ASX Announcement

01 November 2010

1,500m drilling program commenced at Beadell Base Metals Project in WA

HIGHLIGHTS

- **1,500m drilling program commenced at Beadell Base Metal - Uranium Project in WA.**
- **Drilling targets two Tempest airborne electromagnetic (AEM) targets.**
- **The Beadell Project is located in a highly prospective region which includes Mount Cotton (Cu, Pb, Zn, U) , Nifty (Cu, Pb, Zn), Maroochydore (Cu, Pb, Zn), Kintyre (U) and Copper Hills (Cu)**

Australian uranium company, **Cauldron Energy Limited** (**ASX: CXU**) ("Cauldron" or "the Company"), has commenced a reverse circulation (RC) drilling program targeting base metals at the Company's 80% owned, Beadell Project in Western Australia. The 1,500m drilling program will focus on two Tempest airborne electromagnetic (AEM) targets within the Rudall Complex of the Paterson Oregon.

The Paterson Orogen is a belt of metamorphic, sedimentary and igneous rocks with a common northwest to southeast regional geology trend. The rocks of the Rudall Complex are the oldest rocks which comprise the Paterson Orogen.

Interpretation and analysis of the project geology, ground and airborne geophysical data, including ground based gravity, regional magnetic surveys and Tempest AEM has identified two significant conductive zones that are anomalous to the regional geology. The AEM targets show features that are consistent with what could be expected from massive sulphide mineralisation. The dimensions of the larger target are in the order of 2 kilometres long and 300 metres wide from a depth below surface of at least 120 metres, whilst the southern "bulls-eye" anomaly is in the order of 500m x 300m with an interpreted depth to its upper surface of approximately 200m. These targets have the potential to be poly-metallic sulphide bodies.

Field mapping within the Beadell Project area has identified a number of areas where there has been multiple deformations and metamorphism creating numerous different alterations dominated by iron and manganese. The Beadell Project area is characterized by widely separated and poorly exposed rubbly outcrop and resistant strike ridges within a generally flat desert plain.

ABN 22 102 912 783

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West Perth WA 6872

ASX code: CXU

88.7 M ordinary shares
12.9 M listed options
14.4 M unlisted options

Market Cap
A$22.2 million (@25c)

Board of Directors

Tony Sage
Executive Chairman

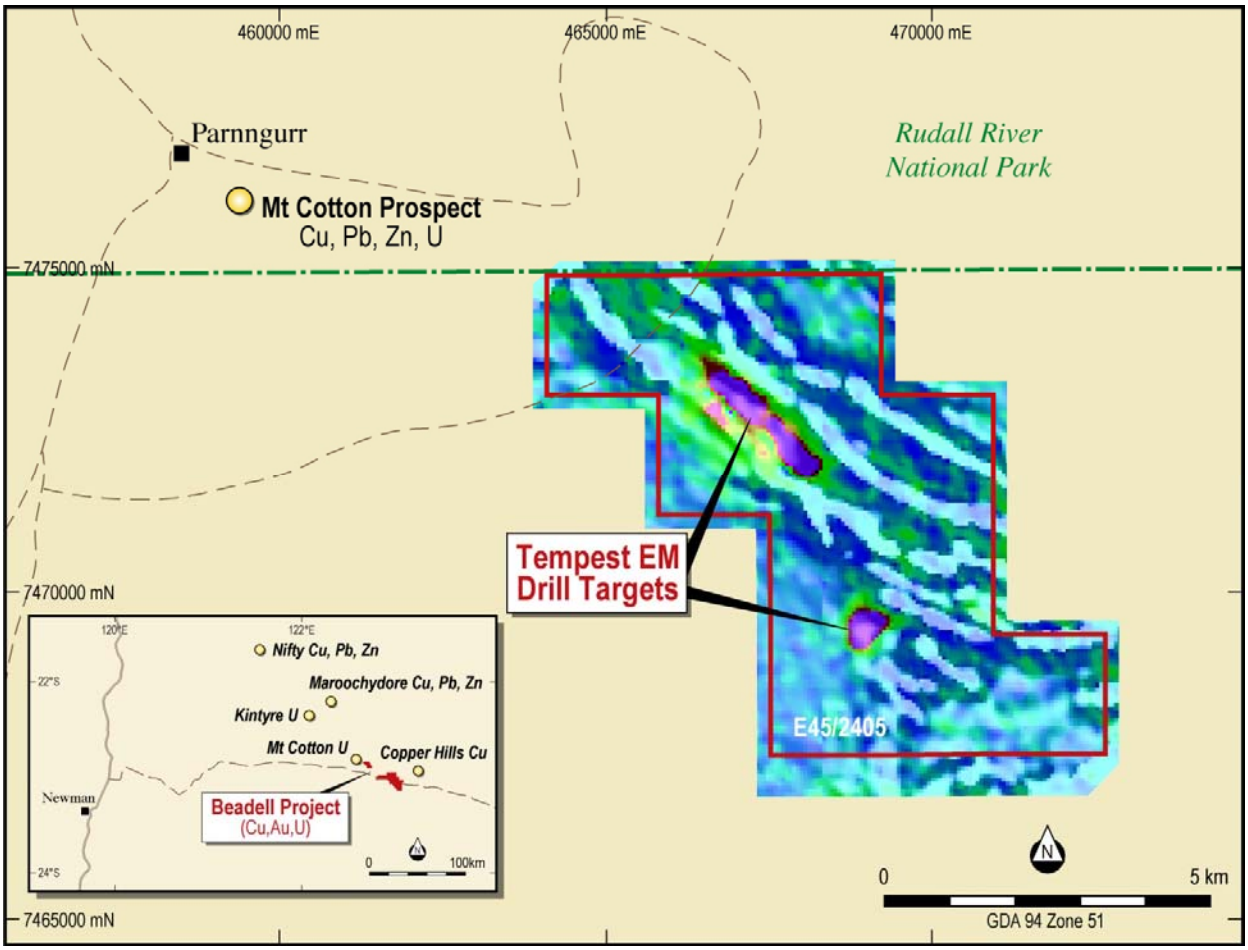
Terry Topping
Chief Executive Officer

Brett Smith
Executive Director

Qiu Derong
Non-executive Director

Kent Hunter
Non-executive Director

Stephen Brockhurst
Company Secretary



Beadell Project – Tempest AEM on TMI Airborne Magnetics

Beadell Project Background

The Beadell project, located 350km east of Newman, comprises two granted exploration licences and one exploration license application covering 291 sq km.

The project is 80% owned by Cauldron Energy Limited with the remaining 20% held by Goldstone Holdings Pty Ltd, who are free carried through to mining.

End.

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

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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.