ASX Announcement

30 September 2010

Cauldron commences 3,000m drilling program at Marree Uranium JV Project in South Australia

HIGHLIGHTS

- **3,000m drilling program commences at Marree Uranium JV Project in SA,**
- **Drilling to target sandstone hosted uranium mineralisation, similar to Beverly and Beverly Four Mile,**
- **Exploration fully-funded by a Korean Consortium as part of the $6.2M Marree JV.**

Australian uranium company, **Cauldron Energy Limited** (**ASX: CXU**) ("Cauldron" or "the Company"), has commenced a mud rotary drilling program targeting sandstone hosted uranium mineralisation as part of Marree Uranium JV Project in South Australia, uranium content will be determined using a down hole gamma probe.

The drilling will focus on a significant target area known as Red Banks. Interpretation and analysis of the Joint Ventures, project geology and airborne geophysical data, including radiometrics, magnetics and EM indicates significant thicknesses of Namba and Eyre Formation sediments associated with surface radiometric uranium anomalism occur within a broad, north trending synclinal feature in the Red Banks Well prospect area, located in the north-western part of the Marree Project.

This surface uranium anomalism is associated with current drainages sourcing uranium from the uraniferous Mount Painter Inlier and indicates the potential for the buried Tertiary sediments within the target area to host uranium mineralisation. Previous drilling of similar sediments at the Blanchewater Prospect has intersected uranium mineralisation up to 245ppm eU_3O_8.

Initial drilling at Red Banks will cover a 12 km strike zone on a 3.2 km by 1.6 km spacing. The broadly spaced nature of the drilling will provide vital geological information on the broad location and geometry of any redox boundaries within the prospect area and indicate the presence of anomalous uranium mineralisation. The results of this drilling in conjunction with down-hole gamma and conductivity logging will enable the Joint Venturers to more accurately define areas of likely uranium deposition.

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West Perth WA 6872

ASX code: CXU

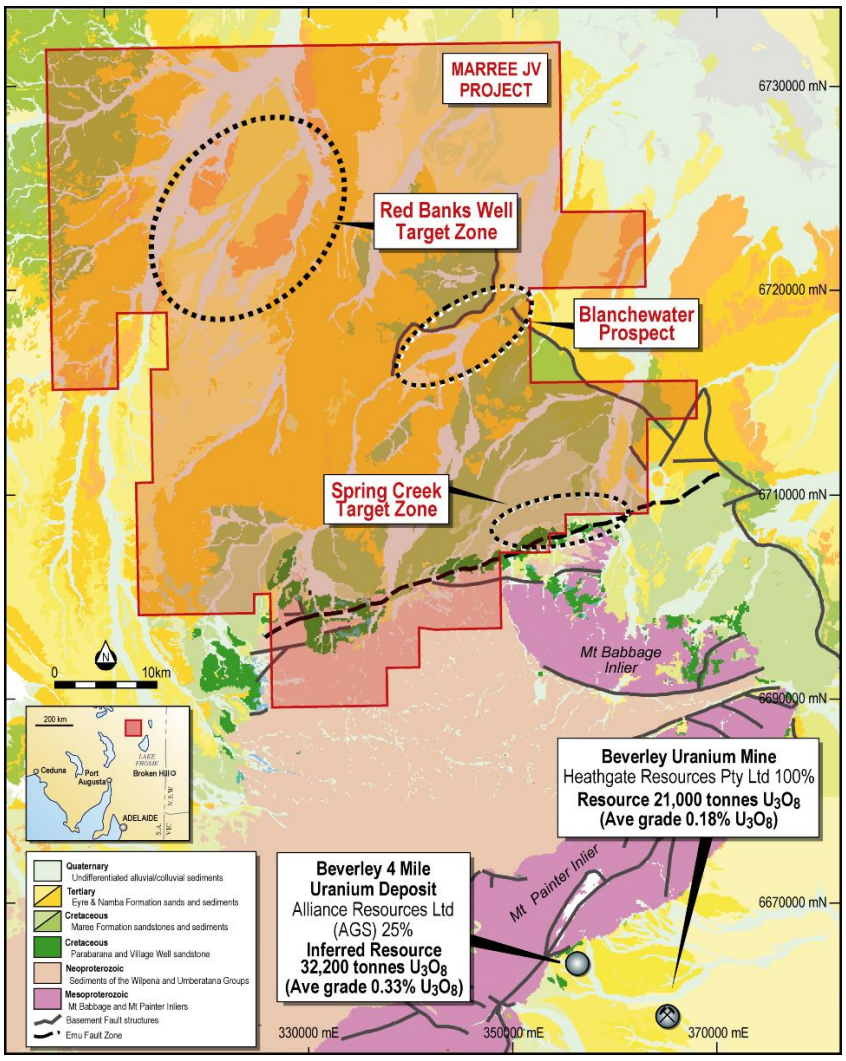
88.7 M ordinary shares
6.2 M listed options
12.4 M unlisted options

Market Cap
A$19 million (@21c)

Marree Uranium Project Background

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% 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. This work has highlighted the potential of the Project to be a fertile environment for uranium deposition.

Ends.

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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).