



**cauldron**  
energy

(ABN 22 102 912 783)  
AND CONTROLLED ENTITIES

**CONSOLIDATED  
HALF-YEAR FINANCIAL REPORT  
31 DECEMBER 2021**

## CORPORATE DIRECTORY

### EXECUTIVE CHAIRMAN

Simon Youds

### NON-EXECUTIVE DIRECTORS

Jess Oram  
Qiu Derong  
Judy Li  
Chenchong Zhou

### COMPANY SECRETARY

Michael Fry

### PRINCIPAL & REGISTERED OFFICE

Level 1, 1008 Wellington Street  
West Perth, Western Australia 6005  
Telephone: (08) 6270 4693  
Facsimile: (08) 6263 3347  
Website: [www.cauldronenergy.com.au](http://www.cauldronenergy.com.au)

### AUDITORS

BDO Audit (WA) Pty Ltd  
Level 9, Mia Yellagonga Tower 2  
5 Spring Street  
Perth WA 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 2021.

### 1. DIRECTORS

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

Simon Youds (Executive Chairman)  
 Jess Oram (Non-executive Director)  
 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 2021 amounted to \$374,422 (31 December 2020: \$143,249 profit).

### 3. REVIEW OF OPERATIONS

Cauldron is an Australian exploration company, with a unique and diversified project portfolio that covers three commodities in high demand and all having a favourable outlook in terms of price, being gold, uranium and sand.

Cauldron holds a 51% joint venture interest in the Blackwood Gold Project located south-east of Daylesford, in the highly prospective Central Victorian Goldfields that surround Ballarat, which it acquired in September 2020.

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 Blackwood goldfield contains more than 250 historically-excavated underground workings.

Cauldron plans to target projected down plunge extensions of mineralised shoots in its initial exploration work aided by the Tyrconnel Adit, a ~2 kilometre underground drive, that allows physical access for man and equipment, and is located beneath many of the historical workings in the field.

In addition, Cauldron holds uranium prospective tenements covering ~1,270 km<sup>2</sup> in the North Carnarvon Basin, located in the north-west of Western Australia (Yanrey Project), one of which secures the Bennet Well Uranium Deposit (Bennet Well). The project is prospective of sandstone-style uranium mineralisation capable of extraction by in-situ recovery mining techniques, proven globally, and domestically, to be the most cost effective and environmentally acceptable method of uranium extraction.

Bennet Well, and consequently the Yanrey Uranium Project, has been the subject of a significant amount of exploration over the last sixteen years by Cauldron. However, work is currently suspended due to a Western Australian government state ban on uranium mining.

However, with uranium being at the forefront of the push for low-carbon energy production for what is becoming an increasingly energy hungry world, Cauldron's Yanrey Uranium Project is well positioned to take advantage of the growing demand and improving price of uranium, should the Labor government bow to increasing pressure and overturn its ban on uranium mining in the state of Western Australia.

Lastly, Cauldron holds a 100% interest in the North-West WA Sands Project, comprising a number of river sand leases located at the mouths of the Carnarvon, Onslow and Derby rivers in Western Australia, collectively covering an area of approximately 286 square kilometre. Sand is by far the largest globally mined commodity, outstripping the shipments of coal, iron ore and grain. The international sand and aggregate market in 2017 was worth an estimated US\$4.5 billion. By 2030, its worth is estimated to grow to US\$60 billion, representing a growth rate of 5.5 per cent per year.

## DIRECTORS' REPORT

### 4. CORPORATE

The following significant transactions and events occurred during the period:

#### September Placement

During September 2021, Cauldron undertook a placement at \$0.034 (3.4 cents) raising \$1.2m before costs and resulting in the issue of 35,294,118 new fully paid ordinary shares. Participants in the September Placement were also issued a free option on the basis of 1 option for every 2 fully paid shares subscribed for resulting on the issue of 17,647,059 unlisted options having an exercise price of \$0.05 and an expiry date of 30 November 2023.

The Lead Manager, 180 Markets Pty Ltd, received a placement fee of 6% or \$72,000; resulting in Cauldron receiving net proceeds of \$1.128 million.

### 5. SECURITIES ON ISSUE

#### Shares

As at the date of this report, the Company has 491,293,630 fully paid ordinary shares on issue.

#### Options

As at the date of this report, the Company has a total of 93,668,564 unlisted options on issue comprised as follows:

Class	ASX Code	Description	Number	Exercise Price (\$)	Expiry Date
B	CXUAU	Unlisted Options	16,666,666	\$0.03	31 March 2022
C	CXUAV	Unlisted Options	10,000,000	\$0.05	16 September 2022
D	CXUAW	Unlisted Options	6,000,000	\$0.05	16 September 2023
E	CXUAW	Unlisted Options	61,001,898	\$0.05	30 November 2023
TOTALS			93,668,564		

On 31 December 2021, 6,833,395 Class A Options having an exercise price of \$0.03 expired.

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.

#### Performance Rights

As at 31 December 2021, the Company has a total of 9,000,000 performance rights on issue. The Performance Rights were issued to members of the Company's key management personnel (KMP) pursuant to CXU's Performance Rights Plan approved by CXU shareholders at a general meeting of the Company held on 11 August 2020. Each Performance Right is a right to receive one fully paid ordinary share in CXU, subject to meeting performance conditions and the terms of to CXU's Performance Rights Plan.

The Performance Rights will vest if any one of the following Performance Conditions is achieved:

- The volume weighted average price of the Shares as quoted on ASX exceeds \$0.05 each day for a period of not less than 20 consecutive trading days on which the Shares have actually traded;
- Gross Proceeds from Sales exceed \$250,000 in any financial year; or
- The discovery of an "Inferred Mineral resource" (as that term is defined in the Code) at the Blackwood Gold Project having a contained gold mass of at least 300,000 ounces at a cut-off grade of 2g/t, (each a Performance Condition).

The Performance Rights will automatically lapse if none of the Performance Milestones are achieved within 3 years of the date of grant, taken to be the date of shareholder approval (i.e. by no later than 10 August 2023). And holders of Performance Rights have a period of 5 years from the date of grant, to exercise the Performance Rights and convert into Shares (i.e. until 10 August 2025).

The recipients of the performance rights were as follows:

Name of KMP	Name of registered holder	Number of securities
Simon Youds	Capeline Nominees Pty Ltd	3,000,000
Simon Youds	Systematic Nominees Pty Ltd <Youds Family A/c>	1,000,000
Jess Oram	Jess Oram	2,000,000
Derong Qiu	Derong Qiu	1,000,000
Judy Li	Jia Li	1,000,000
Chenchong Zhou	Chenchong Zhou	1,000,000
TOTALS		9,000,000

## DIRECTORS' REPORT

### 6. PROJECT INFORMATION

#### ***Blackwood Goldfield Project***

In September 2020, Cauldron acquired a 51% joint venture interest in the Blackwood Gold Project.

Under the terms of the joint venture agreement, Cauldron has stepped earn-in rights that enable it to earn a further 14% ownership interest, to take it to 65% ownership, and a further 15% ownership interest, to take it to 80% ownership, both upon achievement of specified milestones.

The Blackwood Goldfield Project secures 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 project provides:

- 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; and
- exceptional logistics being only 30 minutes easy drive from the outer suburbs of western Melbourne.

#### *Tenure and Location*

The Blackwood Gold Project is located south-east of Daylesford, in the highly prospective Central Victorian Goldfields that surround Ballarat in Victoria and comprises Exploration Licence (EL) 5479 covering an area of 24 km<sup>2</sup>.

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.

#### *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 20<sup>th</sup> 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 Orogen 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.

## DIRECTORS' REPORT

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.

### Historical Work Performed by Cauldron

Historical work by Cauldron has primarily focussed on the compilation and review of historical data.

On 31 August 2020, the Company released preliminary results upon which it had determined that the Blackwood has the potential to host multiple high-grade gold systems and that there exists within the Project field a near contiguous 3.5km long trend of high-quality gold exploration targets.

Open file data<sup>1</sup> for historic mining demonstrates records production through the 3.5 km mineralised trend (see Figure 1 below) totalling 152,000 oz, at between 16 to 23 g/t gold grade.

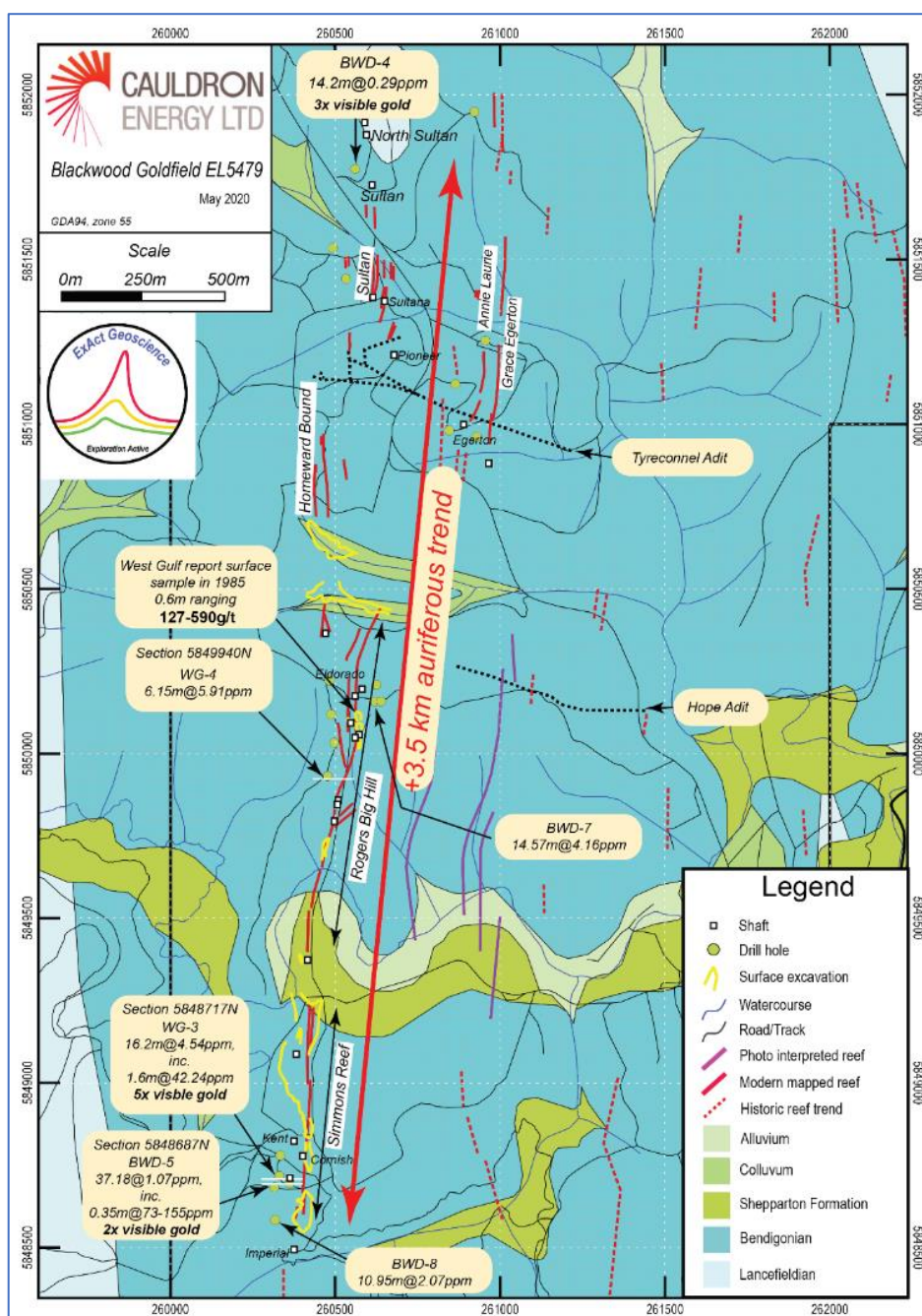


Figure 1: Mine scale geology and prospect map, significant drilling intercepts with historic mining activity

<sup>1</sup> GSV bulletin number 18, 1906.



## DIRECTORS' REPORT

On 23 September 2020, the Company released further results of its data compilation and review, noting that it had identified that the central area of the Project (containing the Rogers Big Hill, Eldorado and Homeward Bound prospects) as having a geological system like that of Sultan to the north, which produced a little over 73,000 ounces of gold at an average grade of 28 g/t during the 1860's, and as such would be an area of priority. In addition, it noted that the near surface gold mineralisation at Rogers Big Hill is of bonanza grade and is projecting to depth.

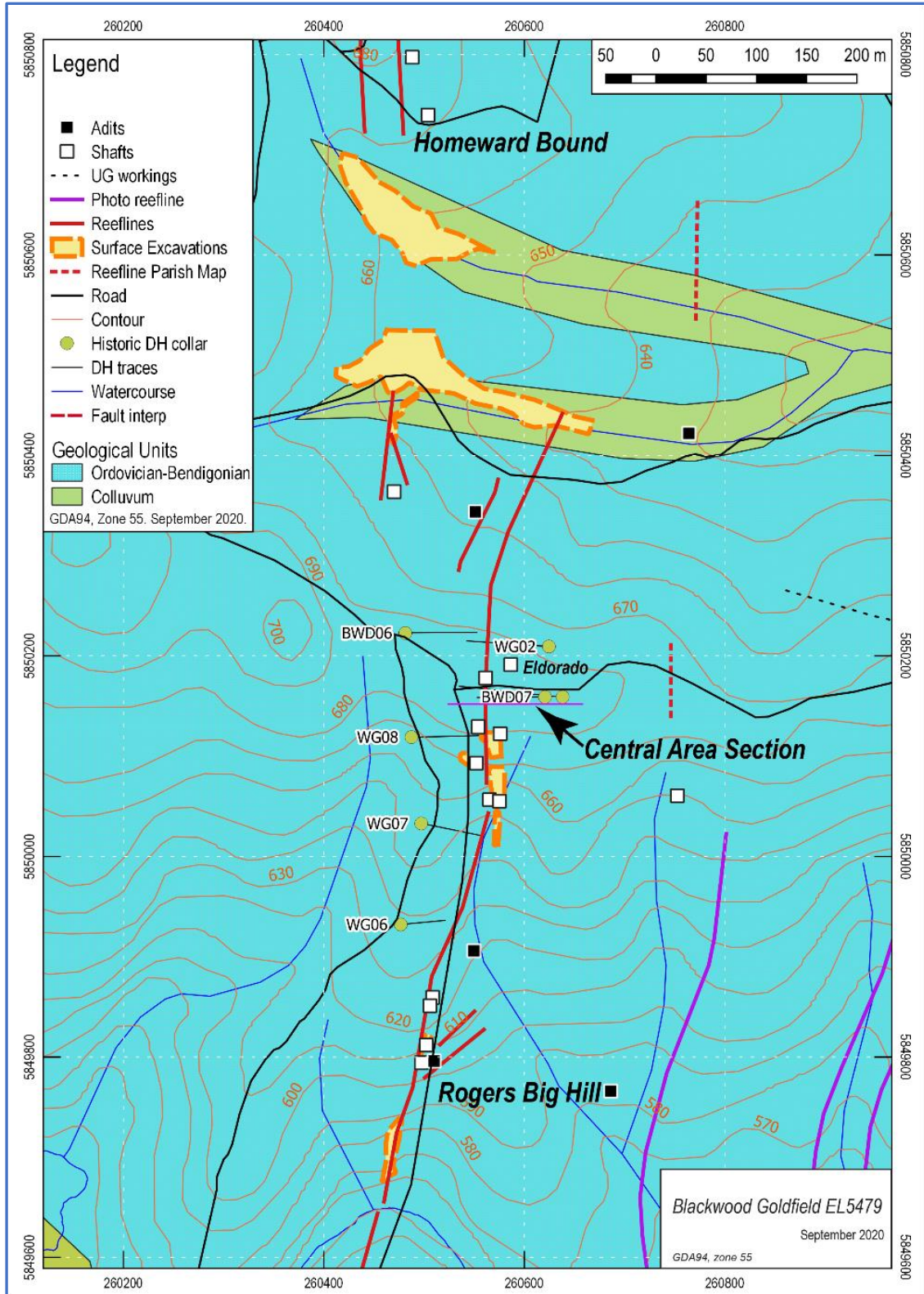


Figure 2: Plan view of Central prospect areas

## DIRECTORS' REPORT

### *Work Performed During the Half-Year*

Following the gaining of all requisite approvals, Cauldron commenced on-the-ground exploration activities at the Blackwood Goldfield during August 2021 however progress has been hampered by a fall-of-ground event that necessitated significant works to make the environment safe for personnel, plus delays caused by COVID-19 pandemic which have caused delays in receipt of critical supplies and restricted the availability of drillers and others to undertake the works.

The initiation of drilling activities near the Annie Laurie Reef coincided with a renewed review of these data. A schematic long section of the Western Reef mines was compiled from historical mine reports, showing historically reported fractured vein systems of up to 9m in thickness, containing grades of up to 920 g/t gold (Au) within the Western Reef system.

At the date of this report, drilling has recommenced and comprises an initial fan of five holes that target the historically worked Eastern Gold Reefs, which are accessible from the Tyrconnel Adit. Previous drilling, channel sampling and mapping have firmed up the potential of this specific target area adjacent to the Annie Laurie Reef. The reef at this level was last mined during the 1860 and early 1890s during the Victorian Gold Rush period which saw intense mining activity in the Barrys Reef area.

### **Yanrey Project**

The Yanrey Project comprises 15 granted exploration licences (1,548 km<sup>2</sup>) and 4 applications for exploration licences (626 km<sup>2</sup>). Yanrey is prospective for large sedimentary-hosted uranium deposits.



**Figure 3: Map Location of Cauldron Projects**

### 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.



## DIRECTORS' REPORT

### 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  $\text{eU}_3\text{O}_8$  for total contained uranium-oxide of 12.5Mlb (5,670 t) at 150ppm cut-off;
- Indicated: 21.9Mt at 375ppm  $\text{eU}_3\text{O}_8$  for total contained uranium-oxide of 18.1Mlb (8,230 t) at 150ppm cut-off;
- Total: 38.9Mt at 360ppm  $\text{eU}_3\text{O}_8$ , 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 $\text{U}_3\text{O}_8$	Mass $\text{U}_3\text{O}_8$
Bennet Well_Total	125	39,207,000	355	13,920,000	30,700,000
<b>Bennet Well_Total</b>	<b>150</b>	<b>38,871,000</b>	<b>360</b>	<b>13,990,000</b>	<b>30,900,000</b>
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 $\text{U}_3\text{O}_8$ )	Deposit Mass (t)	Deposit Grade (ppm $\text{U}_3\text{O}_8$ )	Mass $\text{U}_3\text{O}_8$ (kg)	Mass $\text{U}_3\text{O}_8$ (lbs)
BenWell_Indicated	125	22,028,000	375	8,260,000	18,200,000
<b>BenWell_Indicated</b>	<b>150</b>	<b>21,939,000</b>	<b>375</b>	<b>8,230,000</b>	<b>18,100,000</b>
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 $\text{U}_3\text{O}_8$ )	Deposit Mass (t)	Deposit Grade (ppm $\text{U}_3\text{O}_8$ )	Mass $\text{U}_3\text{O}_8$ (kg)	Mass $\text{U}_3\text{O}_8$ (lbs)
BenWell_Inferred	125	17,179,000	335	5,750,000	12,700,000
<b>BenWell_Inferred</b>	<b>150</b>	<b>16,932,000</b>	<b>335</b>	<b>5,670,000</b>	<b>12,500,000</b>
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

### *Work Performed During the Half-Year*

In November 2021, Cauldron announced the results of a passive seismic survey completed at the Flagstaff Prospect (Flagstaff), within the Yanrey Uranium Project. The Company applied its predictive, system-style exploration model to design the survey. The model was generated from the review of all combined geoscientific datasets between 2015 and 2017. Crucial to this development was the understanding of mineralisation controls in the Bennet Well Uranium Deposit. The exploration model is important Intellectual Property in the understanding of this style of sandstone-

## DIRECTORS' REPORT

hosted, palaeochannel-type, uranium deposit which is highly amenable for In-situ Recovery (ISR) style mining. The 2021 passive seismic results highlighted multiple new targets over areas of unusual basement complexity. This structural information will assist in further developing the systems-style exploration model. Despite the restrictions put on uranium explorers by the current political climate in Western Australia, the completion of the passive seismic surveys prove that Cauldron is still dedicated to progressing the Yanrey Uranium Project as much as it possibly can.

For further information refer ASX announcement of 23 November 2021.

### WA Sands Project

In December 2020, Cauldron entered into an agreement to acquire a 100% interest in the WA Sands Project, comprising up to eight river sand leases located at the mouths of the Carnarvon, Onslow and Derby rivers in Western Australia, collectively covering an area of approximately 286 square kilometres.

In June 2021, exploration licences EL08/2328, EL08/2329 and EL08/2462 and miscellaneous licence L08/71 all located at the mouth of the Ashburton River were formally transferred to Cauldron with Cauldron being registered as the 100% owner.

As at the date of this report, the agreement is not yet complete with a further four licences yet to be transferred. Of these, Mining Lease Application 09/150, is listed as “dead” on the register maintained by the Department of Mines, Industry Regulation and Safety of Western Australia. Cauldron identified this fact as part of its due diligence conducted prior to entering into the agreement. The recording of MLA09/150 as “dead” follows a decision in the Western Australian Supreme Court in the case *Onslow Resources Ltd v The Minister for Mines and Petroleum* [2020] WASC 310, in which the Justice determined that the application for ML09/150 was invalid. Onslow Resources Limited is presently appealing this decision, as is its right. As at the date of this report a decision is yet to be handed down.

In addition, Cauldron notes that with respect to Mining Lease 08/487, that on 22 January 2021 proceedings were commenced against Quarry Park Pty Ltd, the Mining Registrar, the WA Minister for Mines and Petroleum and the Company in relation to the validity of ML08/487, and further, an interim injunction was heard on 27 January 2021 to prevent Quarry Park Pty Ltd and Cauldron from executing or lodging a transfer of ML08/487. Following the hearing an interim injunction was ordered which restricts the transfer of the tenement pending a decision on the injunction being handed down. As at the date of this report a decision is yet to be handed down.

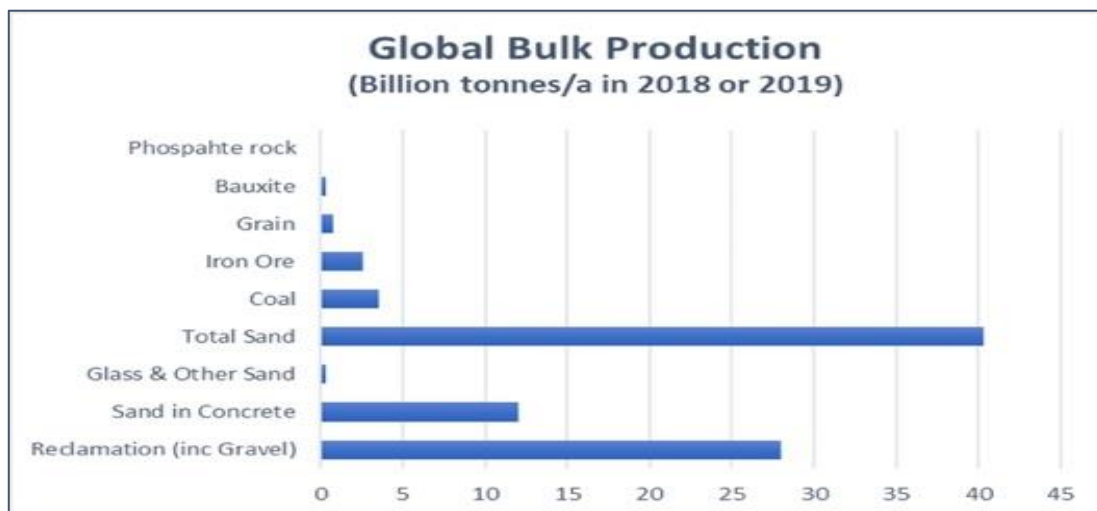
Neither MLA09/150 or ML08/487 is considered material to the overall transaction and Cauldron will proceed with the acquisition of the remaining Tenements whether or not each, or both, are ultimately included. If either is excluded the parties are agreed that they will consider an adjustment to the consideration to be paid, or a replacement of either of the tenements.

As at the date of this report, the acquisition has not yet been finalised. Satisfaction of the remaining conditions precedent will trigger the issue of up to a further 16,000,000 fully paid shares and a right to royalties and production according to the terms of the agreement, subject to any adjustment agreed between the parties should either of MLA09/150 and ML08/487 be excluded, as referred to above.

### Sand Industry

The international sand and aggregate market in 2017 was worth US\$4.5 billion, by 2030 it's worth is estimated to grow to US\$60 billion; a growth rate of 5.5 per cent per year<sup>2</sup>.

### Sand as a Resource Bulk Commodity



**Figure 4:** Estimated Global Annual Bulk Commodity Production in billion tonnes in 2018/2019) [Source CXU]

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Sand is by far the largest globally mined commodity (refer Figure 1 above), outstripping the shipments of coal, iron ore and grain. Sand is not traded on any recognised exchange, but the United Nations (UN) estimates 40 billion tonnes of sand<sup>2</sup> is mined globally each year. Putting this in context, the next largest bulk commodity, in terms of tonnage moved, is coal at about 3.5 billion tonnes in 2018 (International Energy Agency, IEA).

### Argentinian Project

In Argentina, Cauldron controls, through its wholly-owned subsidiary Cauldron Minerals Limited (**Cauldron Minerals**), 445 km<sup>2</sup> 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 half year.

### COMPETENT PERSON STATEMENTS

#### *Blackwood Gold Project*

The information in this report that relates to the Exploration Results for the Blackwood Gold Project is extracted from reports released to the Australian Securities Exchange (ASX) on 31 August 2020 titled "Victoria's Blackwood – Cauldron's Golden Opportunity", and on 23 September 2020 titled "Cauldron Hones in on High Quality Exploration Targets" and on 4 March 2022 titled "Cauldron initiates Underground Drilling of Western Leader Reef" and are available to view at [www.cauldronenergy.com.au](http://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 announcements 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.

#### *WA Sands Project*

The information in this report that relates to the Exploration Results for the WA Sands Project is extracted from a report released to the Australian Securities Exchange (ASX) on 23 December 2020 titled "Cauldron to Acquire River Sands Interests" and on 1 June 2021 titled 'Cauldron cements position at Ashburton Sand Project' and are available to view at [www.cauldronenergy.com.au](http://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 23 December 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](http://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.

<sup>2</sup> UN Environment 2019; Sand and Sustainably, Finding new solutions for Environmental Governance of global sand resources

## DIRECTORS' REPORT

### 7. 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 as stated below:

#### Commitments Received for Placement to Raise \$750,000

On 14 March 2022, Cauldron publicly announced that it had received commitments for a placement to sophisticated and professional investor clients of Everblu Capital Pty Ltd to raise a total of \$750,000 before costs through the issue of 44,117,647 new fully paid ordinary shares at \$0.017 (1.7.4 cents) per share each (Placement).

Participants in the Placement will also receive a free attaching option on a 1 for 3 basis which are exercisable at \$0.034 (3.4 cents) and which have an expiry of 15 March 2024, resulting in the issue of 14,705,882 unlisted options (Unlisted Options).

The shares and Unlisted Options are expected to be issued on or about 17 March 2022;

As Lead Manager to the Placement, Everblu Capital Pty Ltd will receive a fee of \$45,000, being 6% of the monies raised pursuant to the Placement, plus 10 million Unlisted Options.

#### Notification of Filing of Writ

On 10 March 2022, Cauldron publicly announced that it had been notified that Cyclone Metals Limited (formerly Cape Lambert Resources Limited) had filed a Writ of Summons on 28 February 2022 in the District Court of Western Australia against Cauldron claiming loss and damage of \$140,012.41. The claim relates to a tenancy sub-lease agreement in respect of Cauldron's former premise at 32 Harrogate Street, West Leederville, Western Australia.

Cauldron's lawyers have filed appearance and Cauldron will defend the Writ of Summons.

### 8. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2021 has been received and is included on page 12.

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



Mr Simon Youds  
Chairman

PERTH  
16<sup>th</sup> March 2022





Tel: +61 8 6382 4600  
Fax: +61 8 6382 4601  
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2  
5 Spring Street  
Perth, WA 6000  
PO Box 700 West Perth WA 6872  
Australia

## 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 2021, 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.

A handwritten signature in black ink, appearing to read 'J Prue', is written over a light blue horizontal line.

**Jarrad Prue**  
**Director**

**BDO Audit (WA) Pty Ltd**  
Perth, 16 March 2022

## DIRECTORS' REPORT

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 \$	31 December 2020 \$
Revenue	3	15,475	34,596
Administration expenses		(49,945)	(29,620)
Employee benefits expenses		(46,388)	(194,521)
Directors' fees		(97,909)	(87,000)
Compliance and regulatory expenses		(82,451)	(47,297)
Consultancy expenses		(65,342)	(52,738)
Depreciation		(2,311)	(1,318)
Exploration expenditure		(35,550)	(6,544)
Impairment losses	4	(209,781)	(221,038)
Legal expenses		(25,852)	(7,476)
Net fair value gain/(loss) on financial assets through profit and loss	5	75,238	816,234
Occupancy expenses		(15,502)	(16,213)
Share based payments	10	(43,858)	(43,619)
Travel expenses		(27)	(197)
Profit/ (loss) before income tax expense		(584,204)	143,249
Income tax expense/(benefit)		-	-
<b>Profit/(loss) for the period</b>		<b>(584,204)</b>	<b>143,249</b>
<b>Other comprehensive income/(loss):</b>			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		-	-
<b>Other comprehensive income/(loss) for the period after income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive profit/(loss) attributable to members of the Company</b>		<b>(584,204)</b>	<b>143,249</b>
<b>Earnings/(loss) per share for the period attributable to the members of Cauldron Energy Ltd</b>			
Basic earnings/(loss) per share (cents per share)		(0.14)	0.04
Diluted earnings/(loss) per share (cents per share)		(0.14)	0.04

*The accompanying notes form part of these financial statements.*

# DIRECTORS' REPORT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31 December 2021 \$	30 June 2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		680,907	375,221
Trade and other receivables		135,841	77,951
Financial assets	5	781,996	1,517,787
<b>TOTAL CURRENT ASSETS</b>		<b>1,598,744</b>	<b>1,970,959</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation expenditure	6	3,141,709	2,243,619
Property, plant and equipment		8,000	2,311
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,149,709</b>	<b>2,245,930</b>
<b>TOTAL ASSETS</b>		<b>4,748,453</b>	<b>4,216,889</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		993,944	956,863
Employee entitlements		99,182	101,121
<b>TOTAL CURRENT LIABILITIES</b>		<b>852,310</b>	<b>1,057,984</b>
<b>TOTAL LIABILITIES</b>		<b>852,310</b>	<b>1,057,984</b>
<b>NET ASSETS</b>		<b>3,746,559</b>	<b>3,158,905</b>
<b>EQUITY</b>			
Issued capital	7	59,397,504	58,269,504
Reserves	8	5,173,093	5,129,235
Accumulated losses		(61,603,486)	(61,019,282)
Non-controlling interests		779,448	779,448
<b>TOTAL EQUITY</b>		<b>3,746,559</b>	<b>3,158,905</b>

The accompanying notes form part of these financial statements.

## DIRECTORS' REPORT

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	31 December 2021 \$	31 December 2020 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(491,8134)	(386,418)
Interest received		4	548
Grant received		9,886	-
<i>Net cash (used in) operating activities</i>		<u>(481,923)</u>	<u>(385,870)</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of plant and equipment		(8,000)	-
Payments for exploration and evaluation		(1,143,421)	(424,387)
Proceeds from sale of equity investments		811,030)	-
<i>Net cash (used in) investing activities</i>		<u>(340,391)</u>	<u>(424,387)</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares	7	1,200,000	1,600,000
Share issue costs	7	(72,000)	-
<i>Net cash provided by financing activities</i>		<u>1,128,000</u>	<u>1,600,000</u>
Net increase/(decrease) in cash held		305,686	789,743
Effects of exchange rate changes on cash		-	-
Cash and cash equivalents at beginning of period		<u>375,221</u>	<u>396,311</u>
<b>Cash and cash equivalents at end of period (a)</b>		<u><b>680,907</b></u>	<u><b>1,186,054</b></u>

**(a) Non-cash Investing activities**

During the period ended 31 December 2021 there were nil non-cash investing activities (31 December 2020: The group acquired the Blackwood Goldfield Project through the issue of 17,000,000 ordinary shares and 16,000,000 unlisted options).

*The accompanying notes form part of these financial statements*



# DIRECTORS' REPORT

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Non- Controlling Interests	Total
		\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>		58,269,504	(61,019,282)	6,743,693	(1,614,459)	779,448	<b>3,158,905</b>
Loss attributable to members of the parent entity		-	(584,204)	-	-	-	<b>(584,24)</b>
Other comprehensive income/(loss)		-	-	-	-	-	<b>-</b>
Total comprehensive income/(loss) for the period		-	<b>(584,204)</b>	-	-	-	<b>(584,204)</b>
<b>Transaction with owners, directly in equity</b>							
Issue of shares	7	1,200,000	-	-	-	-	<b>1,200,000</b>
Less: Issue Costs	7	(72,000)	-	-	-	-	<b>(72,000)</b>
Share-based payments	10	-	-	43,858	-	-	<b>(43,858)</b>
<b>Balance at 31 December 2021</b>		<b>59,397,504</b>	<b>(61,603,486)</b>	<b>6,787,551</b>	<b>(1,614,459)</b>	<b>779,448</b>	<b>3,746,669</b>
<b>Balance at 1 July 2020</b>		56,380,921	(60,349,778)	5,818,015	(1,614,459)	-	<b>234,699</b>
Profit attributable to members of the parent entity		-	143,249	-	-	-	<b>143,249</b>
Other comprehensive income/(loss)		-	-	-	-	-	<b>-</b>
Total comprehensive income/(loss) for the period		-	<b>143,249</b>	-	-	-	<b>143,249</b>
<b>Transaction with owners, directly in equity</b>							
Issue of shares	7	1,696,000	-	-	-	-	<b>1,696,000</b>
Less: Issue Costs	7	(554,417)	-	-	-	-	<b>(554,417)</b>
Share-based payments	8	(96,000)	-	43,619	-	-	<b>(52,381)</b>
Acquisition – Blackwood Gold Project		527,000	-	838,679	-	779,448	<b>2,145,127</b>
<b>Balance at 31 December 2020</b>		<b>57,953,504</b>	<b>(60,206,529)</b>	<b>6,700,313</b>	<b>(1,614,459)</b>	<b>779,448</b>	<b>3,612,277</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

### 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 2021 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 2021 and considered together with any announcements made by Cauldron during the half-year ended 31 December 2021 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 2021 annual financial report for the financial year ended 30 June 2021.

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 its operations and effective for the current half-year.

#### Critical accounting judgements, estimates and assumptions

##### Control of Subsidiaries

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

## DIRECTORS' REPORT

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

#### b. 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 \$680,907 (30 June 2021: \$375,221), operating cash outflows of \$481,923 (31 Dec 2020: \$385,870), trade and other payables of \$993,944 (30 June 2021: \$956,863) and a net working capital surplus of \$746,434 (30 June 2021: \$912,975 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 on 14 March 2022 received commitments for a placement to raise a total of \$750,000 before costs;
- b) the Group has the ability to raise additional capital through equity issues;
- 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 2021 \$	30 June 2021 \$
The analysis of the location of total assets is as follows:		
Australia	4,748,453	4,216,889
Argentina	-	-
	<u>4,748,453</u>	<u>4,216,889</u>
The analysis of the location of total liabilities is as follows:		
Australia	(997,916)	(1,057,984)
Argentina	(3,977)	(3,977)
	<u>(1,001,893)</u>	<u>(1,057,984)</u>

## DIRECTORS' REPORT

### 3. REVENUE AND OTHER INCOME

	31 December 2021 \$	31 December 2020 \$
<u>Revenue</u>		
Interest received	4	548
Grants received (a)	9,886	25,000
Miscellaneous	5,585	9,048
	15,475	34,596

As a small to medium business, Cauldron was eligible for, and received, during the half year a total of \$9,886 (2020: 25,000) in grants from the Australian Federal Government titled "Cash Boost for Business" aimed at assisting qualifying organisations during the economic downturn caused by the COVID-19 pandemic

### 4. IMPAIRMENT LOSSES

	31 December 2021 \$	31 December 2020 \$
Impairment of exploration and evaluation expenditure (a)	209,781-	221,038
Impairment of loan and other receivables	-	-
	209,781	221,038

(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 \$209,781 during the period (2020: \$221,038). The majority of this impairment expense recognised is attributable to an impairment trigger event, being the 20 June 2017 announcement by the McGowan Government of Western Australia of the implementation of a ban on uranium mining on all future mining leases (Uranium Mining Ban). As a result of this, the Company has written down expenses incurred in relation to its Western Australian Yanrey projects (including Bennet Well) to nil. The Group similarly impaired its exploration and evaluation expenditure in the 2020 financial year.

### 5. FINANCIAL ASSETS

	31 December 2021 \$	30 June 2021 \$
Financial assets at fair value through profit and loss (listed investments)	776,736	1,512,527
Financial assets at fair value through profit and loss (unlisted investments)	5,260	5,260
	781,996	1,517,787
<i>Movements:</i>		
Opening balance at beginning of the period	1,517,787	986,519
Disposal of equity securities (cost)	(824,964)	(279,761)
Realised fair value gain/(loss) through profit and loss	15,471	58,470
Fair value gain/(loss) through profit and loss	75,238	1,138,932
Closing balance at end of the period	781,996	1,517,787

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



## DIRECTORS' REPORT

### 6. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2021 \$	30 June 2021 \$
Exploration and evaluation expenditure	13,514,426	12,406,555
Exploration and evaluation expenditure – provision for impairment	(10,372,716)	(10,162,935)
	<u>3,351,490</u>	<u>2,243,619</u>
<i>Movements:</i>		
Carrying value at beginning of period	2,243,619	-
Acquisition of Blackwood Gold Project – refer note 11	-	1,590,710
Exploration expenditure incurred - Yanrey	209,781	357,637
Impairment of exploration expenditure – Yanrey - refer Note 4	(209,781)	(357,637)
Exploration expenditure incurred - Blackwood	786,924	105,706
Exploration expenditure incurred – WA Sand	111,166	547,204
Carrying value at end of period	<u>3,141,709</u>	<u>2,243,619</u>

### 7. ISSUED CAPITAL

	31 December 2021 No. of Shares	31 December 2021 \$	30 June 2021 No. of Shares	30 June 2021 \$
Fully paid ordinary	<u>491,293,630</u>	<u>59,397,504</u>	<u>455,999,512</u>	<u>58,269,504</u>
<i>Movements</i>				
Balance at beginning of period	455,999,512	58,269,504	376,289,835	56,380,921
<i>Shares issued</i>				
- Acquisition of Blackwood Gold Project	-	-	17,000,000	527,000
- October 2020 Placement	-	-	51,612,903	1,600,000
- October 2020 Placement Lead Manager Fee	-	-	3,096,774	96,000
- Acquisition of WA Sand Project	-	-	4,000,000	160,000
- Acquisition of WA Sand Project	-	-	4,000,000	156,000
- September 2021 Placement (a)	35,294,118	1,200,000	4,000,000	156,000
<i>Costs of Issue (b)</i>	-	(72,000)	-	(650,417)
Balance at end of period	<u>447,999,512</u>	<u>59,397,504</u>	<u>455,999,512</u>	<u>58,269,504</u>

(a) The Company issued 35,294,118 new fully paid ordinary shares at \$0.034 (3.4 cents) raising \$1.2m before costs. Participants in the September Placement were also issued a free option on the basis of 1 option for every 2 fully paid shares subscribed for resulting on the issue of 17,647,059 unlisted options having an exercise price of \$0.05 and an expiry date of 30 November 2023.

(a) pursuant to the terms of the engagement with 180 Markets Pty Ltd, the Lead Manager to the September 2021 Placement, 180 Markets Pty Ltd was entitled to a 6% placement fee resulting in it receiving \$72,000 in fees.

## DIRECTORS' REPORT

### 8. RESERVES

	31 December 2021 \$	30 June 2021 \$
Share Based Payments Reserve (a)	6,787,552	6,743,694
Foreign Currency Translation Reserve (b)	(1,614,459)	(1,614,459)
	<b>5,173,093</b>	<b>5,129,235</b>
<i>(a) Movement in Share Based Payments Reserve:</i>		
Balance at beginning of period	6,743,694	5,818,015
Performance Rights expense	43,858	87,000
Blackwood Gold Project Acquisition	-	284,262
Lead Manager's Incentive fees settled as options – October 2020 Placement	-	554,417
Balance at end of period	6,787,552	6,743,694
<i>(b) Movement in Foreign Currency Translation Reserve:</i>		
Balance at beginning of period	(1,614,459)	(1,614,459)
Foreign currency exchange differences arising on translation of foreign operations	-	-
Balance at end of period	(1,614,459)	(1,614,459)

### 9. UNLISTED OPTIONS

As at 31 December 2021, the Company has a total of 93,668,564 unlisted options on issue comprised as follows:

Class	ASX Code	Description	Number	Exercise Price (\$)	Expiry Date
B	CXUAU	Unlisted Options	16,666,666	\$0.03	31 March 2022
C	CXUAV	Unlisted Options	10,000,000	\$0.05	16 September 2022
D	CXUAW	Unlisted Options	6,000,000	\$0.05	16 September 2023
E	CXUAW	Unlisted Options	61,001,898	\$0.05	30 November 2023
TOTALS			93,668,564		

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.

### 10. SHARE -BASED PAYMENTS

	31 December 2021 \$	31 December 2020 \$
Performance rights expense	43,858	43,619
	43,858	43,619

The movement in Performance Rights during the half year ended 31 December 2021 was as follows:

	31 December 2021 Number	31 December 2021 Fair value \$	31 December 2020 Number	30 December 2020 Fair value \$
Balance at beginning of half year	9,000,000	\$0.029	9,000,000	\$0.029
Granted during the half year	-	-	-	-
Forfeited or lapsed during the half year	-	-	-	-
Exercised during the half year	-	-	-	-
Outstanding at the end of the half year	9,000,000	\$0.029	9,000,000	\$0.029
Exercisable at the end of the half year	-	-	-	-

## DIRECTORS' REPORT

### 10. SHARE-BASED PAYMENTS (Continued)

As per the table above, as at 31 December 2021 the Company has a total of 9,000,000 performance rights on issue. The Performance Rights were issued to members of the Company's key management personnel (KMP) pursuant to CXU's Performance Rights Plan approved by CXU shareholders at a general meeting of the Company held on 11 August 2020. Each Performance Right is a right to receive one fully paid ordinary share in CXU, subject to meeting performance conditions and the terms of to CXU's Performance Rights Plan.

The Performance Rights will vest if any one of the following Performance Conditions is achieved:

- The volume weighted average price of the Shares as quoted on ASX exceeds \$0.05 each day for a period of not less than 20 consecutive trading days on which the Shares have actually traded;
- Gross Proceeds from Sales exceed \$250,000 in any financial year; or
- The discovery of an "Inferred Mineral resource" (as that term is defined in the Code) at the Blackwood Gold Project having a contained gold mass of at least 300,000 ounces at a cut-off grade of 2g/t, (each a Performance Condition).

The Performance Rights will automatically lapse if none of the Performance Milestones are achieved within 3 years of the date of grant, taken to be the date of shareholder approval (i.e. by no later than 10 August 2023). And holders of Performance Rights have a period of 5 years from the date of grant to exercise the Performance Rights and convert into Shares (i.e. until 10 August 2025).

The holders of the performance rights are as follows:

Name of KMP	Name of registered holder	Number of securities
Simon Youds	Capeline Nominees Pty Ltd	3,000,000
Simon Youds	Systematic Nominees Pty Ltd <Youds Family A/c>	1,000,000
Jess Oram	Jess Oram	2,000,000
Derong Qiu	Derong Qiu	1,000,000
Judy Li	Jia Li	1,000,000
Chenchong Zhou	Chenchong Zhou	1,000,000
<b>TOTALS</b>		<b>9,000,000</b>

#### Share-based payments, measurement and recognition

The fair value of equity settled Performance Rights at the grant date is recognised as an expense, together with a corresponding increase to Reserves within Equity, over the vesting period in which the performance milestones are expected to be fulfilled. The total amount to be expensed is based on the initial fair value of each Performance Right along with the best estimate of the number of equity instruments that will ultimately vest which includes an assessment of the likelihood that the performance milestones will be met.

During the half year ended 31 December 2020 a share-based payment expense of \$43,619 was recognised in relation to these Performance Rights, being an allocation of the fair value determined on grant date apportioned over the vesting period on a straight-line basis.

In determining the fair value of Performance Rights granted, the Company determined that the market price on the 21<sup>st</sup> of May 2020 was the most appropriate as it was the date that the Board unanimously agreed the terms of the Performance Rights. The Performance Rights expense for the half year was calculated in accordance with the following inputs:

Number Issued	Date of Board Approval	Grant Date	Share Price on Grant Date	Fair Value	Vesting Period	Cumulative Expense Opening Balance at 1 July 2021	Expense Recognised during Half Year ended 31 December 2021	Cumulative Expense Closing Balance at 31 December 2021
9,000,000	21 May 2020	11 Aug 2020	\$0.029	\$261,000	3 Years	\$96,534	\$43,858	\$140,392

## DIRECTORS' REPORT

### 10. SHARE -BASED PAYMENTS (*Continued*)

#### Other Share-Based Payment Transactions

From time to time the Company may settle payment for services received from non-employees by way of issuing securities in lieu of settlement by cash. The following non-cash transactions have been settled by the issuing of securities:

	31 December 2021 \$	31 December 2020 \$
September 2020 – 17,000,000 fully paid ordinary shares plus 10,000,000 Class A Unlisted Options plus 6,000,000 Class B Unlisted Options issued on acquisition of a 51% joint venture interest in the Blackwood Gold Project.	-	811,262
November 2020 - 3,096,774 fully paid ordinary shares issued in satisfaction of placement fees payable to the Lead Manager of the October 2020 Placement - refer note 7.	-	96,000
November 2020 - 17,548,387 Unlisted Options issued in satisfaction of incentive fees payable to the Lead Manager of the October 2020 Placement - refer note 7.	-	554,417
	-	1,461,679

### 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 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets:</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Investments in listed shares	776,736	-	-	776,736
Investments in unlisted shares	-	5,260	-	5,260
<b>30 June 2021</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<b>Financial assets:</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Investments in listed shares	1,411,120	-	-	1,411,120
Investments in unlisted shares	-	5,260	-	5,260

### 12. RELATED PARTY INFORMATION

There were no new transactions with related parties that were not in the ordinary course of business.



## DIRECTORS' REPORT

### 13. CONTROLLED ENTITIES

There have been no further changes to the Group's controlled entities detailed in the recent 30 June 2021 annual report.

### 14. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

The Group has no contingent liabilities or assets at the period end, other than as stated below, and there have been no material changes to commitments since 30 June 2021.

#### Blackwood Gold Project

Pursuant to the Joint Venture Agreement for the Blackwood Gold Project, Cauldron has agreed to fund all Project Costs from the JV Commencement Date until a Decision to Mine is made (or deemed to be made) or Cauldron withdraws from the Joint Venture.

Cauldron has the right to increase its ownership in Blackwood Goldfield Joint Venture Pty Ltd as follows:

- a) by a further 15% to take it to 65% upon achievement of a Mineral Resource (JORC 2012) containing at least 300,000 ounces of gold and the issue of 1,100,000 Unlisted Options to the vendors of the Blackwood Gold Project having an exercise price of A\$0.13 each and an expiry date of 2 years from the date of issue;
- b) by a further 15% to take it to 80% upon a Decision to Mine or achievement of mining production of gold at a rate that exceeds 10,000 ounces in any Financial Year; and
- c) by a further 15% to take it to 100% upon agreement to pay a royalty equal to 0.5% Net Smelter Return.

Note: capitalised terms are defined in the Joint Venture Agreement for the Blackwood Gold Project.

#### WA Sands Project

In December 2020, Cauldron entered into a sale and purchase agreement to acquire a 100% interest in the WA Sands Project, comprising a number of river sand leases located at the mouths of the Carnarvon, Onslow and Derby rivers in Western Australia, collectively covering an area of approximately 286 square kilometres (Sale and Purchase Agreement).

The Sale and Purchase Agreement is subject to a number of conditions precedent, which as at the date of this report remain incomplete and as such the acquisition has not yet been finalised. Satisfaction of the conditions precedent will trigger the following:

- (a) the issue of 4,000,000 CXU fully paid shares upon shareholder approval of the WA Sands Project acquisition – 4,000,000 CXU fully paid shares were issued on 1 February 2021 in full satisfaction.
- (b) the issue of a further 8,000,000 CXU fully paid shares upon transfer to Cauldron of the Granted Tenements, as defined in the Sale and Purchase Agreement - 4,000,000 CXU fully paid shares were issued on 1 June 2021 in recognition of the transfer of the Granted Tenements in part satisfaction
- (c) the issue of a further 8,000,000 CXU fully paid shares upon transfer to Cauldron of the Tenement Applications, as defined in the Sale and Purchase Agreement;
- (d) \$250,000 worth of CXU fully paid shares at a deemed issue price of \$0.035 or cash of \$250, upon the entering into of commercial production at Carnarvon as defined in the Sale and Purchase Agreement;
- (e) \$250,000 worth of CXU fully paid shares at a deemed issue price of \$0.035 or cash of \$250,000 upon the entering into of commercial production at Derby as defined in the Sale and Purchase Agreement;
- (f) \$500,000 worth of CXU fully paid shares at a deemed issue price of \$0.035 or cash of \$500,000 upon the entering into of commercial production at Onslow as defined in the Sale and Purchase Agreement; and
- (g) a royalty equal to \$1.00 per tonne or 2% of sales revenue (calculated based upon FOB prices) where Cauldron elects to undertake a mining operation as defined in the Sale and Purchase Agreement.

## DIRECTORS' REPORT

### 15. 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.

#### Commitments Received for Placement to Raise \$750,000

On 14 March 2022, Cauldron publicly announced that it had received commitments for a placement to sophisticated and professional investor clients of Everblu Capital Pty Ltd to raise a total of \$750,000 before costs through the issue of 44,117,647 new fully paid ordinary shares at \$0.017 (1.7.4 cents) per share each (Placement).

Participants in the Placement will also receive a free attaching option on a 1 for 3 basis which are exercisable at \$0.034 (3.4 cents) and which have an expiry of 15 March 2024, resulting in the issue of 14,705,882 unlisted options (Unlisted Options).

The shares and Unlisted Options are expected to be issued on or about 17 March 2022;

As Lead Manager to the Placement, Everblu Capital Pty Ltd will receive a fee of \$45,000, being 6% of the monies raised pursuant to the Placement, plus 10 million Unlisted Options.

#### Notification of Filing of Writ

On 10 March 2022, Cauldron publicly announced that it had been notified that Cyclone Metals Limited (formerly Cape Lambert Resources Limited) had filed a Writ of Summons on 28 February 2022 in the District Court of Western Australia against Cauldron claiming loss and damage of \$140,012.41. The claim relates to a tenancy sub-lease agreement in respect of Cauldron's former premise at 32 Harrogate Street, West Leederville, Western Australia.

Cauldron's lawyers have filed appearance and Cauldron will defend the Writ of Summons.

## 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 2021 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(b) 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 Simon Youds  
Chairman

PERTH  
16<sup>th</sup> March 2022

## 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 2021, 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 ended on that date, a summary of significant 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 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 the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Responsibility of the directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### **Material uncertainty relating to going concern**

We draw attention to Note 1 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.

#### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2021 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*.

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.

**BDO Audit (WA) Pty Ltd**

BDO  


**Jarrad Prue**

**Director**

Perth, 16 March 2022