

ASX Announcement

26 August 2010



NON-RENOUNCEABLE ENTITLEMENT OFFER OF OPTIONS

The Directors of Cauldron Energy Limited are pleased to announce a pro-rata non-renounceable entitlement offer of up to 8,872,408 Options on the basis of one (1) Option for every ten (10) Shares held on the record date.

The options are to be issued at one (1) cent each with an exercise price of 45 cents and an expiry date of 31 October 2012.

The record date for determining the entitlement for shareholders to participate in the Entitlement Offer is 6 September 2010.

The Entitlement Offer will proceed in accordance with the following timetable.

Lodgement of Prospectus	26 August 2010
'Ex' Date	31 August 2010
Record Date	6 September 2010
Prospectus despatched	10 September 2010
Acceptance closes at 5pm WST	24 September 2010
Shares entered into shareholders security holdings	1 October 2010

Shareholders should consult their brokers or professional advisors in regards to the definition of 'Ex' Date and Record Date to ensure that their entitlement to participate in the Entitlement Offer is assured.

The Company intends to lodge a Prospectus for the Offer at the Australian Securities & Investment Commission on or about 26 August 2010. The Prospectus will be mailed to each shareholder registered in the share register on the Record Date on 10 September 2010. Each shareholder's entitlement under the Offer will be set out in the Entitlement and Acceptance Form that will accompany the Prospectus.

The closing date for receipt of applications for the Offer is 5.00pm (WST) on 24 September 2010.

The Company will be applying for quotation of the Options exercisable at forty five (45) cents each on or before 31 October 2012.

For further information about the Prospectus for the Offer please refer to the Company's website www.cauldronenergy.com.au

Yours faithfully

A handwritten signature in black ink, appearing to read "Terry Topping", is written over a horizontal line.

Terry Topping
Director

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ASX Code CXU

88.70 M ordinary shares
12.4 M unlisted options

Market Cap
\$19.5 million (@22c)

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