Company Announcements Office, ASX Ltd

3 July 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 100% owned Pardoo Project in the Pilbara Region, 90km east of Port Hedland Western Australia with the Great Northern Highway dissecting the Company's tenement package. The Highway deposit within the Company's tenement package has been a focus for past explorers primarily attempting to identify the source of sulphides for this large nickel-copper-cobalt deposit.

- EM and RC follow up on anomalous nickel in sulphides
- Localised fixed-loop EM and gravity surveys being designed
- Redrilling 4 of 5 RC holes/targets from the 2017 program recommended
- 2 further VTEM anomalies prioritised for immediate FLTEM follow up

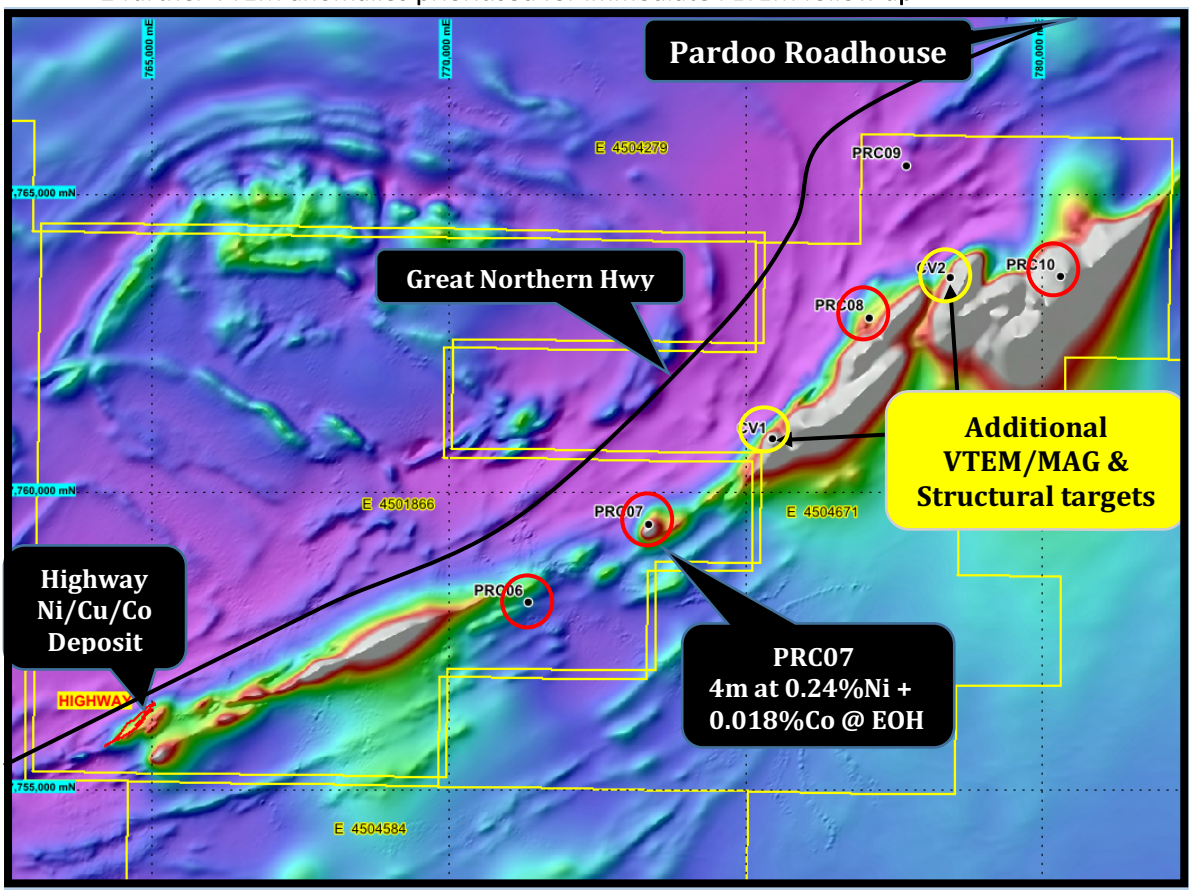

Figure 1. Location of 2017 RC drilling over historical TMI RTP aeromagnetic image

Highway Project Recommendations

Encouraging assay results received from end of hole (EOH) at PRC07 completed in November of 2017 at the Company's Pardoo Highway Ni/Cu/Co project (see ASX announcement 7th May 2018) have resulted in this hole being recommended for redrilling. With a peak assay of 4m at 0.24%Ni + 0.018%Co from 128m to 132m EOH (with the hole abandoned at 132m due to ground conditions). The hole ceased approximately 40m prior to the target generated by an historical EM survey. Remodelling of this EM data is underway, utilising the geological information from PRC07 to ensure the optimum pierce point is obtained.

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.

Previous RC holes PRC06 to PRC10 have been recommended for redrilling. These RC holes all failed to reach the planned targets due to adverse ground conditions. Drill chips and logs will assist in better hole collaring, preparation and conditioning to reach the modelled EM conductor plates.

Additional local FLTEM and gravity surveys have been recommended to aid modelling of follow up drilling. These surveys will incorporate the geological information from the abandoned RC holes. As these priority targets have been generated from historic VTEM and FLTEM surveys, the Company has a large degree of confidence previously detected conductors can be optimally tested with the aid of additional information and hole management.

Additional VTEM anomalies

Two additional priority areas have been highly recommended for new ground follow up FLTEM surveys based on re-assessment/modern processing of the historic VTEM survey dataset by Southern Geoscience Consultants. Both the new targets have favourable magnetic related flexure and fold nose structures potentially suitable for sulphide settlement sites/complexity. These two targets were generated by detailed reprocessing and appear to correlate well with key geological features and structural corridors (Figure 2). To verify the strength and model the depth to these anomalies ground FLTEM surveys have been planned.

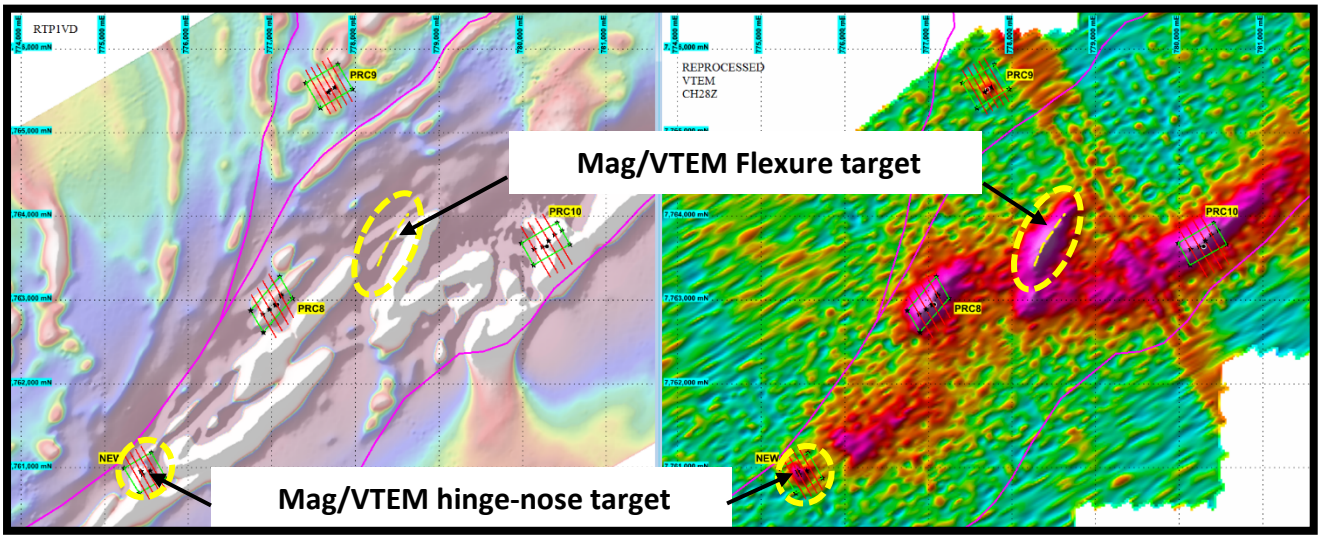

Figure 2. Magnetics on the left and late channel VTEM on the right

About Pardoo

The Company's Pardoo Highway Ni/Cu/Co deposit is situated in a similar structural setting, adjacent to the major regional Tabba shear zone which 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' as well as other significant Pilbara based nickel-copper occurrences such as Radio Hill and Sherlock Bay (Figure 3) and is considered highly prospective for magmatic and shear-hosted nickel, copper and cobalt sulphide mineralisation.

The Pardoo Nickel Project hosts the Highway nickel sulphide deposit – an Inferred Mineral Resource of 50Mt grading 0.3% nickel, 0.13% copper and 0.03% cobalt (based on the guidelines of the 2004 JORC code (http://www.mithrilresources.com.au/pdfs/2010-08-02-01141520100802_Drilling_Commences_on_Pardoo.pdf). Snowden Mining Industry Consultants ("Snowden") completed a review of available drill hole data to determine a JORC compliant resource at Pardoo. Snowden's report concluded that the project has an Inferred Mineral Resource (classified according to the 2004 JORC Code) (http://www.mithrilresources.com.au/pdfs/2010-02-28-233019A-091-20071206_Pardoo_Joint_Venture.pdf).

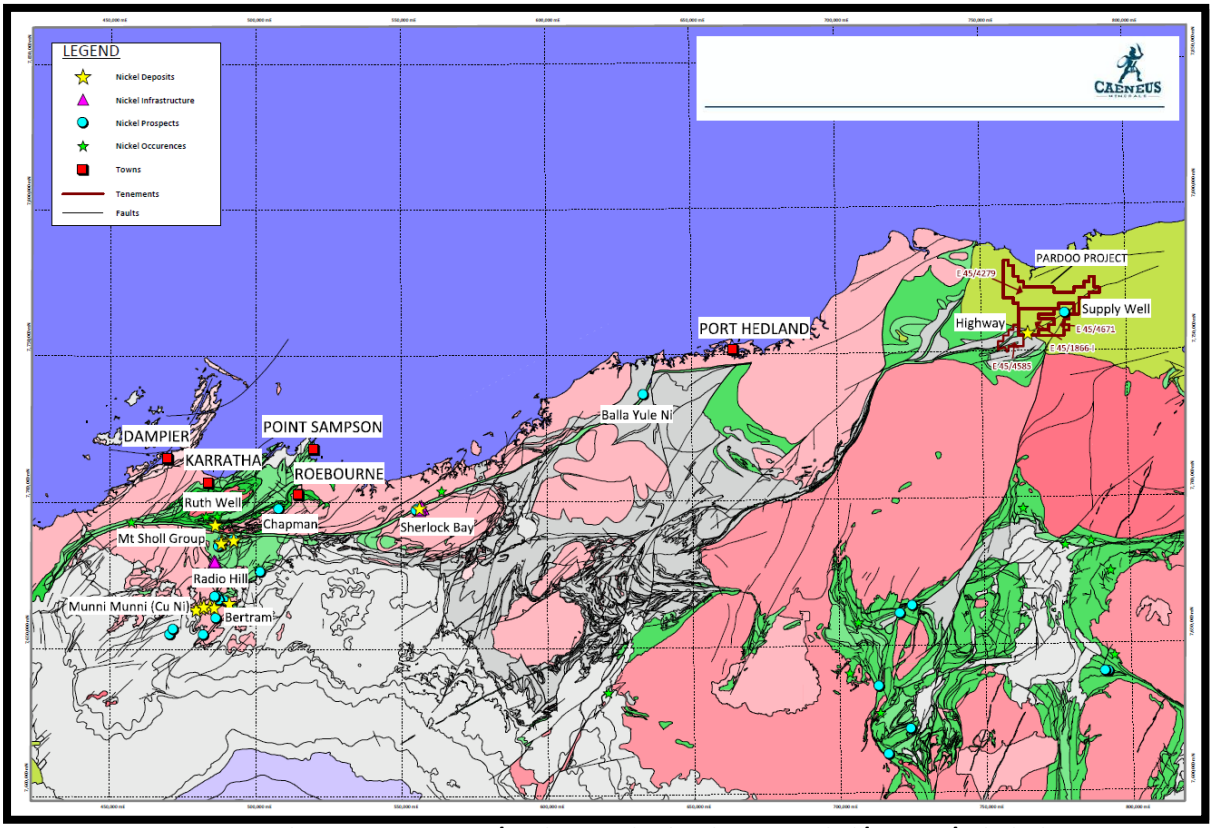

Figure 3. Caeneus tenure location, structure/geology and other known nickel/copper/cobalt deposits.

The Pardoo Projects are ideally located 90km east of Port Headland Western Australia with the Great Northern Highway dissecting the Company's tenement package as earlier stated. The Highway deposit lies only 900m from the highway. The project area covers 434 square kilometres of prospective tenure.

The Company looks forward 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.