

10 July 2013

## Drilling Update and \$1.5million Funding Secured

### KEY POINTS

- **Exploration**
  - **Yanrey Uranium Project: Drilling has returned promising results at Barradale**
  - **Marree Base Metal Project: Mapping planned for July 2013 followed by a drilling program at Mt Freeling & Ooloo**
- **Funding**
  - **A\$1.5million Converting Loans secured to provide funding for Yanrey and Marree exploration activities**

Australian resources company, Cauldron Energy Limited (**ASX: CXU**) (“Cauldron” or “the Company”) wishes to update the market on its current and upcoming corporate and exploration activities, including drilling at the Yanrey Uranium Project in Western Australia, two promising discoveries at the Company’s Marree Base Metal Project in South Australia and the securing of funding for exploration plans.

### **Exploration**

There have been some promising early drill results from Cauldron’s drilling programme at its Yanrey project area in Western Australia. The diamond drilling programme, which was originally expected to begin in May 2013 but was delayed due to unseasonal rain, is designed to test the highly prospective Barradale Channel, a large target with favourable geochemical and geophysical indicators and multiple opportunities for uranium mineralisation. Two previous attempts to drill this prospective channel created the need to adopt different drilling techniques. A mud-rotary diamond coring drill-rig has been successfully utilised to gain access to this exciting area.

The drilling has intersected at least one and possibly two separate deep paleochannels over 150m in depth. The drill core has numerous similarities with Manyingee, Paladin Energy’s 24 million pound uranium project, which is currently under development. The latest hole in the program has intersected a very thick package of reduced sandstone, shale and lignite with gamma values from a handheld GR-135 Scintillometer showing elevated readings up to 6 times higher than background. Cauldron will not know the actual uranium grades drilled until assays are completed at the end of the program, which is expected at the end of July 2013. The Company believes that it has now identified the likely marine to fluvial redox interface to the south of the current drill hole location with the potential to contain the targeted precipitation zone for high grade Uranium.

At the Company’s Marree Base Metals Project in South Australia, analysis of captured Induced Polarisation (“IP”) data has identified potential extensions to the Ooloo Silver-Lead Mine, and the identification of a large high-grade polymetallic zone at the Mt Freeling Prospect.

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ASX code: **CXU**

159,622,605 shares  
4,300,000 unlisted options

### **Board of Directors**

Tony Sage  
Executive Chairman

Brett Smith  
Executive Director

Qiu Derong  
Non-executive Director

Claire Tolcon  
Company Secretary

The analysis of the IP data at Ooloo identified a large resistive zone southwest of the historical Ooloo Silver-Lead Mine, estimated to be 1.5km long by 500m wide. This analysis has provided Cauldron with new potential drill targets both undercover and close to known mineralisation. Heritage Agreements with the Traditional Owners have been agreed upon, permitting access to the Ooloo Mine region for all exploration including drilling. Priority work at Ooloo includes geochemical confirmation of resistivity response, to be potentially followed up with additional mapping in July 2013 followed by a drilling program.

Additional recently completed field mapping by the Company at Marree has identified a large series of workings within a 2km<sup>2</sup> radius including a 1.6m long mineralised fault zone with an alteration corridor up to 200m wide at Marree's Mt Freeling Prospect.

Geochemical assays of field samples has confirmed consistent high-grade base and precious metal values over a large area including peak results of:

- o 2,830 g/t silver
- o 33.9% lead
- o 6.45 g/t gold
- o 3.23% zinc
- o 2.52% copper

Priority work at Mt Freeling includes the completion of additional field mapping and geochemical sampling to identify the extent and tenor of mineralization in July 2013. The Company is currently planning exploration drilling following the July 2013 mapping program to test the areas defined in this work.

This new prospect, along with the recent discovery of a large resistive body to the southwest of the historical Ooloo Silver-Lead Mine, with similar geophysical appearance, highlights the growing potential of this exciting base metal and precious metal region.

## Funding

During the second quarter 2013, the board was pursuing funding options for the continuation of its exploration activities at its Yanrey and Marree projects. The Company has now executed converting loan agreements with its two major shareholders, Cape Lambert Resources Limited (ASX: CFE) and Director, Mr Derong Qiu (**Converting Loan Agreements**). Pursuant to the terms of the Converting Loan Agreements, the Company will receive a total of A\$1.5million by no later than 31 July 2013 which will be automatically converted into ordinary shares in the Company, subject to receipt of shareholder approval at the Company's 2013 Annual General Meeting. The loans attract interest at 10% per annum and if approval is not obtained for the conversion of the loan into shares at the 2013 Annual General Meeting, is repayable by the Company by 30 June 2014.

The funds received pursuant to the Converting Loan Agreements will be used by the Company for its planned exploration activities at the Yanrey and Marree projects and general working capital.

In addition, the Company has been awarded government grants totaling \$300,000 to assist in funding drilling activities in the Yanrey region. These funds are subject to strict guidelines and the funds are to be utilised for direct drilling costs only.

**End.**

For further information, visit [www.cauldronenergy.com.au](http://www.cauldronenergy.com.au) or contact:

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## **Disclosure Statements**

### ***Competent Person Statement***

The information in this announcement to which this statement is attached that relates to Cauldron Energy Limited's exploration results is based on information compiled by Mr Brett Smith who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Smith is a part-time employee of Cauldron Energy Limited and has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration. Mr Smith 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 their information in the form and context in which it appears.