



cauldron
energy

(ABN 22 102 912 783)

AND CONTROLLED ENTITIES

**CONSOLIDATED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2022**

CORPORATE DIRECTORY

DIRECTORS

Ian Mulholland (Non-executive Chairman)
Michael Fry
Qiu Derong
Judy Li
Chenchong Zhou

CHIEF EXECUTIVE OFFICER

Jonathan Fisher

COMPANY SECRETARY

Michael Fry

PRINCIPAL & REGISTERED OFFICE

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AUDITORS

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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
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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

LAWYERS

Steinepreis Paganin
Level 4, The Read Buildings,
16 Milligan Street
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 2022.

1. DIRECTORS

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

Ian Mulholland (Non-executive Chairman)
Michael Fry (Executive Director); *appointed 7 September 2022*
Simon Youds (Executive Director); *resigned 7 September 2022*
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 2022 amounted to \$1,607,046 (31 December 2021: \$1,482,294).

3. REVIEW OF OPERATIONS

Cauldron is an Australian exploration company, with a diversified project portfolio covering uranium, sand and gold.

Cauldron holds Cauldron holds uranium prospective tenements covering ~1,270 km² 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 for 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 since the early 2,000's 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.

Cauldron also holds a 100% interest in a number of sand tenements in the North-West of Western Australia, covering the mouths of the Carnarvon, Onslow and Derby rivers in Western Australia, collectively covering an area of approximately 286 square kilometres. Sand is by far the largest globally mined commodity, outstripping the shipments of coal, iron ore and grain. The international sand and aggregate markets in 2017 were worth an estimated US\$4.5 billion. By 2030, this value is estimated to grow to US\$60 billion, representing a growth rate of 5.5 per cent per year.

Cauldron management are currently conducting a strategic review to determine the best way to maximise value from these sand projects for Cauldron shareholders. Preliminary assessment is that there is significant value and there exists significant demand for sand both locally and overseas.

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

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 primarily mined down to a depth of 100m below surface, with very little mining activity below a depth of 150m. The Sultan mine is the deepest in the goldfield with production levels at 230m below ground surface and its shaft reaching 274m, and still in pay.

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

Cauldron has engaged a corporate adviser to look at opportunities to maximise value from this project through divestment.

DIRECTORS' REPORT *continued*

4. CORPORATE

The following significant transactions and events occurred during the period:

Unsecured Convertible Loan Facility

In August 2022, the Company received the sum of \$500,000 by way of a loan facility provided by Director Qiu Derong to assist the Company with its short-term working capital requirements. The loan was repayable on cash or by the issue of 72,133,072 fully paid ordinary shares, subject to shareholder approval. The Company sought shareholder approval which was attained at the Company's 2022 Annual General Meeting held on 29 November 2022. On 30 November, the Company issued 72,133,072 shares each at the deemed price of \$0.01, being the market price at that time, to Mr Qiu Derong, in repayment of the loan and associated interest, valued at \$721,330.72.

December Placement and Rights Issue

On 9 December 2022, the Company completed a placement issuing 91,131,652 new fully paid ordinary shares at 0.7 cents each raising a total of \$0.637 million before costs. Canaccord Genuity acted as lead manager to the Placement;

On 30 December 2022, the Company completed a rights issue issuing 232,892,000 new fully paid ordinary shares at 0.7 cents each raising a total of \$1.630 million before costs. Participants in the Rights Issue were issued a total of 58,223,000 free attaching unlisted options which are exercisable on or before 30 November 2025, at an exercise price of \$0.015 cents (Unlisted Options). The Unlisted Options were issued on the basis of 1 free attaching option for every four shares subscribed for. Canaccord Genuity acted as Lead Manager and Underwriter to the Rights Issue;

In total, in remuneration for acting as lead Manager to the Placement and Lead Manager and Underwriter to the Rights Issue, Canaccord Genuity received a 2% management fee, plus a 4% capital raising fee, plus a corporate advisory fee of \$30,000.

5. SECURITIES ON ISSUE

Shares

As at the date of this report, the Company has 931,568,001 fully paid ordinary shares on issue.

Options

As at the date of this report, the Company has a total of 213,153,833 unlisted options on issue comprised as follows:

Class	ASX Code	Description	Number	Exercise Price (\$)	Expiry Date
D	CXUAV	Unlisted Options	6,000,000	\$0.050	16 September 2023
E	CXUAW	Unlisted Options	61,001,898	\$0.050	30 November 2023
F	CXUAB	Unlisted Options	24,705,882	\$0.034	15 March 2024
G	CXUAY	Unlisted Options	5,000,000	\$0.002	31 May 2025
H	CXUAAA	Unlisted Options	116,446,053	\$0.015	30 December 2025
TOTALS			213,153,833		

In addition, the Company proposes to issue, subject to shareholder approval, 45,000,000 options to Jonathan Fisher, the Company's Chief Executive Officer, agreed as part of his remuneration arrangements on his appointment on 1 December 2022 on the following basis:

	Number of Options	Grant date	Vesting Date	Expiry date	Exercise Price
J Fisher	15,000,000	1 Dec 2022	On date of	30 Nov 2024	\$0.015
J Fisher	15,000,000	1 Dec 2022	shareholder	30 Nov 2025	\$0.020
J Fisher	15,000,000	1 Dec 2022	approval	30 Nov 2026	\$0.025
Total	45,000,000				

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 2022, the Company has a total of 3,000,000 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.

DIRECTORS' REPORT *continued*

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 remaining on issue at 31 December 2022 were as follows:

Name of KMP	Position	Name of registered holder	Number of securities
Derong Qiu	Director	Derong Qiu	1,000,000
Judy Li	Director	Jia Li	1,000,000
Chenchong Zhou	Director	Chenchong Zhou	1,000,000
TOTALS			3,000,000

6. PROJECT INFORMATION

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 3: Map Location of Cauldron Projects

DIRECTORS' REPORT *continued*

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 eU_3O_8 for total contained uranium-oxide of 12.5Mlb (5,670 t) at 150ppm cut-off;
- Indicated: 21.9Mt at 375ppm eU_3O_8 for total contained uranium-oxide of 18.1Mlb (8,230 t) at 150ppm cut-off;
- Total: 38.9Mt at 360ppm eU_3O_8 , for total contained uranium-oxide of 30.9Mlb (13,990 t) at 150ppm cut-off.

Work Performed During the Half-Year

No on-the-ground activities were conducted during the half year.

A restriction on uranium mining in Western Australia was put in place by the McGowan Labor Government in June 2017 and remains in force up to the date of this report.

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.

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 seeking to prevent Quarry Park Pty Ltd and Cauldron from executing or lodging a transfer of ML08/487. The plaintiff was initially unsuccessful and has appealed the decision. As at the date of this report a decision is yet to be handed down.

Sand Industry

The international sand and aggregate market in 2017 was worth US\$4.5 billion, by 2030 its value is estimated to grow to US\$60 billion; a growth rate of 5.5 per cent per year. *Source: Reuters*

Sand as a Resource Bulk Commodity

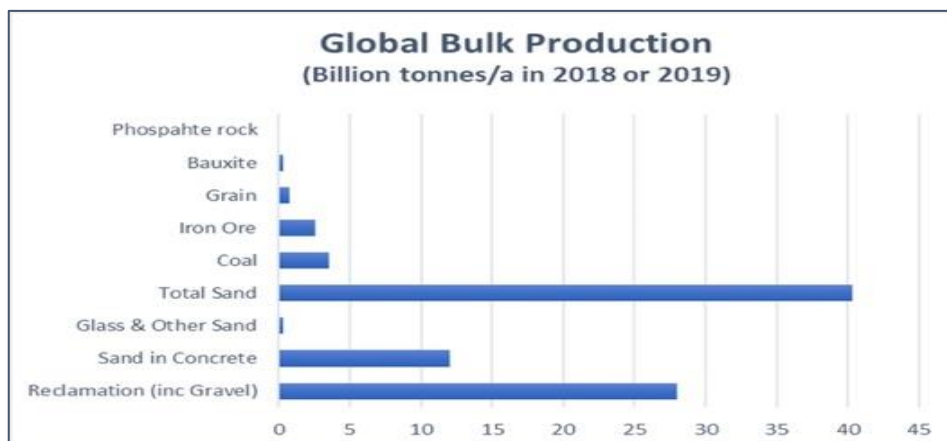


Figure 4: Estimated Global Annual Bulk Commodity Production in billion tonnes in 2018/2019) [Source CXU]

DIRECTORS' REPORT *continued*

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 sand¹ 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).

Work Performed During the Half-Year

Significant work was undertaken in understanding the bulk sand market both locally and overseas and this involved various meetings and discussions with participants of the sand industry.

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 km².

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 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 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).

¹ UN Environment 2019; Sand and Sustainably, Finding new solutions for Environmental Governance of global sand resources

DIRECTORS' REPORT *continued*

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. This has changed 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.

Historical Work Performed by Cauldron

The Company undertook its maiden drilling program at the project during the half year, consisting of twenty-one drill holes.

The program was only moderately successful, with assays confirming the high-grade nature of the mineralisation, consistent with historical work and findings, however the widths were narrow.

The program was impacted by availability of drill locations due to a fall of ground in the Tyrconnel Adit preventing access to some of the most prospective targets.

COMPETENT PERSON STATEMENTS

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.

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 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.

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", on 4 March 2022 titled "Cauldron initiates Underground Drilling of Western Leader Reef" and on 2 August 2022 titled "High Grade Gold Intersected at Blackwood" and are 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 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.

DIRECTORS' REPORT *continued***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.

8. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2022 has been received and is included on page 8.

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



Mr Ian Mulholland
Chairman

PERTH
16th March 2023

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 2022, 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 in a cursive style.

Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, WA
16 March 2023

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Note	31 December 2022 \$	Restated ⁽¹⁾ 31 December 2021 \$
Revenue	4	45,743	15,474
Administration expenses		(96,871)	(49,946)
Employee benefits expenses		(305,484)	(46,388)
Compliance and regulatory expenses		(88,338)	(82,451)
Consultancy expenses		(144,680)	(65,342)
Depreciation		(66)	(2,311)
Directors' fees		(90,612)	(97,909)
Exploration expenditure	2, 5	(441,206)	(1,143,421)
Financing costs	12	(216,399)	-
Legal expenses		(22,321)	(25,852)
Net fair value gain/(loss) on financial assets through profit and loss	6	(69,367)	75,238
Occupancy expenses		(12,887)	(15,502)
Share based payments	10	(163,081)	(43,858)
Travel expenses		(1,477)	(27)
Profit/ (loss) before income tax expense		(1,607,046)	(1,482,294)
Income tax expense/(benefit)		-	-
Profit/(loss) for the period		(1,607,046)	(1,482,294)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		-	-
Other comprehensive income/(loss) for the period after income tax		-	-
Total comprehensive profit/(loss) attributable to members of the Company		(1,607,046)	(1,482,294)
Earnings/(loss) per share for the period attributable to the members of Cauldron Energy Ltd			
Basic earnings/(loss) per share (cents per share)		(0.29)	(0.31)
Diluted earnings/(loss) per share (cents per share)		(0.29)	(0.31)

(1) refer Note 2 for details regarding restatement as a result of a change in an accounting policy

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 \$	Restated ⁽¹⁾ 30 June 2022 \$	Restated ⁽¹⁾ 30 June 2021 \$
CURRENT ASSETS				
Cash and cash equivalents		1,855,703	235,738	375,221
Trade and other receivables		79,705	77,800	77,951
Financial assets at fair value through profit or loss	6	290,193	359,560	1,517,787
TOTAL CURRENT ASSETS		2,225,601	673,098	1,970,959
NON-CURRENT ASSETS				
Exploration and evaluation expenditure	2, 5	-	-	-
Property, plant and equipment		10,931	8,000	2,311
TOTAL NON-CURRENT ASSETS		10,931	8,000	2,311
TOTAL ASSETS		2,236,532	681,098	1,973,270
CURRENT LIABILITIES				
Trade and other payables		1,283,922	1,087,481	956,863
Employee entitlements		1,603	22,052	101,121
TOTAL CURRENT LIABILITIES		1,285,525	1,109,533	1,057,984
TOTAL LIABILITIES		1,285,525	1,109,533	1,057,984
NET ASSETS/(LIABILITIES)		951,007	(428,435)	915,286
EQUITY				
Issued capital	7	62,689,090	60,061,504	58,269,504
Reserves	8	5,577,852	5,218,950	5,129,235
Accumulated losses		(67,315,935)	(65,708,889)	(62,483,453)
TOTAL EQUITY/(DEFICIT)		951,007	(428,435)	915,286

(1) refer Note 2 for details regarding restatement as a result of a change in an accounting policy

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 \$	Restated ⁽¹⁾ 31 December 2021 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(557,114)	(491,813)
Payments for exploration and evaluation		(441,206)	(1,143,421)
Interest received		1,534	4
Grant received		-	9,886
Miscellaneous proceeds		12,742	-
<i>Net cash (used in) operating activities</i>		(984,044)	(1,625,344)
Cash Flows from Investing Activities			
Purchase of plant and equipment		(2,997)	(8,000)
Proceeds from sale of equity investments		-	811,030
<i>Net cash (used in)/provided by investing activities</i>		(2,997)	803,030
Cash Flows from Financing Activities			
Proceeds from issue of shares	7	2,268,166	1,200,000
Share issue costs	7	(166,090)	(72,000)
Proceeds from borrowings		504,931	--
<i>Net cash provided by financing activities</i>		2,607,007	1,128,000
Net increase/(decrease) in cash held		1,619,966	305,686
Effects of exchange rate changes on cash		-	-
Cash and cash equivalents at beginning of period		235,738	375,221
Cash and cash equivalents at end of period		1,855,703	680,907

(1) refer Note 2 for details regarding restatement as a result of a change in an accounting policy

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
		\$	\$	\$	\$	\$
At 1 July 2022 – Restated ⁽¹⁾		60,061,504	(65,708,889)	6,833,408	(1,614,458)	(428,435)
Loss attributable to members of the parent entity		-	(1,607,046)	-	-	(1,607,046)
Other comprehensive income/(loss)		-	-	-	-	-
Total comprehensive income/(loss) for the period		-	(1,607,046)	-	-	(1,607,046)
Transaction with owners, directly in equity						
Issue of shares, net of costs	7	2,627,586	-	-	-	2,627,586
Share-based payments	10	-	-	358,902	-	358,902
At 31 December 2022		62,689,090	(67,315,935)	7,192,310	(1,614,458)	951,007
At 1 July 2021– Restated ⁽¹⁾		58,269,504	(62,483,453)	6,743,693	(1,614,458)	915,286
Loss attributable to members of the parent entity		-	(3,225,436)	-	-	(3,225,436)
Other comprehensive income/(loss)		-	-	-	-	-
Total comprehensive income/(loss) for the period		-	(3,225,436)	-	-	(3,225,436)
Transaction with owners, directly in equity						
Issue of shares, net of costs	7	1,792,000	-	41,000	-	1,833,000
Share-based payments	10	-	-	48,715	-	48,715
At 30 June 2022 - Restated ⁽¹⁾		60,061,504	(65,708,889)	6,833,408	(1,614,458)	(428,435)

(1) refer Note 2 for details regarding restatement as a result of a change in an accounting policy

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022 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 2022 and considered together with any announcements made by Cauldron during the half-year ended 31 December 2022 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 2022 annual financial report for the financial year ended 30 June 2022, except for those disclosed in Note 2 of this report.

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

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2022.

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 \$1,855,703 (30 June 2022: \$235,738), operating cash outflows of \$984,044 (31 Dec 2021: \$1,615,458), trade and other payables of \$1,283,922 (30 June 2022: \$1,087,481) and a net working capital surplus of \$940,076 (30 June 2022: \$436,435 deficit).

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 demonstrated its ability to raise additional capital through equity issues over the course of the past 18 months and is confident of doing so again when and if needed;
- b) the Group has strong broker support to raise additional capital when and if needed;
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

2. CHANGE OF ACCOUNTING POLICY

The financial report has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure in accordance with standard AASB 6: Exploration for and Evaluation of Mineral Resources.

Previously, the Group capitalised, accumulated exploration and evaluation expenditure and carried forward to the extent that they were expected to be recouped through the successful development of the area where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Going forward the Group will expense exploration and evaluation costs as they are incurred as an operating cost of the Group.

The Board has determined that the change in accounting policy will result in more relevant and no less reliable information as the policy is more transparent and less subjective. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. Furthermore, the change in policy aids in accountability of expenditures and is consistent with industry practice.

The effects on the Consolidated Statement of Financial Position on implementation of the new accounting policy, were as follows:

	Exploration Assets \$	Accumulated Losses \$
Balances at 30 June 2021, as previously reported:	2,243,619	(61,019,282)
Impact of the change in accounting policy	(2,243,619)	(2,243,619)
Reversal of non-controlling interest	-	779,448
Restated balance at 30 June 2021	-	(62,483,453)
Balances at 30 June 2022, as previously reported:	3,614,106	(62,874,231)
Impact of the change in accounting policy for year ended 30 June 2021	(2,243,619)	(2,243,619)
Impact of the change in accounting policy for year ended 30 June 2022	(1,370,487)	(1,370,487)
Reversal of non-controlling interest	-	779,448
Restated balance at 30 June 2022	-	(65, 708,889)

The effects on the Consolidated Statement of Profit or Loss and Other Comprehensive Income on implementation of the new accounting policy, were as follows:

	For the half year ended 31 December 2021 \$
Previously reported loss for the half year	(584,204)
Impact of the change in accounting policy	(898,089)
Restated amount at 31 December 2021	(1,482,294)
Previously reported – basic and diluted loss per share	(0.14)
Impact of the change in accounting policy	(0.17)
Restated amount at 31 December 2021	(0.31)

The effects on the Consolidated Statement of Cashflows on implementation of the new accounting policy is the reclassification of payments for exploration and evaluation from Investing Activities to Operating Activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

3. 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 2022 \$	Restated 30 June 2022 \$
The analysis of the location of total assets is as follows:		
Australia	2,236,532	681,908
Argentina	-	-
	2,236,532	681,908
The analysis of the location of total liabilities is as follows:		
Australia	(1,281,548)	(1,105,557)
Argentina	(3,977)	(3,977)
	(1,285,525)	(1,109,534)
The analysis of the location of revenue and expenses is as follows:		
	31 December 2022 \$	Restated 31 December 2021 \$
Revenue		
Australia	45,744	15,474
Argentina	-	-
	45,744	15,474
Expenses		
Australia	(1,652,790)	(1,497,768)
Argentina	-	-
	(1,652,790)	(1,497,768)
Loss before income tax	(1,607,046)	(1,482,294)

4. REVENUE AND OTHER INCOME

	31 December 2022 \$	31 December 2021 \$
<u>Revenue and other income</u>		
Interest received	1,534	4
Grants received (a)	-	9,886
Miscellaneous (b)	44,209	5,584
	45,743	15,474

(a) As a small to medium business, Cauldron was eligible for, and received, during the half year ended 31 December 2021 a total of \$9,886 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. Nil received in the current half year.

(b) Miscellaneous income the half year ended 31 December 2022 comprises tenement refunds of \$31,648 and proceeds from the sale of consumables and minor equipment of \$12,562.

5. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2022 \$	Restated 31 December 2021 \$
Exploration expenditure incurred - Yanrey	242,097	209,781
Exploration expenditure incurred - Blackwood	111,788	786,924
Exploration expenditure incurred - WA Sand	87,321	111,166
Exploration expenditure incurred - general (non-project specific)	-	35,550
Exploration expenditure expensed	(441,206)	(1,143,421)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

6. FINANCIAL ASSETS

	31 December 2022 \$	30 June 2022 \$
Financial assets at fair value through profit and loss (listed investments)	284,933	354,300
Financial assets at fair value through profit and loss (unlisted investments)	5,260	5,260
	290,193	359,560
<i>Movements:</i>		
Opening balance at beginning of the period	359,560	1,517,787
Disposal of equity securities (cost)	-	(811,030)
Realised fair value gain/(loss) through profit and loss	-	(13,935)
Fair value gain/(loss) through profit and loss	(69,367)	(333,262)
Closing balance at end of the period	290,193	359,560

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

7. ISSUED CAPITAL

	31 December 2022 No. of Shares	31 December 2022 \$	30 June 2022 No. of Shares	30 June 2022 \$
Fully paid ordinary	931,568,001	62,689,090	535,411,277	60,061,504
<i>Movements</i>				
Balance at beginning of period	535,411,277	60,061,504	455,999,512	58,269,5044
<i>Shares issued</i>				
- Conversion of Convertible Note (a)	72,133,072	721,331	-	-
- Placement (b)	91,131,652	637,921	-	-
- Rights Issue (c)	232,892,000	1,630,244	-	-
- Placement Sep 2021			35,294,118	1,200,000
- Placement Mar 2022			44,117,647	750,000
Costs of Issue (d)	-	(361,910)	-	(158,000)
Balance at end of period	931,568,001	62,689,090	535,411,277	60,061,504

- (a) In August 2022, the Company received the sum of \$500,000 by way of a loan facility provided by Director Qiu Derong to assist the Company with its short-term working capital requirements. The loan was repayable on cash or by the issue of 72,133,072 fully paid ordinary shares, subject to shareholder approval. The Company sought shareholder approval which was attained at the Company's 2022 Annual General Meeting held on 29 November 2022. On 30 November, the Company issued 72,133,072 shares each at the deemed price of \$0.01, being the market price at that time, to Mr Qui Derong, in repayment of the loan and associated interest, valued at \$721,330.72.
- (b) On 9 December 2022, the Company completed a placement issuing 91,131,652 new fully paid ordinary shares at 0.7 cents each raising a total of \$0.637 million before costs. Canaccord Genuity acted as lead manager to the Placement.
- (c) On 30 December 2022, the Company completed a rights issue issuing 232,892,000 new fully paid ordinary shares at 0.7 cents each raising a total of \$1.630 million before costs. Participants in the Rights Issue were issued a total of 58,223,000 free attaching unlisted options which are exercisable on or before 30 November 2025, at an exercise price of \$0.015 cents (Unlisted Options). The Unlisted Options were issued on the basis of 1 free attaching option for every four shares subscribed for. Canaccord Genuity acted as Lead Manager and Underwriter to the Rights Issue;
- (d) Pursuant to the terms of the engagement with Canaccord Genuity, the Lead Manager to the Placement and Lead Manager and Underwriter to the Rights Issue, received a 2% management fee, plus a 4% capital raising fee, plus a corporate advisory fee of \$30,000, plus 58,223,232 options having a value of \$174,669, such fees totalling \$361,9110.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

8. RESERVES

	31 December 2022 \$	30 June 2022 \$
Share Based Payments Reserve (a)	7,192,310	6,833,408
Foreign Currency Translation Reserve (b)	(1,614,458)	(1,614,458)
	5,577,852	5,218,950
<i>(a) Movement in Share Based Payments Reserve:</i>		
Balance at beginning of period	6,833,408	6,743,694
Performance Rights expense	(66,951)	46,215
Options issued to Key management persons	230,032	2,500
Lead Manager's Incentive fees settled as options	195,821	41,000
Balance at end of period	7,192,310	6,833,408
<i>(b) Movement in Foreign Currency Translation Reserve:</i>		
Balance at beginning of period	(1,614,458)	(1,614,458)
Foreign currency exchange differences arising on translation of foreign operations	-	-
Balance at end of period	(1,614,458)	(1,614,458)

9. UNLISTED OPTIONS

As at 31 December 2022, the Company has a total of 213,153,833 unlisted options on issue comprised as follows:

Class	ASX Code	Description	Number	Exercise Price (\$)	Expiry Date
D	CXUAV	Unlisted Options	6,000,000	\$0.050	16 September 2023
E	CXUAW	Unlisted Options	61,001,898	\$0.050	30 November 2023
F	CXUAB	Unlisted Options	24,705,882	\$0.034	15 March 2024
G	CXUAY	Unlisted Options	5,000,000	\$0.002	31 May 2025
H	CXUAAA	Unlisted Options	116,446,053	\$0.015	30 December 2025
TOTALS			213,153,833		

In addition, the Company proposes to issue, subject to shareholder approval, 45,000,000 options to Jonathan Fisher, the Company's Chief Executive Officer, agreed as part of his remuneration arrangements on his appointment on 1 December 2022 on the following basis:

	Number of Options	Grant date	Vesting Date	Expiry date	Exercise Price
J Fisher	15,000,000	1 Dec 2022	On date of	30 Nov 2024	\$0.015
J Fisher	15,000,000	1 Dec 2022	shareholder	30 Nov 2025	\$0.020
J Fisher	15,000,000	1 Dec 2022	approval	30 Nov 2026	\$0.025
Total	45,000,000				

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

10. SHARE-BASED PAYMENTS

	31 December 2022 \$	31 December 2021 \$
Performance rights expense	(66,951)	43,858
Options – Jonathan Fisher (CEO)	221,869	-
Options – Ian Mulholland	8,163	-
	163,081	43,858

The movement in Performance Rights during the half year ended 31 December 2022 was as follows:

	31 December 2022 Number	31 December 2022 Fair value \$	30 June 2022 Number	30 June 2022 Fair value \$
Balance at beginning of half year	9,000,000	\$0.029	9,000,000	\$0.029
Forfeited or lapsed during the half year	(6,000,000)	-	-	-
Exercised during the half year	-	-	-	-
Outstanding at the end of the half year	3,000,000	\$0.029	9,000,000	\$0.029
Exercisable at the end of the half year	-	-	-	-

As per the table above, as at 31 December 2022 the Company has a total of 3,000,000 performance rights remaining 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 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). 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 remaining on issue at 31 December 2022 are as follows:

Name of KMP	Name of registered holder	Number of securities
Derong Qiu	Derong Qiu	1,000,000
Judy Li	Jia Li	1,000,000
Chenchong Zhou	Chenchong Zhou	1,000,000
TOTALS		3,000,000

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, 6,000,000 performance rights were cancelled due to the fact that the holders were no longer employed by the Company. This resulted, in a write-back of the expense previously recognised, resulting in a negative charge to share based payments expense of \$66,951 for the half (expense for the corresponding half year ended 31 December 2021 was: \$43,858.)

Options issued to Directors and Key Management Personnel

A total of 45,000,000 options were granted to directors and key management personnel of the Company as part of remuneration arrangements during the half year ended 31 December 2022 (2021: nil).

The Options were granted to Jonathan Fisher, subject to shareholder approval, upon his appointment as a Chief Executive Officer effective 1 December 2022 and were valued on the date of grant with the following factors and assumptions used to determine their fair value:

	Number of Options	Grant date	Vesting Date	Expiry date	Exercise Price	Value per option on Grant Date	Total fair value
J Fisher	15,000,000	1 Dec 2022	On date of	30 Nov 2024	\$0.015	\$0.00437	\$65,481
J Fisher	15,000,000	1 Dec 2022	shareholder	30 Nov 2025	\$0.020	\$0.00494	\$74,101
J Fisher	15,000,000	1 Dec 2022	approval	30 Nov 2026	\$0.025	\$0.00548	\$82,287
Total	45,000,000						\$221,869

The fair value of the equity-settled share options was estimated as at the date of the grant using the Black and Scholes valuation method taking into account the terms and conditions upon which the options were granted, as follows:

	Tranche A Assumptions	Tranche B Assumptions	Tranche C Assumptions
Number	15,000,000	15,000,000	15,000,000
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	100%	100%	100%
Risk-free interest rate	3.26%	3.26%	3.26%
Expected life of options	2 years	3 years	4 years
Market price on 1-Dec-22	\$0.010	\$0.010	\$0.010
Exercise price	\$0.015	\$0.020	\$0.025
Value per option (cents)	0.437	0.494	0.548
Total Value of Options (\$)	\$65,481	\$74,101	\$82,287

During the year ended 30 June 2022, options were granted to Ian Mulholland upon his appointment as Chairman effective 1 June 2022.

The fair value of the equity-settled share options was initially estimated at the date of commencement of Mr Mulholland as a director on 1 June 2022 and subsequently revalued upon shareholder approval being gained on 29 November 2022. The revalued fair value was estimated as at the date of shareholder approval using the Black and Scholes valuation method taking into account the terms and conditions upon which the options were granted, as follows:

	Assumptions
Number	5,000,000
Dividend yield	0.00%
Expected volatility	100%
Risk-free interest rate	2.97%
Expected life of options	2.5 years
Market price on 29-Nov-2022	\$0.01
Exercise price	\$0.02
Value per option (cents)	0.435
Total Value of Options (\$)	\$21,769

The fair value of the options of \$21,769 is expected to be expensed as follows:

	Number of Options	Total fair value	Expensed up to 30 June 2022	Expensed H1 FY23	To be expensed H2 FY23	To be expensed H1 FY24
I Mulholland	5,000,000	\$21,769	\$2,500	\$8,163	\$7,256	\$3,850
Total	5,000,000	\$21,769	\$2,500	\$8,163	\$7,256	\$3,850

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 2022	31 December 2021
	\$	\$
December 2022 – 58,223,232 Unlisted Options issued in satisfaction of incentive fees payable to the Lead Manager of the December 2022 Rights Issue - refer note 7.	195,821	-
	195,821	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

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 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Investments in listed shares	284,933	-	-	284,933
Investments in unlisted shares	-	5,260	-	5,260
30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Investments in listed shares	354,300	-	-	354,300
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 for the period ended 31 December 2022, except as follows:

Unsecured Convertible Loan Facility

In August 2022, the Company received the sum of \$500,000 by way of a loan facility provided by Director Qiu Derong to assist the Company with its short-term working capital requirements. The loan was repayable on cash or by the issue of 72,133,072 fully paid ordinary shares, subject to shareholder approval. The Company sought shareholder approval which was attained at the Company's 2022 Annual General Meeting held on 29 November 2022. On 30 November, the Company issued 72,133,072 shares each at the deemed price of \$0.01, being the market price at that time, to Mr Qui Derong, in repayment of the loan and associated interest, valued at \$721,330.72.

13. CONTROLLED ENTITIES

There have been no further changes to the Group's controlled entities detailed in the recent 30 June 2022.

14. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

There has been no material changes to commitments since 30 June 2022.

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.

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 2022 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 Ian Mulholland
Chairman

PERTH
16th March 2023

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 2022, 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 2022 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 1b 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 2022 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

The image shows a handwritten signature in dark ink. The signature appears to be 'J Prue' written in a cursive, flowing style. Above the signature, the letters 'BDO' are printed in a simple, sans-serif font.

Jarrad Prue
Director

Perth, WA

16 March 2023

INTERESTS IN MINING TENEMENTS AS AT 31 DECEMBER 2022

Tenement Reference	Project & Location	Interest
E08/1489	YANREY – WESTERN AUSTRALIA	100%
E08/1490	YANREY – WESTERN AUSTRALIA	100%
E08/1493	YANREY – WESTERN AUSTRALIA	100%
E08/1501	YANREY – WESTERN AUSTRALIA	100%
E08/2017	YANREY – WESTERN AUSTRALIA	100%
E08/2081	YANREY – WESTERN AUSTRALIA	100%
E08/2205	YANREY – WESTERN AUSTRALIA	100%
E08/2385	YANREY – WESTERN AUSTRALIA	100%
E08/2386	YANREY – WESTERN AUSTRALIA	100%
E08/2387	YANREY – WESTERN AUSTRALIA	100%
E08/2774	YANREY – WESTERN AUSTRALIA	100%
E08/3088	YANREY – WESTERN AUSTRALIA	100%
EL5479	BLACKWOOD - VICTORIA	51%
E08/2328	ONSLOW – WESTERN AUSTRALIA	100%
E08/2329	ONSLOW – WESTERN AUSTRALIA	100%
E08/2462	ONSLOW – WESTERN AUSTRALIA	100%
L08/71	ONSLOW – WESTERN AUSTRALIA	100%
M08/487	ONSLOW – WESTERN AUSTRALIA	100%*
P08/798 **	ONSLOW – WESTERN AUSTRALIA	100%
P08/800 **	ONSLOW – WESTERN AUSTRALIA	100%
E09/2715**	CARNARVON – WESTERN AUSTRALIA	100%
M09/96	CARNARVON – WESTERN AUSTRALIA	100%
M09/180***	CARNARVON – WESTERN AUSTRALIA	100%*
E04/2548***	DERBY – WESTERN AUSTRALIA	100%*

* *beneficial interest*

** *under application*

*** *under application; cannot be transferred whilst under application*