CAULDRON ENERGY LTD

(ABN 22 102 912 783)

AND CONTROLLED ENTITIES

CONSOLIDATED HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2014

CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN
Antony Sage

EXECUTIVE DIRECTOR
Brett Smith

NON-EXECUTIVE DIRECTORS
Qiu Derong
Judy Li (appointed 17 December 2014)

COMPANY SECRETARY
Catherine Grant

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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 WA 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 "Consolidated Entity") for the half-year ended 31 December 2014.

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)
Ms Judy Li (Non-executive Director) – appointed 17 December 2014
Anson Huang (Non-executive Director) – appointed 29 July 2014, resigned 17 December 2014
Amy Wang (Non-executive Director) – appointed 9 June 2014, resigned 1 October 2014

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 2014 amounted to $2,480,299 (31 December 2013: $2,066,071).

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 6,000 km^2 of uranium prospective tenements across South Australia and Western 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 2014:

Board changes

Mr Anson Huang was appointed as Non-executive Director with effect from 29 July 2014 and resigned with effect from 17 December 2014.

Dr Amy Wang resigned from her position as Non-executive Director with effect from 1 October 2014.

Ms Judy Li was appointed as Non-executive Director with effect from 17 December 2014.

Convertible notes

Following receipt of shareholder approval the Company's General Meeting on 30 September 2014, 3,345,538 fully paid shares at $0.13 per share were issued in satisfaction of loans previously provided to the Company totalling $400,000 (plus interest) ("Converting Loan Shares").

Funding

As previously announced, the Company has entered into a series of placement agreements ("Placement Agreements") with a range of Chinese investors to issue a total of 127,118,756 Shares ("Placement

DIRECTORS' REPORT

Shares") at an issue price of $0.118 per share ("Issue Price") to raise a total of $15 million ("Placement Funds") (before capital raising costs) ("Placements").

The Placement Shares are to be issued (and the Placement Funds received) in various tranches, the final tranche due to be received in December 2015. ASX Listing Rule 7.3.2 requires the issue of securities approved by shareholders pursuant to Listing Rule 7.1 to be completed within 3 months of the relevant shareholder meeting. As such, the Company sought and received shareholder approval for the issue of Placement Shares in respect of the initial $11 million Placement Funds (received and to be received) at its recent General Meeting held on 30 September 2014 ("General Meeting") (with shareholder approval for the issue of future Placement Shares to be sought at the subsequent Shareholder meeting/s, as required).

Funds received

Of the $15,000,000 Placements, a total of $7,530,000 has been received as at 31 December 2014, summarised as follows (amounts referred to are before capital raising costs):

On 19 June 2014, the Company issued:

- 16,476,621 fully paid ordinary shares to Guangzhou City Guangrong Investment Management Co. Ltd ("Guangzhou City") using its remaining capacity under Listing Rule 7.1 at the time, in respect of $1,944,241 funding received in June 2014. The issue of these shares were later ratified by shareholders at the General Meeting.

On 30 September 2014, following receipt of shareholder approval at the General Meeting, the Company issued:

- 17,421,697 fully paid ordinary shares to Guangzhou City in respect of $2,055,759 funding received in June 2014; and
- 8,474,579 fully paid ordinary shares to Starry World Investments Ltd ("Starry World") in respect of $1,000,000 in funding received in July 2014.

On 30 December 2014, the Company issued:

- 21,440,678 fully paid ordinary shares to Starry World in respect of $2,530,000 funding received in December 2014.

Funds not yet received/receivable

The remaining A$7,470,000 in funding due from the various investors under the Placement Agreements at 31 December 2014 is as follows:

- $2,000,000 from Beijing Joseph Investment Co Ltd / Joseph Investment International Co Ltd ("Joseph Investment") due in equal tranches of $1,000,000 on 2 October 2014 and 1 December 2014 respectively). To date, these funds have not been received by the Company;
- $1,000,000 from Guangzhou City due 3 November 2014. To date, these funds have not been received by the Company;
- $300,000 from Guangzhou Joseph Investment Co Ltd due 1 December 2014. To date, these funds have not been received by the Company;
- $1,700,000 from Guangzhou Joseph Investment Co Ltd due 1 December 2015;
- $470,000 from Starry World due 31 December 2014. To date, these funds have not been received by the Company; and
- $2,000,000 from Cauldron's Non-executive Director Mr Derong Qiu due 28 February 2015.

The Company intends to take action to enforce its rights under the Placement Agreement to receive the Placement Funds.

DIRECTORS' REPORT

Issue of shares

The Company issued the following during the half-year ended 31 December 2014:

- 3,345,538 fully paid shares at $0.13 per share issued in satisfaction of loans previously provided to the Company totalling $400,000 (plus interest) (Converting Loan Shares); and
- 47,336,954 fully paid shares at $0.118 per share to raise $5,585,759 (before capital raising costs) (part of the Placement Shares).

Shareholder approval for issue of these shares was obtained at the General Meeting.

Issue of options

The Company issued the following during the half-year ended 31 December 2014:

- 4,400,000 unlisted options exercisable at $0.138 on or before 31 December 2015 to directors ("Director Options"). The Director Options will vest upon:

    a) the Company achieving a JORC resource at the Company's Yanrey Project in Western Australia containing more than 30 million lbs of Uranium; or

    b) the commencement of drilling by the Company at the Rio Colorado project in Argentina.

- 14,000,000 unlisted options exercisable at $0.138 on or before 31 December 2015 to Australian employees and consultants ("Australian Options"). The Australian Options vest on the same terms as the Director Options.

- 1,450,000 unlisted options exercisable at $0.138 on or before 31 December 2015 to Argentinian employees and consultants ("Argentinian Options"). The Argentinian Options will vest upon:

    a) the commencement of drilling by the Company at the Rio Colorado project in Argentina.

- 32,000,000 unlisted options to investor Starry World ("Placement Options"). The key terms of the Placement Options are as follows:

    a) Half of the Placement Options will vest immediately upon issue with an:

        (i) exercise price of $0.118 each; and

        (ii) expiry date of 31 December 2015

        (the "Upfront Options"); and

    b) the remaining half of the options ("Vesting Options") will vest on 1 January 2016 provided that the holder's Upfront Options are not exercised (in the event that only a portion of the holder's Upfront Options are exercised by the holder, the number of Vesting Options that actually vest will be equal to the number of un-exercised Upfront Options) with an:

        (i) exercise price of $0.138 each; and

        (ii) expiry date of 31 December 2016.

    Accordingly, Starry World can only exercise a maximum of 16,000,000 Placement Options.

These options have been issued following receipt of shareholder approval at its General Meeting.

DIRECTORS' REPORT

LEGAL PROCEEDINGS

On 14 October 2014, the securities of Cauldron were placed in trading halt at the request of the Company, pending the outcome of a court hearing scheduled at the Supreme Court of New South Wales.

The Company announced on the afternoon of the 15 October 2014, the Supreme Court of New South Wales discharged ex parte orders obtained by Joseph Investment and Guangzhou City (the "Plaintiffs") without notice to Cauldron on Sunday 12 October 2014.

The legal proceedings followed on from a written demand Cauldron made to Joseph Investment on 3 October 2014 to pay $1,000,000 for the subscription of shares due to the Company on 2 October 2014 pursuant to a placement agreement dated 6 June 2014.

On 11 December 2014, the Supreme Court of New South Wales (Equity Division) made orders in favour of Cauldron that:

- The legal proceedings commenced by the Plaintiffs against Cauldron ("the Proceedings") be immediately transferred to the Supreme Court of Western Australia; and
- The Plaintiffs pay Cauldron's costs of the application to transfer the Proceedings.

Cauldron remains of the view that these legal proceedings are without merit and will be vigorously defended in the Supreme Court of Western Australia.

PROJECT INFORMATION

In Australia, Cauldron has two project areas (Figure 1) covering more than 6,000km^2 in two known uranium provinces in South Australia and Western Australia. Projects include:

- **Yanrey Project** ("Yanrey") **and Uaroo Joint Venture** in Western Australia. Yanrey comprises 13 granted exploration licences (2,422 km^2) and 7 applications for exploration licences (1,120 km^2). Uaroo Joint Venture comprises 2 granted exploration licences (114km^2). Yanrey is prospective for large sedimentary hosted uranium deposits.

- **Marree Joint Venture** in South Australia comprising 5 granted exploration licences (2,794 km^2) prospective for sedimentary-hosted uranium deposits as well as base metal mineralisation.

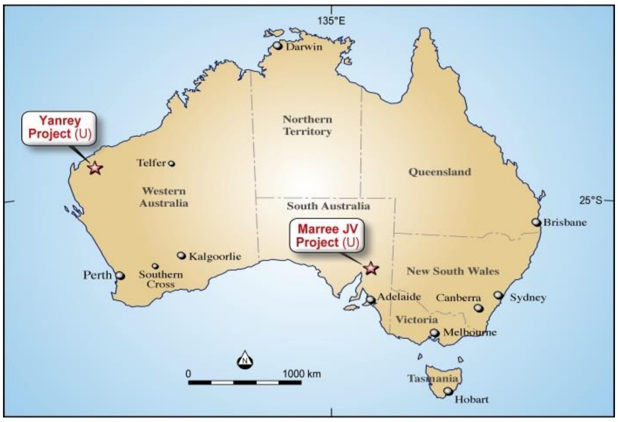

Figure 1: Major Project Locations in Australia

BENNET WELL (YANREY REGION)

The mineralisation at Bennet Well is a shallow accumulation of uranium hosted in unconsolidated sands located 130 km south of Onslow in the central north-western region of Western Australia.

The Bennet Well deposit is comprised of three spatially separate deposits; namely Bennet Well East, Bennet Well Central, and Bennet Well South (refer to Figure 2).

During the period, Ravensgate Mining Industry Consultants updated the Mineral Resource (JORC 2012) estimate using a new geological-stratigraphic model, which followed from the completion of eight diamond core holes (refer ASX announcement 22 September 2014). This resource modelling utilised a comprehensive revision of the stratigraphic and lithologic setting model completed in-house by Cauldron geologists.

DIRECTORS' REPORT

The revised Mineral Resource (JORC 2012) estimate is:

- Indicated Resource: 6.2Mlb eU_3O_8 (9.4 Mt) at 300ppm eU_3O_8 (DisEq); using a 150ppm eU_3O_8 cutoff
- Inferred Resource: 12.2Mlb eU_3O_8 (23.0 Mt) at 240ppm eU_3O_8 (DisEq); using a 150ppm eU_3O_8 cutoff
- Total Resource: 18.6Mlb eU_3O_8 (32.4 Mt) at 260ppm eU_3O_8 (DisEq); using a 150ppm eU_3O_8 cutoff

The updated Mineral Resource estimate of 32.4 Mt at 260ppm eU_3O_8 (DisEq) or 18.6Mlb contained eU_3O_8 compares to the previous Inferred Resource (JORC 2004) estimate of 26.7 Mt at 265ppm eU_3O_8 (DisEq) or 15.7Mlb contained eU_3O_8. In addition the updated Mineral Resource (JORC 2012) improves the resource classification, now with 29% of the deposit in the Indicated Resource category.

Bennet Well Uranium Deposits Mineral Resource Estimate

The Bennet Well deposit is comprised of three spatially separate deposits; namely Bennet Well East, Bennet Well Central, and Bennet Well South (refer ASX announcement 22 September 2014). The plan and sectional views of the sedimentary geological units were re-modelled from all historic data but most particularly the newly obtained diamond core. These units were digitised into a wire-frame used to constrain the generation of the grade block model. Also shown on figures in Cauldron's ASX announcement dated 22 September 2014 are the grade shells as determined by the block model.

The Mineral Resource estimate of each deposit, with their classification is shown in the table below. Variances in M lbs eU_3O_8 are a result of rounding.

Table 1: Bennet Well resource summary (Ravensgate Mineral Consultants 2014)

Deposit	Resource Category	Tonnes (kt)	Grade (ppm eU_3O_8)	Tonnes eU_3O_8 (t)	Pounds eU_3O_8 ('000 lbs)
Bennet Well East	**Measured**	-	-	-	-
	Indicated	678,333	325	220,929	486,044
	Inferred	7,098,189	252	1,788,744	3,935,236
	TOTAL	**7,776,522**	**258**	**2,006,343**	**4,413,954**
Bennet Well Central	**Measured**	-	-	-	-
	Indicated	8,716,604	297	2,586,331	5,689,927
	Inferred	9,343,210	214	2,001,218	4,402,681
	TOTAL	**18,059,814**	**254**	**4,587,193**	**10,091,824**
Bennet Well South	**Measured**	-	-	-	-
	Indicated	-	-	-	-
	Inferred	6,602,025	258	1,703,890	3,748,558
	TOTAL	**6,602,025**	**258**	**1,703,890**	**3,748,558**
Total Bennet Well Deposits	**Measured**	-	-		
	Indicated	9,394,937	299	2,807,207	6,175,856
	Inferred	23,043,424	239	5,495,857	12,090,885
	TOTAL	**32,438,361**	**256**	**8,304,220**	**18,269,285**

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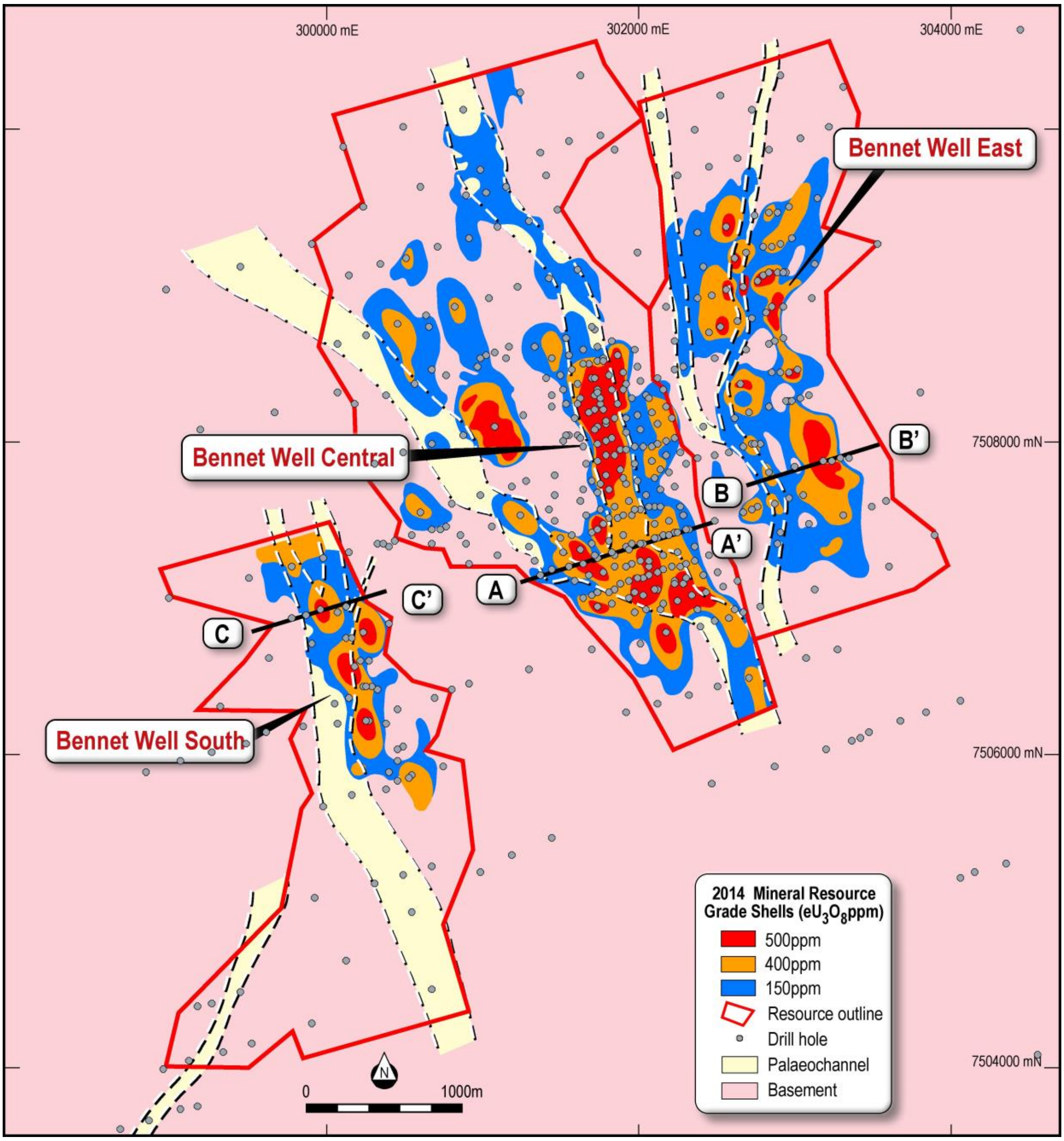

Figure 2: Bennet Well prospect location map on E08/1493 showing the location of the various Bennet Well resources and September 2014 JORC 2012 Resource upgrade showing the distinct grade shells

DIRECTORS' REPORT

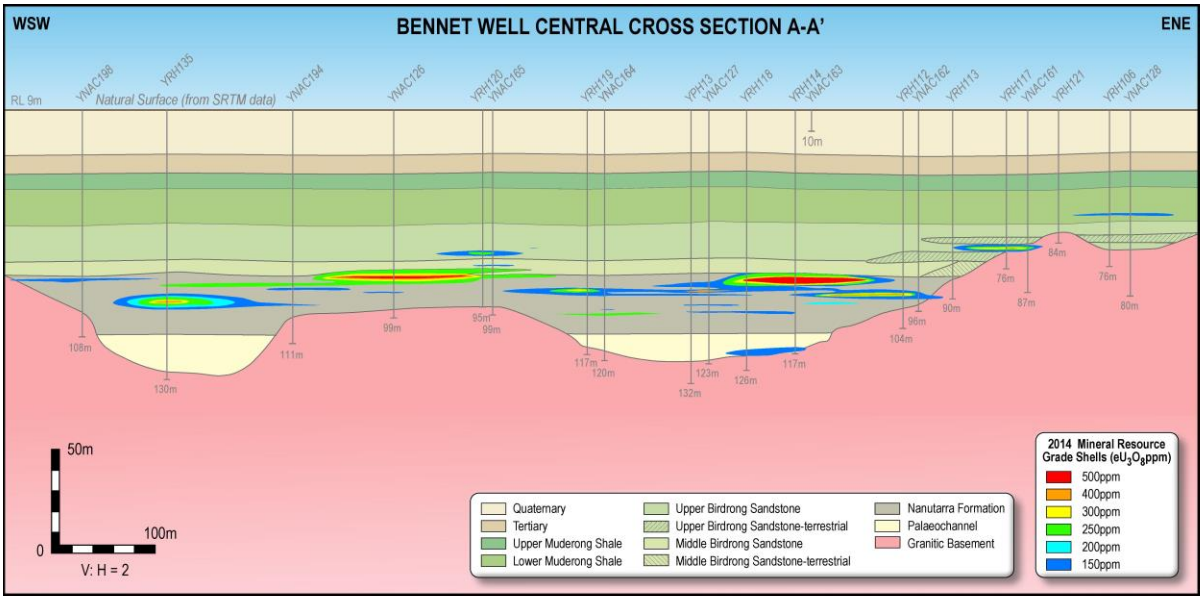

Figure 3: Bennet Well Central cross section showing historical drillholes and intersected uranium mineralisation based on the September 2014 Resource upgrade grade shells

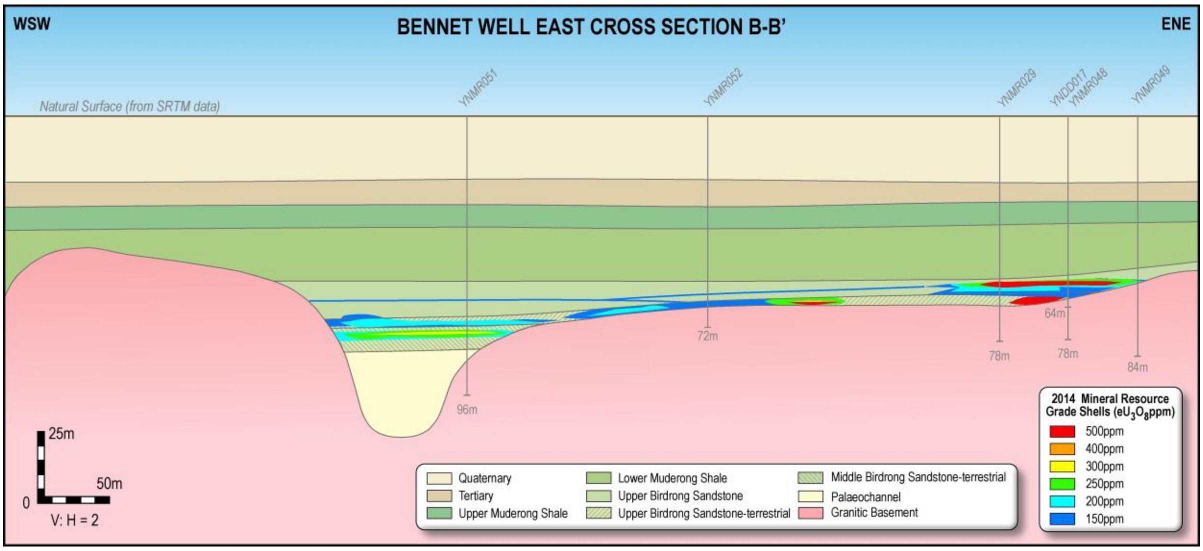

Figure 4: Bennet Well East cross section showing historical drilling and a diamond core holes (YNDD017) from the 2013 core program, along with intersected uranium mineralisation based on the September 2014 Resource upgrade

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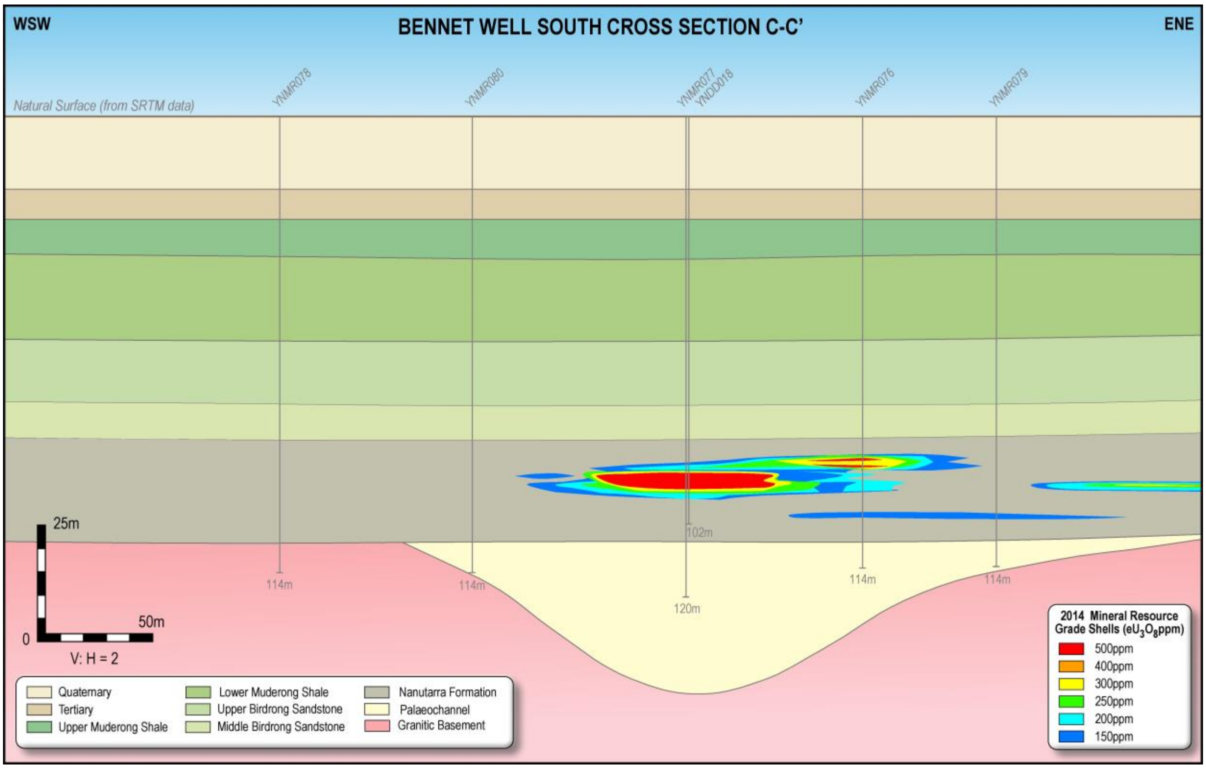

Figure 5: Bennet Well South cross section showing the historical and diamond drilling from 2013 intersecting a lens of high grade uranium mineralisation, as defined by the September 2014 Resource upgrade

Bennet Well Uranium Deposits - Exploration Drilling

During the period, a three month drilling campaign was conducted with the following aims:

- increasing the average grade of the Bennet Well Uranium Deposit;
- increasing the current resource to a target of 30Mlbs of Uranium; and
- discovering new areas of high grade uranium mineralisation in an attempt to extend the boundaries of the current resource area along strike.

Drilling initially began with a number of rotary mud drillholes, however the discovery and subsequent definition of a pod of high grade uranium mineralisation in the southern part of Bennet Well East, resulted in the mobilisation of a diamond core rig and the addition of six core holes to the program. Diamond core drilling was added to the program in order to facilitate and fast-track field leach trials in this particular part of the overall resource area (refer to ASX announcement 2 December 2014).

The entire field campaign comprised 73 holes for a total of 6,319 drilled metres with the following breakdown:

- Rotary mud drilling: 67 holes for 5,785 m; and
- Diamond core drilling: 6 holes for 534 m.

Geophysical assaying by downhole gamma and collection of resistivity, density and induction logging was conducted on all drillholes.

Drill core logging and processing also involved the selection of samples for various geochemical assay, porosity-permeability-density, and mineralogical analyses.

The pod of high grade uranium mineralisation in southern Bennet Well East was consequently closed off by drilling undertaken after the December 2014 announcement was released. Figure 6 illustrates this area in plan view - the contour of the greater-than 500ppm eU_3O_8 mineralisation covers an area 500 m by 175 m in dimension. Figure 8 represents a cross sectional view through the centre of this high grade pod.

DIRECTORS' REPORT

The contractor under the Thalanyi Deed of Variation Agreement failed to complete the heritage work area clearance survey in accordance with the pre-agreed time and cost budget.

The actual unit cost and time to complete the heritage survey and drillhole clearance works ran excessively over budget. As a result, only a portion of the originally planned drill area was cleared.

This program remains unfinished with a drill rig remaining on site with the intention of completing the originally planned drill program subject to obtaining heritage clearances.

It is the intention of Cauldron to undertake a Mineral Resource upgrade upon completion of the full drill program.

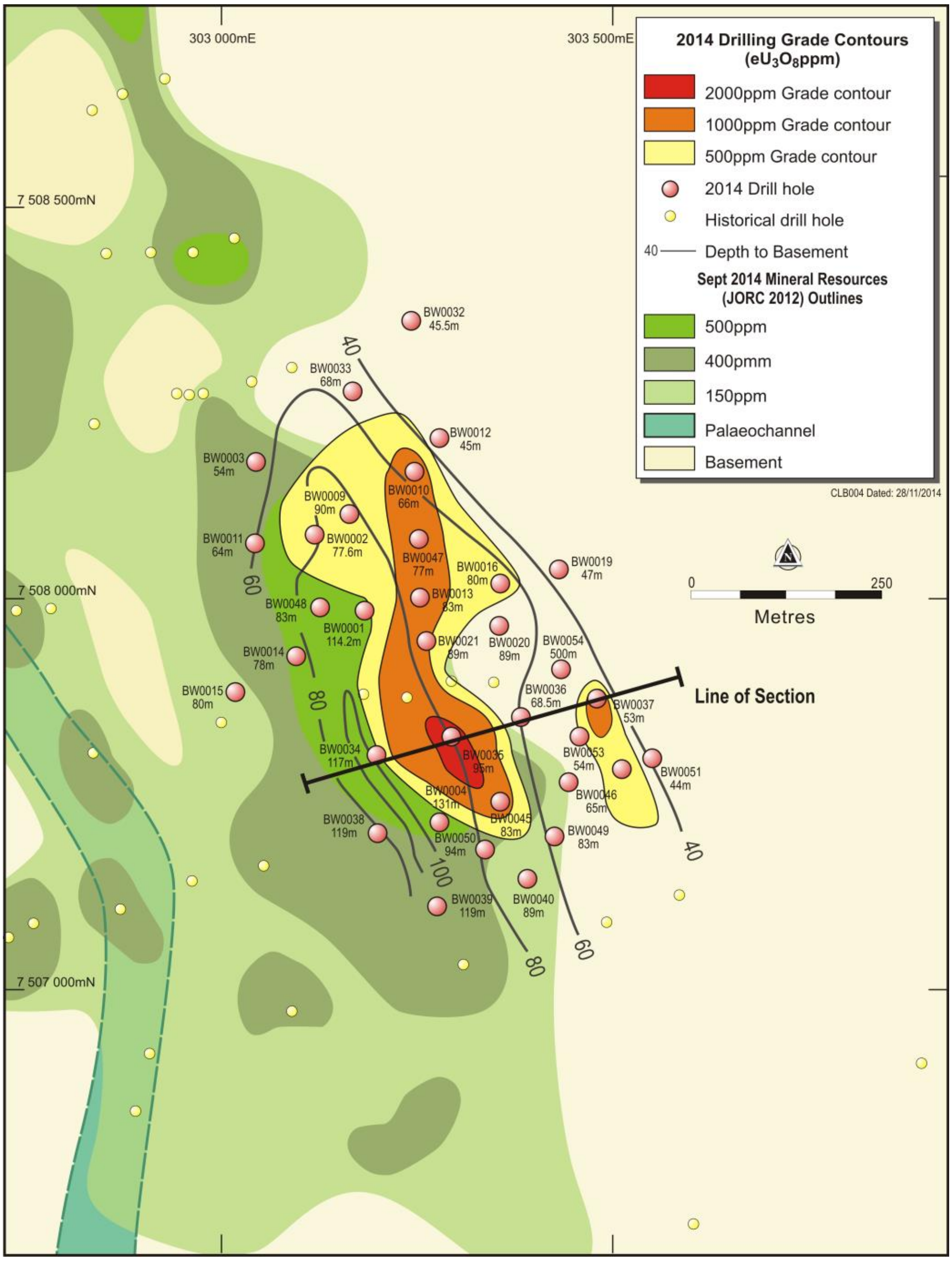

Figure 6: Bennet Well East 2014 Drilling Grade Contours

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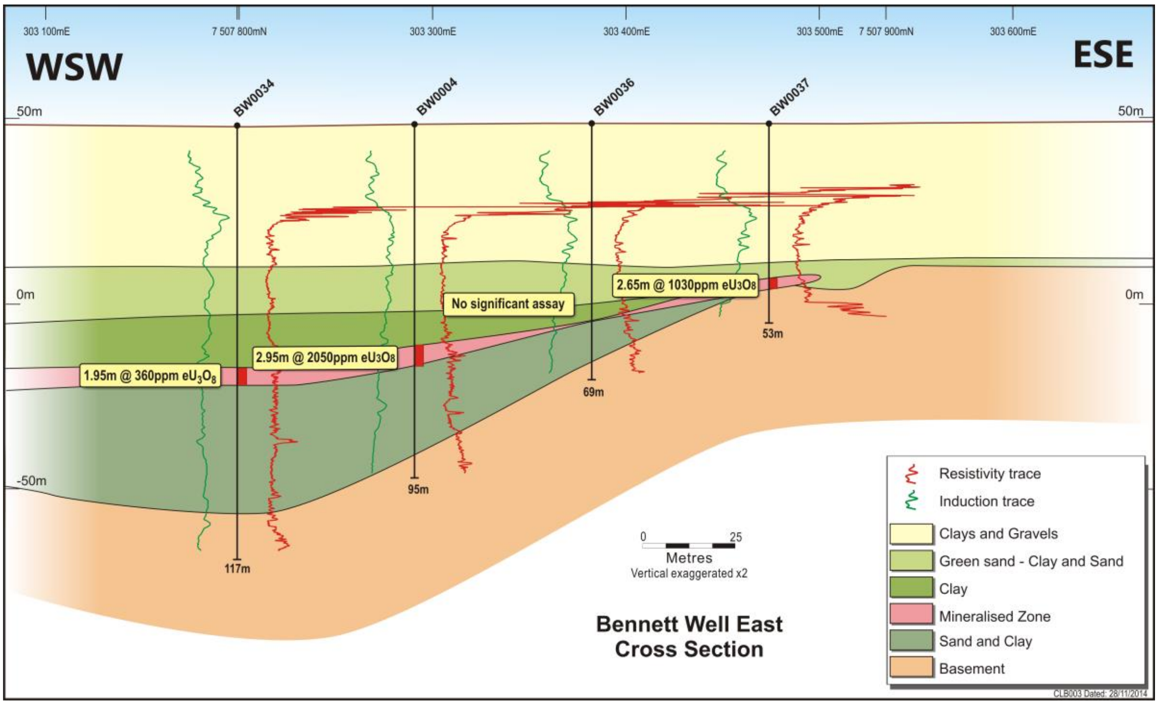

Figure 7: Bennet Well East cross section through the central part of the high grade area illustrated in Figure 6

YANREY PROJECT

Consultant geophysicist, Kim Frankcombe completed a comprehensive review of all geophysical data known to exist over the Yanrey project area. This review included data levelling, image creation, and interpretation. Documenting the inter-relationship between datasets and with known geology obtained from drilling became the priority of this re-evaluation.

The review comprised re-interpretation of:

- aeromagnetic and radiometric surveys – historic data
- gravity – historic and Cauldron collected data
- airborne electromagnetic survey – historic and Cauldron collected data
- drilling data – historic and Cauldron collected data
- regional scale geological mapping – government data
- local geological interpretation – Cauldron information around Bennet Well

Gravity provided the most effective means at local scale to predict areas where uranium accumulation is likely; whereas airborne electromagnetic surveys are reasonably effective at tenement scale. Both techniques have the ability to map the location of the basement incised palaeochannel, which is a good general predictor of sites of accumulation for uranium mineralisation.

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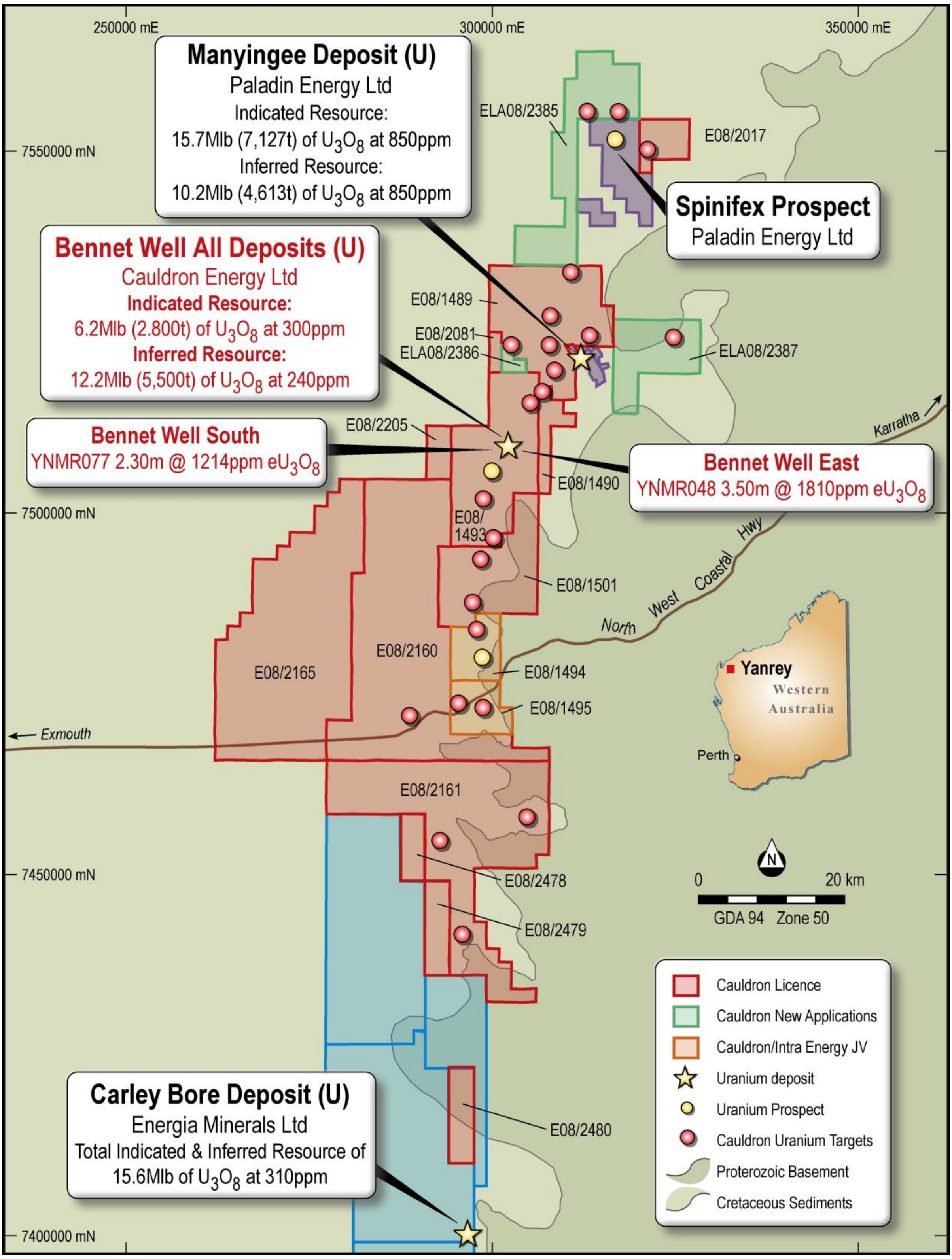

Figure 8: Yanrey Project – Deposit, Prospect and Target Locations

DIRECTORS' REPORT

MARREE BASE METALS PROJECT, SOUTH AUSTRALIA

Following a comprehensive review of all historically collected exploration data along with a field inspection, Cauldron has put on hold a proposed drill test into a gravity anomaly beneath the historical Ooloo Mine. More information is required to reduce any risk of poor targeting of the anomaly. This will be achieved after mapping out the structural architecture of the area; either by mapping of surficial outcrop and mine exposures or through interpretation of higher resolution geophysical survey/s.

Cauldron is investigating an appropriate geophysical technique or combination of techniques that together with mapping will improve the understanding of the Ooloo and Mount Freeling anomalies (Figure 9). It is envisaged that a metalliferous systems style of approach will improve the process of generating drill targets.

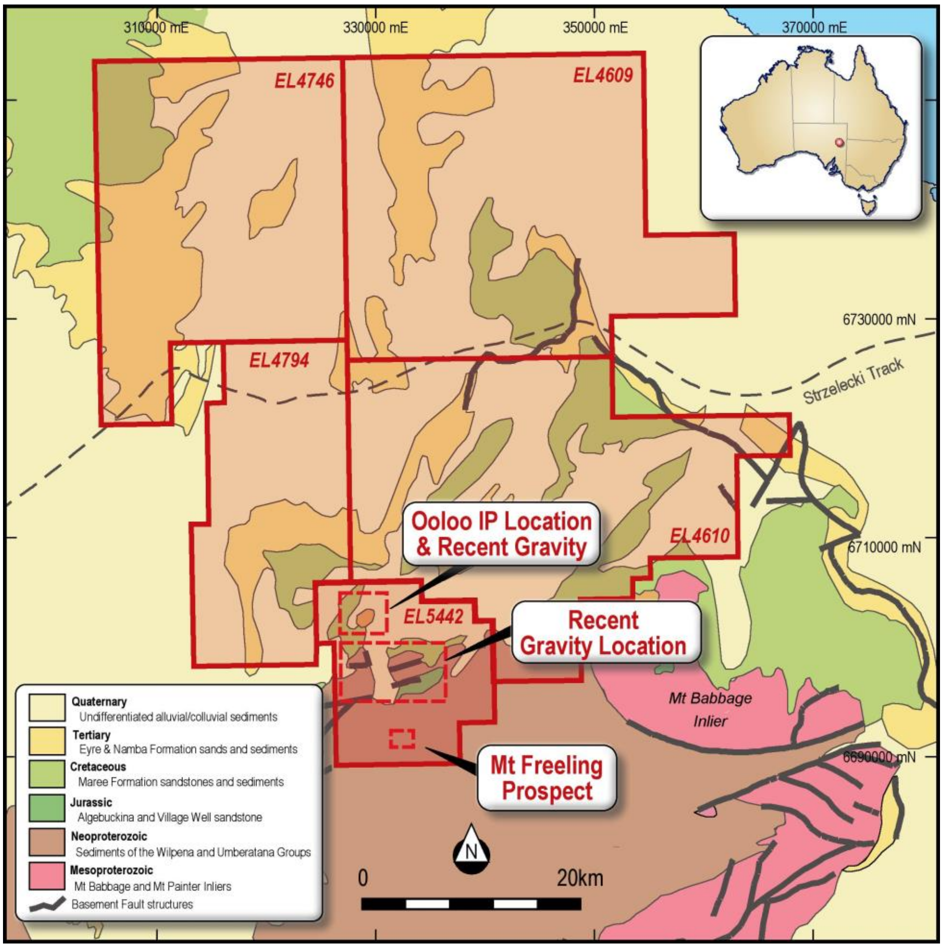

Figure 9: Marree Project – Location of identified prospects

TENEMENT ADMINISTRATION: AUSTRALIA

Objection to Cauldron's Applications for exploration licences 08/2385-2387

Cauldron lodged applications for exploration licences 08/2385-2387 ("Exploration Licences") on 4 April 2012. Forrest & Forrest Pty Ltd lodged objections against the Cauldron applications on 8 May 2012. The applications and objections were heard before the Perth Mining Warden over 9 to 12 December 2013. As announced on 14 February 2014, the Mining Warden recommended that the uranium exploration licences sought by Cauldron to conduct exploration on and adjacent to pastoral leases on the Minderoo pastoral station in Western Australia's Pilbara region be refused.

DIRECTORS' REPORT

As announced on 7 January 2015, the Company advised that the Minister for Mines and Petroleum has decided not to accept the Mining Warden's recommendation to refuse Cauldron's applications for three new uranium exploration licences on and adjacent to the Minderoo pastoral station in Western Australia's Pilbara region. The Department of Mines and Petroleum will now progress the applications through the determination process.

Energia Mineral's Objection and Application for Forfeiture

On 14 August 2013 Energia lodged objections to applications for exemption from expenditure and applications for forfeiture affecting exploration licences 08/2160, 08/2161 and 08/2165 held by Cauldron ("Tenements"). The applications for exemption (and associated objections) and applications for forfeiture relate to the expenditure year ending 20 May 2013 (in relation to exploration licence 08/2160) and 14 June 2013 (in relation to exploration licences 08/2161 and 08/2165). The proceedings are administrative in nature and are commenced under the *Mining Act* 1978 (WA) ("Act"). In relation to the applications for exemption and objections, under the Act the Warden hears the applications and delivers a report and recommendation to the Minister for Mines and Petroleum as to the grant or refusal of certificates of exemption for the Tenements. Upon receipt of the Warden's report and recommendation, the Minister for Mines and Petroleum determines whether certificates of exemption are granted for the Tenements. If certificates of exemption are granted, Cauldron will have a complete defence to the applications for forfeiture. In relation to the applications for forfeiture, under the Act the Warden conducts a hearing of the applications and may recommend to the Minister the forfeiture of the Tenements, impose a penalty not exceeding $10,000 per Tenement or dismiss the applications for forfeiture. If the Warden makes a recommendation for forfeiture of the Tenements, the Minister may declare the Tenements forfeited, impose a penalty not exceeding $10,000 per Tenement or determine not to forfeit the Tenements or impose any penalty. The proceedings are currently at an early stage before the Perth Mining Warden.

EXPLORATION ACTIVITES: ARGENTINA

In Argentina, Cauldron controls, through its wholly-owned subsidiary Cauldron Minerals Limited ("Cauldron Minerals"), and an agreement with Caudillo Resources S.A. ("Caudillo") more than 3,400 km^2 of ground in 6 project areas (Figure 10) in 4 provinces.

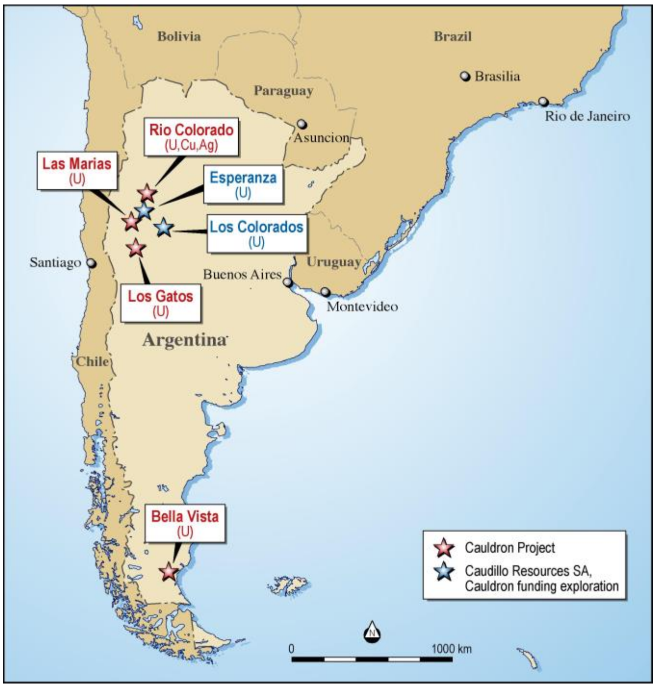

Figure 10: Argentina – Location of Prospects

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During the reporting period consultant geologists conducted a site visit to the various projects in Argentina. Preliminary feedback from the consultant party has positively rated the majority of the projects. The flagship, Rio Colorado project, is highlighted as an area with significant potential to develop a polymetallic mineral resource. In addition, the Las Marias project is also rated as having good exploration potential for uranium and polymetallic mineralisation where a paucity of modern exploration activity has left the area considerably undervalued.

The final report of prospectivity evaluation and recommendations for future work will be used to develop a strategic plan and detailed exploration proposal to be put before the Cauldron Board for consideration of approval.

Below is a summary of the Company's project areas in Argentina:

Cauldron Minerals Ltd

- The Rio Colorado Project, Catamarca Province: covers an area of 448 km^2 and comprises 4 Manifestations of Discovery (MDs), 6 granted exploration licences (cateos). The deposit intermittently outcrops over a strike of 17 km with numerous small scale historical workings focused on the sandstone-hosted uranium-copper-silver mineralisation; and
- Las Marias, San Juan Province: comprises one granted exploration licence (cateo) and 12 cateo applications covering an area of 747 km^2. The project displays outcropping sandstone hosted uranium deposits, but is also prospective for copper, silver and gold.

Caudillo Resources S.A.

- Los Colorados Project, La Rioja Province: comprises four Manifestations of Discovery (MDs). 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.
- Esperanza Project, La Rioja Province: comprising 7 Manifestations of Discovery (MDs) and 8 granted exploration licences (cateo) for an aerial coverage of 1,018 km^2, prospective for sandstone hosted uranium deposits.

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

COMPETENT PERSON STATEMENT

The information in this report that relates to the Mineral Resource for the Bennet Well Uranium Project is based on information compiled by Mr Jess Oram, Exploration Manager of Cauldron Energy and Mr Stephen Hyland, who is a Principal Consultant of Ravensgate. Mr Oram is a Member of the Australasian Institute of Geoscientists and Mr Hyland is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Oram and Mr Hyland has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC Code 2012). Mr Oram and Mr Hyland consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

DIRECTORS' REPORT

4. SHARES UNDER OPTION

Details of unissued shares under option as at the date of this report are:

Grant Date	Class of Shares	Exercise Price	Number of Options	Expiry Date	Listed / Unlisted
20 October 2010	Ordinary	$0.45	500,000	20 October 2015	Unlisted
19 September 2012	Ordinary	$0.20	1,000,000	18 September 2015	Unlisted
22 November 2013	Ordinary	$0.20	3,000,000	30 September 2015	Unlisted
25 February 2014	Ordinary	$0.20	4,150,000	30 June 2015	Unlisted
30 September 2014	Ordinary	$0.138	4,400,000	31 December 2015	Unlisted
20 October 2014	Ordinary	$0.118	16,000,000	31 December 2015	Unlisted
20 October 2014	Ordinary	$0.138	16,000,000	31 December 2015	Unlisted
19 December 2014	Ordinary	$0.138	13,650,000	31 December 2015	Unlisted
19 December 2014	Ordinary	$0.138	1,450,000	31 December 2015	Unlisted

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.

5. SUBSEQUENT EVENTS

Application for Exploration Licences

As announced on 7 January 2015, the Company advised that the Minister for Mines and Petroleum has decided not to accept the Mining Warden's recommendation to refuse Cauldron's applications for three new uranium exploration licences on and adjacent to the Minderoo pastoral station in Western Australia's Pilbara region. The Department of Mines and Petroleum will now progress the applications through the determination process.

Lapsed Options

As announced on 8 January 2015, the Company advised the following unlisted employee and consultant options lapsed:

- 850,000 unlisted options exercisable at $0.20 expiring 30 June 2015; and
- 350,000 unlisted options exercisable at $0.138 expiring 31 December 2015.

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.

CAULDRON ENERGY LTD

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6. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2014 has been received and is included on page 18.

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

Mr Antony Sage
Executive Chairman

PERTH
27 February 2015

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DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF CAULDRON ENERGY LIMITED

As lead auditor for the review of Cauldron Energy Limited for the half-year ended 31 December 2014, 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
- 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.

Brad McVeigh
Director

BDO Audit (WA) Pty Ltd

Perth, 27 February 2015

CAULDRON ENERGY LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	31 December 2014 $	31 December 2013 $
Revenue	3(a)	**5,563**	3,236
Administration expenses		**(280,547)**	(143,945)
Employee benefits expenses		**(183,492)**	(139,588)
Directors fees		**(137,252)**	(137,663)
Share based payments	4	**(611,031)**	(243,951)
Compliance and regulatory expenses		**(70,223)**	(67,336)
Legal expenses		**(244,187)**	(637,948)
Consultancy expenses		**(230,017)**	(187,843)
Occupancy expenses		**(26,039)**	(8,846)
Travel expenses		**(118,644)**	(46,359)
Net fair value gain/(loss) on financial assets through profit and loss		**(611,283)**	95,842
Gain on disposal of financial assets		**194,867**	5,295
Write off assets		**(4,061)**	-
Depreciation		**(34,102)**	(16,494)
Finance costs		**(22,634)**	(59,471)
Realised foreign exchange loss		**(19,287)**	(11,930)
Impairment losses	5	**(87,930)**	(814,140)
Loss before income tax expense		**(2,480,299)**	(2,411,141)
Income tax benefit	6	**-**	345,070
Loss for the period		**(2,480,299)**	(2,066,071)
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		**72,758**	(240,415)
Other comprehensive loss for the period after income tax		**72,758**	(240,415)
Total comprehensive loss attributable to members of the Company		**(2,407,541)**	(2,306,486)
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents per share)		**(1.22)**	(1.27)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31 December 2014 $	30 June 2014 $
CURRENT ASSETS			
Cash and cash equivalents		**3,110,005**	1,873,667
Restricted cash		**-**	2,055,748
Trade and other receivables		**370,453**	134,690
Financial assets		**410,090**	826,506
TOTAL CURRENT ASSETS		**3,890,548**	4,890,611
NON CURRENT ASSETS			
Restricted cash		**69,000**	69,000
Exploration and evaluation expenditure	8	**11,930,845**	9,216,249
Property, plant and equipment		**434,542**	25,076
TOTAL NON CURRENT ASSETS		**12,434,387**	9,310,325
TOTAL ASSETS		**16,324,935**	14,200,936
CURRENT LIABILITIES			
Trade and other payables		**2,047,110**	706,349
Borrowings	9	**-**	1,087,018
Subscription funds		**-**	2,055,759
Provisions		**31,787**	50,534
TOTAL CURRENT LIABILITIES		**2,078,897**	3,899,660
TOTAL LIABILITIES		**2,078,897**	3,899,660
NET ASSETS		**14,246,038**	10,301,276
EQUITY			
Issued capital	10	**47,442,987**	41,701,715
Reserves		**1,981,548**	1,297,759
Accumulated losses		**(35,178,497)**	(32,698,198)
TOTAL EQUITY		**14,246,038**	10,301,276

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	31 December 2014 $	31 December 2013 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(479,517)**	(966,639)
Interest received		**5,497**	36,084
Interest paid		**(24,852)**	-
Net cash used in operating activities		**(498,872)**	(930,555)
Cash Flows from Investing Activities			
Payments for exploration and evaluation		**(2,700,797)**	(1,323,877)
Reimbursement of exploration and evaluation incurred on behalf of other parties		**-**	17,028
Payments for plant and equipment		**(443,056)**	-
Refund of environmental bonds and deposits		**-**	138,761
Funding provided to Caudillo Resources SA		**(57,264)**	(146,275)
Proceeds from sales of equity investments		**-**	20,265
Net cash used in investing activities		**(3,201,117)**	(1,294,098)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options (net of transaction costs		**5,585,759**	600,000
Proceeds from converting loans		**-**	1,900,000
Repayment of loans		**(650,000)**	-
Net cash provided by financing activities		**4,935,759**	2,500,000
Net increase/(decrease) in cash held		**1,235,770**	275,347
Effects of exchange rate changes on cash		**568**	(2,070)
Cash and cash equivalents at beginning of period		**1,873,667**	214,006
Cash and cash equivalents at end of period		**3,110,005**	487,283

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital	Accumulated Losses	Option Premium Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$
Balance at 1 July 2014	41,701,715	(32,698,198)	2,645,728	(1,347,969)	10,301,276
Loss attributable to members of the parent entity	-	(2,480,299)	-	-	(2,480,299)
Other comprehensive loss	-	-	-	72,758	72,758
Total comprehensive loss for the period	-	(2,480,299)	-	72,758	(2,407,541)
Transaction with owners, directly in equity					
Shares issued during the period, net of costs	5,741,272	-	-	-	5,741,272
Share based payment expense recognised for value of options vested during the period	-	-	611,031	-	611,031
Balance at 31 December 2014	**47,442,987**	**(35,178,497)**	**3,256,759**	**(1,275,211)**	**14,246,038**
Balance at 1 July 2013	37,348,796	(28,753,964)	2,357,499	(911,960)	10,040,371
Loss attributable to members of the parent entity	-	(2,066,071)	-	-	(2,066,071)
Other comprehensive loss	-	-	-	(240,415)	(240,415)
Total comprehensive loss for the period	-	(2,066,071)	-	(240,415)	(2,306,486)
Transaction with owners, directly in equity					
Shares issued during the period, net of costs	2,155,890	-	-	-	2,155,890
Share based payment expense recognised for value of options vested during the period	-	-	243,951	-	243,951
Balance at 31 December 2013	**39,504,686**	**(30,820,035)**	**2,601,450**	**(1,152,375)**	**10,133,726**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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 financial report for the half-year ended 31 December 2014 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 2014 and considered together with any announcements made by Cauldron during the half-year ended 31 December 2014 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 Consolidated Entity's 2014 annual financial report for the financial year ended 30 June 2014, 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 (the AASB) that are relevant to their operations and effective for the current half-year.

Except as noted below, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and amended accounting standards and interpretations

The Consolidated Entity has adopted all Australian Accounting Standards and Interpretations effective from 1 July 2014, including:

Reference	Title	Summary
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition'

Reference	Title	Summary
		and 'service condition'. ▸ AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Consolidated Entity. The Consolidated Entity has not elected to early adopt any new accounting standards and interpretations.

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 Consolidated Entity incurred a loss of $2,480,299 and a net cash inflow of $1,235,770 for the half-year ended 31 December 2014. As 31 December 2014, the Consolidated Entity has cash and cash equivalents of $3,110,005.

During the half-year ended 31 December 2014, the Consolidated Entity received a total of $5,585,759 via share placements (net of capital raising costs). As set out in the directors' report, a further $3,770,000 (before capital raising costs) in funds under Placement Agreements was due to be received by the Company by 31 December 2014. However, these funds have not yet been received. The Company intends to take action to enforce its rights under the Placement Agreement to receive the Placement Funds.

The ability of the Consolidated Entity to continue as a going concern is dependent upon the ability of the Consolidated Entity to secure funding, should the funds due to it under Placement Agreements not be forthcoming. Funding is required to fund the Consolidated Entity's future planned exploration expenditure.

The directors are confident that the Consolidated Entity has sufficient cash reserves to fund its ongoing working capital requirements and short-term exploration programs, and that it will be able to secure additional funding to enable it to meet its longer term planned exploration expenditure programs, should the Placement Funds not be received, such that it will be able to meet its obligations as and when they fall due.

Should the Consolidated Entity not achieve the matters set out above, there is material uncertainty whether it 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 statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts nor to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern and meeting its debts as and when they fall due.

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	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**	**$**	**$**
Interest received	-	-	**5,563**	3,236	**5,563**	3,236
Total segment revenue and other income	-	-	**5,563**	3,236	**5,563**	3,236
Segment net operating profit/ (loss) after tax	**(226,484)**	(423,438)	**(2,253,815)**	(1,642,633)	**(2,480,299)**	(2,066,071)
Segment net operating profit/ (loss) after tax includes the following significant items:						
Interest and other finance charges	-	-	**(22,634)**	(59,471)	**(22,634)**	(59,471)
Share based payments	-	-	**(611,031)**	(243,951)	**(611,031)**	(243,951)
Net fair value gain/(loss) on financial assets through profit and loss	-	-	**(611,283)**	95,842	**(611,283)**	95,842
Gain/(loss) on disposal of financial assets	-	-	**194,867**	5,295	**194,867**	5,295
Impairment of loans to other entities	-	-	**(57,264)**	(129,928)	**(57,264)**	(129,928)
Impairment of exploration expenditure	**(30,666)**	(684,212)	-	-	**(30,666)**	(684,212)

	Mineral exploration		Other		Total	
	31 Dec 14	**30 Jun 14**	**31 Dec 14**	**30 Jun 14**	**31 Dec 14**	**30 Jun 14**
	$	**$**	**$**	**$**	**$**	**$**
Segment assets	**12,699,540**	9,358,944	**3,625,395**	4,841,992	**16,324,935**	14,200,936
Segment assets include:						
Capitalised exploration expenditure	**11,930,845**	9,216,249	-	-	**11,930,845**	9,216,249
Financial assets	-	-	**410,090**	826,506	**410,090**	826,506
Restricted cash	**69,000**	69,000	-	2,055,748	**69,000**	2,214,748
Other assets	**699,695**	73,695	**3,215,305**	1,959,738	**3,915,000**	2,033,433
	12,699,540	9,358,944	**3,625,395**	4,841,992	**16,324,935**	14,200,936
Segment liabilities	**(2,047,110)**	(706,349)	**(31,787)**	(3,193,311)	**(2,078,897)**	(3,899,660)

Segment information by geographical region

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

	31 December 2014	30 June 2014
	$	**$**
Australia	**15,597,275**	13,678,230
Argentina	**727,660**	522,636
	16,324,935	14,200,936

3. REVENUE AND OTHER INCOME

	31 December 2014 $	31 December 2013 $
(a) Revenue		
Interest received	**5,563**	3,236
	5,563	3,236

4. SHARE BASED PAYMENTS

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

	31 December 2014 $	31 December 2013 $
Options issued to directors, employees and consultants (a)	**611,031**	243,951
	611,031	243,951

(a) On 1 October 2014, the Consolidated Entity issued 4,400,000 unlisted options with vesting conditions to Directors with an exercise price of $0.138 and an expiry date of on or before 31 December 2015 (**Director Options**).

On 19 December 2014, the Consolidated Entity issued 14,000,000 unlisted options with vesting conditions to Australian employees and consultants with an exercise price of $0.138 and an expiry date of on or before 31 December 2015 (**Australian Options**).

The Director Options and Australian Options will vest upon:

- the Company achieving a JORC resource at the Company's Yanrey Project in Western Australia containing more than 30 million lbs of Uranium; or

- the commencement of drilling by the Company at the Rio Colorado project in Argentina.

On 19 December 2014, the Consolidated Entity issued 1,450,000 unlisted options with vesting conditions to Argentinian employees and consultants with an exercise price of $0.138 and an expiry date of on or before 31 December 2015 (**Argentinian Options**).

The Argentinian Options will vest upon:

- the commencement of drilling by the Company at the Rio Colorado project in Argentina.

5. IMPAIRMENT LOSSES

	31 December 2014 $	31 December 2013 $
Impairment of exploration and evaluation expenditure (a)	**30,666**	684,212
Impairment of loan and other receivables	**57,264**	129,928
	87,930	814,140

(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 recognised an impairment expense of $30,666 during the current half year (2013: $684,212) following the decision not to continue exploration in certain areas and costs associated with tenements not yet granted within South Australia, Western Australia and Argentina.

6. INCOME TAX BENEFIT

	31 December 2014 $	31 December 2013 $
Research and development tax incentive refund	**-**	345,070

7. LOAN RECEIVABLE

	31 December 2014 $	30 June 2014 $
Caudillo Resources SA (a)	**1,370,837**	1,287,459
Provision for non-recovery (a)	**(1,370,837)**	(1,287,459)
	-	-

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%) was 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 2014, 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, the execution of which 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).

Until such time as the First Loan and Second Loan are repaid or converted to an equity interest in Caudillo the Consolidated Entity has conservatively provided for the non-recovery of the loans (as well as any funds provided in excess of the First Loan and Second Loan) in full. As a result of this, an impairment expense of $57,264 (31 Dec 2013: $129,928) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

8. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2014 $	30 June 2014 $
Exploration and evaluation expenditure	**11,930,845**	9,216,249
Movements:		
Carrying value at beginning of period	**9,216,249**	9,384,605
Exploration expenditure incurred	**2,700,797**	2,064,713
Exploration expenditure reimbursed/reimbursable	**-**	(17,028)
Impairment of exploration expenditure (a)	**(30,666)**	(1,731,119)
Foreign exchange movements	**44,465**	(484,922)
Carrying value at end of period	**11,930,845**	9,216,249

9. BORROWINGS

	31 December 2014 $	30 June 2014 $
Convertible loan notes	**-**	1,050,000
Interest payable on convertible loan notes	**-**	37,018
	-	1,087,018
Movements:		
Carrying value at beginning of period	**1,087,018**	-
Converting loan funds received (a)	**-**	1,500,000
Converting loan funds received (b)	**-**	400,000
Converting loan funds received (c)	**-**	650,000
Repayment of converting loan funds (c)	**(674,851)**	-
Interest on converting loans	**22,634**	92,908
Fully paid shares issued upon conversion (a)	**-**	(1,555,890)
Fully paid shares issued upon conversion (b)	**(434,801)**	-
Balance at the end of the period	**-**	1,087,018

(a) In July 2013, the Consolidated Entity secured $1,500,000 in funding via the execution of converting loan agreements with two of its major shareholders ($655,685 from Cape Lambert and $844,315 from Mr Qiu Derong). Pursuant to the terms of the converting loan agreements, the Consolidated Entity received a total of $1,500,000, which automatically converted into ordinary shares in the Consolidated Entity, upon receipt of shareholder approval at the Consolidated Entity's 2013 Annual General Meeting on 22 November 2013. The converting loans, plus interest at 10% per annum ($1,555,890) were converted into 13,824,102 fully paid ordinary shares, at a conversion price of $0.1125 per share (refer note 10(e)). The conversion price was calculated based on 80% 10 day VWAP of shares on ASX before the date of the shareholder approval on 22 November 2013.

(b) In November 2013, the Consolidated Entity entered into short term loan agreements with Cape Lambert Resources limited and Mr Qiu Derong. Cape Lambert and Mr Qiu Derong have each lent the Consolidated Entity $200,000 which may be converted into shares at a conversion rate of $0.13 per share (with an interest rate of 10% per annum). In September 2014, the converting loans, plus interest at 10% per annum ($434,801) were converted into 3,345,538 fully paid ordinary shares (refer note 10(f)).

(c) In March 2014, the Consolidated Entity entered into a converting loan agreement. Pursuant to the Converting Loan Agreement, the loan funds, subject to receipt of shareholder approval at the Company's 2014 Annual General Meeting, will automatically convert into ordinary shares in the Company. Subject to receipt of shareholder approval, the conversion will be 80% of the volume weighted average closing price of the Shares as quoted on the ASX over the last ten trading days immediately preceding the day of receipt of shareholder approval. If shareholder approval is not obtained, the loan (together with interest accrues daily at 10% per annum) is repayable by the Company by 31 December 2014. As at 30 June 2014, $650,000 had been drawn down by the Consolidated Entity. On 4 August 2014, $325,000 was repaid in cash to Cape Lambert Resources Limited and on 1 October 2014, the remaining $349,851 (including interest) was repaid.

10. ISSUED CAPITAL

	31 December 2014 $	30 June 2014 $
Ordinary shares issued and fully paid	**47,442,987**	41,701,715

	31 December 2014 Number of shares	31 December 2014 $	30 June 2014 Number of shares	30 June 2014 $
Movements				
Balance at beginning of period	**196,438,713**	**41,701,715**	159,622,605	37,348,796
Shares issued (a)	**-**	**-**	4,615,385	600,000
Shares issued (b)	**17,421,697**	**2,055,759**	16,476,621	1,944,241
Shares issued (c)	**8,474,579**	**1,000,000**	-	-
Shares issued (d)	**21,440,678**	**2,530,000**	-	-
Shares issued upon conversion of convertible notes (e)	**-**	**-**	13,824,102	1,555,890
Shares issued upon conversion of convertible notes (f)	**3,345,538**	**434,801**	-	-
Shares issued upon exercise of options (g)	**-**	**-**	1,900,000	380,000
Share issue costs	**-**	**(279,288)**	-	(127,212)
	247,121,205	**47,442,987**	196,438,713	41,701,715

(a) In December 2013, the Consolidated Entity completed a placement of 4,615,385 fully paid ordinary shares at $0.13 per share to Joseph Investments to raise $600,000 (before capital raising costs).

(b) As announced on 10 June 2014 and 1 July 2014, the Company has entered into a series of placement agreements ("Placement Agreements") with a range of Chinese investors to issue a total of 127,118,756 Shares ("Placement Shares") at an issue price of $0.118 per share ("Issue Price") to raise A$15 million ("Placement Funds") (before capital raising costs). The Issue Price of the Placement Shares was determined at 80% of the volume weighted average closing price of Shares as quoted on ASX over the last ten (10) trading days immediately preceding 29 May 2014. The Placement Shares are to be issued (and the Placement Funds received) in various tranches, with the final tranche due to be received in December 2015.

As announced on 20 June 2014, the Company received an initial $4,000,000 in Placement Funds from new investor Guangzhou City Guangrong Investment Management Co., Ltd ("Guangrong Investment").

The Company used its remaining capacity under Listing Rule 7.1 to issue 16,476,621 fully paid shares to Guangrong Investment, making $1,944,241 (of the $4,000,000) immediately available to the Company (before capital raising costs) (being Tranche 1 of the Placement Funds).

In September 2014, following receipt of shareholder approval at the general meeting held 30 September 2014 ("General Meeting") the remaining 17,421,697 fully paid shares were issued and the balance of these funds ($2,055,759) held in trust by the Company was released.

(c) In July 2014, the Company received $1,000,000 of the Placement Funds from Starry World, and following receipt of shareholder approval at the General Meeting, 8,474,579 fully paid shares were issued.

10. ISSUED CAPITAL (continued)

(d) In December 2014, the Company received a further $2,530,000 of the Placement Funds from Starry World under the Share Placement Agreement and issued 21,440,678 fully paid shares.

(e) In July 2013, the Consolidated Entity secured $1.5 million in funding via the execution of converting loan agreements with two of its major shareholders (Cape Lambert Resources Limited and Mr Qiu Derong). Pursuant to the terms of the converting loan agreements, the Consolidated Entity received a total of $1.5 million, which automatically converted into ordinary shares in the Consolidated Entity upon receipt of shareholder approval at the Consolidated Entity's 2013 Annual General Meeting on 22 November 2013. The converting loans, plus interest at 10% per annum were converted into 13,824,102 fully paid ordinary shares, at a conversion price of $0.1125 per share. The conversion price was calculated based on 80% 10 day VWAP of shares on ASX before the date of shareholder approval on 22 November 2013.

(f) In November 2013, the Consolidated Entity entered into short term loan agreements with Cape Lambert Resources limited and Mr Qiu Derong. Cape Lambert and Mr Qiu Derong have each lent the Consolidated Entity $200,000 which may be converted into shares at a conversion rate of $0.13 per share (with an interest rate of 10% per annum). On 30 September 2014, the Consolidated Entity converted $434,801 (including interest) into shares, following receipt of shareholder approval at the General Meeting.

(g) In June 2014, 1,900,000 share options were exercised at $0.20 each providing $380,000 funding.

The Company has authorised share capital amounting to 247,121,205 shares with no par value.

11. CONTROLLED ENTITIES

There have been no changes to the Consolidated Entity's controlled entities detailed in the recent 30 June 2014 annual report.

12. CONTINGENT ASSETS AND LIABILITIES

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

13. RELATED PARTY INFORMATION

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 31 December 2014 and 2013 as well as balances with related parties as at 31 December 2014 and 30 June 2014:

		Sales to related parties	Purchases from related parties
Director related entities			
Fe Limited	**31 Dec 2014**	**-**	**-**
Fe Limited	31 Dec 2013	23,216	-
Cape Lambert Resources Limited	**31 Dec 2014**	**-**	**295,658**
Cape Lambert Resources Limited	31 Dec 2013	-	64,939
Kupang Resources Limited	**31 Dec 2014**	**-**	**-**
Kupang Resources Limited	31 Dec 2013	41,422	-

		Amounts owed by related parties*	Amounts owed to related parties*
Director related entities			
Fe Limited	**31 Dec 2014**	**-**	**-**
Fe Limited	30 June 2014	-	-
Cape Lambert Resources Limited	**31 Dec 2014**	**-**	**153,805**
Cape Lambert Resources Limited	30 June 2014	-	33,135
Kupang Resources Limited	**31 Dec 2014**	**-**	**-**
Kupang Resources Limited	30 June 2014	-	-

* Amounts are classified as trade receivables and trade payables, respectively.

Sales to and purchases from director related entities are for the reimbursement of employee, consultancy and occupancy costs.

The following table provides the interest paid during the six months ended 31 December 2014 and 2013, as well as the loans outstanding from related parties as at 31 December 2014 and 30 June 2014:

	Loan issue date	Interest accrued during the year	Amounts owed by related parties at 31 Dec 2014 (principal)
Loan from / to related parties			
Cape Lambert Resources Limited (a)	Mar 2014	11,813	650,000
Cape Lambert Resources Limited (b)	Nov 2013	5,435	200,000
Qiu Derong (b)	Nov 2013	5,386	200,000

13. RELATED PARTY INFORMATION (continued)

(a) In March 2014, the Consolidated Entity entered into a converting loan agreement. Pursuant to the Converting Loan Agreement, the loan funds, subject to receipt of shareholder approval at the Company's 2014 Annual General Meeting, will automatically convert into ordinary shares in the Company. Subject to receipt of shareholder approval, the conversion will be 80% of the volume weighted average closing price of the Shares as quoted on the ASX over the last ten trading days immediately preceding the day of receipt of shareholder approval. If shareholder approval is not obtained, the loan (together with interest accrues daily at 10% per annum) is repayable by the Company by 31 December 2014. As at 30 June 2014, $650,000 had been drawn down by Cauldron. On 4 August 2014, $325,000 was repaid in cash to Cape Lambert Resources Limited and on 1 October 2014, the remaining $349,851 (including interest) was repaid.

(b) In November 2013, the Consolidated Entity entered into short term loan agreements with Cape Lambert Resources limited and Mr Qiu Derong. Cape Lambert and Mr Qiu Derong have each lent the Consolidated Entity $200,000 which may be converted into shares at a conversion rate of $0.13 per share (with an interest rate of 10% per annum). In September 2014, the converting loans, plus interest at 10% per annum ($434,801) were converted into 3,345,538 fully paid ordinary shares,

The ultimate parent
The ultimate parent of the Group is Cauldron Energy Limited and is based on and listed in Australia.

Terms and conditions of transactions with related parties other than KMP
The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the balance date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 December 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2014: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Financial Assets
At 31 December 2014, Cauldron held 15,695,835 shares in Fe Limited (ASX: FEL) (30 June 2014: 15,695,835) with a market value of $285,278 (30 June 2014: $659,225). Mr Antony Sage is a director of FEL.

Significant shareholders
Qiu Derong holds a significant interest of 12.38% in the issued capital of Cauldron Energy at 31 December 2014 (30 June 2014: 14.73%). Mr Qiu Derong is a director of Cauldron.

Cape Lambert, via its wholly owned subsidiary Dempsey Resources Pty Ltd ("Dempsey"), holds a significant interest of 17.38% (30 June 2014: 21.00%) in the issued capital of Cauldron at 31 December 2014. Mr Antony Sage is a director of Cape Lambert.

14. FINANCIAL INSTRUMENTS

Financial risk management

The risk management activities are consistent with those of the previous financial year unless otherwise stated.

The Consolidated Entity's financial instruments consist mainly of deposits with banks, accounts receivable, loan receivables, accounts payable, convertible loan notes and shares in listed companies.

The Consolidated Entity does not speculate in the trading of derivative instruments.

The totals for each category of financial instruments, measured in accordance with AASB 139 are as follows:

	31 December 2014 $	30 June 2014 $
Financial assets:		
Cash and cash equivalents	**3,110,005**	1,873,667
Trade and other receivables	**370,453**	134,690
Financial assets at through profit and loss	**410,090**	826,506
	3,890,548	2,834,863
Financial liabilities:		
Trade and other payables	**2,047,110**	706,349
Convertible loan notes	**-**	1,087,018
	2,047,110	1,793,367

Financial risk management policies

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit rate risk and liquidity risk.

The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. Risk management is carried out by the Board and they provide written principles for overall risk management.

Financial risk exposures and management

The main risks arising from the Consolidated Entity's financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

(a) Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Given the few transactions the Board does not consider there to be a need for policies to hedge against foreign currency risk. The Consolidated Entity's has no significant exposure to foreign currency risk as at the reporting date.

14. FINANCIAL INSTRUMENTS (continued)

(b) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. Cash and cash equivalents on deposit at variable rates expose the Consolidated Entity to cash flow interest rate risk. The Consolidated Entity is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

The effect on loss and equity as a result of changes in the interest rate.

	2014 Change $	2013 Change $
Change in loss:		
Increase in interest rate by 200 basis points	**+62,200**	+37,473
Decrease in interest rate by 200 basis points	**-62,200**	-37,473

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

(c) Price risk

The Consolidated Entity is exposed to equity securities price risk. This arises from investments held by the Consolidated Entity and classified on the statement of financial position as current financial assets at fair value through profit or loss. The Consolidated Entity is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Consolidated Entity diversifies its portfolio which is done in accordance with the limits set by the Consolidated Entity.

The majority of the Consolidated Entity's equity investments are publicly traded and are included on the ASX 200 Index.

The table below summarises the impact of increases/decreases of the index on the Consolidated Entity's post tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% (2013 – 10%) with all other variables held constant and all the Consolidated Entity's equity instruments moved according to the historical correlation with the index.

	Impact on Post-Tax Profit/(Loss)	
	2014 $	2013 $
Index		
ASX 200	**41,009**	82,651

(d) Credit risk

Credit risk is managed on a consolidated basis. Credit risk arises from cash and cash equivalents and credit exposures to wholesale and retail customers and suppliers. The Consolidated Entity has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

14. FINANCIAL INSTRUMENTS (continued)

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings:

	31 December 2014 $	30 June 2014 $
Financial assets		
Cash and cash equivalents (AA)	**3,110,005**	1,873,667
Trade and other receivables	**370,453**	134,690
	3,480,458	2,008,357

(e) Liquidity risk

The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

31 December 2014	Within 1 Year $	1 to 5 Years $	Over 5 Years $	2014 Total $
Financial assets				
Cash	**3,110,005**	**69,000**	**-**	**3,179,005**
Held for trading investments	**410,090**	**-**	**-**	**410,090**
Receivables and loans	**370,453**	**-**	**-**	**370,453**
	3,890,548	**69,000**	**-**	**3,959,548**
Financial Liabilities				
Trade and other payables	**2,047,110**	**-**	**-**	**2,047,110**
	2,047,110	**-**	**-**	**2,047,110**

30 June 2014	Within 1 Year $	1 to 5 Years $	Over 5 Years $	2014 Total $
Financial assets				
Cash	1,873,667	2,124,749	-	3,998,416
Held for trading investments	826,506	-	-	826,506
Receivables and loans	134,690	-	-	134,690
	2,834,863	2,124,749	-	4,959,612
Financial Liabilities				
Trade and other payables	706,349	-	-	706,349
Financial liabilities	1,087,018	-	-	1,087,018
	1,793,367	-	-	1,793,367

14. FINANCIAL INSTRUMENTS (continued)

(f) Fair value estimation

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 2014	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets:				
Financial assets at fair value through profit or loss:				
Held for trading investments	**410,090**	**-**	**-**	**410,090**

30 June 2014	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets:				
Financial assets at fair value through profit or loss:				
Held for trading investments	826,506	-	-	826,506

15. EVENTS SUBSEQUENT TO REPORTING DATE

Application for Exploration Licences

As announced on 7 January 2015, the Company advised that the Minister for Mines and Petroleum has decided not to accept the Mining Warden's recommendation to refuse Cauldron's applications for three new uranium exploration licences on and adjacent to the Minderoo pastoral station in Western Australia's Pilbara region. The Department of Mines and Petroleum will now progress the applications through the determination process.

Lapsed Options

As announced on 8 January 2015, the Company advised the following unlisted employee and consultant options lapsed:

- 850,000 unlisted options exercisable at $0.20 expiring 30 June 2015; and
- 350,000 unlisted options exercisable at $0.138 expiring 31 December 2015.

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 2014 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
27 February 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cauldron Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cauldron Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Cauldron Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 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 2014 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 modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, 27 February 2015