

30 April 2010



QUARTERLY REPORT FOR PERIOD ENDING 31 March 2010

HIGHLIGHTS

Corporate

- Cauldron Raises A\$10M from strategic Chinese investors
 - Investment completed in two tranches;
 - A\$7M via a Convertible Note facility
 - A\$3M via a Placement (@A\$0.50 per share)
- Northern Territory uranium assets to be divested into Eclipse Uranium Ltd

Proposed exploration - June quarter 2010

In the first half of 2010 Cauldron Energy continued the exploration of its uranium assets in Australia and Argentina, consisting of:

- Marree JV, South Australia: 2,000m drill program commenced in April 2010 targeting high-grade uranium mineralisation, similar to the Beverley and Beverley Four Mile deposits.
- Yanrey uranium project, Western Australia: 4,000m air-core program due to commence in May 2010
- Beadell project, Western Australia: 1,500m RC drilling program targeting large EM anomalies up to 2.2km, scheduled for the June quarter
- Las Marias, Argentina: 600m core drilling expected to commence May, 2010.

About Cauldron Energy Limited (CXU)

Cauldron Energy Limited (ASX: CXU) ("Cauldron" or the "Company") is an Australian exploration company resulting from the merger of Scimitar Resources Limited and Jackson Minerals Limited. Cauldron retains an experienced board of directors and management team with proven success in the resources sector, and is a leading Australian uranium exploration company.

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; the Company's suite of uranium projects holds a lot of diversity, both geologically and with regards to political sentiment and policy towards uranium exploration and mining within each region.

ABN 22 102 912 783

35 Richardson Street
WEST PERTH WA 600

PO BOX 1916
West Perth WA 6872

ASX Code CXU

88.70 M ordinary shares
13.2 M unlisted options

Market Cap

A\$27 million (@31c)

Board of Directors

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

Corporate

Cauldron completes A\$10M raising from strategic Chinese investors

During the quarter the Company completed a capital raising of A\$10 million from Chinese investors. The investment in Cauldron was made by Chinese industrialists Mr Qiu Derong and Mr Qiu Dekang, principals of Shanghai Yizhao Investment Group Co Limited.

The investment by Mr Qiu Derong and Mr Qiu Dekang was completed in two tranches. A\$7M via a Convertible Note facility and A\$3M via a Placement (@A\$0.50 per share).

Convertible Note Facility

Under the terms of the agreement, the Convertible Note holders have the right before the repayment date of 31 July 2012 to convert the Note into ordinary shares in Cauldron, subject to the receipt of all necessary regulatory approvals (if any) including from Cauldron shareholders. The conversion price will be A\$0.50 with a coupon rate of 10%.

The company has now received all funds via the Convertible Note facility.

Transfer of non-core uranium assets in the Northern Territory to Eclipse Uranium Ltd

During the quarter Cauldron and Eclipse Uranium Limited ("Eclipse") signed a Deed of Option which grants Eclipse an option to acquire four (4) granted Exploration Licenses and five (5) Exploration License applications currently held by Cauldron in the Northern Territory.

The key project within this portfolio is the Eclipse Project, which consists of three (3) granted Exploration Licenses and three (3) Exploration License applications covering 5,438 km² of the Ngalia Basin, prospective for sandstone and calcrete hosted uranium mineralisation.

The option period expires on 30 June 2010 after which time if the Option is not exercised it will lapse.

Settlement of the acquisition of Cauldron's tenements by Eclipse is subject to Eclipse being granted permission to list its securities on ASX.

Once the Option is exercised by Eclipse and the conditions under the agreement are met, including acceptance to official list on Australian Securities Exchange, Cauldron will be issued 25,000,000 shares in Eclipse and therefore will hold between 29% and 33% of Eclipse at its time of listing (depending on the amount raised via IPO).

Project Summary

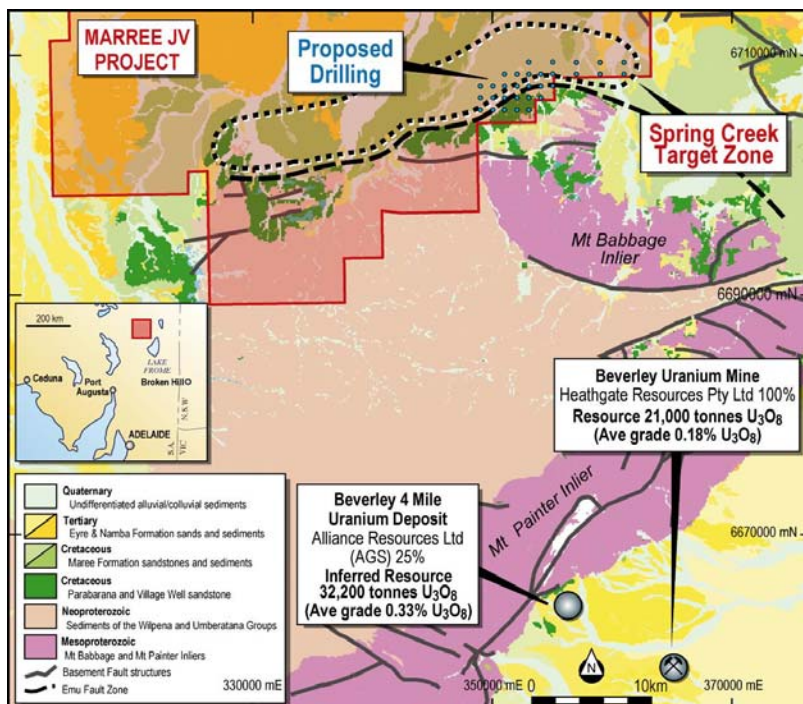
Marree Uranium Project Joint Venture, South Australia (75%)

During the quarter the Company announced it had commenced a drilling program of 2,000m at its Marree Uranium JV in South Australia.

The drilling will target the south-east side of the project, Spring Creek, as a region favourable for high-grade uranium mineralisation, similar in style to the world class uranium deposits at Beverley and Beverley Four Mile.

The main target is the Parabarana Sandstone that uncomfortably overlies granites and uraniferous source rocks of the Mt Babbage Inlier. The proposed drill holes are on a 2km by 1km spacing and will test approximately 10 km of the Emu Fault Zone, which intersects the host sandstones.

Due to the amount of ground water in this region, the Company will utilize mud rotary style drilling, with uranium content to be determined using a down hole gamma probe.



The Marree uranium project, located 550km north of Adelaide, comprises of 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 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. This work has highlighted the potential of the Project to be a fertile environment for uranium deposition.

Yanrey Uranium Project, Western Australia (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.

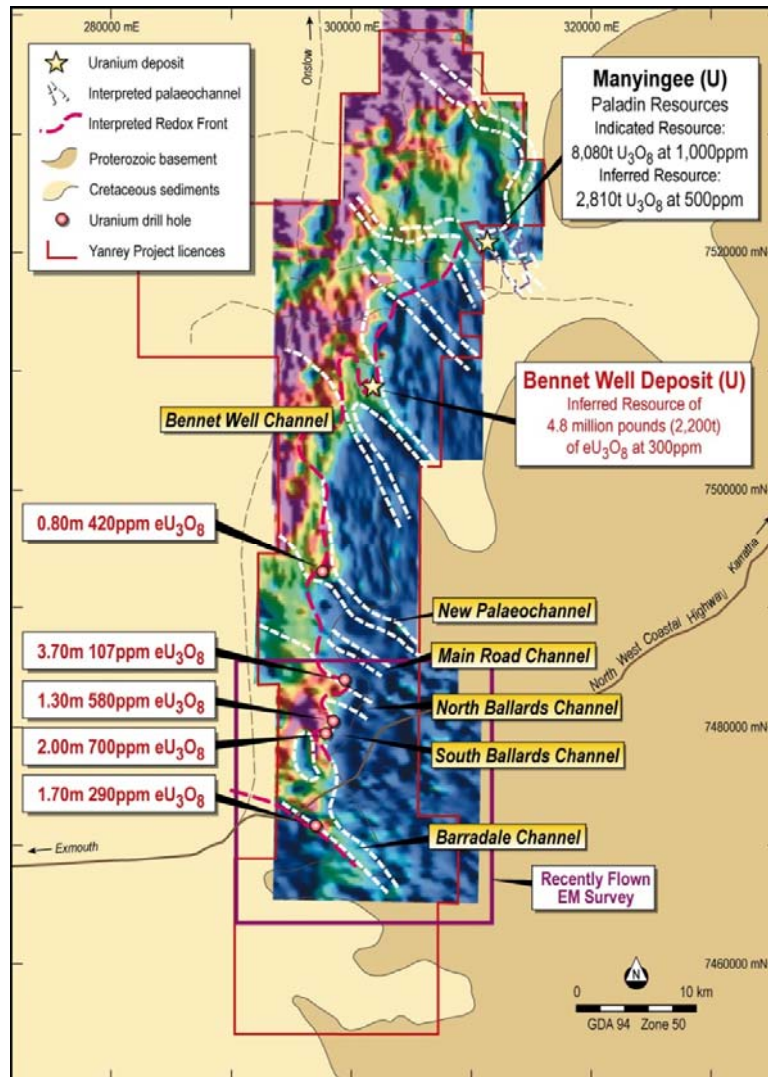
Exploration undertaken by the Company indicates that the project contains an Initial Exploration Target⁽¹⁾ of 25 to 35 million pounds U₃O₈ at a grade of 300 to 900 ppm for the Yanrey Project, as announced during the September quarter.

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

Previous exploration on the Yanrey Project indicates 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 northeast, where drilling by the company intersected 4.32m at 488 ppm eU₃O₈. In addition to these targets, the company believes it has over 90 km² of untested prime target areas which are favourable for uranium mineralisation.

Work completed by the company has included airborne electromagnetic surveys covering over 1,400 square kilometres, and the successful completion of eight drilling programs (289 holes for over 30,000 metres) within the project, culminating in the definition of an inferred resource at Bennet Well, as calculated by Hellman and Schofield Pty Ltd. The Company is finalising the

approval process for a further 4,000m targeting these newly identified palaeochannels and also targeting extensions of the Bennet Well resource. This drilling is expected to commence late in the June quarter.



Yanrey Project – Palaeochannel Targets and EM

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.

With Jackson Global currently focusing on exploring the Las Marias Project in San Juan, no field work was completed at Rio Colorado during the quarter.

Las Marias Uranium Project, Argentina (100%)

Wholly owned subsidiary Jackson Global Limited has granted leases and applications over ground prospective for uranium mineralisation in San Juan, the main mining province of Argentina. The Las Marias Project covers 660km² and includes areas of historical uranium exploration, dating from the 1970's. Jackson Global are the first company to receive environmental clearance for the exploration and bulk testing for uranium in this province.

At Las Marias, 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, throughout the project area. Initial investigations by the company, indicates an average outcropping uranium anomalism of between 100 to 550 ppm U₃O₈ up to three metres in width, with samples peaking at 1,305 ppm U₃O₈.

Jackson Global has completed surface mapping, rock chip and radon cup sampling during the quarter. The results of this exploration has yet to be received in full; however preliminary results are being used to target an initial drill programme of approximately 600 metres of diamond core. This drilling will enable the Company to geological asses the stratigraphy of the main project area, enabling the generation of preferred targets for follow-up drilling.

The core drilling is expected to commence in May, 2010.

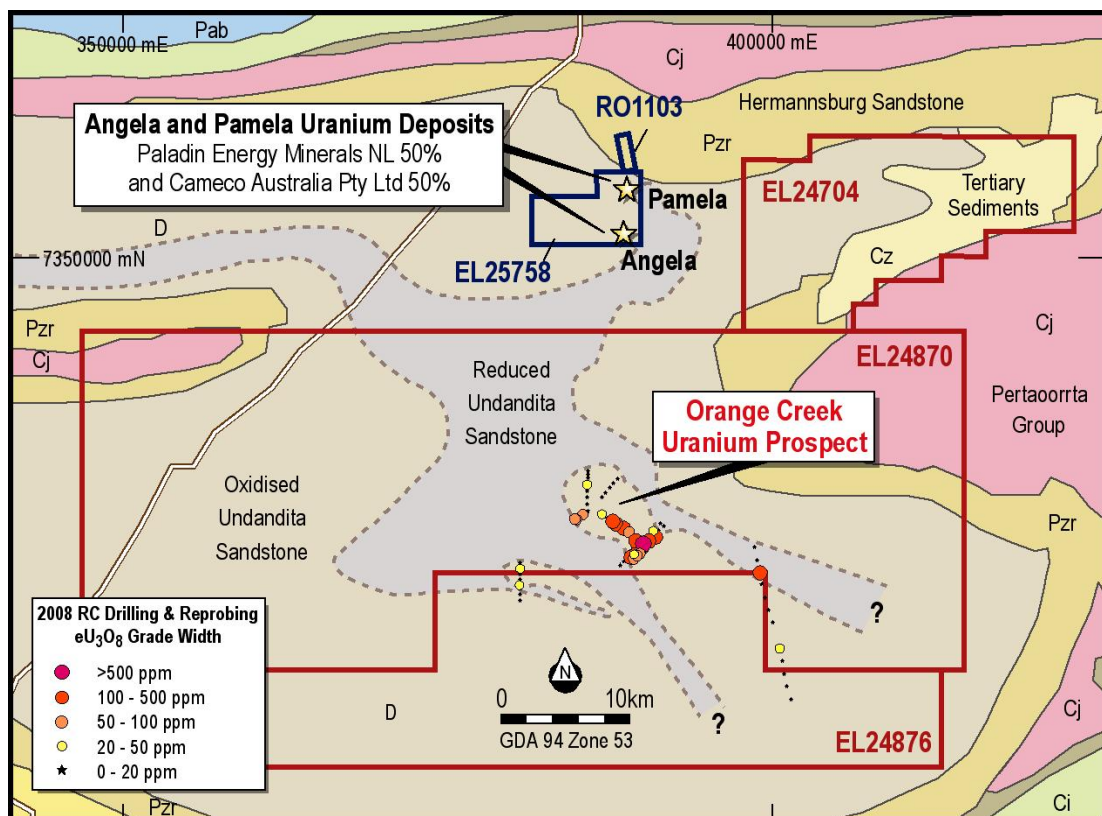
Amadeus Uranium Project, Northern Territory (100%)

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.

The Company has focussed exploration to date for uranium mineralisation associated with a regionally extensive redox boundary similar to the adjacent Pamela and Angela Project Joint Venture (Paladin Energy Minerals (50%), and Cameco Australia (50%)).

A total of 19 holes for 1,856m were drilled across the central part of the Orange Creek Syncline on 400m spacings with significant uranium mineralisation (up to 1.0m at 926ppm eU_3O_8) intersected across the centre and southern side of the syncline at depths of 30-40m. A second area of broadly spaced drilling (12 holes for 1,250m) intersected uranium mineralisation of up to 0.75m at 349 ppm eU_3O_8 on the regional redox boundary, a further 9 km to the south-east in a section of the Orange Creek Syncline that had not previously been tested by drilling.

The typical geology intersected by 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. The Undandita Member is generally oxidised but contains a wedge of reduced sediments between regionally extensive upper and lower redox boundaries. This reduced wedge is extensive throughout the Amadeus basin and is found both in the Missionary Syncline where it is associated with uranium mineralisation at Pamela and Angela and in the Orange Creek Syncline where it is associated with mineralisation at the Orange Creek prospect.



Amadeus Project- Geology and Significant Drilling

Eclipse Uranium Project, Northern Territory (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.

Aircore drilling conducted by the Company (4005 holes for 10,818m) targeted near surface calcrete hosted uranium mineralisation, similar to the adjacent New Well Uranium Deposit, within a large regional drainage system and potential targets interpreted from a Tempest, airborne electromagnetic survey. These targets include buried channels and palaeo-lake margins. The drilling returned a number of anomalous uranium intersections from 3m composite sampling, including 50 ppm U from 6-9m from drill hole ECAC 199.

During the quarter Cauldron and Eclipse Uranium Ltd ("Eclipse") signed a Deed of Option which grants Eclipse an option to acquire several projects in the Northern Territory from Cauldron. It is expected Eclipse will be listed on the ASX in June, 2010. Details on the IPO can be found on the web site www.eclipseuranium.com.au.

End.

For further information, visit www.cauldronenergy.com.au or contact:

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Disclosure Statements

(1) Exploration Targets

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 exploration will result in the determination of any additional mineral resources.

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.

The Bennet Well resource estimate was undertaken by Robert Spiers BSc Hons, MAIG (reviewed by Simon Gatehouse, MAIG), who are full-time employees of Hellman & Schofield Pty Limited. Mr Spiers has more than five years experience in resource estimation and Mr Simon Gatehouse has more than five years experience in uranium exploration and the assessment of uranium deposits. Mr Gatehouse has specific experience in the assessment of ISL uranium deposits. Together they are Competent Persons according to the JORC Code for Reporting of Mineral Resources and Ore Reserves (2004).

The calculation of the uranium grades used in the resource estimate are based on information compiled by David Wilson BSc MSc MAusIMM from 3D Exploration Ltd based in Western Australia. These uranium grades form the basis of the resource estimate and have been calculated from the gamma results and from the disequilibrium testing. Mr Wilson has sufficient experience relevant to the style of mineralisation and the deposit type and the activities he is undertaking to qualify as a Competent Person as defined by JORC Code for Reporting of Mineral Resources and Ore Reserves (2004).

Information relating to the geological interpretations and data supplied to H&S was compiled by Mark Fogarty BSc MAusIMM from Scimitar Resources Ltd. Mr Fogarty has sufficient experience relevant to the style of mineralisation and the deposit type and the activities he is undertaking to qualify as a Competent Person as defined by JORC Code for Reporting of Mineral Resources and Ore Reserves (2004).