



(ABN 22 102 912 783)  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED  
HALF-YEAR FINANCIAL REPORT  
31 DECEMBER 2011**

## CORPORATE DIRECTORY

### EXECUTIVE CHAIRMAN

Antony Sage

### EXECUTIVE DIRECTOR

Brett Smith

### NON-EXECUTIVE DIRECTOR

Qiu Derong

### COMPANY SECRETARY

Claire Tolcon

### PRINCIPAL & REGISTERED OFFICE

18 Oxford Close  
LEEDERVILLE WA 6007  
Telephone: (08) 9380 9555  
Facsimile: (08) 9322 2631

### AUDITORS

Bentleys  
Level 1, 12 Kings Park Road  
West Perth WA 6005

### SHARE REGISTRAR

Advanced Share Registry  
150 Stirling Hwy  
Nedlands WA 6009  
Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

### STOCK EXCHANGE LISTING

Australian Securities Exchange  
(Home Exchange: Perth, Western Australia)  
Code: CXU

### BANKERS

National Australia Bank  
50 St Georges Terrace  
PERTH WA 6000

## DIRECTORS' REPORT

The directors of Cauldron Energy Limited ("Cauldron") submit their report, together with the consolidated financial statements comprising Cauldron and its controlled entities (together the "Consolidated Entity") for the half-year ended 31 December 2011.

### 1. DIRECTORS

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

Antony Sage (Executive Chairman)  
Brett Smith (Executive Director)  
Qiu Derong (Non-executive Director)

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

### 2. OPERATING RESULTS

The profit after tax of the Consolidated Entity for the half-year ended 31 December 2011 amounted to \$1,329,226 (31 December 2010: loss of \$1,710,893).

### 3. REVIEW OF OPERATIONS

Cauldron is an Australian exploration company resulting from the merger of Scimitar Resources Limited and Jackson Minerals Limited. Cauldron retains an experienced board of directors with proven success in the resources sector.

Cauldron controls over 16,000 sq km of uranium prospective tenements across three states in Australia, and large projects with defined uranium mineralisation in Argentina; this allows for diversification, both geologically and with regards to differing political sentiment and policy towards uranium exploration and mining within each region.

### CORPORATE

The following significant transactions occurred during the half-year ended 31 December 2011:

#### Shares issued

In September 2011, Cauldron completed a placement of 7,300,000 shares at an issue price of 10 cents per share to raise \$0.73 million (before costs).

#### Options lapsed / forfeited

During the period, the following unlisted options were forfeited or lapsed:

Number	Exercise price	Expiry date
900,000	\$0.61	31 October 2011
2,900,000	\$0.60	30 November 2011
2,000,000	\$0.80	30 November 2011
2,000,000	\$0.50	30 November 2011
400,000	\$0.45	20 October 2011

#### Divestment of Non-core Uranium Assets

In September 2011, Cauldron divested part of its interest in the Boolaloo and Beadell Projects. Under the terms of the transaction, Cauldron received \$0.3 million cash and retained a 20% free carried interest in each of the projects until a decision to mine is made.

#### Divestment of Non-core Uranium Assets

In November 2011, Cauldron realised the deferred consideration and royalty that it was entitled to in respect of the Wallbrook Project located in the Eastern Goldfields of Western Australia. Cauldron sold the Wallbrook Project to Saracen Minerals Holdings Limited (ASX: SAR) (Saracen) in March 2007 which included a deferred consideration comprising the issue of Saracen shares upon the commencement of mining operations and a \$1/tonne royalty on the first two million tonnes mined from the Wallbrook Project.

## DIRECTORS' REPORT

Cauldron negotiated the realisation of the deferred consideration and received 5,000,000 Saracen shares as final settlement for the deferred consideration and royalty. The Saracen shares were subsequently sold on-market generating \$3.8 million (before costs). A gain on sale of \$3.2 million has been recognised in the statement of comprehensive income.

### PROJECT INFORMATION

The Consolidated Entity owns or has interests in several uranium and base metals projects in Australia and Argentina. The maturity of these projects varies from grass-roots exploration to resource definition in regions fertile for uranium mineralisation and resources.

### AUSTRALIAN PROJECTS

In Australia Cauldron holds or has interests in 6 uranium exploration project areas covering more than 9,500km<sup>2</sup>. The projects are:

- Marree Joint Venture in South Australia comprising 5 granted exploration licences (2,794km<sup>2</sup>) prospective for sedimentary hosted uranium deposits (CXU 60% and manager);
- Yanrey Project (Yanrey) and Uaroo Joint Venture in Western Australia. Yanrey comprises 12 granted exploration licences (1,657km<sup>2</sup>) and 8 applications for exploration licences (1,636km<sup>2</sup>). Uaroo Joint Venture comprises 2 granted exploration licences (114km<sup>2</sup>). Yanrey is prospective for large sedimentary hosted uranium deposits (CXU earning 70% and manager);
- West Lake Frome Project in South Australia comprises 3 granted exploration licences (1,444km<sup>2</sup>) prospective for sedimentary hosted uranium deposits (CXU 100% diluting, UEQ manager);
- Amadeus Project in Northern Territory comprises 3 granted exploration licences (1,339km<sup>2</sup>) prospective for sedimentary hosted uranium deposits (CXU 100%);
- Glencoe Project in South Australia comprises 1 granted exploration licence (922km<sup>2</sup>) prospective for sedimentary hosted uranium deposits (CXU 100%); and
- Mawson Project in South Australia comprises 1 granted exploration licence (88km<sup>2</sup>) prospective for sedimentary hosted uranium deposits (CXU 100%).

During the half-year, the following exploration activities were carried out:

#### *Marree Joint Venture*

- Drilling at MacDonnell Creek in 2011 confirmed a large zone of anomalous uranium mineralisation in reduced sedimentary rocks up to 20m thick. Moreover, a new, more confined and prospective paleochannel was delineated, which is interpreted to be the source of the high uranium values in the flanking reduced sedimentary rock package. Seven drill holes intercepted the new paleochannel, which contains significant uranium intercepts and represents a new target at Marree with excellent potential for a large downstream uranium accumulation at a redox front.
- Cauldron completed preparation work for 6,500m of mud rotary drilling, proposed to be completed in early 2012 to test the new paleochannel at Blanchewater and to follow-up previous results from Red Banks Well. Planned drilling will include 5,000m at Blanchewater and 1,500m at the Red Banks Well Prospect (approximately 20km northwest of MacDonnell Creek).

## DIRECTORS' REPORT

### ARGENTINA PROJECTS

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

#### *Jackson Global*

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

#### *Caudillo Resources*

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

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

During the half-year, the following exploration activities were carried out:

#### *Las Marias Uranium Project*

- Work commenced to procure regional airborne geophysical and remote sensing data sets for Rio Colorado and Las Marias preparatory to defining and prioritising the next stages of exploration.

#### *Los Colorados Project*

- In August 2011, Caudillo completed a 20 hole reverse circulation drilling program for a total of 1,027 metres of drilling aimed at testing for extensions to the Los Colorados mine. Assay results identified uranium mineralisation associated with what is interpreted to be roll-front style uranium environment adjacent to the old mine.
- Consistent broad zones of anomalous uranium mineralisation were intersected, with the mineralised trend extending from the old open cut mine to the south and remaining open. However, the difference between the tenor of surface and in-pit channel sampling (commonly plus 1,000ppmU) and the drilling results requires further explanation. Caudillo is currently sourcing down-hole gamma-logging equipment to further analyse the uranium mineralisation within the holes.

## DIRECTORS' REPORT

In summary, assay results (+1m and +100ppm  $U_3O_8$ ) included:-

LCR11-018	1.0m at 739 ppm $U_3O_8$ from 31.5m
	2.5m at 250 ppm $U_3O_8$ from 36.5m
LCR11-017	1.5m at 904 ppm $U_3O_8$ from 31.5m
	1.0m at 198 ppm $U_3O_8$ from 34.0m
	1.5m at 431 ppm $U_3O_8$ from 37.0m
LCR11-019	1m at 256 ppm $U_3O_8$ from 28.0m
LCR11-020	1m at 336 ppm $U_3O_8$ from 28.5m

In general the main anomalous horizon is 5m to 7m in thickness.

- Work at Los Colorados is continuing with the information acquired from drilling to be used for regional target generation and near-mine exploration.

### COMPETENT PERSON STATEMENT

The information in this half-year report that relates to Cauldron Energy Limited's Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brett Smith, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Smith is a director of Cauldron Energy Limited. Mr Brett Smith has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Smith consents to the inclusion in this half-year report of the matters based on his information, in the form and context in which it appears.

### 4. SUBSEQUENT EVENTS

In January, Cauldron announced that its 2012 planned exploration drilling program commenced at the Marree Uranium Project.

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

## DIRECTORS' REPORT

### 5. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2011 has been received and is included on page 7.

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



Mr Antony Sage  
Executive Chairman

PERTH  
6 March 2012

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(WA) Pty Ltd**

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To the Board of Directors

**Auditor's Independence Declaration under Section 307C of the  
Corporations Act 2001**

This declaration is made in connection with our review of the financial report of Cauldron Energy Limited and Controlled Entities for the half-year ended 31 December 2011 and in accordance with the provisions of the *Corporations Act 2001*.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- no contraventions of the *Code of Professional Conduct* of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully

Bentleys

**BENTLEYS**  
Chartered Accountants



**CHRIS WATTS CA**  
Director

DATED at PERTH this 6<sup>th</sup> day of March 2012

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Note	31 December 2011 \$	31 December 2010 \$
Revenue	3(a)	82,990	278,624
Other income	3(b)	3,729,412	-
Administration expenses		(194,998)	(341,035)
Employee benefits expenses		(224,660)	(243,175)
Directors fees		(105,420)	(250,420)
Share based payments		547	(269,740)
Compliance and regulatory expenses		(91,600)	(219,138)
Consultancy expenses		(162,349)	(161,572)
Occupancy expenses		(54,912)	(106,255)
Travel expenses		(33,110)	(70,202)
Net fair value gain/(loss) on financial assets through profit and loss		(579,996)	299,637
Gain/(loss) on disposal of financial assets		72,632	(110,750)
Depreciation		(10,257)	(20,827)
Finance costs		(568,550)	(478,537)
Realised foreign exchange gain/(loss)		(10,503)	-
Share of losses of associate		(275,447)	-
Impairment losses	4	(244,553)	(17,503)
Profit/(loss) before income tax expense		1,329,226	(1,710,893)
Income tax expense		-	-
<b>Loss for the period</b>		<b>1,329,226</b>	<b>(1,710,893)</b>
<b>Other comprehensive income:</b>			
Exchange differences arising on translation of foreign operations		(11,296)	(283,770)
<b>Other comprehensive income for the period after income tax</b>		<b>(11,296)</b>	<b>(283,770)</b>
<b>Total comprehensive income attributable to members of the Company</b>		<b>1,317,930</b>	<b>(1,994,663)</b>
<b>Earnings/(loss) per share</b>			
Basic earnings/(loss) per share (cents per share)		1.42	(1.93)
Diluted earnings/(loss) per share (cents per share)		1.42	(1.93)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2011**

	Note	31 December 2011 \$	30 June 2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,113,317	968,307
Trade and other receivables		199,772	516,272
Financial assets through profit and loss		1,066,523	1,768,003
<b>TOTAL CURRENT ASSETS</b>		<b>5,379,612</b>	<b>3,252,582</b>
<b>NON CURRENT ASSETS</b>			
Restricted cash		220,837	302,352
Loan receivable		853,175	365,068
Exploration and evaluation expenditure	5	9,249,951	10,112,253
Property, plant and equipment		54,388	59,540
Investment accounted for using the equity method		2,080,000	2,600,000
<b>TOTAL NON CURRENT ASSETS</b>		<b>12,458,351</b>	<b>13,439,213</b>
<b>TOTAL ASSETS</b>		<b>17,837,963</b>	<b>16,691,795</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		598,728	1,454,312
Financial liabilities		11,300,000	2,000,000
Provisions		28,354	37,485
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,927,082</b>	<b>3,491,797</b>
<b>NON CURRENT LIABILITIES</b>			
Financial liabilities		-	9,300,000
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>-</b>	<b>9,300,000</b>
<b>TOTAL LIABILITIES</b>		<b>11,927,082</b>	<b>12,791,797</b>
<b>NET ASSETS</b>		<b>5,910,881</b>	<b>3,899,998</b>
<b>EQUITY</b>			
Issued capital	6	23,593,625	22,900,125
Reserves		1,464,392	1,476,235
Accumulated losses		(19,147,136)	(20,476,362)
<b>TOTAL EQUITY</b>		<b>5,910,881</b>	<b>3,899,998</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Note	31 December 2011 \$	31 December 2010 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(1,214,595)	(1,359,378)
Interest received		46,121	101,298
Interest paid		(391,201)	(483,254)
Administration service fees received		40,582	75,303
<i>Net cash used in operating activities</i>		<u>(1,519,093)</u>	<u>(1,666,031)</u>
<b>Cash Flows from Investing Activities</b>			
Payments for exploration and evaluation		(1,114,326)	(2,634,900)
Reimbursement of exploration and evaluation incurred on behalf of other parties		481,503	626,317
Payments for plant and equipment		(5,286)	(2,158)
Purchase of equity investments		-	(194,229)
Refund of environmental bonds and deposits		81,515	-
Loans repaid by other entities		573,863	320,006
Funding provided to Caudillo Resources SA		(490,259)	-
Loans to unrelated parties		-	(190,529)
Proceeds from sale of exploration assets		300,000	301,424
Proceeds from sales of equity investments		4,144,116	-
<i>Net cash from/(used in) investing activities</i>		<u>3,971,126</u>	<u>(1,774,069)</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares and options (net of transaction costs)		693,500	172,175
<i>Net cash provided by financing activities</i>		<u>693,500</u>	<u>172,175</u>
Net increase/(decrease) in cash held		3,145,533	(3,267,925)
Effects of exchange rate changes on cash		(523)	-
<b>Cash and cash equivalents at beginning of period</b>		<u>968,307</u>	<u>5,131,039</u>
<b>Cash and cash equivalents at end of period</b>		<u>4,113,317</u>	<u>1,863,114</u>

*The accompanying notes form part of these financial statements*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Issued Capital	Accumulated Losses	Option Premium Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2011</b>	22,900,125	(20,476,362)	2,106,941	(630,706)	3,899,998
Profit attributable to members of the parent entity	-	1,329,226	-	-	1,329,226
Other comprehensive income	-	-	-	(11,296)	(11,296)
Total comprehensive income for the period	-	1,329,226	-	(11,296)	1,317,930
<b>Transaction with owners, directly in equity</b>					
Shares issued during the period, net of costs	693,500	-	-	-	693,500
Share based payment expense recognised for value of options vested during the period	-	-	14,777	-	14,777
Options forfeited during the period	-	-	(15,324)	-	(15,324)
<b>Balance at 31 December 2011</b>	<b>23,593,625</b>	<b>(19,147,136)</b>	<b>2,106,394</b>	<b>(642,002)</b>	<b>5,910,881</b>
<b>Balance at 1 July 2010</b>	22,821,199	(13,142,206)	1,958,514	(168,717)	11,468,790
Loss attributable to members of the parent entity	-	(1,710,893)	-	-	(1,710,893)
Other comprehensive income	-	-	-	(283,770)	(283,770)
Total comprehensive income for the period	-	(1,710,893)	-	(283,770)	(1,994,663)
<b>Transaction with owners, directly in equity</b>					
Shares issued during the period, net of costs	78,926	-	-	-	78,926
Options issued during the period	-	-	358,464	-	358,464
Options forfeited during the period	-	829,043	(829,043)	-	-
<b>Balance at 31 December 2010</b>	<b>22,900,125</b>	<b>(14,024,056)</b>	<b>1,487,935</b>	<b>(452,487)</b>	<b>9,911,517</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of Preparation

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

This general purpose condensed financial report for the half-year ended 31 December 2011 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 Consolidated Entity 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 2011 and considered together with any announcements made by Cauldron during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial report, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2011, as noted below.

#### b. Changes in accounting policy

The half-year financial statements have been prepared in accordance with the accounting policies adopted in the Consolidated Entity's last annual financial statements for the year ended 30 June 2011, except for the adoption of Improvements to AASBs 2010 (2010 Improvements) as of 1 January 2011. The 2010 Improvements made several minor amendments to AASBs. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the Consolidated Entity for the purposes of preparation of these half-year financial statements.

##### *Amendment to AASB 101 Presentation of Financial Statements*

The amendment provides a choice of presenting the reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Consolidated Entity has elected to retain reconciliations within the Statement of Changes in Equity as previously disclosed.

##### *Amendments to AASB 134 Interim Financial Reporting*

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the Consolidated Entity's circumstances since the last annual financial statements. The Consolidated Entity's half-year financial statements as of 31 December 2011 reflect these amended disclosure requirements, where applicable.

**c. Going concern**

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

The ability of the Consolidated Entity to continue its planned exploration activities is dependent upon the Consolidated Entity being able to fund the activities while meeting its financial obligations. At 31 December 2011, the Consolidated Entity has recognised liabilities attributable to convertible loan notes of \$11,300,000. Unless the terms of the convertible loan notes are varied such that the conversion price is reduced and the loan notes are converted into equity, or the repayment dates are extended, the Consolidated Entity will be required to secure additional funding to repay the amounts owing. The directors are confident that the Consolidated Entity will be able to raise additional capital if required.

Should the Consolidated Entity not achieve the matters set out above, there is uncertainty about whether it would be able 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 statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

## 2. SEGMENT INFORMATION

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. During the period, the Consolidated Entity operated in one business segment (for primary reporting) being uranium exploration and principally in two geographical segments (for secondary reporting) being Australia and Argentina.

	Uranium exploration		Other		Total	
	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$
Interest received	-	-	42,409	203,323	42,409	203,323
Gain on disposal of assets	3,729,412	-	-	-	3,729,412	-
Administration service fee	40,581	62,632	-	-	40,581	62,632
Other	-	-	-	12,669	-	12,669
<b>Total segment revenue and other income</b>	<b>3,769,993</b>	<b>62,632</b>	<b>42,409</b>	<b>215,992</b>	<b>3,812,402</b>	<b>278,624</b>

<b>Segment net operating profit/ (loss) after tax</b>	<b>2,632,790</b>	<b>(499,619)</b>	<b>(1,303,564)</b>	<b>(1,211,274)</b>	<b>1,329,226</b>	<b>(1,710,893)</b>
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Segment net operating profit/ (loss) after tax includes the following significant items:

Interest and other finance charges	-	-	(568,550)	(478,537)	(568,550)	(478,537)
Share based payments	-	-	547	(269,740)	547	(269,740)
Net fair value gain/(loss) on financial assets through profit and loss	-	-	(579,996)	299,637	(579,996)	299,637
Gain/(loss) on disposal of financial assets	-	-	72,632	(110,750)	72,632	(110,750)
Share of losses of associate	(275,447)	-	-	-	(275,447)	-
Impairment loss	(244,553)	-	-	-	(244,553)	-
Reversal of provision	-	-	573,837	-	573,837	-

	Uranium exploration		Other		Total	
	31 Dec 11	30 Jun 11	31 Dec 11	30 Jun 11	31 Dec 11	30 Jun 11
	\$	\$	\$	\$	\$	\$
<b>Segment assets</b>	<b>11,771,137</b>	<b>14,502,384</b>	<b>6,066,826</b>	<b>2,189,411</b>	<b>17,837,963</b>	<b>16,691,795</b>
Segment assets include:						
Capitalised exploration expenditure	9,249,951	10,112,253	-	-	9,249,951	10,112,253
Cash and cash equivalents	-	-	4,113,317	-	4,113,317	-
Financial assets	-	-	1,066,523	1,768,003	1,066,523	1,768,003
Investments in associate	2,080,000	2,600,000	-	-	2,080,000	2,600,000
Other assets	441,186	1,790,131	886,986	421,408	1,328,172	2,211,539
	<b>11,771,137</b>	<b>14,502,384</b>	<b>6,066,826</b>	<b>2,189,411</b>	<b>17,837,963</b>	<b>16,691,795</b>

<b>Segment liabilities</b>	<b>(598,728)</b>	<b>(1,454,312)</b>	<b>(11,328,354)</b>	<b>(11,337,485)</b>	<b>(11,927,082)</b>	<b>(12,791,797)</b>
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### Segment information by geographical region

The analysis of the location of total assets is as follows:

	31 December 2011 \$	30 June 2011 \$
Australia	15,864,365	14,736,018
Argentina	1,973,598	1,955,777
	<b>17,837,963</b>	<b>16,691,795</b>

**3. REVENUE AND OTHER INCOME**

	31 December 2011 \$	31 December 2010 \$
<b>(a) Revenue</b>		
Interest received	42,409	203,323
Administration fees received	40,581	75,301
	<b>82,990</b>	<b>278,624</b>
<b>(b) Other Income</b>		
Gain on sale of exploration assets	3,155,575	-
Reversal of provision for non-recovery of loans	573,837	-
	<b>3,729,412</b>	<b>-</b>

**4. IMPAIRMENT LOSSES**

Impairment of associate	(244,553)	-
Impairment of receivables	-	(17,503)
	<b>(244,553)</b>	<b>(17,503)</b>

**5. EXPLORATION AND EVALUATION EXPENDITURE**

	31 December 2011 \$	30 June 2011 \$
Exploration and evaluation expenditure	<b>9,249,951</b>	10,112,253
<i>Movements:</i>		
Carrying value at beginning of period	10,112,253	12,182,269
Exploration expenditure incurred	385,895	2,133,717
Exploration expenditure reimbursed/reimbursable	(153,772)	(626,317)
Divestment of exploration assets	(1,094,425)	-
Carrying value at end of period	<b>9,249,951</b>	13,689,669

**6. ISSUED CAPITAL**

	31 December 2011 \$	30 June 2011 \$
Ordinary shares issued and fully paid	<b>23,593,625</b>	22,900,125

	Number of shares 2011	\$ 2011	Number of shares 2010	\$ 2010
<i>Movements</i>				
Balance at beginning of period	88,980,029	22,900,125	88,724,083	22,821,199
Shares issued	7,300,000	730,000	-	-
Exercise of options	-	-	255,946	78,926
Share issue costs	-	(36,500)	-	-
	<b>96,280,029</b>	<b>23,593,625</b>	<b>88,980,029</b>	<b>22,900,125</b>

## **7. CONTINGENT ASSETS AND LIABILITIES**

During the half-year, the Consolidated Entity realised the contingent asset disclosed in its 30 June 2011 annual report. In November 2011, Cauldron negotiated the realisation of the deferred consideration and royalty and received 5,000,000 Saracen shares as final settlement for the deferred consideration and royalty.

The Consolidated Entity has no contingent liabilities or assets at the period end.

## **8. EVENTS SUBSEQUENT TO REPORTING DATE**

In January, Cauldron announced that its 2012 planned exploration drilling program commenced at the Marree Uranium Project.

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

## 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 Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of its financial position as at 31 December 2011 and its performance for the half-year ended on that date of the Consolidated Entity; and
  - (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b) subject to the matters described in note 1(c), there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the board



Mr Antony Sage  
Executive Chairman

PERTH  
6 March 2012

## Independent Auditor's Review Report

### To the Members of Cauldron Energy Limited

We have reviewed the accompanying half-year financial report of Cauldron Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

### Directors Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Cauldron Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

# Independent Auditor's Review Report

To the Members of Cauldron Energy Limited (Continued)



## Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

## Conclusion

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

## Emphasis of Matter

Without qualifying our opinion, attention is drawn to the following matter. As a result of matters described in Note 1(c): Going Concern to the financial report, uncertainty exists whether Cauldron Energy Limited and Controlled Entities will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

**BENTLEYS**  
Chartered Accountants

**CHRIS WATTS CA**  
Director

DATED at PERTH this 6<sup>th</sup> day of March 2012