



(ABN 22 102 912 783)

AND CONTROLLED ENTITIES

**Condensed Consolidated
Half-Year Financial Report
31 December 2009**

**CAULDRON ENERGY LTD ABN 22 102 912 783
AND CONTROLLED ENTITIES**

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT
For the Half Year Ended 31 December 2009

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CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT
For the Half Year Ended 31 December 2009

CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN

Antony Sage

CHIEF EXECUTIVE OFFICER

Terence Topping

EXECUTIVE DIRECTOR

Brett Smith

NON-EXECUTIVE DIRECTOR

Qiu Derong

NON-EXECUTIVE DIRECTOR

Kent Hunter

COMPANY SECRETARY

Stephen Brockhurst

PRINCIPAL & REGISTERED OFFICE

35 Richardson Street
WEST PERTH WA 6005
Telephone: (08) 9211 5777
Facsimile: (08) 9211 5700

AUDITORS

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

SHARE REGISTRAR

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

STOCK EXCHANGE LISTING

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

BANKERS

National Australia Bank
50 St Georges Terrace
PERTH WA 6000

**CAULDRON ENERGY LTD ABN 22 102 912 783
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INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your directors submit the financial report of the Company and its controlled entities for the half-year ended 31 December 2009.

DIRECTORS

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

Antony Sage
Terence Topping
Brett Smith
Kent Hunter
Qiu Derong (Appointed 6 November 2009)

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

REVIEW OF OPERATIONS

Cauldron Energy Limited (ASX: CXU) ("Cauldron" or the "Company") is a new Australian exploration company resulting from the merger between Scimitar Resources Limited (ASX: SIM) ("Scimitar") and Jackson Minerals Limited (ASX: JAK) ("Jackson").

Cauldron is a leading Australian uranium exploration company which retains an experienced board of directors and management team, with proven success in the resources sector.

Cauldron controls over 17,000 sq km of uranium prospective tenements across three states in Australia, and large projects with defined uranium mineralisation in Argentina; this allows for diversification, both geologically and with regards to differing political sentiment and policy towards uranium exploration and mining within each region.

MARREE URANIUM PROJECT JOINT VENTURE, SA (100%)

The Marree uranium project, located 550km north of Adelaide, comprises five Exploration Licences in the Eromanga Basin adjacent to the uranium-rich Mount Babbage Inlier.

Exploration at Marree is fully funded by a joint venture agreement between the Company and a Korean consortium, comprising of the Korean Government (KORES), Daewoo International Corporation and LG International Corporation. The Korean participants can earn up to an aggregate 50 percent interest in the Marree Project by funding AUD\$6.2M of exploration activities over three years; exploration activities commenced in mid-2009.

During the second half of 2009 the company completed a drilling program comprising 42 holes for 3,121 metres. The drilling targeted uranium mineralisation in Eyre and Namba Formation sands adjacent to a basement fault structure, associated with basement sourcing artesian springs. It is thought these structures may provide an additional pathway for uranium enriched fluids to enter the basin and interact with the target sand units.

The recently completed mud rotary program conducted on six east-west oriented lines identified anomalous uranium mineralisation over 12 km across widths up to 4 km, and returned a number of significant results, including 0.60 metres at 180 ppm eU₃O₈, up to a peak of 245 ppm in hole MAMR052, along with significant widths (up to 20 m) of anomalous uranium in variably reduced and oxidised lignitic sandstones and clays.

Drill hole MAMR052, on the eastern end of the northern most drill-line, intersected a broad zone of anomalous uranium mineralisation within reduced lignitic Eyre Formation sands and clays. Down hole gamma probing identified three distinct mineralisation horizons of between 1 to 2 metres in thickness, up to a peak of 245 ppm eU₃O₈. These horizons occur within a broader 20 metre zone of uranium anomalism, which remains open to the north, south and east.

DIRECTOR'S REPORT (Continued)

YANREY URANIUM PROJECT, WA (100%)

The Yanrey Project covers 1,930 sq km of Mesozoic sediments which are highly prospective for sandstone hosted uranium mineralisation, amenable to In-situ Recovery (ISR) mining, similar to Paladin Resources Ltd's (ASX: PDN) adjoining Manyingee deposit. Included in the Company's project is the Bennet Well deposit containing an inferred JORC compliant resource of 4.8 million pounds of eU₃O₈ at a grade of 300ppm eU₃O₈.

Exploration undertaken by the Company indicates that the project contains an Initial Exploration Target of 25 to 35 million pounds U₃O₈ at a grade of 300 to 900 ppm for the Yanrey Project, as announced during the September quarter 2009.

The Exploration Target is for sandstone hosted roll front uranium mineralisation. It is based on historical exploration conducted during the early 1980's, which has identified a 60km regional redox front associated with prospective palaeochannels.

RIO COLORADO URANIUM PROJECT, ARGENTINA (CXU earning 92.5%)

Cauldron, through its wholly owned subsidiary Jackson Global Limited, has the right to earn 92.5% of the Rio Colorado uranium-copper-silver project in Catamarca, the main mining province of Argentina.

The Rio Colorado Project comprises 762km² containing a 16 km-long zone of outcropping mineralised (uranium, copper and silver) continental red bed sandstones. Extensive surface sampling of uranium mineralised outcrop indicates ore zones 10-20m wide, including zones between 300 to 3000 ppm U₃O₈ over widths up to 10.7m. Mapping and sampling at the northern end of the mineralised sandstones indicates continuity over at least 5 km, which remains open to the south.

Las Marias Uranium Project, Argentina (100%)

The Las Marias Project covers 660km² in the province of San Juan and includes areas of historical uranium exploration, dating from the 1970's. Outcropping uranium mineralisation occurs within strata bound sandstones, over seven kilometres of strike and is conformable with the local stratigraphy. Radiometric anomalism suggests that the mineralised units extend under cover. Initial investigations by the company, indicates an average uranium anomalism of between 100 to 550 ppm eU₃O₈ up to three metres in width.

Amadeus Uranium Project, NT (100%)

The Amadeus Project comprises three exploration licences (EL 24704, EL 24876 and EL 24870) covering 2,106km² in the Amadeus Basin, 50 km south of Alice Springs, similar to the adjacent Pamela and Angela Project Joint Venture (Paladin Energy Minerals (50%), and Cameco Australia (50%)). The typical geology intersected by recent drilling consists of interbedded sandstone, siltstone and conglomerate of the Undandita Sandstone Member. The Undandita Member is the youngest unit in the Amadeus Basin and is the host for the Angela and Pamela uranium deposits as well as a number of other uranium prospects throughout the basin.

ECLIPSE URANIUM PROJECT, NT (100%)

The Eclipse Uranium Project covers 6,191 sq km in the Ngalia Basin, 250 km northwest of Alice Springs. The Company's granted tenements cover an area of 2,908 sq km which are primarily located in the south-east of the project area, adjacent to the New Well Uranium Deposit, which has a published Inferred resource of 3,351 tonnes U₃O₈.

Cauldron's southern licences cover the northern half of Lake Lewis and associated internal drainages. Airborne radiometric data indicates that uranium enriched material is present in these drainages and is depositing around the margins of Lake Lewis, and at trap sites along the drainage system.

DIRECTOR'S REPORT (Continued)

GOLD, BASE METAL AND IRON ORE PROJECTS, WA

Through the merger between Scimitar and Jackson, Cauldron controlled a number of gold, base metal and iron ore projects in the goldfields and Pilbara regions of Western Australia. During the second half of 2009 the company finalised the transfer of these non-uranium assets to Buka Gold Ltd (ASX: BKG).

Under the terms of the agreement Buka has acquired 100% ownership of Cauldron's subsidiary, Jackson Minerals, as well as ownership of Cauldron's interest in other non-uranium exploration projects. Through the transaction Cauldron has become a major shareholder of Buka, with approximately 13% of the issued stock. Subsequent to completing the transaction Buka changed its name to Fe Limited (ASX: FEL).

CORPORATE

On the 15th July 2009, the Consolidated Entity issued 6,108,612 ordinary fully paid shares at \$0.15 (of an anticipated issue of 15,333,333 ordinary fully paid shares) pursuant to the conversion terms of the convertible note issued to Dempsey Resources Limited on the 29th December 2008. The remaining 9,224,721 ordinary fully paid shares were issued on 30 November 2009 after the receipt of shareholder approval.

On the same day, the Consolidated Entity issued 3,400,000 shares in lieu of a services fee for the provision of corporate advisory, marketing and investor relations.

On the 7th August 2009, the Consolidated Entity issued the following allotments of options in final consideration to the Jackson Minerals Limited options holders as per the Scheme of Arrangement terms and conditions.

a) 46,667	options exercisable at	\$ 1.73	on or before	18/10/2009
b) 86,667	options exercisable at	\$ 1.50	on or before	31/05/2011
c) 33,333	options exercisable at	\$ 1.65	on or before	31/05/2011
d) 400,000	options exercisable at	\$ 2.25	on or before	31/12/2009
e) 66,667	options exercisable at	\$ 1.50	on or before	31/12/2009
f) 306,667	options exercisable at	\$ 1.50	on or before	30/06/2010
g) 420,000	options exercisable at	\$ 2.63	on or before	30/06/2010
h) 106,667	options exercisable at	\$ 3.00	on or before	27/11/2009
i) 106,667	options exercisable at	\$ 3.75	on or before	27/11/2010

On the 13th August 2009 the Consolidated Entity completed the convertible note agreement with Dempsey Resources Pty Ltd ("Dempsey") and other sophisticated investor raising \$1.9million. Under the terms of the agreement, Dempsey has the right before the repayment date of 31st July 2012 to convert the Note into ordinary shares in Consolidated Entity. The conversion price will be \$0.50 and an interest rate of 10% pa will be paid on the convertible note.

On the 21st October 2009 46,667 unlisted options exercisable at \$1.73 lapsed due to the expiry date on 18 October 2009.

On the 30th November 2009 106,667 unlisted options exercisable at \$3.00 lapsed due to the expiry date on 27 November 2009.

On the 30th November 2009, the Consolidated Entity issued 600,000 fully paid ordinary shares to Mr Antony Sage as approved by shareholders on 24 November 2009.

On the 30th November 2009, the Consolidated Entity issues 2,000,000 options exercisable at \$0.60 on or before 30 November 2011 to Directors and Officers.

On the 30th November 2009, the Consolidated Entity issues 2,000,000 options exercisable at \$0.80 on or before 30 November 2011 to Directors and Officers.

On the 30th November 2009, the Consolidated Entity issues 900,000 options exercisable at \$0.60 on or before 30 November 2011 to consultants for the provision of corporate advisory, marketing and investor relation services.

**CAULDRON ENERGY LTD ABN 22 102 912 783
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DIRECTOR'S REPORT (Continued)

On 9th December 2009 the Consolidated Entity announced that they had received the first tranche of an \$10M Chinese investment via a placement of 6M shares at an issue price of A\$0.50 per share, to raise A\$3M. The remaining funds (A\$7M) will be provided, as per a Convertible Note facility, to the Company in the coming months, with a repayment date of 31st July 2012 to convert the Note into ordinary shares in Consolidated Entity. The conversion price will be \$0.50 and an interest rate of 10% pa will be paid on the convertible note.

On the 31st December 2009 400,000 unlisted options exercisable at \$2.25 lapsed due to the expiry date on 31 December 2009.

On the 31st December 2009 66,667 unlisted options exercisable at \$1.50 lapsed due to the expiry date on 31 December 2009.

In light of the significant investment by the Chinese investors, the Cauldron board unanimously agreed to appoint Mr Qiu Derong as a Non-Executive Director of the Company.

LEAD AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 23 of the half-year ended 31 December 2009.

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



Mr. Terence Topping
Chief Operating Officer

Dated this 16th day of March 2010

**CAULDRON ENERGY LTD ABN 22 102 912 783
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2009

	31 December 2009 \$	31 December 2008 \$
Revenue from ordinary activities	88,069	40,463
Net fair value gain on financial assets	-	-
Administration expenses	(135,966)	(57,100)
Employee benefits expense	(231,265)	(72,473)
Depreciation expenses	(35,460)	(9,326)
Finance costs	(300,276)	(123,080)
Consultancy expenses	(111,602)	(78,214)
Compliance and regulatory expenses	(219,930)	(84,197)
Occupancy expenses	(116,362)	(63,224)
Directors fees	(799,982)	(80,000)
Promotional and marketing	(134,374)	(18,595)
Share based payments	(288,000)	-
Travel expenses	(67,355)	(11,083)
Exploration expenditure write-off	(687,941)	(69,620)
Net fair value loss on financial assets	533,179	(337,461)
Loss on sale of subsidiary	(2,399,854)	-
Provision for VAT	(18,991)	-
	(4,926,110)	(963,910)
Loss before income tax (expense)/benefit	(4,926,110)	(963,910)
Income tax (expense)/benefit	-	-
	(4,926,110)	(963,910)
Loss from continuing operations	(4,926,110)	(963,910)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(16,887)	-
	(4,942,997)	(963,910)
Total comprehensive income for the period	(4,942,997)	(963,910)
Total comprehensive income attributable to members of the company	(4,942,997)	(963,910)
Basic earnings / (loss) per share (cents per share)	(7.38)	(1.92)

The accompanying notes form part of this financial report.

CAULDRON ENERGY LTD ABN 22 102 912 783
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

	31 Dec 2009	30 June 2009
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	5,039,481	364,819
Available-for sale financial assets	-	517,362
Trade and other receivables	791,435	722,559
TOTAL CURRENT ASSETS	5,830,916	1,604,740
NON CURRENT ASSETS		
Trade and other receivables	415,487	292,592
Held-to-maturity investments	1,944,545	-
Property, plant and equipment	121,680	143,230
Exploration and evaluation expenditure	11,297,287	15,047,705
TOTAL NON CURRENT ASSETS	13,778,999	15,483,527
TOTAL ASSETS	19,609,915	17,088,267
CURRENT LIABILITIES		
Trade and other payables	1,263,723	1,258,519
Financial liabilities	2,768	2,305,395
Short-term provisions	86,056	59,388
TOTAL CURRENT LIABILITIES	1,352,547	3,623,302
NON CURRENT LIABILITIES		
Financial liabilities	4,300,000	300,000
TOTAL NON CURRENT LIABILITIES	4,300,000	300,000
TOTAL LIABILITIES	5,652,547	3,923,302
NET ASSETS	13,957,368	13,164,965
EQUITY		
Issued capital	22,821,582	17,739,374
Reserves	1,717,465	1,081,160
Accumulated losses	(10,581,679)	(5,655,569)
TOTAL EQUITY	13,957,368	13,164,965

The accompanying notes form part of this financial report.

CAULDRON ENERGY LTD ABN 22 102 912 783
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CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2009

	31 December 2009 \$	31 December 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(946,469)	(467,121)
Interest received	18,083	40,535
Administration funds received from joint venture	35,925	
Interest paid	(362,091)	-
Payments for exploration and evaluation	(462,697)	(2,082,820)
	(1,717,249)	(2,509,406)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(16,070)	(19,568)
Payments for bonds	-	-
Proceeds from sale of equity investment	50,990	-
Purchase of equity investment	(25,000)	(25,000)
Loans to unrelated parties	(675,251)	-
Loans from related parties	349,823	
Net cash disposed of by sale of subsidiary	(61,626)	-
Deposit refunds	274,545	-
Payment for convertible notes	-	(1,250,000)
Proceeds from sale of tenements	500	-
	(102,089)	(1,294,568)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of convertible notes	4,000,000	2,300,000
Proceeds from issue of ordinary shares	3,000,000	-
Payment of share issue costs	(506,000)	-
	6,494,000	2,300,000
Net increase/(decrease) in cash held	4,674,662	(1,503,974)
Cash at beginning of period	364,819	2,610,715
CASH AT END OF REPORTING PERIOD	5,039,481	1,106,741

The accompanying notes form part of this financial report.

CAULDRON ENERGY LTD ABN 22 102 912 783
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Half-Year Ended 31 December 2009

	Issued Capital	Foreign Translation Reserve	Option Premium Reserve	Accumulated Total Losses	
	\$	\$	\$	\$	\$
Balance at 1 July 2008	13,025,416	-	1,421,450	(3,924,933)	10,521,933
Shares issued during the period	-	-	-	-	-
Directors options	-	-	-	-	-
Employee/consultant options	351,640	-	(351,640)	-	-
Transaction costs	-	-	-	-	-
Total comprehensive income	-	-	-	(963,910)	(963,910)
Balance at 31 December 2008	13,377,056	-	1,069,810	(4,888,843)	9,558,023
Balance at 1 July 2009	17,739,374	11,350	1,069,810	(5,655,569)	13,164,965
Shares issued during the period (net of transaction costs)	5,082,001	-	-	-	5,082,001
Options issued during period	-	-	653,399	-	653,399
Lapse of options	207	-	(207)	-	-
Total comprehensive income	-	(16,887)	-	(4,926,110)	(4,942,997)
Balance at 31 December 2009	22,821,582	(5,537)	1,723,002	(10,581,679)	13,957,368

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Cauldron Energy Limited (formerly Scimitar Resources Limited) & its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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 entity's 2009 annual financial report for the financial year ended 30 June 2009.

Accounting Standards not Previously Applied

The Company has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

**CAULDRON ENERGY LTD ABN 22 102 912 783
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Half Year Ended 31 December 2009

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Company's chief operating decision maker which, for the Company, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.7.

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

a) Reporting basis and convention

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Half Year Ended 31 December 2009

b) Significant accounting judgements and key estimates

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

Except as described below, in preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2009.

In the half-year ended 31 December 2009, management reassessed its estimates in respect of:

Non-Derivative Instruments (Convertible Notes)

A note convertible by the holder into a fixed number of ordinary shares comprises two components:

- (i) a financial liability, being a contractual obligation to deliver cash or another financial asset; and
- (ii) an equity instrument, being a call option exercisable by the holder to convert the note into ordinary shares.

The convertible note liability has been accounted for using the discounted net present value (NPV) method as per AASB 139. The discount rate used in this calculation is 10% which takes into consideration current business loan rates (over a similar period) and market risk. The residual value of the calculated net present value of the future cash-flows is recognised as the equity component of the financial instrument, and is included in issued capital on the Statement of Financial Position.

2. OPERATING SEGMENTS

The Company operates predominantly in one geographical and segment, being Australia, and in one business segment, mineral mining and exploration and substantially all of the entity's resources are deployed for this purpose.

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. During the half-year the consolidated entity operated in one business segments (for primary reporting) being mineral exploration and principally in two geographical segment (for secondary reporting) being:

- (i) Australia
 - a. Exploration – Yanrey;
 - b. Exploration – Maree JV;
 - c. Exploration – Lake Frome;
 - d. Exploration – Northern Territory and
 - e. Exploration – Australia Other
- (ii) Argentina

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Half Year Ended 31 December 2009

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- administration and other operating expenses not directly related to a specific segment.

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

**CAULDRON ENERGY LTD ABN 22 102 912 783
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Half Year Ended 31 December 2009

(a) Segment performance	Exploration – Yanrey	Exploration – Maree JV	Exploration – Lake Frome	Exploration – Northern Territory	Exploration – Australia Other	Exploration – Argentina	Treasury	Total Operations
	\$	\$	\$	\$	\$	\$	\$	\$
Half Year Ended 31 December 2009								
Revenue								
Interest revenue	-	-	-	-	-	-	12,579	12,579
Joint venture administration fee	-	75,490	-	-	-	-	-	75,490
Total segment revenue	-	75,490	-	-	-	-	12,579	88,069
<i>Reconciliation of segment result to net profit before tax</i>								
Unallocated revenue	-	-	-	-	-	-	-	-
Total group revenue	-	75,490	-	-	-	-	12,579	88,069
Segment net profit/(loss) before tax	-	-	-	-	-	(428,131)	(198,959)	(627,090)
<i>Reconciliation of segment result to net loss before tax</i>								
Amounts not included in segment result but reviewed by the board:								
- net fair value gain/(loss) on financial assets								533,179
- exploration expenditure written off								(687,941)
Unallocated items:								
- other								(4,144,258)
Net loss before tax from continuing operations								(4,926,110)

**CAULDRON ENERGY LTD ABN 22 102 912 783
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Half Year Ended 31 December 2009

	Exploration – Yanrey	Exploration – Maree JV	Exploration – Lake Frome	Exploration – Northern Territory	Exploration – Australia Other	Exploration – Argentina	Treasury	Total Operations
	\$	\$	\$	\$	\$	\$	\$	\$
Half Year Ended 31 December 2008								
Revenue								
Interest revenue	-	-	-	-	-	-	40,383	40,383
Realised gain on sale of financial assets	-	-	-	-	-	-	-	-
Total segment revenue	-	-	-	-	-	-	40,383	40,383
Reconciliation of segment result to net profit before tax								
Unallocated revenue	-	-	-	-	-	-	-	80
Total group revenue	-	-	-	-	-	-	-	40,463
Segment net profit/(loss) before tax	-	-	-	-	-	-	38,793	38,793
Reconciliation of segment result to net loss before tax								
Amounts not included in segment result but reviewed by the board:								
- net fair value gain/(loss) on financial assets								(337,461)
- exploration expenditure written off								(69,620)
Unallocated items:								
- other								(595,622)
Net loss before tax from continuing operations								(963,910)

**CAULDRON ENERGY LTD ABN 22 102 912 783
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Half Year Ended 31 December 2009

(b) Segment assets	Exploration – Yanrey	Exploration – Maree JV	Exploration – Lake Frome	Exploration – Northern Territory	Exploration – Australia Other	Exploration – Argentina	Treasury	Total Operations
	\$	\$	\$	\$	\$	\$	\$	\$
As at 31 December 2009	4,160,098	-	1,063,965	2,144,781	2,427,521	1,500,923	5,039,481	16,336,769
Segment assets								
Segment asset increases/(decreases) for the half year:								
- capital expenditure	261,496	-	78,356	-	-	344,608	-	684,460
- financial assets at fair value through profit and loss	-	-	-	(227,690)	(127,796)	-	-	(355,486)
- Cashflow	-	-	-	-	-	-	4,674,662	4,674,662
	<u>261,496</u>	<u>-</u>	<u>78,356</u>	<u>(227,690)</u>	<u>(127,796)</u>	<u>344,608</u>	<u>4,674,662</u>	<u>5,003,636</u>
<i>Reconciliation of segment assets to total assets</i>								
Other assets								3,273,146
Total asset from continuing operations								<u><u>19,609,915</u></u>

	Exploration – Yanrey	Exploration – Maree JV	Exploration – Lake Frome	Exploration – Northern Territory	Exploration – Australia Other	Exploration – Argentina	Treasury	Total Operations
	\$	\$	\$	\$	\$	\$	\$	\$
As at 30 June 2009	3,898,602	-	985,609	2,372,471	6,683,316	1,156,305	364,819	15,461,122
Segment assets								
Segment asset increases/(decreases) for the half year:								
- capital expenditure	346,377	-	-	-	1,034,300	1,156,315	-	2,536,992
- financial assets at fair value through profit and loss	-	-	(424,625)	(133,150)	-	-	-	(557,775)
- Cashflows	-	-	-	-	-	-	(741,922)	(741,922)
	<u>346,377</u>	<u>-</u>	<u>(424,625)</u>	<u>(133,150)</u>	<u>1,034,300</u>	<u>1,156,315</u>	<u>(741,922)</u>	<u>1,237,295</u>
<i>Reconciliation of segment assets to total assets</i>								
Other assets								1,627,145
Total asset from continuing operations								<u><u>17,088,267</u></u>

**CAULDRON ENERGY LTD ABN 22 102 912 783
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Half Year Ended 31 December 2009

5. DISPOSAL OF SUBSIDIARY

On 26 November 2009, the Group disposed of 100% of its interest in Jackson Minerals Limited. The proceeds on disposal of \$1,170,386 were received partially in deferred cash, \$250,000 and partially in shares, \$920,386.

The net assets of Jackson Minerals at the date of disposal were as follows:

	26 November 2009
	\$
Net assets disposed of	3,570,240
Loss on disposal	<u>(2,399,854)</u>
Total consideration	<u>1,170,386</u>

6. FINANCIAL LIABILITIES

On the 13th August 2009 Cauldron Energy Ltd announced it had received convertible note funding totalling \$1.975 million, including \$1.5 million from Dempsey Resources Pty Ltd, a wholly owned subsidiary of Cape Lambert Iron Ore Ltd. Under the terms of the agreement, the convertible note holder has the right before the repayment date of 31 July 2012 to convert the Note into ordinary shares in Cauldron Energy. The conversion price is \$0.50 with a coupon rate of 10%.

Due to the calculated discount net present value of the future cash-flows of the liability exceeding the issue proceeds of the convertible note, there is no residual value which would have been recognised as the equity component of this financial instrument.

Therefore the gross issue proceeds of the convertible note (\$1,975,000) have been initially recognised in the financial statements as a financial liability.

The following items are relevant in explaining the financial liabilities of the Consolidated Entity for the half year:

	31 Dec 2009	30 June 2009
	\$	\$
Current		
Lease liability	2,768	5,395
Convertible note	<u>-</u>	<u>2,300,000</u>
Non-Current		
Convertible note	<u>4,300,000</u>	<u>300,000</u>
	<u>4,302,768</u>	<u>2,605,395</u>

**CAULDRON ENERGY LTD ABN 22 102 912 783
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Half Year Ended 31 December 2009

7. ISSUED CAPITAL

	Consolidated Entity & Parent Entity		Consolidated Entity & Parent Entity	
	2009	2008	2009	2008
	No	No	\$	\$
ISSUED AND FULLY PAID UP CAPITAL				
Ordinary Shares				
Opening balance	63,390,753	50,111,996	17,739,374	13,025,416
Shares issued during period	25,333,332		6,642,001	-
Exercise of options	-	-	-	-
Transfer of value of exercised options from option reserve (ii)	-	-	-	-
Transfer of value of lapsed options from option reserve	-	-	207	351,640
Transaction costs relating to share issues	-	-	(1,848,000)	-
Closing balance	<u>88,724,085</u>	<u>50,111,996</u>	<u>22,533,582</u>	<u>13,377,056</u>

i) During the half year ended 31st December 2008, the following allotments of options expired, the value of which has been transferred to issued capital:

- 3,000,000 director options exercisable at \$0.75 on or before 30 November 2008
- 1,000,000 consultant options exercisable at \$0.75 on or before 30 November 2008

8. CONTINGENT ASSETS & LIABILITIES

There have been no other changes in contingent assets and liabilities since the last annual reporting date.

**CAULDRON ENERGY LTD ABN 22 102 912 783
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Half Year Ended 31 December 2009

9. SUBSEQUENT EVENTS

On the 8th January 2010 the Company announced that it had received A\$2M of the second tranche of A\$7M from the strategic Chinese investors.

On the 8th February 2010 the Company announced that it had received the final A\$5M from its A\$10M capital raising with the strategic Chinese investors.

On 5th March 2010 the Company announced that it had agreed to divest non-core Northern Territory uranium assets into Eclipse Uranium Ltd, via a Deed of Option.

Under the terms of the Option, Cauldron is to be issued 25,000,000 shares in Eclipse upon exercise by Eclipse and therefore will hold between 29% an 33% of Eclipse at time of listing (depending on the amount raised via IPO).

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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

**CAULDRON ENERGY LTD ABN 22 102 912 783
AND CONTROLLED ENTITIES**

DIRECTORS' DECLARATION
For the Half Year Ended 31 December 2009

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 20 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr. Terence Topping
Chief Executive Officer

Dated this 16th day of March 2010

To The Board of Directors

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

This declaration is made in connection with our review of the financial report of Cauldron Energy Limited for the half year ended 31 December 2009 and in accordance with the provisions of the Corporations Act 2001.

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

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

Yours faithfully



BENTLEYS
Chartered Accountants



RANKO MATIĆ
Director

DATED at PERTH this 16th day of March 2010

Independent Auditor's Review Report

To the Members of Cauldron Energy Limited

We have reviewed the accompanying half-year financial report of Cauldron Energy Limited ("the Company") and Controlled Entities ("the consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

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Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Cauldron Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of Cauldron Energy Limited for the half-year ended 31 December 2009 included on the website of Cauldron Energy Limited. The directors of the Company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the Company's website.

Independent Auditor's Review Report

To the Members of Cauldron Energy Limited (Continued)

Independence

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

Conclusion

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

- a. Giving a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



BENTLEYS
Chartered Accountants



RANKO MATIĆ
Director

DATED at PERTH this 16th day of March 2010