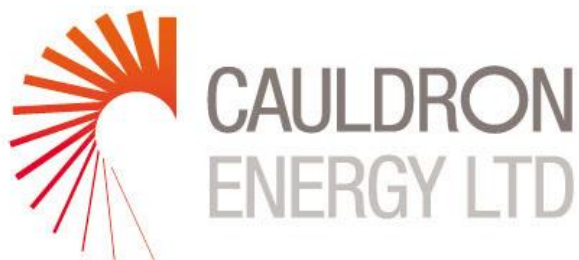


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(ABN 22 102 912 783)
AND CONTROLLED ENTITIES

**CONSOLIDATED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2018**

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN

Simon Youds

EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER

Jess Oram

NON-EXECUTIVE DIRECTORS

Qiu Derong

Judy Li

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

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

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DIRECTORS' REPORT

The directors of Cauldron Energy Limited (**Cauldron** or **Company**) submit their report, together with the consolidated financial statements comprising Cauldron and its controlled entities (together the **Group**) for the half-year ended 31 December 2018.

1. DIRECTORS

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

Simon Youds (Non-Executive Chairman) (Appointed 15 March 2019)
Jess Oram (Executive Director & Chief Executive Officer)
Qiu Derong (Non-executive Director)
Judy Li (Non-executive Director)
Chenchong Zhou (Non-executive Director)
Nicholas Sage (Non-executive Director) (Removed 25 February 2019)
Antony Sage (Non-executive Chairman) (Resigned 22 November 2018)

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

2. OPERATING RESULTS

The loss after tax of the Group for the half-year ended 31 December 2018 amounted to \$2,602,338 (31 December 2017: profit \$2,903,175).

3. REVIEW OF OPERATIONS

Cauldron is an Australian exploration company. Cauldron controls over 1,548 km² of uranium prospective tenements over the Yanrey Project area. The Company also has an interest in a large project with defined uranium mineralisation and prospects for copper and gold in Argentina. The Company is seeking projects that will align with its strategy to build a highly successful energy metals developer.

CORPORATE

The following significant transactions and events occurred during the period:

Annual General Meeting

The Company held its annual general meeting on 22 November 2018 (**AGM**). All resolutions put to shareholders were passed.

Board Changes

As announced 14 November 2018, Okewood Pty Ltd (**Okewood**) provided notice of termination of its contract with the Company which provides services carried out by Mr Tony Sage as Non-Executive Chairman. In accordance with the agreement, Mr Tony Sage resigned as a director effective 22 November 2018.

Securities

There were no shares issued during the period.

There were no options issued or exercised during the period. On 31 December 2018, a total of 20,000,000 unlisted options with an exercise price of \$0.08 each lapsed.

Lithium Project Acquisition Not to Proceed

On 5 October 2018, the Company announced the acquisition of Marble Bar Lithium and Pippingarra Lithium Project, subject to conditions (**Acquisition Agreement**). Subsequently, on 16 November 2018, the Company advised that the parties agreed to terminate the Acquisition Agreement.

Yanrey North Farm-In Agreement Terminated

On 4 October 2018, the Company announced the execution of a farm-in agreement (**Farm-In Agreement**) with Oceltip Metals Pty Ltd (**Oceltip**). Subsequently, on 18 December 2018, the Company terminated the Farm-In Agreement.

DIRECTORS' REPORT

PROJECT INFORMATION

In Australia, Cauldron has one project area (Figure 1) covering more than 2,100 km² in Western Australia, including:

- **Yanrey Project (Yanrey)** in Western Australia comprises 15 granted exploration licences (1,548 km²) and 4 applications for exploration licences (626 km²). Yanrey is prospective for large sedimentary-hosted uranium deposits.

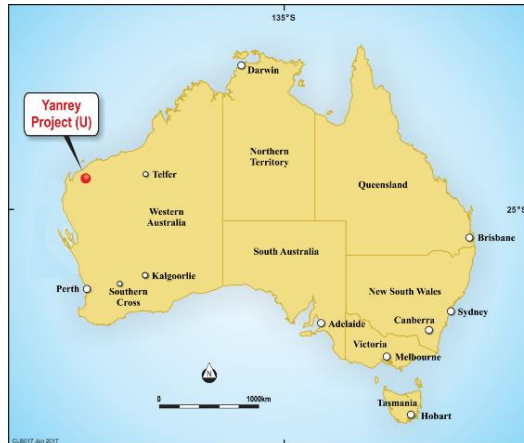


Figure 1: Map Location of Cauldron Projects

BENNET WELL (YANREY REGION)

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

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

Further field work at Bennet Well is on hold until clarity on Western Australian uranium exploration policy is received from the Minister of Mines and Petroleum.

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

DIRECTORS' REPORT

Table 1: Mineral Resource at various cut-off

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

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

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

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 in Australia; Africa (copper and uranium in Namibia, copper in Democratic Republic of Congo, copper-cobalt in Namibia); PNG (nickel, copper and gold); Utah, USA (uranium and vanadium) and Queensland (copper and gold).

Cauldron is seeking high value advanced exploration projects capable of rapid improvement in value because of the specific quality of the project. This improvement in value will be realised with judicious exploration activity aimed at moving the project towards commencing mining operations.

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

DIRECTORS' REPORT

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.

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.

EXPLORATION ACTIVITIES: ARGENTINA

In Argentina, Cauldron controls, through its wholly-owned subsidiary Cauldron Minerals Limited (**Cauldron Minerals**), 445 km² 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 period.

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.

4. SHARES UNDER OPTION

There are no unissued shares under option as at the date of this report.

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

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

5. EVENTS OCCURRING AFTER THE REPORTING DATE

On 7 January 2019, the Company received a notice under section 249D of the *Corporations Act 2001 (Act)* from Starry World Investment Limited, a shareholder holding more than 5% of the votes which may be cast at a general meeting (**Notice**). The Notice requested the Company hold a general meeting of shareholders to consider via ordinary resolution to remove Mr Nicholas Sage as a Director. At the general meeting held 25 February 2019, Mr Nicholas Sage was removed as a director.

On 15 March 2019, Mr Simon Youds was appointed as Non-Executive Chairman of the Company.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIRECTORS' REPORT

6. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2018 has been received and is included on page 7.

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



Mr Jess Oram
Executive Director and Chief Executive Officer

PERTH
15 March 2019

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

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

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



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 15 March 2019

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Note	31 December 2018 \$	31 December 2017 \$
Revenue	3(a)	7,253	12,814
Other income	3(b)	-	92,563
Administration expenses		(22,290)	(41,084)
Employee benefits expenses		(113,117)	(208,917)
Directors fees		(132,000)	(192,000)
Compliance and regulatory expenses		(72,996)	(67,384)
Legal expenses		(137,530)	(55,541)
Consultancy expenses		(142,272)	(85,089)
Occupancy expenses		(66,028)	(66,999)
Travel expenses		(3,706)	(26,381)
Exploration expenditure		(110,325)	(6,649)
Net fair value gain/(loss) on financial assets through profit and loss	5	(1,568,481)	3,309,887
Gain on disposal of financial assets		-	608,289
Depreciation		(567)	(7,621)
Realised foreign exchange loss		(1,049)	(179)
Impairment losses	4	(239,230)	(362,531)
Profit/ (loss) before income tax expense		(2,602,338)	2,903,175
Income tax expense		-	-
Profit/(loss) for the period		(2,602,338)	2,903,175
Other comprehensive loss:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		(20,567)	(21,963)
Other comprehensive income/(loss) for the period after income tax		(20,567)	(21,963)
Total comprehensive profit/(loss) attributable to members of the Company		(2,622,905)	2,881,212
Earnings/(loss) per share for the period attributable to the members of Cauldron Energy Ltd			
Basic earnings/(loss) per share (cents per share)		(0.79)	0.88
Diluted earnings/(loss) per share (cents per share)		(0.79)	0.88

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	31 December 2018 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		1,131,917	1,950,436
Trade and other receivables		104,177	418,188
Financial assets	5	1,147,061	2,715,310
TOTAL CURRENT ASSETS		2,383,155	5,083,934
NON CURRENT ASSETS			
Exploration and evaluation expenditure	6	-	-
Property, plant and equipment		2,825	3,391
TOTAL NON CURRENT ASSETS		2,825	3,391
TOTAL ASSETS		2,385,980	5,087,325
CURRENT LIABILITIES			
Trade and other payables		566,961	654,361
Provisions		60,492	51,522
TOTAL CURRENT LIABILITIES		627,443	705,883
TOTAL LIABILITIES		627,443	705,883
NET ASSETS		1,758,537	4,381,442
EQUITY			
Issued capital		55,675,919	55,675,919
Reserves		4,202,320	4,222,887
Accumulated losses		(58,119,702)	(55,517,364)
TOTAL EQUITY		1,758,537	4,381,442

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	31 December 2018 \$	31 December 2017 \$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(894,654)	(696,890)
Interest received	7,253	12,814
<i>Net cash used in operating activities</i>	<u>(887,401)</u>	<u>(684,076)</u>
Cash Flows from Investing Activities		
Payments for exploration and evaluation	(243,762)	(449,365)
Research and Development refund	316,454	-
Payments for plant and equipment	-	(10)
Funding provided to Caudillo Resources SA	(2,823)	(21,142)
Proceeds from sales of equity investments	-	904,178
Purchase of equity investments	(232)	(85,868)
<i>Net cash provided by investing activities</i>	<u>69,637</u>	<u>347,793</u>
Cash Flows from Financing Activities	-	-
<i>Net cash provided by financing activities</i>	<u>-</u>	<u>-</u>
Net decrease in cash held	(817,764)	(336,283)
Effects of exchange rate changes on cash	(755)	(682)
Cash and cash equivalents at beginning of period	<u>1,950,436</u>	<u>3,294,806</u>
Cash and cash equivalents at end of period	<u><u>1,131,917</u></u>	<u><u>2,957,841</u></u>

The accompanying notes form part of these financial statements

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	55,675,919	(55,517,364)	5,808,481	(1,585,594)	4,381,442
Loss attributable to members of the parent entity	-	(2,602,338)	-	-	(2,602,338)
Other comprehensive loss	-	-	-	(20,567)	(20,567)
Total comprehensive loss for the period	-	(2,602,338)	-	(20,567)	(2,622,905)
Transaction with owners, directly in equity					
None	-	-	-	-	-
Balance at 31 December 2018	55,675,919	(58,119,702)	5,808,481	(1,606,161)	1,758,537
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	-	2,903,175	-	-	2,903,175
Other comprehensive loss	-	-	-	(21,963)	(21,963)
Total comprehensive profit/(loss) for the period	-	2,903,175	-	(21,963)	2,881,212
Transaction with owners, directly in equity					
None	-	-	-	-	-
Balance at 31 December 2017	55,675,919	(52,787,488)	5,808,481	(1,540,497)	7,156,415

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Basis of Preparation**

The financial report covers Cauldron Energy Limited (**Cauldron**) and its controlled entities (the **Group**). Cauldron is a public listed company, incorporated and domiciled in Australia.

This general purpose financial report for the half-year ended 31 December 2018 has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2018 and considered together with any announcements made by Cauldron during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2018 annual financial report for the financial year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New and amended standards adopted by Cauldron Energy Limited

A number of new or amended standards became applicable for the current reporting period and Cauldron Energy Limited had to change its accounting policies as a result of adopting the following standards:

- *AASB 9 Financial Instruments, and*
- *AASB 15 Revenue from Contracts with Customers.*

The new accounting policies are disclosed in note 1(b) below. There is no impact on the Company for the period ended 31 December 2018.

b. Changes in accounting policy

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

This note explains the impact of the adoption of AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers on Cauldron's financial statements and also discloses the new accounting policies that have been applied from 1 July 2018, where they are different to those applied in prior periods.

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

Impact of standards issued as applied by the Group

AASB 9 was adopted without restating comparative information. This change in methodology has not had an impact on the financial statements. The Company applies the AASB 9 simplified approach to measuring expected credit losses, which requires expected lifetime credit losses to be recognised from initial recognition of trade receivables with maturities of 12 months or less. AASB 15 had no impact on the Company. The adoption of these new accounting policies did not have any effect on the financial position or performance of the Company.

c. Going concern

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

At balance date, the Group had cash and cash equivalents of \$1,131,917 (30 June 2018: \$1,950,436), operating cash outflow of \$887,401 (30 June 2018: \$684,076), trade and other payables of \$566,961 (30 June 2018: \$654,361) and a net working capital surplus of \$1,755,712 (30 June 2018: \$4,378,051 surplus).

The ability of this Group to continue as a going concern is dependent on the Group securing additional debt and/or equity funding to meet its working capital requirements in the next 12 months. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned operations and the Group will be able to meet its obligations as and when they fall due, for the following reasons:

- a) the Company has the ability to raise funds through equity issues;
- b) the Directors have embarked on a strategy to reduce its corporate costs;
- c) the Group holds a portfolio of investments valued at \$1,147,061 at 31 December 2018, which may be sold to fund ongoing cash requirements of the Company; and
- d) the Directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are confident in the ability of the Group to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The consolidated financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources. All activities are inter-related and discrete information is reported as a single segment being mineral exploration (for primary reporting) and principally in two geographical segments (for secondary reporting) being Australia and Argentina.

	31 December 2018 \$	30 June 2018 \$
The analysis of the location of total assets is as follows:		
Australia	2,375,291	5,075,278
Argentina	10,689	12,047
	<u>2,385,980</u>	<u>5,087,325</u>
The analysis of the location of total liabilities is as follows:		
Australia	(624,172)	(703,424)
Argentina	(3,271)	(2,459)
	<u>(627,443)</u>	<u>(705,883)</u>

3. REVENUE AND OTHER INCOME

	31 December 2018 \$	31 December 2017 \$
(a) Revenue		
Interest received	7,253	12,814
	<u>7,253</u>	<u>12,814</u>
(b) Other income		
Settlement of legal costs	-	45,000
Other	-	47,563
	<u>-</u>	<u>92,563</u>

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4. IMPAIRMENT LOSSES

	31 December 2018 \$	31 December 2017 \$
Impairment of exploration and evaluation expenditure (a)	236,407	351,447
Impairment of loan and other receivables	2,823	21,142
Reversal of previously impaired loans and receivables	-	(10,058)
	<u>239,230</u>	<u>362,531</u>

- (a) The Group 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 \$236,407 during the period (2017: \$351,447). The majority of this impairment expense recognised is attributable to an impairment trigger event, being the 20 June 2017 announced implementation of a ban on uranium mining on all future mining leases by the 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 financial year.

5. FINANCIAL ASSETS

	31 December 2018 \$	30 June 2018 \$
Financial assets at fair value through profit and loss (listed investments)	1,141,800	2,710,281
Financial assets at fair value through profit and loss (unlisted investments)	5,261	5,029
	<u>1,147,061</u>	<u>2,715,310</u>

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

	31 December 2018 \$	30 June 2018 \$
<i>Movements:</i>		
Opening balance at beginning of the period	2,715,310	1,539,175
Acquisition of equity securities (non-cash)	-	5,029
Acquisition of equity securities (cash)	232	172,641
Disposal of equity securities	-	(295,890)
Fair value gain/(loss) through profit and loss	(1,568,481)	1,294,355
Closing balance at end of the period	<u>1,147,061</u>	<u>2,715,310</u>

6. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2018 \$	30 June 2018 \$
Exploration and evaluation expenditure	9,453,842	9,217,435
Exploration and evaluation expenditure – provision for impairment	(9,453,842)	(9,217,435)
	<u>-</u>	<u>-</u>
<i>Movements:</i>		
Carrying value at beginning of period	-	-
Exploration expenditure incurred	236,407	522,113
Impairment of exploration expenditure	(236,407)	(205,659)
R&D Tax Incentive	-	(316,454)
Carrying value at end of period	<u>-</u>	<u>-</u>

7. OTHER UNLISTED OPTIONS

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

Movements in Options during the period

The following options expired during the period:

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

There were no Options granted or exercised during the period.

Options on issue at 31 December 2018

There are no options on issue at 31 December 2018.

8. RELATED PARTY INFORMATION

Financial Assets

At 31 December 2018, Cauldron held 28,153,112 shares in Fe Limited (ASX: FEL) (30 June 2018: 28,153,112) with a market value of \$309,684 (30 June 2018: \$675,675). Messrs Nicholas Sage and Antony Sage (resigned as a director of Cauldron 22 November 2018) are directors of FEL. FEL remains as a director-related entity at 31 December 2018 as Nicholas Sage was a director of the Company at this date.

At 31 December 2018, Cauldron held 8,144,910 shares in European Lithium Limited (ASX: EUR) (30 June 2018: 8,144,910) with a market value of \$667,883 (30 June 2018: \$1,710,431). Mr Antony Sage is a director of EUR. EUR ceased to be a director-related entity of CXU upon Anthony Sage’s resignation as a Director of the Company on 22 November 2018.

At 31 December 2018, Cauldron held 10,416,667 shares in Cape Lambert Resources Ltd (ASX: CFE) (30 June 2018: 10,416,667) with a market value of \$156,250 (30 June 2018: \$312,500). Mr Antony Sage is a director of CFE.

9. FINANCIAL INSTRUMENTS

Fair value measurement

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

Financial Instruments Measured at Fair Value

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

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

31 December 2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Investments in listed shares	1,141,800	-	-	1,141,800
Investments in unlisted shares	-	-	5,261	5,261

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30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Investments in listed shares	2,710,281	-	-	2,710,281
Investments in unlisted shares	-	-	5,029	5,029

10. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

The Group has no contingent liabilities or assets at the period end and there have been no material changes to commitments since 30 June 2018.

11. CONTROLLED ENTITIES

There have been no changes to the Group's controlled entities detailed in the recent 30 June 2018 annual report.

12. EVENTS SUBSEQUENT TO REPORTING DATE

On 7 January 2019, the Company received a notice under section 249D of the *Corporations Act 2001 (Act)* from Starry World Investment Limited, a shareholder holding more than 5% of the votes which may be cast at a general meeting (**Notice**). The Notice requested the Company hold a general meeting of shareholders to consider via ordinary resolution to remove Mr Nicholas Sage as a Director. At the general meeting held 25 February 2019, Mr Nicholas Sage was removed as a director.

On 15 March 2019, Mr Simon Youds was appointed as Non-Executive Chairman of the Company.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

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DIRECTORS' DECLARATION

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

- a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of its financial position as at 31 December 2018 and its performance for the half-year ended on that date of the Group; and
 - (ii) complying with Accounting Standards *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- b) subject to the matters described in note 1(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Mr Jess Oram
Executive Director and Chief Executive Officer

PERTH
15 March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cauldron Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cauldron Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 (c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth, 15 March 2019

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