

# ASX Announcement

Quarterly Report for Period Ended 31 March 2014



30 April 2014

## QUARTERLY REPORT – 31 MARCH 2014

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 31 March 2014.

Yours faithfully,

**Brett Smith**  
**Executive Director**  
**Cauldron Energy Limited**

### Cauldron Energy Ltd

**ABN** 22 102 912 783

**ASX Code** CXU

178,062,092 shares

12,300,000 unlisted options

### Board of Directors

Tony Sage  
Executive Chairman

Brett Smith  
Executive Director

Qiu Derong  
Non-Executive Director

### Management

Simon Youds  
Operations Manager

Catherine Grant  
Company Secretary

### HIGHLIGHTS

#### CORPORATE

- EMX takeover bid: offer extended under the off-market takeover bid to holders of fully-paid ordinary shares in Energia Minerals Limited
- A\$1 million funding secured via convertible loan with major shareholder

#### EXPLORATION

- **Yanrey Uranium Project**
  - ANSTO and CoreLabs test work has now been completed
  - Metallurgical studies on Bennet Well diamond core show potential for a significant increase to the uranium oxide grades, leading to a significant increase in the combined resource of 15.7 million pounds of uranium oxide
  - The revised resource estimate for Bennet Well is underway and expected in the June quarter 2014
  - An independent audit of gamma probe calibrations has also been completed to update all uranium oxide grades based on the new data
  - Bottle Roll tests better simulating in-situ leach conditions and returning excellent 96% extraction
  - Extended bottle roll testing confirms uranium is easily extracted using acid media without the need for additional oxidant
  - Low acid consumption demonstrated and no need for oxidant means potentially low operating costs

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Cauldron Energy Ltd (“Cauldron” or “the Company”) is pleased to present its Quarterly Activities Report for the period ended 31 March 2014.

The quarter’s exploration highlights were dominated by the ANSTO test work. Preliminary sighter leaching test work using typical In-situ Leach (ISL) reagent conditions was completed at the ANSTO research facility in NSW. The results demonstrate that the uranium mineralisation at Yanrey is readily leachable in either acid or alkali conditions yielding extraction in excess of 95% without the requirement for additional oxidant. Low levels of calcium and magnesium in the ore body resulted in predictably low acid consumption. Levels of other species in the leach solution are insufficient to likely cause issues in downstream processing operations.

During the March quarter, Cauldron also focused on progressing its activities in Argentina, maintaining and consolidating its position in the provinces where the Company’s projects are held, whilst implementing measures to preserve cash. The Company notices a swing to a more favourable nuclear climate in Argentina, as the country plans its future energy requirements.

### CORPORATE ACTIVITIES

#### **Cash at 31 March 2014**

Cash available to the Company at the end of the March 2014 quarter was approximately A\$180,000, with an additional A\$1,000,000 funding available to be drawn down as required (refer below for details). Listed investments readily convertible to cash total approximately A\$626,000.

#### **Funding: A\$1 million funding secured**

During the quarter, the Company announced that, in a further show of support, major shareholder Cape Lambert Resources Ltd (ASX: CFE) agreed to provide A\$1,000,000 to the Company pursuant to a converting loan agreement (“Converting Loan Agreement”).

Pursuant to the Converting Loan Agreement, the loan funds, subject to receipt of shareholder approval at the Company’s 2014 Annual General Meeting, will automatically convert into ordinary shares in the Company.

Subject to receipt of shareholder approval, the conversion will be 80% of the volume weighted average closing price of the Shares as quoted on ASX over the last ten (10) trading days immediately preceding the day of receipt of the shareholder approval. If shareholder approval is not obtained, the loan (together with interest which accrues daily at 10% per annum) is repayable by the Company by 31 December 2014.

As at 31 March 2014, the \$1,000,000 had not yet been drawn down by Cauldron.

#### **Funding: Cape Lambert loan and Strategic Funding goals**

As detailed above, Cauldron’s major shareholder demonstrated ongoing support for the Company’s plans through a loan of A\$1 million. The previously announced mandate entered into with Beijing Joseph Investment Corporation Ltd (“Joseph Investments”) is scheduled to deliver funding in the June 2014 quarter to assist the Company with its project development plans at Bennet Well.

The Company attended the recent Mines and Money conference in Hong Kong. A number of state owned Chinese companies were in attendance as well as other Chinese investors. The recent exploration and project announcements underlining the accessibility and quality of the Bennet Well mineralisation has created interest in the development of Bennet Well and its positioning on the project development timeline.

#### **Issue of shares and options**

During the quarter the Company issued the following:

- 5,000,000 unlisted options exercisable at 20 cents each on or before 30 June 2015 (subject to vesting conditions) in consideration for services performed by employees and consultants of the Company.

### ***Corporate growth***

Cauldron has a focus on energy growth in the developing Asian continent. The Company recognises that the pace of growth is constrained by the growth in energy capacity. The current focus of the Company on the development of its Australian and Argentinian uranium assets through exploration, project development and on through to production has positioned the Company well to supply the nuclear power capacity being installed across Asia.

The Company's current holdings contain a range of mineral commodities among its assets. While focused on the expected demand driven upswing in uranium commodity price and developing associated high value projects, other value adding opportunities to advance shareholder value will be assessed on their merits.

### ***Energia Minerals takeover bid***

Earlier in 2013, the Company announced its intent to bid for all of the shares in Energia Minerals Limited (ASX: EMX) ("Energia") in an all scrip takeover on a one (1) Cauldron share for eight (8) Energia shares basis ("Takeover Offer"). In the September quarter the Company varied the Takeover Offer by extending the offer period to 16 November 2013. During the December quarter, the Company further extended the offer period until 16 February 2014. During the quarter, the Company further extended the offer period until 1 May 2014 (unless withdrawn).

If successful, the merged entity will hold a contiguous tenement package with a strike of over 190km in a highly prospective uranium province in the Carnarvon Basin region of Western Australia.

The Takeover Offer is subject to, amongst other conditions, a minimum acceptance condition of 90% of the issued shares in Energia at the end of the offer period.

On 24 April 2014, for the purposes of section 630(3) of the Corporations Act 2001 (Cth), the Company gave notice that:

- (a) the Offer has not been freed from the conditions set out in Section 1.10 of Annexure A to the Bidder's Statement;
- (b) so far as Cauldron knows, all of the conditions set out in Section 1.10 of Annexure A to the Bidder's Statement have not been fulfilled; and
- (c) its voting power in Energia is 0.20%.

### ***Change of share registry contact details***

With effect from 24 April 2014, the Company's share registry contact details changed:

From:

Advanced Share Registry Ltd  
150 Stirling Highway  
Nedlands WA 6009  
Telephone: (08) 9389 8033  
Fax: (08) 9389 7871

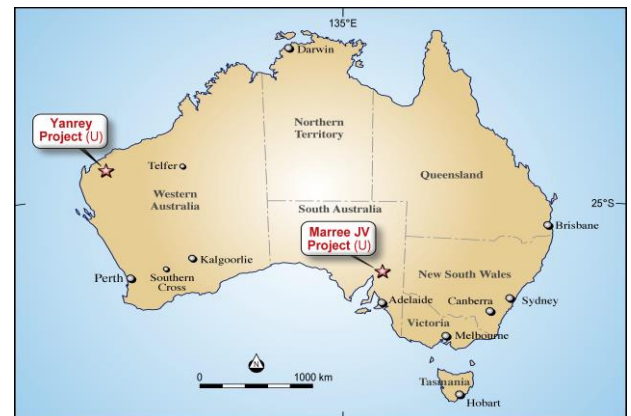
To:

Advanced Share Registry Ltd  
110 Stirling Highway  
Nedlands WA 6009  
Telephone: (08) 9389 8033  
Fax: (08) 9262 3723.

## EXPLORATION ACTIVITIES: AUSTRALIA

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

- **Yanrey Project (“Yanrey”) and Uaroo Joint Venture** in Western Australia. Yanrey comprises 12 granted exploration licences (3,326km<sup>2</sup>) and 6 applications for exploration licences (386km<sup>2</sup>). Uaroo Joint Venture comprises 2 granted exploration licences (114km<sup>2</sup>). Yanrey is prospective for large sedimentary hosted uranium deposits.
- **Marree Joint Venture** in South Australia comprising 5 granted exploration licences (2,794km<sup>2</sup>) prospective for sedimentary-hosted uranium deposits as well as base metal mineralisation.



**Figure 1: Major Project Locations in Australia**

## **YANREY URANIUM PROJECT, WESTERN AUSTRALIA**

### ***Preliminary Metallurgical Testing Demonstrates High Uranium Extraction***

The Company is very pleased to report on the diamond core test work completed by ANSTO and CoreLabs at Yanrey’s Bennet Well prospect on E08/1493 (Figure 2 and Figure 3), as previously reported (refer to the two ASX announcements dated 24 March 2014).

The sighter metallurgical testing program was developed in conjunction with ANSTO in NSW to ascertain the leach response of the samples under typical ISL conditions considering both the acid leaching route and the alkali/carbonate/bicarbonate leaching route. The testwork scope also included investigations into 138 drill core interval samples using Delayed Neutron Activation analysis, uranium mineralisation analysis using QEMSCAN, site water chemical composition and determining the degree of secular equilibrium in two high grade samples using gamma spectrometry. A summary of the leach tests are presented in Table 1.

Leach No.	Composite	pH	ORP (mV, Ag/AgCl)	Temp (C)	Fe3+ Add. (g/L)	Mass Loss (%)	Estimated Acid Consum. (kg/t)	Feed U <sub>3</sub> O <sub>8</sub> (ppm)	Residue U <sub>3</sub> O <sub>8</sub> (ppm)	U Extract. (%)
CAULD3	YNDD018	1.2	600	50	2.0	6.4	13.6	1,186	17	98.6
CAULD7		2.0	~450	30	0.0	6.0	~5.5		32	97.5
CAULD1		2.0	500	30	0.5	5.7	7.9		34	97.3
CAULD8		1.8	~450	21	0.0	3.0	5.5		47	96.1
CAULD5		Alkaline Leach	30	-	3.1	-	56		95.4	
CAULD4	YNDD022	1.2	600	50	2.0	6.6	16.3	500	9	98.4
CAULD2		2.0	500	30	0.5	4.7	9.2		19	96.4
CAULD9		1.8	~450	21	0.0	9.2	7.4		23	95.8
CAULD6		Alkaline Leach	30	-	7.5	-	28		94.9	

**Table 1 – ANSTO Bennet Well leach results**

Uranium extractions for the moderate ISL conditions (CAULD1 and CAULD2) were high at 97.3% and 96.4% for the two composites. For the more severe strong acid leach conditions (CAULD3 and CAULD4), uranium extraction increased by approximately 2%. The estimated acid consumptions for the moderate leach conditions were low at between 7.9 kg/t and 9.2 kg/t for the two composites respectively.

Preliminary XRF results for the alkaline leach conditions (CAULD 5 and CAULD 6) suggest uranium extractions were about 3% lower than the moderate acid ISL conditions. This is a promising result as alkaline leaching is typically slower than acid leaching. The data suggest that high extraction of uranium can be achieved using either an acid or alkali/carbonate/bicarbonate leaching route.

The test to determine the effect of ferric ions on leaching (CAULD7) showed high uranium extraction in the absence of additional oxidant. This indicates that uranium in the mineralisation is present in the readily soluble U(VI) form.

The two bottle roll tests (CAULD8 and CAULD9) were conducted over four days without additional oxidant. The extraction of uranium was high at 96.1% and 95.8% respectively at low acid consumption. The bottle rolls were conducted on samples with particle size of – 2.0 mm which confirms the readily leachable nature of the uranium mineralisation.

Recent diamond core assays have shown that there was significantly higher uranium oxide grades identified in core assays than what was identified on deconvolved down-hole gamma probe data. Assays were on average 20% to 25% higher than deconvolved gamma probe data (refer ASX announcement dated 20 February 2014).

The recent results from the direct physical testwork completed by CoreLabs has provided evidence that further correction factors are required on down-hole gamma probe data when the deconvolution is completed. The work by CoreLabs has been to provide permeability, porosity and density data on the Bennet Well diamond core. This testing has confirmed expected high

porosity ranges within the mineralized zone of 31% to 43% indicating that a moisture content correction factor is required.

Uranium Specialist Mr David Wilson from 3D Exploration Pty Ltd has completed an independent assessment on the metallurgical data provided by CoreLabs. The findings from Mr Wilson indicate that due to the high porosities in the mineralised zones seen in the diamond core samples that a significant correction factor for moisture content needs to be applied to all Cauldron drill holes completed to date. The preliminary size of the correction factor ranges from 1.33 to 1.61 depending on the actual porosity values of individual zones.

Based on the work completed by Mr Wilson, Cauldron is expecting a significant upgrade in the resource size for Bennet Well once Ravensgate has completed the revised resource estimate. Cauldron cannot comment at this stage what the increase in the resource size will be until this work is finalised and Ravensgate have completed the revised resource estimate. The revised resource is expected to be completed towards the end of May 2014.

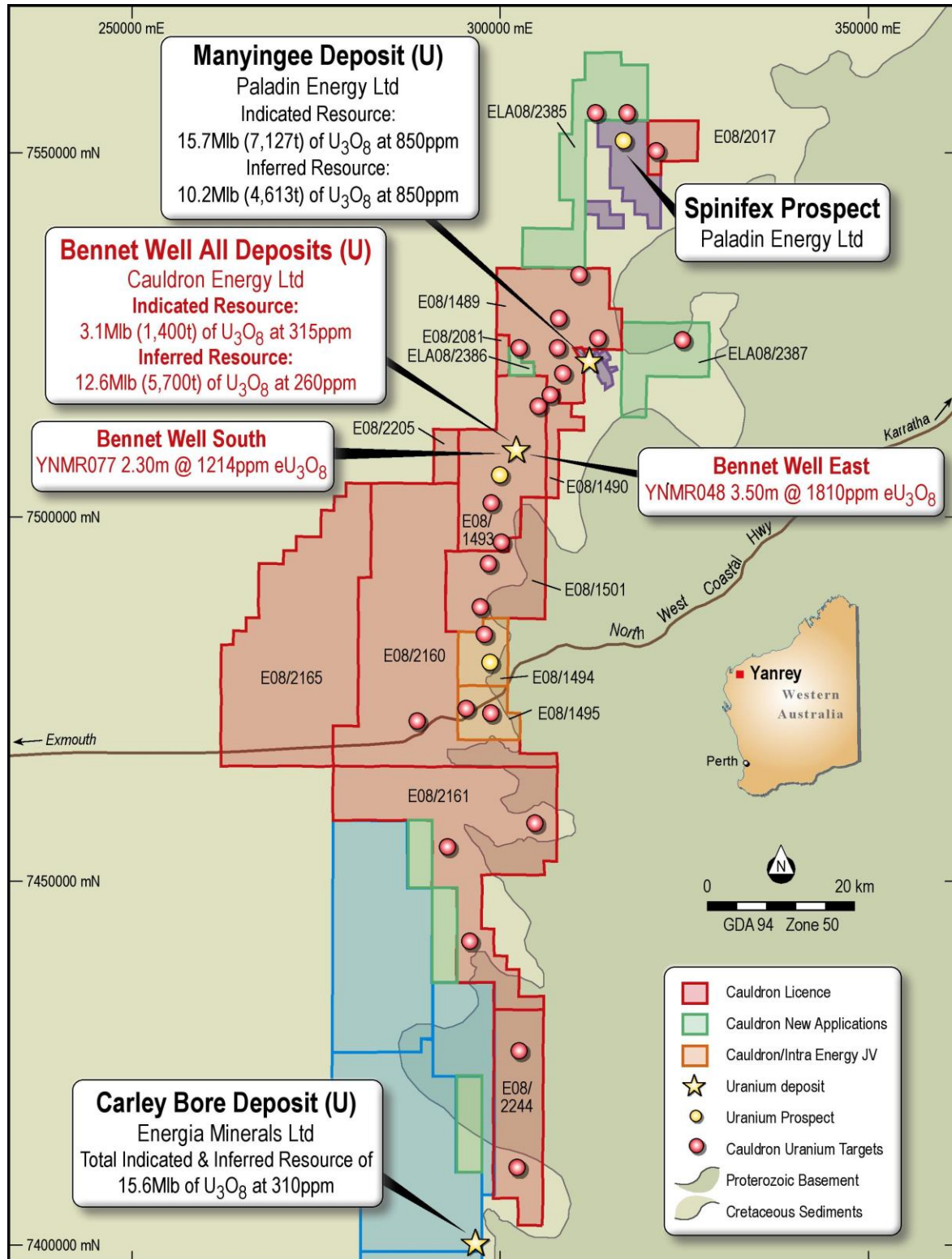


Figure 2: Yanrey Project – Deposit, Prospect and Target Locations



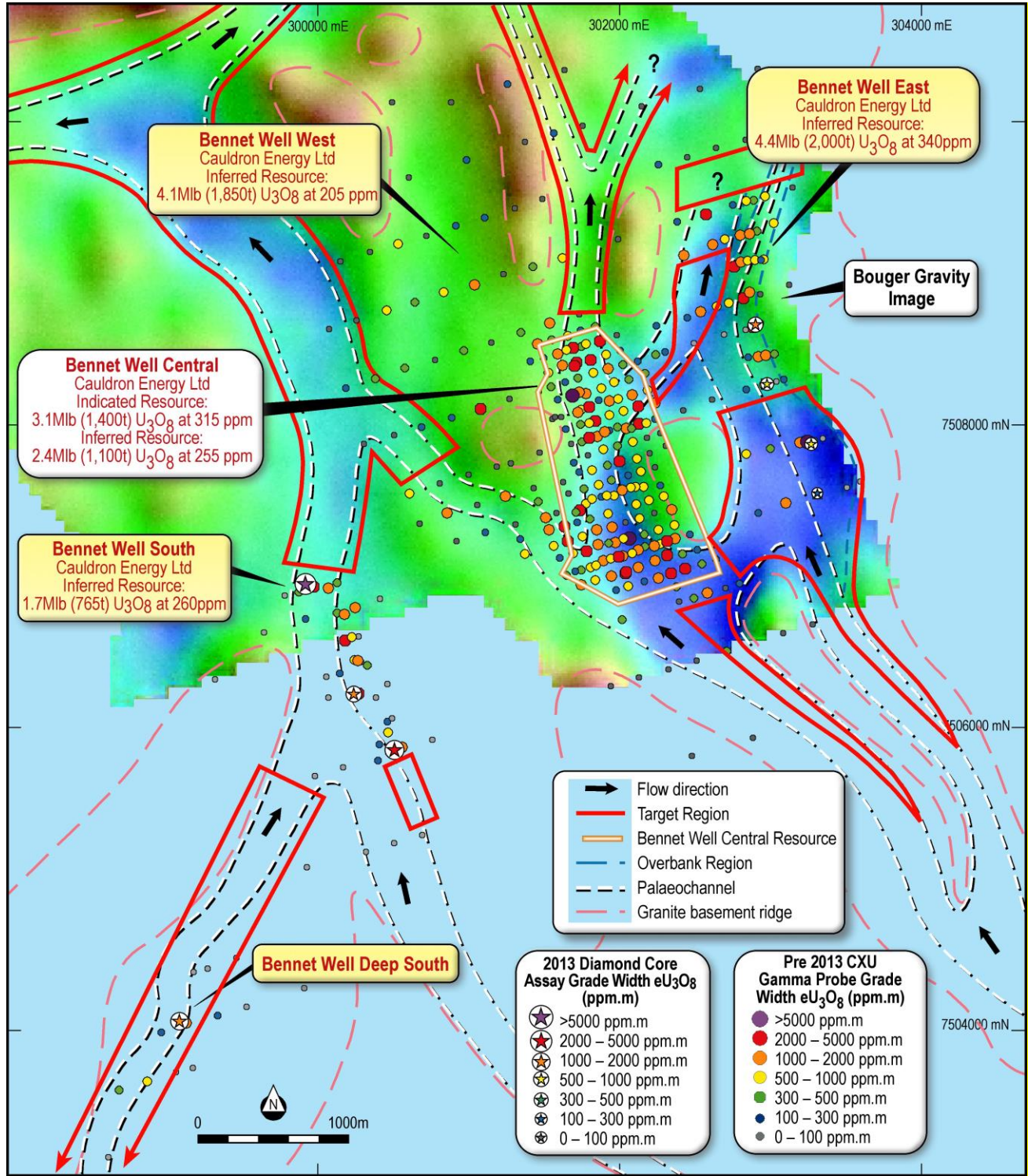
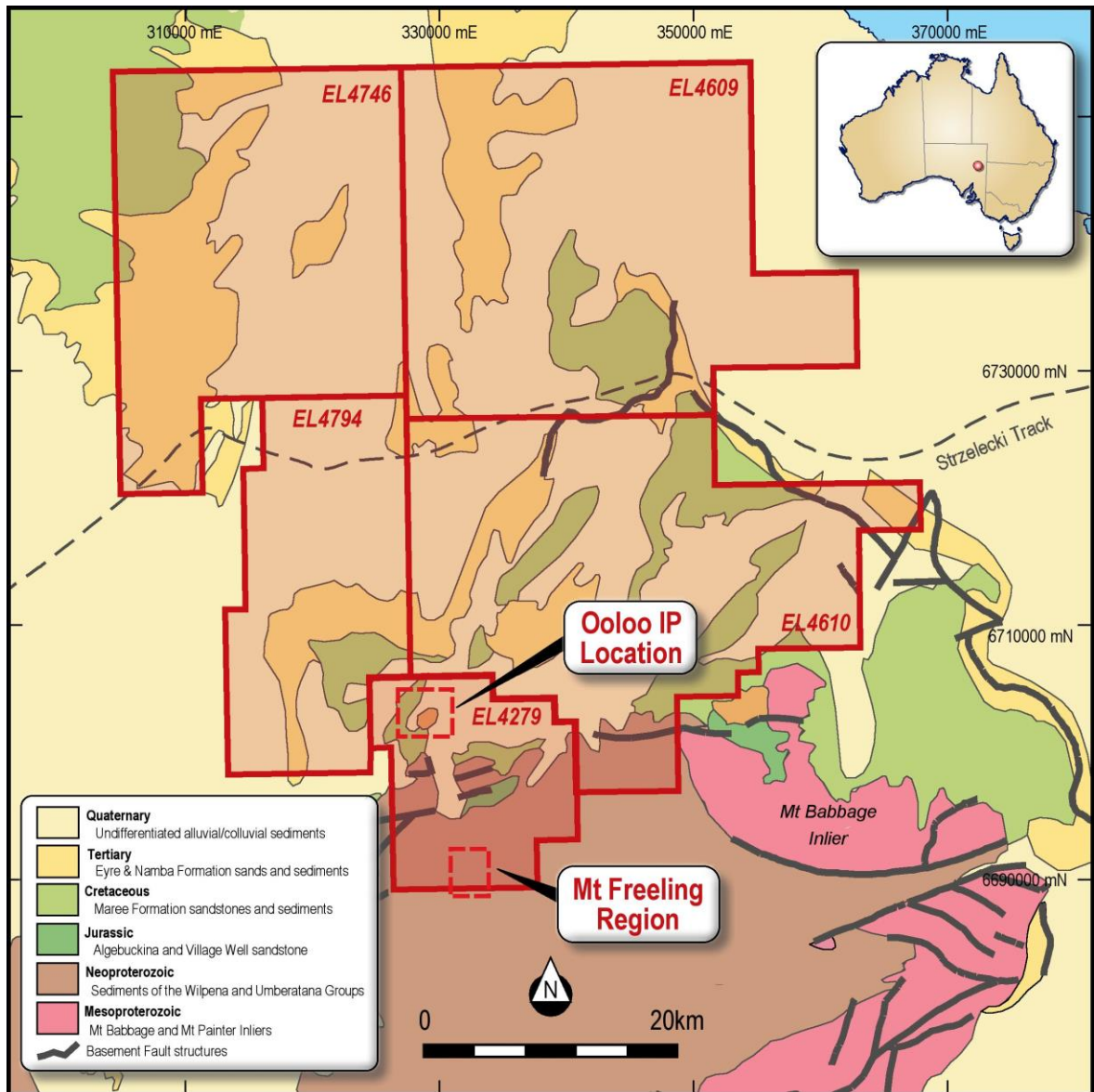


Figure 3: Bennet Well prospect location map on E08/1493 showing the location of the various Bennet Well resources and geological interpretation shown on a bouguer gravity image

### MARREE BASE METALS PROJECT, SOUTH AUSTRALIA

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

During the March 2014 quarter the funding priority has remained the progression of the Bennet Well project in the Yanrey region. The focus over 2014 at Marree will be to conduct the regional structural geophysical survey to enable drill targets to be generated. This work is dependant on securing funding in addition to that required for the drilling program at Yanrey.



**Figure 4 : Marree Project – Location of identified prospects**

### TENEMENT ADMINISTRATION: AUSTRALIA

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

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

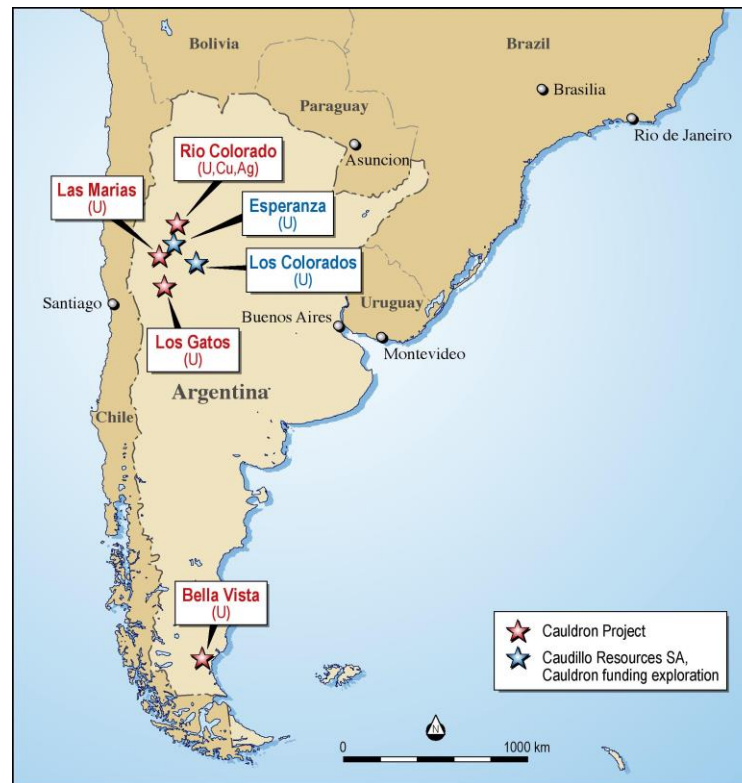
#### ***Energia Mineral's Objection and Application for Forfeiture***

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

### EXPLORATION ACTIVITIES: ARGENTINA

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

Cauldron's strategy in Argentina throughout the March quarter was much as it was throughout the entirety of 2013; to progress exploration of its projects in a cost effective manner, maintain and consolidate the Company's position in Argentina, and implement strict measures to preserve cash.



**Figure 5: Argentina – Location of Prospects**

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

### Caudron Minerals Ltd

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

### Caudillo Resources S.A.

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

## Quarterly Report for Period Ended 31 March 2014

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

**End.**

For further information, visit [www.cauldronenergy.com.au](http://www.cauldronenergy.com.au) or contact:

**Simon Youds**

Cauldron Energy Limited

Ph: (08) 9380 9555

**David Tasker/ Colin Jacoby**

Professional Public Relations

Ph: (08) 9388 0944

**Disclosure Statements**

***Competent Person Statement***

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

**Schedule of Tenements**

Mining tenements held at 31 March 2014, including tenements acquired and disposed of during the quarter:

Tenement reference	Project & Location	Acquired interest during the quarter	Disposed interest during the quarter	Interest at end of quarter
E08/1489	YANREY - WESTERN AUSTRALIA	-	-	100%
E08/1490	YANREY - WESTERN AUSTRALIA	-	-	100%
E08/1493	YANREY - WESTERN AUSTRALIA	-	-	100%
E08/1501	YANREY - WESTERN AUSTRALIA	-	-	100%
E08/2017	YANREY - WESTERN AUSTRALIA	-	-	100%
E08/2081	YANREY - WESTERN AUSTRALIA	-	-	100%
E08/2152	BOOLALOO - WESTERN AUSTRALIA	-	-	20%
E08/2160	YANREY - WESTERN AUSTRALIA	-	-	100%
E08/2161	YANREY - WESTERN AUSTRALIA	-	-	100%
E08/2165	YANREY - WESTERN AUSTRALIA	-	-	100%
E08/2205	YANREY - WESTERN AUSTRALIA	-	-	100%
E08/2244	YANREY - WESTERN AUSTRALIA	-	-	100%

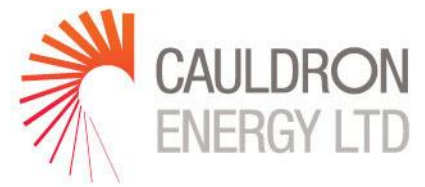
Tenement reference	Project & Location	Acquired interest during the quarter	Disposed interest during the quarter	Interest at end of quarter
E08/2313	BOOLALOO - WESTERN AUSTRALIA	-	20%	-
E45/2405	BEADELL - WESTERN AUSTRALIA	-	-	20%
165/2008	Rio Colorado Project - Catamarca, Argentina	-	-	100%
571/2009	Rio Colorado Project - Catamarca, Argentina	-	-	100%
321/2008	Rio Colorado Project - Catamarca, Argentina	-	-	100%
322/2008	Rio Colorado Project - Catamarca, Argentina	-	-	100%
307/2008	Rio Colorado Project - Catamarca, Argentina	-	-	100%
312/2008	Rio Colorado Project - Catamarca, Argentina	-	-	100%
316/2008	Rio Colorado Project - Catamarca, Argentina	-	-	100%
317/2008	Rio Colorado Project - Catamarca, Argentina	-	-	100%
324/2008	Rio Colorado Project - Catamarca, Argentina	-	-	100%
1124-333-2008	Las Marias Project - San Juan, Argentina	-	-	100%
1124-546-2010	Las Marias Project - San Juan, Argentina	-	-	100%

Mining tenements with beneficial interest held in farm-in/farm-out agreements held at 31 March 2014, including interests acquired and disposed of during the quarter:

Farm-in Agreement and Tenement reference	Project & Location	Acquired interest during the quarter	Disposed Interest during the quarter	Interest at end of quarter
E08/1494	UAROO - WESTERN AUSTRALIA	-	-	70%*
E08/1495	UAROO - WESTERN AUSTRALIA	-	-	70%*
140/2007	Rio Colorado Project - Catamarca, Argentina	-	-	92.50%
141/2007	Rio Colorado Project - Catamarca, Argentina	-	-	92.50%
142/2007	Rio Colorado Project - Catamarca, Argentina	-	-	92.50%
143/2007	Rio Colorado Project - Catamarca, Argentina	-	-	92.50%
144/2007-581/2009	Rio Colorado Project - Catamarca, Argentina	-	-	92.50%
176/1997	Rio Colorado Project - Catamarca, Argentina	-	-	92.50%
232/2007	Rio Colorado Project - Catamarca, Argentina	-	-	92.50%
270/1995	Rio Colorado Project - Catamarca, Argentina	-	-	92.50%
271/1995	Rio Colorado Project - Catamarca, Argentina	-	-	92.50%
43/2007	Rio Colorado Project - Catamarca, Argentina	-	-	92.50%

\*Rights to uranium only

# ASX Announcement



## Quarterly Report for Period Ended 31 March 2014

Farm-out Agreement and Tenement reference	Project & Location	Acquired interest during the quarter	Disposed Interest during the quarter	Interest at end of quarter
EL4279	MAREE - SOUTH AUSTRALIA	-	-	60% (increasing)
EL4609	MAREE - SOUTH AUSTRALIA	-	-	60% (increasing)
EL4610	MAREE - SOUTH AUSTRALIA	-	-	60% (increasing)
EL4746	MAREE - SOUTH AUSTRALIA	-	-	60% (increasing)
EL4794	MAREE - SOUTH AUSTRALIA	-	-	60% (increasing)



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Cauldron Energy Limited

ABN

22 102 912 783

Quarter ended ("current quarter")

31 March 2014

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(300)	(1,921)
(b) development	-	-
(c) production	-	-
(d) administration	(296)	(934)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other: reimbursement from JV partner	-	17
Other: R&D tax refund	347	347
<b>Net Operating Cash Flows</b>	<b>(249)</b>	<b>(2,487)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	20
(c) other fixed assets	-	-
(d) controlled entity	-	-
1.10 Loans to other entities	(56)	(202)
1.11 Loans repaid by other entities	-	-
1.12 Other: Bonds refunded	-	139
<b>Net investing cash flows</b>	<b>(56)</b>	<b>(43)</b>
<b>1.13 Total operating and investing cash flows (carried forward)</b>	<b>(305)</b>	<b>(2,530)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

<b>1.13</b>	<b>Total operating and investing cash flows (brought forward)</b>	<b>(305)</b>	<b>(2,530)</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	600
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other: Proceeds from convertible loan note issued	-	1,900
	<b>Net financing cash flows</b>	<b>-</b>	<b>2,500</b>
	<b>Net increase (decrease) in cash held</b>	<b>(305)</b>	<b>(30)</b>
1.20	Cash at beginning of quarter/year to date	487	214
1.21	Exchange rate adjustments to item 1.20	(2)	(4)
1.22	<b>Cash at end of quarter</b>	<b>180</b>	<b>180</b>

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	38
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Payments to the parties included in item 1.2 of \$38,168 relates to Directors fees.	

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities*	1,000	400
3.2 Credit standby arrangements	-	-

\* Two major Cauldron shareholders, CFE and Director Mr Derong Qiu, have each advanced the Company A\$200,000 for operating expenses (**Loan 1** and **Loan 2**). The total of Loan 1 and Loan 2 funds of A\$400,000 was drawn down by the Company in the December 2013 quarter. These loans are either repayable or convertible into shares, subject to shareholder approval.

On 17 March 2014, the Company announced that in a further show of support, CFE agreed to provide A\$1,000,000 via a converting loan agreement (**Loan 3**). This loan is either repayable or convertible into shares, subject to shareholder approval. As at 31 March 2014, the Loan 3 funds had not yet been drawn down by the Company.

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	300
<b>Total</b>	<b>400</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	180	487
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>180</b>	<b>487</b>

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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E08/2313 Surrendered	20%	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)	-	-	
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	178,062,092	178,062,092	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b> (description)			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	2,800,000 5,000,000 1,000,000 3,000,000 500,000		<i>Exercise price</i> \$0.20 \$0.20 \$0.20 \$0.20 \$0.45	<i>Expiry date</i> 30 June 2014 30 June 2015 18 Sep 2015 30 Sep 2015 20 Oct 2015
7.8	Issued during quarter	5,000,000	-	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 30 June 2015
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	<b>Debentures</b> (totals only)	-	-		
7.12	<b>Unsecured notes</b> (totals only)	-	-		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....

(Company Secretary)

Date: 30 April 2014

Print name: Catherine Julie Grant

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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