



CAULDRON ENERGY LIMITED

(ABN 22 102 912 783)

AND CONTROLLED ENTITIES

**CONSOLIDATED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2023**

CORPORATE DIRECTORY

DIRECTORS

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

CHIEF EXECUTIVE OFFICER

Jonathan Fisher

COMPANY SECRETARY

Michael Fry

PRINCIPAL & REGISTERED OFFICE

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Website: www.cauldronenergy.com.au

AUDITORS

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Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6008

SHARE REGISTRAR

Advanced Share Registry
110 Stirling Hwy
Nedlands, Western Australia 6009
Telephone: (08) 9389 8033
Facsimile: (08) 9262 3723

STOCK EXCHANGE LISTING

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

BANKERS

National Australia Bank
100 St Georges Terrace
Perth, Western Australia 6000

LAWYERS

Steinepreis Paganin
Level 4, The Read Buildings,
16 Milligan Street
Perth, Western Australia 6000

DIRECTORS' REPORT

The directors of Cauldron Energy Limited (**Cauldron** or **Company**) submit their report, together with the consolidated financial statements comprising Cauldron and its controlled entities (together the **Group**) for the half-year ended 31 December 2023.

1. DIRECTORS

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

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

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

2. OPERATING RESULTS

The loss after tax of the Group for the half-year ended 31 December 2023 amounted to \$2,124,238 (31 December 2022: \$1,607,046).

3. REVIEW OF OPERATIONS

Cauldron is an Australian exploration company, with a diversified project portfolio covering uranium, nickel, copper, platinum group elements (PGEs) and sand.

Cauldron holds uranium prospective tenements covering ~1,153 km² in the North Carnarvon Basin, located in the north-west of Western Australia (Yanrey Project), one of which secures the Bennet Well Uranium Deposit (Bennet Well). The project is prospective for sandstone-style uranium mineralisation capable of extraction by in-situ recovery mining techniques, proven globally, and domestically, to be the most cost effective and environmentally acceptable method of uranium extraction.

Bennet Well, and consequently the Yanrey Uranium Project, has been the subject of a significant amount of exploration since the early 2,000's by Cauldron.

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

Cauldron also holds tenements and tenement applications covering ~1,428 km² in the Yilgarn Craton which are considered highly prospective for nickel, copper and platinum group elements (Melrose Ni-Cu-PGE Project). Cauldron commenced its maiden drill program in December 2023 to follow up on historic air core drilling undertaken by third parties which returned elevated levels of nickel and copper, and more recent magnetic inversion modelling and EM Surveys conducted by Cauldron. Assay results from the drilling program are pending as at the date of this report.

Cauldron also holds a 100% interest in a number of sand tenements in the North-West of Western Australia, covering the mouths of the Gascoyne, Ashburton and Fitzroy rivers in Western Australia, collectively covering an area of approximately 286 km². Sand is by far the largest globally mined commodity, outstripping the shipments of coal, iron ore and grain. Source: *UN Environment 2019; Sand and Sustainably, Finding new solutions for Environmental Governance of global sand resources*. The international sand and aggregate markets are worth an estimated US\$4.5 billion. By 2030, this value is estimated to grow to US\$60 billion, representing a growth rate of 5.5 per cent per year. Source: www.researchandmarkets.com/reports/5140975/construction-aggregates-global-market. Cauldron management continue to investigate the best way to maximise value from these sand projects for Cauldron shareholders.

4. CORPORATE

The following significant transactions and events occurred during the period:

October Placement and Rights Issue

On 16 October 2023, the Company completed a placement issuing 22,000,000 new fully paid ordinary shares at 0.9 cents each raising a total of \$0.198 million before costs. Participants in the placement were issued one free option for each three shares subscribed for and issued resulting in the issue of a total of 7,333,333 free attaching options exercisable on or before 30 December 2025, at an exercise price of \$0.015 cents, with the Company to make an application for listing of the options (Listed Options). Canaccord Genuity acted as lead manager to the Placement;

On 8 November 2023, the Company completed a rights issue issuing 158,594,777 new fully paid ordinary shares at 0.9 cents each raising a total of \$1.427 million before costs. Participants in the Rights Issue were issued a total of 52,864,994 Listed Options. The Listed Options were issued on the basis of 1 free attaching option for every three shares subscribed for. Canaccord Genuity acted as Lead Manager and Underwriter to the Rights Issue;

Canaccord Genuity, in remuneration for acting as lead Manager to the Placement and Lead Manager and Underwriter to the Rights Issue, received a 2% management fee, plus a 4% capital raising fee, plus a corporate advisory fee of \$60,000. In addition, Canaccord Genuity received a total of 52,864,994 Listed Options on the same terms and conditions as participants in the Rights Issue.

DIRECTORS' REPORT *continued*

5. SECURITIES ON ISSUE

Shares

As at 31 December 2023, the Company had 1,132,839,071 fully paid ordinary shares on issue.

Post 31 December 2023 and up to the date of this report, the Company has issued 45,000,000 shares pursuant to a private placement and 34,380,598 Options have been exercised and converted into Shares. As a result, as at the date of this report, there are 1,212,219,669 fully paid ordinary shares on issue.

Options

As at 31 December 2023, the Company had a total of 303,538,895 options on issue comprised as follows:

Class	ASX Code	Description	Number	Exercise Price (\$)	Expiry Date
F	CXUAB	Unlisted Options	24,705,882	\$0.034	15 March 2024
G	CXUAY	Unlisted Options	5,000,000	\$0.002	31 May 2025
H	CXUAAA	Listed Options	228,833,013	\$0.015	30 December 2025
I	CXUAAB	Unlisted Options	15,000,000	\$0.015	29 November 2024
J	CXUAAC	Unlisted Options	15,000,000	\$0.020	30 November 2025
K	CXUAAD	Unlisted Options	15,000,000	\$0.025	30 November 2025
TOTALS			303,538,895		

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity. No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Performance Rights

As at 31 December 2023, the Company had a total of 100,000,000 performance rights on issue (31 December 2022: 3,000,000). The Performance Rights were issued to members of the Company's key management personnel (KMP) pursuant to CXU's Performance Rights Plan approved by CXU shareholders at a general meeting of the Company held on 30 November 2023, as follows:

Name	Position	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Total
Jonathan Fisher	CEO	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	40,000,000
Michael Fry	Executive Director	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	30,000,000
Angelo Socio	Exploration Manager	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	17,500,000
Ian Mulholland	Chairman	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	12,500,000
Total		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	100,000,000

Each Performance Right is a right to receive one fully paid ordinary share in CXU, subject to meeting performance conditions and the terms of to CXU's Performance

Rights Plan.

The Performance Rights shall vest as follows:

Tranche 1: The volume weighted average price of the Shares of the Company as quoted on ASX is above such price that is equal to \$0.0117, being a 30% premium to the October 2023 Rights Issue share price of \$0.009, for a period of not less than 20 consecutive trading days on which the Shares have actually traded;

Tranche 2: The volume weighted average price of the Shares of the Company as quoted on ASX is above such price that is equal to \$0.01485, being a 65% premium to the October 2023 Rights Issue share price of \$0.009, for a period of not less than 20 consecutive trading days on which the Shares have actually traded;

Tranche 3: Defining a JORC 2012 compliant inferred resource at Melrose Project of 100,000 tonnes of nickel (or nickel equivalent) grading 1% or above;

Tranche 4: the Company outperforms the S&P/ASX Small Ordinaries Index by 30% or greater; and

Tranche 5: the Company's market capitalisation exceeds \$40 million,

(each, a **Vesting Condition**).

Note: for the purposes of the Vesting Conditions, the Company's market capitalisation will be determined using the 30-calendar day volume weighted average price of Shares traded on the ASX, and the number of Shares on issue as at the relevant time.

DIRECTORS' REPORT *continued*

6. PROJECT INFORMATION

Yanrey Project

The Yanrey Project comprises 12 granted exploration licences (1,137 km²) and 1 application for an exploration licence (16 km²) and comprises the Bennet Well Uranium Deposit.

Yanrey is prospective for large sedimentary-hosted uranium deposits, where mineralisation is targeted in shallow accumulations of uranium, hosted in unconsolidated sands (less than 100 m depth) in Cretaceous sedimentary units of the North Carnarvon Basin.

Field work at Yanrey has been on hold pending clarity on the uranium exploration policy from the Western Australian government.



Figure 1: Location Map - Yanrey Project

Bennet Well Mineral Resource

A Mineral Resource (JORC 2012) for Bennet Well was estimated by Ravensgate Mining Industry Consultants following the last drilling completed during 2016. The Mineral Resource was fully reported in ASX announcement dated 17 December 2015, including geological maps and cross sections, supporting and explanatory statements and metadata as required under the reporting standards of JORC2012. No work on the Mineral Resource has been completed since, and therefore remains unchanged for the current reporting period.

The mineralisation at Bennet Well is a shallow accumulation of uranium hosted in unconsolidated sands close to surface (less than 100 m downhole depth) in Cretaceous sedimentary units of the Ashburton Embayment. The Bennet Well deposit is comprised of four spatially separate deposits; namely Bennet Well East, Bennet Well Central, Bennet Well South and Bennet Well Channel.

The Mineral Resource (JORC 2012) estimate is:

- Inferred: 16.9Mt at 335ppm eU₃O₈ for total contained uranium-oxide of 12.5Mlb (5,670 t) at 150ppm cut-off;
- Indicated: 21.9Mt at 375ppm eU₃O₈ for total contained uranium-oxide of 18.1Mlb (8,230 t) at 150ppm cut-off;
- Total: 38.9Mt at 360ppm eU₃O₈, for total contained uranium-oxide of 30.9Mlb (13,990 t) at 150ppm cut-off.

DIRECTORS' REPORT *continued*

Work Performed During the Half-Year

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

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

A scoping study was finalised and published demonstrating that the Bennet Well Deposit offers robust returns for modest capital outlay – for full details refer the Company's ASX announcement of 13 December 2023.

Melrose Project

In July 2023, Cauldron exercised its option to acquire E70/6160 following due diligence which highlighted that the project area was highly prospective for nickel, copper and PGE mineralisation; which led to the Company identifying further prospective areas alongside E70/6160 that were open.

Cauldron's Melrose Project covers an area of approximately 1,428 km² and comprises E70/6160 covering an area of ~159 km² and the area immediately west and south of E70/6160 covering a further area of ~1,268 km² (pegged by Cauldron; represented by Applications E70/6463, 6466, 6467, 6468 and 6469).

Of the areas pegged, two have been granted (E70/6467 and E70/6468), and three remain as tenement applications (E70/6463, 6466, and 6469).

Cauldron's Melrose Project is the largest contiguous Nickel-Copper-PGE prospective land-holding in the Barrabarra Greenstone Belt portion of the West Yilgarn Craton.

The Melrose Project area is 13 km south of Chalice's Barrabarra Ni-Cu-PGE project. Chalice have described Barrabarra as containing a ~15 km long unexplored interpreted mafic-ultramafic complex, with anomalous Ni-Cu in soils, and a similar geophysical signature to the Julimar Complex. Barrabarra is about 140 km north of Chalice's Julimar project.

On an adjacent tenement Nickel X has identified two very strong EM conductors associated with magnetic anomalies that they plan to drill test soon. Both Chalice and Nickel X are targeting Julimar style Ni-Cu-PGE deposits in the region (Figure 2).



Figure 2: Location Map - Melrose Project

DIRECTORS' REPORT *continued*

Work Performed During the Half-Year

Significant work was undertaken including mapping, geophysical surveying and geological interpretation culminating in the Company undertaking its maiden drill program at the project consisting of first pass air-core drilling to a depth of around 60 metres. Assay results for the drilling program remain pending as at the date of this report.

WA Sands Project

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

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

Cauldron notes that with respect to Mining Lease 08/487, that on 22 January 2021 proceedings were commenced against Quarry Park Pty Ltd, the Mining Registrar, the WA Minister for Mines and Petroleum and the Company seeking to prevent Quarry Park Pty Ltd and Cauldron from executing or lodging a transfer of ML08/487. The plaintiff was initially unsuccessful and has appealed the decision. As at the date of this report a decision is yet to be handed down.

Sand Industry

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

Sand is by far the largest globally mined commodity, outstripping the shipments of coal, iron ore and grain. Sand is not traded on any recognised exchange, but the United Nations (UN) estimates 40 billion tonnes of sand¹ is mined globally each year. Putting this in context, the next largest bulk commodity, in terms of tonnage moved, is coal at about 3.5 billion tonnes in 2018 (International Energy Agency, IEA).

Work Performed During the Half-Year

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

Blackwood Goldfield Project

The Company sold its interest in the Blackwood Goldfield Project during the half year for cash consideration of \$300,000, of which \$200,000 has been received, with a further \$100,000 due during September 2024.

COMPETENT PERSON STATEMENTS

Bennet Well Uranium Deposit

The information in this report that relates to Mineral Resources for the Bennet Well Uranium Deposit is extracted from a report released to the Australian Securities Exchange (ASX) on 17 December 2015 titled "Substantial Increase in Tonnes and Grade Confirms Bennet Well as Globally Significant ISR Project" and available to view at www.cauldronenergy.com.au and for which Competent Persons' consents were obtained. Each Competent Person's consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement released on 17 December 2015 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original ASX announcement.

Melrose Project

The information in this report that relates to Exploration Results for the Melrose Project, is based on information compiled by Mr. Angelo Socio who is a member of the Australian Institute of Geoscientists. Mr Socio is an employee of Cauldron Energy Ltd and has sufficient experience relevant to the style of mineralisation and 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 Resources and Ore Reserves' (JORC Code). Mr. Socio consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

This report also contains information that relates to exploration results extracted from company announcements released to the Australian Securities Exchange (ASX) listed in the table below and which are available to view at www.cauldronenergy.com.au and for which the Competent Persons' consents were obtained.

Unless otherwise stated, where reference is made to previous releases of exploration results in this announcement, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the exploration results included in those announcements continue to apply and have not materially changed.

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

DIRECTORS' REPORT *continued*

WA Sands Project

The information in this report that relates to the Exploration Results for the WA Sands Project is extracted from a report released to the Australian Securities Exchange (ASX) on 23 December 2020 titled "Cauldron to Acquire River Sands Interests" and on 1 June 2021 titled 'Cauldron cements position at Ashburton Sand Project' and are available to view at www.cauldronenergy.com.au and for which a Competent Person consent was obtained. The Competent Person's consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that is not aware of any new information or data that materially affects the information included in the original ASX announcement released on 23 December 2020 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original ASX announcement.

7. EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods, except for the following matters.

Private Placement

On 20 February 2024, Cauldron completed a private placement to its major shareholder Parle Investments Pty Ltd, resulting in the issue of 45,000,000 shares at \$0.045 (4.5 cents) per share each (Shares), raising a total of \$2.025 million. There were no costs incurred in relation to the private placement.

8. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2023 has been received and is included on page 7.

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



Mr Ian Mulholland
Chairman

PERTH
14th March 2024

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF CAULDRON ENERGY LIMITED

As lead auditor for the review of Cauldron Energy Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cauldron Energy Limited and the entities it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth
14 March 2024

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	31 December 2023 \$	31 December 2022 \$
Revenue and other income	3	67,588	45,743
Gain on disposal of tenement	4	300,000	-
Administration expenses		(25,176)	(96,871)
Employee benefits expenses		(257,759)	(305,484)
Compliance and regulatory expenses		(155,942)	(88,338)
Consultancy expenses		(139,505)	(144,680)
Depreciation		(1,080)	(66)
Directors' fees		(93,000)	(90,612)
Exploration expenditure	5	(871,646)	(441,206)
Financing costs		-	(216,399)
Legal expenses		(22,341)	(22,321)
Net fair value gain/(loss) on financial assets through profit and loss		-	(69,367)
Occupancy expenses		(8,456)	(12,887)
Share based payments	12	(898,292)	(163,081)
Travel expenses		(18,629)	(1,477)
Profit/ (loss) before income tax expense		(2,124,238)	(1,607,046)
Income tax expense/(benefit)		-	-
Profit/(loss) for the period		(2,124,238)	(1,607,046)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		-	-
Other comprehensive income/(loss) for the period after income tax		-	-
Total comprehensive profit/(loss) attributable to members of the Company		(2,124,238)	(1,607,046)
Earnings/(loss) per share for the period attributable to the members of Cauldron Energy Ltd			
Basic earnings/(loss) per share (cents per share)		(0.16)	(0.29)
Diluted earnings/(loss) per share (cents per share)		(0.16)	(0.29)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	31 December 2023 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		1,330,530	771,393
Trade and other receivables	6	202,307	61,276
Financial assets at fair value through profit or loss	7	267,071	267,071
TOTAL CURRENT ASSETS		1,799,908	1,099,740
NON-CURRENT ASSETS			
Property, plant and equipment		5,759	4,949
TOTAL NON-CURRENT ASSETS		5,759	4,949
TOTAL ASSETS		1,805,667	1,104,689
CURRENT LIABILITIES			
Trade and other payables	8	1,311,466	975,704
Employee entitlements		8,975	4,641
TOTAL CURRENT LIABILITIES		1,320,441	980,345
TOTAL LIABILITIES		1,320,441	980,345
NET ASSETS		485,226	124,344
EQUITY			
Issued capital	9	63,955,037	62,689,099
Reserves	10	8,322,383	7,103,200
Accumulated losses		(71,792,194)	(69,667,955)
TOTAL EQUITY		485,226	124,344

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023 \$	31 December 2022 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(255,144)	(557,114)
Payments for exploration and evaluation		(871,206)	(441,206)
Interest received		11,234	1,534
Miscellaneous proceeds		29,314	12,742
<i>Net cash (used in) operating activities</i>		(1,085,802)	(984,044)
Cash Flows from Investing Activities			
Purchase of plant and equipment		(1,890)	(2,997)
Proceeds from sale of tenements		200,000	-
<i>Net cash (used in)/provided by investing activities</i>		198,110	(2,997)
Cash Flows from Financing Activities			
Proceeds from issue of shares	9	1,625,353	2,268,166
Share issue costs	9	(188,659)	(166,090)
Proceeds from conversion of options into shares		10,135	-
Proceeds from borrowings		-	504,931
<i>Net cash provided by financing activities</i>		1,446,829	2,607,007
Net increase in cash held		559,137	1,619,966
Cash and cash equivalents at beginning of period		771,393	235,738
Cash and cash equivalents at end of period		1,330,530	1,855,703

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
		\$	\$	\$	\$	\$
At 1 July 2023		62,689,099	(69,667,955)	7,103,200	-	124,344
Loss attributable to members of the parent entity		-	(2,124,238)	-	-	(2,124,238)
Total comprehensive income/(loss) for the period		-	(2,124,238)	-	-	(2,124,238)
Transaction with owners, directly in equity						
Acquisition of Melrose Project	9	140,000	-	-	-	140,000
Issue of shares, net of costs	9	1,115,803	-	-	-	1,115,803
Conversion of options into shares	9	10,135	-	-	-	10,135
Share-based payments	12	-	-	1,219,183	-	1,219,183
At 31 December 2023		63,955,037	(71,792,194)	8,322,383	-	485,226
At 1 July 2022						
		60,061,504	(65,708,889)	6,833,408	(1,614,458)	(428,435)
Loss attributable to members of the parent entity		-	(1,607,046)	-	-	(1,607,046)
Other comprehensive income/(loss)		-	-	-	-	-
Total comprehensive income/(loss) for the period		-	(1,607,046)	-	-	(1,607,046)
Transaction with owners, directly in equity						
Issue of shares, net of costs	9	2,627,586	-	-	-	2,627,586
Share-based payments	12	-	-	358,902	-	358,902
At 31 December 2022		62,689,090	(67,315,935)	7,192,310	(1,614,458)	951,007

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

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

This general purpose financial report for the half-year ended 31 December 2023 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2023 and considered together with any announcements made by Cauldron during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations of the ASX listing rules.

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2023 annual financial report for the financial year ended 30 June 2023, except for those disclosed in Note 2 of this report.

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

Critical accounting judgements, estimates and assumptions

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

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2023.

b. Going Concern

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

At balance date, the Group had cash and cash equivalents of \$1,330,530 (30 June 2023: \$771,393), operating cash outflows of \$1,085,802 (31 Dec 2022: \$984,044), trade and other payables of \$1,311,466 (30 June 2023: \$975,704) and a net working capital surplus of \$479,467 (30 June 2023: \$147,676 deficit).

The ability of this Group to continue as a going concern is dependent on the Group securing additional debt and/or equity funding to meet its working capital requirements in the next 12 months. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned operations and the Group will be able to meet its obligations as and when they fall due, for the following reasons:

- a) the Group has demonstrated its ability to raise additional capital through equity issues over the course of the past 18 months and is confident of doing so again when and if needed;
- b) the Company has options on issue which if exercised will result in additional capital being raised;
- c) the Group holds a portfolio of investments which may be sold to fund ongoing cash requirements of the Company; and
- d) the Directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are confident in the ability of the Group to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The consolidated financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

2. SEGMENT INFORMATION

The Group 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 half year, the Group operated in one business segment (for primary reporting) being mineral exploration and one geographical segments (for secondary reporting) being Australia.

Segment Information	Mineral Exploration		Other		Total	
	Half year ended		Half year ended		Half year ended	
	31 December 2023 \$	31 December 2022 \$	31 December 2023 \$	31 December 2022 \$	31 December 2023 \$	31 December 2022 \$
Revenue						
Interest received	-	-	11,234	1,534	11,234	1,534
Other	29,314	31,648	27,040	12,562	56,354	44,210
Gain on disposal of tenements	-	-	300,000	-	300,000	-
Total segment revenue and other income	29,314	31,648	338,274	14,096	367,588	45,744
Segment net operating profit/(loss) after tax						
Segment net operating profit/(loss) after tax includes the following significant items:						
Net fair value gain/(loss) on financial assets	-	-	-	(69,368)	-	(69,368)
Depreciation	-	-	(1,080)	(66)	(1,080)	(66)
Employee benefits expense	(100,002)	(305,484)	(157,757)	-	(257,759)	(305,484)
Directors fees	-	-	(93,000)	(90,612)	(93,000)	(90,612)
Consultancy expenses	-	-	(139,505)	(144,680)	(139,505)	(144,680)
Legal fees	-	-	(22,341)	(22,321)	(22,341)	(22,321)
Exploration expenditure	(871,646)	(441,206)	-	-	(871,646)	(441,206)
Share based payments expense	-	-	(898,292)	(163,080)	(898,292)	(163,080)
Finance costs	-	-	-	(216,399)	-	(216,399)
Other expenses	-	-	(208,203)	(199,572)	(208,203)	(199,572)
Total segment net operating profit /(loss) after tax	(942,334)	(715,042)	(1,181,904)	(892,002)	(2,124,238)	(1,607,044)
	31 December 2023 \$	30 June 2023 \$	31 December 2023 \$	30 June 2023 \$	31 December 2023 \$	30 June 2023 \$
Segment assets						
Cash and cash equivalents	-	-	1,330,530	771,393	1,330,530	771,393
Financial assets	-	-	267,071	267,071	267,071	267,071
Other assets	-	-	208,066	66,225	208,066	66,225
	-	-	1,805,667	1,104,689	1,805,667	1,104,689
Segment liabilities	-	-	(1,320,441)	(980,345)	(1,320,441)	(980,345)
Segment net assets	-	-	485,226	124,344	485,226	124,344

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

3. REVENUE AND OTHER INCOME

	31 December 2023	31 December 2022
	\$	\$
<u>Revenue and other income</u>		
Interest received	11,234	1,534
Tenement Refunds	29,314	31,648
Miscellaneous	27,040	12,561
	67,588	45,743

4. GAIN ON SALE OF TENEMENT

	31 December 2023	31 December 2022
	\$	\$
<u>Revenue and other income</u>		
Gain on sale of tenement (a)	300,000	-
	300,000	-

(a) During the half year, Cauldron sold its Blackwood Project tenements for \$300,000; the carrying cost for which had been fully expensed in prior periods, giving rise to a gain on sale of \$300,000.

5. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2023	31 December 2022
	\$	\$
Exploration expenditure incurred - Yanrey	(846,822)	(242,097)
Exploration expenditure incurred - Blackwood	-	(111,788)
Exploration expenditure incurred – WA Sand	-	(87,321)
Exploration expenditure incurred – general (non-project specific)	(24,827)	-
Exploration expenditure expensed	(871,646)	(441,206)

6. TRADE AND OTHER RECEIVABLES

	31 December 2023	30 June 2023
	\$	\$
Security bonds	41,186	41,186
GST Receivable	61,121	20,090
Sale of tenement – deferred consideration (a)	100,000	-
	202,307	61,276

(a) During the half year, Cauldron sold its Blackwood Project tenements for \$300,000; \$200,000 of which was received at the time of entering into the agreement with a further \$100,000 deferred; due for receipt by September 2024.

7. FINANCIAL ASSETS

	31 December 2023	30 June 2023
	\$	\$
Financial assets at fair value through profit and loss (listed investments)	261,811	261,811
Financial assets at fair value through profit and loss (unlisted investments)	5,260	5,260
	267,071	267,071
<i>Movements:</i>		
Opening balance at beginning of the period	267,071	359,560
Fair value gain/(loss) through profit and loss	-	(92,489)
Closing balance at end of the period	267,071	267,071

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

8. TRADE AND OTHER PAYABLES

	31 December 2023 \$	30 June 2023 \$
Trade payables	423,221	95,996
Other payables and accruals	888,245	879,708
	1,311,466	975,704

Trade payables are non-interest bearing and are normally settled on 30 day terms

9. ISSUED CAPITAL

	31 December 2023 No. of Shares	31 December 2023 \$	30 June 2023 No. of Shares	30 June 2023 \$
Fully paid ordinary	931,568,001	63,955,037	931,568,661	62,689,099
<i>Movements</i>				
Balance at beginning of period	931,568,661	62,689,099	535,411,277	60,061,504
<i>Shares issued</i>				
- Acquisition of Melrose Project – securities issued (a)	20,000,000	140,000	-	-
- Placement (b)	22,000,000	198,000	-	-
- Rights Issue (c)	158,594,777	1,427,353	-	-
- Conversion of options into shares during half year ended 31 December 2023 (d)	675,633	10,135	-	-
- Conversion of Convertible Note	-	-	72,133,072	721,331
- Placement	-	-	91,131,652	637,922
- Rights Issue	-	-	232,892,000	1,630,244
- Conversion of options into shares during year ended 30 June 2023	-	-	660	10
Costs of Issue – fees paid	-	(188,659)	-	(361,910)
Costs of Issue – securities issued	-	(320,891)	-	-
Balance at end of period	1,132,839,071	63,955,037	931,568,661	62,689,099

- (a) On 31 July 2023, Cauldron acquired the Melrose Project issuing the vendor 20,000,000 fully paid shares in Cauldron which had a market value of \$0.007 each, being the share price prevailing on that date.
- (b) On 16 October 2023, the Company completed a placement issuing 22,000,000 new fully paid ordinary shares at 0.9 cents each raising a total of \$198,000 before costs. Canaccord Genuity acted as lead manager to the Placement. Cumulus Wealth were appointed Co-Manager. As Lead Manager, Canaccord Genuity was entitled to a placement fee of 4% of the total funds raised by it under the Placement, together with an offer management fee of 2%.
- (c) On 8 November 2023, the Company completed a rights issue issuing 158,594,777 new fully paid ordinary shares at 0.9 cents each raising a total of \$1.427 million before costs. Participants in the Rights Issue were issued a total of 52,864,994 free attaching listed options which are exercisable on or before 30 November 2025, at an exercise price of \$0.015 cents (Listed Options). The Listed Options were issued on the basis of 1 free attaching option for every three shares subscribed for. Canaccord Genuity acted as Lead Manager and Underwriter to the Rights Issue, and received 52,864,994 Listed Options which were on the same terms as participants in the Rights Issue;
- (d) During the half year, holders of 675,633 Listed Options converted their options into shares, each at \$0.015, raising the sum of \$10,135.
- (e) Pursuant to the terms of the engagement with Canaccord Genuity, the Lead Manager to the Placement and Lead Manager and Underwriter to the Rights Issue, received a 2% management fee, plus a 4% capital raising fee (together totalling \$128,659), plus a corporate advisory fee of \$60,000, plus 52,864,994 Listed Options having a value of \$320,891, such fees totalling \$509,550.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

10. RESERVES

	31 December 2023 \$	30 June 2023 \$
Share Based Payments Reserve (a)	8,322,383	7,103,200
Foreign Currency Translation Reserve (b)	-	-
	8,322,383	7,103,200
<i>(a) Movement in Share Based Payments Reserve:</i>		
Balance at beginning of period	7,103,200	6,833,409
Performance Rights – allocation of value	-	(55,749)
Options issued to Key management persons	-	129,720
Performance Rights to Key management persons	898,292	-
Lead Manager's Incentive fees settled as options	320,891	195,821
Balance at end of period	8,322,383	7,103,201
<i>(b) Movement in Foreign Currency Translation Reserve:</i>		
Balance at beginning of period	-	(1,614,458)
Foreign currency exchange differences arising on translation of foreign operations	-	1,614,458
Balance at end of period	-	-

11. OPTIONS

As at 31 December 2023, the Company has a total of 303,538,895 options on issue comprised as follows:

Class	ASX Code	Description	Number	Exercise Price (\$)	Expiry Date
F	CXUAB	Unlisted Options	24,705,882	\$0.034	15 March 2024
G	CXUAY	Unlisted Options	5,000,000	\$0.002	31 May 2025
H	CXUAAA	Listed Options	228,833,013	\$0.015	30 December 2025
I	CXUAAB	Unlisted Options	15,000,000	\$0.015	29 November 2024
J	CXUAAC	Unlisted Options	15,000,000	\$0.020	30 November 2025
K	CXUAAD	Unlisted Options	15,000,000	\$0.025	30 November 2025
TOTALS			303,538,895		

Movement during the half year was as follows:

Description	Number
Opening balance	258,153,173
Lapse of CXUAV Unlisted Options	(6,000,000)
Lapse of CXUAW Unlisted Options	(61,001,898)
Issue of CXUAA Listed Options	113,063,253
Conversion of CXUAA Listed Options	(675,633)
	303,538,895

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

12. SHARE-BASED PAYMENTS

	31 December 2023 \$	31 December 2022 \$
Performance rights – issued during half to key management persons	896,185	-
Performance rights – issued in September 2020	-	(66,951)
Options – Jonathan Fisher (CEO)	-	221,869
Options – Ian Mulholland	2,107	8,163
	898,292	163,081

The movement in Performance Rights during the half year ended 31 December 2023 was as follows:

	31 December 2023 Number
Balance at beginning of half year	-
Issued during the half year	100,000,000
Converted during the half year	-
Outstanding at the end of the half year	100,000,000
Convertible at the end of the half year	-

Share-based payments, measurement and recognition

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

During the half year, 100,000,000 performance rights were issued to key management personnel as follows:

Name	Position	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Total
Jonathan Fisher	CEO	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	40,000,000
Michael Fry	Executive Director	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	30,000,000
Angelo Socio	Exploration Manager	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	17,500,000
Ian Mulholland	Chairman	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	12,500,000
Total		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	100,000,000

The Performance Rights shall vest as follows:

Tranche 1: The volume weighted average price of the Shares of the Company as quoted on ASX is above such price that is equal to \$0.0117, being a 30% premium to the October 2023 Rights Issue share price of \$0.009, for a period of not less than 20 consecutive trading days on which the Shares have actually traded;

Tranche 2: The volume weighted average price of the Shares of the Company as quoted on ASX is above such price that is equal to \$0.01485, being a 65% premium to the October 2023 Rights Issue share price of \$0.009, for a period of not less than 20 consecutive trading days on which the Shares have actually traded;

Tranche 3: Defining a JORC 2012 compliant inferred resource at Melrose Project of 100,000 tonnes of nickel (or nickel equivalent) grading 1% or above;

Tranche 4: the Company outperforms the S&P/ASX Small Ordinaries Index by 30% or greater; and

Tranche 5: the Company's market capitalisation exceeds \$40 million,
(each, a **Vesting Condition**).

Note: for the purposes of the Vesting Conditions, the Company's market capitalisation will be determined using the 30-calendar day volume weighted average price of Shares traded on the ASX, and the number of Shares on issue as at the relevant time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

The Performance Rights issued to Michael Fry and Ian Mulholland, both directors of the Company, have been valued using the Monte Carlo Simulation Approach and are based on the following assumptions:

	Tranche 1 Assumptions	Tranche 2 Assumptions	Tranche 3 Assumptions	Tranche 4 Assumptions	Tranche 5 Assumptions
Number	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Grant Date	30-Nov-2023	30-Nov-2023	30-Nov-2023	30-Nov-2023	30-Nov-2023
Issue Date	1-Dec-2023	1-Dec-2023	1-Dec-2023	1-Dec-2023	1-Dec-2023
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	120%	120%	120%	120%	120%
Risk-free interest rate	4.07%	4.07%	4.07%	4.07%	4.07%
Expected life of performance rights	5 years	5 years	5 years	5 years	5 years
Market price on 30-Nov-23	\$0.0140	\$0.014	\$0.014	\$0.014	\$0.014
Exercise price	\$0.0117	\$0.01485	N/a	N/a	N/a
Value per option (cents)	1.390	1.387	1.400	1.107	1.323
Total Value of Performance Rights	\$118,187	\$117,876	\$119,000	\$94,069	\$112,417

and expensed as follows:

Half year ended 31-Dec-2023	\$118,187	\$117,876	-	\$1,598	\$112,417
Not yet expensed	-	-	\$119,000	\$92,471	-
Total	\$118,187	\$117,876	\$119,000	\$94,069	\$112,417

The Performance Rights issued to Jonathan Fisher and Angelo Socio, both senior executives of the Company, have been valued based on the following assumptions:

	Tranche 1 Assumptions	Tranche 2 Assumptions	Tranche 3 Assumptions	Tranche 4 Assumptions	Tranche 5 Assumptions
Number	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000
Grate Date	1-Dec-2023	1-Dec-2023	1-Dec-2023	1-Dec-2023	1-Dec-2023
Issue Date	1-Dec-2023	1-Dec-2023	1-Dec-2023	1-Dec-2023	1-Dec-2023
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	120%	120%	120%	120%	120%
Risk-free interest rate	4.07%	4.07%	4.07%	4.07%	4.07%
Expected life of performance rights	5 years	5 years	5 years	5 years	5 years
Market price on 1-Dec-23	\$0.0160	\$0.0160	\$0.0160	\$0.0160	\$0.0160
Exercise price	\$0.0117	\$0.01485	N/a	N/a	N/a
Value per option (cents)	1.599	1.579	1.60	1.233	1.548
Total Value of Performance Rights	\$183,986	\$181,678	\$184,000	\$141,896	\$178,034

and expensed as follows:

Half year ended 31-Dec-2023	\$183,986	\$181,678	-	\$2,410	\$178,034
Not yet expensed	-	-	\$184,000	\$139,486	-
Total	\$183,986	\$181,678	\$184,000	\$141,896	\$178,034

In total, during the half year ended 31 December 2023, an expense of \$896,185 has been recognised, as follows

	Directors	Senior Executives	Total KMP
Tranche 1	\$118,187	\$183,986	\$302,173
Tranche 2	\$117,876	\$181,678	\$299,554
Tranche 3*	-	-	-
Tranche 4	\$1,598	\$2,410	\$4,008
Tranche 5	\$112,417	\$178,033	\$290,450
Total Value	\$350,078	\$546,107	\$896,185

* no amount has been expense during the half year ended 31 December 2023 in respect of the Tranche 3 Performance Rights as Directors have determined that it is not currently probable that the vesting condition pertaining to the Tranche 3 Performance Rights will be achieved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

Options issued to Directors and Key Management Personnel – prior periods

A total of 45,000,000 options were granted to Jonathan Fisher, subject to shareholder approval, upon his appointment as a Chief Executive Officer effective 1 December 2022 and were fully expensed at the date of issue, with an expense of \$221,869 being recognised in the half year ended 31 December 2022.

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

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

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

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

	Number of Options	Total fair value	Expensed up to 30 June 2022	Expensed H1 FY23	To be expensed H2 FY23	Expensed in H1 FY24	To be expensed in H2 FY24
I Mulholland	5,000,000	\$21,769	\$2,500	\$8,163	\$7,256	\$2,108	\$1,742
Total	5,000,000	\$21,769	\$2,500	\$8,163	\$7,256	\$2,108	\$1,742

Other Share-Based Payment Transactions

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

	31 December 2023	31 December 2022
	\$	\$
November 2023 – 52,864,994 Listed Options * issued in satisfaction of incentive fees payable to the Underwriter of the November 2023 Rights Issue - refer note 9.	320,891	-
December 2022 – 58,223,232 Unlisted Options issued in satisfaction of incentive fees payable to the Lead Manager of the December 2022 Rights Issue - refer note 9.	-	195,821
	320,891	195,821

The key terms of the Listed Options issued to the Underwriter of the November 2023 Rights Issue were as follows:

- Entitlement:** Each Option entitles the holder to subscribe for 1 Share upon exercise of the New Option.
- Exercise Price:** The amount payable upon exercise of each Option will be \$0.015 (Exercise Price).
- Expiry Date:** Each Option will expire at 5:00pm (WST) on 30 December 2025 (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- Exercise Period:** The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).
- Notice of Exercise:** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- Exercise Date:** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (Exercise Date).
- Transferability:** The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

13. FINANCIAL INSTRUMENTS

Fair value measurement

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values as the carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

31 December 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Investments in listed shares	261,811	-	-	261,811
Investments in unlisted shares	-	5,260	-	5,260
30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Investments in listed shares	261,811	-	-	261,811
Investments in unlisted shares	-	5,260	-	5,260

14. ASSET ACQUISITION

During the half year, Cauldron acquired Melrose Project Exploration Licence E70/6160. The acquisition has been accounted for as an asset acquisition due to the fact that E70/6160 is a single tenement with no defined resources; only limited historical exploration showing traces of elevated nickel and copper mineralisation.

In accordance with the Company's accounting policy for Exploration and Evaluation Expenditure, Cauldron expenses exploration and evaluation expenditure as incurred in respect of each identifiable area of interest until a time where an asset is in development.

The Company has valued the asset at what it paid given that the purchase was on an arms length basis to a party unrelated to it. In valuing the shares issued to the vendor, the prevailing share price was used to value the tenement based on the number of shares issued for the acquisition. No value was ascribed to the Gross Revenue Royalty due to the low probability of a payment resulting to the vendor, based on the conditions existing at the time of the acquisition.

The consideration paid by the Company for acquisition of E70/6160 was calculated as being \$150,000 in total, and was comprised as follows:

- (a) a cash payment in the sum of \$10,000 - \$10,000 expensed;
- (b) the issue of 20,000,000 Fully Paid Ordinary Shares in Cauldron (Shares) valued at \$0.007 being the share price prevailing on the date that the shares were issued to Beau Resources Pty Ltd (Vendor) - \$140,000 expensed; and
- (c) a Gross Revenue Royalty - \$nil expensed. Refer Contingent Liability under Note 17.

15. RELATED PARTY INFORMATION

Other than the issue of performance rights as set out in Note 12, there were no new transactions with related parties that were not in the ordinary course of business for the period ended 31 December 2023.

16. CONTROLLED ENTITIES

There have been no further changes to the Group's controlled entities detailed in the recent 30 June 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

17. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Sand Mining Licence M08/487

Cauldron is a defendant in matter seeking to prevent the transfer of Sand Mining Licence M08/487 to Cauldron. The initial judgement was in favour of Cauldron and its co-defendants. The applicant sought leave to appeal the judgement and that hearing will take place in early October 2022. Whoever is successful will be entitled to costs. Cauldron has incurred approximately \$182,000 on the matter to date and it is expected that if the Court of Appeal upholds the earlier decision Cauldron will be entitled to recover a substantial portion of its costs.

Melrose Project Exploration Licence E70/6160

Pursuant to the terms of acquisition of Melrose Project Exploration Licence E70/6160, Cauldron is liable to pay to the vendor a Gross Revenue Royalty in the event of production, which is defined as a royalty payment of 2% of any product extracted, produced, sold from material originating from the Tenement.

As at the date of this report there is no expectation that Cauldron will commence production at Melrose Project Exploration Licence E70/6160 and as such no liability has been recorded in the Company's accounts.

Nonetheless, the potential for a future payment pursuant to the Gross Revenue Royalty exists and as such is recognised as a contingent liability.

The Group has no other contingent liabilities or assets at 31 December 2023.

18. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods, except for the following matters.

Private Placement

On 20 February 2024, Cauldron completed a private placement to its major shareholder Parle Investments Pty Ltd, resulting in the issue of 45,000,000 shares at \$0.045 (4.5 cents) per share each (Shares), raising a total of \$2.025 million. There were no costs incurred in relation to the private placement.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cauldron Energy Limited, I state that in the opinion of the directors:

- a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2023 and its performance for the half-year ended on that date of the Group; and
 - (ii) complying with Accounting Standards *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- b) subject to the matters described in note 1(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Mr Ian Mulholland
Chairman

PERTH
14th March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cauldron Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cauldron Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd



Jarrad Prue

Director

Perth, 14 March 2024

INTERESTS IN MINING TENEMENTS AS AT 31 DECEMBER 2023

Tenement	Project	Tenement Holder	Ownership Interest
E70/6160	Melrose	Beau Resources	100%*
E70/6463 ¹	Melrose	Cauldron Energy	100%
E70/6466 ¹	Melrose	Cauldron Energy	100%
E70/6467	Melrose	Cauldron Energy	100%
E70/6468	Melrose	Cauldron Energy	100%
E70/6469 ¹	Melrose	Cauldron Energy	100%
E08/1489	Yanrey	Cauldron Energy	100%
E08/1490			100%
E08/1493			100%
E08/1501			100%
E08/2017			100%
E08/2081			100%
E08/2205			100%
E08/2385			100%
E08/2386			100%
E08/2387			100%
E08/2774			100%
E08/3088			100%
E08/3520			0%
E08/3521			0%
E08/3611			100%
E08/2328	Onslow	Cauldron Energy	100%
E08/2329		Cauldron Energy	100%
E08/2642		Cauldron Energy	100%
L08/71		Cauldron Energy	100%
M08/487 ²		Quarry Park	100%*
P08/798		Cauldron Energy	100%
P08/800		Cauldron Energy	100%
E09/2715	Carnarvon	Cauldron Energy	100%
M09/96		Cauldron Energy	100%
M09/180 ²		Onslow Resources	100%*
E04/2548 ²	Derby	Rand Mining	100%*
E57/1428 ¹	Yuinmerry	Murchison Uranium	100%
E57/1429 ¹		Murchison Uranium	100%

*: beneficial interest

1: Tenement application; not yet granted

2: Tenement application; cannot be transferred whilst under application