Company Announcements Office, ASX Ltd

8 May 2018

Pardoo Exploration Update

Pardoo Project, Western Australia's Pilbara Region

Caeneus Minerals Ltd (ASX: **CAD**) (or "**the Company**") is pleased to announce an exploration update at its 80% owned Pardoo Project in the Pilbara Region, 90km east of Port Headland Western Australia.

- Assays received from RC drilling samples
- Anomalous nickel in sulphides across multiple 4m composite samples
- 4m @ 0.24% ppm Ni and 180 ppm Co in PRC07 (at EOH)
- Technical geophysics and geology review underway
- Localised fixed-loop EM and gravity surveys being designed

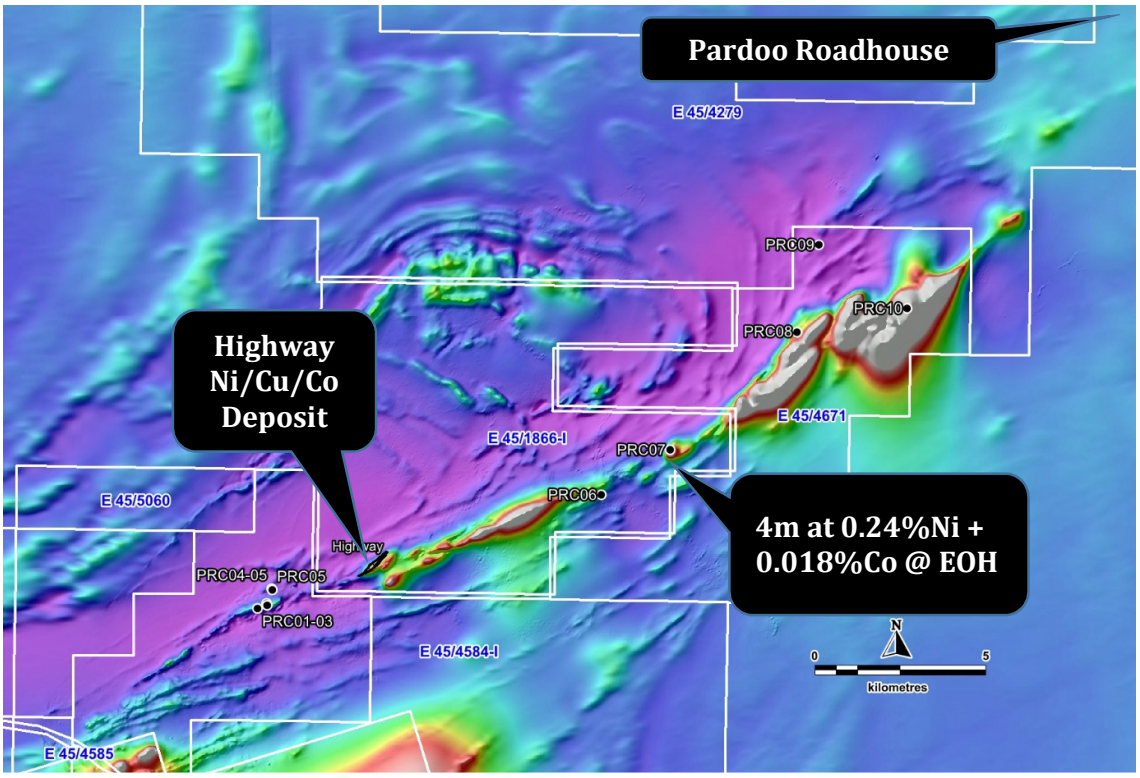

Figure 2. Location of 2017 RC drilling over historical TMI RTP aeromagnetic image

Highway Project Update

Assay results have been received from the 10 hole RC programme completed in November of 2017 at the Company's 80% owned Pardoo Highway Ni/Cu/Co deposit held in a joint venture with Arrow Minerals (ASX: AMD) (refer ASX Announcement 26 October 2017).

The Highway deposit has been a focus for past explorers primarily attempting to identify the source of sulphides for this large nickel-copper-cobalt deposit. As previously advised, samples from the RC programme were collected from storage and submitted for assay in April this year (refer ASX Announcement 13 April 2018).

Results received from the drilling include the following results from hole PRC07:

- 4m at 0.24%Ni from 108m within a broader intersection of 12m at 0.14%Ni + 0.015%Co
- 4m at 0.24%Ni + 0.018%Co from 128m to 132m (with the hole abandoned at 132m due to ground conditions)

Other results of interest include the following results from bedrock intersections in holes drilled along strike from the Highway Deposit:

- 18m at 0.099%Ni from 84m (PRC01)
- 12m at 0.095%Ni from 136m (PRC02)
- 8m at 0.098%Ni + 0.059% Cu from 114m (PRC03)

The Company views the results from PRC07 as potentially significant as this hole provided an initial test of a magnetic anomaly which returned a strong EM response in a historical moving loop ground EM survey. Lithologies intersected include weathered mafic intrusives intruded into sediments, however the sulphur contents of the intervals and logging indicates the presence of sulphides. As the hole did not intersect basement nor the targeted zone it is not clear what causes the EM response

The results from PRC01 – 03 provide encouragement for further Ni-Cu-Co mineralised mafic intrusives in the area of the Highway Deposit. The holes were located along strike to the SW of the Highway Deposit and tested coincident magnetic and gravity highs where shallow historical drilling had returned anomalous Ni-Cu results. Lithologies intersected were predominantly magnetic gabbros. The Company plans to continue testing this region to identify locations in the magmatic sequence, or pathway, where sulphides may have been concentrated using a combination of geophysical techniques and drilling.

The Pardoo Highway Ni/Cu/Co Project is situated in a similar structural setting, adjacent to the major regional Tabba shear zone, as other significant Pilbara based nickel-copper occurrences such as Radio Hill and Sherlock Bay (Figure 2). The Tabba shear fault zone extends for some ~150km and is well endowed with multiple hydrothermal shear related gold deposits also, most notably De Grey Mining's (ASX: DEG) Indee Gold deposits'.

Anomalous (>0.1g/t) gold results from the 2017 RC drilling campaign includes:

- 12m at 0.010g/t gold from 14m (PRC01)
- 8m at 0.012g/t gold from 52m and 4m at 0.018g/t from 100m (PRC02)
- 36m at 0.016g/t gold from 4m (PRC03)
- 4m at 0.024g/t gold from 104m (EOH, PRC04)
- 16m at 0.013g/t gold from 98m (PRC06)

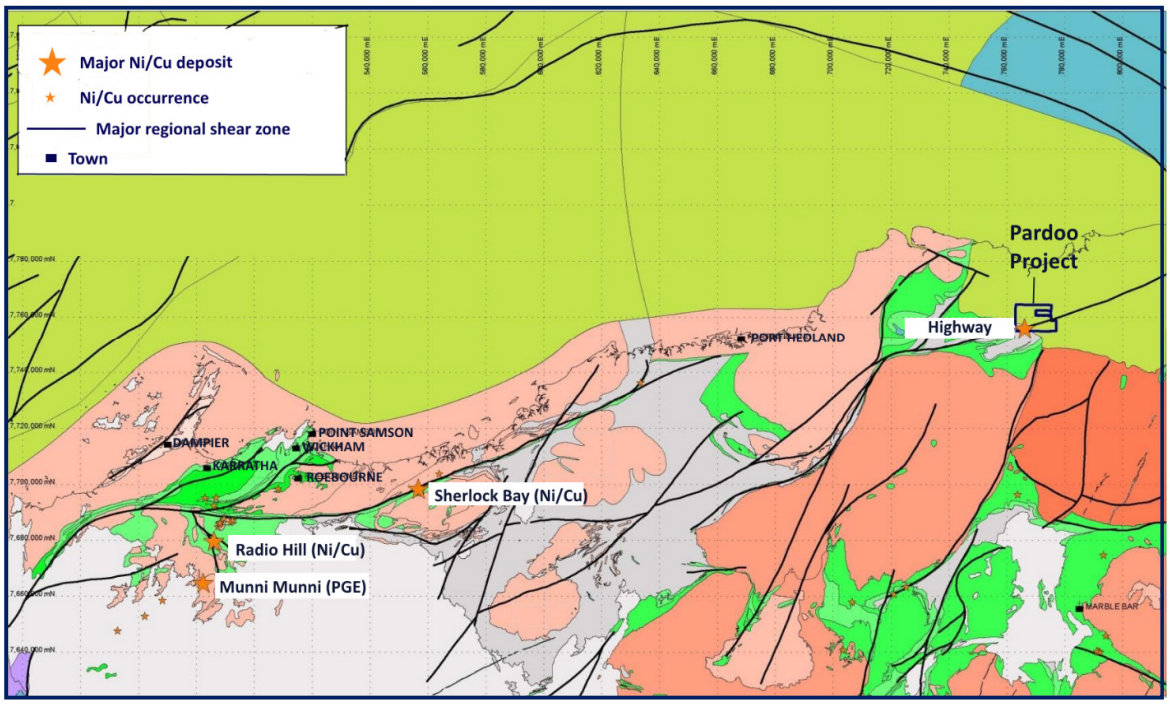

Figure 2. North Pilbara Nickel

Hole ID	MGA East	MGA North	EOH (m)	DIP / AZI	From (m)	To (m)	Length (m)	Ni (ppm)	Cu (ppm)	Co (ppm)	S (%)
PRC01	761239	7754846	102	60/160	28	40	12	1183	507	184	BDL
					84	102	18	989	163	134	0.36
PRC02	761502	7754996	150	60/160	32	40	8	1098	216	129	BDL
					136	148	12	951	257	131	0.65
PRC03	761526	7754927	150	60/160	114	122	8	977	592	140	0.76
PRC04	761664	7755429	102	90/000	*No Significant Intersections*						
PRC05	761682	7755379	108	60/160	*No Significant Intersections*						
PRC06	771331	7758172	102	60/155	*No Significant Intersections*						
PRC07	773355	7759495	132	60/155	92	104	12	1436	180	154	0.45
				incl	100	104	4	2390	444	180	1.24
					128	132	4	2370	510	180	1.76
PRC08	777068	7762958	60	60/325	*No Samples Submitted for Assay*						
PRC09	777702	7765521	66	60/140	*No Samples Submitted for Assay*						
PRC10	780292	7763653	48	60/145	*No Samples Submitted for Assay*						

Table1. Significant Ni-Co-Cu results from the 2017 Drilling at the Pardoo Project.

Hole ID	MGA East	MGA North	EOH (m)	DIP / AZI	From (m)	To (m)	Length (m)	Au (g/t)
PRC01	761239	7754846	102	60/160	4	40	36	0.016
					68	76	8	0.011
PRC02	761502	7754996	150	60/160	52	60	8	0.012
					72	76	4	0.011
					100	104	4	0.018
					148	150	2	0.011
PRC03	761526	7754927	150	60/160	14	26	12	0.010
PRC04	761664	7755429	102	90/000	*No Significant Intersections*			
PRC05	761682	7755379	108	60/160	104	108	4	0.024
PRC06	771331	7758172	102	60/155	98	114	16	0.013
PRC07	773355	7759495	132	60/155	*No Significant Intersections*			
PRC08	777068	7762958	60	60/325	*No Samples Submitted for Assay*			
PRC09	777702	7765521	66	60/140	*No Samples Submitted for Assay*			
PRC10	780292	7763653	48	60/145	*No Samples Submitted for Assay*			

Table2. Significant Au results (>0.1g/t) from the 2017 Drilling at the Pardoo Project.

A review of the EM data incorporating the lithology and assay data will now be undertaken in detail.

The Company looks forward to further to keeping the market updated with future planning at the Pardoo Project.

For and on behalf of the board

Johnathon Busing

Company Secretary

Caeneus Minerals Limited

Visit www.caneus.com.au for additional information including past announcements.

Competent Persons Statement

The information in this announcement that relates to Exploration Results and Mineral Resources has been compiled under the supervision of Mr Bill Oliver, a consultant to the Company. Mr Oliver is a Member of the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Oliver consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Forward Looking Statements Disclaimer

This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Appendix 1 Caeneus Minerals Limited – Pardoo Project – RC Drilling JORC CODE 2012.

Section1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling technique	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used* • *Aspects of the determination of mineralisation that are material to the Public report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• **Reverse Circulation drilling samples were collected in four meter composites using industry standard techniques and equipment.** • **Entire sample was placed on the ground for use in composite sampling which used the spear technique to be as representative as possible.**
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method etc.).*	• **Reverse Circulation drilling**
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed* • *Measurements taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• **Recoveries were recorded qualitatively and intervals of small or no sample were recorded. Good recovery was present in the fresh rock where samples were taken for analysis.** • **No relationship observed between sample recovery and anomalous results.**

	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.* • *The total length and percentage of the relevant intersections logged*	• **All Reverse Circulation holes were logged qualitatively (lithology, weathering, alteration) and quantitatively (% sulphides, % Veining).**
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and wether quarter, half or all core taken.* • *If non-core, whether riffles, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• **Composite samples taken using spear technique** • **Weight taken from each interval aimed to be equal to maximise representivity.**
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• **All samples have been sent to ALS Global for testing.** • **Samples were prepared using standard procedures of drying, crushing and pulverising to passing 75um.** • **Samples were analysed using methods TL43 (for Au) and MS61 (for all other elements).** • **A number of duplicates were collected by the same method as the primary sample and submitted as part of the same batch. These showed adequate repeatability.**
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes* • *Documentation of primary data, data entry procedures, data verification, data storage (physically and electronic) protocols.* • *Discuss any adjustment to assay data.*	• **Significant intersections reported by the Consultant have been cross checked by the Company.** • **No twinned holes have been completed, appropriate for the early stage of exploration.** • **Primary data held in spreadsheet format and kept separate from working data files.** • **Laboratory reports of assay data used with no adjustments except ppm results quoted as % in the text of this**

		announcement (ppm results in Table 1).

	JORC Code explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resources estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• **Drill collar locations were located using a hand held GPS.** • **Accuracy is +/- 5m.**
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Reserve and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• **Drilling was completed as an initial test of geological features, with only 1 or 2 holes at each target area.**
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• **Orientation of mineralisation not known at this time** • **Drilling planned to test perpendicular to regional scale structures.**
Sample security	• *The measures taken to ensure sample security.*	• **Samples were freighted directly to the Company's Perth office. The Company's representative then delivered them to the laboratory**
Audits or reviews	• *The results of and audits or reviews of sampling techniques and data.*	• **No audits have been undertaken at this time.**

Section2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenements and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interest, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• **Tenement E 45/4585, E 45/1866-I and E45/4671. Pilbara mineral field. The tenement is 80% held by Caeneus Minerals Ltd and 20% Arrow Minerals Ltd.** • **The tenure is secure and in good standing at the time of writing**
Exploration done by other parties	• *Acknowledgement and appraisal of exploration by other parties.*	• **Previous exploration has primarily focused in the known Highway deposit.**
Geology	• *Deposit type, geological settings and style of mineralisation.*	• **Caeneus Minerals is exploring primarily for magmatic hosted Ni-Cu sulphide.**

Drill hole information	• *A summary of all information material for the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *Easting and northing of the drill hole collar*
	  ○ *Elevation or RL (Reduced level-elevation above sea level in metres)and the drill hole collar*
	  ○ *Dip and azimuth of the hole*
	  ○ *Down hole length and interception depth*
	  ○ *Hole length*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case*
		• **Refer Table 1**

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration results, weighing averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• **All intervals > 0.1% Ni are reported, averaged on a length weighted basis with Cu or Co results reported where these are deemed to be significant.** • **All results are shown, due to the first pass nature of exploration "significant results" are those classed as being anomalous.** • **No metal equivalent values have been reported.**
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known')*	• **The geometry of any potential mineralized horizon is unknown** • **Only down hole lengths are reported, true width is not known.**
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts would be included for any significant discovery being reported. These should include, but not be limited too plan view of drill hole collar locations and appropriate sectional views.*	• **Appropriate plans have been included in the body of the report**
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• **All results have been reported**
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations, geophysical survey results, geochemical survey results, bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or containing substances.*	• **Detailed in the Company's previous ASX announcements**
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, providing this information is not commercially sensitive.*	• **Further work is depending on the assay results, most likely to electromagnetics and or further RC drilling.**