ASX Announcement

Quarterly Report for period ended 30 June 2012

CAULDRON ENERGY LTD

Cauldron Energy Ltd.

ABN 22 102 912 783

32 Harrogate Street
WEST LEEDERVILLE WA 6007

PO BOX 1385
West Leederville WA 6901

ASX Code CXU

96.2 M ordinary shares

12.8 M listed options

600,000 unlisted options

Board of Directors

Tony Sage
Executive Chairman

Brett Smith
Executive Director

Qiu Derong
Non-executive Director

Claire Tolcon
Company Secretary

31 July 2012

QUARTERLY REPORT - 30 JUNE 2012

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 30 June 2012.

Yours faithfully
Cauldron Energy Limited

Brett Smith
Executive Director

HIGHLIGHTS

Corporate

- Cash on hand at 30 June 2012 was approximately $2.927million.
- Experienced Mining Engineer, Mr Simon Youds, appointed as Operations Consultant to the Company.
- General Meeting of Shareholders held and all resolutions passed on a show of hands.

Projects

Australia

- Preparations are currently being completed for an extensive soil sampling program across the Marree JV tenements
- Cauldron is preparing for drilling to be completed at Yanrey to add extensions to the current Bennet Well Resource Area as well as to further define the very exciting Bennet Well South region where reconnaissance drilling completed in 2010 identified high grades of uranium.

Argentina

- Recently completed site visit by Cauldron management has confirmed the widespread outcropping to shallowly buried uranium as well as suitable geology to host gold deposits.
- The focus of future exploration will be defining uranium drilling targets as well as confirming the gold potential in the Las Marias Project.
- The priority for future exploration in Argentina is identifying further targets for more drilling to be completed by early 2013.

CORPORATE

Strategy

Cauldron Energy Limited (ASX: CXU) (**Cauldron** or the **Company**) is an Australian based exploration company focussed on uranium exploration in Australia and Argentina.

The Company's strategy is to acquire early stage uranium projects prospective for uranium and to add value to these assets by hands-on management and exploration and position them for development.

Finance and Activities

At 30 June 2012, the Company had approximately $2.927 million in cash.

The Company currently has on issue convertible notes issued in 2009 and 2010 having a total face value of $9,300,000 and a convertible note issued in 2011 having a face value of $2,000,000. All convertible notes have a redemption date of 31 July 2012. On 25 May 2012, the Company held a general meeting of shareholders seeking approval for the variation of the conversion price of the convertible notes on issue and for the issue of shares on conversion of the convertible notes. All resolutions were passed on a show of hands.

In June 2012, the Company appointed experienced mining engineer, Mr Simon Youds as Operations Consultant to the Company. Mr Youds' previous roles include CEO for African Iron (ASX: AKI), MD at Consolidated Minerals and 5 years at Olympic Dam Copper Uranium Mine.

During the quarter 100,000 employee options exercisable at $0.85 each lapsed.

PROJECTS

Cauldron owns or has interests in several uranium and base metals projects in Australia and Argentina. These projects vary from grass-roots to brownfields exploration stages.

Exploration during the quarter focussed on a site visit by Cauldron management to review projects in Argentina and planning for a soil sampling program at Marree and a drilling program at Yanrey.

Exploration Australia

In Australia Cauldron holds or has interests in 4 main uranium exploration projects (Figure 1) plus in 2 individual licences covering more than 9,500 km^2. The projects are:

- Marree Joint Venture in South Australia comprising 5 granted exploration licences (2,794km^2) prospective for sedimentary hosted uranium deposits;
- Yanrey Project ("Yanrey") and Uaroo Joint Venture in Western Australia. Yanrey comprises 12 granted exploration licences (1,657 km^2) and 8 applications for exploration licences (1,636 km^2). Uaroo Joint Venture comprises 2 granted exploration licences (114 km^2). Yanrey is prospective for large sedimentary hosted uranium deposits;
- West Lake Frome Project in South Australia comprises 3 granted exploration licences (1,444km^2) prospective for sedimentary hosted uranium deposits;
- Amadeus Project in Northern Territory comprises 3 granted exploration licences (1,339km^2) prospective for sedimentary hosted uranium deposits;
- Glencoe Project in South Australia comprises 1 granted exploration licence (922 km^2) prospective for sedimentary hosted uranium deposits; and
- Mawson Project in South Australia comprises 1 granted exploration licence (88 km^2) prospective for sedimentary hosted uranium deposits.

Marree Project, South Australia (CXU 60% and Manager)

The Marree uranium project is located 550km north of Adelaide in the Eromanga Basin adjacent to the uranium-rich Mount Babbage Inlier (Figure 2). 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 percent interest in the Marree Project by funding AUD$6.2M over three years.

In January and February 2012 Cauldron completed a 4,982m rotary mud drilling program where anomalous uranium mineralisation was identified at Red Banks Well Prospect (refer Figure 3). This drilling identified a uranium-bearing palaeovalley which requires follow-up work.

Cauldron is currently completing preparation for a tenement wide soil sampling and mapping program to further define drilling targets based on previously completed drilling. Plans are also being prepared to complete a 3000 to 5000m drilling program towards the end of 2012 to complete follow-up drilling from the recent work and to test any soil anomalies detected in the planned soil sampling program.

Yanrey Uranium Project, Western Australia (100%) including the Uaroo Joint Venture (earning 70% and Manager)

The Yanrey Project is located 70km south of Onslow in Western Australia (Figure 4). The project covers Mesozoic sediments, which are highly prospective for sandstone hosted roll front uranium mineralisation amenable to In-situ Recovery (ISR) mining. Other uranium projects in the district include Paladin Energy Ltd's (ASX: PDN) adjoining 24 million lbs Manyingee uranium deposit in the north and Energia Minerals Limited's (ASX: EMX) 9.2 million lbs Carley Bore uranium deposit to the south.

The Yanrey Project includes:

- the Bennet Well deposit with a total Inferred Mineral Resource of 7.3 Mt at 300ppm eU_3O_8 (4.8 million lbs eU_3O_8) (refer ASX announcement dated 9 July 2008 for full details) estimated at a 150 ppm cut-off; and
- an Exploration Target estimate of 25 to 35 million pounds U_3O_8 (11,000 to 16,000t) at a grade of 300 to 900 ppm[1] in 11 paleochannel systems (refer ASX announcement dated 15 September 2009 for full details).

Mineralisation at Bennet Well remains open in all directions including the area known as Bennet Well North East where drilling in 2008 by Cauldron intersected a widespread zone of elevated uranium including 3.28m at 583 ppm eU_3O_8 in hole YNAC222 (Figure 5) (refer ASX announcement dated 20 August 2008 for full details). There are also several other untested areas that are prospective for uranium mineralisation, that have been excluded from the exploration target estimate until further regional exploration is conducted.

Cauldron is currently in the process of completing preparations for a 5,000m drilling program at Yanrey to further define the extent of mineralisation on the eastern side of the Bennet Well Resource area as well as the very prospective Bennet Well South region where drilling completed in 2010 included 1.5m @ 1152 ppm eU_3O_8. The Native Title Heritage Issues which have prevented further drilling around the Bennet Well Resource Area have been resolved so Cauldron can continue to add extensions to the current inferred resource.

Amadeus Uranium Project, Northern Territory (100%)

The Amadeus Project is located in the Amadeus Basin 50km south of Alice Springs (Figure 1). Exploration to date has focused on uranium mineralisation associated with a regionally extensive redox boundary similar to the nearby Pamela and Angela Uranium Deposits, which is a joint venture between Paladin Energy (50%), and Cameco Australia (50%).

[1] The estimates of exploration target sizes mentioned in this release should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target sizes are conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.

Cauldron is currently evaluating the possibility of joining a CSIRO study of the Amadeus and Ngalia Basins to further assist in identifying exploration drill targets.

West Lake Frome Project, South Australia (100% diluting) (UEQ Manager and earning 80%)

The West Lake Frome Project is located 450km north of Adelaide (Figure 2) 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.

The project is subject to a Farm-in and Joint Venture agreement with Uranium Equities Limited (ASX: UEQ) whereby UEQ will manage and fund A$5 million of exploration expenditure over 5 years to earn an 80% interest.

Late last year UEQ completed a 20 hole reconnaissance rotary mud drilling program on the Frome Embayment tenements which includes the West Lake Frome Project Joint Venture tenements. Over half of the holes drilled were located on the Joint Venture tenements.

Drilling identified anomalous downhole gamma values with the highest grades encountered in hole WC004 located in EL4612, which is part of the West Lake Frome Joint Venture.

- 0.37m at 143ppm eU_3O_8 from 194.5m (peak of 186.7ppm eU_3O_8); and
- 1.09m at 152ppm eU3O8 from 197.2m (peak of 291.2ppm eU3O8).

Glencoe Project (100%)

The Glencoe Uranium Project is located in the Lake Frome region 450km northeast of Adelaide (Figure 2). The Project is prospective for roll front type uranium mineralisation within sediments of the Tertiary Lake Eyre Basin, contained within the Carnanto and Yalkapo Paleochannels which traverse the Project.

Work completed within the quarter was to complete a review of the project to identify exploration targets for upcoming work.

Mawson Project (100%)

The Mawson Uranium Project is located in the prospective Mount Painter Complex, 500km north of Adelaide (Figure 2). The licence is 5km to the southwest of Marathon Resources Limited's 66 million lbs Mt Gee uranium deposit.

The project covers the southern extension of the Mount Painter Complex and the continuation of the Paralana Fault zone. Reactivation of this fault is believed to be an important factor in the localisation of the uranium mineralisation at the Mount Gee and Mount Painter breccia hosted uranium deposits. No work was completed on this project during this reporting period.

32 Harrogate Street, West Leederville WA 6007 PO Box 1385 West Leederville WA 6901 PHONE **+61 8 9380 9555** FAX **+61 8 9380 9666**
www.cauldronenergy.com.au

CAULDRON ENERGY LTD

Exploration - Argentina

In Argentina, Cauldron controls, through its wholly-owned subsidiary Jackson Global Limited ("Jackson Global"), and an agreement with Caudillo Resources S.A. ("Caudillo") more than 3,400 km^2 of ground in 6 project areas (Figure 6) in 4 Provinces as follows:

Jackson Global

- The Rio Colorado project in Catamarca Province covers an area of 454 km^2 and comprises 4 granted mining leases (minas), 6 granted exploration licences (cateos) and 4 mining lease applications. The deposit intermittently outcrops over a strike of 17 km with numerous small scale historical workings focussed on the sandstone hosted uranium-copper-silver mineralisation; and
- Las Marias in San Juan Province comprising 2 granted exploration licences and 9 applications covering an area of 793 km^2. The project displays outcropping sandstone hosted uranium deposits, but is also prospective for copper, silver and gold.

Caudillo Resources

- Los Colorados Project in La Rioja Province comprising 1 granted mining lease and 1 granted exploration licence. The project includes the old Los Colorados Uranium Mine, which has a quoted production of approximately 55 tonnes of uranium concentrate (1992 and 1996), from roll-front sandstone hosted uranium mineralisation; and
- Esperanza Project in La Rioja Province comprising 8 licences (756km^2) prospective for sandstone hosted uranium deposits.

The Company also has several applications pending for exploration licences in the Catamarca, San Juan, La Rioja and Santa Cruz provinces.

The main focus of project work during the quarter was a site visit by Cauldron management to review the Argentina projects to evaluate where the focus should be for future exploration. There is outcropping to shallowly buried uranium evident on all of the projects so prioritisation for future exploration work was required. Cauldron wants to speed up the exploration process so that drilling can be completed on some of the prospects by early 2013.

Los Colorados Project, Argentina (CXU earning 80% of 77.5%)

Cauldron, through its wholly owned subsidiary Jakaranda Minerals Limited ("Jakaranda"), entered into an agreement with Argentinean company Caudillo early in 2011 to fund exploration at the historic Los Colorados Uranium Mine in the province of La Rioja in Argentina. Caudillo holds an exclusive option with Energia Y Minerales Sociedad Del Estado ("EMSE"), a provincial state mining company, to acquire 77.5% of the Los Colorados tenements.

The uranium mineralisation mined from 1992-1996 is of the sandstone hosted roll-front style and is hosted within Carboniferous age clastic sediments and is observed in the walls of the open pit (Figure 6). This, along with historical drill records, indicates the mineralisation extends beyond the boundary of the mined area. Old mine records indicate grades from 0.26 to 1.22% U_3O_8 in dark shale units within and on the margins of the open pit that host the uranium mineralisation. Additionally, this style of deposit supports the likelihood of further roll-front horizons existing elsewhere within the project. The Los Colorados deposit was discovered by an airborne radiometric survey as it outcropped at the surface.

In August 2011, Caudillo completed a 20 hole reverse circulation drilling program for a total of 1,027 metres of drilling (Figure 7) aimed at testing for extensions to the Los Colorados mine. Geochemical assay results confirm the presence of roll-front style uranium mineralisation adjacent to the old mine with the most significant result from geochemical assay being 0.5m @ 1946 ppm U_3O_8. Cauldron is currently organising a down-hole gamma probe logging to be completed on all 20 recently drilled holes as well as over 35 historical drillholes which are still open. This work is expected to be completed in the next quarter and will define the shape and extents of the roll-front type uranium mineralisation and will assist in future exploration planning.

Rio Colorado Uranium Project, Argentina (CXU earning 92.5%)

Cauldron, through its wholly owned subsidiary Jackson Global has the right to earn 92.5% of the Rio Colorado uranium-copper-silver project in Catamarca, one of the principal mining provinces in Argentina.

The Rio Colorado Project comprises a 17km long zone of outcropping mineralised (uranium, copper and silver) continental red bed sandstones. Extensive surface sampling of uranium mineralised outcrop indicates ore zones 10-20m wide, including zones between 300 to 3,000 ppm U_3O_8 over widths up to 10.7m. Mapping and sampling at the northern end of the mineralised sandstones indicates continuity over at least 5 km, which remains open to the south.

Cauldron has recently completed regional airborne geophysical and remote sensing data sets for Rio Colorado and Las Marias preparatory to defining and prioritising the next stages of exploration. Historically planned drill programs are being reviewed.

Cauldron continues with the evaluation of this project and is progressing the engagement with the local community and government to move this project forward. Establishing access for drill testing is on the current agenda.

Las Marias Uranium Project, Argentina (100%)

Cauldron, through its wholly owned subsidiary Jackson Global has granted leases and applications over ground prospective for uranium mineralisation in San Juan, one of the principal mining provinces in Argentina. The Las Marias Project includes areas of historical uranium exploration, dating from the 1970s. Jackson Global is the first company to receive environmental clearance for the exploration and bulk testing for uranium in this province.

Within the Las Marias Project, outcropping uranium mineralisation is defined within strata bound sandstones, with over 7km of strike, conformable with the local stratigraphy. Radiometric anomalism suggests that the mineralised units extend under cover, throughout the project area. Initial investigations by the Company, indicates an average outcropping uranium anomalism of between 100 to 550 ppm U_3O_8 up to three metres in width, with samples peaking at 1,305 ppm U_3O_8.

Cauldron has recently completed regional airborne geophysical and remote sensing data sets for Rio Colorado and Las Marias prepatory to defining and prioritising the next stages of exploration.

Recent interpretation and field reconnaissance work has highlighted the likely presence of gold in the Las Marias Project which along with uranium will be the focus for future exploration.

ENDS

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

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

David Tasker
Professional Public Relations
Ph: (08) 9388 0944
Email: david.tasker@ppr.com.au

Competent Person Statement

The information in this report 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 report of the matters based on his information, in the form and context in which it appears.

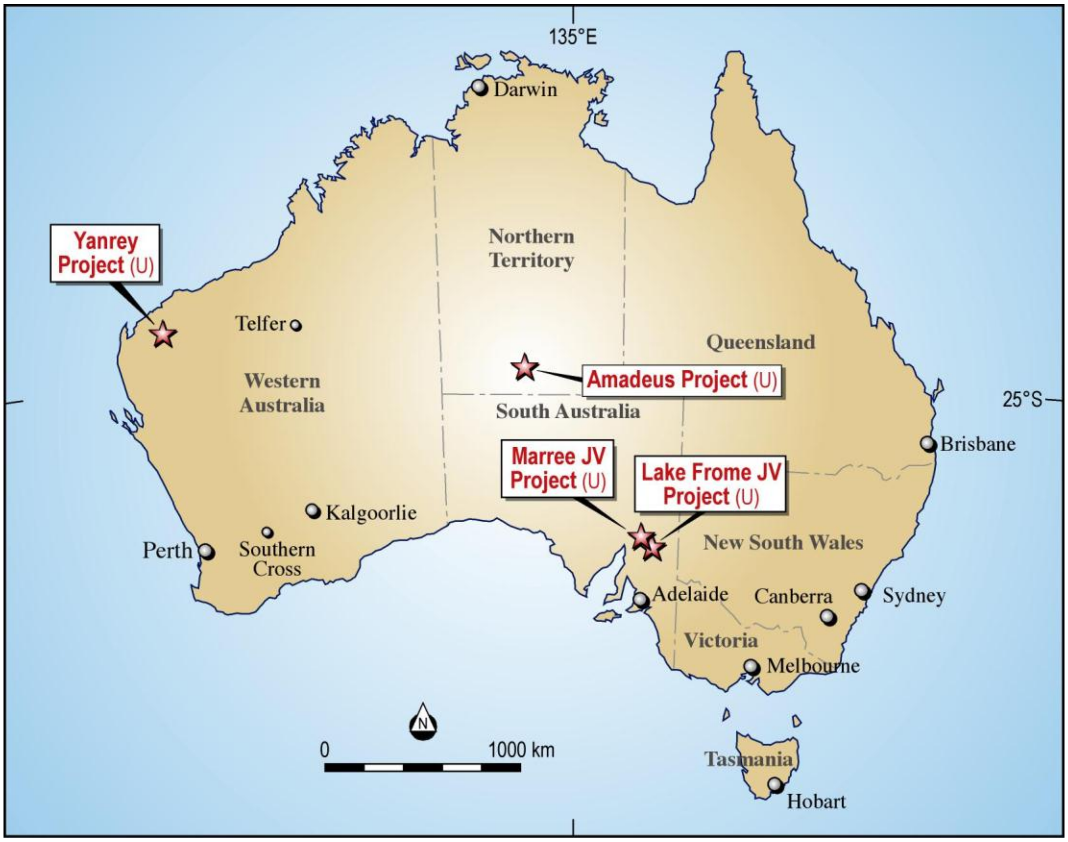

Figure 1: Major Project Locations in Australia

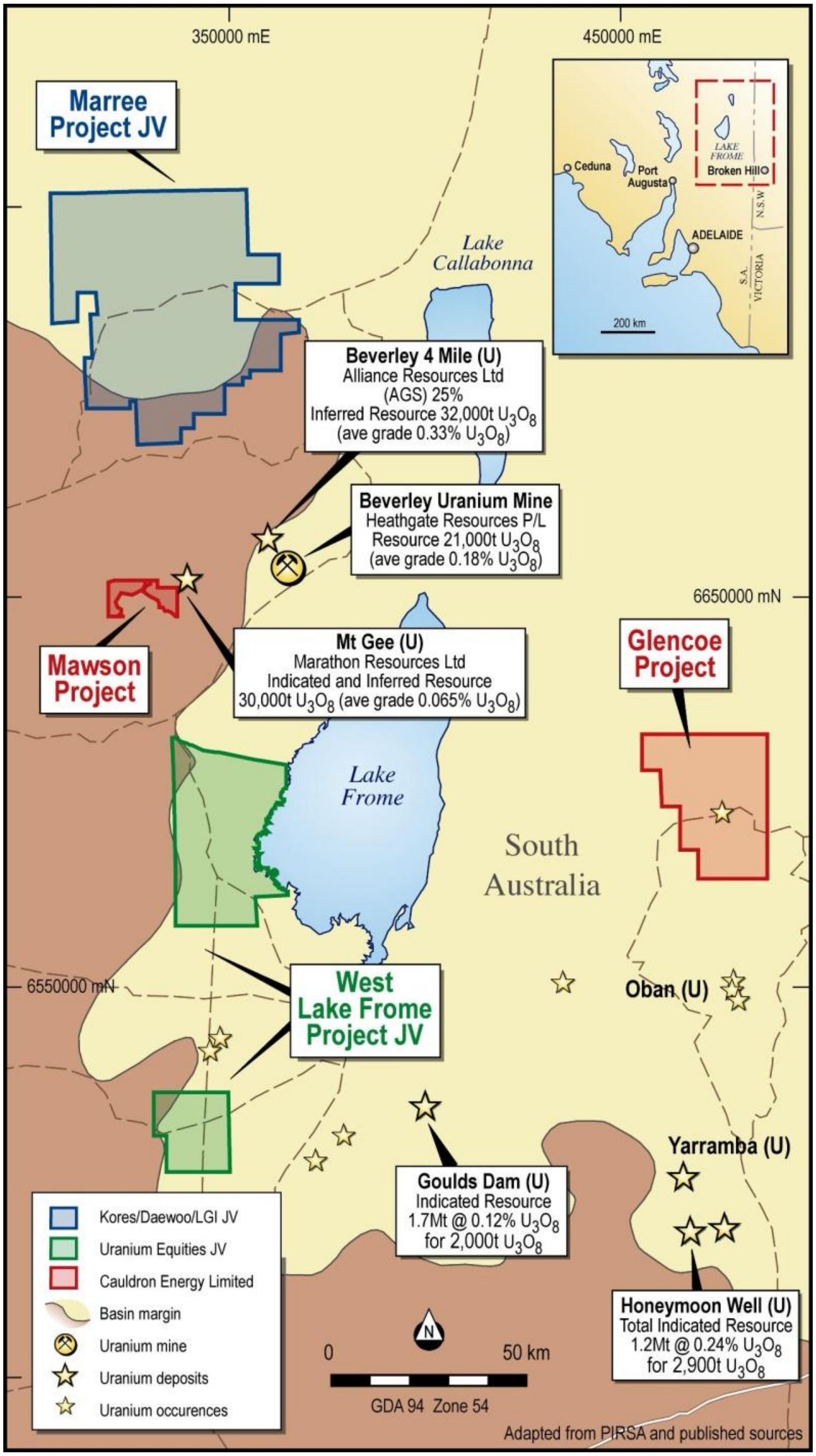

Figure 2: Project Locations – South Australia

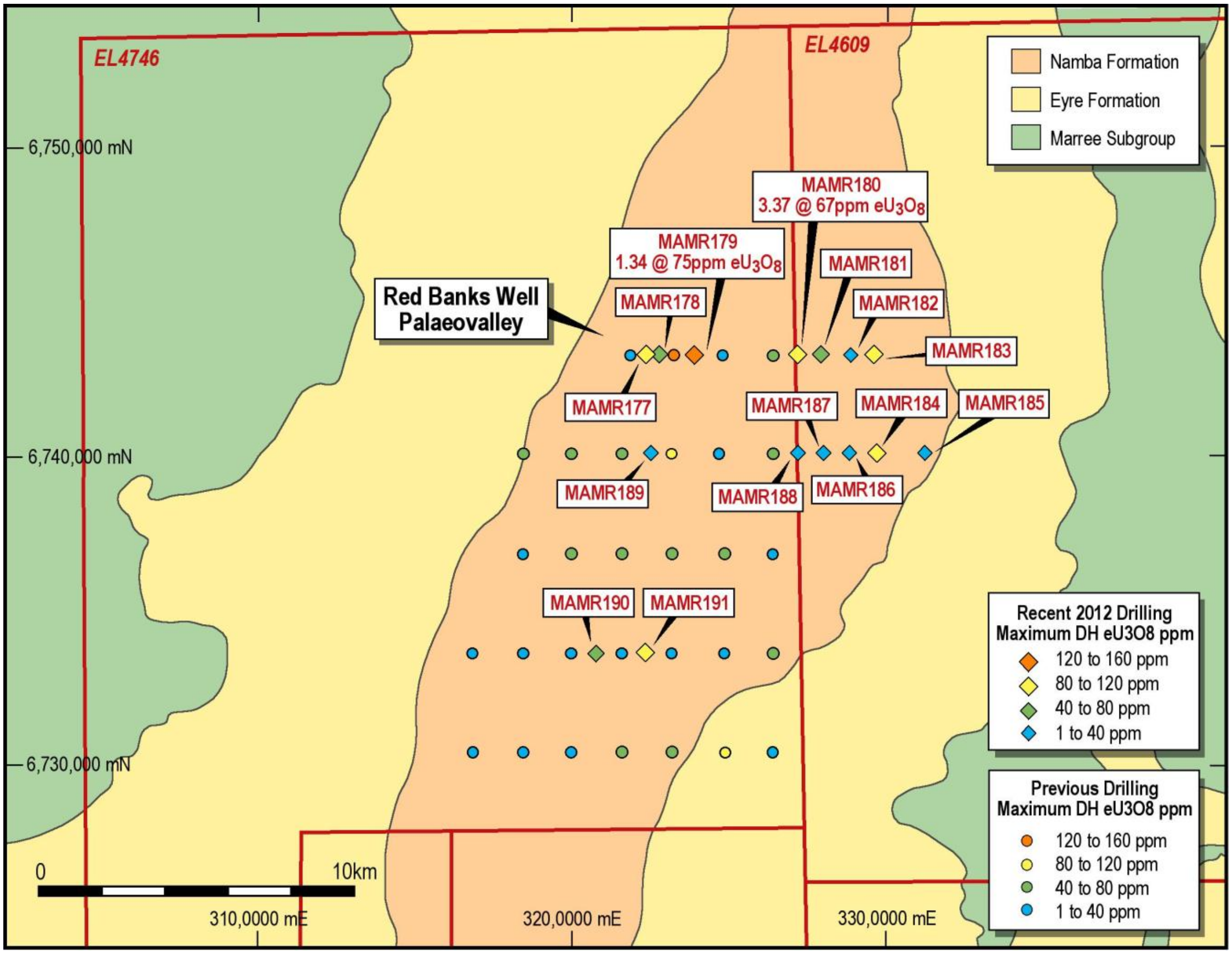

Figure 3: Marree Project – Red Banks Well Prospect showing recent drilling results

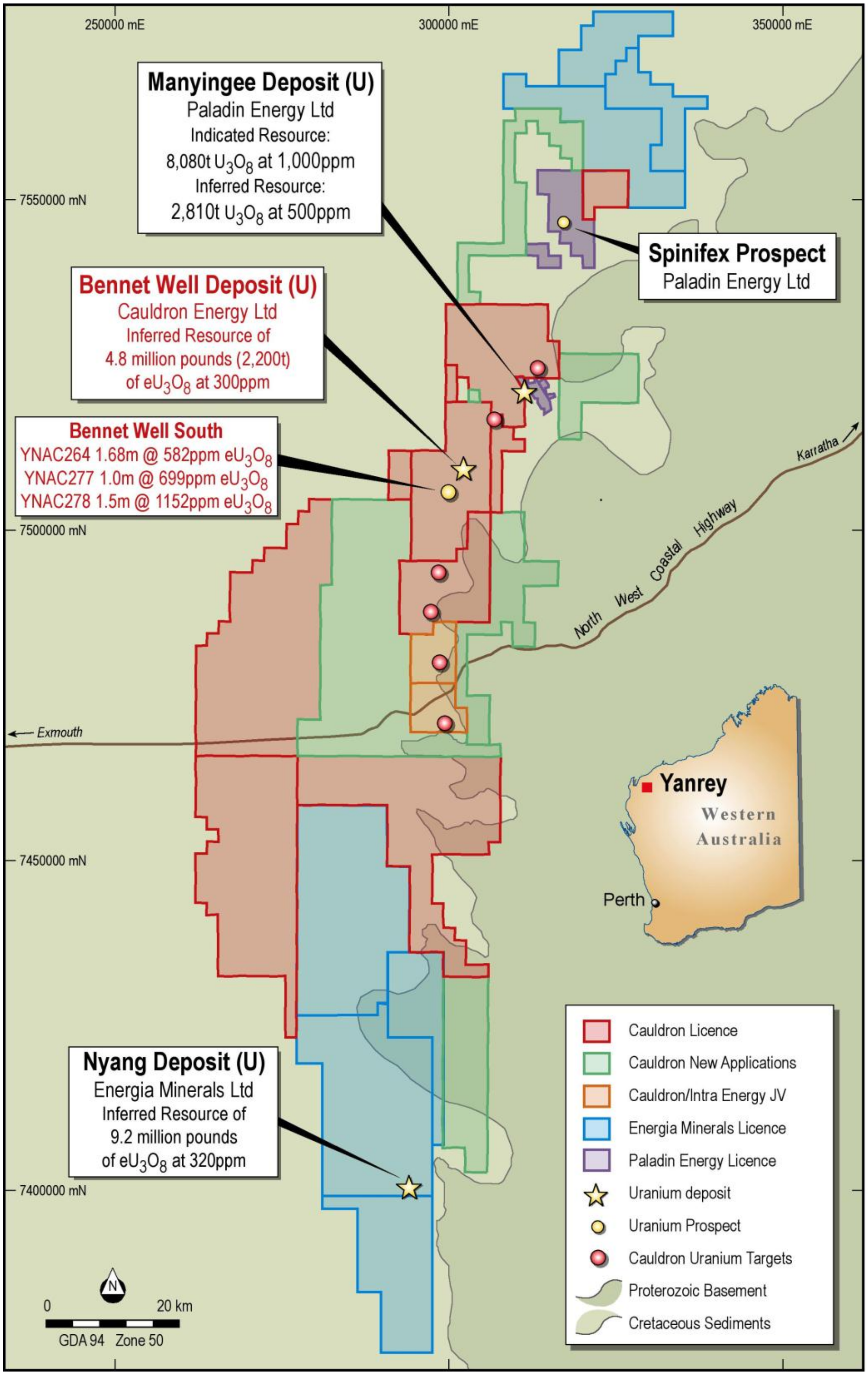

Figure 4: Yanrey Project – Deposit, Prospect and Target Locations

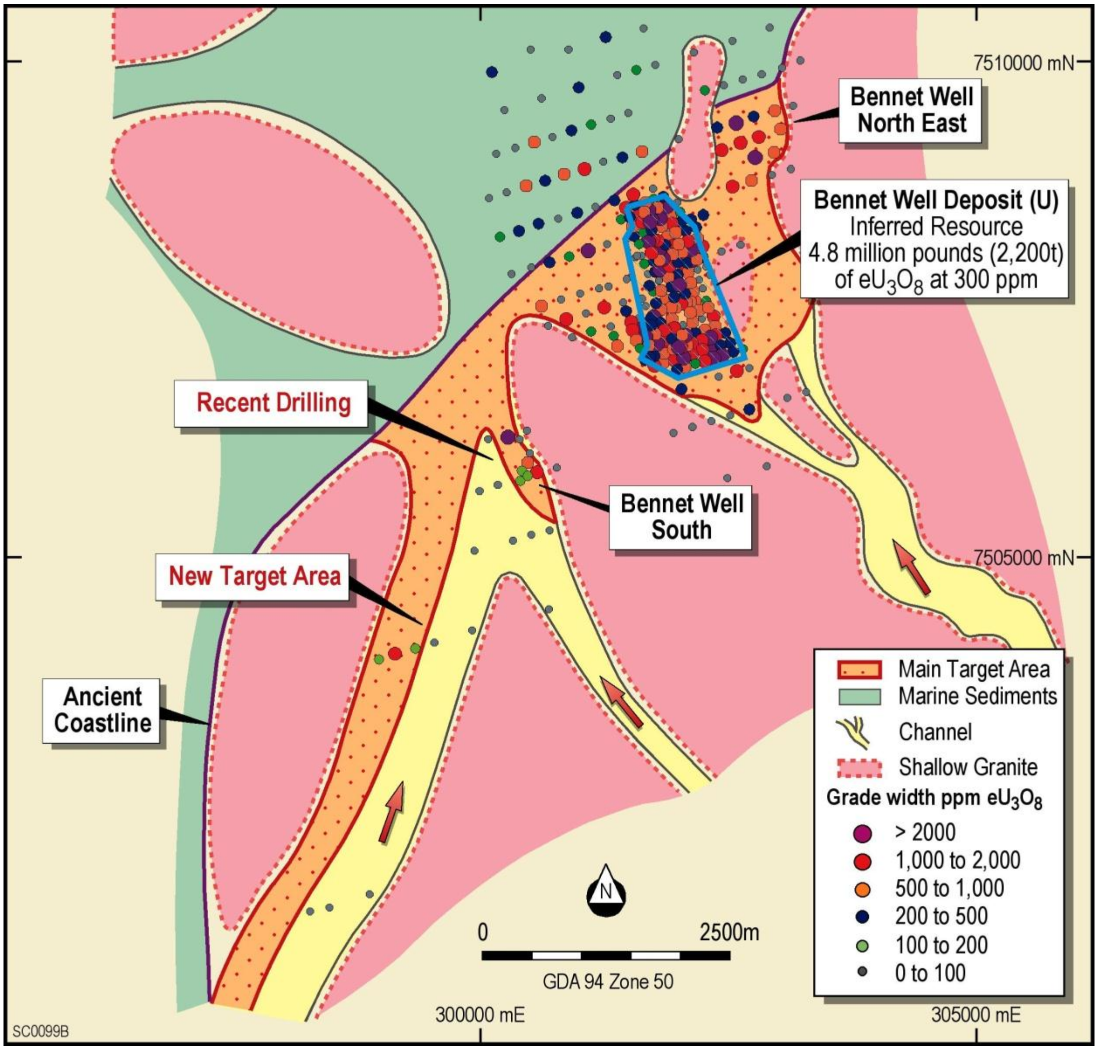

Figure 5: Yanrey Project – Bennet Well resource extension and exploration targets

Figure 6: Project Locations Argentina

Figure 7: Los Colorados - reverse circulation drilling, August 2011

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CAULDRON ENERGY LIMITED

ABN	Quarter ended ("current quarter")
22 102 912 783	30 June 2012

Consolidated statement of cash flows

	Cash flows related to operating activities	**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.1	Receipts from product sales and related debtors	53	112
1.2	Payments for		
	(a) exploration and evaluation	(206)	(1,984)
	(b) development	-	-
	(c) production & care & maintenance costs	-	-
	(d) administration	(302)	(1,264)
1.3	Dividends received	-	-
1.4	Interest and similar items received	32	121
1.5	Interest and other costs of finance paid	(3)	(782)
1.6	Income taxes paid	-	-
1.7	Other: taxes and duties paid	(16)	(405)
	Other: taxes refunded	-	89
	Other: reimbursements from JV partner	479	967
	Other: reimbursements from related party	-	205
	Net Operating Cash Flows	**37**	**(2,941)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(5)
1.9	Proceeds from sale of:		
	(a) prospects	-	300
	(b) equity investments	-	4,144
	(c) other fixed assets	-	-
1.10	Loans to other entities	(82)	(648)
1.11	Loans repaid by other entities	-	574
1.12	Other: brokerage fees on sale of equity investments	(94)	(235)
	Other: performance bonds returned	-	81
	Net investing cash flows	**(177)**	**4,211**
1.13	**Total operating and investing cash flows**	**(140)**	**1,270**

+ See chapter 19 for defined terms.

1.13	**Total operating and investing cash flows carried forward**	**(140)**	**1,270**
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares (net of costs)	-	694
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	**-**	**694**
	Net (decrease)/increase in cash held	(140)	1,964
1.20	Cash at beginning of quarter/year to date	3,069	968
1.21	Exchange rate adjustments to item 1.20	(2)	(5)
1.22	**Cash at end of quarter**	**2,927**	**2,927**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	57
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment of executive director fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available
Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	400
4.2	Development	-
4.3	Production	**-**
4.4	Administration	300
	Total	**700**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	2,927	3,069
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	2,927	3,069

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2	Interests in mining tenements acquired or increased	E08/2160 E08/2245	Granted Granted	- -	100% 100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	96,280,029	96,280,029		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -	-	-
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	12,866,462 2,000,000 500,000	12,866,462 - -	***Exercise price*** $0.45 $0.20 $0.45	***Expiry date*** 31 Oct 2012 30 Jun 2014 20 Oct 2015
7.8	Issued during quarter	2,000,000	-	$0.20	30 Jun 2014
7.9	Exercised during quarter	-	-	-	-
7.10	Lapsed during quarter	-	-	-	-
7.11	**Debentures** *(totals only)*	-	-	-	-
7.12	**Unsecured notes** *(totals only)*	-	-	-	-

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Claire Tolcon Date: 31 July 2012
Company Secretary

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.