions of known channelised portions of the deposit, and in lateral juxtaposition to the west of the deposit.
3. The lithological framework for Bennet Well was enhanced by incorporating the basement topographic surface derived from the results of the passive seismic survey collected in areas having no drilling. The lithological framework will provide the basis for hydro-geological modelling fundamental to understanding groundwater fluid flow, in general; and mining-fluid flow from potential in-situ recovery type mining operations, in particular. The hydro-geological modelling (yet to be completed) will help to:
    a. optimise the design of the field leach test (FLT); and
    b. de-risk the environmental impact of potential mining operations.

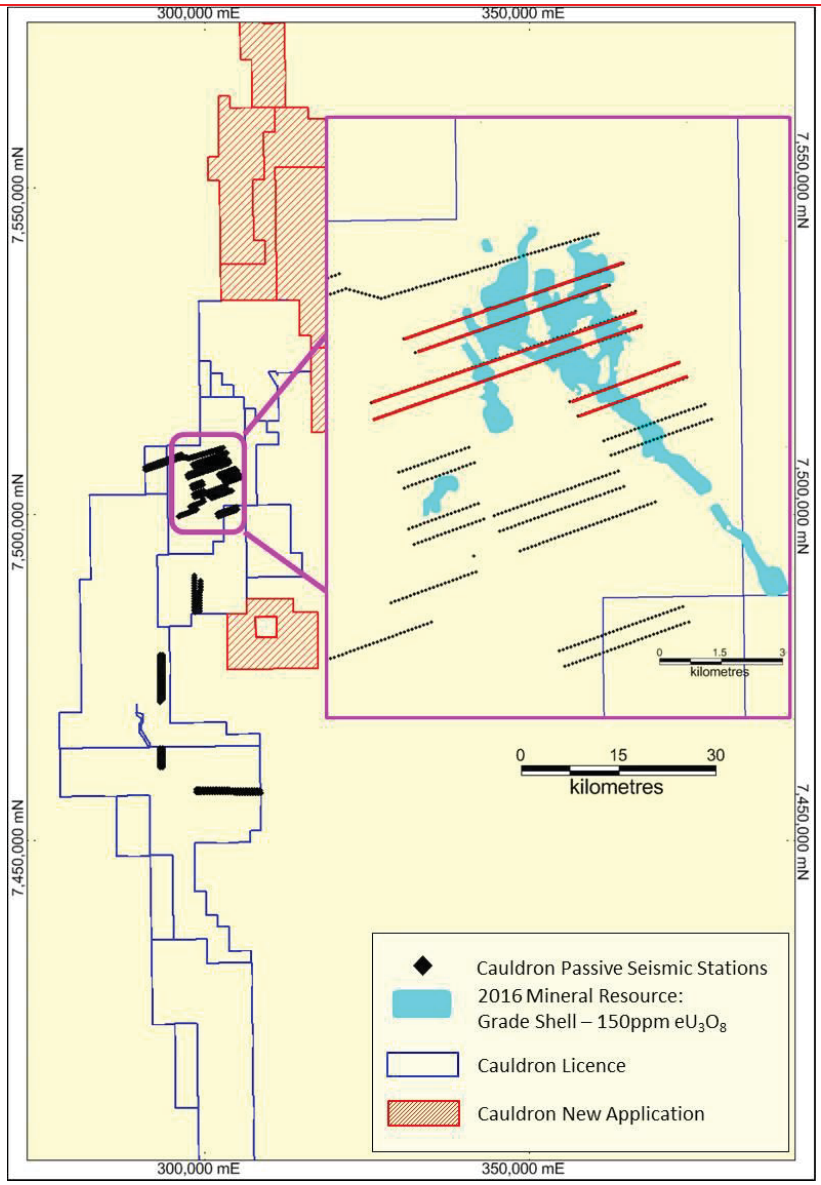

Figure 2: Yanrey Project – Passive Seismic Survey Stations. Image insert (pink border) outlines in red the 1st Phase Orientation Survey over the Bennet Well Deposit

The second phase of the passive seismic survey involved the following components:

1. Continuation of the passive seismic survey over the Bennet Well Deposit, incorporating areas of infill and extension to known mineralisation in and around the deposit.

2. Results of the infill/extensional passive seismic survey successfully highlighted areas of basement depression, indicating likely palaeochannels (***Figure 3)*** and thus potential for the extension of known uranium mineralisation into these areas.

3. These results correlate well with observations from previous exploration that:

    a. the palaeochannels hosting the Bennet Well Deposit do have a northwest-southeast strike, confirming the current lithological and morphological model for the deposit;

    b. there is an area of shallow basement in the eastern part of Bennet Well East that correlates with observations from previous drilling and airborne magnetics data, in which a coarse-grained, pegmatitic granite has been intersected at very shallow depths;

    c. there is a significant and sudden deepening of the basement in the western part of the deposit that has been observed previously from drilling at Bennet Well South. This is likely caused by large regional fault

structures that cross-cuts the area of the deposit, and may provide structural pathway for reducing agents such as hydrocarbon-bearing fluids or gas; and

4. The palaeochannel depressions revealed by the survey also correlate well with the currently-defined uranium mineralisation outlines, confirming that the mineralisation is not just confined to the deeper parts of the palaeochannels but is also situated on the shoulders of the channels.

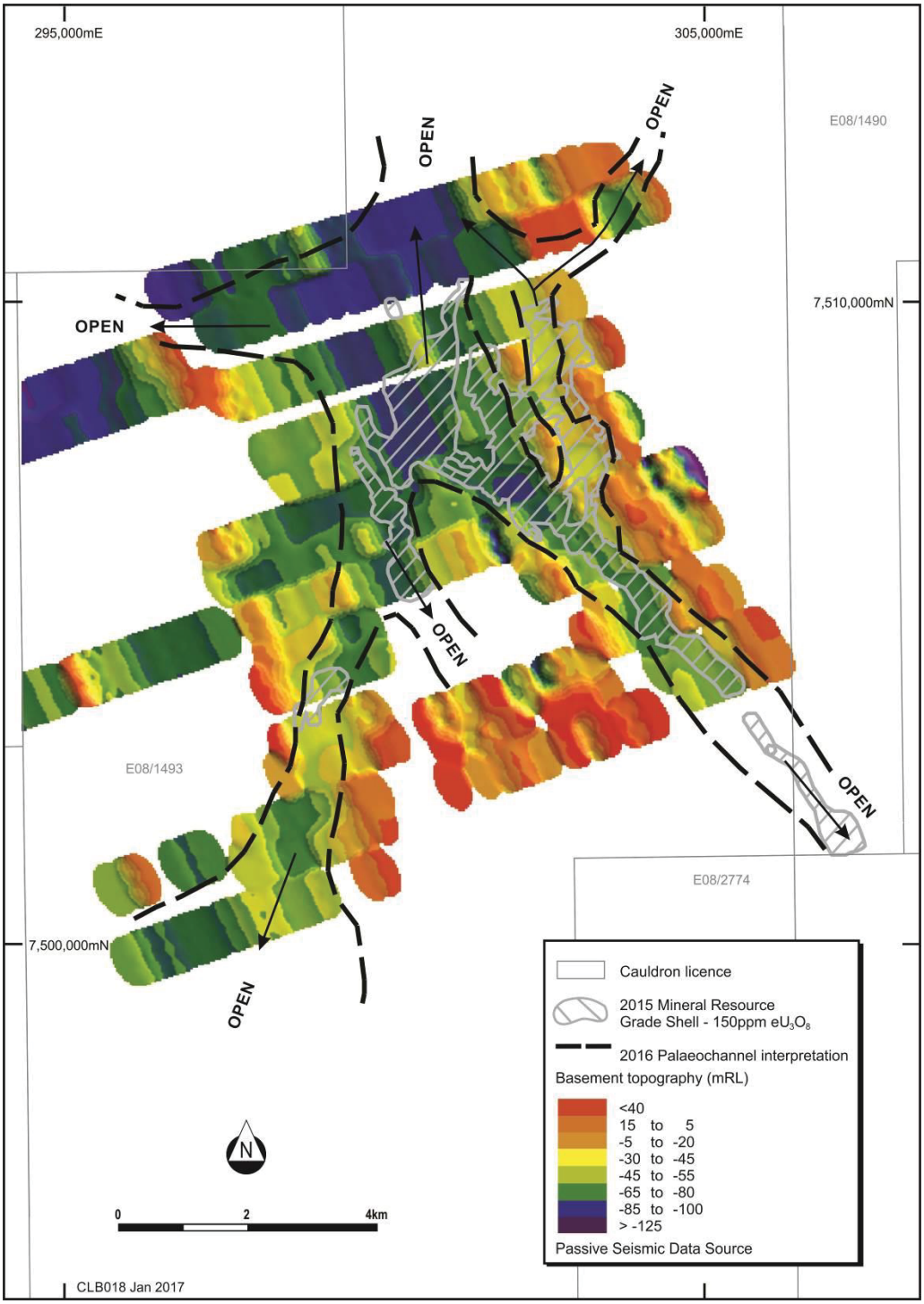

Figure 3: Passive Seismic Survey results from the Bennet Well Deposit. Basement topography grid has been derived from the passive seismic data.

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, project-scale, technical review of the potential mineralisation in the Yanrey tenement group was undertaken in 2015 and updated in the first half of 2016. A total of seventeen targets were produced from this work, as shown in Figure 4. The derivation of these Exploration Targets has already been reported previously and will not be reiterated here (please refer to ASX announcement dated 22 September 2015). These areas were utilised to design the Passive Seismic survey conducted in the current reporting period.

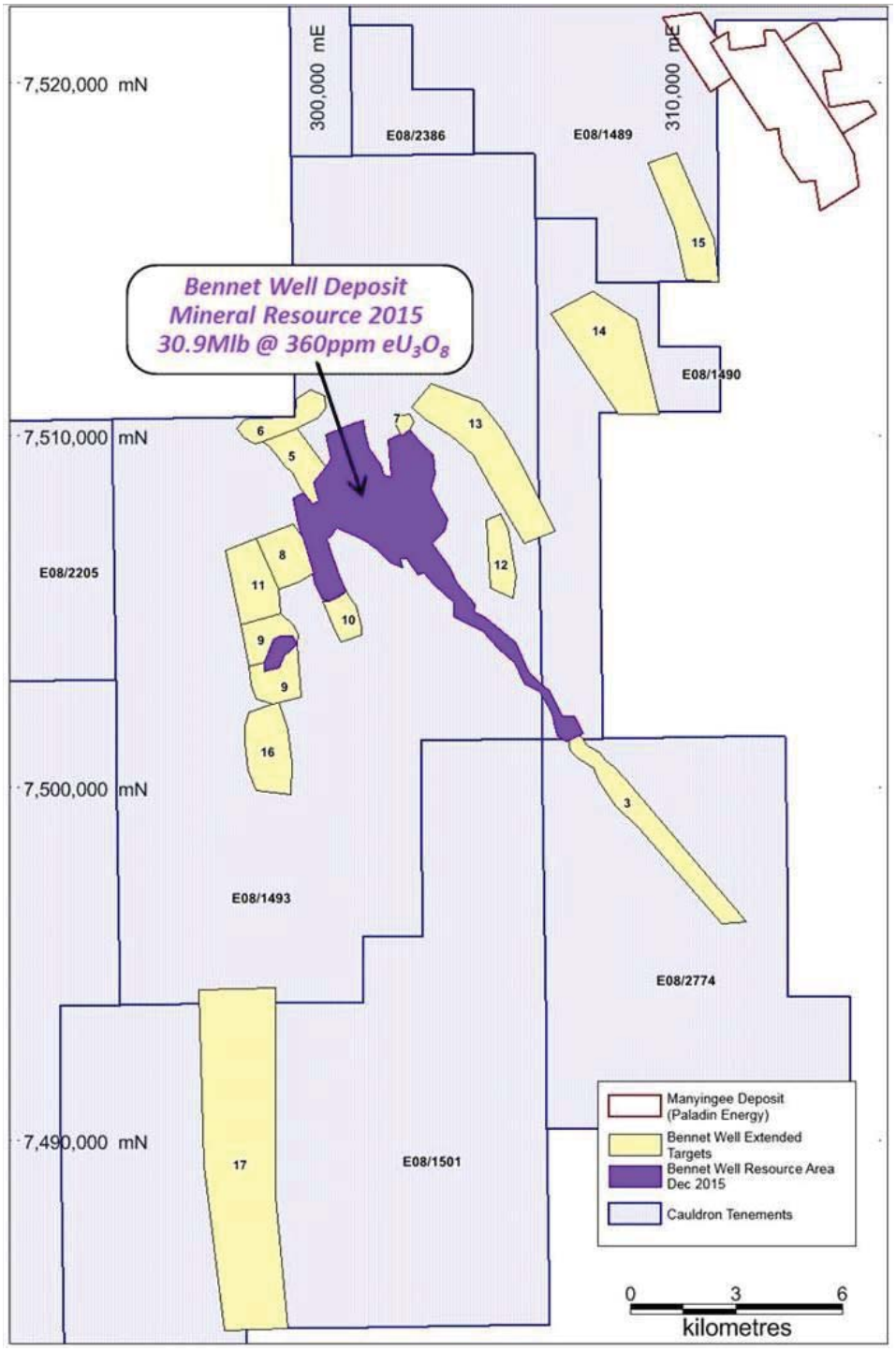

Figure 4: Plan view of the Exploration Targets surrounding the Bennet Well Deposit and within the larger Yanrey Project area

Passive seismic surveying was also conducted within the more regional areas of the Yanrey Project, covering Exploration Targets 15 and 17, shown in Figure 4. The results showed:

a. three areas of basement depression in the southern part of the Yanrey tenement package, between the Bennet Well Deposit and the NW Coastal Highway;

b. the suggested strike of these southern targets is between west-northwest/south-southeast and northwest/southeast, like that seen at Bennet Well;

c. two areas of basement depression situated approximately 13 km northeast of Bennet Well, at the Manyingee South prospect, that coincide with the interpreted extension of the Paladin-owned Manyingee Deposit into Cauldron-owned tenements; and

d. the suggested strike of the Manyingee South targets currently appears to be between west-east and northwest-southeast, however further survey work is required to add more information to this model and further constrain future drill targets at this prospect.

BOOLALOO PROJECT, WESTERN AUSTRALIA

The Boolaloo project (Boolaloo Project), held by Cauldron Energy, is a greenfields base metal (Cu, Pb, Zn) and gold project located in the Ashburton Mineral Field, Western Australia. The Boolaloo Project is currently comprised of a two exploration licences, E08/2496 and E08/2638. The Boolaloo Project has not been extensively explored historically. It is prospective for structurally-hosted mineralisation located in fault jogs and cross cutting features, such as dolerite dykes and shears.

A geological review completed in 2014 identified several prospective structural and lithological targets within the Boolaloo Project that are thought to be prospective for base metal and gold mineralisation. There is potential for gold (Au), silver (Ag), copper (Cu) and/or antimony (Sb), and base metal mineralisation within favourable NW-SE structures, SW-NE intrusives and their intersections. Evidence of local mineralisation (Au, Ag, Cu +/- Sb, base metals) is found in the Ashburton Formation associated with east-west and north-south fault/shear structures. Potential for mineralisation extending into the project area exists with the same structures as well as within the metamorphosed rocks associated with the granite intrusion and possibly even along the unconformity.

No ground work was completed on the Boolaloo tenements during the year. However, a desktop review was commenced to assess the exploration potential for commodities within the Boolaloo project area. The Company determined that the Boolaloo Project was outside its exploration strategy and both tenements were surrendered outright on 17 August 2017.

MARREE PROJECT, SOUTH AUSTRALIA

On 22 June 2016, Cauldron offered to divest its percentage interest in the Marree Project to its Korean Joint Venture partners. The Koreans declined to take up the Cauldron offer on 20 September 2016. After failing to locate a potential buyer for the Project through WA contacts, Cauldron contacted a broker in South Australia to seek potential divestment parties for the Project, with no positive response. The Marree Joint Venture partners elected to dissolve the project on 15 November 2016.

Cauldron allowed three (EL4746, EL4794 and EL5442) of the Maree tenements to expire without renewal and surrendered the remaining two tenements (EL5788 and EL5789) on 18 November 2016.

The relinquishment of the Marree Project has relieved the Company of the requirement for over $2 million in expenditure obligations and permits Cauldron to focus on progressing its Yanrey/Bennet Well uranium project.

TENEMENT ADMINISTRATION: AUSTRALIA

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

As announced 29 August 2016, the Company received judgment in its favour against Forrest & Forrest Pty Ltd (**Forrest**) in respect of the Cauldron's application for exploration licences 08/2385, 08/2386 and 08/2387 (**ELAs**).

Cauldron lodged applications for ELAs on 4 April 2012. Forrest lodged objections to the applications. On 5 January 2015, the Minister for Mines decided there were sufficient grounds to allow the applications to proceed through the determination process under provisions of the Mining Act and the Native Title Act. On 1 April 2015, Forrest requested the applications return to the warden, who declined any further hearing, and the applications have successfully passed through the Native Title process. On 27 August 2015, Forrest made application to the Supreme Court of Western Australia for judicial review of the Minister's decision to progress each application through the determination process under the Mining Act and the Native Title Act (**Forrest Application**). The Forrest Application was heard on 19 April 2016.

On 26 August 2016, The Honourable Justice Tottle handed down his decision dismissing the Forrest Application and making formal orders for Forrest to pay the Company's costs.

Subsequently, as announced 16 September 2016, the Company received notice that Forrest lodged an appeal in the Western Australian Court of Appeal against the decision. The appeal was heard on 9 June 2017 and the Judge's decision was released on 17 August 2017 (refer Subsequent Events for details of this decision).

Energia Mineral's Objection and Application for Forfeiture

On 14 August 2013 Energia Minerals Limited (ASX: EMX) (**Energia**) lodged objections to applications for exemption from expenditure and lodged applications for forfeiture affecting exploration licences 08/2160, 08/2161 and 08/2165 held by Cauldron (Tenements). The applications for exemption (and associated objections) and applications for forfeiture relate to the expenditure year ending 20 May 2013 (in relation to Exploration Licence 08/2160) and 14 June 2013 (for Exploration Licences 08/2161 and 08/2165).
The matter of the exemptions was heard by Warden Maughan on 15-16 April 2015. On 22 May 2015, the Warden recommended that the exemptions be refused. Cauldron surrendered E08/2165 and lodged a submission to the Minister, requesting his approval of the exemption applications for E08/2160 and E08/2161. On 9 March 2016, the Minister for Mines, Industry Regulation and Safety refused Cauldron's applications for exemption from expenditure for E08/2160 and E08/2161.

The substantive hearing of the forfeiture applications against Exploration Licences 08/2160 and 08/2161 was held on 9 and 10 May 2017.

Cauldron and Energia entered into a confidential Deed of Settlement and Release on 18 May 2017, to settle both the Forfeiture Proceedings and Exemption Proceedings. Cauldron surrendered Exploration Licences 08/2160 and 08/2161 outright on 19 May 2017, to enable it to focus on its other tenements.

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 matters are proceeding through the Warden's Court process and are currently scheduled for mention on 1 September 2017.

The Company will inform shareholders of any material developments.

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

Red Sky lodged an objection against the application for E08/2733 (applied for by Ashrock Nominees Pty Ltd). Cauldron purchased E08/2733 from Ashrock in May 2016 and took over this matter. The tenement application was withdrawn on 17 February 2017 and the Objection subsequently lapsed.

African Royalty Company Pty Ltd Application for Forfeiture against Cauldron's E08/2638 (Boolaloo)

On 10 October 2016, African Royalty Company Pty Ltd (ASX: ARC) lodged an application for forfeiture #495145 (Forfeiture) against Cauldron's Boolaloo tenement E08/2638. ARC withdrew their application for forfeiture on 20 June 2017. The tenement remains granted to Cauldron.

Red Sky Stations Pty Ltd Objection to Tenement Application for E08/2899

Cauldron lodged an application for Exploration Licence 08/2899, on 1 February 2017. Red Sky Stations Pty Ltd lodged Objection #501163 on 15 February 2017 against the tenement application. The matter was heard at the first mention hearing on 11 August 2017, and will proceed through the Warden's Court process over the coming months.

The Company will inform shareholders of any material developments.

EXPLORATION ACTIVITES: ARGENTINA

In Argentina, Cauldron controls, through its wholly-owned subsidiary Cauldron Minerals Limited ("Cauldron Minerals"), 443 km^2 at the Rio Colorado Project, in Catamarca. Cauldron has an exclusive option agreement through its wholly owned subsidiary Cauldron Minerals with a private party (Dr Horacio Solis), to earn 92.5% in 243 km^2 of the Rio Colorado uranium project in Argentina. The remainder of the project is (200 km^2) is held by Cauldron in the name of Jackson Global Limited (now Cauldron Minerals). Together, both areas form the Rio Colorado Joint Venture. Cauldron has earned its Initial Interest of 51% in the project. The Company has the option to earn 92.5% of the project by completing exploration expenditure of $500,000 within three years following earning of the Initial Interest. In May 2017, Cauldron initiated an agreement to terminate the current joint venture arrangement and complete acquisition of 100% interest in the Rio Colorado Project. The transaction is expected to be completed during 2017. The Project is also a Cu-Ag target exhibiting characteristics similar to the globally significant sedimentary copper deposits. No work was completed in Argentina during the 2016- 2017 period, as Cauldron is awaiting approval for drilling at the Rio Colorado Project.

During the Year the Argentinian government confirmed the completion of transfer of mining tenement "Mina Colorada" (file 393-S-2010) in Catamarca from Pablo Sanz Baroni to Cauldron Minerals Limited (wholly owned subsidiary of Cauldron Energy Ltd), after several years of internal processing. The acquisition of Mina Colorada was initially approved in early 2015. The tenement has now been re-assessed and found to be outside the parameters of the Company's exploration strategy. Cauldron requested the Argentine government to surrender Mina Colorada outright on 10 August 2017 and approval of this relinquishment is pending at the time of this report.

The Company has been assisting with re-negotiating an agreement with Caudillo Resources S.A. (**Caudillo**) for four mining tenements at the Los Colorados Project in La Rioja, Argentina. Caudillo has revised its intentions and has completed actions to relinquish the Project. The transaction is ongoing at present.

During the period, Cauldron received confirmation of the release of applications for tenements in both its Bella Vista and Las Marias Projects in San Juan, Argentina. The grant of the applications had been stalled for several years and the Company relinquished these properties to focus its attention on the most prospective projects in Rio Colorado in Argentina and Yanrey in Western Australia.

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.

JORC Code, 2012 Edition – Table 1

Bennet Well Mineral Resource - December 2015

Section 1 Sampling Techniques and Data

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

Part	Criteria	Explanation	Comment
1-1	**Sampling Techniques**	*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.*	The Passive Seismic geophysical survey technique does not involve the collection of a physical sample. Instead, it relies on the measurement of the natural seismicity in the ground to map the contact between the soft cover sediments (in which the uranium mineralisation is hosted) and the underlying, generally more fresh and hard, bedrock of the basement (known, at Bennet Well, to be granitic gneiss). The survey technique involves the establishment of station lines, spaced 400 metres (m) apart, and individual station points with a nominal spacing of 100 metres (m). (The orientation survey conducted in July 2016 also trialled the effectiveness of a 50 metres (m) station spacing, however this proved to be too time-consuming and reduced the cost-effective nature of the survey technique. A spacing of 100 m was then selected and found to be adequate for first-pass exploration purposes. If, however, any rocky outcrop was discovered, the station spacing was extended to 200 m in order to account for the poor quality of data resulting from the occurrence of shallow basement. Given that the thickness of cover sediments above these areas of shallow basement is less than elsewhere in the deposit, the resulting frequency plots are often distorted and it can be difficult to deduce a single peak resonance frequency. If required at a later date, the station spacing could then always be decreased to the 50 m spacing in order to provide more information on an interesting target.) The survey involved the use of 2 Tromino seismometers, hired through the Resource Potentials Pty Ltd geophysical consultancy company, based in Perth, WA. Each Tromino unit is a small, shoe-box sized, instrument which is secured by pushing the three, pointed metal “legs” of the unit into the ground at the pre-designated “sample” (i.e. station) coordinate and set to record for a period of 16 minutes. When the instrument has finished recording data, the unit is removed from the station point and moved 100 m to the next station. The process is repeated until the end of the working day, or until the survey line has been completed. At the end of each survey day, both instruments are taken to two Control points, established during the orientation survey for the purpose of Quality

Part	Criteria	Explanation	Comment
			Control and to check the repeatability of the units. Both instruments are placed each Control point and another set of recordings are taken. The data collected during the day is then downloaded onto a field computer and processed to give a resulting resonant frequency value that represents the contact between the overlying unconsolidated sediments and the underlying fresher basement. The processed data appear in the form of 2 graphs: 1. an Amplitude graph that plots the speed of the horizontal and vertical components against the resonant frequencies measured during the survey; 2. a ratio graph known as a HVSR plot (or Horizontal-over-Vertical Spectral Ratio) that plots the ratio of the horizontal divided by the vertical component against frequency. The boundary between the softer "cover" sediments and the fresher basement lithologies creates a difference in acoustic resonance between the horizontal and vertical seismic waves, due to the difference in density contrast between the 2 respective "Layers". This difference appears on the Amplitude plot (graph 1) as a small, eye-shaped feature that produces a corresponding peak in the HVSR plot (graph 2). The frequency at which that peak occurs is then the resonant frequency at that particular survey station. This resonant frequency value is then used in the depth modelling step to give a final Depth to Basement value.
		Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Although no physical samples are collected during the Passive Seismic survey, a Quality Control procedure was still established in order to test the repeatability of the resulting data. Two Control points were chosen, during the orientation survey, based on fixed (i.e. permanent) structures, close to the field office, with a fixed coordinate location that is highly unlikely to change. As the locations of these two Control points are known and permanent, the resulting measured peak frequencies and derived depths to basement are assumed to always be within a tight and consistent range. At the end of every day during the survey period, a reading was taken by placing both instruments down at each Control point. When the data were later downloaded and analysed, the results of these Control checks were then plotted against time and any observed variation in the resulting peak frequencies would indicate a corresponding change (if any) in the instruments' recording capabilities. Resource Potentials Pty Ltd, a Perth-based geophysical consultant company, is currently the West Australian representative for the Italian company, Micromed, who owns the Tromino instrumentation. Accordingly, Cauldron acquired the two Tromino units on hire for the duration of the survey (i.e. 3 – 4 months). At the end of the field season in December 2016, both instruments were brought back to the Resource Potentials office in Perth and checked for calibration requirements.
		Aspects of the determination of mineralisation that are Material to the Public Report.	The Passive Seismic survey does not directly detect or determine the existence of uranium mineralisation in the survey area. This exploration tool instead maps out the basement depressions indicative of potentially mineralised palaeochannels and palaeovalleys. The following describes the data collection process: Data was collected at 100 m spaced intervals (stations) along survey lines spaced 400 m apart. Each unit (Tromino) was positioned at a pre-designated survey station and set to record for a period of 16 minutes. When the instrument has finished recording data, the unit is removed from the station point and moved 100 m to the next station. The process is repeated until the survey line has been completed. If, however, any rocky outcrop was discovered, the station spacing was extended to 200 m in order to account

Part	Criteria	Explanation	Comment
			for the poor quality of data resulting from the occurrence of shallow basement. Given that the thickness of cover sediments above these areas of shallow basement is less than elsewhere in the deposit, the resulting frequency plots are often distorted and it can be difficult to deduce a single peak resonance frequency. Once all of the data is collected, it is processed to extract a resonance frequency value which is then put into the numerical depth calibration model. This model was constructed by plotting the known depths from drilling (completed in 2014 and 2015) against the peak frequencies resulting from the passive seismic survey of the same drillholes in July 2016. A linear trendline was fitted to the resulting scatter plot and the gradient equation of this line gave the depth calibration model. Results from both the orientation survey and the subsequent extension and infill surveys, over Bennet Well, were applied to this depth calibration model to generate a set of depth to basement values for the deposit. The depths were found to be consistent with the exploration model of the basement derived from drilling data, thereby indicating that the survey technique was successfully and accurately representative of the in-situ information collected during drilling. A second modelling and interpretation technique was also utilised that involved the use of a Resonance Frequency equation and density information representative of the in-situ formations. The Resonance Frequency equation is: ƒ= [Vs/(4*H)] where: ƒ = resonance frequency (Hz) Vs = shear wave velocity (m/s) of the cover sediment sequence (“Layer 1”), and / or the basement (“Layer 2”, known to be granitic at Bennet Well) H = depth to basement (m) Once the peak frequencies were collected from the survey, the depth calibration model was applied to give a set of depth-to-basement values. These depths (“H” in the above equation) and the initial resonance frequencies were then used to rearrange the above equation to produce a shear wave velocity value for “Layer 1” as the cover sediments. In most cases, this velocity value would be between 600 and 700 m/s. An average, arbitrary density value was assigned to each layer based on density measurements collected from a combination of downhole geophysical surveying and core testwork conducted during the 2013 and 2014 exploration programs. An average value of 1.9 g/cc was assigned to the unconsolidated sediments of Layer 1, whereas the harder, more fresh granitic Layer 2 was assigned the average density value of 2.2 g/cc. The software used to process the raw data has an additional tool to produce depth and velocity models for Layers 1 and 2 (cover and basement, respectively). A model was produced for each survey station and then plotted against the corresponding depths-to-basement derived using the numerical depth calibration model. The results from both modelling techniques were found to correlate very well with each other and with the depth-to-basement values observed from drilling.
	Drilling Techniques	*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).*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015).
		Method of recording and assessing core	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model,

Part	Criteria	Explanation	Comment
1-2	**Drill Sample Recovery**	*and chip sample recoveries and results assessed.*	was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		Measures taken to maximise sample recovery and ensure representative nature of the samples.	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		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.	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the natural seismicity of the host sediments for a period of 16 minutes.
1-3	**Logging**	*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.*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). All geological data used in the derivation of the Depth To Basement model were from the drilling conducted in 2014 and 2015. From these 2 drilling programs, all mud rotary chips were geologically logged and used to assist in the interpretation of the downhole geophysical data. Uranium assay for a potential in-situ recovery project requires mineralisation to be hosted in a porous sedimentary sequence that is readily leachable, and is determined for the former geophysical data and the mud rotary chips. Part of the geological information utilised in the Depth To Basement model derivation came from the drill core collected during the 2014-2015 exploration drilling programs referred to above. This drill core was also geologically logged in greater detail than that undertaken during the logging of the mud rotary chips. The information collected 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 design of the regional-scale Passive Seismic geophysical survey. No geotechnical data was collected due to the generally flat-lying geology and mostly unconsolidated sediments. No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.

Part	Criteria	Explanation	Comment
		Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	As reported in 2014 and 2015, the geological logging completed was both qualitative (sediment/rock type, colour, degree of oxidation, etc.) and quantitative (recording of specific depths and various geophysical data). The chip samples were sieved and photographed wet (lightly sprayed with water) and dry. Selected half-core zones were also photographed by Core Labs Australia, (Kewdale, W.A.), showing the cut and cleaned surfaces. No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015).
		The total length and percentage of the relevant intersections logged.	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). All mud rotary chip samples and diamond core samples from the 2014 – 2015 exploration programs were logged both geologically and with the downhole geophysical sondes.
1-4	**Sub-Sampling Techniques and Sample Preparation**	*If core, whether cut or sawn and whether quarter, half or all core taken.*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		For all sample types, the nature, quality and appropriateness of the sample preparation technique.	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Although no physical samples are collected during the Passive Seismic survey, a Quality Control procedure was still established in order to test the repeatability of the resulting data. Two Control points were chosen, during the orientation survey, based on fixed (i.e. permanent) structures, close to the field office, with a fixed coordinate location that is highly unlikely to change. As the locations of these

Part	Criteria	Explanation	Comment
			two Control points are known and permanent, the resulting measured peak frequencies and derived depths to basement are assumed to always be within a tight and consistent range. At the end of every day during the survey period, a reading was taken by placing both instruments down at each Control point. When the data were later downloaded and analysed, the results of these Control checks were then plotted against time and any observed variation in the resulting peak frequencies would indicate a corresponding change (if any) in the instruments' recording capabilities.
		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.	The initial Passive Seismic orientation conducted over the Bennet Well Deposit also involved the survey of 71 drillholes which involved placing both instruments into the ground at the concrete drill collar marker. All 71 drillholes were drilled during the 2014 and 2015 drilling campaigns (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). The depths to basement had already been physically confirmed during the drilling of these holes. A numerical Depth-To-Basement model was then derived by plotting the known depth to basement from the drillholes against the resulting peak frequencies from the passive seismic survey of the same drillholes. A linear trendline was fitted to the resulting scatter plot and the gradient equation of this line gave the depth calibration model. Results from both the orientation survey and the subsequent extension and infill surveys, over Bennet Well, were applied to this depth calibration model to generate a set of depth to basement values for the deposit. The depths were found to be consistent with the exploration model of the basement derived from drilling data, thereby indicating that the survey technique was successfully and accurately representative of the in-situ information collected during drilling. A second modelling and interpretation technique was also utilised that involved the use of a Resonance Frequency equation and density information representative of the in-situ formations. The Resonance Frequency equation is: $f = [Vs/(4*H)]$ where: f = resonance frequency (Hz) Vs = shear wave velocity (m/s) of the cover sediment sequence ("Layer 1"), and / or the basement ("Layer 2", known to be granitic at Bennet Well) H = depth to basement (m) Once the peak frequencies were collected from the survey, the depth calibration model was applied to give a set of depth-to-basement values. These depths ("H" in the above equation) and the initial peak frequencies were then used to rearrange the above resonance frequency equation to produce a shear wave velocity value for "Layer 1" as the cover sediments. In most cases, this velocity value would be between 600 and 700 m/s. An average, arbitrary density value was assigned to each layer based on density measurements collected from a combination of downhole geophysical surveying and core testwork conducted during the 2013 and 2014 exploration programs. An average value of 1.9 t/m^3 was assigned to the unconsolidated sediments of Layer 1, whereas the harder, more fresh granitic Layer 2 was assigned the average density value of 2.2 t/m^3. The software used to process the raw data has an additional tool to produce depth and velocity models for Layers 1 and 2 (cover and basement, respectively). A model was produced for each survey station and then plotted against the corresponding depths-to-basement derived using the numerical depth calibration model. The results from both modelling techniques was found to correlate very well with each other and with the depth-to-basement values observed from drilling.
		Whether sample sizes are appropriate to the grain size of the	No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized

Part	Criteria	Explanation	Comment
		material being sampled.	instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes. "Station spacing" will be used here instead of "sample size" as there are no physical samples collected. "Grain size" is not relevant here also as the passive seismic exploration tool surveys the macro scale of palaeochannels rather than the micro scale of individual grain sizes. The orientation survey involved testing the suitability of the survey method and involved the following: ▪ Station spacings of 50 m and 100 m were trialled. The smaller-scale, 50 m spaced station data produced high resolution information however the length of time taken to measure each station was doubled and the number of stations surveyed in a day was halved, thus doubling the total length of time to survey a single line, which was no longer cost-effective; ▪ A nominal spacing of 100 m per station was therefore chosen as the most suitable spacing to allow good data collection, good resolution of data and a good rate of productivity. ▪ If, however, any rocky outcrop was discovered, the station spacing was extended to 200 m in order to account for the poor quality of data resulting from the occurrence of shallow basement. Given that the thickness of cover sediments above these areas of shallow basement is less than elsewhere in the deposit, the resulting frequency plots are often distorted and it can be difficult to deduce a single peak resonance frequency.
1-5	**Quality of Assay Data and Laboratory Tests**	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes. The data collected is purely quantitative and based on a numerical result from the station surveyed. The technique is therefore not considered to be "partial" or "total" in the same sense as a geochemical assay. However, this survey technique is considered to be a very effective, regional-scale exploration tool.
		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.	The initial Passive Seismic orientation conducted over the Bennet Well Deposit also involved the survey of 71 drillholes which involved placing both instruments into the ground at the concrete drill collar marker. All 71 drillholes were drilled during the 2014 and 2015 drilling campaigns (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). The depths to basement had already been physically confirmed during the drilling of these holes. A numerical Depth-To-Basement model was then derived by plotting the known depth to basement from the drillholes against the resulting peak frequencies from the passive seismic survey of the same drillholes. A linear trendline was fitted to the resulting scatter plot and the gradient equation of this line gave the depth calibration model, which is as follows: y = 149.78x^-1.046 where: "y" = depth to basement "x" = resonant frequency from the passive seismic survey for that particular station Results from both the orientation survey and the subsequent extension and infill surveys, over Bennet Well, were applied to this depth calibration model to generate a set of depth to basement values for the deposit. The depths were found to be consistent with the exploration model of the basement derived from drilling data, thereby indicating that the survey technique was

Part	Criteria	Explanation	Comment
			successfully and accurately representative of the in-situ information collected during drilling. A second modelling and interpretation technique was also utilised that involved the use of a Resonant Frequency equation and density information representative of the in-situ formations. The Resonant Frequency equation is: ƒ= [Vs/(4*H)] where: ƒ = Resonant frequency (Hz) Vs = shear wave velocity (m/s) of the cover sediment sequence ("Layer 1"), and / or the basement ("Layer 2", known to be granitic at Bennet Well) H = depth to basement (m) Once the peak frequencies were collected from the survey, the depth calibration model was applied to give a set of depth-to-basement values. These depths ("H" in the above equation) and the initial peak frequencies were then used to rearrange the above resonance frequency equation to produce a shear wave velocity value for "Layer 1" as the cover sediments. In most cases, this velocity value would be between 600 and 700 m/s. An average, arbitrary density value was assigned to each layer based on density measurements collected from a combination of downhole geophysical surveying and core testwork conducted during the 2013 and 2014 exploration programs. An average value of 1.9 t/m^3 was assigned to the unconsolidated sediments of Layer 1, whereas the harder, more fresh granitic Layer 2 was assigned the average density value of 2.2 t/m^3. The software used to process the raw data has an additional tool to produce depth and velocity models for Layers 1 and 2 (cover and basement, respectively). A model was produced for each survey station and then plotted against the corresponding depths-to-basement derived using the numerical depth calibration model. The results from both modelling techniques was found to correlate very well with each other and with the depth-to-basement values observed from drilling.
		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.	Although no physical samples were collected during the Passive Seismic survey, a Quality Control procedure was still established in order to test the repeatability of the resulting data. Two Control points were chosen, during the orientation survey, based on fixed (i.e. permanent) structures, close to the field office, with a fixed coordinate location that is highly unlikely to change. As the locations of these two Control points are known and permanent, the resulting measured peak frequencies and derived depths to basement are assumed to always be within a tight and consistent range. At the end of every day during the survey period, a reading was taken by placing both instruments down at each Control point. When the data were later downloaded and analysed, the results of these Control checks were then plotted against time and any observed variation in the resulting peak frequencies would indicate a corresponding change (if any) in the instruments' recording capabilities.
1-6	**Verification of Sampling and Assaying**	*The verification of significant intersections by independent or alternative company personnel.*	As no drilling was conducted during the reporting period, and no physical samples were collected, the geophysical data do not produce any significant intersection information. The data resulting from the passive seismic survey, however, have been cross-checked and verified by Resource Potentials Pty Ltd, Perth, and also cross-checked with Cauldron by alternative personnel.
		The use of twinned holes.	No drilling was completed during the reporting period.
		Documentation of primary data, data entry procedures, data verification, data	Data is collected on the Tromino units in the form of 2 seismograph "trace" files, with the extensions of ".ASS" and ".TRC". Each Tromino unit is hired out along with a software package named GRILLA. When the data is processed, GRILLA automatically forms a "TRACES"

Part	Criteria	Explanation	Comment
		storage (physical and electronic) protocols.	database on the computer into which the individual trace files from each station are saved. Once the individual trace files are processed, a resonance frequency can then be interpreted from the correlation between the eye-shaped feature on the Amplitude plot and the Horizontal-to-Vertical Spectral Ratio (HVSR) plot. The resonance frequency is measured in Hertz (Hz). The last step of the process involves the modelling of the depth to basement value, consisting of: 1. assigned shear wave velocities for Layers 1 and 2 (cover and basement, respectively), in metres/second (m/s) 2. average densities for each layer in tonnes per cubic metre (t/m^3) and 3. depth to basement (or contact with basement) in metres (m) During field collection, hard copy paper log sheets are used to record: a. line name b. station name c. partition number (file number on the Tromino unit) d. time of recording e. comments – into which observations such as ground conditions, lithology (e.g. sand, or clay), atmospheric conditions such as wind These field log sheets and all of the individual peak frequencies and modelled depths are then entered directly into a MS Access database for subsequent upload into the main SQL database and server. The raw GRILLA files and all modelling files are kept on the main server, and backed up at regular intervals.
		Discuss any adjustment to assay data.	The equation derived for the depth calibration model is as follows: y = 149.78x^-1.046 where: "y" = depth to basement "x" = resonant frequency from the passive seismic survey for that particular station The calculation used to derive shear velocities from resonant frequencies is as follows: ƒ= [Vs/(4*H)] where: ƒ = resonant frequency (Hz) Vs = shear wave velocity (m/s) of the cover sediment sequence ("Layer 1"), and / or the basement ("Layer 2", known to be granitic at Bennet Well) H = depth to basement (m)
1-7	**Location of Data Points**	*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.*	The method to locate collars is by a real-time kinematic GPS system having an accuracy of plus or minus 0.5 m in the X-Y-Z plane, collected by qualified surveyor, Phil Richards of MHR Surveyors, WA. The relative level is determined from levelling to a grid derived from LIDAR survey having an RL accuracy of 0.2 m. No downhole surveys were conducted on the holes used in the derivation of depth calibration model. These holes were completed in the 2014 and 2015 exploration periods and were all drilled vertically, with theshallow drillhole depths relative to wide drill spacing having minimal effect on potential mis-position of mineralised intercepts.
		Specification of the grid system used.	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.

Part	Criteria	Explanation	Comment
		Quality and adequacy of topographic control.	The primary topographic control is from a high resolution LIDAR survey flown in early 2015.
1-8	**Data Spacing and Distribution**	*Data spacing for reporting of Exploration Results.*	The orientation survey comprised stations spacings of 50 m and 100 m. Field results from the orientation soon revealed that the 50 m station spacing was not necessary and that the 100 m spacing would be sufficient for the purpose of using the passive seismic survey technique. For the extensional/infill surveys and more regional surveys, a nominal spacing of 100 m was utilised. This was shown by the orientation to be the most appropriate spacing to give adequate coverage and resolution of the target palaeochannels. If, however, any rocky outcrop was discovered, the station spacing was extended to 200 m in order to account for the poor quality of data resulting from the occurrence of shallow basement. Given that the thickness of cover sediments above these areas of shallow basement is less than elsewhere in the deposit, the resulting frequency plots are often distorted and it can be difficult to deduce a single peak resonance frequency.
		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.	Previous drilling campaigns have shown that the channels forming the Bennet Well Deposit are often between 200 m and 1 km wide. The 100 m station spacing has been shown to be adequate for providing good resolution of basement topography for the purpose of highlighting potential palaeochannel features. In areas of potential shallow basement subcrop and noticeable outcrop, the extended 200 m station spacing has also been shown to provide a good enough resolution over the target areas.
		Whether sample compositing has been applied.	No drilling was conducted and no physical samples were collected in the July – December 2016 half-yearly reporting period, therefore the method of sample compositing was not implemented.
1-9	**Orientation of Data in Relation to Geological Structure**	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	No drilling was conducted during the reporting period, however all drillholes utilised in the derivation of the depth calibration model were drilled vertically and sample the true width of uranium mineralisation. All drillholes used for the depth calibration model were drilled during the 2014 and 2015 exploration periods and have already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015).
		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.	No sampling bias is observed by the orientation of the drill holes. No sampling bias is observed by the orientation and / or spacing of the passive seismic survey stations and lines, as they were specifically designed to provide full coverage of potential channel features and fault structures observed on regional-scale, airborne magnetics and electromagnetic survey data.
1-10	**Sample Security**	*The measures taken to ensure sample security.*	No drilling was conducted during the reporting period, nor were any physical samples collected. Survey station data (i.e. "samples") collected during the passive seismic survey were downloaded at the end of everyday onto a secured field laptop and backed up onto a portable hard drive. After data entry was completed into a MS Access database, this was also backed up on the field laptop and the portable hard drive. On arrival back in the central Perth office, all of this

Part	Criteria	Explanation	Comment
			data was placed onto the main Perth server, which is backed up on a regular basis.
1-11	**Audits or Reviews**	*The results of any audits or reviews of sampling techniques and data.*	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**	*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.*	All of the passive seismic surveying was completed on exploration tenements E08/1493, E08/1489, E08/1490, E08/1501, E08/2160, E08/2161, E08/2205 and E08/2774, all of which are wholly owned by Cauldron. A Native Title Agreement is struck with the Thalanyji Traditional Owners which covers 100% of the tenements listed above.
		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.	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**	*Acknowledgment and appraisal of exploration by other parties.*	A 70 km long regional redox front and several palaeochannels were identified by open hole drilling by CRA Exploration Pty Ltd (CRAE) during the 1970s and early 1980s. CRAE drilled over 200 holes in the greater Yanrey Project area, resulting in the discovery of the Manyingee Deposit and the identification of uranium mineralisation in the Bennet Well channel and the Spinifex Well Channel. Uranium mineralisation was also identified in the Ballards and Barradale Prospects.
2-3	**Geology**	*Deposit type, geological setting and style of mineralisation.*	At least 15 major palaeochannels have been identified in the greater Yanrey project area at the contact between the Cretaceous aged marine sediments of the Carnarvon Basin and the Proterozoic Yilgarn Block which lies along the granitic and metamorphic ancient coastline. These palaeochannels have incised the underlying Proterozoic-aged granite and metamorphic rocks, which are subsequently filled and submerged by up to 150m of mostly unconsolidated sand and clay of Mesozoic, Tertiary and Quaternary age. The channels sourced from the east enter into a deep north-south trending depression that was probably caused by regional faulting and may be a depression formed at the former Mesozoic-aged coastline.
2-4	**Drill Hole Information**	*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:*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015).

Part	Criteria	Explanation	Comment
		• *Easting and northing of the drill hole collar;* • *Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill collar;* • *Dip and azimuth of the hole;* • *Down hole length and interception depth;* • *Hole length* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract for the understanding of the report, the Competent Person should clearly explain why this is the case.*	
2-5	**Data Aggregation Methods**	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). However, all average reporting intervals are derived from applying a cut-off grade of 150 ppm U_3O_8 for a minimum thickness of 0.40 m.
		Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents are used.
2-6	**Relationship Between Mineralisation Widths and Intercept Lengths**	*These relationships are particularly important in the reporting of Exploration Results.*	All drilling at Bennet Well is vertical. The recent 3D interpretation and establishment of a mineralisation model has determined that the uranium mineralisation dips very shallowly (no more than 2-3°) to the west at Bennet Well East, yet at Bennet Well Central the mineralisation is observed to follow the contours of the underlying granitic basement. The overall dip of the mineralisation in the Bennet Well Resource Area could be described as sub-horizontal therefore, all mineralisation values could be considered to be true width.
		If the geometry of the mineralisation with respect to the drill hole angle is	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

Part	Criteria	Explanation	Comment
		known, its nature should be reported.	west at Bennet Well East, yet at Bennet Well Central the mineralisation is observed to follow the contours of the underlying granitic basement. The overall dip of the mineralisation in the Bennet Well Resource Area could be described as sub-horizontal therefore, all mineralisation values could be considered to be true width.
		If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	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**	*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.*	Included in this report
2-8	**Balanced Reporting**	*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.*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
2-9	**Other Substantive Exploration Data**	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Metallurgical sighter testing was completed by the Australian Nuclear Science and Technology Organisation (ANSTO) for the diamond core drilled in 2013, with further testing planned for core drilled in 2014. Geochemical assaying was also completed for the diamond core from both 2013 and 2014. These data however have not been used in the derivation of Depth to Basement model reported here. Sampling information will therefore not be included here as it is deemed irrelevant for the purpose of this report.
2-10	**Further Work**	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or*	The Yanrey/Bennet Well Passive Seismic Survey is scheduled to recommence in the June 2017 quarter, as there are still several targets surrounding the currently defined Bennet Well Deposit that require testing for potential extensions to known mineralisation.

Part	Criteria	Explanation	Comment
		large-scale step-out drilling).	Additionally, there are still areas in the greater, regional Yanrey Project that remain to be tested with the Passive Seismic survey tool. It is currently envisaged that drilling will occur in future exploration programs in order to fully test the promising palaeochannel targets that are highlighted by the Passive Seismic survey conducted in the 2nd Half Yearly reporting period of 2016.
		Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	All appropriate plans have been included in this report.

5. BUSINESS STRATEGIES AND PROSPECTS FOR THE FORTHCOMING YEAR

The Company is involved in the mineral exploration industry on its retained tenements and interests. It is also investigating projects for future acquisition.

6. SIGNFICANT CHANGES IN STATE OF AFFAIRS

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

7. SUBSEQUENT EVENTS

On 17 August 2017, the Company announced that, in respect of the Forrest objection to Cauldron's applications for exploration licences 08/2385-2387 (detailed above), the Court of Appeal handed down its unanimous decision in favour of the Company. The Court of Appeal dismissed Forrest's appeal and ordered Forrest to pay the Company's legal costs of the appeal.

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

8. ENVIRONMENTAL ISSUES

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

9. DIVIDENDS PAID OR RECOMMENDED

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

10. SHARES UNDER OPTION

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

Grant Date	Class of Shares	Exercise Price	Number of Options	Expiry Date	Listed / Unlisted
24 November 2016	Ordinary	$0.08	20,000,000	31 December 2018	Unlisted

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

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

During the year ended 30 June 2017 there no ordinary shares issued as a result of exercise of options (2016: 3,000,000).

11. INDEMNITY AND INSURANCE PREMIUMS FOR DIRECTORS AND OFFICERS

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

12. MEETINGS OF DIRECTORS

The following table sets out the number of directors' meetings held during the year and the number of meetings attended by each director (while they were a director).

Director	Eligible to Attend	Attended
Antony Sage	4	4
Qiu Derong	4	4
Judy Li	4	2
Nicholas Sage	1	-
Chenchong Zhou	-	-
Xinyi Zhang	1	-
Mark Gwynne	3	-

The Consolidated Entity does not have a formally constituted audit committee or remuneration committee as the board considers that the Consolidated Entity's size and type of operation do not warrant such committees.

13. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and is included on page 34 of the annual report.

14. REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Cauldron's directors for the financial year ended 30 June 2017.

KEY MANAGEMENT PERSONNEL

Key Management Personnel includes:

Antony Sage (Executive Chairman)
Qiu Derong (Non-executive Director)
Judy Li (Non-executive Director)
Nicholas Sage (Non-executive Director) (Appointed 20 February 2017)
Chenchong Zhou (Non-executive Director) (Appointed 2 May 2017)
Xinyi Zhang (Non-executive Director) (Appointed 1 January 2017) (Resigned 2 May 2017)
Mark Gwynne (Non-executive Director) (Resigned 20 February 2017)
Catherine Grant (Company Secretary and Chief Financial Officer)
Jess Oram (Exploration Manager)

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

REMUNERATION POLICY

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

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

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

REMUNERATION REPORT AT 2016 AGM

The 2016 remuneration report received positive shareholder support at the 2016 Annual General Meeting whereby of the proxies received 99.1% voted in favour of the adoption of the remuneration report.

COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTORS AND EXECUTIVES' REMUNERATION

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

Financial Year	Loss after tax $	Loss per share (cents)	Share Price (cents)
30 June 2013	(7,896,865)	(5.16)	10.0
30 June 2014	(3,944,234)	(2.30)	36.0
30 June 2015	(6,712,800)	(2.91)	11.0
30 June 2016	(3,978,324)	(1.49)	6.6
30 June 2017	(11,954,682)	(3.83)	3.4

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

Key Management Personnel (**KMP**) remuneration for the years ended 30 June 2017 and 30 June 2016:

30 JUNE 2017	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENTS OPTIONS	TOTAL	Remuneration share based payment
	Salary, Fees & Leave	Other	Non-Monetary	Super-annuation	Retirement Benefits	$	$	%
Directors								
Anthony Sage (i)	240,000	-	-	-	-	-	240,000	-
Qiu Derong (ii)	36,000	-	-	-	-	-	36,000	-
Judy Li (iii)	36,000	-	-	-	-	-	36,000	-
Nicholas Sage (iv)	12,964	-	-	-	-	-	12,964	-
Chenchong Zhou (v)	5,903	-	-	-	-	-	5,903	-
Xinyi Zhang (vi)	12,194	-	-	-	-	-	12,194	-
Mark Gwynne (vii)	23,143	-	-	-	-	-	23,143	-
	366,204	-	-	-	-	-	366,204	-
Other KMP								
Catherine Grant-Edwards (viii)	200,000	-	-	19,000	-	-	219,000	-
Jess Oram (ix)	193,000	-	-	18,355	-	-	211,355	-
	393,000	-	-	37,355	-	-	430,355	-
TOTAL	**759,204**	**-**	**-**	**37,355**	**-**	**-**	**796,559**	**-**

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

(i) In his capacity as Executive Chairman, Mr Antony Sage was previously entitled to a fee of $120,000 per annum. With effect from 1 July 2016, Mr Sage is entitled to a fee of $240,000 per annum. The Company has entered into a consulting agreement with Okewood Pty Ltd (**Okewood**), a company controlled by Mr Antony Sage, for the provision of these services.

(ii) In his capacity as Non-Executive Director, Mr Qiu Derong is entitled to a fee of $36,000 per annum. The Company has entered into a consulting agreement for the provision of these services. Amounts included in this table represent accrued fees.

(iii) In her capacity as Non-Executive Director, Ms Judy Li is entitled to a fee of $36,000 per annum. The Company has entered into a consulting agreement for the provision of these services.

(iv) In his capacity as Non-Executive Director, Mr Nicholas Sage is entitled to a fee of $36,000 per annum from date of his appointment 20 February 2017. The Company has entered into a consulting agreement with Pembury Nominees Pty Ltd (**Pembury**), a company controlled by Mr Nicholas Sage, for the provision of these services.

(v) In his capacity as Non-Executive Director, Mr Chenchong Zhou is entitled to a fee of $36,000 per annum from the date of his appointment 2 May 2017. A consulting agreement for the provision of services is yet to be executed. Amounts included in this table represent accrued fees.

(vi) In her capacity as Non-Executive Director, Ms Xinyi was entitled to a fee of $36,000 per annum during the course of her appointment as a director from 1 January 2017 to 2 May 2017. A consulting agreement for the provision of services was not executed. Amounts included in this table represent accrued fees.

(vii) In his capacity as Non-Executive Director, Mr Gwynne was entitled to a fee of $36,000 per annum up until date of his resignation 20 February 2017. The Company entered into a consulting agreement for the provision of these services.

(viii) Ms Catherine Grant-Edwards is an employee of Cauldron and has been Chief Financial Officer of Cauldron since July 2013, and its Company Secretary since 31 January 2014, and is included in the Company's Key Management Personnel. A portion of Ms Grant-Edwards' salary was recharged to other non-related entities during the year (2017: $16,000) (2016: $54,000).

(ix) Mr Jess Oram is an employee of Cauldron and has been Exploration Manager since 11 August 2014. Mr Oram is included in the Company's Key Management Personnel. A portion of Mr Oram's salary was recharged to related entity Fe Limited during the year (2017: $2,087) (2016: nil).

(x) The consultancy contract between Mr Simon Youds was terminated 10 February 2016. Up until this date, Mr Youds was engaged as Cauldron's Head of Operations, and was included in the Company's Key Management Personnel. Mr Youds was entitled to a consultancy fee of $150,000 per annum.

ADDITIONAL DISCLOSURE RELATING TO OPTION HOLDINGS AND SHARE HOLDINGS

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

30 JUNE 2017	Balance 1 July 2016	Granted	Exercised	Lapsed	Other	Balance 30 June 2017	Vested and Exercisable 30 June 2017	Un-exercisable 30 June 2017
Directors								
Qiu Derong (i)	8,000,000	-	-	(8,000,000)	-	-	-	-
	8,000,000	**-**	**-**	**(8,000,000)**	**-**	**-**	**-**	**-**

(i) On 31 December 2016, 8,000,000 unlisted options at $0.138 expired. These options were previously issued to Mr Qiu in accordance with a placement agreement between the Company and Mr Qiu (that is, Mr Qiu did not receive these options in his capacity as a key management personnel.

VALUE OF OPTIONS AWARDED, EXERCISED AND LAPSED DURING THE YEAR

There were no remuneration options granted, exercised or lapsed during the year ended 30 June 2017.

30 JUNE 2016	Value of options granted (ii) $	Value of options exercised during the year $	Value of options lapsed during the year $
Directors			
Antony Sage	-	-	607,046
Qiu Derong	-	-	230,801
Mark Gwynne	-	-	77,826
Other KMP			
Simon Youds (i)	-	(54,000)	-
Catherine Grant-Edwards	-	-	311,306
Jess Oram	-	-	155,563

(i) During the year ended 30 June 2016, Mr Youds exercised 3,000,000 options at $0.138 for $414,000 consideration. The share price on the date of exercise was $0.12, translating to a market value of $360,000. The net position of the market value and the consideration on exercise of the options is negative $54,000.

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

SHARES ISSUED ON EXERCISE OF OPTIONS

There were no options exercised during the year ended 30 June 2017.

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

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

30 JUNE 2017

	Balance 1 July 2016	Issued	Received on exercise of options	Net Change Other	Balance 30 June 2017
Directors					
Antony Sage	5,894,600	-	-	-	5,894,600
Qiu Derong	47,544,710	-	-	-	47,544,710
Mark Gwynne (i)	100,000	-	-	(100,000)	-
Other KMP					
Catherine Grant-Edwards	8,888	-		-	8,888
	53,548,198	**-**		**(100,000)**	**53,448,198**

30 JUNE 2016

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

(i) At the date of his resignation, Mr Mark Gwynne held 100,000 shares.

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

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

LOANS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

There were no loan made to Cauldron Energy by directors and entities related to them during the year ended 30 June 2017 or 30 June 2016.

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

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

		Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
Director related entities					
Fe Limited	**2017**	**2,087**	**-**	**-**	**-**
Fe Limited	2016	-	2,500	-	-
Cape Lambert Resources Limited	**2017**	**-**	**219,288**	**-**	**4,928**
Cape Lambert Resources Limited	2016	-	238,422	-	6,066
Okewood Pty Ltd	**2017**	**-**	**30,623**	**-**	**-**
Okewood Pty Ltd	2016	-	28,523	-	-

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

Mr Antony Sage is a director of Cape Lambert Resources Limited and Okewood Pty Ltd. Messrs Antony Sage and Nicholas Sage are directors of Fe Limited, as was Mr Gwynne until 6 February 2017.

End of Audited Remuneration Report.

15. NON AUDIT SERVICES

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

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

Mr Antony Sage
Executive Chairman

PERTH
6 September 2017

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Australia

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

As lead auditor of Cauldron Energy Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 6 September 2017

CORPORATE GOVERNANCE STATEMENT

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

The Company's Corporate Governance Statement for the year ended 30 June 2017 (which reports against these ASX Principles) may be accessed from the Company's website at www.cauldronenergy.com.au.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue	3(a)	36,682	7,375
Other income	3(b)	18,188	1,233,829
Administration expenses		(123,412)	(126,301)
Employee benefits expenses		(378,241)	(493,892)
Directors fees		(366,204)	(228,000)
Share based payments	22	(78,125)	(1,190,727)
Compliance and regulatory expenses		(221,109)	(254,884)
Consultancy expenses		(184,355)	(263,616)
Legal fees		(203,221)	(510,997)
Occupancy expenses		(134,818)	(133,333)
Travel expenses		(25,809)	(67,733)
Exploration expenditure		(39,457)	(118,105)
Net fair value loss on financial assets through profit and loss	7	(342,684)	-
Depreciation		(97,340)	(154,476)
Realised foreign exchange loss		(575)	-
Impairment losses	4	(9,814,202)	(1,677,464)
Loss before income tax expense		(11,954,682)	(3,978,324)
Income tax expense	5	-	-
Loss for the year		**(11,954,682)**	**(3,978,324)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
-		-	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(25,862)	(147,995)
Other comprehensive loss for the year after income tax		(25,862)	(147,995)
Total comprehensive loss attributable to members of the Company		**(11,980,544)**	**(4,126,319)**
Loss per share for the year attributable to the members of Cauldron Energy Ltd			
Basic loss per share (cents per share)	16	(3.83)	(1.49)
Diluted loss per share (cents per share)	16	(3.83)	(1.49)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	20(b)	3,294,806	2,808,356
Trade and other receivables	6	56,949	128,345
Financial assets at fair value through profit or loss	7	1,539,175	1,103,046
TOTAL CURRENT ASSETS		4,890,930	4,039,747
NON CURRENT ASSETS			
Exploration and evaluation expenditure	9	-	9,227,557
Property, plant and equipment	10	11,884	286,850
TOTAL NON CURRENT ASSETS		11,884	9,514,407
TOTAL ASSETS		**4,902,814**	**13,554,154**
CURRENT LIABILITIES			
Trade and other payables	11	569,056	463,496
Provisions	12	58,555	67,344
TOTAL CURRENT LIABILITIES		627,611	530,840
TOTAL LIABILITIES		**627,611**	**530,840**
NET ASSETS		**4,275,203**	**13,023,314**
EQUITY			
Issued capital	13	55,675,919	52,443,486
Reserves	14	4,289,947	4,315,809
Accumulated losses	15	(55,690,663)	(43,735,981)
TOTAL EQUITY		**4,275,203**	**13,023,314**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,663,949)	(1,494,659)
Interest received		36,682	6,295
Net cash used in operating activities	20(a)	(1,627,267)	(1,488,364)
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(1,225,029)	(2,615,958)
R&D Tax Incentive received		946,102	1,649,378
Payments for plant and equipment		(10,761)	-
Acquisition of equity investments		(989,245)	(44,512)
Proceeds from sales of equity investments		273,183	54,650
Funding provided to Caudillo Resources SA		(32,572)	(88,336)
Repayment from Caudillo Resources SA		-	51,862
Funding provided to Black Mountain Resources Limited	6(b)	-	(50,000)
Net cash used in investing activities		(1,038,322)	(1,042,916)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options, net of transaction costs		3,154,308	4,128,932
Net cash from financing activities		3,154,308	4,128,932
Net increase in cash held		488,719	1,597,652
Effects of exchange rate changes on cash		(2,269)	(5,774)
Cash and cash equivalents at beginning of financial year		2,808,356	1,216,478
Cash and cash equivalents at end of financial year		**3,294,806**	**2,808,356**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2017

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$
Balance at 1 July 2016	**52,443,486**	**(43,735,981)**	**5,808,481**	**(1,492,672)**	**13,023,314**
Loss attributable to members of the parent entity	-	(11,954,682)	-	-	(11,954,682)
Other comprehensive loss	-	-	-	(25,862)	(25,862)
Total comprehensive loss for the year	-	(11,954,682)	-	(25,862)	(11,980,544)
Transaction with owners, directly in equity					
Shares issued during the year, net of costs	3,232,433	-	-	-	3,232,433
Share based payments expense recognised for value of options issued/vested during the year	-	-	-	-	-
Balance at 30 June 2017	**55,675,919**	**(55,690,663)**	**5,808,481**	**(1,518,534)**	**4,275,203**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial report covers Cauldron Energy Limited ("Cauldron") and its controlled entities ("the Consolidated Entity") for the year ended 30 June 2017 and was authorised for issue in accordance with a resolution of the directors on 5 September 2017.

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

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

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

The financial report is presented in Australian dollars.

b. Compliance with IFRS

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

c. Application of New and Revised Accounting Standards

Changes in accounting policies on initial application of Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. From 1 July 2016, the Consolidated Entity has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2016. Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Consolidated Entity. The Consolidated Entity has not elected to early adopt any new standards or amendments.

New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Title of standard	Nature of change	Impact	Mandatory application date/ Date of
AASB 9 *Financial Instruments*	AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB9, including the embedded derivative separation rules and the criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.	This standard is not expected to have a material impact on the Group's financial statements and disclosures.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption Expected date of adoption by the group: 1 July 2018.
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	This standard is not expected to have a material impact on the Group's financial statements and disclosures.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption Expected date of adoption by the group: 1 July 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

AASB 16 (issued February 2016) *Leases*	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	The Group is still assessing the potential impact of the adoption of this standard.	Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption Expected date of adoption by the group: 1 July 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Consolidated Group in the current or future reporting periods and on foreseeable future transactions

d. Principles of Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. A list of controlled entities is contained in note 19 to the financial statements.

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

(ii) Joint arrangements

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

Joint operations

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

Joint ventures

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

e. Foreign Currency Transactions and Balances

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

Group companies

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

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

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

f. Goods and Services Tax

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

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

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

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

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

g. Income Tax

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

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

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

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

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

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

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

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

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

is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

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

h. Cash and Cash Equivalents

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

i. Financial Instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

The Consolidated Entity has the following financial instruments:

Financial Assets at Fair Value through Profit or Loss

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Loans and Receivables

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

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

Debt and equity instruments

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

Impairment

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

Derecognition of financial assets

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

j. Borrowing Costs

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

k. Property, Plant and Equipment

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

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

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

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

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

l. Exploration and Evaluation Expenditure

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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

m. Impairment of Assets

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

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

n. R&D Tax Incentive

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

o. Trade and Other Payables

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

p. Revenue Recognition

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

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

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

q. Provisions and Employee Benefits

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

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

Provision for restoration and rehabilitation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Employee leave benefits

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

r. Contributed equity

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

s. Share based payments

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

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

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

t. Critical accounting judgements, estimates and assumptions

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

Share based payment transactions

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

Exploration and evaluation costs

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

Environmental Issues

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

Income taxes

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

u. Comparative Figures

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

v. Operating Segments

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

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

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

2. SEGMENT INFORMATION

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

Basis of accounting for purposes of reporting by operating segments

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

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

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

Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Consolidated Entity as a whole and are not allocated to specific segments. Segment liabilities include trade and other payables and certain direct borrowings.
Other items
The following items of revenue, expense, assets and liabilities are not allocated to the Mineral Exploration segment as they are not considered part of the core operations of that segment:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Mineral exploration		Other		Total	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
Legal costs, damages, and interest	-	-	-	530,538	-	530,538
Interest received	-	-	36,682	7,375	36,682	7,375
Other	-	-	8,175	5,878	8,175	5,878
Realised (profit)/loss on FX	-	(921)	-	-	-	(921)
Fuel tax credits	-	4,817	-	-	-	4,817
Net fair value gain on financial assets	-	-	-	648,617	-	648,617
Gain on disposal of financial assets	-	-	10,012	13,008	10,012	13,008
Gain on disposal of exploration assets	-	31,892	-	-	-	31,892
Total segment revenue and other income	**-**	**35,788**	**54,869**	**1,205,416**	**54,869**	**1,241,204**
Segment net operating profit/ (loss) after tax	**(9,914,673)**	**(1,878,397)**	**(2,040,009)**	**(2,099,927)**	**(11,954,682)**	**(3,978,324)**
Segment net operating profit/ (loss) after tax includes the following significant items:						
Share based payments expense	-	-	(78,125)	(1,190,727)	(78,125)	(1,190,727)
Net fair value loss on financial assets	-	-	(342,684)	-	(342,684)	-
Impairment of loans and receivables	-	-	(36,326)	(35,860)	(36,326)	(35,860)
Impairment of exploration assets	(9,589,592)	(1,641,604)	-	-	(9,589,592)	(1,641,604)
Impairment of plant and equipment	(188,284)	-	-	-	(188,284)	-
Depreciation	(97,340)	(154,476)	-	-	(97,340)	(154,476)
Employee benefits expense	-	-	(378,241)	(493,892)	(378,241)	(493,892)
Directors fees	-	-	(366,204)	(228,000)	(366,204)	(228,000)
Consultancy expenses	-	-	(184,355)	(263,616)	(184,355)	(263,616)
Legal fees	-	-	(203,221)	(510,997)	(203,221)	(510,997)
Tenement expenditure	(39,457)	(118,105)	-	-	(39,457)	(118,105)
Other expenses	-	-	(505,722)	(582,251)	(505,722)	(582,251)

	Mineral exploration		Other		Total	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
Segment assets	**11,884**	**9,635,052**	**4,890,930**	**3,919,102**	**4,902,813**	**13,554,154**
Segment assets include:						
Capitalised exploration expenditure	-	9,227,557	-	-	-	9,227,557
Financial assets	-	-	1,539,175	1,103,046	1,539,175	1,103,046
Other assets	11,884	407,495	3,351,755	2,816,056	3,363,639	3,223,551
	11,884	**9,635,052**	**4,890,930**	**3,919,102**	**4,902,814**	**13,554,154**
Segment liabilities	**(130,519)**	**(32,752)**	**(497,092)**	**(498,088)**	**(627,611)**	**(530,840)**

Segment information by geographical region

The analysis of the location of total assets is as follows:	2017	2016
	$	$
Australia	4,883,431	13,521,554
Argentina	19,382	32,600
	4,902,813	**13,554,154**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3. REVENUE AND OTHER INCOME

	2017 $	2016 $
(a) Revenue		
Interest received	36,682	7,375
	36,682	7,375
(b) Other Income		
Legal costs, damages, and interest	-	530,538
Fuel tax credits	-	4,817
Realised (profit)/loss on FX	-	(921)
Other	8,176	5,878
Net fair value gain on financial assets	-	648,617
Gain on disposal of exploration assets	-	31,892
Gain on disposal of financial assets	10,012	13,008
	18,188	1,233,829

4. IMPAIRMENT LOSSES

	2017 $	2016 $
Impairment of exploration and evaluation expenditure (a)	9,589,592	1,641, 604
Impairment of plant and equipment (b)	188,284	-
Impairment of loans and other receivables	36,326	87,721
Reversal of previously impaired loans and receivables	-	(51,861)
	9,814,202	1,677,464

(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 $9,589,592 during the year (30 June 2016: $1,641,604). The majority of this impairment expense recognised is attributable to an impairment trigger event, being the 20 June 2017 announced implementation of a ban on uranium mining on all future mining leases by the McGowen Government of Western Australia (**Uranium Mining Ban**). As a result of this, the Company has written down its Western Australian Yanrey projects (including Bennet Well) to nil.

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

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

(b) In light of the Uranium Mining Ban, the Consolidated Entity has recorded a further impairment expense of $188,284 (30 June 2016: nil) in relation to the plant and equipment located at the Bennet Well camp.

5. INCOME TAX EXPENSE

	2017 $	2016 $
(a) The components of tax expense comprise:		
Current tax benefit / (expense)	-	-
Deferred tax benefit / (expense)	-	-
	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:	2017 $	2016 $
Loss before tax	(11,954,682)	(3,978,324)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2016: 30%)	(3,586,405)	(1,193,497)
Add tax effect of:		
Non-deductible expenses	26,241	519,906
Current year tax losses not recognised	3,560,164	673,591
Less tax effect of:		
Under/(over) provision for prior year	-	-
Total income tax (income)/expense attributable to entity	-	-

(c) Recognised deferred tax balances	2017 $	2016 $
Deferred tax balances have been recognised in respect of the following:		
Deferred tax assets		
Annual Leave	17,566	20,203
Investments	1,839,950	1,960,360
Other receivables	17,011	-
Other accruals	46,527	26,422
Loan receivable	404,490	394,718
Capital raising costs	38,303	44,612
Tax losses	(2,363,847)	341,341
	-	2,787,656
Deferred tax liabilities		
Exploration	-	(2,768,267)
Other receivables	-	(19,065)
Unearned income	-	(324)
	-	(2,787,656)
Net recognised deferred tax assets/(liabilities)	-	-

(d) Unrecognised deferred tax balances

The Consolidated Entity has $11,141,355 gross tax losses arising in Australia that are available indefinitely for offset against future profit of the Company in which the losses arose.

6. TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Current		
Trade receivables	100,557	122,514
Provision for non-recovery of trade receivables (a)	(56,703)	(52,949)
Loan to ASX-listed company (b)	-	51,080
Prepayments	13,095	7,700
	56,949	128,345

(a) Provision for non-recovery of trade receivables

	2017 $	2016 $
Movements:		
Opening balance at beginning of the year	(52,950)	(220,922)
Impairment of receivable	(3,753)	-
Adjustment to provision for doubtful debts	-	167,359
Recovery of previously impaired receivable	-	614
	(56,703)	(52,949)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

Credit risk

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

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

	Gross amount	Past due and impaired	Within initial trade terms
2017			
Trade receivables	100,557	56,703	43,874
2016			
Trade receivables	122,514	52,949	69,565

(b) Loan to ASX-listed company:

	2017 $	2016 $
Movements:		
Opening balance at beginning of the year	51,080	-
Converting loan funds advanced	-	50,000
Interest on converting loan	1,660	1,080
Converted to equity (shares)	(52,740)	
	-	51,080

On 14 April 2016, Cauldron entered into a converting loan agreement with Black Mountain Resources Limited (ASX: BMZ) for a principal loan amount of $50,000. On 18 October 2016, Cauldron agreed to conversion of the debt (and accrued interest) to equity in BMZ (**Debt Conversion**). Upon settlement of the Debt Conversion, Cauldron acquired 527,398 ordinary shares in BMZ at an issue price of $0.10 each, and 166,667 unlisted options at $0.125 expiring 30 June 2018.

7. FINANCIAL ASSETS

	2017 $	2016 $
Financial assets		
Financial assets at fair value through profit or loss (listed investments)	1,539,175	1,065,334
Financial assets at fair value through profit or loss (unlisted investments)	-	37,712
	1,539,175	1,103,046

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

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

	2017 $	2016 $
Movements:		
Opening balance at beginning of the year	1,103,046	419,667
Acquisition of equity securities (non-cash) (refer note 6(b))	52,740	31,892
Acquisition of equity securities (cash)	989,245	44,512
Disposal of equity securities	(263,172)	(41,642)
Fair value gain/(loss) through profit or loss	(342,684)	648,617
	1,539,175	1,103,046

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

8. LOAN RECEIVABLES

	2017 $	2016 $
Non-current		
Caudillo Resources SA (a)	1,401,819	1,376,782
Provision for non-recovery (a)	(1,401,819)	(1,376,782)
	-	-

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.

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 $25,037 (30 June 2016: $88,336) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. During the year, nil was repaid by Caudillo (2016: $51,862 was repaid by Caudillo (reversal of previously impaired amount), which has been recognised in the Statement of Profit or Loss and Other Comprehensive Income).

9. EXPLORATION AND EVALUATION EXPENDITURE

	2017 $	2016 $
Exploration and evaluation expenditure	8,713,087	9,227,557
Exploration and evaluation expenditure – provision for impairment	(8,713,087)	-
	-	9,227,557
Movements:		
Carrying value at beginning of year	9,227,557	10,204,649
Exploration expenditure incurred	1,308,137	2,561,467
Impairment of exploration expenditure - written off (refer note 4(a))	(876,505)	(1,641,604)
Impairment of exploration expenditure - provision (refer note 4(a))	(8,713,087)	-
Foreign exchange movements	-	(97,577)
Royalties for Regions grant	-	(150,000)
R&D Tax Incentive	(946,102)	(1,649,378)
Carrying value at end of year	-	9,227,557

10. PLANT AND EQUIPMENT

	2017 $	2016 $
Plant and equipment		
At cost	45,866	657,091
Accumulated depreciation	(33,982)	(370,241)
	11,884	286,850

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Movements:

	2017 $	2016 $
Carrying value at beginning of year	286,850	442,356
Additions	10,761	-
Depreciation expense	(97,340)	(154,476)
Impairment expense (refer note 4(b))	(188,284)	-
Foreign currency differences arising from translating functional currency to presentation currency	(103)	(1,030)
Carrying value at end of year	11,884	286,850

11. TRADE AND OTHER PAYABLES

	2017 $	2016 $
Current		
Trade payables	403,339	368,450
Other payables and accruals	165,717	95,046
	569,056	463,496

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

12. PROVISIONS

	2017 $	2016 $
Current		
Employee benefits	58,555	67,344
	58,555	67,344

13. ISSUED CAPITAL

	2017 $	2016 $
Ordinary shares issued and fully paid	55,675,919	52,443,486

	2017 No.	2017 $	2016 No.	2016 $
Issued and fully paid up ordinary shares				
Opening balance	288,002,620	52,443,486	251,104,266	48,029,486
Shares issued (a)	-	-	16,949,178	2,000,000
Shares issued (b)	-	-	16,949,176	2,000,000
Shares issued (c)	31,250,000	2,500,000	-	-
Shares issued (d)	8,474,588	670,240	-	-
Shares issued (e)	1,562,500	78,125	-	-
Shares issued upon exercise of options (f)	-	-	3,000,000	414,000
Share issue costs	-	(15,932)	-	-
	329,289,708	55,675,919	288,002,620	52,443,486

Shares issued pursuant to placement agreements

(a) Mr Qiu Derong was a party to a Placement Agreement for a total of $2,000,000 (**Subscription Sum**). In June 2015, the Company received $1,714,932 in cash from Mr Qiu Derong, with the balance of $285,068 to settle director fee payments owing to Mr Qiu in respect of his services (together, $2,000,000). The cash component of the Subscription Sum ($1,714,932) was held in trust by the Company until the Placement Shares were issued (included in current payables as at 30 June 2015). Following receipt of Shareholder approval at the 9 November 2015 annual general meeting, 16,949,178 fully paid shares were issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(b) In March 2016, Cauldron received $2,000,000 from MGT Resources Limited pursuant to a placement agreement and issued 16,949,176 fully paid shares using the Company's capacity under Listing Rule 7.1. This share issue was subsequently ratified by Shareholders at the Company's 24 November 2016 annual general meeting (**AGM**).

(c) In September 2016, Cauldron entered into a placement agreement with a new Chinese investor Yidi Tao for 31,250,000 fully paid ordinary shares at an issue price of $0.08 per share for a total of $2,500,000 (**Tao Placement**). The shares were issued following receipt of Shareholder approval at the AGM.

The Tao Placement Agreement included an offer of 20 million unlisted options exercisable at $0.08 on or before 31 December 2018 (**Placement Options**) (refer note 23).

(d) As previously announced 6 July 2016, Cauldron advised it had received judgment in its favour in respect of its claims against Guangzhou City Investment Management Co. Ltd (**Guangzhou City**). The judgment debt due and payable to the Company was for $1 million plus interest (**Judgment Debt**). On 5 July 2016, the Company recovered $508,455 (before costs) of the Judgement Debt.

As announced 9 December 2016, the Company advised it sought to enforce payment of the outstanding balance of the Judgment Debt in accordance with the powers afforded by the Civil Judgments Enforcement Act. On 8 December 2016, Cauldron issued 8,474,588 shares (**Guangzhou Shares**) to Guangzhou City, in full satisfaction of the Company's obligations pursuant to a placement agreement (**Guangzhou City Placement Agreement**). In accordance with court orders (**Orders**) obtained by the Company, upon issue of the Guangzhou Shares to Guangzhou City, an immediate holding lock was placed over the Guangzhou Shares, and receiver (Mr Kim Wallman of HLB Mann Judd (Insolvency WA) (**Receiver**)) was appointed over the Guangzhou Shares.

The Receiver exercised his power for the purpose of realising a portion of the outstanding balance of the Judgment Debt. On 4 April 2017, the Receiver completed the sale of the Guangzhou Shares to investors who have agreed to a six-month escrow period in respect of the Guangzhou Shares, recovering $161,785 of the outstanding balance (before Receiver costs) from the sale of Guangzhou Shares by the Receiver.

Shares issued to consultant

(e) Following receipt of shareholder approval at the Company's annual general meeting on 24 November 2016, the Company issued 1,562,500 fully paid ordinary shares to a consultant (**Consultant Shares**) as consideration for investor relations and marketing support services. This share issue constitutes an equity-settled share based payment transaction and have been valued in reference to the market price of the shares on date of grant, being $0.05 per share (refer note 22), on the basis of the value of the services provided.

Shares issued upon exercise of unlisted options

(f) 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 329,289,708 shares with no par value.

Terms and Conditions

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

Capital risk management

Capital managed by the Board includes shareholder equity, which was $55,675,919 at 30 June 2017 (2016: $52,443,486). The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns to shareholders and benefits to other stakeholders. The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

14. RESERVES

	2017 $	2016 $
Reserves		
Share based payment reserve (a)	5,808,481	5,808,481
Foreign currency translation reserve (b)	(1,518,534)	(1,492,672)
	4,289,947	4,315,809

		2017 $	2016 $
(a)	**Share based payment reserve**		
	Reserve balance at beginning of year	5,808,481	4,617,754
	Share based payments – options (refer note 22)	-	1,190,727
	Reserve balance at end of year	5,808,481	5,808,481

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

		2017 $	2016 $
(b)	**Foreign currency translation reserve**		
	Reserve balance at beginning of the year	(1,492,672)	(1,344,677)
	Foreign currency exchange differences arising on translation of foreign operations	(25,862)	(147,995)
	Reserve balance at end of year	(1,518,534)	(1,492,672)

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

15. ACCUMULATED LOSSES

	2017 $	2016 $
Balance at beginning of year	(43,735,981)	(39,757,657)
Loss for the year	(11,954,682)	(3,978,324)
Balance at end of year	(55,690,663)	(43,735,981)

16. LOSS PER SHARE

	2017 Cents per share	2016 Cents per share
Basic loss per share		
Continuing operations	(3.83)	(1.49)
	(3.83)	(1.49)
	$	**$**
Loss used in calculation of basic loss per share		
Continuing operations	(11,954,682)	(3,978,324)
	(11,954,682)	(3,978,324)
	No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	312,403,557	267,792,981

There are 20,000,000 share options (2016: 44,000,000) excluded from the calculation of diluted earnings per share (that could potentially dilute basic earnings per share in the future) because they are anti-dilutive for each of the periods presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

17. COMMITMENTS

Office Rental Commitments

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

	2017 $	2016 $
Within one year	132,056	129,180
Between one and five years	231,098	355,245
Longer than five years	-	-
	363,154	484,425

18. CONTINGENT ASSETS AND LIABILITIES

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

19. CONTROLLED ENTITIES

Details of Cauldron Energy Limited's subsidiaries are:

Name	Country of Incorporation	Date/Company of Incorporation	Shares	Ownership Interest 2017 %	Ownership Interest 2016 %	Investment Carrying Amount 2017 $	Investment Carrying Amount 2016 $
Ronin Energy Ltd	Australia	24 April 2006	Ord	100	100	5	5
Cauldron Minerals Ltd	Australia	24 April 2006	Ord	100	100	1	1
Jakaranda Minerals Ltd	Australia	24 April 2006	Ord	100	100	1	1
Raven Minerals Ltd	Australia	24 April 2006	Ord	100	100	5	5
Cauldron Energy (Bermuda) Limited	Bermuda	2 February 2012	Ord	100	100	1	1
Cauldron Energy (SL) Limited	Sierra Leone	12 March 2012	Ord	100	100	1	1
						14	14

20. CASH FLOW INFORMATION

	2017 $	2016 $
(a) Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax		
Loss from ordinary activities after income tax	(11,954,682)	(3,978,324)
Non-cash flows in operating loss:		
Depreciation	97,340	154,476
Equity settled share based payments	78,125	1,190,727
Net fair value (gain)/loss on investments	342,684	(648,617)
Realised (gain)/loss on disposal of financial assets	(10,012)	(13,008)
Gain on sale of exploration assets	-	(31,892)
Impairment losses	9,814,202	1,677,464
Director fees settled via issue of shares	-	285,068
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	(38,863)	157,394
Decrease/(increase) in interest receivable	-	(1,080)
Increase/(decrease) in trade and other payables	52,728	(314,415)
Increase/(decrease) in provisions	(8,789)	33,843
Net cash outflows from operating activities	(1,627,267)	(1,488,364)

(b) Reconciliation of cash and cash equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 $	2016 $
Cash at bank	3,294,806	2,808,356
Cash and cash equivalents	3,294,806	2,808,356

21. FINANCIAL RISK MANAGEMENT

Financial risk management

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

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

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

	2017 $	2016 $
Financial Assets		
Cash and cash equivalents	3,294,806	2,808,356
Financial assets at fair value through profit or loss (listed investments)	1,539,175	1,065,334
Financial assets at fair value through profit or loss (unlisted investments)	-	37,712
Trade and other receivables	56,949	128,345
	4,890,930	4,039,747
Financial Liabilities		
Trade and other payables	569,057	463,496
	569,057	463,496

Financial risk management policies

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

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

Financial risk exposures and management

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

(a) Foreign currency risk

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

(b) Interest rate risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

	2017 Change $	2016 Change $
Change in loss:		
Increase in interest rate by 200 basis points	65,896	56,167
Decrease in interest rate by 200 basis points	(65,896)	(56,167)

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

(c) Price risk

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

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

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

The table below summarises the impact of increases/decreases of the index on the Consolidated Entity's post tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% (2016 – 10%) with all other variables held constant and all the Consolidated Entity's equity instruments moved according to the historical correlation with the index.

	Impact on Post-Tax Profit/(Loss) 2017 $	2016 $
Index		
ASX listed	153,918	106,533

(d) Credit risk

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

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

	2017 $	2016 $
Financial assets		
Cash and cash equivalents (AA)	3,294,806	2,808,356
Trade and other receivables	56,949	128,345
	3,351,755	2,936,701

(e) Liquidity risk

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

Financial instrument composition and maturity analysis

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2017	Within 1 Year $	1 to 5 Years $	Over 5 Years $	2017 Total $
Financial assets				
Cash	3,294,806	-	-	3,294,806
Held for trading investments	1,539,175	-	-	1,539,175
Receivables and loans	56,949	-	-	56,949
	4,890,930	-	-	4,890,930
Financial Liabilities				
Trade and other payables	569,057	-	-	569,057
	569,057	-	-	569,057

2016	Within 1 Year $	1 to 5 Years $	Over 5 Years $	2016 Total $
Financial assets				
Cash	2,808,356	-	-	2,808,356
Held for trading investments	1,103,046	-	-	1,103,046
Receivables and loans	128,345	-	-	128,345
	4,039,747	-	-	4,039,747
Financial Liabilities				
Trade and other payables	463,496	-	-	463,496
	463,496	-	-	463,496

(f) Fair value estimation

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

Financial Instruments Measured at Fair Value

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

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

2017	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets:				
Financial assets at fair value through profit or loss:				
Held for trading investments	1,539,175[1]	-	-	1,539,175

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

[1] Level 1 held for trading investments at 30 June 2016 includes an investment in Fe Ltd shares that have been based on a quoted price on 8 April 2016, being the last date of trading prior to Fe Ltd being suspended from trading on ASX at that reporting date. On 15 December 2016, suspension of trading of Fe Ltd securities on the ASX was lifted, and the company was reinstated to official quotation.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

22. SHARE BASED PAYMENTS

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

	2017 $	2016 $
Options issued to employees and consultants		914,980
Options issued to directors	-	275,747
Shares issued to consultant (refer note 13(e))	78,125	-
	78,125	1,190,727

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

There were no share based payment options granted, exercised or expired during the year end 30 June 2017.

23. OTHER UNLISTED OPTIONS

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

Options Granted during the year

The Company issued the following unissued options during the year ended 30 June 2017:

- 20,000,000 unlisted options at $0.08 expiring 31 December 2018 (being the Placement Options)

The Placement Options were issued following receipt of shareholder approval at the Company's AGM.

Options expired or lapsed during the year

On 31 December 2016, 44,000,000 unlisted options with an exercise price of $0.138 expired.

Options on issue at 30 June 2017

The outstanding balance of options at 30 June 2017 is represented by:

- 20,000,000 Placement Options with an exercise price of $0.08 and an expiry date of on or before 31 December 2018.

24. PARENT ENTITY DISCLOSURES

	2017 $	2016 $
Financial Position		
Assets		
Current assets	3,332,507	2,886,666
Non-current assets	1,555,647	10,647,046
Total assets	4,888,154	13,533,712
Liabilities		
Current liabilities	612,951	510,398
Non-current liabilities	-	-
Total liabilities	612,951	510,398
Equity		
Issued capital	55,675,919	52,443,486
Accumulated losses	(57,209,196)	(45,228,652)
Option Premium Reserve	5,808,480	5,808,480
Total equity	4,275,203	13,023,314
Financial Performance		
Loss for the year	(11,980,544)	(4,126,319)
Total comprehensive loss	(11,980,544)	(4,126,319)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Loans to Controlled Entities

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

	2017 $	2016 $
Subsidiaries		
Ronin Energy Ltd	23,329	23,329
Cauldron Minerals Ltd	8,652,665	8,495,868
Jakaranda Minerals Ltd	1,378,312	1,346,312
Raven Minerals Ltd	25,775	25,775
Total value of loans provided to subsidiaries	10,080,081	9,891,284

Commitments

The commitments of the Parent Entity are consistent with the Consolidated Entity (refer to note 17).

Contingent Liabilities and Assets

The contingent liabilities and assets of the Parent Entity are consistent with the Consolidated Entity (refer to note 18).

25. RELATED PARTY INFORMATION

Balances between the company and its subsidiaries which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of percentage of ordinary shares held in subsidiaries are disclosed in note 19 to the financial statements.

Note 19 provides information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions and outstanding balances that have been entered into with related parties for the relevant year.

Sales and Purchases between Related Parties

		Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
Director related entities					
Fe Limited	**2017**	**2,087**	**-**	**-**	**-**
Fe Limited	2016	-	2,500	-	-
Cape Lambert Resources Limited	**2017**	**-**	**219,288**	**-**	**4,928**
Cape Lambert Resources Limited	2016	-	238,422	-	6,066
Okewood Pty Ltd	**2017**	**-**	**30,623**	**-**	**-**
Okewood Pty Ltd	2016	-	28,523	-	-

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

Mr Antony Sage is a director of Cape Lambert Resources Limited and Okewood Pty Ltd. Messrs Antony Sage and Nicholas Sage are directors of Fe Limited, as was Mr Gwynne until 6 February 2017.

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

Loans between Related Parties

There were no loan made to Cauldron Energy by directors and entities related to them during the year ended 30 June 2017 and 30 June 2016.

The ultimate parent

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Terms and conditions of transactions with related parties other than KMP

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Financial Assets

At 30 June 2017, Cauldron held 25,828,112 shares in Fe Limited (ASX: FEL) (2016: 23,128,112) with a market value of $619,875 (2016: $832,612). The movement during the year in shares held includes Cauldron's participation in a placement to acquire 2,500,000 shares (and 625,000 free-attaching options) in FEL for $50,000 consideration. Messrs Antony Sage and Nicholas Sage are directors of FEL, as was Mr Gwynne until 6 February 2017.

At 30 June 2017, Cauldron held 8,944,910 shares in European Lithium Limited (ASX: EUR) (2016: nil) with a market value of $393,576. The movement during the year in shares held includes Cauldron's participation in two separate placements to acquire 3,472,222 shares in EUR for $200,000 consideration. Mr Antony Sage is a director of EUR.

At 30 June 2017, Cauldron held 17,416,667 shares in Cape Lambert Resources Ltd (ASX: CFE) (2016: nil) with a market value of $505,083.34. The movement during the year of shares held includes Cauldron's participation in two separate placements to acquire 9,416,667 shares in CFE for $233,000 consideration. Mr Antony Sage is a director of CFE.

Significant shareholders

Qiu Derong holds a significant interest of 14.44% in the issued capital of Cauldron Energy at 30 June 2017 (30 June 2016: 16.51%). Mr Qiu Derong is a director of Cauldron.

Cape Lambert, via its wholly owned subsidiary Dempsey Resources Pty Ltd (Dempsey), holds a significant interest of 15.93% (30 June 2016: 14.9%) in the issued capital of Cauldron at 30 June 2017. Mr Antony Sage is a director of Cape Lambert.

Compensation of Key Management Personnel of the Group

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's key management personnel ("KMP") for the year ended 30 June 2017.

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

	2017 $	2016 $
Short-term employee benefits	759,204	735,310
Post employment benefits	37,355	37,335
Share based payments	-	620,432
	796,559	1,393,077

26. REMUNERATION OF AUDITORS

	2017 $	2016 $
Paid or payable to BDO (WA) Pty Ltd for:		
- Audit or review of the Consolidated Entity financial report	34,280	33,600
Remuneration of the auditors of subsidiary/joint venture for:		
- Audit or review of the financial report	11,019	14,760
Remuneration of the BDO (WA) Pty Ltd for:		
- Non-audit services	-	-
	45,299	48,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

27. EVENTS SUBSEQUENT TO REPORTING DATE

On 17 August 2017, the Company announced that, in respect of the Forrest & Forrest Pty Ltd (**Forrest**) objection to Cauldron's applications for exploration licences 08/2385-2387, the Court of Appeal handed down its unanimous decision in favour of the Company. The Court of Appeal dismissed Forrest's appeal and ordered Forrest to pay the Company's legal costs of the appeal.

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

DIRECTORS' DECLARATION

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

1. In the opinion of the directors:

   a) the financial statements and notes of Cauldron Energy Limited for the financial year ended 30 June 2017 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of its financial position as at 30 June 2017 and its performance for the year ended on that date of the Consolidated Entity; and

      (ii) complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements;

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

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

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the board

Mr Antony Sage
Executive Director

PERTH
6 September 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of Cauldron Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cauldron Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Key audit matters

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

Valuation of Exploration and Evaluation Assets

Key audit matter	*How the matter was addressed in our audit*
At 30 June 2017 the carrying value of the capitalised exploration and evaluation asset was NIL (30 June 2016 $9,227,557) as a result of an impairment expense of $9,589,592, as disclosed in Notes 9 and 4 of the financial report. The majority of this impairment expense has been attributed to an impairment trigger event, being the 20 June 2017 announced implementation of a ban on uranium mining on all future mining leases by the Government of Western Australia (Uranium Mining Ban), resulting in the Group's Western Australian Yanrey projects being written down to nil. We focused on this area as a key audit matter because the assessment to determine whether an impairment charge is necessary involves significant judgements by management in relation to the evaluation for any impairment indicators in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources.	Our audit procedures in respect of this area included, but were not limited to, the following: • Considering whether any facts or circumstances existed to suggest impairment testing was required in light of the Uranium Mining ban; • Holding discussions with management to obtain an understanding of the strategic decision taken by management not to proceed with the Western Australian Yanrey projects as a result of the Uranium Mining Ban; • Assessing the adequacy of the related disclosures in Notes 9 and 4 to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the

financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 32 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Cauldron Energy Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 6 September 2017

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 11 August 2017 were as follows:

	Class of Equity Securities	
Number Held	**Fully Paid Ordinary Shares**	**Number of shareholders**
1-1,000	86,722	189
1,001 - 5,000	1,203,671	456
5,001 -10,000	2,162,023	270
10,001 -100,000	13,306,341	383
100,001 and over	312,530,951	120
TOTAL	**329,289,708**	**1,418**

There are 1,418 shareholders holding a total of 329,289,708 shares.

There are 953 shareholders holding less than a marketable parcel of shares.

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 11 August 2017:

Shareholder	**Number**
Cape Lambert Resources Limited (Dempsey Resources Pty Ltd)	52,470,036
Mr Derong Qiu	47,544,710
Starry World Investment Ltd	33,898,318
Sky Shiner Investment Limited	31,400,000
Yidi Tao	31,250,000
Joseph Energy (Hong Kong) Limited	24,256,324
MGT Resources Limited	16,949,176

Options

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

Grant Date	Class of Shares	Exercise Price	Number of Options	Expiry Date	Listed / Unlisted
24 November 2016	Ordinary	$0.08	20,000,000	31 December 2018	Unlisted

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

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

ADDITIONAL SHAREHOLDER INFORMATION

Voting Rights

Ordinary Shares

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

Options

Holders of options do not have a right to vote.

Restricted Securities

The Company has 8,474,588 shares on issue the subject to voluntary escrow period ending 3 October 2017.

Twenty Largest Shareholders

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

	Shareholder	Number	% Held of Issued Ordinary Capital
1	Dempsey Resources Pty Ltd	52,470,036	15.93%
2	Mr Derong Qiu	47,544,710	14.44%
3	Starry World Investment Ltd	33,898,318	10.29%
4	Sky Shiner Investment Limited	31,400,000	9.54%
5	Yidi Tao	31,250,000	9.49%
6	Joseph Energy (Hong Kong) Limited	24,256,324	7.37%
7	MGT Resources Limited	16,949,176	5.15%
8	Pershing Australia Nominees Pty Ltd <Philip Securities (HK) A/C>	10,534,545	3.20%
9	Systematic Nominees Pty Ltd <Youds Family A/C>	4,172,864	1.27%
10	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	3,371,439	1.02%
11	Lanoti Pty Limited <Pinto Super Fund A/C>	3,304,977	1.00%
12	Okewood Pty Ltd	3,300,000	1.00%
13	Mr Yuanrong Luo	2,726,257	0.83%
14	Antony William Paul Sage + Lucy Fernandes Sage <EGAS Superannuation Fund A/C>	2,594,600	0.79%
15	J P Morgan Nominees Australia Limited	2,165,931	0.66%
16	Sams Watchmaker Jeweller Pty Ltd <Super Fund A/C>	2,031,663	0.62%
17	Canifare Pty Ltd	2,017,450	0.61%
18	Nuveen (Shanghai) Asset Management Co Ltd	1,562,500	0.47%
19	Citicorp Nominees Pty Limited	1,532,957	0.47%
20	Quam Securities Company Limited	1,431,018	0.43%
		278,514,765	**84.58%**

SCHEDULE OF MINERAL TENEMENTS
AS AT 11 AUGUST 2017

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

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

Farm-in Agreement and Tenement reference	Project & Location	Interest held
140/2007	Rio Colorado Project - Catamarca, Argentina	51%*
141/2007	Rio Colorado Project - Catamarca, Argentina	51%*
142/2007	Rio Colorado Project - Catamarca, Argentina	51%*
143/2007	Rio Colorado Project - Catamarca, Argentina	51%*
144/2007-581/2009	Rio Colorado Project - Catamarca, Argentina	51%*
176/1997	Rio Colorado Project - Catamarca, Argentina	51%*
232/2007	Rio Colorado Project - Catamarca, Argentina	51%*
270/1995	Rio Colorado Project - Catamarca, Argentina	51%*
271/1995	Rio Colorado Project - Catamarca, Argentina	51%*
43/2007	Rio Colorado Project - Catamarca, Argentina	51%*

*Cauldron has signed an exclusive option agreement through its wholly owned subsidiary Cauldron Minerals Ltd with a private party (Dr Horacio Solis), to earn 92.5% in 230km2 of the Rio Colorado uranium project in Argentina. The remainder of the project is (532km2) is held by Cauldron in the name of a related entity. Together, both areas will form the Rio Colorado Joint Venture. Cauldron has earned its Initial Interest of 51% in the project. The Company can earn 92.5% of the project by completing exploration expenditure of $500,000 within three years following earning of the initial interest.