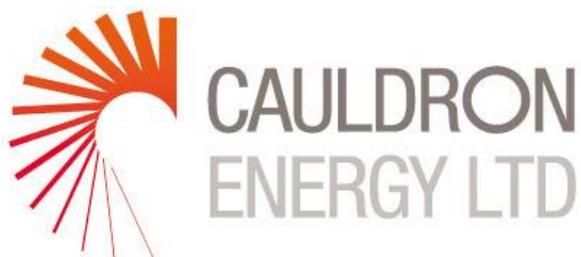


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(ABN 22 102 912 783)
AND CONTROLLED ENTITIES

**CONSOLIDATED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2019**

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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

Michael Fry

PRINCIPAL & REGISTERED OFFICE

Ground Floor, 20 Kings Park Road
West Perth, Western Australia 6005
Telephone: (08) 6462 1421
Facsimile: (08) 6263 3347
Website: www.cauldronenergy.com.au

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008

SHARE REGISTRAR

Advanced Share Registry
110 Stirling Hwy
Nedlands, Western Australia 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, Western Australia 6000

DIRECTORS' REPORT

The directors of Cauldron Energy Limited (**Cauldron** or **Company**) submit their report, together with the consolidated financial statements comprising Cauldron and its controlled entities (together the **Group**) for the half-year ended 31 December 2019.

1. DIRECTORS

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

Simon Youds (Non-Executive Chairman)
 Jess Oram (Executive Director & Chief Executive Officer)
 Qiu Derong (Non-executive Director)
 Judy Li (Non-executive Director)
 Chenchong Zhou (Non-executive Director)

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 2019 amounted to \$819,643 (31 December 2018: \$2,602,338 loss).

3. REVIEW OF OPERATIONS

Cauldron is an Australian exploration company.

Cauldron holds uranium prospective tenements covering ~1,270 km² in the North Carnarvon Basin, located in the north-west of Western Australia (Yanrey Project).

As a direct result of the current state government policy of no uranium mining in Western Australia, field operations at the Yanrey Project were inactive during the half; leading the Company to investigate other project opportunities.

During the half year considerable resources were directed at seeking advanced exploration projects in commodities other than uranium, to diversify the company's project portfolio.

The investigation culminated in the entering into of heads of agreement (in November 2019) over the Bullarto South and Blackwood gold projects, lying adjacent to one another south-east of Daylesford, in the highly prospective Central Victorian Goldfields that surround Ballarat. The heads of agreement are subject to various conditions precedent which, as at the date of this report, remain incomplete.

The Company also has an interest in a large project with defined uranium mineralisation and prospects for copper and gold in Argentina.

4. CORPORATE

The following significant transactions and events occurred during the period:

Heads of Agreement - Victorian Goldfield Projects

During November 2019, Cauldron entered into heads of agreement for the Bullarto South Gold Project and the Blackwood Goldfield Project. The heads of agreement are subject to various conditions precedent which, as at the date of this report, remain incomplete.

Annual General Meeting

The Company held its annual general meeting on 27 November 2019 (**AGM**). All resolutions put to shareholders were passed.

5. CHANGES IN SHARE CAPITAL

During the half year, the Company completed a private placement to Australian residents pursuant to s708(1) and s708(8) of the Corporations Act resulting in the issued of 13,666,795 fully paid ordinary shares at \$0.015 (1.5 cents) each which raised \$205,002, prior to costs (**Placement**).

Participants in the Placement also received a free attaching option on a 1 for 2 basis which are exercisable at \$0.03 (3 cents) each and which have an expiry date of 31 December 2021; resulting in the issue of 6,833,395 unlisted options at nil cost.

The monies raised under the placement are to be used to fund exploration programs, meet holding costs of existing projects and working capital.

DIRECTORS' REPORT

6. SECURITIES ON ISSUE

Shares

As at 31 December 2019, the Company has 342,956,503 fully paid ordinary shares on issue.

Options

As at 31 December 2019, the Company has 6,833,395 unlisted options on issue. The options are exercisable at \$0.03 (3 cents) each and which have an expiry date of 31 December 2021.

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.

7. PROJECT INFORMATION

In Australia, Cauldron has entered into heads of agreement over the Bullarto South and Blackwood gold projects, lying adjacent to one another south-east of Daylesford, in the highly prospective Central Victorian Goldfields that surround Ballarat (together referred to as **Victorian Gold Projects**). The heads of agreement are subject to various conditions precedent which, as at the date of this report, remain incomplete.

In addition, Cauldron owns the Yanrey Project consisting of 11 granted exploration licences (1,050 km²) and 1 application for an exploration licence (220 km²) for a total project area of 1,270 km² in Western Australia.

Yanrey Project is prospective for large sedimentary-hosted uranium deposits and is host to the Bennet Well Uranium Deposit.

Victorian Goldfield Projects

The Bullarto South Gold Project and the Blackwood Gold Project together cover an area of 160 km² and secure the most significant portion of the highly prospective Blackwood Goldfield.

From 1864 to 1960 the Blackwood Goldfield produced about 218,000 ounces of gold from orogenic gold sources (199,000 ounces) and from placer sources (19,000 ounces) (*Source: Report titled "The Gold Mines of Blackwood" prepared by Erik Norum, Consultant Geologist, August 2018*). Gold was won down to a depth of 100 m below surface, with very little mining activity below a depth of 150 m. The Sultan mine is the deepest in the goldfield with production levels at 230 m below ground surface and its shaft reaching 274 m, and still in pay.

The two projects complement each other and together provide:

- a sizeable foothold in a largely forgotten but historically significant goldfield that has received only sporadic exploration since the 1920's;
- potential to fast-track mining production with near-term generation of cash flow;
- potential for significant expansion of known mineral resource;
- exceptional logistics being only 30 minutes easy drive from the outer suburbs of western Melbourne;
- well-rounded exploration portfolio with an exploration pipeline of prospects.

Blackwood Gold Project

The Blackwood Gold Project comprises Exploration Licence (EL) 5479 covering an area of 24 km² located in central Victoria, 40 km east-northeast of Ballarat.

The Exploration Licence is granted and is in good standing with a licence expiry date of 23 March 2024.

The Project is centred on the Sultan Mine which historically produced a little over 73,000 ounces of gold at an average grade of 28 g/t. In addition, the project contains in excess of 250 underground workings.

Most mining activity on reef structures in the goldfield halted at shallow depths. Cessation of mining in many cases was not due to depletion of mineralisation but to other factors such as inability to cope with high ground water flows in the underground workings or inability to raise the capital for development work.

Bullarto South Gold Project

The Bullarto South Gold Project comprises Exploration Licence (EL) 6804 covering an area of 155 km². The Exploration Licence is in the process of being granted with completion of native title; and can be renewed subject to approval by the Victoria Mines Department.

The Project is located approximately 10 km southeast of Daylesford and 4 km west of the Blackwood Goldfields in the Central Victorian Goldfields surrounding Ballarat.

DIRECTORS' REPORT

Victorian Goldfields - History

Gold was first discovered in Australia in July of 1851 at Clunes by James Esmond on a grazing property located approximately 30 km north of Ballarat. The gold on the property, which would later become known as the Port Phillip mine, became one of the most famous deep lead gold mines in the world at the time, and yielded over 500,000 ounces of gold.

The discovery spurred the Victorian gold rush and resulted in several major goldfields (districts) being identified in Victoria including Ballarat, Bendigo and Castlemaine. It is reported that an estimated 80 million ounces of gold was mined from the Victorian goldfields in the period 1851 to 1900; with twelve Victorian goldfields producing at least one million ounces of gold each. The discovery of Kalgoorlie in the 1890's started the investment decline in the Victorian colony for gold mining, by 1915 most of the major fields had substantially closed.

Although the 1980's saw the greatest gold boom of the 20th century, the Victorian gold province was relatively little explored during this time, with less than 2% of Australia's exploration expenditure spent in Victoria, despite it having produced more than 30% of Australia's gold. Several factors were considered to have contributed to the poor state of gold mining in Victoria: perception of deposit type and size, perception of remaining potential, loss of mining culture, environmental considerations, and level of government support.

Since the 1980's exploration activity in the Victorian goldfields has significantly lagged activity at Australia's other premier gold districts: Yilgarn Craton in Western Australia (with major Archean greenstone-hosted deposits such as Kalgoorlie, Granny Smith and Boddington), South Australia's Gawler Craton (host to Olympic Dam and Prominent Hill mines), Central Lachlan Oregon of New South Wales (host to Cadia and Northparkes), Tanami Province of Northern Territory (host to Tanami) and the Thompson Orogen of Queensland (host to Mount Leyshon, Kidston, Mount Elliott and Charters Towers mines).

However, in recent years, significant interest has returned to the Victorian goldfields largely as a result of the recent transformation of the Fosterville Mine and thanks to the discovery of extremely large and high-grade extensions deep underground. Its converted Fosterville from a modest-scale operation of less than 100,000 ounces of gold per annum to be the world's richest mine and one of Australia's top five gold producers with a targeted production of between 570,000 and 610,000 ounces for the 2020 financial year.

The success of Kirkland Gold at Fosterville (75 km north of Project), and more recently by Catalyst Metals at its North Bendigo Project and Stavely Minerals at its Ararat Project in Western Victoria has led to a renaissance in the Victorian goldfields.

Yanrey Project

The Yanrey Project 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.

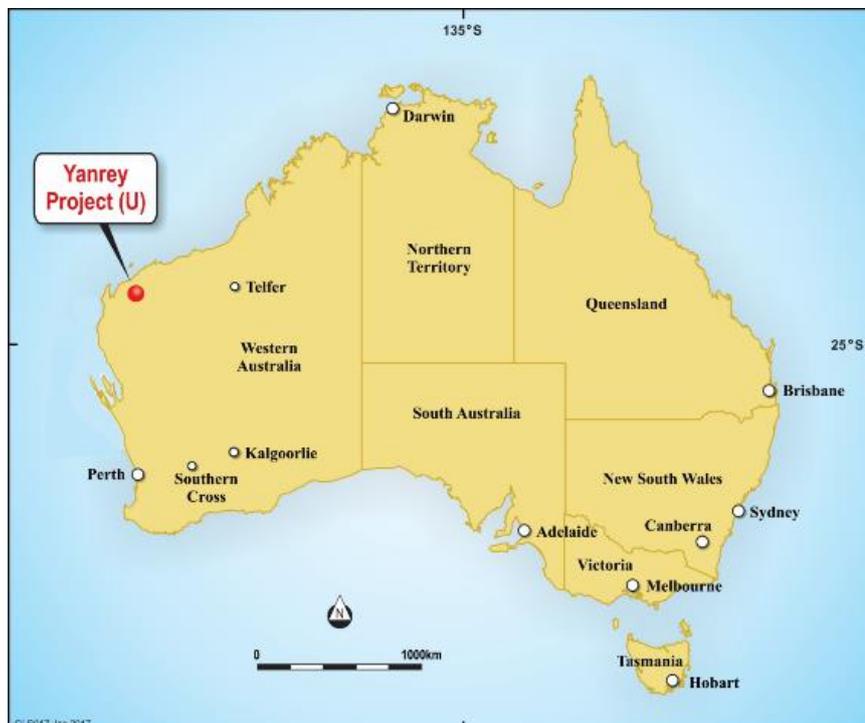


Figure 1: Map Location of Cauldron Projects

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DIRECTORS' REPORT

Bennet Well (Yanrey Region)

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.

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

Table 1: Mineral Resource at various cut-off

Deposit	Cut-off	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	Cut-off (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	Cut-off (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

DIRECTORS' REPORT

Argentinian Project

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 STATEMENTS

Bullarto South Gold Project and the Blackwood Gold Project

The information in this report that relates to the Exploration Results for the Bullarto South Gold Project and the Blackwood Gold Project is extracted from a report released to the Australian Securities Exchange (ASX) on 8 January 2020 titled "Successful Completion of Due Diligence for Victorian Goldfield Projects" and available to view at www.cauldronenergy.com.au and for which a Competent Person consent was obtained. The Competent Person's consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that is not aware of any new information or data that materially affects the information included in the original ASX announcement released on 8 January 2020 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original ASX announcement.

Bennet Well Uranium Deposit

The information in this report that relates to Mineral Resources for the Bennet Well Uranium Deposit is extracted from a report released to the Australian Securities Exchange (ASX) on 17 December 2015 titled "Substantial Increase in Tonnes and Grade Confirms Bennet Well as Globally Significant ISR Project" and available to view at www.cauldronenergy.com.au and for which Competent Persons' consents were obtained. Each Competent Person's consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that is not aware of any new information or data that materially affects the information included in the original ASX announcement released on 17 December 2015 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original ASX announcement.

8. EVENTS OCCURRING AFTER THE REPORTING DATE

No 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, other than those stated below.

Sale of Part-Shareholding in European Lithium

On 24 January 2020, the Company realised the sale of 4,072,455 shares held in European Lithium Limited (ASX: EUR) to an unrelated third party, receiving proceeds of \$285,075. The Company retains a holding of 4,072,455 shares in European Lithium Limited.

The market value of the 8,144,910 shares held by the Company in European Lithium Limited at 31 December 2019 was \$684,172 and was recognised as a Financial Asset.

DIRECTORS' REPORT

9. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2019 has been received and is included on page 7.

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

A handwritten signature in black ink, appearing to read "Jess Oram", is positioned above the printed name.

Mr Jess Oram
Executive Director and Chief Executive Officer

PERTH
12 March 2020

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF CAULDRON ENERGY LIMITED

As lead auditor for the review of Cauldron Energy Limited for the half-year ended 31 December 2019, 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.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 12 March 2020

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Note	31 December 2019 \$	31 December 2018 \$
Revenue	3	1,028	7,253
Administration expenses		(14,692)	(22,290)
Employee benefits expenses		(181,113)	(113,117)
Directors fees		(66,000)	(132,000)
Compliance and regulatory expenses		(31,147)	(72,996)
Consultancy expenses		(84,834)	(142,272)
Legal expenses		(19,606)	(137,530)
Occupancy expenses		-	(66,028)
Travel expenses		(8,643)	(3,706)
Exploration expenditure		(58,399)	(110,325)
Net fair value gain/(loss) on financial assets through profit and loss	5	(174,657)	(1,568,481)
Depreciation		(2,302)	(567)
Realised foreign exchange loss		-	(1,049)
Impairment losses	4	(179,278)	(239,230)
Profit/ (loss) before income tax expense		(819,643)	(2,602,338)
Income tax expense		-	-
Profit/(loss) for the period		(819,643)	(2,602,338)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		2,023	(20,567)
Other comprehensive income/(loss) for the period after income tax		2,023	(20,567)
Total comprehensive profit/(loss) attributable to members of the Company		(817,620)	(2,622,905)
Earnings/(loss) per share for the period attributable to the members of Cauldron Energy Ltd			
Basic earnings/(loss) per share (cents per share)		(0.25)	(0.79)
Diluted earnings/(loss) per share (cents per share)		(0.25)	(0.79)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	31 December 2019 \$	30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents		607,451	526,681
Trade and other receivables		29,306	29,105
Financial assets	5	1,108,238	1,282,895
TOTAL CURRENT ASSETS		1,744,995	1,838,681
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	6	-	-
Property, plant and equipment		6,716	9,018
TOTAL NON-CURRENT ASSETS		6,716	9,018
TOTAL ASSETS		1,751,711	1,847,699
CURRENT LIABILITIES			
Trade and other payables		616,440	625,913
Provisions		71,133	69,029
Other liabilities	7	524,000	-
TOTAL CURRENT LIABILITIES		1,211,573	694,942
TOTAL LIABILITIES		1,211,573	694,942
NET ASSETS		540,138	1,152,757
EQUITY			
Issued capital		55,880,921	55,675,919
Reserves		4,194,022	4,191,999
Accumulated losses		(59,534,805)	(58,715,161)
TOTAL EQUITY		540,138	1,152,757

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Note	31 December 2019 \$	31 December 2018 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(412,351)	(894,654)
Interest received		1,028	7,253
<i>Net cash used in operating activities</i>		<u>(411,323)</u>	<u>(887,401)</u>
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(217,236)	(243,762)
Research and Development refund		-	316,454
Funding provided to Caudillo Resources SA		(19,583)	(2,823)
Purchase of equity investments		-	(232)
<i>Net cash provided by/(used in) investing activities</i>		<u>(236,819)</u>	<u>69,637</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares	8	205,002	-
Short term advance received	7	50,000	-
Capital raising monies received in advance	7	474,000	-
<i>Net cash provided by financing activities</i>		<u>729,002</u>	<u>-</u>
Net increase/(decrease) in cash held		80,860	(817,764)
Effects of exchange rate changes on cash		(593)	(755)
Cash and cash equivalents at beginning of period		<u>526,681</u>	<u>1,950,436</u>
Cash and cash equivalents at end of period		<u>607,451</u>	<u>1,131,917</u>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	55,675,919	(58,715,161)	5,808,480	(1,616,481)	1,152,757
Loss attributable to members of the parent entity	-	(819,643)	-	-	(819,643)
Other comprehensive income/(loss)	-	-	-	2,023	2,023
Total comprehensive income/(loss) for the period	-	(819,643)	-	2,023	(817,620)
Transaction with owners, directly in equity					
Issue of shares	205,002	-	-	-	205,002
Balance at 31 December 2019	55,880,921	(59,534,804)	5,808,480	(1,614,458)	540,139
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

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**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 2019 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 2019 and considered together with any announcements made by Cauldron during the half-year ended 31 December 2019 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 2019 annual financial report for the financial year ended 30 June 2019, 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 16 Leases*
- *AASB Interpretation 23 Uncertainty over Income Tax Treatments*.

The new accounting policies are disclosed in note 1(b) below. The impact of these standards has not had a material impact on the Company for the period ended 31 December 2019.

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 16 Leases and AASB Interpretation 23 Uncertainty over Income Tax Treatments on Cauldron's financial statements and also discloses the new accounting policies that have been applied from 1 July 2019, 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.

AASB 16 Leases

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees i.e. leases of 'low-value' assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset or ROU asset).

Lessees will separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

AASB 16 became effective for the Group for the accounting period beginning 1 July 2019. The Group has chosen the modified retrospective approach to the application of AASB 16 and has consequently not restated the comparative information.

Due to the Group not having any lease agreements in place, there has been no material impact of AASB 16 on adoption date nor as at 31 December 2019.

AASB Interpretation 23 Uncertainty over Income Tax Treatments

This Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation addresses (a) whether an entity considers uncertain tax treatments separately; (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and (d) how an entity considers changes in facts and circumstances.

The adoption of this Interpretation has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of accumulated losses.

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 \$607,451 (30 June 2019: \$526,681), operating cash outflows of \$492,056 (31 Dec 2019: \$887,401), trade and other payables of \$616,440 (30 June 2019: \$625,913) and a net working capital surplus of \$533,422 (30 June 2019: \$1,143,739 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 Group 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 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 2019 \$	30 June 2019 \$
The analysis of the location of total assets is as follows:		
Australia	1,745,905	1,836,287
Argentina	5,806	11,412
	<u>1,751,711</u>	<u>1,847,699</u>
The analysis of the location of total liabilities is as follows:		
Australia	(1,207,294)	(703,424)
Argentina	(4,279)	(2,459)
	<u>(1,211,573)</u>	<u>(705,883)</u>

3. REVENUE AND OTHER INCOME

	31 December 2019 \$	31 December 2018 \$
Revenue		
Interest received	1,028	7,253
	<u>1,028</u>	<u>7,253</u>

4. IMPAIRMENT LOSSES

	31 December 2019 \$	31 December 2018 \$
Impairment of exploration and evaluation expenditure (a)	158,837	236,407
Impairment of loan and other receivables	20,441	2,823
	<u>179,278</u>	<u>239,230</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 \$158,837 during the period (2018: \$236,407). 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 Group similarly impaired its exploration and evaluation expenditure in the 2019 financial year.

5. FINANCIAL ASSETS

	31 December 2019 \$	30 June 2019 \$
Financial assets at fair value through profit and loss (listed investments)	1,102,978	1,277,635
Financial assets at fair value through profit and loss (unlisted investments)	5,260	5,260
	<u>1,108,238</u>	<u>1,282,895</u>

Movements:

Opening balance at beginning of the period	1,282,895	2,715,310
Acquisition of equity securities (cash)	-	231
Fair value gain/(loss) through profit and loss	(174,657)	(1,432,646)
Closing balance at end of the period	<u>1,108,238</u>	<u>1,282,895</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.

6. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2019 \$	30 June 2019 \$
Exploration and evaluation expenditure	9,747,606	9,588,768
Exploration and evaluation expenditure – provision for impairment	(9,747,606)	(9,588,768)
	<u>-</u>	<u>-</u>

Movements:

Carrying value at beginning of period	-	-
Exploration expenditure incurred	158,837	371,333
Impairment of exploration expenditure	(158,837)	(371,333)
R&D Tax Incentive	-	-
Carrying value at end of period	<u>-</u>	<u>-</u>

7. OTHER LIABILITIES

	31 December 2019 \$	30 June 2019 \$
Short term advance – related party (i)	50,000	-
Unissued capital – monies received in advance (ii)	474,000	-
	524,000	-

- (i) During the period, the Company received a short-term advance of \$50,000 from Mr Qui, a director and major shareholder in Cauldron. The short-term advance is repayable on demand and is non-interest bearing.
- (ii) During the period, the Company received funds totalling \$474,000 for share capital to be issued subsequent to period-end; which as at the date of this report remain unissued. As at 31 December 2019, this amount was recognised as a current liability.

8. ISSUED CAPITAL

	31 December 2019 No. of Shares	31 December 2019 \$	30 June 2019 No. of Shares	30 June 2019 \$
<i>Movements</i>				
Balance at beginning of period	329,289,708	55,675,919	329,289,708	55,675,919
Shares issued (a)	13,666,795	205,002	-	-
Balance at end of period	342,956,503	55,880,921	329,289,708	55,675,919

- (a) During the period the Company completed a private placement to Australian residents resulting in the issue of 13,666,795 fully paid ordinary shares at \$0.015 per share raising a total of \$205,002.

9. 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 were issued during the period as part of a placement on 23 December 2019:

- 6,833,395 unlisted options with an exercise price of \$0.03 and an expiry date of on or before 31 December 2021.

Options on issue at 31 December 2018

There were no options on issue at 31 December 2018.

10. RELATED PARTY INFORMATION

There were no transactions with related parties that were not in the ordinary course of business, other than the short-term advance received from Mr Qui referred to in Note 7.

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11. 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 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Investments in listed shares	1,102,978	-	-	1,102,978
Investments in unlisted shares	-	-	5,260	5,260
30 June 2019				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Investments in listed shares	1,277,635	-	-	1,277,635
Investments in unlisted shares	-	-	5,260	5,260

12. 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 2019.

13. CONTROLLED ENTITIES

There have been no changes to the Group's controlled entities detailed in the recent 30 June 2019 annual report.

14. EVENTS SUBSEQUENT TO REPORTING DATE

No 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, other than as stated below.

Sale of Part-Shareholding in European Lithium

On 24 January 2020, the Company realised the sale of 4,072,455 shares held in European Lithium Limited (ASX: EUR) to an unrelated third party, receiving proceeds of \$285,075. The Company retains a holding of 4,072,455 shares in European Lithium Limited.

The market value of the 8,144,910 shares held by the Company in European Lithium Limited at 31 December 2019 was \$684,172 and was recognised as a Financial Asset.

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 2019 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
12 March 2020

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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 2019, 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 2019 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 2019 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

A handwritten signature in black ink, appearing to read 'J Prue', is written over the printed name.

Jarrad Prue

Director

Perth, 12 March 2020

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