

Cauldron Energy Receives \$2m Convertible Note Funding

Cauldron Energy Limited (ASX: CXU) (**CXU**) is pleased to announce it has received convertible note funding totaling \$2 million from Dempsey Resources Pty Ltd (**Dempsey**), a wholly owned subsidiary of Cape Lambert Resources Ltd (ASX: CFE) (**Convertible Note**).

Pursuant to the terms of the Convertible Note, Dempsey has the right to convert the convertible note into ordinary shares in CXU before the repayment date of 16 March 2012, subject to the receipt of all necessary shareholder approvals. The Convertible Note has a coupon rate of 10%.

The Company will call a shareholder's meeting in the coming months and further information in respect of the terms of the Convertible Note will be included in the material distributed to shareholders.

The funds received by the Convertible Note will be applied towards funding existing projects of the Company and working capital.

Yours faithfully



Brett Smith
Executive Director

ABN 22 102 912 783

35 Richardson Street
West Perth WA 6005

PO Box 1916
West Perth WA 6872

ASX Code CXU
88.7M ordinary shares
13.2M unlisted options

Board

Tony Sage
Executive Chairman

Brett Smith
Executive Director

Qiu Derong
Non-executive Director

Kent Hunter
Non-executive Director

Stephen Brockhurst
Company Secretary