ASX Announcement

19 September 2018

CAULDRON ENERGY LTD

ANNUAL REPORT (REVISED)

Cauldron Energy Limited (ASX: **CXU**) (**Cauldron** or the **Company**) wishes to provide a revised copy of its Annual Report for the year ended 30 June 2018. The revised report contains additional information in the form of a mineral resource statement and competent person statement as required by the ASX Listing Rules. The additional information is included at pages 5-7 of the revised Annual Report, a copy of which is attached.

END

ABN 22 102 912 783

32 Harrogate Street, West Leederville WA 6007

PO Box 1385, West Leederville WA 6901

ASX code: CXU

329,289,708 shares
20,000,000 unlisted options

Board of Directors

Tony Sage
Non-Executive Chairman

Jess Oram
Executive Director &
Chief Executive Officer

Qiu Derong
Non-executive Director

Judy Li
Non-executive Director

Nicholas Sage
Non-executive Director

Chenchong Zhou
Non-executive Director

Management

Catherine Grant-Edwards
Company Secretary

CAULDRON ENERGY LTD

(ABN 22 102 912 783)

AND CONTROLLED ENTITIES

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

CONTENTS

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
Antony Sage

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER
Jess Oram

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

COMPANY SECRETARY
Catherine Grant-Edwards

PRINCIPAL & REGISTERED OFFICE
32 Harrogate Street
West Leederville WA 6007
Telephone: (08) 6181 9796
Facsimile: (08) 9380 9666
Website: www.cauldronenergy.com.au

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

SHARE REGISTRAR
Advanced Share Registry
110 Stirling Hwy
Nedlands WA 6009
Telephone: (08) 9389 8033
Facsimile: (08) 9262 3723

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

BANKERS
National Australia Bank
100 St Georges Terrace
Perth WA 6000

DIRECTORS' REPORT

The directors of Cauldron Energy Limited (**Cauldron**) submit their report, together with the consolidated financial statements comprising Cauldron and its controlled entities (together the **Consolidated Entity**) for the financial year ended 30 June 2018.

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	Non-Executive Chairman (Transitioned from role of Executive Chairman to Non-Executive Chairman 1 January 2018)	
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	December 2000 to present
	Fe Limited	August 2009 to present
	European Lithium Limited	September 2016 to present
	Kupang Resources Limited*	September 2010 to August 2015
	Caeneus Limited	December 2010 to January 2016
	International Petroleum Limited**	January 2006 to present
	* Company was delisted August 2015	
	** Listed on National Stock Exchange of Australia	
Interest in Shares & Options	Fully Paid Ordinary Shares	5,894,600

Jess Oram	Executive Director and Chief Executive Officer (Appointed 1 January 2018)
Qualifications	BSc, AIG member
Experience	Mr Jess Oram was appointed as Chief Executive Officer and Executive Director effective 1 January 2018. Since April 2014, Mr Oram has served the Company as Exploration Manager. Mr Oram has over 25 years' experience in mineral exploration in a wide variety of geological terrains and resource commodities with an accomplished track record in establishing and leading the exploration function of several companies. In uranium, Mr Oram was Chief Exploration Geologist for Heathgate Resources Pty Ltd where he was involved in mining feasibility studies of the Four Mine Uranium deposits and 'team leader' of a group of geoscientists involved in the discovery of the Pepegoona Uranium, Pannikan Uranium and Pannikan West Uranium deposits. Mr Oram has a Bachelor of Science (BSc), Geology major from the University of Queensland and is a member of the Australian Institute of Geoscientists (AIG).
Directorships of listed companies held within the last 3 years	None
Interest in Shares & options	None

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 18 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 9 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	
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 International Goldfields Limited	October 2016 to present January 2018 to present
Interest in Shares & options	None	

Chenchong Zhou	Non-Executive Director	
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	

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 15 years' experience in accounting and finance, and is a director of Bellatrix Corporate Pty Ltd (**Bellatrix**), a company that provides company secretarial and accounting services to a number of ASX Listed companies.

Remuneration of key management personnel

Information about the remuneration of directors is set out in the remuneration report of this director's report, on pages 8 to 11. 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 profit of the Consolidated Entity after providing for income tax amounted to $173,299 (30 June 2017: $11,954,682 loss).

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 uranium prospective tenements and a smaller gold prospective project 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

On 1 January 2018, Mr Jess Oram was appointed Executive Director and Chief Executive Officer. In addition, the Company announced that Mr Tony Sage could no longer provide the services of Executive Chairman to the Company, so its appointment of Mr Tony Sage as Executive Chairman ceased on 31 December 2017. Under the terms of the contract between the Company and Okewood Pty Ltd it has agreed to appoint Mr Tony Sage as Non-Executive Chairman from 1 January 2018.

Annual General Meeting

The Company held its annual general meeting on 23 November 2017 (**AGM**). All resolutions put to shareholders were passed.

CXU succeeds in Court of Appeal legal challenge from Forrest & Forrest Pty Ltd

The Company refers to its announcement made on:

- 29 August 2016 that the Supreme Court of Western Australia dismissed the application for judicial review by Forrest & Forrest Pty Ltd (**Forrest**) of the decision of the Minister for Mines and Petroleum to progress the Company's application for E08/2385, E08/2386 and E08/2387 through the determination processes under the Mining Act 1978 and Native Title Act 1993;
- 16 September 2016 that Forrest lodged an appeal against this decision in the Western Australian Supreme Court, Court of Appeal.

During the year, 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.

CHANGES IN CAPITAL STRUCTURE

Shares

There were no shares issued during the year.

Options

There were no options issued, exercised or lapsed during the year.

Escrowed shares

On 4 October 2017, 8,474,588 fully paid ordinary shares (**Escrowed Shares**) were released from escrow. The Escrowed Shares, which were acquired by a series of investors via off market transfers, were subject to voluntary escrow provisions for six months from 4 April 2017.

PROJECT INFORMATION

Cauldron has completed no field work at Yanrey Project since the announcement on 20 June 2017 of the ban of new uranium mines in Western Australia by minister Bill Johnston. The policy heading for uranium exploration in Western Australia remains unclear, and Cauldron is seeking advice from the Minister and the Department of Mines, Industry Regulation and Safety (DMIRS).

On the 26 July 2017, Cauldron withdrew a program of works (POW) submitted to DMIRS in February 2017 for a Field Leach trial at Bennet Well. This FLT was to test the parameters of extraction of uranium by in-situ recovery (ISR) mining methodology.

In Western Australia, Cauldron currently has one project area (***Figure 1***) covering more than 1,540 km^2 in the northern part of the state:

- **Yanrey Project (Yanrey)** in Western Australia comprises 15 granted exploration licences (1,548km^2) and 4 applications for exploration licences (626 km^2). Yanrey is prospective for large sedimentary-hosted uranium deposits. The Bennet Well Uranium Deposit is located within the Yanrey Project area.

- **Bennet Well Uranium Project**; design of a new field leach trail is in progress; continued dialogue with the Department of Mines, Industry Regulation and Safety seeking clarification on the status of exploration for uranium in Western Australia.

- **Boolaloo Project**; in August 2017, Cauldron relinquished both tenements that formed the Boolaloo Project in northern Western Australia because the tenement was outside Cauldron's exploration model and there was no intention to outlay further funds for exploration on this project.

- **Project Generation;** Cauldron is actively seeking an advanced exploration project that is capable of rapid advancement in prospectivity value.

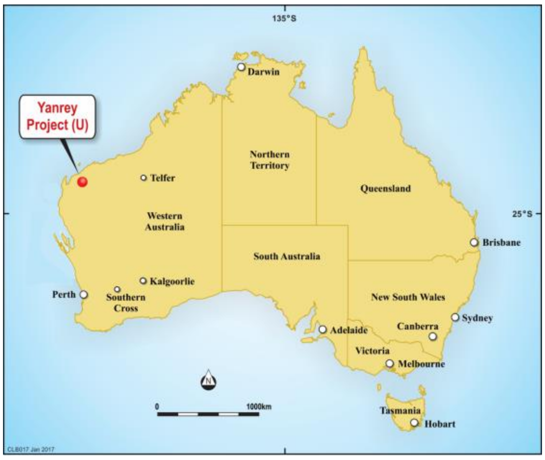

Figure 1: Map Location of Cauldron Projects

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. Mineralisaton is secured under exploration licence (the same group of licences that form the greater Yanrey Project)

No development work quantifying the ISR potential Bennet Well deposit was completed during the half year because of uncertainty on Labor Government's policy on uranium exploration following their election win in March 2017. The Government has yet to clarify their policy on uranium exploration.

Cauldron intends to submit a POW to DMIRS for a potential FLT, when the policy on uranium exploration s clarified and if the standard regulatory system applies. Cauldron is working with industry leader Inception Consulting Engineers to design a new version field leach trial.

BENNET WELL MINERAL RESOURCE

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

The mineralisation at Bennet Well is a shallow accumulation of uranium hosted in unconsolidated sands close to surface (less than 100 m downhole depth) in Cretaceous sedimentary units of the Ashburton Embayment. The Bennet Well deposit is comprised of four spatially separate deposits; namely Bennet Well East, Bennet Well Central, Bennet Well South and Bennet Well Channel.

The Mineral Resource (JORC 2012) estimate is:

- Inferred Resource: 16.9 Mt at 335 ppm eU_3O_8 for total contained uranium-oxide of 12.5 Mlb (5,670 t) at 150 ppm cut-off;
- Indicated Resource: 21.9 Mt at 375 ppm eU_3O_8 for total contained uranium-oxide of 18.1 Mlb (8,230 t) at 150

ppm cut-off;

- total combined Mineral Resource: 38.9 Mt at 360 ppm eU_3O_8, for total contained uranium-oxide of 30.9 Mlb (13,990 t) at 150 ppm cut-off.

Table 1: Mineral Resource at various cut-off

Deposit	Cutoff	Deposit Mass (t)	Deposit Grade	Mass U_3O_8 (kg)	Mass U_3O_8
Bennet Well_Total	125	39,207,000	355	13,920,000	30,700,000
Bennet Well_Total	**150**	**38,871,000**	**360**	**13,990,000**	**30,900,000**
Bennet Well_Total	175	36,205,000	375	13,580,000	29,900,000
Bennet Well_Total	200	34,205,000	385	13,170,000	29,000,000
Bennet Well_Total	250	26,484,000	430	11,390,000	25,100,000
Bennet Well_Total	300	19,310,000	490	9,460,000	20,900,000
Bennet Well_Total	400	10,157,000	620	6,300,000	13,900,000
Bennet Well_Total	500	6,494,000	715	4,640,000	10,200,000
Bennet Well_Total	800	1,206,000	1175	1,420,000	3,100,000

Deposit	Cutoff (ppm U_3O_8)	Deposit Mass (t)	Deposit Grade (ppm U_3O_8)	Mass U_3O_8 (kg)	Mass U_3O_8 (lbs)
BenWell_Indicated	125	22,028,000	375	8,260,000	18,200,000
BenWell_Indicated	**150**	**21,939,000**	**375**	**8,230,000**	**18,100,000**
BenWell_Indicated	175	21,732,000	380	8,260,000	18,200,000
BenWell_Indicated	200	20,916,000	385	8,050,000	17,800,000
BenWell_Indicated	250	17,404,000	415	7,220,000	15,900,000
BenWell_Indicated	300	13,044,000	465	6,070,000	13,400,000
BenWell_Indicated	400	7,421,000	560	4,160,000	9,200,000
BenWell_Indicated	500	4,496,000	635	2,850,000	6,300,000
BenWell_Indicated	800	353,000	910	320,000	700,000

Deposit	Cutoff (ppm U_3O_8)	Deposit Mass (t)	Deposit Grade (ppm U_3O_8)	Mass U_3O_8 (kg)	Mass U_3O_8 (lbs)
BenWell_Inferred	125	17,179,000	335	5,750,000	12,700,000
BenWell_Inferred	**150**	**16,932,000**	**335**	**5,670,000**	**12,500,000**
BenWell_Inferred	175	14,474,000	365	5,280,000	11,600,000
BenWell_Inferred	200	13,288,000	380	5,050,000	11,100,000
BenWell_Inferred	250	9,080,000	455	4,130,000	9,100,000
BenWell_Inferred	300	6,266,000	535	3,350,000	7,400,000
BenWell_Inferred	400	2,736,000	780	2,130,000	4,700,000
BenWell_Inferred	500	1,998,000	900	1,800,000	4,000,000
BenWell_Inferred	800	853,000	1285	1,100,000	2,400,000

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

YANREY PROJECT

The Yanrey Project comprises a collection of twelve exploration tenements in northwest 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.

In the early part of the reporting period, Cauldron continued passive seismic surveying in areas distal to Bennet Well, within the greater Yanrey Project region. New survey lines were completed in areas both to the north and south of the Bennet Well Deposit. Results highlighted:

- areas of shallow Cretaceous cover that can be de-prioritised form further work because they are not suitable for acting as host to mineralisation of the style of Bennet Well
- areas of complex basement morphology in southern tenement E08/1501, and northern tenement E08/1489

BOOLALOO PROJECT, WESTERN AUSTRALIA

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

The Company determined that the Boolaloo Project was outside the scope of its exploration strategy and both tenements were surrendered outright on 17 August 2017.

PROJECT GENERATION

As a direct result of the current policy on uranium mining in Western Australia, field operations at the Yanrey Project have been inactive. There has been considerable effort seeking advanced exploration projects in commodities other than uranium, to diversify the company's project portfolio. Projects reviewed are mostly in Africa (copper and uranium in Namibia, copper in Democratic Republic of Congo, copper-cobalt in Namibia).

Cauldron is seeking high value advanced exploration projects capable of rapid improvement in value because of some specific quality of the project. This improvement in value will be realised with judicious exploration activity aimed at moving the project towards a decision to mine.

Project generation is advancing well, with many reviews derived from many leads established through a network built from a near permanent presence in Africa. Given the quantity and type of projects available, it is predicted that a suitable project for Cauldron will be sourced soon.

TENEMENT ADMINISTRATION: AUSTRALIA

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.

The Company will inform shareholders of any material developments.

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 is proceeding through the Warden's Court process.

The Company will inform shareholders of any material developments.

Cauldron's E08/2385, E08/2386 and E08/2387 Tenement Applications Granted

During the year, the Court of Appeal handed down its unanimous decision in favour of the Company to dismiss Forrest's appeal against the grant of E08/2385, 2386 and 2387. These tenements were granted on 19 January 2018.

EXPLORATION ACTIVITES: ARGENTINA

In Argentina, Cauldron controls, through its wholly-owned subsidiary Cauldron Minerals Limited ("Cauldron Minerals"), 445 km^2 of exploration licence at its most advanced and 100% owned project, Rio Colorado, in Catamarca. The project is prospective for copper and silver of the globally significant stratabound sedimentary-hosted copper style of deposit. No work was completed at the Rio Colorado project during the year. The Rio Colorada Project is currently in suspension and no work is planned for the 2019 year.

In May 2017, Cauldron initiated an agreement to terminate the existing joint venture arrangement with Horatio Solis and complete acquisition of 100% interest in the Rio Colorado Project. The transaction was completed during the December 2017 quarter.

Cauldron requested the Argentine government to outright surrender Mina Colorada, (file 393-S-2010) in Catamarca, on 10 August 2017. Government approval of this surrender has been received.

COMPETENT PERSON STATEMENT

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

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

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

8. ENVIRONMENTAL ISSUES

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

9. DIVIDENDS PAID OR RECOMMENDED

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

10. SHARES UNDER OPTION

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

Grant Date	Class of Shares	Exercise Price	Number of Options	Expiry Date	Listed / Unlisted
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 2018 there no ordinary shares issued as a result of exercise of options (2017: nil).

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	1	1
Jess Oram	-	-
Qiu Derong	1	1
Judy Li	1	1
Nicholas Sage	1	1
Chenchong Zhou	1	1

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 2018 has been received and is included on page 13 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 2018.

KEY MANAGEMENT PERSONNEL

Key Management Personnel includes:

- Antony Sage (Non-executive Chairman) (Transitioned from role of Executive Chairman to Non-Executive Chairman 1 January 2018)
- Jess Oram (Chief Executive Officer and Executive Director) (Appointed 1 January 2018)
- Qiu Derong (Non-executive Director)
- Judy Li (Non-executive Director)
- Nicholas Sage (Non-executive Director)
- Chenchong Zhou (Non-executive Director)

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

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

REMUNERATION REPORT AT 2017 AGM

The 2017 remuneration report received positive shareholder support at the 2017 Annual General Meeting whereby of the proxies received 99.7% 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	Profit/(loss) after tax $	Earnings/(loss) per share (cents)	Share Price (cents)
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
30 June 2018	173,299	0.05	3.0

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 2018 and 30 June 2017:

30 JUNE 2018	**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								
Antony Sage (i)	180,000	-	-	-	-	-	180,000	-
Jess Oram (ii)	203,000	-	-	19,285	-	-	222,285	-
Qiu Derong (iii)	36,000	-	-	-	-	-	36,000	-
Judy Li (iv)	36,000	-	-	-	-	-	36,000	-
Nicholas Sage (v)	36,000	-	-	-	-	-	36,000	-
Chenchong Zhou (vi)	36,000	-	-	-	-	-	36,000	-
Other KMP								
Catherine Grant-Edwards (vii)	83,634	-	-	6,333	-	-	89,967	-
TOTAL	**610,634**	**-**	**-**	**25,618**	**-**	**-**	**636,252**	**-**

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 (iii)	36,000	-	-	-	-	-	36,000	-
Judy Li (iv)	36,000	-	-	-	-	-	36,000	-
Nicholas Sage (v)	12,964	-	-	-	-	-	12,964	-
Chenchong Zhou (vi)	5,903	-	-	-	-	-	5,903	-
Xinyi Zhang	12,194	-	-	-	-	-	12,194	-
Mark Gwynne	23,143	-	-	-	-	-	23,143	-
	366,204	-	-	-	-	-	366,204	-
Other KMP								
Jess Oram (ii)	193,000	-	-	18,355	-	-	211,355	-
Catherine Grant-Edwards (vii)	200,000	-	-	19,000	-	-	219,000	-
	393,000	-	-	37,355	-	-	430,355	-
TOTAL	**759,204**	**-**	**-**	**37,355**	**-**	**-**	**796,559**	**-**

(i) In his capacity as Executive Chairman, Mr Antony Sage was previously entitled to a fee of $240,000 per annum. Effective 1 January 2018, upon transition to his role as Non-Executive Chairman, Mr Antony Sage is entitled to a fee of $120,000 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) Mr Jess Oram is an employee of Cauldron. In his capacity as Exploration Manager until 31 December 2017, Mr Jess Oram was entitled to $193,000 per annum plus superannuation. Effective 1 January 2018, upon his appointment as Chief Executive Officer and Executive Director of the Company, Mr Jess Oram is entitled to $213,000 plus superannuation. In addition, Mr Jess Oram is entitled to a bonus of up to $26,100 (inclusive of superannuation) subject to achieving either:
(a) KPI 1 and KPI 2 and KPI 3; or
(b) KPI 4,
whereby, KPIs are defined as follows:
KPI 1: Secure title to the core exploration ground at Bennet Well
KPI 2: Complete either of the following:
- Secure an exploration project, that may or may not be offshore; or
- Commence the FLT at Bennet Well, and raising of funding

KPI 3: Reduce cost of non-core projects
KPI 4: WAP of CXU shares traded on ASX over 10 days being equal to or exceeding $0.20.
The performance based remuneration bonus was not achieved in the year ended 30 June 2018.

A portion of Mr Oram's salary amounting to $40,671 was recharged to related entity Fe Limited during the year (2017: $2,087). A portion of Mr Oram's salary amounting to $4,058 was recharged to related entity Cape Lambert Resources Ltd during the year (2017: nil).

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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.

(vii) Ms Catherine Grant-Edwards was an employee and disclosed as a KMP of the Company until 31 October 2017. Since 1 November 2017, Bellatrix Corporate Pty Ltd (**Bellatrix**) has been engaged via a consultancy agreement to provide company secretarial and accounting services. Ms Grant-Edwards is a director of Bellatrix.

ADDITIONAL DISCLOSURE RELATING TO OPTION HOLDINGS AND SHARE HOLDINGS

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

There were no options held by key management personnel during the year ended 30 June 2018.

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 2018 (30 June 2017: nil).

SHARES ISSUED ON EXERCISE OF OPTIONS

There were no options exercised during the year ended 30 June 2018 (30 June 2017: nil).

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

30 JUNE 2018

	Balance 1 July 2017	Issued	Received on exercise of options	Net Change Other	Balance 30 June 2018
Directors					
Antony Sage	5,894,600	-	-	-	5,894,600
Qiu Derong	47,544,710	-	-	-	47,544,710
Other KMP					
Catherine Grant-Edwards (i)	8,888	-	-	(8,888)	-
	53,448,198	**-**	**-**	**(8,888)**	**53,439,310**

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**

(i) Upon cessation as an employee of the Company, Ms Grant-Edwards held 8,888 shares.
(ii) At the date of his resignation, Mr Mark Gwynne held 100,000 shares.

LOANS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

There were no loans made to Cauldron Energy by directors and entities related to them during the year ended 30 June 2018 or 30 June 2017.

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):

		Services to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
Director related entities					
Fe Limited	**2018**	**40,671**	**-**	**40,671**	**-**
Fe Limited	2017	2,087	-	-	-
Cape Lambert Resources Limited	**2018**	**4,058**	**188,179**	**-**	**13,176**
Cape Lambert Resources Limited	2017	-	219,288	-	4,928
Okewood Pty Ltd	**2018**	**-**	**32,821**	**-**	**-**
Okewood Pty Ltd	2017	-	30,623	-	-

* 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.

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
Non-Executive Chairman

PERTH
28 August 2018

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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 2018, 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, 28 August 2018

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 2018 (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 2018**

	Note	2018 $	2017 $
Revenue	3(a)	23,733	36,682
Other income	3(b)	701,552	18,188
Administration expenses		(67,930)	(123,412)
Employee benefits expenses		(339,081)	(378,241)
Directors fees		(311,806)	(366,204)
Share based payments	22	-	(78,125)
Compliance and regulatory expenses		(151,984)	(221,109)
Consultancy expenses		(281,583)	(184,355)
Legal fees		(121,388)	(203,221)
Occupancy expenses		(133,725)	(134,818)
Travel expenses		(72,155)	(25,809)
Exploration expenditure		(142,339)	(39,457)
Net fair value gain/(loss) on financial assets through profit and loss	7	1,294,355	(342,684)
Depreciation		(8,420)	(97,340)
Realised foreign exchange loss		(179)	(575)
Impairment losses	4	(215,751)	(9,814,202)
Profit/(loss) before income tax expense		173,299	(11,954,682)
Income tax expense	5	-	-
Profit/(loss) for the year		**173,299**	**(11,954,682)**
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		(67,060)	(25,862)
Other comprehensive loss for the year after income tax		(67,060)	(25,862)
Total comprehensive income/(loss) attributable to members of the Company		**106,239**	**(11,980,544)**
Earnings/(loss) per share for the year attributable to the members of Cauldron Energy Ltd			
Basic earnings/(loss) per share (cents per share)	16	0.05	(3.83)
Diluted earnings/(loss) per share (cents per share)	16	0.05	(3.83)

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 2018

	Note	2018 $	2017 $
CURRENT ASSETS			
Cash and cash equivalents	20(b)	1,950,436	3,294,806
Trade and other receivables	6	418,188	56,949
Financial assets at fair value through profit or loss	7	2,715,310	1,539,175
TOTAL CURRENT ASSETS		5,083,934	4,890,930
NON CURRENT ASSETS			
Exploration and evaluation expenditure	9	-	-
Property, plant and equipment	10	3,391	11,884
TOTAL NON CURRENT ASSETS		3,391	11,884
TOTAL ASSETS		**5,087,325**	**4,902,814**
CURRENT LIABILITIES			
Trade and other payables	11	654,361	569,056
Provisions	12	51,522	58,555
TOTAL CURRENT LIABILITIES		705,883	627,611
TOTAL LIABILITIES		**705,883**	**627,611**
NET ASSETS		**4,381,442**	**4,275,203**
EQUITY			
Issued capital	13	55,675,919	55,675,919
Reserves	14	4,222,887	4,289,947
Accumulated losses	15	(55,517,364)	(55,690,663)
TOTAL EQUITY		**4,381,442**	**4,275,203**

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 2018

	Note	2018 $	2017 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,452,786)	(1,663,949)
Interest received		23,733	36,682
Net cash used in operating activities	20(a)	(1,429,053)	(1,627,267)
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(617,735)	(1,225,029)
R&D Tax Incentive received		-	946,102
Payments for plant and equipment		-	(10,761)
Acquisition of equity investments		(172,641)	(989,245)
Proceeds from sales of equity investments		904,178	273,183
Funding provided to Caudillo Resources SA		(26,930)	(32,572)
Net cash from/(used in) investing activities		86,872	(1,038,322)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options, net of transaction costs		-	3,154,308
Net cash from financing activities		-	3,154,308
Net (decrease)/increase in cash held		(1,342,181)	488,719
Effects of exchange rate changes on cash		(2,189)	(2,269)
Cash and cash equivalents at beginning of financial year		3,294,806	2,808,356
Cash and cash equivalents at end of financial year		**1,950,436**	**3,294,806**

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 2018

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$
Balance at 1 July 2017	**55,675,919**	**(55,690,663)**	**5,808,481**	**(1,518,534)**	**4,275,203**
Profit attributable to members of the parent entity	-	173,299	-	-	173,299
Other comprehensive loss	-	-	-	(67,060)	(67,060)
Total comprehensive income for the year	-	173,299	-	(67,060)	106,239
Transaction with owners, directly in equity					
-	-	-	-	-	-
Balance at 30 June 2018	**55,675,919**	**(55,517,364)**	**5,808,481**	**(1,585,594)**	**4,381,442**

	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**

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 2018

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 2018 and was authorised for issue in accordance with a resolution of the directors on 28 August 2018.

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

New accounting standards adopted in the current period

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period. Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Company. The Company has not elected to early adopt any new standards or amendments.

The following relevant standards and interpretations have been applied for the first time for the year ended 30 June 2018:

Reference	Title	Summary	Application date of standard	Application date for CXU
AASB 2016-1	*Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*	This Standard makes amendments to AASB 112 *Income Taxes* to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
AASB 2016-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*	The amendments to AASB 107 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). Refer to note 7 for reconciliation.	1 January 2017	1 July 2017
AASB 2017-2	*Amendments to Australian Accounting Standards – Further Annual Improvements*	This Standard clarifies the scope of AASB 12 *Disclosure of Interests in Other Entities* by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.	1 January 2017	1 July 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Reference	Title	Summary	Application date of standard	Application date for CXU
	2014-2016 Cycle			

New accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2018. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Reference	Title	Summary	Application date of standard	Application date for CXU
AASB 9, and relevant amending standards	*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 AASB 9, 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. Based on the Company's initial assessment, there will be no significant change from the current measurement of the Company's financial instruments and classification of its financial instruments at fair value through profit and loss.	1 January 2018	1 July 2018
AASB 2016-5	*Amendments to Australian*	This Standard amends AASB 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment	1 January 2018	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Reference	Title	Summary	Application date of standard	Application date for CXU
	Accounting Standards – Classification and Measurement of Share-based Payment Transactions	transactions. The amendments provide requirements on the accounting for: - The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments - Share-based payment transactions with a net settlement feature for withholding tax obligations - A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. Based on the Company's initial assessment, there will be no significant change from the current measurement of the Company's share-based payment transactions		
Interpretation 23	*Uncertainty over Income Tax Treatments*	The Interpretation clarifies the application of the recognition and measurement criteria in AASB 12 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: - Whether an entity considers uncertain tax treatments separately - The assumptions an entity makes about the examination of tax treatments by taxation authorities - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates - How an entity considers changes in facts and circumstances.	1 January 2019	1 July 2019
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. The Consolidated Entity does not expect a significant effect on the financial statements resulting from the change of this standard however the Consolidated Entity is in the process of evaluating the impact of the new revenue standard. The changes in the Consolidated Entity's accounting policies from the adoption of AASB 15 will be applied from 1 July 2018.	1 January 2019	1 July 2019
AASB 16	*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 Consolidated Entity does not expect a significant effect on the financial statements resulting from the change of this standard however the Consolidated Entity is in the process of evaluating the impact of the new leases standard. The changes in the Group's accounting policies from the adoption of AASB 16 will be	1 January 2019	1 July 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Reference	Title	Summary	Application date of standard	Application date for CXU
		applied from 1 July 2019 onwards.		

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

d. Principles of Consolidation

(i) Subsidiaries

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

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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

- 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 2017
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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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
-

	Mineral exploration		Other		Total	
	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$
Interest received	-	-	23,733	36,682	23,733	36,682
Other	-	-	93,263	8,175	93,263	8,175
Gain on disposal of financial assets	-	-	608,289	10,012	608,289	10,012
Total segment revenue and other income	**-**	**-**	**725,285**	**54,869**	**725,285**	**54,869**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Mineral exploration		Other		Total	
	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Segment net operating profit/ (loss) after tax	**(354,417)**	**(9,914,673)**	**529,716**	**(2,040,009)**	**173,299**	**(11,954,682)**
Segment net operating profit/ (loss) after tax includes the following significant items:						
Share based payments expense	-	-	-	(78,125)	-	(78,125)
Net fair value gain/(loss) on financial assets	-	-	1,294,355	(342,684)	1,294,355	(342,684)
Impairment of loans and receivables	-	-	(10,092)	(36,326)	(10,092)	(36,326)
Impairment of exploration assets	(205,659)	(9,589,592)	-	-	(205,659)	(9,589,592)
Impairment of plant and equipment	-	(188,284)	-	-	-	(188,284)
Depreciation	(8,420)	(97,340)	-	-	(8,420)	(97,340)
Employee benefits expense	-	-	(339,081)	(378,241)	(339,081)	(378,241)
Directors fees	-	-	(311,806)	(366,204)	(311,806)	(366,204)
Consultancy expenses	-	-	(281,583)	(184,355)	(281,583)	(184,355)
Legal fees	-	-	(121,388)	(203,221)	(121,388)	(203,221)
Tenement expenditure	(142,338)	(39,457)	-	-	(142,338)	(39,457)
Other expenses	-	-	(425,974)	(505,722)	(425,974)	(505,722)
Segment assets	**3,392**	**11,884**	**5,083,933**	**4,890,930**	**5,087,325**	**4,902,813**
Segment assets include:						
Financial assets	-	-	2,715,310	1,539,175	2,715,310	1,539,175
Other assets	3,392	11,884	2,368,623	3,351,755	2,372,015	3,363,639
	3,392	**11,884**	**5,083,933**	**4,890,930**	**5,087,325**	**4,902,814**
Segment liabilities	**(23,335)**	**(130,519)**	**(682,548)**	**(497,092)**	**(705,883)**	**(627,611)**

Segment information by geographical region

The analysis of the location of total assets is as follows:	2018 $	2017 $
Australia	5,075,278	4,883,431
Argentina	12,047	19,382
	5,087,325	**4,902,813**

3. REVENUE AND OTHER INCOME

	2018 $	2017 $
(a) Revenue		
Interest received	23,733	36,682
	23,733	36,682
(b) Other Income		
Gain on disposal of financial assets at fair value through profit or loss	608,289	10,012
Other	93,263	8,176
	701,552	18,188

4. IMPAIRMENT LOSSES

	2018 $	2017 $
Impairment of exploration and evaluation expenditure (a)	205,659	9,589,592
Impairment of plant and equipment (b)	-	188,284
Impairment of loans and other receivables	26,750	36,326
Reversal of previously impaired loans and receivables	(16,658)	-
	215,751	9,814,202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(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 $205,659 during the year (30 June 2017: $9,589,592). The majority of the 2017 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 McGowan Government of Western Australia (**Uranium Mining Ban**). As a result of this, the Company wrote down its Western Australian Yanrey projects (including Bennet Well) to nil. The Company similarly impaired its exploration and evaluation expenditure in the 2018 year.

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 an impairment expense of $188,284 in the year ended 30 June 2017 in relation to the plant and equipment located at the Bennet Well camp.

5. INCOME TAX EXPENSE

		2018 $	2017 $
(a)	**The components of tax expense comprise:**		
	Current tax benefit / (expense)	-	-
	Deferred tax benefit / (expense)	-	-
		-	-
(b)	**The prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:**		
	Profit/(loss) before tax	173,299	(11,954,682)
	Prima facie tax expense/(benefit) on loss from ordinary activities before income tax at 30% (2017: 30%)	51,990	(3,586,405)
	Add tax effect of:		
	Non-deductible expenses	4,411	26,241
	Tax losses utilised	(56,401)	-
	Current year tax losses not recognised	-	3,560,164
	Less tax effect of:		
	Under/(over) provision for prior year	-	-
	Total income tax (income)/expense attributable to entity	-	-
(c)	**Recognised deferred tax balances**		
	Deferred tax balances have been recognised in respect of the following:		
	<u>Deferred tax assets</u>		
	Annual Leave	15,456	17,566
	Investments	1,720,754	1,839,950
	Other receivables	-	17,011
	Other accruals	55,218	46,527
	Loan receivable	412,515	404,490
	Capital raising costs	32,337	38,303
	Tax losses	(2,236,280)	(2,363,847)
		-	-
	<u>Deferred tax liabilities</u>		
	Exploration	-	-
		-	-
	Net recognised deferred tax assets/(liabilities)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(d) Unrecognised deferred tax balances

The Consolidated Entity has $12,129,468 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

	2018 $	2017 $
Current		
Trade receivables	129,395	100,557
R&D Tax Incentive receivable	316,454	-
Provision for non-recovery of trade receivables (a)	(40,045)	(56,703)
Prepayments	12,384	13,095
	418,188	56,949

(a) Provision for non-recovery of trade receivables

	2018 $	2017 $
Movements:		
Opening balance at beginning of the year	(56,703)	(52,950)
Impairment of receivable	-	(3,753)
Adjustment to provision for doubtful debts	-	-
Recovery of previously impaired receivable	16,658	-
	(40,045)	(56,703)

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
2018			
Trade receivables	129,395	40,045	89,350
2017			
Trade receivables	100,557	56,703	43,874

7. FINANCIAL ASSETS

	2018 $	2017 $
Financial assets		
Financial assets at fair value through profit or loss (listed investments)	2,710,281	1,539,175
Financial assets at fair value through profit or loss (unlisted investments)	5,029	-
	2,715,310	1,539,175

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 $	2017 $
Movements:		
Opening balance at beginning of the year	1,539,175	1,103,046
Acquisition of equity securities (non-cash)	5,029	52,740
Acquisition of equity securities (cash)	172,641	989,245
Disposal of equity securities	(295,890)	(263,172)
Fair value gain/(loss) through profit or loss	1,294,355	(342,684)
	2,715,310	1,539,175

8. LOAN RECEIVABLES

	2018 $	2017 $
Non-current		
Caudillo Resources SA (a)	1,406,771	1,401,819
Provision for non-recovery (a)	(1,406,771)	(1,401,819)
	-	-

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 $4,952 (30 June 2017: $25,037) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

9. EXPLORATION AND EVALUATION EXPENDITURE

	2018 $	2017 $
Exploration and evaluation expenditure	9,217,435	8,713,087
Exploration and evaluation expenditure – provision for impairment	(9,217,435)	(8,713,087)
	-	-
Movements:		
Carrying value at beginning of year	-	9,227,557
Exploration expenditure incurred	522,113	1,308,137
Impairment of exploration expenditure	(205,659)	(9,589,592)
Foreign exchange movements	-	-
R&D Tax Incentive	(316,454)	(946,102)
Carrying value at end of year	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

10. PLANT AND EQUIPMENT

	2018 $	2017 $
Plant and equipment		
At cost	36,973	45,866
Accumulated depreciation	(33,582)	(33,982)
	3,391	11,884

Movements:

	2018 $	2017 $
Carrying value at beginning of year	11,884	286,850
Additions	-	10,761
Depreciation expense	(8,420)	(97,340)
Impairment expense (refer note 4(b))	-	(188,284)
Foreign currency differences arising from translating functional currency to presentation currency	(73)	(103)
Carrying value at end of year	3,391	11,884

11. TRADE AND OTHER PAYABLES

	2018 $	2017 $
Current		
Trade payables	467,089	403,339
Other payables and accruals	187,272	165,717
	654,361	569,056

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

12. PROVISIONS

	2018 $	2017 $
Current		
Employee benefits	51,522	58,555
	51,522	58,555

13. ISSUED CAPITAL

	2018 $	2017 $
Ordinary shares issued and fully paid	55,675,919	55,675,919

	2018 No.	2018 $	2017 No.	2017 $
Issued and fully paid up ordinary shares				
Opening balance	329,289,708	55,675,919	288,002,620	52,443,486
Shares issued (a)	-	-	31,250,000	2,500,000
Shares issued (b)	-	-	8,474,588	670,240
Shares issued (c)	-	-	1,562,500	78,125
Share issue costs	-	-	-	(15,932)
	329,289,708	55,675,919	329,289,708	55,675,919

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Shares issued pursuant to placement agreements

(a) 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.

(b) 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

(c) 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, on the basis of the value of the services provided.

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 2018 (2017: $55,675,919). 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 2018

14. RESERVES

	2018 $	2017 $
Reserves		
Share based payment reserve (a)	5,808,481	5,808,481
Foreign currency translation reserve (b)	(1,585,594)	(1,518,534)
	4,222,887	4,289,947

	2018 $	2017 $
(a) Share based payment reserve		
Reserve balance at beginning of year	5,808,481	5,808,481
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.

(b) Foreign currency translation reserve	2018 $	2017 $
Reserve balance at beginning of the year	(1,518,534)	(1,492,672)
Foreign currency exchange differences arising on translation of foreign operations	(67,060)	(25,862)
Reserve balance at end of year	(1,585,594)	(1,518,534)

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

	2018 $	2017 $
Balance at beginning of year	(55,690,663)	(43,735,981)
Profit/(loss) for the year	173,299	(11,954,682)
Balance at end of year	(55,517,364)	(55,690,663)

16. EARNINGS/(LOSS) PER SHARE

	2018 Cents per share	2017 Cents per share
Basic earnings/(loss) per share		
Continuing operations	0.05	(3.83)
Diluted earnings/(loss) per share		
Continuing operations	0.05	(3.83)
	$	$
Profit/(loss) used in calculation of basic earnings/(loss) per share		
Continuing operations	173,299	(11,954,682)
Profit/(loss) used in calculation of diluted earnings/(loss) per share		
Continuing operations	173,299	(11,954,682)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of:		
Basic earnings/(loss) per share	329,289,708	312,403,557
Diluted earnings/(loss) per share	349,289,708	312,403,557

CAULDRON ENERGY LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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:

	2018 $	2017 $
Within one year	132,056	132,056
Between one and five years	99,042	231,098
Longer than five years	-	-
	231,098	363,154

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 2018 %	Ownership Interest 2017 %	Investment Carrying Amount 2018 $	Investment Carrying Amount 2017 $
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

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

	2018 $	2017 $
Profit/(loss) from ordinary activities after income tax	173,299	(11,954,682)
Non-cash flows in operating loss:		
Depreciation	8,420	97,340
Equity settled share based payments	-	78,125
Net fair value (gain)/loss on investments	(1,294,355)	342,684
Realised (gain)/loss on disposal of financial assets	(608,289)	(10,012)
Impairment losses	232,409	9,814,202
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	(55,672)	(38,863)
Increase/(decrease) in trade and other payables	122,168	52,728
Increase/(decrease) in provisions	(7,033)	(8,789)
Net cash outflows from operating activities	(1,429,053)	(1,627,267)

(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 2018

	2018 $	2017 $
Cash at bank	1,950,436	3,294,806
Cash and cash equivalents	1,950,436	3,294,806

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:

	2018 $	2017 $
Financial Assets		
Cash and cash equivalents	1,950,436	3,294,806
Financial assets at fair value through profit or loss (listed investments)	2,710,281	1,539,175
Financial assets at fair value through profit or loss (unlisted investments)	5,029	-
Trade and other receivables	418,188	56,949
	5,083,933	4,890,930
Financial Liabilities		
Trade and other payables	654,362	569,057
	654,362	569,057

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 2018

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

	2018 Change $	2017 Change $
Change in loss:		
Increase in interest rate by 200 basis points	39,009	65,896
Decrease in interest rate by 200 basis points	(39,009)	(65,896)

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 20% (2017 – 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)	
	2018 $	2017 $
Index		
ASX listed	542,056	153,918

(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:

	2018 $	2017 $
Financial assets		
Cash and cash equivalents (AA)	1,950,436	3,294,806
Trade and other receivables	418,188	56,949
	2,368,623	3,351,755

(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 2018

2018	Within 1 Year $	1 to 5 Years $	Over 5 Years $	2018 Total $
Financial assets				
Cash	1,950,436	-	-	1,950,436
Held for trading investments	2,715,310	-	-	2,715,310
Receivables and loans	418,188	-	-	418,188
	5,083,934	-	-	5,083,934
Financial Liabilities				
Trade and other payables	654,362	-	-	654,362
	654,362	-	-	654,362

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

(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)

2018	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets:				
Financial assets at fair value through profit or loss:				
Held for trading investments	2,710,281	-	-	2,710,281

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	-	-	1,539,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

22. SHARE BASED PAYMENTS

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

	2018 $	2017 $
Options issued to employees and consultants	-	-
Options issued to directors	-	-
Shares issued to consultant (refer note 13(c))	-	78,125
	-	78,125

(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 2018.

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, expired, lapsed or exercised during the year

There were no unlisted options granted, lapsed or exercised during the year ended 30 June 2018.

Options on issue at 30 June 2018

The outstanding balance of options at 30 June 2018 is represented by:

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

24. PARENT ENTITY DISCLOSURES

	2018 $	2017 $
Financial Position		
Assets		
Current assets	2,356,280	3,332,507
Non-current assets	2,727,586	1,555,647
Total assets	5,083,866	4,888,154
Liabilities		
Current liabilities	702,424	612,951
Non-current liabilities	-	-
Total liabilities	702,424	612,951
Equity		
Issued capital	55,675,919	55,675,919
Accumulated losses	(57,102,957)	(57,209,196)
Option Premium Reserve	5,808,480	5,808,480
Total equity	4,381,442	4,275,203
Financial Performance		
Profit/(loss) for the year	173,299	(11,954,682)
Total comprehensive income/(loss)	106,239	(11,980,544)

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 $	2017 $
Subsidiaries		
Ronin Energy Ltd	23,329	23,329
Cauldron Minerals Ltd	8,805,567	8,652,665
Jakaranda Minerals Ltd	1405,055	1,378,312
Raven Minerals Ltd	25,775	25,775
Total value of loans provided to subsidiaries	10,259,726	10,080,081

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	**2018**	**40,671**	**-**	**40,671**	**-**
Fe Limited	2017	2,087	-	-	-
Cape Lambert Resources Limited	**2018**	**4,058**	**188,179**	**-**	**13,176**
Cape Lambert Resources Limited	2017	-	219,288	-	4,928
Okewood Pty Ltd	**2018**	**-**	**32,821**	**-**	**-**
Okewood Pty Ltd	2017	-	30,623	-	-

* 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.

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 2018 and 30 June 2017.

The ultimate parent

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

Terms and conditions of transactions with related parties other than KMP

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the 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 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2017: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 2018, Cauldron held 28,153,112 shares in Fe Limited (ASX: FEL) (2017: 25,828,112) with a market value of $675,675 (2017: $619,875). Messrs Antony Sage and Nicholas Sage are directors of FEL.

At 30 June 2018, Cauldron held 8,144,910 shares in European Lithium Limited (ASX: EUR) (2017: 8,944,910) with a market value of $1,710,431 (2017: $393,576). The movement during the year includes the exercise of 1,111,111 options at an exercise price of $0.05 each for $55,556. Mr Antony Sage is a director of EUR.

At 30 June 2018, Cauldron held 10,416,667 shares in Cape Lambert Resources Ltd (ASX: CFE) (2017: 17,416,667) with a market value of $312,500 (2017: $505,083.34). 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 2018 (30 June 2017: 14.44%). 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 2017: 15.93%) in the issued capital of Cauldron at 30 June 2018. 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 2018.

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

	2018 $	2017 $
Short-term employee benefits	610,634	759,204
Post employment benefits	25,618	37,355
Share based payments	-	-
	546,285	796,559

26. REMUNERATION OF AUDITORS

	2018 $	2017 $
Paid or payable to BDO (WA) Pty Ltd for:		
- Audit or review of the Consolidated Entity financial report	36,280	34,280
- Audit of Form 5 tenement expenditure report	1,020	-
Remuneration of the auditors of subsidiary for:		
- Audit or review of the financial report	9,838	11,019
Remuneration of the BDO (WA) Pty Ltd for:		
- Non-audit services	-	-
	47,138	45,299

27. EVENTS SUBSEQUENT TO REPORTING DATE

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

DIRECTORS' DECLARATION

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

1. In the opinion of the directors:

   a) the financial statements and notes of Cauldron Energy Limited for the financial year ended 30 June 2018 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of its financial position as at 30 June 2018 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 2018.

On behalf of the board

Mr Antony Sage
Non-Executive Chairman

PERTH
28 August 2018

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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 2018, 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 2018 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.

BDO

Valuation of Investments

Key audit matter	*How the matter was addressed in our audit*
The Group holds investments in listed entities classified as financial assets at fair value through profit or loss, as disclosed in Note 7 of the financial report. In accordance with Australian Accounting Standards, the investments are required to be carried at their fair value at reporting date, and any changes from their carrying value are reflected in profit and loss. We considered this to be a key audit matter because of the significance of the investment balance, representing 53% of total assets of the Group. Refer to Note 7 and Note 13 for disclosures on the Financial Assets measured at fair value.	Our audit procedures included, but were not limited to the following: • Re-calculating the valuation of the investments held at reporting date based on closing market prices; • Agreeing the closing balance of shares held to supporting documentation; • Re-calculating the realised gains on investments sold during the period; • Rec-calculating the unrealised gains or loss on investments held at reporting date; and • Assessing the adequacy of the Group's disclosures in Note 7 and Note 13 of 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 2018, 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 (http://www.auasb.gov.au/Home.aspx) 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 9 to 12 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Cauldron Energy Limited, for the year ended 30 June 2018, 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, 28 August 2018

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 3 August 2018 were as follows:

	Class of Equity Securities	
Number Held	**Fully Paid Ordinary Shares**	**Number of shareholders**
1-1,000	84,333	186
1,001 - 5,000	1,132,924	432
5,001 -10,000	2,094,358	261
10,001 -100,000	12,877,577	366
100,001 and over	313,100,516	112
TOTAL	**329,289,708**	**1,357**

There are 1,357 shareholders holding a total of 329,289,708 shares.

There are 966 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 3 August 2018:

Shareholder	**Number**
Dempsey Resources Pty Ltd	52,470,036
Joseph Energy (Hong Kong) Limited	41,205,500
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

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 no shares on issue subject to escrow.

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders in the Company as at 3 August 2018 are as follows:

	Shareholder	Number	% Held of Issued Ordinary Capital
1	DEMPSEY RESOURCES PTY LTD	52,470,036	15.93
2	JOSEPH ENERGY (HONG KONG) LIMITED	41,205,500	12.51
3	MR DERONG QIU	38,098,239	11.57
4	STARRY WORLD INVESTMENT LTD	33,898,318	10.29
5	SKY SHINER INVESTMENT LIMITED	31,400,000	9.54
6	YIDI TAO	31,250,000	9.49
7	PERSHING AUSTRALIA NOMINEES PTY LTD <PHILLIP SECURITIES (HK) A/C>	10,534,545	3.2
8	MR DERONG QIU	9,446,471	2.87
9	SYSTEMATIC NOMINEES PTY LTD <YOUDS FAMILY A/C>	4,172,864	1.27
10	GROUP # 69962	3,805,639	1.16
	BNP PARIBAS NOMS PTY LTD <DRP>	*26,200*	*0.01*
	BNP PARIBAS NOMS PTY LTD <UOB KH P/L AC UOB KH DRP>	*343,000*	*0.1*
	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	*3,436,439*	*1.04*
11	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,457,804	1.05
12	LANOTI PTY LTD <PINTO SUPER FUND A/C>	3,304,977	1
13	OKEWOOD PTY LTD	3,300,000	1
14	MR YUANRONG LUO	2,726,257	0.83
15	ANTONY WILLIAM PAUL SAGE + LUCY FERNANDES SAGE <EGAS SUPERANNUATION FUND A/C>	2,594,600	0.79
16	CANIFARE PTY LIMITED	2,017,450	0.61
17	SAMS WATCHMAKER JEWELLER PTY LTD <SUPER FUND A/C>	1,931,663	0.59
18	CITICORP NOMINEES PTY LIMITED	1,824,011	0.55
19	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	1,653,668	0.5
20	NUVEEN (SHANGHAI) ASSET MANAGEMENT CO LTD	1,562,500	0.47
		280,654,542	**85.23**

CAULDRON ENERGY LTD

SCHEDULE OF MINERAL TENEMENTS AS AT 3 AUGUST 2018

Tenement reference	Project & Location	Interest
E08/1489	YANREY – WESTERN AUSTRALIA	100%
E08/1490	YANREY – WESTERN AUSTRALIA	100%
E08/1493	YANREY – WESTERN AUSTRALIA	100%
E08/1501	YANREY – WESTERN AUSTRALIA	100%
E08/2017	YANREY – WESTERN AUSTRALIA	100%
E08/2081	YANREY – WESTERN AUSTRALIA	100%
E08/2205	YANREY – WESTERN AUSTRALIA	100%
E08/2385	YANREY – WESTERN AUSTRALIA	100%
E08/2386	YANREY – WESTERN AUSTRALIA	100%
E08/2387	YANREY – WESTERN AUSTRALIA	100%
E08/2478	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%
393/2010	Catamarca, Argentina	100%
140/2007	Rio Colorado Project - Catamarca, Argentina	100%
141/2007	Rio Colorado Project - Catamarca, Argentina	100%
142/2007	Rio Colorado Project - Catamarca, Argentina	100%
143/2007	Rio Colorado Project - Catamarca, Argentina	100%
144/2007-581/2009	Rio Colorado Project - Catamarca, Argentina	100%
176/1997	Rio Colorado Project - Catamarca, Argentina	100%
232/2007	Rio Colorado Project - Catamarca, Argentina	100%
270/1995	Rio Colorado Project - Catamarca, Argentina	100%
271/1995	Rio Colorado Project - Catamarca, Argentina	100%
43/2007	Rio Colorado Project - Catamarca, Argentina	100%