

## Drilling confirms Cauldron and Korean Partners new uranium target at the Marree Project in South Australia

### Key Points:

- Results from recent drilling program at Marree Project confirms new uranium targets
- Broadly spaced 3,200m x 1,600m drilling at Marree Project identifies redox front over 6 km strike length.
- Peak uranium result of 153 ppm U<sub>3</sub>O<sub>8</sub> within reduced Eyre Formation sands.
- Similar geological setting to the operating Beverley uranium mine, 70 km to the south.
- Marree Uranium Project is part of the \$6.2 million Joint Venture between Cauldron, KORES, Daewoo and LG International.
- Planning and approvals underway for a further 4,000 metres of drilling.

Australian uranium company, Cauldron Energy Limited (ASX: CXU) ("Cauldron" or "the Company") has, as a result of a recent drilling program, enhanced the uranium potential of the Marree Uranium Project in South Australia.

The recent drilling at the Red Banks Well Prospect identified a six kilometre-long potential redox front within the Eyre Formation associated with anomalous uranium mineralisation, up to 10 x background. Significant results from this drilling include 0.35m at 127 ppm eU<sub>3</sub>O<sub>8</sub>, up to a peak of 153 ppm.

The drilling results have confirmed the northern side of the Mt Babbage and Mt Painter Inliers as a region favourable for uranium mineralisation, displaying an exploration potential similar to the area that hosts the world class uranium deposits at Beverley and Beverley Four Mile.

### Drilling Program

The drilling program, conducted within exploration licence, EL 3510, comprised 30 holes for 2,266 metres targeting uranium mineralisation in Eyre and Namba Formations sands. The broadly spaced drilling at the Red Banks Well Prospect (five east-west orientated lines on 3.2 km by 1.6 km spacing's) tested

Cauldron Energy Ltd.

ABN 22 102 912 783

35 Richardson Street  
WEST PERTH WA 6005

PO Box 1916  
West Perth WA 6872

ASX : CXU

88.7 M ordinary shares

12.9 M listed options

14.4 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

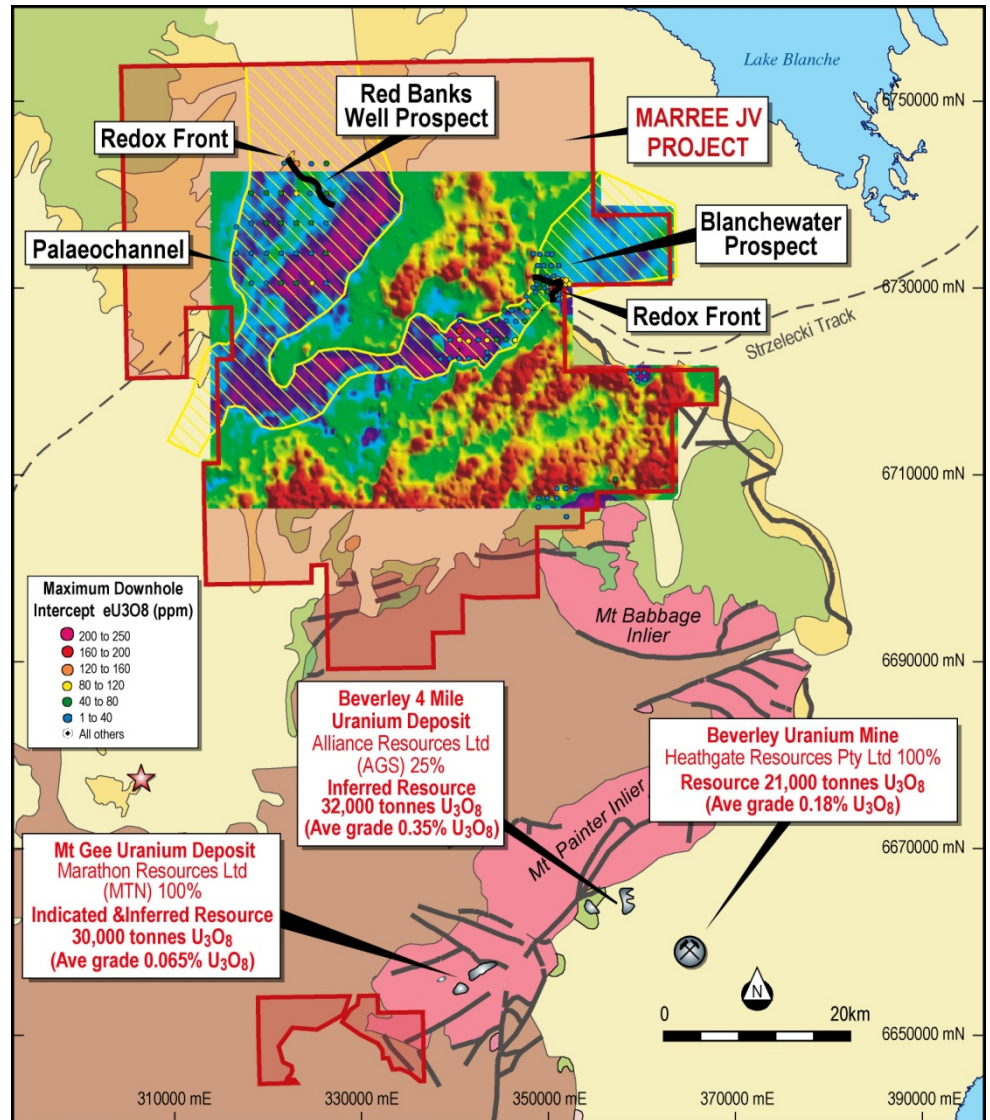
Kent Hunter  
Non-executive Director

Stephen Brockhurst  
Company Secretary

approximately 13 km strike length of an interpreted palaeochannel system, previously untested by drilling.

Downhole geological and geophysical logging confirmed the presence of both oxidised and reduced sands of interpreted Eyre and Namba Formation, recorded anomalous uranium mineralisation up to 153 ppm and identified a redox front with variably oxidised and reduced sediments, which will be the focus of further follow-up drilling.

The redox front extends over approximately 6 km and is unconstrained by drilling to the north and east. Significant uranium anomalism was identified within MAMR116 with 0.35m @ 127 ppm  $eU_3O_8$  encountered within reduced Eyre Formation sands. A further 10 km strike length of Tertiary palaeochannel sequences remain untested to the north of the anomalous uranium encountered in drillhole MAMR116.



## 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 area includes the Tertiary Eyre and Namba Formations, host to 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 the Company's airborne radiometric survey data,

indicate uranium is being actively shed into the Marree project area from the adjacent uranium-rich Mount Babbage Inlier and Proterozoic basement. Deposition of uranium is apparent in a number of areas identified by the survey, including a previously un-recognised area at the Redbanks Well prospect, in the north western part of the project. This area is known to be underlain by the target sediments of the Namba and Eyre Formations and provides an exciting new target area for the Company.

Exploration at Marree is fully funded by a joint venture agreement between the Company and a Korean consortium, comprised of 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\$6.2M of exploration activities over three years; exploration activities commenced in mid-2009.

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<sub>3</sub>O<sub>8</sub>, 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

For further information visit [www.cauldronenergy.com.au](http://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  
Email: [karen.oswald@ppr.com.au](mailto:karen.oswald@ppr.com.au)

### **\* Analytical Method**

*All holes were gamma logged by Borehole Wireline P/L with an Geovista 38mm total count gamma tool. The gamma tool was calibrated in Adelaide at the Department of Water, Land and Biodiversity Conservation in calibration pits constructed under the supervision of CSIRO. The gamma tool measures the total gamma ray flux in the drill hole. Readings are averaged over 5 centimetre intervals and the reading and depth recorded on a portable computer. The gamma ray readings are converted to equivalent U3O8 readings by using the calibration factors derived in the Adelaide calibration pits. These factors also take into account differences in hole size and water content. The grade and calibration was calculated by Duncan Cogswell BSc(hon) MSc MAusIMM from Borehole Wireline based in South Australia. Grade thickness intervals were calculated by David Wilson BSc MSc MAusIMM from 3D Exploration Ltd based in Western Australia.*

*The gamma radiation used to calculate the equivalent U3O8 is predominately from the daughter products in the uranium decay chain. When a deposit is in equilibrium, the measurement of the gamma radiation from the daughter products is representative of the uranium present. It takes approximately 2.4M years for the uranium decay series to reach equilibrium. Thus, it is possible that these daughter products, such as radium, may have moved away from the uranium or not yet have achieved equilibrium if the deposit is younger than 2.4M years. In these cases the measured gamma radiation will over or under estimate the amount of uranium present. Sandstone hosted roll front mineralisation may not be in equilibrium due to one of the above factors.*

### **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.*