

ASX Announcement

19 October 2017

CAENEUS EXPANDS PILBARA FOOTPRINT WITH KEY GOLD PROJECTS

Caeneus Minerals Ltd (“Caeneus” or “the Company”) (ASX: **CAD**) is pleased to announce that it has reached a conditional agreement to acquire 100% of the issued capital of Mt Roe Mining Pty Ltd (“Mt Roe”) (“the Acquisition”) which has acquired the rights to key Pilbara Craton projects joining the search for gold mineralisation associated with outcropping Witwatersrand style conglomerates similar to the geology of Novo Resources Corp (“Novo”) (TSX-V: **NVO**) at the Purdy’s Reward prospect and De Grey Mining Ltd’s (“De Grey”) (ASX: **DEG**) Loudens’ Patch.

Highlights

- **100% of Mt Berghaus, Roberts Hill and Yule River Projects (in application).**
- **Mapped metamorphosed conglomerates and pegmatites (Yule River).**
- **Mt Berghaus and Roberts Hill bound De Grey and Novo tenements with 30km of untested splay faults adjoining Indee Fault.**
- **Placement to Sophisticated Investors raises \$200,000 (before costs).**

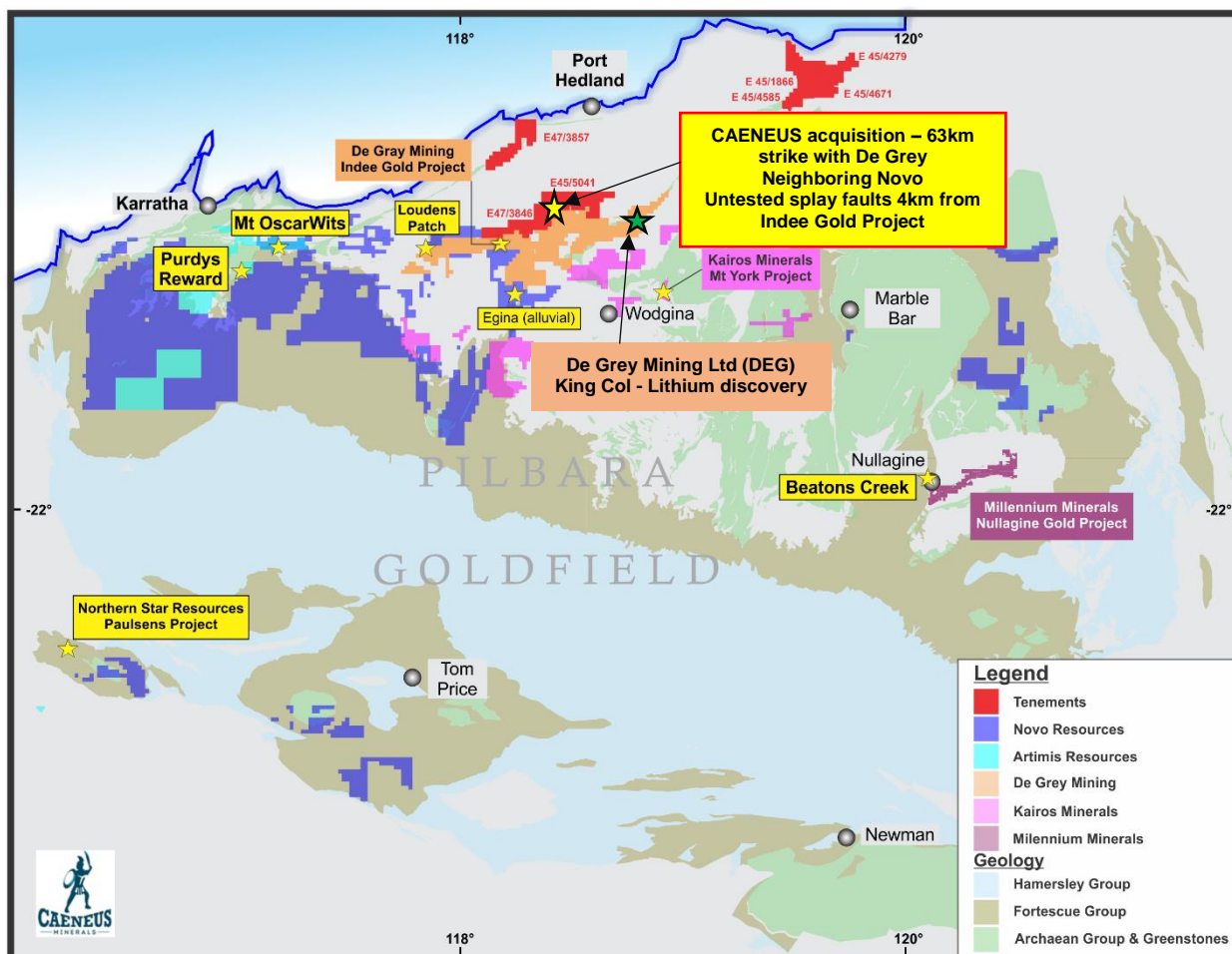


Figure 1 – Pilbara Craton geology showing location of Mt Berghaus, Roberts Hill, Yule River and Pardoo Projects relative to other important active gold explorers.

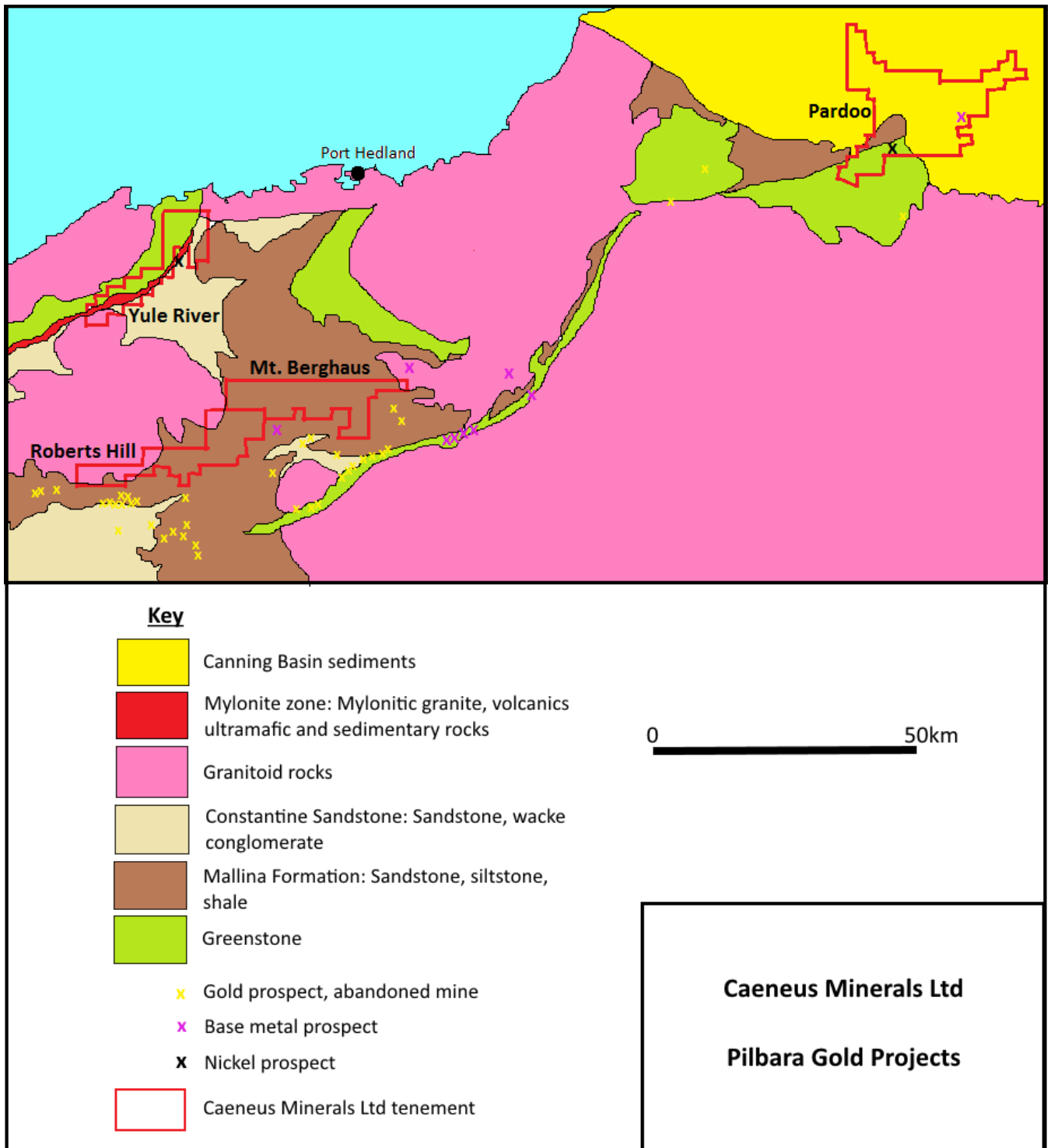


Figure 2 – Pilbara Craton Geology showing location of Mt Berghaus, Roberts Hill, Yule River and Pardoo Projects.

The Roberts Hill, Mt Berghaus and Yule River projects (Figures 1 & 2) combine 490km² of new tenure overlying the highly sought after Mallina Formation with multiple well-endowed gold projects associated with alteration zones.

Pilbara Acquisition

Caeneus (via its acquisition of **Mt Roe** – see “Terms of the Acquisition”) has acquired the rights to 100% of three exploration license applications (Figures 1 & 2) in the Pilbara considered to have potential both for conglomerate gold and ‘traditional’ gold mineralisation.

Yule River

The first of the acquisitions is a single exploration license application, ELA 47/3857, situated approximately 40 kilometres southwest of Port Hedland known as the Yule River project. The tenement comprises sediments and volcanics of the Loudon Volcanic Member of the Mallina Basin in the west, the Constantine Sandstone in the east and southeast and a dividing mylonitic sequence of granite, sediment and felsic, mafic and ultramafic rocks in the centre. Conglomerates are known to occur in the Constantine Sandstone in the area.

In many respects the Yule River project is similar to the Company’s 80% owned Pardoo base metals project with a regional shear zone, here defined by the mylonite zone, traversing the project area. In addition, there is a lateritic nickel deposit situated in the shear zone 1 kilometre to the east of the Yule River tenements which may be similar to the Highway nickel-copper-cobalt mineralisation hosted within the shear zone at Pardoo.

Roberts Hill and Mt Berghaus



Figure 3: Location North West Coastal Highway adjacent to E45/5041

The Roberts Hill tenement application, ELA 47/3846, is situated approximately 50 kilometres west-southwest of Port Hedland and adjoins ELA 47/5041, Mount Berghaus, to the northeast (Figure 1). Both tenements occupy extensive areas of the Mallina Formation that predominantly comprises sandstone, shale, siltstone and wacke. There might also be conglomerates present in the area.

The southern tenement, ELA 47/3846, is situated only 4 kilometres north of **De Grey’s** Indee gold project and 15 kilometres from the Loudens Patch conglomerate gold discovery. This tenement shares a 35 kilometres boundary with tenements held by **De Grey** and a 4.5 kilometres boundary with **Novo**.

These three newly acquired gold properties all have excellent potential for the discovery of economic gold mineralisation, either in conglomerates or in other forms, as does the Pardoo project.

Reconnaissance Exploration Commences

Reconnaissance field mapping has commenced for various gold formations including GeoVIEW. WA mapped metamorphosed conglomerates. In the new tenement acquisition there are 30 kilometres of untested structural splay faults with similar settings to the Indee and Turner River gold projects. These fault splays have historically only been tested during diamond exploration programmes and are known to host numerous gold deposits just a few kilometres away.

Mapping of pegmatites will have equal priority. The new projects lie just 13 kilometres north west of **De Grey's** latest high-grade lithium discovery (**De Grey**, ASX Announcement, 16 October 2017).

The Pilbara Conglomerate Story

The Pilbara region of Western Australia is currently experiencing a new gold rush for gold deposits associated with conglomerate rocks. Conglomerates contain mostly rounded pebbles and cobbles of quartz and other rocks laid down in streams or river beds. The best-known conglomerate gold deposit in the world is the Witwatersrand of South Africa that has produced >1.5 billion ounces of gold, more than one third of all of the gold produced on Earth. So conglomerate hosted/Witwatersrand-type deposits can produce extremely lucrative gold mines (Figure 4).

The Witwatersrand gold deposits are situated in the Kaapvaal Craton (South Africa) which exhibits a similar stratigraphic sequence to the Pilbara Craton. It is believed by some that the Pilbara and Kaapvaal Cratons were once united in a single continent known as Vaalbara. It is possible that the Witwatersrand gold deposits were being deposited when the two cratons were linked. It is for the similarity of the two cratons and their one-time connected nature that it has been postulated that Witwatersrand-type gold deposits may exist in the Pilbara.

Recent exploration by **Novo** at Comet Well and Purdy's' Reward has discovered gold bearing conglomerates with many gold nuggets (Figure 5). The origin of the gold bearing conglomerate is uncertain but is believed to be the Hardey Formation of the Fortescue Group and bodes well for the discovery of Witwatersrand gold deposits in the Pilbara. **De Grey** has recently discovered a gold-bearing conglomerate but their conglomerate appears to be in either the Loudon Volcanic Member or the Mallina Formation. It appears that the recent gold conglomerate discoveries are occurring in several different conglomerate horizons at different levels.

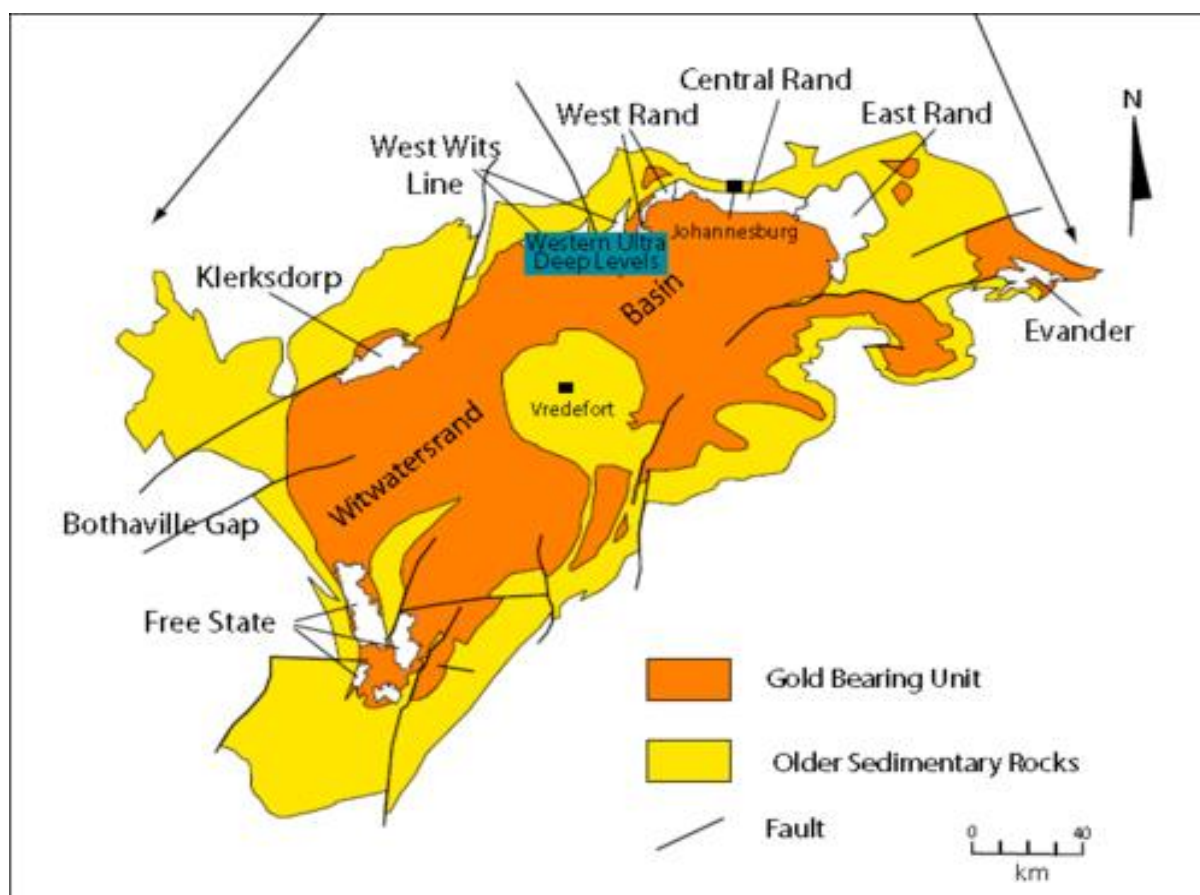


Figure 4 – Witwatersrand Basin, South Africa showing gold bearing units and older sedimentary rocks.

OTHER EXPLORATION PROJECTS

Pardoo Project

Further to **Caeneus's** ASX announcement (28 September 2017), the Company has acquired an interest of 80% in the Pardoo Project. Pardoo is located in the Northern Pilbara, 100 kilometres east of Port Hedland.

Drilling of the Pardoo geophysical anomalies is due to commence imminently. Eight geophysical anomalies beneath cover are being tested by ten reverse circulation drill holes for a total of approximately 1600m. Assay results for the recovered drill chips should be available by the end of November 2017.

Nevada Lithium

Although the Company has branched out into gold exploration it remains committed to the pursuit of economic lithium mineralisation. It will continue to explore the current lithium projects and acquire new projects as they become available.

Exploration of the lithium brine property at Columbus Marsh, Nevada, proceeds apace with the first drill hole still in progress. This drill hole so far has intersected brines containing up to 95.9ppm lithium, a highly significant concentration accompanied by high levels of potassium and boron. Water rights to the property have been applied for and further drilling will be completed in due course.

TERMS OF THE ACQUISITION

About Mt Roe

Mt Roe has entered into a Sale and Purchase Agreement in respect to E47/3846 (Roberts Hill Project) and E45/5041 (Mt Berghaus Project) both exploration license applications in the name of Blue Ribbon Mines Pty Ltd ("**Blue Ribbon Mines**"). **Blue Ribbon Mines** will hold the applications on trust for **Caeneus**, to be transferred subject to ministerial consent. In addition, **Mt Roe** has agreed to acquire 100% of the issued capital of Blue Ribbon Mines Pilbara Pty Ltd ("**Blue Ribbon Mines Pilbara**") which in turn has applied for E47/3857, known as the Yule River project.

Acquisition of Mt Roe

Caeneus has entered into a Sale and Purchase Agreement with **Mt Roe** to acquire 100% of the issued capital of **Mt Roe** on the following terms and conditions;

- **Cash Consideration:** \$45,000 payable in cash on execution of the Share Purchase Agreement between **Caeneus** and **Mt Roe**;
- **Equity Consideration;**
 - 515,000,000 fully paid ordinary shares ("Shares") to be issued to the **Mt Roe** shareholders in the capital of **Caeneus** (257,500,000 Shares to be issued at settlement following satisfaction of all conditions precedent to the acquisition, including *inter alia*, shareholder approval at a General Meeting later to be convened and 257,500,000 on granting of the three Exploration Licenses);
 - 515,000,000 unlisted options (ex \$0.005 expiring 30 November 2019) (257,500,000 unlisted options to be issued at settlement following satisfaction of all conditions precedent to the acquisition, including, *inter alia*, shareholder approval at a General Meeting later to be convened and 257,500,000 on granting of the three Exploration Licenses);
- **Deferred Consideration:** On either E47/3846 and/or E45/5041 and/or E47/3857: 200,000 ounces JORC resource of gold (or gold equivalent on any metals) issue of A\$1.0m in **Caeneus** Shares at a five-day VWAP prior to notification of this milestone/payment of A\$1.0m in cash (at the election of **Caeneus**).
- **RM Corporate Finance Pty Ltd ("RM Corporate Finance") (AFSL 315235):** has acted as corporate adviser to the Acquisition and will receive a success fee of 138,000,000 **Caeneus** Shares issued under the Company's 7.1 capacity (at a deemed issue price of \$0.002 each) together with 138,000,000 listed options issued under the Company's 7.1A capacity and a sign on fee of 20,000,000 listed options issued under the Company's 7.1A capacity (to acquire Shares at \$0.003 each on or before 31 December 2020).
- The Acquisition is also subject to relevant shareholder approvals, regulatory approvals, compliance with ASIC laws, compliance with ASX Listing Rules and due diligence by all parties.

For and on behalf of the Board



Keith Bowker

Chairman/Company Secretary

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Steven Elliot who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Elliot is a director of the Company. Mr Elliot has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Elliott consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.