

30 August 2010



\$5 million Farm-In and Joint Venture with Uranium Equities Limited to Fund Cauldron's West Lake Frome Uranium Project, SA

HIGHLIGHTS

- **Cauldron Energy Limited and Uranium Equities Limited entered into a Farm-in and Joint Venture agreement, whereby UEQ can earn an 80% interest in Cauldron Energy's West Lake Frome Uranium Project.**
- **UEQ to fund \$5 M of exploration expenditure over five years to earn an 80% interest in the West Lake Frome Project.**
- **UEQ to expend a minimum \$0.7M commitment, including 4,000 metres rotary mud drilling before withdrawing.**

Australian uranium exploration company Cauldron Energy Limited (**ASX: CXU**) ("Cauldron" or "the Company") has entered into a Farm-in and Joint Venture agreement with Uranium Equities Limited (**ASX: UEQ**) whereby UEL will fund A\$5 million of exploration expenditure at Cauldron's West Lake Frome Uranium Project in South Australia.

Under the terms of the agreement, UEQ can earn an 80% interest in the West Lake Frome Project by funding A\$5 million of exploration expenditure over (5) five years. UEQ to fund A\$0.7 million before UEQ can withdraw from the joint venture, including a minimum 4,000 metres of rotary mud drilling.

The West Lake Frome Project comprises three granted exploration licences, EL 3388, EL 3392 and EL 3410, covering 1,444 km² in the Curnamona Province of South Australia, host to the world class uranium deposits at Beverley and Beverley Four Mile.

The project is located south of the Company's Marree Uranium Project JV, a fully funded \$6.2 Million joint venture with a Korean Government consortium comprising Korea Resources Corporation, Daewoo International Corporation and LG International Corporation.

Cauldron Energy Ltd.

ABN 22 102 912 783

35 Richardson Street
WEST PERTH WA 6005

PO Box 1916
West Perth WA 6872

ASX Code CXU

88.7 M ordinary shares
13.2 M unlisted options

Market Cap
\$20.4 million (@23c)

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

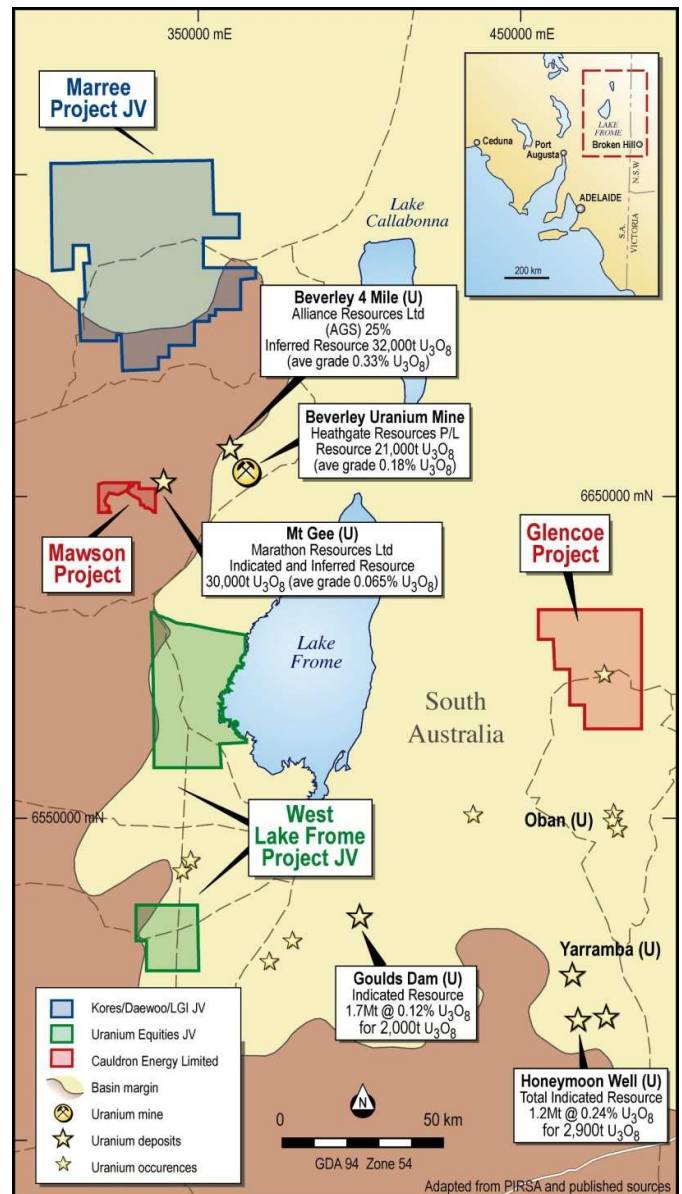
The three granted exploration licences comprising the West Lake Frome Project are subject to an application for a two-year extension with Primary Industries and Resources SA. Successful renewal is a pre-condition of the agreement.

Recent drilling at the Marree Project identified a two kilometre-long, northeast trending zone of uranium mineralisation, between 400-800 metres wide, associated with an interpreted redox front within the Eyre Formation. Significant results from this area include 0.60m at 180 ppm eU_3O_8 , up to a peak of 245 ppm, within broad zones (up to 20m) of anomalous uranium.

West Lake Frome Project

The West Lake Frome Project is located between the eastern escarpment of the Flinders Ranges and the western edge of Lake Frome, with the uranium-rich source rocks of the Mount Painter Inlier to the north and the uraniferous Willyama Complex to the south. The project lies along the Arrowie-Paralana Fault system which defines the western boundary of the Frome Embayment. This regional fault system is thought to be associated with the significant uranium mineralisation at the Beverley Four Mile deposit, 40 km to the north.

Interpretation of radiometric and geophysical data suggests that uranium is being shed into the West Lake Frome Project from the adjacent North Flinders Ranges and potentially from subsurface granitoids of the Bimbowrie suite. Previous drilling is very sparse but indicates the presence of Namba and Eyre formations, host to the Beverley, Beverley 4 Mile, Goulds Dam and Honeymoon uranium deposits.



West Lake Frome Project

Exploration completed by Cauldron has included an Airborne Tempest EM survey covering two areas of the West Lake Frome Project. The 1,050 line kilometre survey identified a strongly conductive sediment package intersected by basement fault structures as well as indicating the presence of near surface palaeo-drainages.

Analysis of historical drilling records, including oil exploration hole Moorowie1, indicates that Tertiary sediments of the Namba and Eyre Formations correlate to the areas of higher conductivity observable in the EM sections. These areas are interpreted to indicate porous sands units within the Namba and Eyre Formation. These sand units provide a drilling target for uranium mineralisation and occur at depths between 50 to 230 metres.

ENDS

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

Terry Topping / Brett Smith
Cauldron Energy Limited
Ph: (08) 9211 5777

David Tasker/ Karen Oswald
Professional Public Relations
Ph: (08) 9388 0944

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.