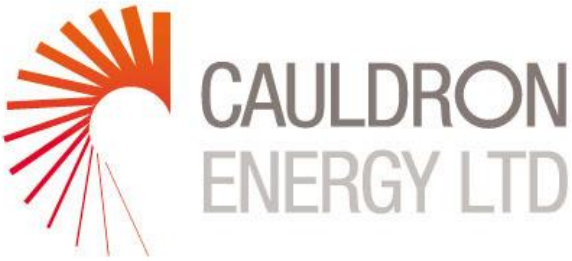

(ABN 22 102 912 783)

AND CONTROLLED ENTITIES

CONSOLIDATED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2017

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
Antony Sage

EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER
Jess Oram

NON-EXECUTIVE DIRECTORS
Qiu Derong
Judy Li
Nicholas Sage
Chenchong Zhou

COMPANY SECRETARY
Catherine Grant-Edwards

PRINCIPAL & REGISTERED OFFICE
32 Harrogate Street
West Leedervillle WA 6007
Telephone: (08) 6181 9796
Facsimile: (08) 9380 9666

AUDITORS
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

SHARE REGISTRAR
Advanced Share Registry
110 Stirling Hwy
Nedlands WA 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 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 2017.

1. DIRECTORS

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

Antony Sage (Non-Executive Chairman) (Up until 1 January 2018, Mr Antony Sage held the role of Executive Chairman)
Jess Oram (Executive Director & Chief Executive Officer) (Appointed 1 January 2018)
Qiu Derong (Non-executive Director)
Judy Li (Non-executive Director)
Nicholas Sage (Non-executive Director)
Chenchong Zhou (Non-executive Director)

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

2. OPERATING RESULTS

The profit after tax of the Consolidated Entity for the half-year ended 31 December 2017 amounted to $2,903,175 (31 December 2016: loss $1,238,735).

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 1,280 km^2 of uranium prospective tenements over the Yanrey Project area. The smaller Boolaloo Project was surrendered in August 2017. The Company also has an interest in a large project with defined uranium mineralisation and prospects for copper and gold in Argentina.

CORPORATE

The following significant transactions and events occurred during the period:

Annual General Meeting

The Company held its annual general meeting on 23 November 2017 (**AGM**). All resolutions put to shareholders were passed.

CXU succeeds in Court of Appeal legal challenge from Forrest & Forrest Pty Ltd

The Company refers to its announcements made on:

- 29 August 2016 that the Supreme Court of Western Australia dismissed the application for judicial review by Forrest & Forrest Pty Ltd (Forrest) of the decision of the Minister for Mines and Petroleum to progress the Company's applications for E08/2385, E08/2386 and E08/2387 through the determination processes under the Mining Act 1978 and Native Title Act 1993; and
- 16 September 2016 that Forrest lodged an appeal against this decision in the Western Australian Supreme Court, Court of Appeal.

During the half-year period, the Court of Appeal handed down its unanimous decision today in favour of the Company. The Court of Appeal dismissed Forrest's appeal and ordered Forrest to pay the Company's legal costs of the appeal.

Issue of shares

There were no shares issued during the period.

Issue of options

There were no options issued during the period.

DIRECTORS' REPORT

Options exercised

There were no options exercised during the period.

Options lapsed

No options expired or lapsed exercised during the period.

Escrowed shares

On 4 October 2017, 8,474,588 fully paid ordinary shares (**Escrowed Shares**) were released from escrow. The Escrowed Shares, which were acquired by a series of investors via off market transfers, were subject to voluntary escrow provisions for six months from 4 April 2017.

PROJECT INFORMATION

In Western Australia, Cauldron currently has one project area (***Figure 1***) covering more than 1,280 km^2 in the northern part of the state:

- **Yanrey Project (Yanrey)** in Western Australia comprises 12 granted exploration licences (1,280km^2) and 7 applications for exploration licences (913 km^2). Yanrey is prospective for large sedimentary-hosted uranium deposits. The Bennet Well Uranium Deposit is located within the Yanrey Project area.

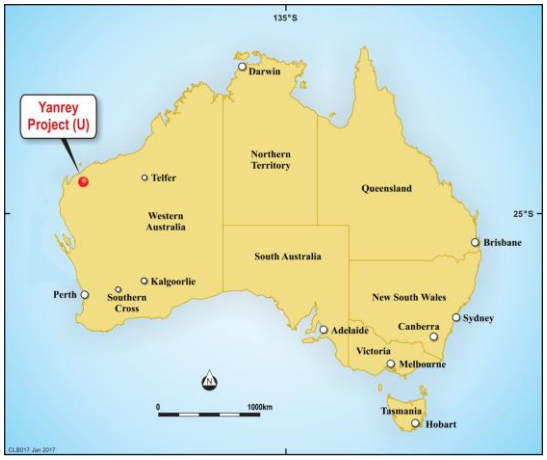

Figure 1: Map Location of Cauldron Projects

In August 2017, Cauldron relinquished both tenements that formed the Boolaloo Project in northern Western Australia on the grounds that the tenement was outside of Cauldron's exploration model and there was no intention to outlay funds for exploration there.

BENNET WELL (YANREY REGION)

The mineralisation at Bennet Well is a shallow accumulation of uranium hosted in unconsolidated sands (less than 100 m downhole depth) in Cretaceous sedimentary units of the North Carnarvon Basin.

Work completed during the second half of the 2016 reporting period consisted of the collection of geophysical (Passive Seismic) survey data over the Bennet Well/Yanrey Project area.

No development work quantifying the ISR potential Bennet Well deposit was completed during the half year because of uncertainty on Labor Government's policy on uranium exploration following their election win in March 2017. The Government is expected to clarify their policy on uranium exploration in early 2018.

Passive Seismic Data Collection:

The second phase passive seismic program commenced in the June quarter was ended in the middle of the September quarter. The survey had been designed using a combination of results from the 2016 survey and regional-scale, airborne electromagnetic (EM) and magnetic data. (***Figure 2***) provides a plan view of the proposed survey. Passive seismic survey lines were designed for the Bennet Well Deposit as infill and extension to those completed in 2016. The northern part of the deposit-scale survey was completed during the September quarter.

The passive seismic data derives accurate depth to basement, which is a fundamental input to the exploration model used to predict sites of likely accumulation of uranium. These areas may then be scheduled for later scout exploration drill testing.

DIRECTORS' REPORT

The resulting data was incorporated into the project-scale, ever-developing, and evolving, systemic exploration model.

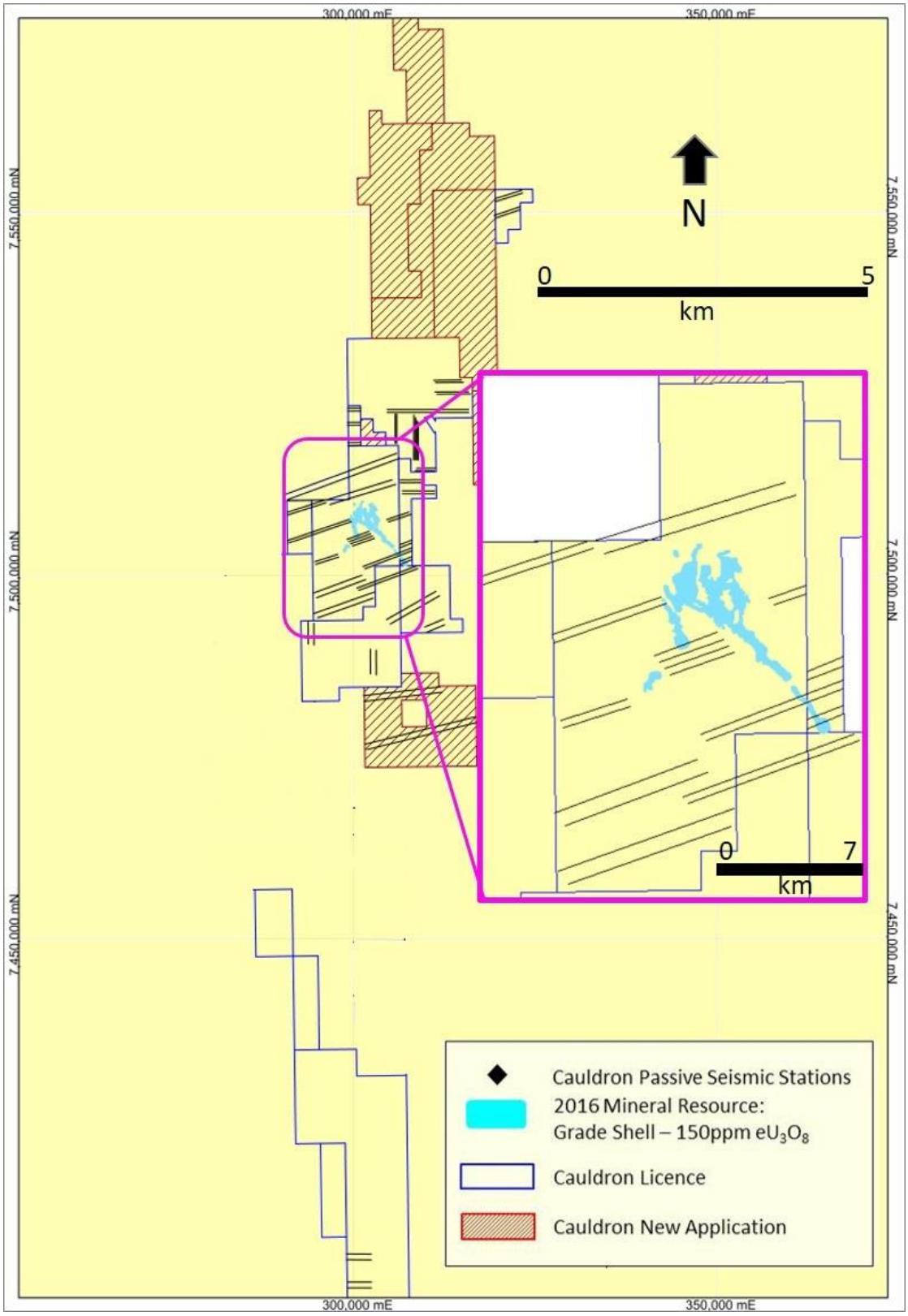

Figure 2: Yanrey Project – Proposed Passive Seismic Survey - 2017. Image insert (pink border) outlines further passive seismic planned for the Bennet Well Deposit

DIRECTORS' REPORT

YANREY PROJECT

The Yanrey Project comprises a collection of twelve exploration tenements in north-west Western Australia, one of which secures the Bennet Well Uranium Deposit. The project is prospective of sandstone-style uranium mineralisation capable of extraction by in-situ recovery mining techniques.

A major, project-scale, technical review of the potential mineralisation in the Yanrey tenement group was undertaken in 2015 and updated in the first half of 2016. A total of seventeen targets were produced from this work, as shown in ***Figure 3***. The derivation of these Exploration Targets has already been reported previously and will not be reiterated here (please refer to ASX announcement dated 22 September 2015). These areas were utilised to design the Passive Seismic survey conducted in the current reporting period.

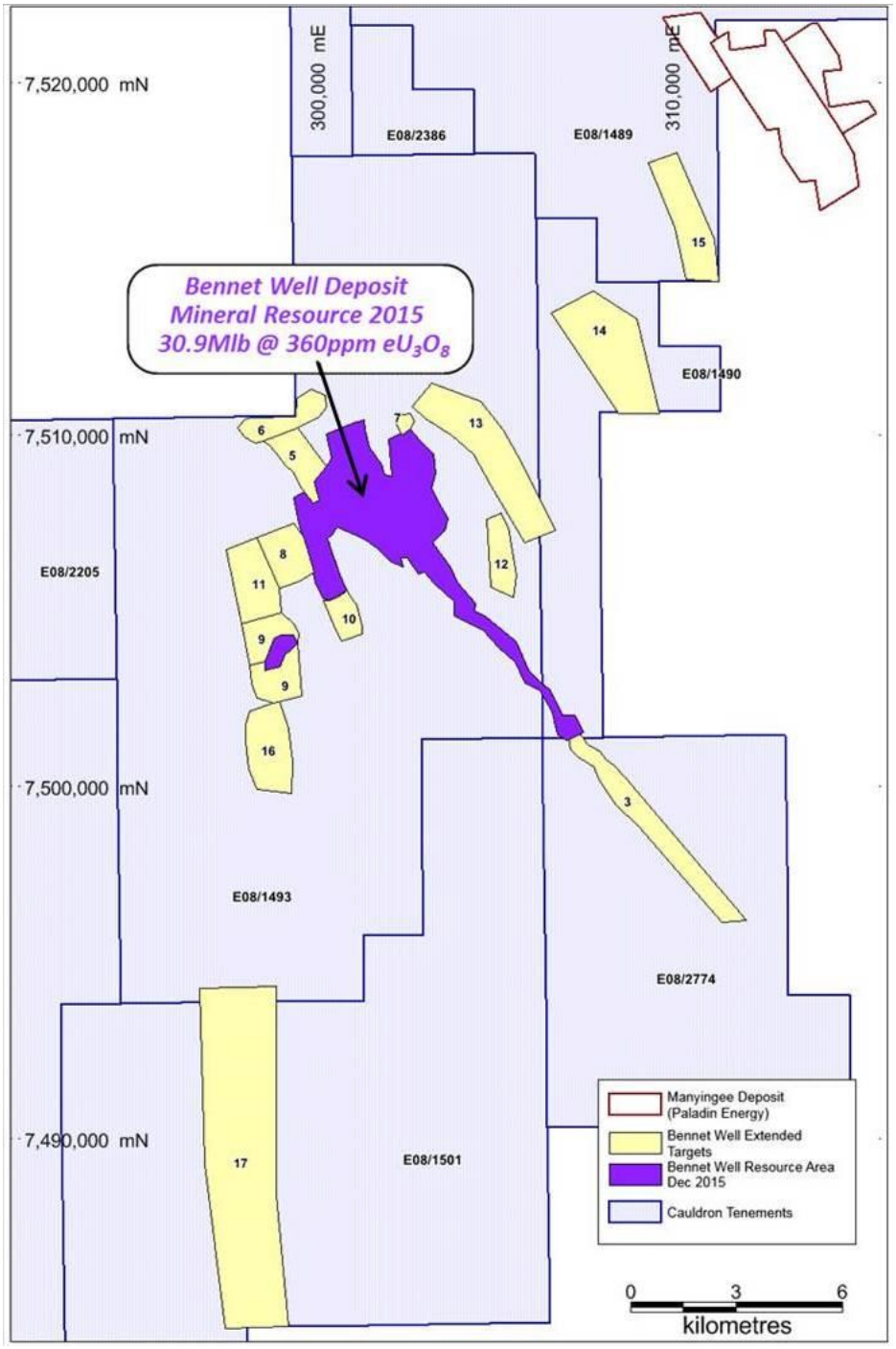

Figure 3: Plan view of the Exploration Targets surrounding the Bennet Well Deposit and within the larger Yanrey Project area

DIRECTORS' REPORT

Cauldron continued passive seismic surveying in areas distal to Bennet Well, within the greater Yanrey Project region. New survey lines were planned in addition to those not completed during the 2016 field season, in areas both to the north and south of the Bennet Well Deposit. Some of these areas were completed during the September quarter. Results highlighted:

a. significant deepening of the basement to the northwest, and north-northwest, of the Bennet Well Deposit, confirming the current exploration model which involves the strong influence of regional-scale fault structures on the formation of basement depressions (i.e. palaeochannels);

b. shallow basement to the southeast of the currently delineated Bennet Well Channel, however there also appear to be two narrow areas of depression orientated northwest-southeast, near the southern boundary of tenement E08/2774;

c. two minor areas of basement depression in the southern-most part of the Yanrey tenement package, on exploration licences E08/2478 and E08/2480. The suggested strike of these southern targets is north-northwest/south-southeast.

The interpretation and analysis of the passive seismic data will assist in generating prospective drilling targets for potential exploration follow-up.

BOOLALOO PROJECT, WESTERN AUSTRALIA

The Boolaloo project (Boolaloo Project), held by Cauldron Energy, was a greenfields base metal (Cu, Pb, Zn) and gold project located in the Ashburton Mineral Field, Western Australia. The Boolaloo Project was comprised of two exploration licences, E08/2496 and E08/2638. The Boolaloo Project has not been extensively explored historically. It is prospective for structurally-hosted mineralisation located in fault jogs and cross cutting features, such as dolerite dykes and shears.

A geological review completed in 2014 identified several prospective structural and lithological targets within the Boolaloo Project that are thought to be prospective for base metal and gold mineralisation. There is potential for gold (Au), silver (Ag), copper (Cu) and/or antimony (Sb), and base metal mineralisation within favourable NW-SE structures, SW-NE intrusives and their intersections. Evidence of local mineralisation (Au, Ag, Cu +/- Sb, base metals) is found in the Ashburton Formation associated with east-west and north-south fault/shear structures. Potential for mineralisation extending into the project area exists with the same structures as well as within the metamorphosed rocks associated with the granite intrusion and possibly even along the unconformity.

No ground work was completed on the Boolaloo tenements during the year. However, a desktop review was commenced to assess the exploration potential for commodities within the Boolaloo project area.

The Company determined that the Boolaloo Project was outside the scope of its exploration strategy and both tenements were surrendered outright on 17 August 2017.

TENEMENT ADMINISTRATION: AUSTRALIA

Objection to Cauldron's Applications for exploration licences 08/2666-2668

Cauldron lodged applications for Exploration Licences 08/2666-2668 (E08/2666-2668) on 5 December 2014. Forrest & Forrest Pty Ltd lodged objections against E08/2666-2668 on 6 January 2015. The matters are proceeding through the Warden's Court process and are currently scheduled for mention on 3 February 2018.

The Company will inform shareholders of any material developments.

African Royalty Company Pty Ltd Application for Forfeiture against Cauldron's E08/2638 (Boolaloo)

On 10 October 2016, African Royalty Company Pty Ltd (ASX: ARC) lodged an application for forfeiture #495145 (Forfeiture) against Cauldron's Boolaloo tenement E08/2638. ARC withdrew their application for forfeiture on 20 June 2017. Cauldron surrendered this tenement on 17 August 2017.

Red Sky Stations Pty Ltd Objection to Tenement Application for E08/2899

Cauldron lodged an application for Exploration Licence 08/2899, on 1 February 2017. Red Sky Stations Pty Ltd lodged Objection #501163 on 15 February 2017 against the tenement application. The matter was heard at the first

mention hearing on 11 August 2017, and will proceed through the Warden's Court process over the coming months. E08/2899 is currently scheduled for mention on 3 February 2018.

The Company will inform shareholders of any material developments.

Cauldron's E08/2385, E08/2386 and E08/2387 Tenement Applications Pending Grant

During the half-year period, the Court of Appeal handed down its unanimous decision in favour of the Company to dismiss Forrest's appeal against the grant of E08/2385, 2386 and 2387. These tenements are currently awaiting the Minister for Mines and Petroleum decision to grant.

EXPLORATION ACTIVITES: ARGENTINA

In Argentina, Cauldron controls, through its wholly-owned subsidiary Cauldron Minerals Limited ("Cauldron Minerals"), 443 km^2 at the Rio Colorado Project, in Catamarca. Cauldron has an exclusive option agreement through its wholly owned subsidiary Cauldron Minerals with a private party (Dr Horacio Solis), to earn 92.5% in 243 km^2 of the Rio Colorado uranium project in Argentina. The remainder of the project is (200 km^2) is held by Cauldron in the name of Jackson Global Limited (now Cauldron Minerals). Together, both areas form the Rio Colorado Joint Venture. Cauldron has earned its Initial Interest of 51% in the project. The Company has the option to earn 92.5% of the project by completing exploration expenditure of $500,000 within three years following earning of the Initial Interest. In May 2017, Cauldron initiated an agreement to terminate the current joint venture arrangement and complete acquisition of 100% interest in the Rio Colorado Project. The transaction was completed on 10 November 2017. The Project is also a Cu-Ag target exhibiting characteristics similar to the globally significant sedimentary copper deposits. No work was completed in Argentina during the 2016- 2017 period, as Cauldron is awaiting approval for drilling at the Rio Colorado Project. The Rio Colorada Project is currently in suspension and no work is planned for the 2018 year.

During the Year the Argentinian government confirmed the completion of transfer of mining tenement "Mina Colorada" (file 393-S-2010) in Catamarca from Pablo Sanz Baroni to Cauldron Minerals Limited (wholly owned subsidiary of Cauldron Energy Ltd), after several years of internal processing. The acquisition of Mina Colorada was initially approved in early 2015. The tenement has now been re-assessed and found to be outside the parameters of the Company's exploration strategy. Cauldron requested the Argentine government to surrender Mina Colorada outright on 10 August 2017 and approval of this relinquishment is pending at the time of this report.

The Company has been assisting with re-negotiating an agreement with Caudillo Resources S.A. (**Caudillo**) for four mining tenements at the Los Colorados Project in La Rioja, Argentina. Caudillo has revised its intentions and has completed actions to relinquish the Project. The transaction is ongoing at present.

During the period, Cauldron received confirmation of the release of applications for tenements in both its Bella Vista and Las Marias Projects in San Juan, Argentina. The grant of the applications had been stalled for several years and the Company relinquished these properties to focus its attention on the most prospective projects in Rio Colorado in Argentina and Yanrey in Western Australia. Confirmation of the release of three tenements is pending at the time of this report.

Disclosure Statements

Competent Person Statement

The information in this report that relates to exploration results is based on information compiled by Mr Jess Oram, Exploration Manager of Cauldron Energy. Mr Oram is a Member of the Australasian Institute of Geoscientists who 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 consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

Bennet Well Mineral Resource - December 2015

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Part	Criteria	Explanation	Comment
1-1	**Sampling Techniques**	*Nature and quality of sampling (e.g. cut channels, random chips, or specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments etc.). These examples should not be taken as limiting the broad meaning of sampling.*	The Passive Seismic geophysical survey technique does not involve the collection of a physical sample. Instead, it relies on the measurement of the natural seismicity in the ground to map the contact between the soft cover sediments (in which the uranium mineralisation is hosted) and the underlying, generally more fresh and hard, bedrock of the basement (known, at Bennet Well, to be granitic gneiss). The survey technique involves the establishment of station lines, spaced 400 metres (m) apart, and individual station points with a nominal spacing of 100 metres (m). (The orientation survey conducted in July 2016 also trialled the effectiveness of a 50 metres (m) station spacing, however this proved to be too time-consuming and reduced the cost-effective nature of the survey technique. A spacing of 100 m was then selected and found to be adequate for first-pass exploration purposes. If, however, any rocky outcrop was discovered, the station spacing was extended to 200 m in order to account for the poor quality of data resulting from the occurrence of shallow basement. Given that the thickness of cover sediments above these areas of shallow basement is less than elsewhere in the deposit, the resulting frequency plots are often distorted and it can be difficult to deduce a single peak resonance frequency. If required at a later date, the station spacing could then always be decreased to the 50 m spacing in order to provide more information on an interesting target.) The survey involved the use of 2 Tromino seismometers, hired through the Resource Potentials Pty Ltd geophysical consultancy company, based in Perth, WA. Each Tromino unit is a small, shoe-box sized, instrument which is secured by pushing the three, pointed metal "legs" of the unit into the ground at the pre-designated "sample" (i.e. station) coordinate and set to record for a period of 16 minutes. When the instrument has finished recording data, the unit is removed from the station point and moved 100 m to the next station. The process is repeated until the end of the working day, or until the survey line has been completed. At the end of each survey day, both instruments are taken to two Control points, established during the orientation survey for the purpose of Quality Control and to check the repeatability of the units. Both instruments are placed each Control point and another set of recordings are taken. The data collected during the day is then downloaded onto a field computer and processed to give a resulting resonant frequency value that represents the contact between the overlying unconsolidated sediments and the underlying fresher basement. The processed data appear in the form of 2 graphs: 1. an Amplitude graph that plots the speed of the horizontal and vertical components against the resonant frequencies measured during the survey; 2. a ratio graph known as a HVSR plot (or Horizontal-over-Vertical Spectral Ratio) that plots the ratio of the horizontal divided by the vertical component against frequency. The boundary between the softer "cover" sediments and the fresher basement lithologies creates a difference in acoustic resonance between the horizontal and vertical seismic waves, due to the difference in density contrast between the 2 respective "Layers". This difference appears on the Amplitude plot (graph 1) as a small, eye-shaped feature that produces a corresponding peak in the HVSR plot (graph 2). The frequency at which that peak occurs is then the resonant frequency at

Part	Criteria	Explanation	Comment
			that particular survey station. This resonant frequency value is then used in the depth modelling step to give a final Depth to Basement value.
		Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Although no physical samples are collected during the Passive Seismic survey, a Quality Control procedure was still established in order to test the repeatability of the resulting data. Two Control points were chosen, during the orientation survey, based on fixed (i.e. permanent) structures, close to the field office, with a fixed coordinate location that is highly unlikely to change. As the locations of these two Control points are known and permanent, the resulting measured peak frequencies and derived depths to basement are assumed to always be within a tight and consistent range. At the end of every day during the survey period, a reading was taken by placing both instruments down at each Control point. When the data were later downloaded and analysed, the results of these Control checks were then plotted against time and any observed variation in the resulting peak frequencies would indicate a corresponding change (if any) in the instruments' recording capabilities. Resource Potentials Pty Ltd, a Perth-based geophysical consultant company, is currently the West Australian representative for the Italian company, Micromed, who owns the Tromino instrumentation. Accordingly, Cauldron acquired the two Tromino units on hire for the duration of the survey (i.e. 3 – 4 months). At the end of the field season in December 2016, both instruments were brought back to the Resource Potentials office in Perth and checked for calibration requirements.
		Aspects of the determination of mineralisation that are Material to the Public Report.	The Passive Seismic survey does not directly detect or determine the existence of uranium mineralisation in the survey area. This exploration tool instead maps out the basement depressions indicative of potentially mineralised palaeochannels and palaeovalleys. The following describes the data collection process: Data was collected at 100 m spaced intervals (stations) along survey lines spaced 400 m apart. Each unit (Tromino) was positioned at a pre-designated survey station and set to record for a period of 16 minutes. When the instrument has finished recording data, the unit is removed from the station point and moved 100 m to the next station. The process is repeated until the survey line has been completed. If, however, any rocky outcrop was discovered, the station spacing was extended to 200 m in order to account for the poor quality of data resulting from the occurrence of shallow basement. Given that the thickness of cover sediments above these areas of shallow basement is less than elsewhere in the deposit, the resulting frequency plots are often distorted and it can be difficult to deduce a single peak resonance frequency. Once all of the data is collected, it is processed to extract a resonance frequency value which is then put into the numerical depth calibration model. This model was constructed by plotting the known depths from drilling (completed in 2014 and 2015) against the peak frequencies resulting from the passive seismic survey of the same drillholes in July 2016. A linear trendline was fitted to the resulting scatter plot and the gradient equation of this line gave the depth calibration model. Results from both the orientation survey and the subsequent extension and infill surveys, over Bennet Well, were applied to this depth calibration model to generate a set of depth to basement values for the deposit. The depths were found to be consistent with the exploration model of the basement derived from drilling data, thereby indicating that the survey technique was successfully and accurately representative of the in-situ information collected during drilling. A second modelling and interpretation technique was also utilised that involved the use of a Resonance Frequency equation and density information representative of the in-situ formations. The Resonance Frequency equation is:

Part	Criteria	Explanation	Comment
			ƒ= [Vs/(4*H)] where: ƒ = resonance frequency (Hz) Vs = shear wave velocity (m/s) of the cover sediment sequence ("Layer 1"), and / or the basement ("Layer 2", known to be granitic at Bennet Well) H = depth to basement (m) Once the peak frequencies were collected from the survey, the depth calibration model was applied to give a set of depth-to-basement values. These depths ("H" in the above equation) and the initial resonance frequencies were then used to rearrange the above equation to produce a shear wave velocity value for "Layer 1" as the cover sediments. In most cases, this velocity value would be between 600 and 700 m/s. An average, arbitrary density value was assigned to each layer based on density measurements collected from a combination of downhole geophysical surveying and core testwork conducted during the 2013 and 2014 exploration programs. An average value of 1.9 g/cc was assigned to the unconsolidated sediments of Layer 1, whereas the harder, more fresh granitic Layer 2 was assigned the average density value of 2.2 g/cc. The software used to process the raw data has an additional tool to produce depth and velocity models for Layers 1 and 2 (cover and basement, respectively). A model was produced for each survey station and then plotted against the corresponding depths-to-basement derived using the numerical depth calibration model. The results from both modelling techniques were found to correlate very well with each other and with the depth-to-basement values observed from drilling.
	Drilling Techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015).
1-2	**Drill Sample Recovery**	*Method of recording and assessing core and chip sample recoveries and results assessed.*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		Measures taken to maximise sample recovery and ensure representative nature of the samples.	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		Whether a relationship exists	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected

Part	Criteria	Explanation	Comment
		between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the natural seismicity of the host sediments for a period of 16 minutes.
1-3	**Logging**	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). All geological data used in the derivation of the Depth To Basement model were from the drilling conducted in 2014 and 2015. From these 2 drilling programs, all mud rotary chips were geologically logged and used to assist in the interpretation of the downhole geophysical data. Uranium assay for a potential in-situ recovery project requires mineralisation to be hosted in a porous sedimentary sequence that is readily leachable, and is determined for the former geophysical data and the mud rotary chips. Part of the geological information utilised in the Depth To Basement model derivation came from the drill core collected during the 2014-2015 exploration drilling programs referred to above. This drill core was also geologically logged in greater detail than that undertaken during the logging of the mud rotary chips. The information collected was later used in a deposit-wide geological interpretation exercise and the subsequent establishment of a working 3D exploration model that has also been used in the design of the regional-scale Passive Seismic geophysical survey. No geotechnical data was collected due to the generally flat-lying geology and mostly unconsolidated sediments. No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	As reported in 2014 and 2015, the geological logging completed was both qualitative (sediment/rock type, colour, degree of oxidation, etc.) and quantitative (recording of specific depths and various geophysical data). The chip samples were sieved and photographed wet (lightly sprayed with water) and dry. Selected half-core zones were also photographed by Core Labs Australia, (Kewdale, W.A.), showing the cut and cleaned surfaces. No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015).
		The total length and percentage of the relevant intersections logged.	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). All mud rotary chip samples and diamond core samples from the 2014 – 2015

Part	Criteria	Explanation	Comment
			exploration programs were logged both geologically and with the downhole geophysical sondes.
1-4	**Sub-Sampling Techniques and Sample Preparation**	*If core, whether cut or sawn and whether quarter, half or all core taken.*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		For all sample types, the nature, quality and appropriateness of the sample preparation technique.	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Although no physical samples are collected during the Passive Seismic survey, a Quality Control procedure was still established in order to test the repeatability of the resulting data. Two Control points were chosen, during the orientation survey, based on fixed (i.e. permanent) structures, close to the field office, with a fixed coordinate location that is highly unlikely to change. As the locations of these two Control points are known and permanent, the resulting measured peak frequencies and derived depths to basement are assumed to always be within a tight and consistent range. At the end of every day during the survey period, a reading was taken by placing both instruments down at each Control point. When the data were later downloaded and analysed, the results of these Control checks were then plotted against time and any observed variation in the resulting peak frequencies would indicate a corresponding change (if any) in the instruments' recording capabilities.
		Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	The initial Passive Seismic orientation conducted over the Bennet Well Deposit also involved the survey of 71 drillholes which involved placing both instruments into the ground at the concrete drill collar marker. All 71 drillholes were drilled during the 2014 and 2015 drilling campaigns (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). The depths to basement had already been physically confirmed during the drilling of these holes. A numerical Depth-To-Basement model was then derived by plotting the known depth to basement from the drillholes against the resulting peak

Part	Criteria	Explanation	Comment
			frequencies from the passive seismic survey of the same drillholes. A linear trendline was fitted to the resulting scatter plot and the gradient equation of this line gave the depth calibration model. Results from both the orientation survey and the subsequent extension and infill surveys, over Bennet Well, were applied to this depth calibration model to generate a set of depth to basement values for the deposit. The depths were found to be consistent with the exploration model of the basement derived from drilling data, thereby indicating that the survey technique was successfully and accurately representative of the in-situ information collected during drilling. A second modelling and interpretation technique was also utilised that involved the use of a Resonance Frequency equation and density information representative of the in-situ formations. The Resonance Frequency equation is: ƒ= [Vs/(4*H)] where: ƒ = resonance frequency (Hz) Vs = shear wave velocity (m/s) of the cover sediment sequence ("Layer 1"), and / or the basement ("Layer 2", known to be granitic at Bennet Well) H = depth to basement (m) Once the peak frequencies were collected from the survey, the depth calibration model was applied to give a set of depth-to-basement values. These depths ("H" in the above equation) and the initial peak frequencies were then used to rearrange the above resonance frequency equation to produce a shear wave velocity value for "Layer 1" as the cover sediments. In most cases, this velocity value would be between 600 and 700 m/s. An average, arbitrary density value was assigned to each layer based on density measurements collected from a combination of downhole geophysical surveying and core testwork conducted during the 2013 and 2014 exploration programs. An average value of 1.9 t/m^3 was assigned to the unconsolidated sediments of Layer 1, whereas the harder, more fresh granitic Layer 2 was assigned the average density value of 2.2 t/m^3. The software used to process the raw data has an additional tool to produce depth and velocity models for Layers 1 and 2 (cover and basement, respectively). A model was produced for each survey station and then plotted against the corresponding depths-to-basement derived using the numerical depth calibration model. The results from both modelling techniques was found to correlate very well with each other and with the depth-to-basement values observed from drilling.
		Whether sample sizes are appropriate to the grain size of the material being sampled.	No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes. "Station spacing" will be used here instead of "sample size" as there are no physical samples collected. "Grain size" is not relevant here also as the passive seismic exploration tool surveys the macro scale of palaeochannels rather than the micro scale of individual grain sizes. The orientation survey involved testing the suitability of the survey method and involved the following: • Station spacings of 50 m and 100 m were trialled. The smaller-scale, 50 m spaced station data produced high resolution information however the length of time taken to measure each station was doubled and the number of stations surveyed in a day was halved, thus doubling the total length of time to survey a single line, which was no longer cost-effective; • A nominal spacing of 100 m per station was therefore chosen as the most suitable spacing to allow good data collection, good resolution of data and a good rate of productivity. • If, however, any rocky outcrop was discovered, the station spacing was extended to 200 m in order to account for the poor quality of data resulting from the occurrence of shallow basement. Given that the thickness of cover sediments above these areas of shallow basement is less than elsewhere in the deposit, the resulting frequency plots are often distorted and it can be

Part	Criteria	Explanation	Comment
			difficult to deduce a single peak resonance frequency.
1-5	**Quality of Assay Data and Laboratory Tests**	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes. The data collected is purely quantitative and based on a numerical result from the station surveyed. The technique is therefore not considered to be "partial" or "total" in the same sense as a geochemical assay. However, this survey technique is considered to be a very effective, regional-scale exploration tool.
		For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	The initial Passive Seismic orientation conducted over the Bennet Well Deposit also involved the survey of 71 drillholes which involved placing both instruments into the ground at the concrete drill collar marker. All 71 drillholes were drilled during the 2014 and 2015 drilling campaigns (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). The depths to basement had already been physically confirmed during the drilling of these holes. A numerical Depth-To-Basement model was then derived by plotting the known depth to basement from the drillholes against the resulting peak frequencies from the passive seismic survey of the same drillholes. A linear trendline was fitted to the resulting scatter plot and the gradient equation of this line gave the depth calibration model, which is as follows: y = 149.78x^-1.046 where: "y" = depth to basement "x" = resonant frequency from the passive seismic survey for that particular station Results from both the orientation survey and the subsequent extension and infill surveys, over Bennet Well, were applied to this depth calibration model to generate a set of depth to basement values for the deposit. The depths were found to be consistent with the exploration model of the basement derived from drilling data, thereby indicating that the survey technique was successfully and accurately representative of the in-situ information collected during drilling. A second modelling and interpretation technique was also utilised that involved the use of a Resonant Frequency equation and density information representative of the in-situ formations. The Resonant Frequency equation is: ƒ= [Vs/(4*H)] where: ƒ = Resonant frequency (Hz) Vs = shear wave velocity (m/s) of the cover sediment sequence ("Layer 1"), and / or the basement ("Layer 2", known to be granitic at Bennet Well) H = depth to basement (m) Once the peak frequencies were collected from the survey, the depth calibration model was applied to give a set of depth-to-basement values. These depths ("H" in the above equation) and the initial peak frequencies were then used to rearrange the above resonance frequency equation to produce a shear wave velocity value for "Layer 1" as the cover sediments. In most cases, this velocity value would be between 600 and 700 m/s. An average, arbitrary density value was assigned to each layer based on density measurements collected from a combination of downhole geophysical surveying and core testwork conducted during the 2013 and 2014 exploration programs. An average value of 1.9 t/m^3 was assigned to the unconsolidated sediments of Layer 1, whereas the harder, more fresh granitic Layer 2 was assigned the average density value of 2.2 t/m^3. The software used to process the raw data has an additional tool to produce depth and velocity models for Layers 1 and 2 (cover and basement, respectively). A model was produced for each survey station and then plotted against the corresponding

Part	Criteria	Explanation	Comment
			depths-to-basement derived using the numerical depth calibration model. The results from both modelling techniques was found to correlate very well with each other and with the depth-to-basement values observed from drilling.
		Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Although no physical samples were collected during the Passive Seismic survey, a Quality Control procedure was still established in order to test the repeatability of the resulting data. Two Control points were chosen, during the orientation survey, based on fixed (i.e. permanent) structures, close to the field office, with a fixed coordinate location that is highly unlikely to change. As the locations of these two Control points are known and permanent, the resulting measured peak frequencies and derived depths to basement are assumed to always be within a tight and consistent range. At the end of every day during the survey period, a reading was taken by placing both instruments down at each Control point. When the data were later downloaded and analysed, the results of these Control checks were then plotted against time and any observed variation in the resulting peak frequencies would indicate a corresponding change (if any) in the instruments' recording capabilities.
1-6	**Verification of Sampling and Assaying**	*The verification of significant intersections by independent or alternative company personnel.*	As no drilling was conducted during the reporting period, and no physical samples were collected, the geophysical data do not produce any significant intersection information. The data resulting from the passive seismic survey, however, have been cross-checked and verified by Resource Potentials Pty Ltd, Perth, and also cross-checked with Cauldron by alternative personnel.
		The use of twinned holes.	No drilling was completed during the reporting period.
		Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Data is collected on the Tromino units in the form of 2 seismograph "trace" files, with the extensions of ".ASS" and ".TRC". Each Tromino unit is hired out along with a software package named GRILLA. When the data is processed, GRILLA automatically forms a "TRACES" database on the computer into which the individual trace files from each station are saved. Once the individual trace files are processed, a resonance frequency can then be interpreted from the correlation between the eye-shaped feature on the Amplitude plot and the Horizontal-to-Vertical Spectral Ratio (HVSR) plot. The resonance frequency is measured in Hertz (Hz). The last step of the process involves the modelling of the depth to basement value, consisting of: 1. assigned shear wave velocities for Layers 1 and 2 (cover and basement, respectively), in metres/second (m/s) 2. average densities for each layer in tonnes per cubic metre (t/m^3) and 3. depth to basement (or contact with basement) in metres (m) During field collection, hard copy paper log sheets are used to record: a. line name b. station name c. partition number (file number on the Tromino unit) d. time of recording e. comments – into which observations such as ground conditions, lithology (e.g. sand, or clay), atmospheric conditions such as wind These field log sheets and all of the individual peak frequencies and modelled depths are then entered directly into a MS Access database for subsequent upload into the main SQL database and server. The raw GRILLA files and all modelling files are kept on the main server, and backed

Part	Criteria	Explanation	Comment
			up at regular intervals.
		Discuss any adjustment to assay data.	The equation derived for the depth calibration model is as follows: y = 149.78x^-1.046 where: "y" = depth to basement "x" = resonant frequency from the passive seismic survey for that particular station The calculation used to derive shear velocities from resonant frequencies is as follows: ƒ= [Vs/(4*H)] where: ƒ = resonant frequency (Hz) Vs = shear wave velocity (m/s) of the cover sediment sequence ("Layer 1"), and / or the basement ("Layer 2", known to be granitic at Bennet Well) H = depth to basement (m)
1-7	**Location of Data Points**	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	The method to locate collars is by a real-time kinematic GPS system having an accuracy of plus or minus 0.5 m in the X-Y-Z plane, collected by qualified surveyor, Phil Richards of MHR Surveyors, WA. The relative level is determined from levelling to a grid derived from LIDAR survey having an RL accuracy of 0.2 m. No downhole surveys were conducted on the holes used in the derivation of depth calibration model. These holes were completed in the 2014 and 2015 exploration periods and were all drilled vertically, with the shallow drillhole depths relative to wide drill spacing having minimal effect on potential mis-position of mineralised intercepts.
		Specification of the grid system used.	The grid system used at the Bennet Well-Yanrey project area is MGA_GDA94, Zone 50. All data is recorded using Easting and Northing and AHD.
		Quality and adequacy of topographic control.	The primary topographic control is from a high resolution LIDAR survey flown in early 2015.
1-8	**Data Spacing and Distribution**	*Data spacing for reporting of Exploration Results.*	The orientation survey comprised stations spacings of 50 m and 100 m. Field results from the orientation soon revealed that the 50 m station spacing was not necessary and that the 100 m spacing would be sufficient for the purpose of using the passive seismic survey technique. For the extensional/infill surveys and more regional surveys, a nominal spacing of 100 m was utilised. This was shown by the orientation to be the most appropriate spacing to give adequate coverage and resolution of the target palaeochannels. If, however, any rocky outcrop was discovered, the station spacing was extended to 200 m in order to account for the poor quality of data resulting from the occurrence of shallow basement. Given that the thickness of cover sediments above these areas of shallow basement is less than elsewhere in the deposit, the resulting frequency plots are often distorted and it can be difficult to deduce a single peak resonance frequency.
		Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Previous drilling campaigns have shown that the channels forming the Bennet Well Deposit are often between 200 m and 1 km wide. The 100 m station spacing has been shown to be adequate for providing good resolution of basement topography for the purpose of highlighting potential palaeochannel features. In areas of potential shallow basement subcrop and noticeable outcrop, the extended 200 m station spacing has also been shown to provide a good enough resolution over the target areas.

Part	Criteria	Explanation	Comment
		Whether sample compositing has been applied.	No drilling was conducted and no physical samples were collected in the July – December 2016 half-yearly reporting period, therefore the method of sample compositing was not implemented.
1-9	**Orientation of Data in Relation to Geological Structure**	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	No drilling was conducted during the reporting period, however all drillholes utilised in the derivation of the depth calibration model were drilled vertically and sample the true width of uranium mineralisation. All drillholes used for the depth calibration model were drilled during the 2014 and 2015 exploration periods and have already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015).
		If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No sampling bias is observed by the orientation of the drill holes. No sampling bias is observed by the orientation and / or spacing of the passive seismic survey stations and lines, as they were specifically designed to provide full coverage of potential channel features and fault structures observed on regional-scale, airborne magnetics and electromagnetic survey data.
1-10	**Sample Security**	*The measures taken to ensure sample security.*	No drilling was conducted during the reporting period, nor were any physical samples collected. Survey station data (i.e. "samples") collected during the passive seismic survey were downloaded at the end of everyday onto a secured field laptop and backed up onto a portable hard drive. After data entry was completed into a MS Access database, this was also backed up on the field laptop and the portable hard drive. On arrival back in the central Perth office, all of this data was placed onto the main Perth server, which is backed up on a regular basis.
1-11	**Audits or Reviews**	*The results of any audits or reviews of sampling techniques and data.*	Cauldron's Competent Person has verified all sampling techniques and data collection is of high standard and no reviews are required at this stage.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Part	Criteria	Explanation	Comment
2-1	**Mineral Tenement and Land Tenure Status**	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	All of the passive seismic surveying was completed on exploration tenements E08/1493, E08/1489, E08/1490, E08/1501, E08/2160, E08/2161, E08/2205 and E08/2774, all of which are wholly owned by Cauldron. A Native Title Agreement is struck with the Thalanyji Traditional Owners which covers 100% of the tenements listed above.
		The security of the tenure held at the time of reporting along with any known	These tenements are in good standing and Cauldron is unaware of any impediments for exploration on these leases.

Part	Criteria	Explanation	Comment
		impediments to obtaining a licence to operate in the area.	
2-2	**Exploration Done by Other Parties**	*Acknowledgment and appraisal of exploration by other parties.*	A 70 km long regional redox front and several palaeochannels were identified by open hole drilling by CRA Exploration Pty Ltd (CRAE) during the 1970s and early 1980s. CRAE drilled over 200 holes in the greater Yanrey Project area, resulting in the discovery of the Manyingee Deposit and the identification of uranium mineralisation in the Bennet Well channel and the Spinifex Well Channel. Uranium mineralisation was also identified in the Ballards and Barradale Prospects.
2-3	**Geology**	*Deposit type, geological setting and style of mineralisation.*	At least 15 major palaeochannels have been identified in the greater Yanrey project area at the contact between the Cretaceous aged marine sediments of the Carnarvon Basin and the Proterozoic Yilgarn Block which lies along the granitic and metamorphic ancient coastline. These palaeochannels have incised the underlying Proterozoic-aged granite and metamorphic rocks, which are subsequently filled and submerged by up to 150m of mostly unconsolidated sand and clay of Mesozoic, Tertiary and Quaternary age. The channels sourced from the east enter into a deep north-south trending depression that was probably caused by regional faulting and may be a depression formed at the former Mesozoic-aged coastline.
2-4	**Drill Hole Information**	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *Easting and northing of the drill hole collar;* • *Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill collar;* • *Dip and azimuth of the hole;* • *Down hole length and interception depth;* • *Hole length* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract for the understanding of the report, the Competent Person should clearly explain why this is the case.*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015).

Part	Criteria	Explanation	Comment
2-5	**Data Aggregation Methods**	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). However, all average reporting intervals are derived from applying a cut-off grade of 150 ppm U_3O_8 for a minimum thickness of 0.40 m.
		Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
		The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents are used.
2-6	**Relationship Between Mineralisation Widths and Intercept Lengths**	*These relationships are particularly important in the reporting of Exploration Results.*	All drilling at Bennet Well is vertical. The recent 3D interpretation and establishment of a mineralisation model has determined that the uranium mineralisation dips very shallowly (no more than 2-3°) to the west at Bennet Well East, yet at Bennet Well Central the mineralisation is observed to follow the contours of the underlying granitic basement. The overall dip of the mineralisation in the Bennet Well Resource Area could be described as sub-horizontal therefore, all mineralisation values could be considered to be true width.
		If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	The recent 3D interpretation and establishment of a mineralisation model has determined that the uranium mineralisation dips very shallowly (no more than 2-3°) to the west at Bennet Well East, yet at Bennet Well Central the mineralisation is observed to follow the contours of the underlying granitic basement. The overall dip of the mineralisation in the Bennet Well Resource Area could be described as sub-horizontal therefore, all mineralisation values could be considered to be true width.
		If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	The recent 3D interpretation and establishment of a mineralisation model has determined that the uranium mineralisation dips very shallowly (no more than 2-3°) to the west at Bennet Well East, yet at Bennet Well Central the mineralisation is observed to follow the contours of the underlying granitic basement. The overall dip of the mineralisation in the Bennet Well Resource Area could be described as sub-horizontal therefore, all mineralisation values could be considered to be true width.

DIRECTORS' REPORT

Part	Criteria	Explanation	Comment
2-7	**Diagrams**	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Included in this report
2-8	**Balanced Reporting**	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	No drilling was conducted during the reporting period of July to December 2016. All drill data used in the derivation of the depth to basement model, was collected during the 2014 and 2015 exploration programs and has already been reported on (refer to ASX Announcement 27 February 2015, CXU Half Year Financial Report – 31 December 2014, and ASX Announcement 12 February 2016, CXU Half Yearly Financial Report – 31 December 2015). No physical samples are collected during the Passive Seismic geophysical survey method. A measurement is taken by a small, shoebox-sized instrument that is secured into the ground at the designated coordinate and set to record the ground's natural seismicity for a period of 16 minutes.
2-9	**Other Substantive Exploration Data**	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Metallurgical sighter testing was completed by the Australian Nuclear Science and Technology Organisation (ANSTO) for the diamond core drilled in 2013, with further testing planned for core drilled in 2014. Geochemical assaying was also completed for the diamond core from both 2013 and 2014. These data however have not been used in the derivation of Depth to Basement model reported here. Sampling information will therefore not be included here as it is deemed irrelevant for the purpose of this report.
2-10	**Further Work**	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	The Yanrey/Bennet Well Passive Seismic Survey is scheduled to recommence in the June 2017 quarter, as there are still several targets surrounding the currently defined Bennet Well Deposit that require testing for potential extensions to known mineralisation. Additionally, there are still areas in the greater, regional Yanrey Project that remain to be tested with the Passive Seismic survey tool. It is currently envisaged that drilling will occur in future exploration programs in order to fully test the promising palaeochannel targets that are highlighted by the Passive Seismic survey conducted in the 2nd Half Yearly reporting period of 2016.
		Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas,	All appropriate plans have been included in this report.

Part	Criteria	Explanation	Comment
		provided this information is not commercially sensitive.	

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
24 November 2016	Ordinary	$0.08	20,000,000	31 December 2018	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. EVENTS OCCURRING AFTER THE REPORTING DATE

New Executive Director Appointment and Board Change

During the period, Cauldron announced the appointment of Mr Jess Oram as Chief Executive Officer and Executive Director of the Company effective 1 January 2018.

Mr Oram has served the Company as Exploration Manager since August 2014. He has over 20 years' experience in mineral exploration in a wide variety of geological terrains and resource commodities with an accomplished track record in establishing and leading the exploration function of several companies. In uranium, Mr Oram was Chief Exploration Geologist for Heathgate Resources Pty Ltd where he was involved in mining feasibility studies of the Four Mine Uranium deposits and 'team leader' of a group of geoscientists involved in the discovery of the Pepegoona Uranium, Pannikin Uranium and Pannikan West Uranium deposits. Mr Oram has a Bachelor of Science (BSc), Geology major from the University of Queensland and is a member of the Australian Institute of Geoscientists (AIG).

In addition, the Company announced that Okewood Pty Ltd could no longer provide the services of Executive Chairman to the Company so its appointment of Mr Tony Sage as Executive Chairman ceased on 31 December 2017. Under the terms of the contract between the Company and Okewood Pty Ltd it has agreed to appoint Mr Sage as Non-executive Chairman from 1 January 2018.

As disclosed in note 12 of the Notes to the Consolidated Financial Statements, the Consolidated Entity holds a number of held for trading investments valued as financial assets at fair value through profit or loss. To date, the fair value of these held for trading investments has declined by $1,081,708 from the reporting date.

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.

6. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2017 has been received and is included on page 23.

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

Mr Antony Sage
Non-Executive Chairman

PERTH
26 February 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF CAULDRON ENERGY LIMITED

As lead auditor for the review of Cauldron Energy Limited for the half-year ended 31 December 2017, 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.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 26 February 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017 $	31 December 2016 $
Revenue	3(a)	12,814	17,902
Other income	3(b)	3,402,447	-
Administration expenses		(41,084)	(43,893)
Employee benefits expenses		(208,917)	(187,590)
Directors fees		(192,000)	(174,000)
Share based payments		-	(78,125)
Compliance and regulatory expenses		(67,384)	(83,749)
Legal expenses		(55,541)	(161,671)
Consultancy expenses		(85,089)	(84,179)
Occupancy expenses		(66,999)	(66,797)
Travel expenses		(26,381)	(7,903)
Exploration expenditure		(6,649)	(10,813)
Net fair value loss on financial assets through profit and loss	5	-	(279,313)
Gain on disposal of financial assets		608,289	7,359
Depreciation		(7,621)	(48,213)
Realised foreign exchange loss		(179)	(97)
Impairment losses	4	(362,531)	(37,653)
Profit/ (loss) before income tax expense		2,903,175	(1,238,735)
Income tax expense		-	-
Profit/(loss) for the period		2,903,175	(1,238,735)
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		(21,963)	(10,058)
Other comprehensive income/(loss) for the period after income tax		(21,963)	(10,058)
Total comprehensive profit/(loss) attributable to members of the Company		2,881,212	(1,248,793)
Earnings/(loss) per share for the year attributable to the members of Cauldron Energy Ltd			
Basic earnings/(loss) per share (cents per share)		0.88	(0.42)
Diluted earnings/(loss) per share (cents per share)		0.88	(0.42)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	31 December 2017 $	30 June 2017 $
CURRENT ASSETS			
Cash and cash equivalents		2,957,841	3,294,806
Trade and other receivables		81,772	56,949
Financial assets	5	4,644,065	1,539,175
TOTAL CURRENT ASSETS		7,683,678	4,890,930
NON CURRENT ASSETS			
Exploration and evaluation expenditure	6	-	-
Property, plant and equipment		4,231	11,884
TOTAL NON CURRENT ASSETS		4,231	11,884
TOTAL ASSETS		**7,687,909**	**4,902,814**
CURRENT LIABILITIES			
Trade and other payables		470,973	569,056
Provisions		60,521	58,555
TOTAL CURRENT LIABILITIES		531,494	627,611
TOTAL LIABILITIES		**531,494**	**627,611**
NET ASSETS		**7,156,415**	**4,275,203**
EQUITY			
Issued capital	7	55,675,919	55,675,919
Reserves		4,267,984	4,289,947
Accumulated losses		(52,787,488)	(55,690,663)
TOTAL EQUITY		**7,156,415**	**4,275,203**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017 $	31 December 2016 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(696,890)	(825,513)
Interest received		12,814	16,242
Net cash used in operating activities		(684,076)	(809,271)
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(449,365)	(623,626)
Payments for plant and equipment		(10)	(4,894)
Funding provided to Caudillo Resources SA		(21,142)	(17,317)
Proceeds from sales of equity investments		904,178	74,542
Purchase of equity investments		(85,868)	(291,934)
Net cash from/(used in) investing activities		347,793	(863,229)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options (net of transaction costs)		-	2,992,523
Net cash provided by financing activities		-	2,992,523
Net increase/(decrease) in cash held		(336,283)	1,320,023
Effects of exchange rate changes on cash		(682)	(663)
Cash and cash equivalents at beginning of period		3,294,806	2,808,356
Cash and cash equivalents at end of period		**2,957,841**	**4,127,716**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$
Balance at 1 July 2017	55,675,919	(55,690,663)	5,808,481	(1,518,534)	4,275,203
Profit attributable to members of the parent entity	-	2,903,175	-	-	2,903,175
Other comprehensive loss	-	-	-	(21,963)	(21,963)
Total comprehensive profit/(loss) for the period	-	2,903,175	-	(21,963)	2,881,212
Transaction with owners, directly in equity					
-	-	-	-	-	-
Balance at 31 December 2017	**55,675,919**	**(52,787,488)**	**5,808,481**	**(1,540,497)**	**7,156,415**
Balance at 1 July 2016	52,443,486	(43,735,981)	5,808,481	(1,492,672)	13,023,314
Loss attributable to members of the parent entity	-	(1,238,735)	-	-	(1,238,735)
Other comprehensive loss	-	-	-	(10,058)	(10,058)
Total comprehensive loss for the period	-	(1,238,735)	-	(10,058)	(1,248,793)
Transaction with owners, directly in equity					
Shares issued during the period, net of costs	3,070,648	-	-	-	3,070,648
Balance at 31 December 2016	**55,514,134**	**(44,974,716)**	**5,808,481**	**(1,502,730)**	**14,845,169**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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 2017 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 2017 and considered together with any announcements made by Cauldron during the half-year ended 31 December 2017 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 2017 annual financial report for the financial year ended 30 June 2017, 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.

Impact of standards issued by not yet applied by the Consolidated Entity

There were no new standards issued since 30 June 2017 that have been applied by the Consolidated Entity. The 30 June 2017 annual report disclosed that the Consolidated Entity anticipated no new material impacts arising from initial application of those standards issued by not yet applied at that date, and this remains the assessment as at 31 December 2017.

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 in assessing performance and in determining the allocation of resources. All activities are inter-related and discrete information is reported as a single segment being mineral exploration (for primary reporting) and principally in two geographical segments (for secondary reporting) being Australia and Argentina.

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

	31 December 2017 $	30 June 2017 $
Australia	7,673,143	4,883,431
Argentina	14,766	19,382
	7,687,909	4,902,813

3. REVENUE AND OTHER INCOME

	31 December 2017 $	31 December 2016 $
(a) Revenue		
Interest received	12,814	17,902
	12,814	17,902
(b) Other income		
Net fair value gain on financial assets (refer note 5)	3,309,887	-
Settlement of legal costs	45,000	-
Other	47,563	-
	3,402,447	-

4. IMPAIRMENT LOSSES

	31 December 2017 $	31 December 2016 $
Impairment of exploration and evaluation expenditure (a)	351,447	13,736
Impairment of loan and other receivables	21,142	23,917
Reversal of previously impaired loans and receivables	(10,058)	-
	362,531	37,653

(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 $351,447 during the period. The majority of this impairment expense recognised is attributable to an impairment trigger event (as detailed in the 30 June 2017 Annual Report), being the 20 June 2017 announced implementation of a ban on uranium mining on all future mining leases by the McGowen Government of Western Australia (Uranium Mining Ban). As a result of this, the Company has written down its Western Australian Yanrey projects (including Bennet Well) to nil.

The carrying value of the Consolidated Entity's interest in exploration expenditure is dependent upon:
- the continuance of the Consolidated Entity's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

5. FINANCIAL ASSETS

	31 December 2017 $	30 June 2017 $
Financial assets at fair value through profit and loss (listed investments)	4,639,036	1,539,175
Financial assets at fair value through profit and loss (unlisted investments)	5,029	-
	4,644,065	1,539,175

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

	31 December 2017 $	30 June 2017 $
Movements:		
Opening balance at beginning of the period	1,539,175	1,103,046
Acquisition of equity securities (non-cash)	5,029	52,740
Acquisition of equity securities (cash)	85,868	989,245
Disposal of equity securities	(295,894)	(263,172)
Fair value gain/(loss) through profit and loss	3,309,887	(342,684)
Closing balance at end of the period	4,644,065	1,539,175

6. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2017 $	30 June 2017 $
Exploration and evaluation expenditure	9,040,739	8,713,087
Exploration and evaluation expenditure – provision for impairment	(9,040,739)	(8,713,087)
	-	-
Movements:		
Carrying value at beginning of period	-	9,227,557
Exploration expenditure incurred	351,447	1,308,137
Impairment of exploration expenditure – written off	(23,795)	(876,505)
Impairment of exploration expenditure – provision for	(327,652)	(8,713,087)
R&D Tax Incentive	-	(946,402)
Carrying value at end of period	-	-

7. ISSUED CAPITAL

	31 December 2017 Number of shares	31 December 2017 $	30 June 2017 Number of shares	30 June 2017 $
Ordinary shares issued and fully paid	329,289,708	55,675,919	329,289,708	55,675,919

The Company has authorised share capital amounting to 329,289,708 shares with no par value.

8. OTHER UNLISTED OPTIONS

The following refers to unlisted options issued by the Company, other than those issued as share based payment transactions.

Movements in Options during the period

There were no Options granted, exercised, lapsed or expired during the period.

Options on issue at 31 December 2017

The outstanding balance of options at 31 December 2017 is represented by:

- 20,000,000 Placement Options with an exercise price of $0.08 and an expiry date of on or before 31 December 2018.

9. CONTROLLED ENTITIES

There have been no changes to the Consolidated Entity's controlled entities detailed in the recent 30 June 2017 annual report.

10. CONTINGENT ASSETS AND LIABILITIES

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

11. RELATED PARTY INFORMATION

Financial Assets

At 31 December 2017, Cauldron held 27,028,112 shares in Fe Limited (ASX: FEL) (30 June 2017: 25,828,112) with a market value of $1,973,052 (30 June 2017: $619,875). Messrs Antony Sage and Nicholas Sage are directors of FEL.

At 31 December 2017, Cauldron held 7,944,910 shares in European Lithium Limited (ASX: EUR) (30 June 2017: 8,944,910) with a market value of $1,946,503 (30 June 2017: $393,576). During the period, Cauldron exercised 1,111,111 unlisted options in EUR at $0.05 each. Mr Antony Sage is a director of EUR.

At 31 December 2017, Cauldron held 10,416,667 shares in Cape Lambert Resources Ltd (ASX: CFE) (30 June 2017: 17,419,667) with a market value of $708,333 (30 June 2017: $505,083). Mr Antony Sage is a director of CFE.

Significant shareholders

Mr Qiu Derong holds a significant interest of 14.44% in the issued capital of Cauldron Energy at 31 December 2017 (30 June 2017: 14.44%). Mr Qiu Derong is a director of Cauldron.

CFE, via its wholly owned subsidiary Dempsey Resources Pty Ltd (**Dempsey**), holds a significant interest of 15.93% (30 June 2017: 15.93%) in the issued capital of Cauldron at 31 December 2017. Mr Antony Sage is a director of CFE.

12. 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 2017	**Level 1** $	**Level 2** $	**Level 3** $	**Total** $
Financial assets:				
Financial assets at fair value through profit or loss:				
Held for trading investments	4,639,036	-	5,029[1]	4,644,065

30 June 2017	**Level 1** $	**Level 2** $	**Level 3** $	**Total** $
Financial assets:				
Financial assets at fair value through profit or loss:				
Held for trading investments	1,539,175	-	-	1,539,175

[1] The fair value of financial instruments that are not traded in active markets is determined using valuation techniques based on the present value of net cash inflows from future profits and subsequent disposal of the securities.

13. EVENTS SUBSEQUENT TO REPORTING DATE

New Executive Director Appointment and Board Change

During the period, Cauldron announced the appointment of Mr Jess Oram as Chief Executive Officer and Executive Director of the Company effective 1 January 2018.

Mr Oram has served the Company as Exploration Manager since August 2014. He has over 20 years' experience in mineral exploration in a wide variety of geological terrains and resource commodities with an accomplished track record in establishing and leading the exploration function of several companies. In uranium, Mr Oram was Chief Exploration Geologist for Heathgate Resources Pty Ltd where he was involved in mining feasibility studies of the Four Mine Uranium deposits and 'team leader' of a group of geoscientists involved in the discovery of the Pepegoona

Uranium, Pannikin Uranium and Pannikan West Uranium deposits. Mr Oram has a Bachelor of Science (BSc), Geology major from the University of Queensland and is a member of the Australian Institute of Geoscientists (AIG).

In addition, the Company announced that Okewood Pty Ltd could no longer provide the services of Executive Chairman to the Company so its appointment of Mr Tony Sage as Executive Chairman ceased on 31 December 2017. Under the terms of the contract between the Company and Okewood Pty Ltd it has agreed to appoint Mr Sage as Non-executive Chairman from 1 January 2018.

As disclosed in note 12 of the Notes to the Consolidated Financial Statements, the Consolidated Entity holds a number of held for trading investments valued as financial assets at fair value through profit or loss. To date, the fair value of these held for trading investments has declined by $1,081,708 from the reporting date.

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 2017 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*, the *Corporations Regulations 2001,* and other mandatory professional reporting requirements; and

b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the board

Mr Antony Sage
Non-Executive Chairman

PERTH
26 February 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 2017, 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 then ended, and notes comprising a statement of 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 half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 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*.

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 Group's financial position as at 31 December 2017 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*. As the auditor of the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 26 February 2018