



(ABN 22 102 912 783)

AND CONTROLLED ENTITIES

**CONSOLIDATED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2012**

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CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN

Antony Sage

EXECUTIVE DIRECTOR

Brett Smith

NON-EXECUTIVE DIRECTOR

Qiu Derong

COMPANY SECRETARY

Claire Tolcon

PRINCIPAL & REGISTERED OFFICE

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AUDITORS

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SHARE REGISTRAR

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STOCK EXCHANGE LISTING

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

BANKERS

National Australia Bank
50 St Georges Terrace
Perth WA 6000

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DIRECTORS' REPORT

The directors of Cauldron Energy Limited ("Cauldron" or "Company") submit their report, together with the consolidated financial statements comprising Cauldron and its controlled entities (together the "Consolidated Entity") for the half-year ended 31 December 2012.

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 loss after tax of the Consolidated Entity for the half-year ended 31 December 2012 amounted to \$4,404,042 (31 December 2011: profit of \$1,329,226).

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 2012:

Conversion of convertible notes

In early August 2012, 100% of the convertible notes in Cauldron, totalling \$11.3 million, were converted into fully paid ordinary shares in the company (Shares). The convertible notes were converted at a deemed issue price of \$0.20 per Share, which represented an 81% premium to the closing price of the Shares at the time of conversion of \$0.11 per share.

Underwriting and exercise of listed options

In late October 2012, Cauldron entered into an agreement with Barclay Wells Limited to partially underwrite the exercise of the outstanding listed options in the company, to \$832,500. The underwriting and the exercise of listed options generated \$1,989,281 proceeds (net of fees) for Cauldron during the period.

Options lapsed / forfeited

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

Number	Exercise price	Expiry date
10,203,338	\$0.45	31 October 2012

Uranium Equities Limited Withdrawal from West Lake Frome Joint Venture

The West Lake Frome Project was the subject of a Farm-in and Joint Venture agreement with Uranium Equities Limited (ASX: UEQ) (Uranium Equities) whereby Uranium Equities was to manage and fund \$5 million of exploration expenditure over 5 years to earn an 80% interest in West Lake Frome Project. In October 2012, following a strategic review of its Frome Basin Projects, Uranium Equities elected to withdraw from the West Lake Frome Joint Venture. In satisfaction of its obligations to Cauldron under the Farm-In and Joint Venture agreement,

DIRECTORS' REPORT

Uranium Equities issued 4,000,000 Uranium Equities shares to the Company. Uranium Equities does not hold an interest in the West Lake Frome Project.

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 has four main project areas covering more than 9,700 km² in three known uranium provinces in South Australia, Western Australia and the Northern Territory. Projects include:

- Marree Joint Venture in South Australia comprising 5 granted exploration licences (2,794 km²) prospective for sedimentary hosted uranium deposits as well as base metal mineralisation;
- Yanrey Project ("Yanrey") and Uaroo Joint Venture in Western Australia. Yanrey comprises 13 granted exploration licences (3,085 km²) and 3 applications for exploration licences (286 km²). Uaroo Joint Venture comprises 2 granted exploration licences (114 km²). Yanrey is prospective for large sedimentary hosted uranium deposits;
- West Lake Frome Project in South Australia comprises 3 granted exploration licences (1,444 km²) prospective for sedimentary hosted uranium deposits;
- Amadeus Project in Northern Territory comprises 3 granted exploration licences (1,339 km²) prospective for sedimentary hosted uranium deposits. These tenements were surrendered during this reporting period;
- Glencoe Project in South Australia comprises 1 granted exploration licence (922km²) prospective for sedimentary hosted uranium deposits; and
- Mawson Project in South Australia comprises 1 granted exploration licence (88km²) prospective for sedimentary hosted uranium deposits.

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

Marree Joint Venture

- Recent exploration identified widespread silver-lead-zinc mineralisation in rock chips and soil samples. During the period the Company followed up on the commitment to fast-track the generation of drill targets, with the aim of testing the tenor of mineralisation below the near-surface weathered/leach horizon, which exists throughout the base metal anomaly.
- A widespread soil sampling program and high density ground gravity survey was conducted to identify targets for the first pass drill program. Approvals were gained for priority areas in the southern parts of the target, and all the accessible planned holes have been drilled. The targeted depth has not been achieved in holes due to drilling difficulties associated with high water flows encountered, shortening the drill program. Results of this work are pending.
- Heritage and access clearances to key areas of interest in the northern part of the anomaly around the historical Ooloo silver lead zinc mine are currently in progress. It is expected approvals for exploration of this ground will be provided in the first quarter of 2013.

DIRECTORS' REPORT*Yanrey*

- The planned 5,000 drill metre (dm) campaign at Yanrey was completed during the period. The outstanding success of this program led to the extension of this program to 7,146 dm. Two additional areas of potentially economic mineralisation have been identified. These two areas are Bennet Well South and Bennet Well East. This has led to the increase in expenditure above that planned for the area. This however will be justified by the significant increase in value from the expected increase in both Resource and Exploration target size for the Cauldron-controlled tenements in the Yanrey Region.
- The Company encountered difficult drilling conditions at the Barradale prospect/channel. Nine holes were attempted to access the highly prospective Barradale Channel. While the target channel was intersected in five of the drill holes all holes were abandoned short of target depth due to the very thick (up to 40m) zones of cemented silcrete, pyrite and carbonate. Silcretes commonly overly sandstone hosted uranium deposits and the geology identified from drilling confirms the company's stance that this channel is prospective for a large uranium deposit. As a result it is planned to return in 2013 to access prospective targets with a diamond drill rig.
- On 7 February 2013 Cauldron announced a 300% upgrade to the JORC compliant resource at the Bennet Well Project, within the Yanrey Uranium Project in Western Australia, following independent analysis of a recently completed 7,146m drilling program. For further detail please refer to ASX announcement dated 7 February 2013.

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 3,400km² of ground in 6 project areas in 4 provinces.

Jackson Global

- The Rio Colorado project in Catamarca Province covers an area of 454km² 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 793km². 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 (756km²) 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.

DIRECTORS' REPORT

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

Las Marias Uranium Project

- During the period, the focus of the project work was to review the results from the Las Marias gold sampling program. A small part of the planned program was completed and key areas were not accessed by the team due to the challenges presented by the terrain. There remains a strong potential for gold mineralisation in the area and an effective geochemical program is needed to understand this potential value.

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

On 7 February 2013 Cauldron announced a 300% upgrade to the JORC compliant resource at the Bennet Well Project, within the Yanrey Uranium Project in Western Australia, following independent analysis of a recently completed 7,146m drilling program. For further detail please refer to ASX announcement dated 7 February 2013.

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

5. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2012 has been received and is included on page 6.

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



Mr Antony Sage
Executive Chairman

PERTH
12 March 2013

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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**

As lead audit director for the review of the financial statements of Cauldron Energy Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



CHRIS WATTS A
Director

DATED at PERTH this 12th day of March 2013

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Note	31 December 2012 \$	31 December 2011 \$
Revenue	3(a)	73,460	82,990
Other income	3(b)	188,000	3,729,412
Administration expenses		(96,625)	(194,998)
Employee benefits expenses		(62,102)	(224,660)
Directors fees		(433,958)	(105,420)
Share based payments	4	(148,371)	547
Compliance and regulatory expenses		(68,829)	(91,600)
Consultancy expenses		(342,211)	(162,349)
Occupancy expenses		(29,620)	(54,912)
Travel expenses		(28,583)	(33,110)
Net fair value loss on financial assets through profit and loss		(1,664,068)	(579,996)
Gain/(loss) on disposal of financial assets		(5,367)	72,632
Depreciation		(9,188)	(10,257)
Finance costs		(91,041)	(568,550)
Realised foreign exchange loss		(5,945)	(10,503)
Share of losses of associate		-	(275,447)
Impairment losses	5	(1,679,594)	(244,553)
(Loss)/profit before income tax expense		(4,404,042)	1,329,226
Income tax expense		-	-
(Loss)/Profit for the period		(4,404,042)	1,329,226
Other comprehensive income:			
Items that will not be reclassified subsequently to profit and loss:			
-		-	-
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		(204,436)	(11,296)
Other comprehensive income for the period after income tax		(204,436)	(11,296)
Total comprehensive income attributable to members of the Company		(4,608,478)	1,317,930
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents per share)		(3.01)	1.42
Diluted earnings/(loss) per share (cents per share)		(3.01)	1.42

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	Note	31 December 2012 \$	30 June 2012 \$
CURRENT ASSETS			
Cash and cash equivalents		2,712,551	2,927,111
Trade and other receivables		505,507	145,789
Financial assets through profit and loss		1,178,867	2,660,302
TOTAL CURRENT ASSETS		4,396,925	5,733,202
NON CURRENT ASSETS			
Restricted cash		231,954	221,592
Loan receivable	6	1,091,766	996,010
Exploration and evaluation expenditure	7	9,091,568	9,332,498
Property, plant and equipment		58,594	36,290
TOTAL NON CURRENT ASSETS		10,473,882	10,586,390
TOTAL ASSETS		14,870,807	16,319,592
CURRENT LIABILITIES			
Trade and other payables		1,452,973	900,643
Financial liabilities		-	11,300,000
Provisions		18,893	15,071
TOTAL CURRENT LIABILITIES		1,471,866	12,215,714
NON CURRENT LIABILITIES			
Financial liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		1,471,866	12,215,714
NET ASSETS		13,398,941	4,103,878
EQUITY			
Issued capital	8	37,348,795	23,593,625
Reserves		1,311,287	1,367,352
Accumulated losses		(25,261,141)	(20,857,099)
TOTAL EQUITY		13,398,941	4,103,878

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Note	31 December 2012 \$	31 December 2011 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,412,248)	(1,214,595)
Interest received		36,084	46,121
Interest paid		(91,041)	(391,201)
Administration service fees received		36,721	40,582
<i>Net cash used in operating activities</i>		(1,430,484)	(1,519,093)
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(766,089)	(1,114,326)
Reimbursement of exploration and evaluation incurred on behalf of other parties		202,021	481,503
Payments for plant and equipment		(33,033)	(5,286)
Refund of environmental bonds and deposits		-	81,515
Bonds and deposits put in place		(10,361)	-
Loans repaid by other entities		-	573,863
Funding provided to Caudillo Resources SA		(120,071)	(490,259)
Proceeds from sale of exploration assets		-	300,000
Proceeds from sales of equity investments		-	4,144,116
<i>Net cash (used in)/from investing activities</i>		(727,533)	3,971,126
Cash Flows from Financing Activities			
Proceeds from issue of shares and options (net of transaction costs)		1,947,656	693,500
<i>Net cash provided by financing activities</i>		1,947,656	693,500
Net increase/(decrease) in cash held		(210,361)	3,145,533
Effects of exchange rate changes on cash		(4,199)	(523)
Cash and cash equivalents at beginning of period		2,927,111	968,307
Cash and cash equivalents at end of period		2,712,551	4,113,317

The accompanying notes form part of these financial statements

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Issued Capital	Accumulated Losses	Option Premium Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2012	23,593,625	(20,857,099)	2,121,146	(753,794)	4,103,878
Profit attributable to members of the parent entity	-	(4,404,042)	-	-	(4,404,042)
Other comprehensive income	-	-	-	(204,436)	(204,436)
Total comprehensive income for the period	-	(4,404,042)	-	(204,436)	(4,608,478)
Transaction with owners, directly in equity					
Shares issued during the period, net of costs	13,755,170	-	-	-	13,755,170
Share based payment expense recognised for value of options vested during the period	-	-	148,371	-	148,371
Options forfeited during the period	-	-	-	-	-
Balance at 31 December 2012	37,348,795	(25,261,141)	2,269,517	(958,230)	13,398,941
Balance at 1 July 2011	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
Transaction with owners, directly in equity					
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)
Balance at 31 December 2011	23,593,625	(19,147,136)	2,106,394	(642,002)	5,910,881

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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 2012 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 2012 and considered together with any announcements made by Cauldron during the half-year ended 31 December 2012 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 company’s 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

b. Changes in accounting policy

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

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Consolidated Entity include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 ‘Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income’

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Consolidated Entity’s accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Consolidated Entity’s presentation of, or disclosure in, its half-year financial statements.

Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments also require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively and the application of the amendments to AASB 101 do not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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 mineral exploration and principally in two geographical segments (for secondary reporting) being Australia and Argentina.

	Mineral exploration		Other		Total	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Interest received	-	-	36,739	42,409	36,739	42,409
Gain on disposal of assets	-	3,729,412	-	-	-	3,729,412
Administration service fee	36,721	40,581	-	-	36,721	40,581
Income on termination of JV	188,000	-	-	-	188,000	-
Total segment revenue and other income	244,721	3,769,993	36,739	42,409	261,460	3,812,402

Segment net operating profit/ (loss) after tax	(1,480,925)	2,632,790	(2,923,117)	(1,303,564)	(4,404,042)	1,329,226
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Segment net operating profit/ (loss) after tax includes the following significant items:

Interest and other finance charges	-	-	(91,041)	(568,550)	(91,041)	(568,550)
Share based payments	-	-	(148,371)	547	(148,371)	547
Net fair value gain/(loss) on financial assets through profit and loss	-	-	(1,664,068)	(579,996)	(1,664,068)	(579,996)
Gain/(loss) on disposal of financial assets	-	-	(5,367)	72,632	(5,367)	72,632
Share of losses of associate	-	(275,447)	-	-	-	(275,447)
Impairment loss	-	(244,553)	-	-	-	(244,553)
Reversal of provision	-	-	-	573,837	-	573,837
Impairment of exploration expenditure	(1,679,594)	-	-	-	(1,679,594)	-

	Mineral exploration		Other		Total	
	31 Dec 12	30 Jun 12	31 Dec 12	30 Jun 12	31 Dec 12	30 Jun 12
	\$	\$	\$	\$	\$	\$
Segment assets	9,851,768	12,648,784	5,019,039	3,670,808	14,870,807	16,319,592
Segment assets include:						
Capitalised exploration expenditure	9,091,568	9,332,498	-	-	9,091,568	9,332,498
Cash and cash equivalents	-	-	2,712,551	-	2,712,551	-
Financial assets	-	-	1,178,867	2,660,302	1,178,867	2,660,302
Other assets	760,200	3,316,286	1,127,621	1,010,506	1,887,821	4,326,792
	9,851,768	12,648,784	5,019,039	3,670,808	14,870,807	16,319,592
Segment liabilities	(1,452,973)	(1,596,238)	(18,893)	(10,619,476)	(1,471,866)	(12,215,714)

Segment information by geographical region

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

	31 December 2012	30 June 2012
	\$	\$
Australia	12,869,204	14,247,211
Argentina	2,001,603	2,072,381
	14,870,807	16,319,592

3. REVENUE AND OTHER INCOME

	31 December 2012 \$	31 December 2011 \$
(a) Revenue		
Interest received	36,739	42,409
Administration fees received	36,721	40,581
	73,460	82,990
(b) Other Income		
Gain on sale of exploration assets	-	3,155,575
Reversal of provision for non-recovery of loans	-	573,837
Termination payment	188,000	-
	188,000	3,729,412

4. SHARE BASED PAYMENTS

Total costs arising from share based payment transactions recognised during the half year were as follows:

Options issued to employees and consultants (a)	148,371	14,777
Options forfeited during the year	-	(15,324)
	148,371	(547)

- (a) On 1 August 2012, the Consolidated Entity issued 800,000 unlisted options with vesting conditions to a Consultant with an exercise price of \$0.20 and an expiry date of on or before 30 June 2014.

On 19 September 2012, the Consolidated Entity issued 1,000,000 unlisted options to a Consultant with an exercise price of \$0.20 and an expiry date of on or before 18 September 2015.

On 11 June 2012, the Consolidated Entity issued 2,000,000 unlisted options with vesting conditions to an Executive Consultant with an exercise price of \$0.20 and an expiry date of on or before 30 June 2014.

Summary of movement in listed and unlisted options:

	31 December 2012 No	31 December 2011 No
Outstanding at the beginning of the period	15,366,462	21,666,462
Granted	1,800,000	-
Exercised (refer note 7(i))	(2,663,124)	-
Expired, forfeited and lapsed	(10,203,338)	(8,200,000)
Outstanding at the end of the period	4,300,000	13,466,462

5. IMPAIRMENT LOSSES

	31 December 2012	30 June 2012
	\$	\$
Impairment of associate	-	244,553
Impairment of exploration and evaluation expenditure (a)	1,667,875	-
Impairment of receivables	11,719	-
	1,679,594	244,553

- (a) The Consolidated Entity has assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources and has impaired \$1,667,875 during the half year (2011: nil) following the decision not to continue exploration in certain areas within the Northern Territory and South Australia.

6. LOAN RECEIVABLE

Caudillo Resources SA (a)	1,091,766	996,010
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- (a) The Consolidated Entity's wholly owned subsidiary Jakaranda Minerals Limited ("Jakaranda") has provided a draw-down facility ("First Loan") up to \$650,000 to Caudillo Resources SA ("Caudillo"), which is included in this balance. The First Loan and interest (LIBOR + 2%) is required to be repaid in cash by 21 February 2013, or Jakaranda may elect to convert the First Loan into an 80% interest in the issued capital of Caudillo. At 31 December 2012, this draw-down facility has been utilised. The Consolidated Entity intends to elect to convert the First Loan into an 80% equity interest in Caudillo, and the execution of this is currently in the process of being completed.

The Consolidated Entity has agreed to provide a further draw-down facility ("Second Loan") from Jakaranda to Caudillo for \$650,000. The Second Loan and interest (LIBOR + 2%) is repayable, at the election of Caudillo, by way of:

- (i) cash; or
- (ii) subject to Caudillo and Jakaranda obtaining all necessary shareholder and regulatory approvals, the issue to the Jakaranda of fully paid ordinary shares in the capital of Caudillo based on a deemed issue price per Caudillo share of \$100 (Argentinean pesos).

7. EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure	9,091,568	9,332,498
<i>Movements:</i>		
Carrying value at beginning of period	9,332,498	10,112,253
Exploration expenditure incurred	1,794,156	1,711,927
Exploration expenditure reimbursed/reimbursable	(367,211)	(1,397,257)
Exploration expenditure written off	(1,667,875)	-
Divestment of exploration assets	-	(1,094,425)
Carrying value at end of period	9,091,568	9,332,498

8. ISSUED CAPITAL

	31 December 2012 \$	30 June 2012 \$
Ordinary shares issued and fully paid	<u>37,348,795</u>	<u>23,593,625</u>

	Number of shares 2012	\$ 2012	Number of shares 2011	\$ 2011
<i>Movements</i>				
Balance at beginning of period	96,280,029	23,593,625	88,980,029	22,900,125
Shares issued upon conversion of convertible notes	58,829,452	11,765,889	7,300,000	730,000
Shares issued upon exercise of options	2,663,124	1,198,406	-	-
Shares issued pursuant to underwriting agreement (i)	1,850,000	832,500	-	-
Share issue costs	-	(41,625)	-	(36,500)
	<u>159,622,605</u>	<u>37,348,795</u>	<u>96,280,029</u>	<u>23,593,625</u>

- (i) In late October 2012, the Consolidated Entity entered into an agreement with Barclay Wells Limited to partially underwrite the exercise of the outstanding listed options in the Consolidated Entity, to \$832,500. The underwriting and exercise of listed options generated \$1,989,281 proceeds (net of fees).

9. CONTROLLED ENTITIES

On 11 November 2012, Cauldron's 100% owned Australian subsidiary Jackson Global Ltd underwent a change in name to Cauldron Minerals Ltd. There have been no other changes to the Consolidated Entity's controlled entities detailed in the recent 30 June 2012 annual report.

10. CONTINGENT ASSETS AND LIABILITIES

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

11. EVENTS SUBSEQUENT TO REPORTING DATE

On 7 February 2013 Cauldron announced a 300% upgrade to the JORC compliant resource at the Bennet Well Project, within the Yanrey Uranium Project in Western Australia, following independent analysis of a recently completed 7,146m drilling program. For further detail please refer to ASX announcement dated 7 February 2013.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the 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 2012 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) 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

A handwritten signature in black ink, appearing to read 'A Sage', is written over a horizontal line.

Mr Antony Sage
Executive Chairman

PERTH
12 March 2013

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 2012, the consolidated statement of profit or loss and other 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 2012 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 ofCauldron 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 2012 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 conclusion, we draw attention to Note 6 of the financial report which details the terms and conditions surrounding the loans receivable from Caudillo Resources SA totalling \$1,091,766. The recoverability of these loans are dependent on the successful conversion of the First Loan of \$650,000 into an 80% interest in the issued capital of Caudillo.

This item represents a significant asset recorded by the Consolidated Entity, and at the date of this report, the outcome of this event remains uncertain. Therefore, there remains an inherent uncertainty with regard to the recoverability of this receivable.

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 12th day of March 2013

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