# ASX Announcement

18 August 2011

CAULDRON ENERGY LTD

## DRILLING COMMENCES AT LOS COLORADOS URANIUM PROJECT IN ARGENTINEA

### Key Points:

- **Drilling has commenced at the historic Los Colorados Uranium Mine in the province of La Rioja, Argentina.**
- **Cauldron has exposure to the project via an investment in Caudillo Resources SA., a local company in Joint Venture with provincial government entity Energias y Minerale Sociedad del Estado.**
- **The Los Colorados Mine produced 55,000kg of uranium concentrate between 1992 and 1996.**
- **Initial drilling is targeting near mine extensions to the roll-front style uranium mineralisation. This work will also underpin exploration targeting of the extensive sandstone host sequence in the greater project area.**
- **Argentina is a mature nuclear power generation country, and is seeking an internal supply of uranium for its growing nuclear energy requirements.**

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Australian uranium company, Cauldron Energy Limited **(ASX: CXU)** (**Cauldron** or the **Company**) is pleased to announce that drilling has commenced at the Los Colorados mine in Argentina. This first phase of exploration drilling comprises approximately 15 drill holes for a total of 1,000 metres.

In February 2011, Cauldron entered into an agreement to provide funding, through its wholly owned subsidiary Jakaranda Minerals Limited (**Jakaranda**), to earn equity in Caudillo Resources SA, a company registered in Argentina (**Caudillo**), for the exploration of the historic Los Colorados Mine (**Los Colorados**) in the province of La Rioja, Argentina (refer Figure 1).

Argentina is a mature nuclear power generation country and is seeking to secure a local source for its domestic uranium requirements, which are currently fully imported. Nuclear power generation currently supplies approximately 6% of the country's energy needs and there is one new power plant under construction and 2 in the planning phase.

### About Los Colorados

The Los Colorados Project currently comprises one 'Mina' (mining lease) and one 'Cateo' (exploration lease) covering an area of approximately 81 km$^2$, located 70 km south-southwest of the provincial capital of La Rioja and accessible by a major paved road. The terrain is of low elevation, dry and can be explored all year round.

**Cauldron Energy Ltd.**

**ABN** 22 102 912 783

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**ASX Code** CXU

88.9 M ordinary shares

12.8 M listed options

8.5 M unlisted options

**Board of Directors**

Tony Sage
Executive Chairman

Brett Smith
Executive Director

Qiu Derong
Non-executive Director

Claire Tolcon
Company Secretary

Los Colorados was mined between 1992 and 1996, with quoted production of 55,000 kg of uranium concentrate (the meaning of "concentrate" is unfortunately not defined) at a run of mine grade of 0.08% $U_3O_8$. The product was used for the local nuclear power generation industry.

Records acquired by the Company are incomplete, however the reported recovery from the small open-cut mine on the site was 187,000 kg $U_3O_8$ (412,000 lbs). Stockpiles of crushed mineralised rock are recorded at 185,000 tonnes. The grade of these stockpiles has yet to be determined.

The uranium mineralisation is hosted within Carboniferous age clastic sedimentary rocks, on the chemical contacts between oxidized and reduced sandstones within the host sedimentary package. This style of mineralisation is termed sandstone hosted roll-front uranium mineralisation, with such deposits accounting for a large percentage of the uranium mined worldwide.

Los Colorados was discovered solely because it outcropped at the surface. High grade uranium mineralisation is observed in flat-lying sandstones in the walls of the old open pit and along with historical drill records, indicates the mineralisation extends beyond the boundary of the mined area. Additionally, this style of deposit supports the likelihood of further roll-front horizons existing elsewhere within the project.

**About Caudillo**

Caudillo is an Argentinean company committed to the exploration and development of uranium deposits in the province of La Rioja. The company was established by local professionals and has a commitment to employ local residents and support local industries. Cauldron, through its subsidiary, Jakaranda, intends to support Caudillo in these endeavours.

Caudillo has entered into an agreement with government owned entity Energias y Minerale Sociedad Del Estado (**EMSE**), whereby it can earn 78% equity in the Los Colorados Mine and surrounding exploration ground by completing exploration and developing the project to the mining stage. Caudillo has additional projects within the province and is expected to continue to grow its portfolio of quality assets.

Yours faithfully
Cauldron Energy Ltd

Brett Smith
**Executive Director**

***Competent Person Statement***

*The information in this announcement that relates to Cauldron Energy Limited's Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brett Smith, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Smith is an employee of Cauldron Energy Limited. Mr Smith has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration, and he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Smith consents to the inclusion in the announcement of the matters based on his information, in the form and context in which it appears.*

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**Figure 1: Argentina Uranium Project Locations.**