

Cape Lambert set to acquire up to 18.7% of Cauldron

Cauldron to commence major exploration activities on its Australian and Argentinean uranium projects

Highlights:

- Cape Lambert subsidiary requests conversion of A\$2.3 million Convertible Note in CXU,
- Airborne electromagnetic survey to commence, at the Yanrey Project,
- The first year operating program and \$1.8 million budget has been approved for Marree Uranium Project from Korean consortium funding,
- The Company is currently completing negotiations for the commencement of a 3,000 metre drilling program at the Rio Colorado Project in Argentina, and
- The Company has today issued a total of 3.4 million fully paid shares to various parties to facilitate the advancement of its substantial uranium portfolio in Australia and Argentina.

Australian resources company, Cape Lambert Iron Ore Limited (**ASX: CFE**) ("Cape Lambert") is set to acquire up to an (approximate) 18.7% stake in ASX listed, Australian uranium company **Cauldron Energy Limited (ASX: CXU)** ("Cauldron" or "the Company"), previously known as Scimitar Resources Limited (ASX: SIM), following the conversion of an A\$2.3 million Convertible Note by its wholly owned subsidiary Dempsey Resources Pty Ltd ("Dempsey").

Under the conversion terms of the Convertible Note issued to Dempsey on 23 December 2008, CXU will issue Dempsey 15,333,333 fully paid shares in Cauldron. The conversion will be in two stages, pursuant to ASX Listing Rules relating to the Company's capacity to issue new Shares.

An initial tranche of 6,108,612 (representing approximately 8.4% of the Company's issued capital) will be issued immediately, and the remaining 9,224,721 Shares will be issued upon receipt of and subject to Shareholder approval at the Company's Annual General meeting, expected to be convened in October 2009.

"We believe Cape Lambert's involvement with Cauldron provides a win-win outcome whereby CXU shareholders will have access to our strong balance sheet, and corporate expertise, and Cape Lambert shareholders will have exposure to the potentially world class Australian and Argentinean uranium projects" said Cape Lambert Executive Chairman Tony Sage.

Cauldron Energy's CEO Terry Topping believes the transaction will ensure the Company has sufficient resources to undertake an aggressive exploration program across its suite of advanced uranium assets in Australia and Argentina.

ABN 22 102 912 783

35 Richardson Street
WEST PERTH WA 6005

PO BOX 1916
West Perth WA 6872

ASX Code CXU
73.0 million ordinary shares
5.3 million unlisted options

Market Cap
~A\$22 million (@30c)

Tony Sage
Executive Chairman

Terry Topping
Chief Executive Officer

Brett Smith
Executive Director

Kent Hunter
Non-executive Director

Stephen Brockhurst
Company Secretary

"We look forward to working with Cape Lambert to achieve our operational and corporate objectives, and look forward to an ongoing and mutually rewarding relationship," Mr Topping said.

Exploration

Cauldron is set to commence an exciting period of exploration activity as outlined below.

Yanrey Uranium Project, WA

An airborne electromagnetic (Reptem) survey will commence in mid-July, at the Yanrey Project (figure 1), where the Company has defined an inferred resource of 4.8 million pounds (2,200t) of eU_3O_8 at the Bennet Well deposit. The survey, comprising 375 line kilometres, will cover two licences in the south of the project area, where the Company is earning 70% of the uranium rights in a joint venture with Atomic Resources Limited (ASX: ATQ).

The survey on one kilometre line spacings will provide primary geophysical data for the re-interpretation and target generation of the Barradale and the North and South Ballards palaeochannel systems that are known to exist within the project area. Historical drilling of these channels during the 1980's returned significant results, including 3.7m at 1,100 ppm eU_3O_8 , 2.0m at 700 ppm eU_3O_8 and 1.3m at 580ppm eU_3O_8 ; and providesthe Company with a significant regional target, which enhances the potential for the further discovery of economic uranium mineralisation, within the Yanrey Project.

Marree Uranium Project. SA

The Marree Uranium Project (figure 2), comprises four granted exploration licences and one licence application covering 2,794 sq km in the Eromanga Basin, adjacent to the uranium enriched Mount Babbage Inlier. The project is fully funded by a joint venture agreement between the Company and a Korean consortium, comprising 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\$6.2 million over three years.

The first year operating program and \$1.8 million budget has been approved by the JV Management Committee and an airborne radiometric/magnetic survey of 19,000 line kilometres, covering the entire project will commence in mid-July. The program, on 50m, 200m and 400m line spacings will provide the company with up to date geophysical data which will be utilised to target future drilling programs, targeting palaeochannel uranium mineralisation in sandstones, that are associated with basement fault systems near the margins of the uranium enriched, Mount Babbage Inlier.

Rio Colorado Project, Argentina

The Rio Colorado Project (figure 3 & 4) comprises 762 sq km containing a 16 km long zone of outcropping mineralised (uranium, copper and silver) Red-Bed sandstones. Extensive surface sampling of uranium mineralised outcrop indicates ore zones 10-20m wide, including zones between 300 to 3000 ppm U_3O_8 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.

The Company is currently completing negotiations for the commencement of a 3,000 metre drilling program, which is expected to commence during the coming quarter. Completion of this drilling will earn Cauldron its initial 51% interest in the project and trigger the commencement of an earn-in period that will see the Company potentially acquire 92.5% of the project.

Corporate

New Issue of Shares

The Company has today issued a total of 3.4 million fully paid shares to various parties for the provision of on-going corporate advisory services, market development and for the introduction to new capital markets in both Australia, and internationally, including the UK, USA and China. The Company believes these services will facilitate the advancement of its substantial uranium portfolio in Australia and Argentina as outlined above.

Ends

About Cape Lambert Iron Ore Limited

During 2008, Cape Lambert sold its Pilbara namesake magnetite project to China Metallurgical Group Corporation ("MCC") and has received AUD\$320 million of the AUD\$400 million sale price. The final cash payment of AUD\$80 million is to be paid by MCC on the grant of a mining lease and related construction approvals in respect of the project.

The magnetite project is located approximately 10-15km from the port of Cape Lambert and prior to the sale Cape Lambert had defined a 1.56 billion tonne JORC compliant magnetite iron ore mineral resource over a strike length of approximately 7 km.

As at 31 March 2009 Cape Lambert had approximately **AUD\$126.9 million in cash**.

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

Terry Topping / Brett Smith

Cauldron Energy Limited

Ph: (08) 9211 5777

Karen Oswald

Professional Public Relations

Ph: (08) 9388 0944

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) *The Rio Colorado **Exploration Target** has yet to be drill tested and is conceptual in nature. There has been insufficient exploration (namely drilling) to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource. The basis for this target includes:-*

- Extensive surface sampling and mapping of outcropping uranium mineralisation indicating continuity over at least 5 kilometres, open to the south. The area sampled is the northern extent of a 16 kilometre mineralised trend.*
- Exploration of outcrops, historical underground workings, including adits and drives, has identified oxidation of between 100 and 200 metres down-dip. For this exploration target a conservative figure of 150 metres has been used.*
- Mineralised widths where sampled (includes incomplete outcropping profiles) are up to 22 metres, averaging approximately 7 to 12 metres. No complete outcrop of the mineralisation is less than 7 metres.*
- Mineralisation in higher grade zones is up to 2,430 ppm U_3O_8 (1 metre sample), but averages between 300 and 750 U_3O_8 over the average widths reported above.*
- Surface sampling by Jackson is in the form of continuous channel samples, assayed on a one metre basis. Sampling was supervised by a Consultant Geologist with more than 30 years experience. Analysis was completed by Alex Stewart Laboratories in Argentina, a respected international assay service company.*

This exploration target is specified over 3 kilometres of a 16 kilometre mineralised trend. The southern 10 kilometres of this trend has yet to be fully tested, however reconnaissance sampling and examination of underground workings suggest a similar tenor of mineralisation as defined in the north.

The exploration target is for the uranium mineralisation only. Metallurgical test-work has established associated metals such as copper and silver do add considerable metal value to the project. Individual samples of copper up to 3.73% and silver up to 17 oz/t indicates in areas of this deposit, these metals may have greater value than the uranium.

While exploration to date identifies the high grade copper (+1%) and silver (+1oz) mineralisation is less than 3 metres wide, the Company does not have sufficient sampling data to be able to define the continuity of these metals along strike or within the regolith. This work is continuing.

Figure 1. Yanrey Uranium Project, WA

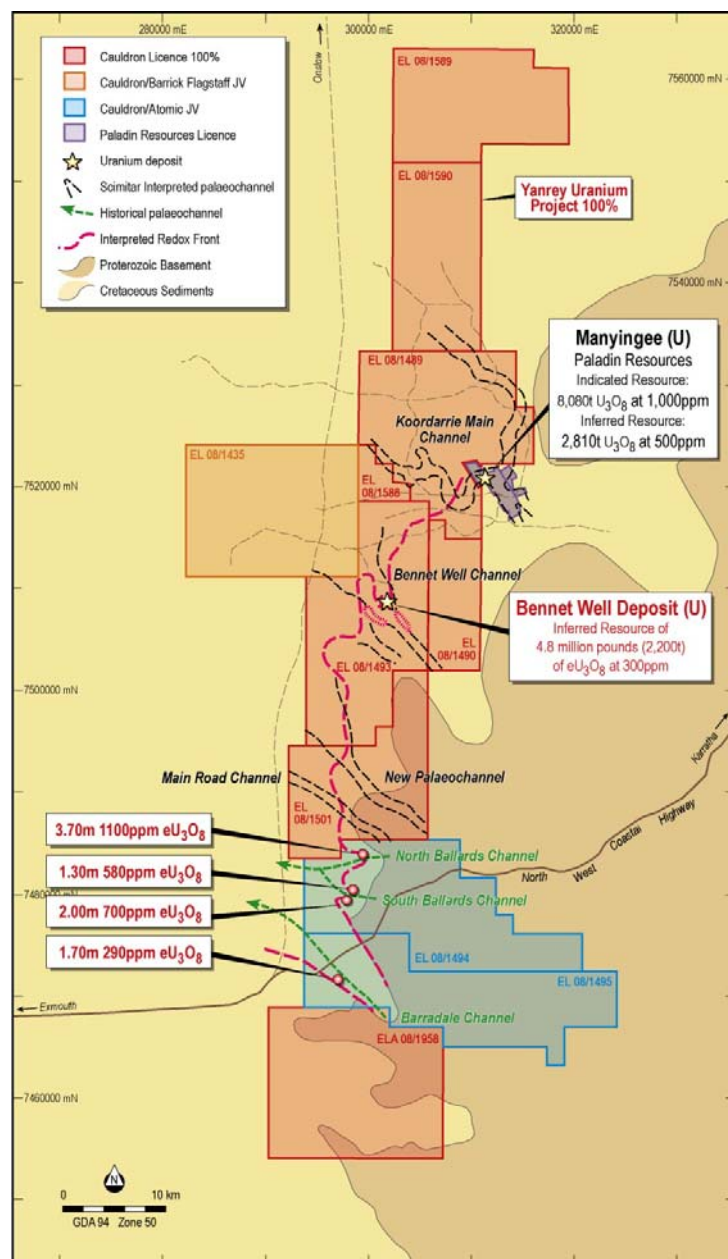


Figure 2. Marree Uranium Project, SA

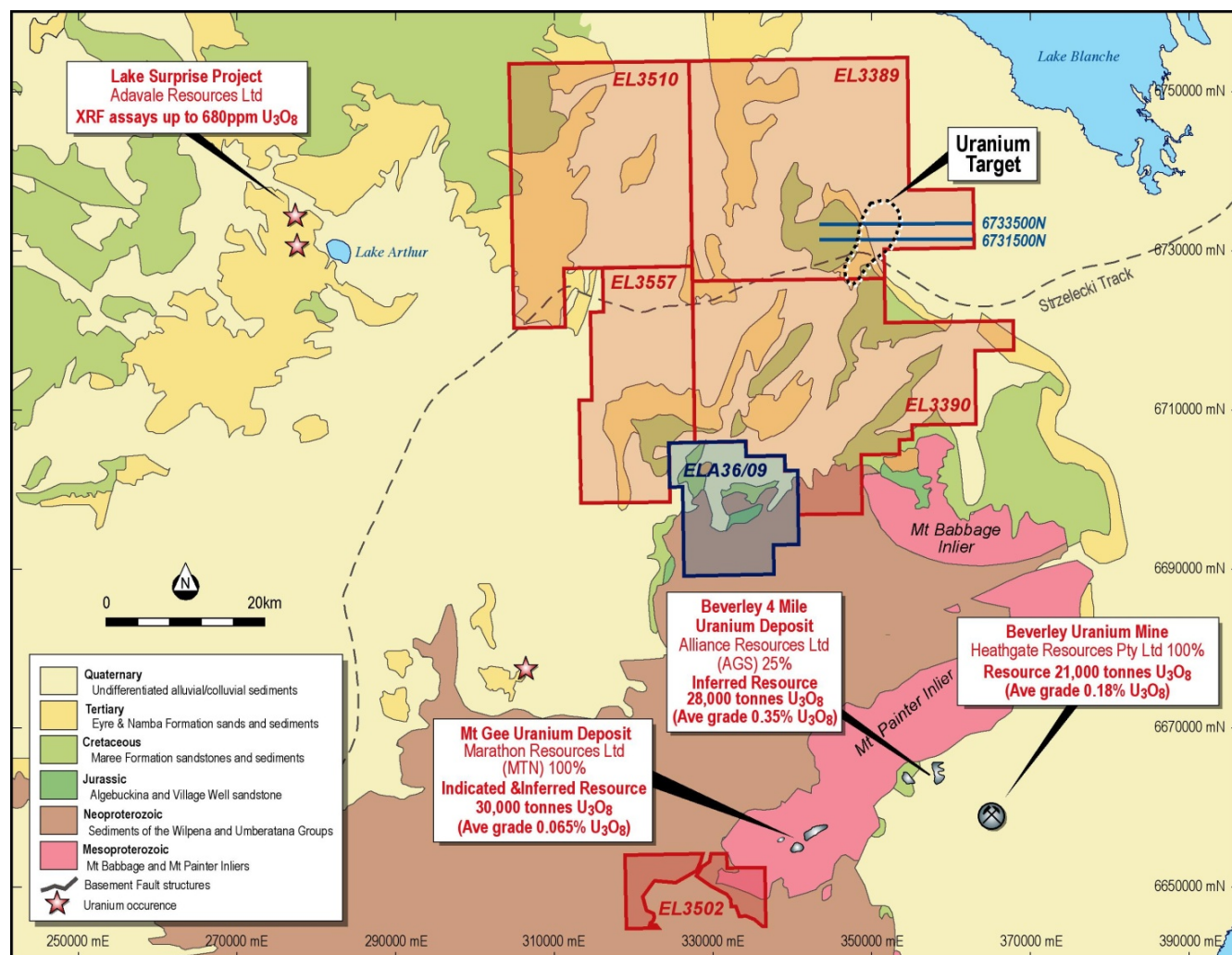


Figure 3. Rio Colorado Project, Argentina



Figure 4. Rio Colorado Project, Argentina

