

Cauldron commences drilling in Argentina

Key Points:

- **Cauldron Energy to step up exploration activities in Argentina,**
- **Drilling has commenced at the Las Marias uranium project in the province of San Juan, Argentina,**
- **Targets include undercover extensions to surface mineralisation that have returned assays of up to 1,305 ppm U₃O₈, and**
- **Exploration drilling results are expected to be returned by mid to late June 2010.**

Australian energy company Cauldron Energy Limited (**ASX: CXU**) ("Cauldron" or "the Company") has commenced drilling at its Las Marias uranium project, located in the province of San Juan, Argentina, the first drill program at the project by the company.

In total, 500 to 600 metres of HQ core drilling is proposed as an initial program, which is to be followed-up in the second half of the year with further drilling.

Cauldron's Chairman, Mr. Tony Sage, stated "while the Company is currently drilling in South Australia and has committed to drilling on its main projects in Australia over the next six months, discretionary exploration programs and budgets subsequent to that are likely to focus more on the overseas projects." Earlier in the year Cauldron announced that 13,000 metres of drilling would be completed by the Company in 2010. Much of this expenditure was earmarked for Australia.

Argentina has a mature and growing nuclear power generation industry and a local demand for uranium metal. The Federal Government of Argentina has been proactive in building an exploration and mining industry by encouraging foreign investment and providing tax incentives for exploration and project development. "At the moment we see benefits to exploring in Argentina and a degree of uncertainty in Australia. We are hoping this will change over the next 12 to 18 months" stated Sage.

Las Marias Project

The Las Marias Project is 100% owned by the Company's wholly owned subsidiary Jackson Global Limited ("Jackson"). The project covers 660km² and includes areas of historical uranium exploration dating back to the 1970's. This project was reportedly one of the Argentinean Atomic Energy Commissions' main exploration projects, prior to the discovery of the high-grade Sierra Pintada uranium mine located in a province further south.

Jackson has held this area under application since 2006 and in 2010 the main lease was granted, making Jackson the first company to receive environmental clearances for the exploration and bulk testing of uranium in the province of San Juan.

Extensive outcrops of sediments rich in uranium mineralisation have been located at the Las Marias project. This mineralisation occurs within strata bound carbonaceous rich sandstones, over several kilometers of strike and is conformable with the local stratigraphy. Radiometric anomalism suggests the mineralised units extend under cover throughout the project area. Initial investigations by the Company have returned average outcropping

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ASX Code CXU
89 M ordinary shares
11.7 M unlisted options

Market Cap
A\$27 million (@30c)

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

uranium anomalism of between 100 to 550 ppm U_3O_8 , up to three metres in width, with samples peaking at 1,305 ppm U_3O_8 .

During the March 2010 quarter the Company completed surface mapping, rock chip and radon cup sampling. The results of this exploration have yet to be received in full, however preliminary results (figure 1) are being used to target drill holes for this initial program. This drilling will enable the Company to assess the stratigraphy of the main project area, enabling the generation of preferred targets for follow-up drilling later in the year.

An infill radon cup sampling program has also been initiated and will reduce the sample spacing to approximately 200 metres. This method of surface geochemistry has historically been successful in locating accumulations of uranium at depth under transported cover.

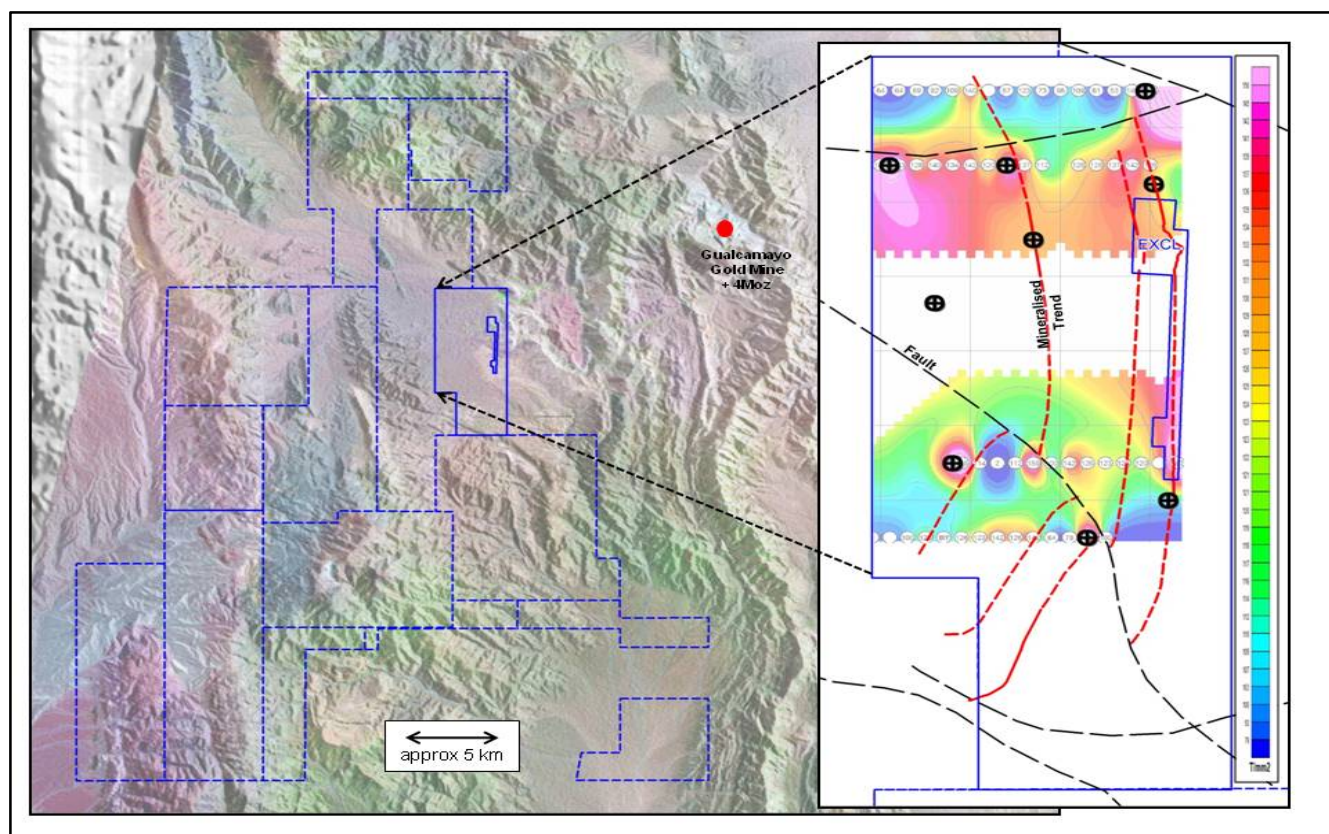


Fig1: Satellite image showing project area & insert of preliminary radon cup sampling, interpreted geological features & proposed drilling (crossed circles).

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

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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.