

Cauldron commences 13,000m drilling program across uranium assets in Australia and Argentina

Key Points:

- **Cauldron Energy has continued exploration of its uranium assets in Australia and Argentina outlining significant drill targets,**
- **Western Australian projects to be subjected to sustained exploration in first half of 2010:**
 - **4,000m air-core program at Yanrey expected commencement in May 2010,**
 - **1,500m RC drilling program at Beadell Project, targeting large EM anomalies up to 2.2km to start in April 2010**
- **Following recent receipt of environmental approvals, 1,500m of exploration drilling is to occur at Las Marias project in Argentina and**
- **Cauldron set to continue its exploration of the Marree JV in South Australia, targeting uranium mineralisation similar to the Beverly mine located 50 km to the South West, with a further 6,000m of drilling planned.**

Australian energy company Cauldron Energy Limited (**ASX: CXU**) (“Cauldron” or “the Company”) will soon commence substantial drilling programs, totaling 13,000m, across its advanced and regional uranium assets in Australia and Argentina. The significant exploration program will be fully funded by the monies received from the recently completed capital raising (see ASX announcement dated 10 November 2009).

The Western Australian projects to undergo sustained exploration in the first half of 2010;

- 4,000m air-core program at Yanrey due to commence in May,
- 1,500m RC drilling program at Beadell Project, targeting large EM anomalies up to 2.2km, to start in April 2010

The Yanrey Project work is aimed at identifying additional resources, where previous drilling has outlined and inferred resource of 4.8 million pounds of eU_3O_8 . The Company completed its fourth airborne EM program in late 2009 and has identified further palaeochannel drill target areas that remain untested.

The Beadell Project in north-west Western Australia has two large and distinct EM anomalies. The largest is 2.2 kilometers long and extends to 200m depth, and the second smaller target is 500m long. These anomalies are located in the

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ASX Code CXU
89 M ordinary shares
11.7 M unlisted options

Market Cap
A\$31 million (@35c)

Tony Sage
Executive Chairman

Terry Topping
Chief Executive Officer

Brett Smith
Executive Director

Qiu Derong
Non-executive Director

Kent Hunter
Non-executive Director

Stephen Brockhurst
Company Secretary

Rudall Complex, which hosts large base metal deposits, namely the Telfer gold mine and the Kintyre uranium deposit located 70 km to the north-west.

In South Australia the Company plans to continue its exploration activities at the Marree JV, which is being progressed with a Korean Syndicate. Drilling programs through 2008 and 2009 targeted uranium mineralisation similar to that found at the Beverly mine, located 50km to the southwest. Previous drilling at Marree has indicated there are significant areas of reduced and oxidized sandstone with uranium mineralisation up to 245 ppm eU_3O_8 . The Company has plans for a further 6,000m of infill drilling, plus it will also advance exploration on a number of additional regional targets yet to be drilled.

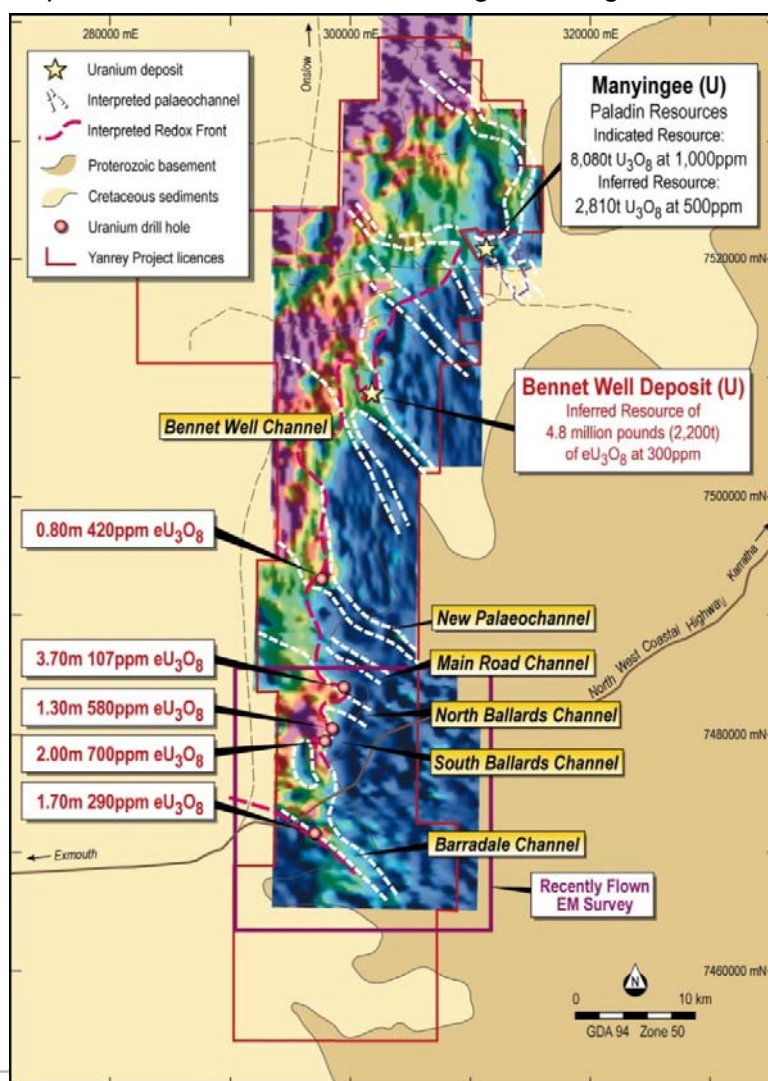
In Argentina, inaugural exploration drilling is due to commence, with 1,500m of RC drilling planned for the Las Marias Project in San Juan over the coming months. The Company recently received environmental approval to commence uranium exploration; field studies including mapping and sampling of outcropping uranium mineralisation have already been commenced. The Company is also conducting first pass exploration for blind uranium targets using radon cups.

Yanrey Uranium Project. WA

The Yanrey Project covers 1,930 sq km of Mesozoic sediments which are highly prospective for sandstone hosted uranium mineralisation. This type of mineralisation is 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 eU_3O_8 at a grade of 300ppm eU_3O_8 .

Exploration undertaken by the Company indicates the Yanrey Project contains an Initial Exploration Target⁽¹⁾ of 25 to 35 million pounds U_3O_8 at a grade of 300 to 900 ppm.

Exploration for the 2010 field season will commence with a 4,000m aircore drill program targeting extensions to the Bennet Well Deposit and targets identified further



along the Bennet Well Palaeochannel, where further roll front uranium mineralisation is thought to exist. The drilling will also investigate a number of regional channel targets within the Yanrey Project, including the Barradale and North and South Ballards palaeochannel systems, where the Company is earning 70% of the uranium rights in a joint venture with Atomic Resources Limited (ASX: ATQ). Historical drilling of these channels during the 1980's returned significant results, including 2.0m at 700 ppm eU_3O_8 and 1.3m at 580ppm eU_3O_8 . These channels provide the company with a significant regional target, which enhances the potential for the further discovery of economic uranium mineralisation within the Yanrey Project.

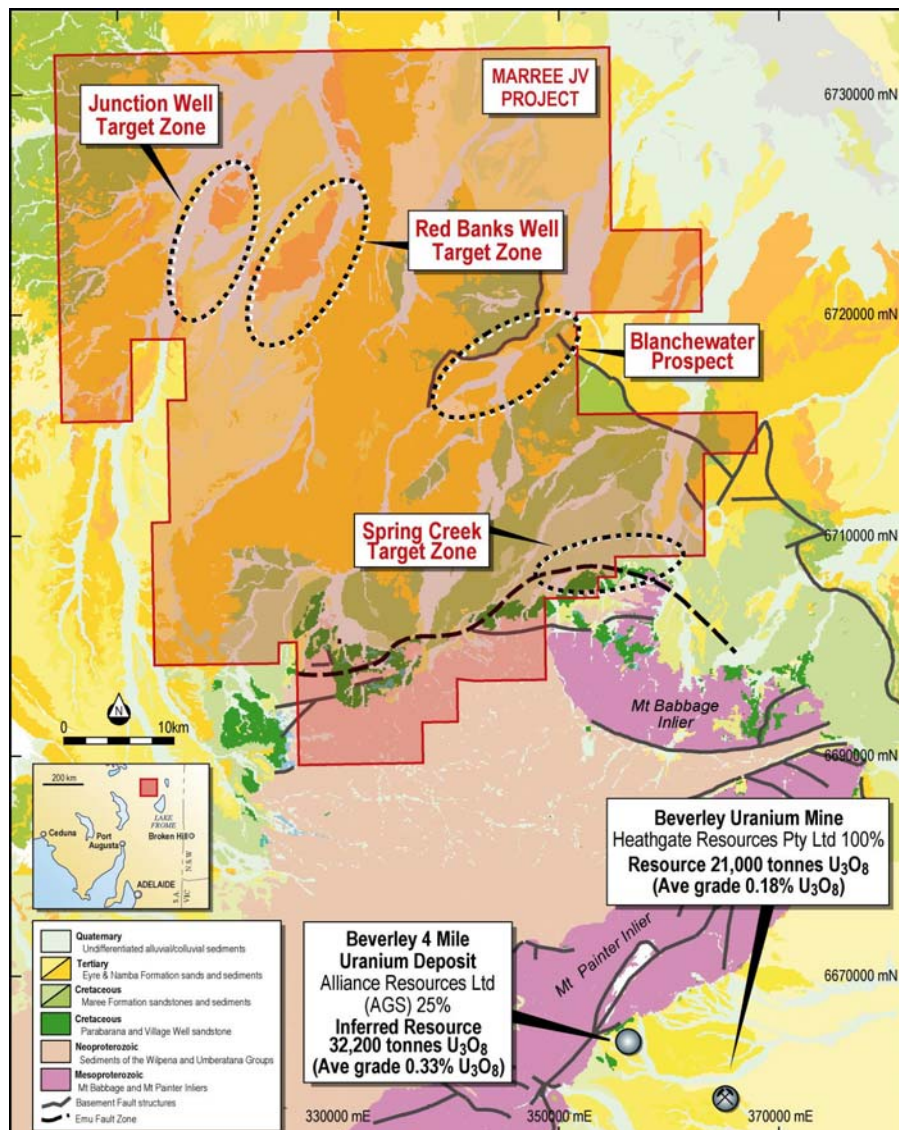
Work by Cauldron indicates the Yanrey Project contains at least eleven favourable palaeochannels, including five (5) recently discovered mineralised palaeochannels. These channels are close to known uranium resources at Bennet Well and Manyingee, and include potential extensions to mineralisation within channels leading from these deposits. In particular, mineralisation at Bennet Well remains open to the north and north-east, where drilling by the company intersected 4.32m at 488 ppm eU_3O_8 . In addition to these targets, the Company believes it has over 90 km² of untested prime target areas which are favourable for uranium mineralisation.

Marree Uranium Project. SA

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. The project is fully funded by a joint venture agreement between the company and a Korean consortium involving 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 A\$6.2M over three years.

The project area includes the Tertiary Eyre and Namba Formations, which hosts several sedimentary roll-front uranium occurrences including the Beverley and Honeymoon Well uranium deposits, and the recently discovered high-grade uranium mineralisation at the Beverley Four Mile deposit. Interpretation of drainage patterns and the results of a recently completed airborne radiometric survey indicate uranium is being actively shed into the Marree project area from the adjacent uranium-rich Mount Babbage Inlier and Proterozoic basement.

Exploration drilling completed during the first year of the joint venture identified anomalous uranium mineralisation over 12 km across widths up to 4 km at the Blanchewater prospect. Drilling returned a number of significant results, including 0.60 metres at 180 ppm eU_3O_8 , 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.



Exploration for the 2010 field season will continue with 6,000m of mud rotary drilling. An initial 2,500m program set to commence in April will target Beverley Four Mile style mineralisation at the Spring Creek prospect, where target sediments directly overlie the uraniumiferous Mount Babbage Inlier and are bisected by the regional Emu Fault Zone.

Further drilling programs proposed for the year include follow-up and infill drilling at the Blanchewater prospect, where anomalous uranium mineralisation of up to 245 ppm eU₃O₈ has been identified within variably oxidized and reduced Eyre Formation. Additional programs scheduled for the second half of the year are being planned to investigate new target areas in the north-west parts of the project. These targets were outlined from the recently completed

airborne radiometric survey. This area is known to be underlain by the target sediments of the Namba and Eyre Formations and provides an exciting new target area for the Marree Project.

Final approval of these programs and the year two A\$2 million operating budget will be completed at the next Management Committee meeting of the Marree JV, scheduled to take place in early April.

Beadell Project. WA

The Beadell Project comprises two granted exploration licenses located in the south-eastern part of the Rudall Complex, 450 km east of Newman in Western Australia. The Rudall Complex is a belt of metamorphic and igneous rocks comprised of various types of gneiss, metasedimentary and mafic-metavolcanic rocks, plus ultramafic, mafic and felsic intrusive rocks.

The project is considered prospective for base metal mineralisation and unconformity related uranium, similar to the Kintyre uranium-gold deposit at the western end of the Rudall Complex and the PGE–precious metal and copper grades of the nearby Copper Hills mineral occurrence.

Exploration undertaken by the Company, including airborne and ground based geophysics, has identified a coincident airborne electromagnetic (EM) and ground gravity anomaly within the Connaughton Syncline, which geophysical modeling suggests has the potential to be a significant base metal targets.

The coincident EM and gravity anomalies show features that are consistent with what could be expected from disseminated-massive sulphide mineralisation. Interpretation of regional data sets and airborne imagery indicates the two anomalies are linked by a set of north trending faults, which appear to truncate the eastern end of the northern anomaly and the western edge of the southern anomaly. It is thought these faults may have a significant role in the location of these potential base metal targets.

Exploration drilling of these targets is expected during the June Quarter. An initial program comprising 1,500 metres of RC drilling will be undertaken following ground based geophysical surveys. These surveys will be utilized to refine the targets and finalise hole locations.

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. The Company recently received environmental approvals to conduct uranium exploration with regional mapping and sampling already commenced. The Company also plans to search for blind uranium mineralization utilizing radon cups, these results will be available in the coming months. Previous exploration

has outlined outcropping uranium mineralisation within strata bound sandstones, over seven kilometers 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.

ENDS

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Disclosure Statements

Competent Person Statement

The information in this report to which this statement is attached that relates to Cauldron Energy Limited's Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brett Smith and Mr Terry Topping who are Members of the Australasian Institute of Mining and Metallurgy. Mr Smith and Mr Topping are full-time employees of Cauldron Energy Limited. Mr Smith and Mr Topping have sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration. They are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Both Mr Smith and Mr Topping consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Exploration Target Statement

- (1) Under clause 18 of the JORC code the exploration targets (excluding the portion already classified into JORC inferred resource) outlined in this report are conceptual in nature as there has been insufficient exploration to define additional mineral resources; it is uncertain if further