6 August 2018

Pardoo FLTEM Geophysics modelling

- **6 FLTEM conductors selected to be tested by drilling**
- **CADs FLTEM survey has resulted in improved modelling of Supply Well targets**
- **Supply Well historic drill intercepts 0.85m @ 16.8% Zn & 0.32m @ 5.85% Ni**

Caeneus Minerals Ltd (ASX: **CAD**) (or "**the Company**") is pleased to announce that since the initial announcement of results from the high powered fixed loop time-domain electromagnetic survey (HP-FLTEM, 26th July 2018) the resultant modelling efforts have been researched by integrating magnetics, the recently completed FLTEM data and historic drilling records in order to evaluate each of the untested HP-FLTEM targets.

The Company notes that the Supply Well targets are not new, however they have never been adequately tested by drilling. These targets were identified in 2006 from an airborne VTEM survey which aimed to validate earlier IP targets generated by CRA Exploration Pty Ltd based on their own ground IP survey. The new HP FLTEM survey data completed by the Company has enabled these targets to be modelled with far greater accuracy to the point that the Company is confident that the drill programme that has been planned will enable a definitive test of the source of the conductors detected in these surveys.

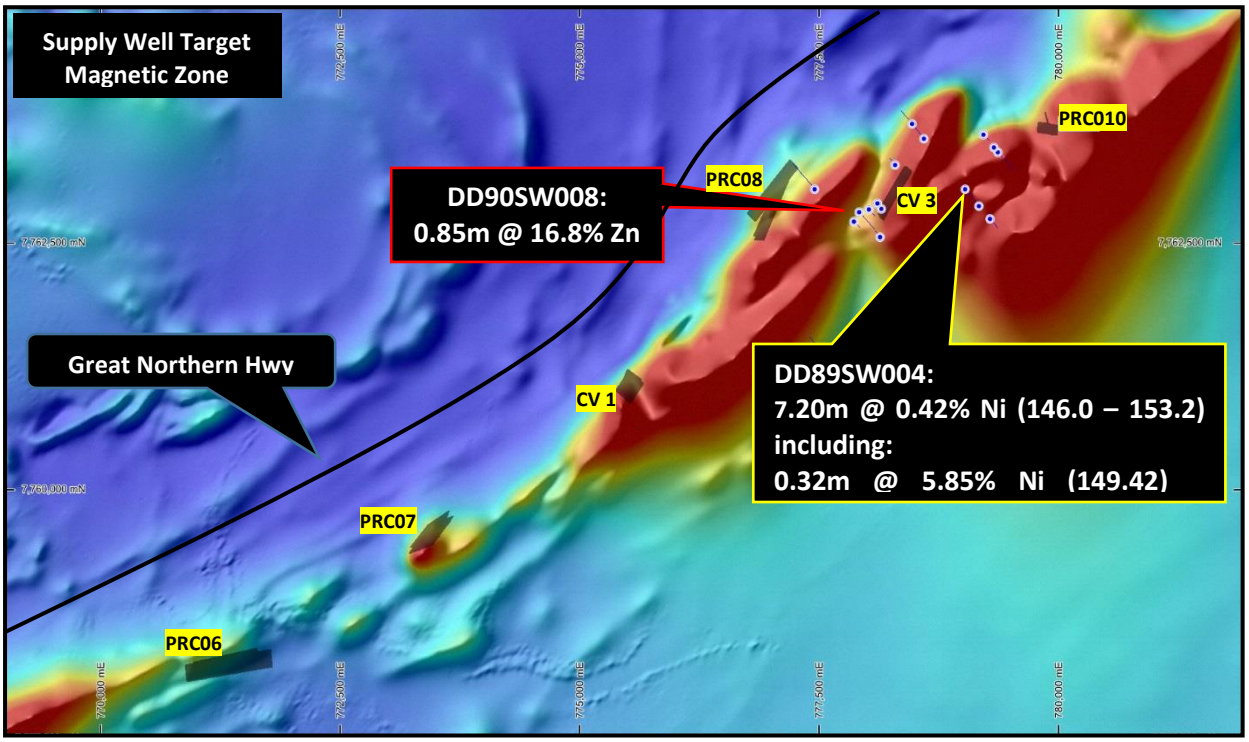

Figure 1. Location of HP FLTEM plates of interest with historical TMI RTP aeromagnetic image

Existing Programme of Works are in place from last year's drilling campaign. As previously announced (ASX Announcement 16 April 2018) this September 2017 RC campaign ran into numerous issues including technical and downhole geological conditions that limited the depth penetration of the program and resulted in these targets not being tested. The recent modelling has aided optimising drill collar positioning and the Company has taken the precaution of sourcing an RC rig with large air capacity to complete the program acknowledging that diamond tails may be required.

The majority of the Pardoo Project area is under sedimentary cover and is largely under-explored. Base metal mineralisation has been identified within the Pardoo Fault zone at the Highway deposit and Supply Well prospects with the latter being the area of focus by the Company's recent FLTEM survey (June/July 2018). These prospects are linked by a major regional scale structure (the Tabba Shear Zone) with the Pardoo Project area containing approximately 25 km of strike of this structural zone and therefore containing the potential to host zones of nickel, copper and zinc mineralisation.

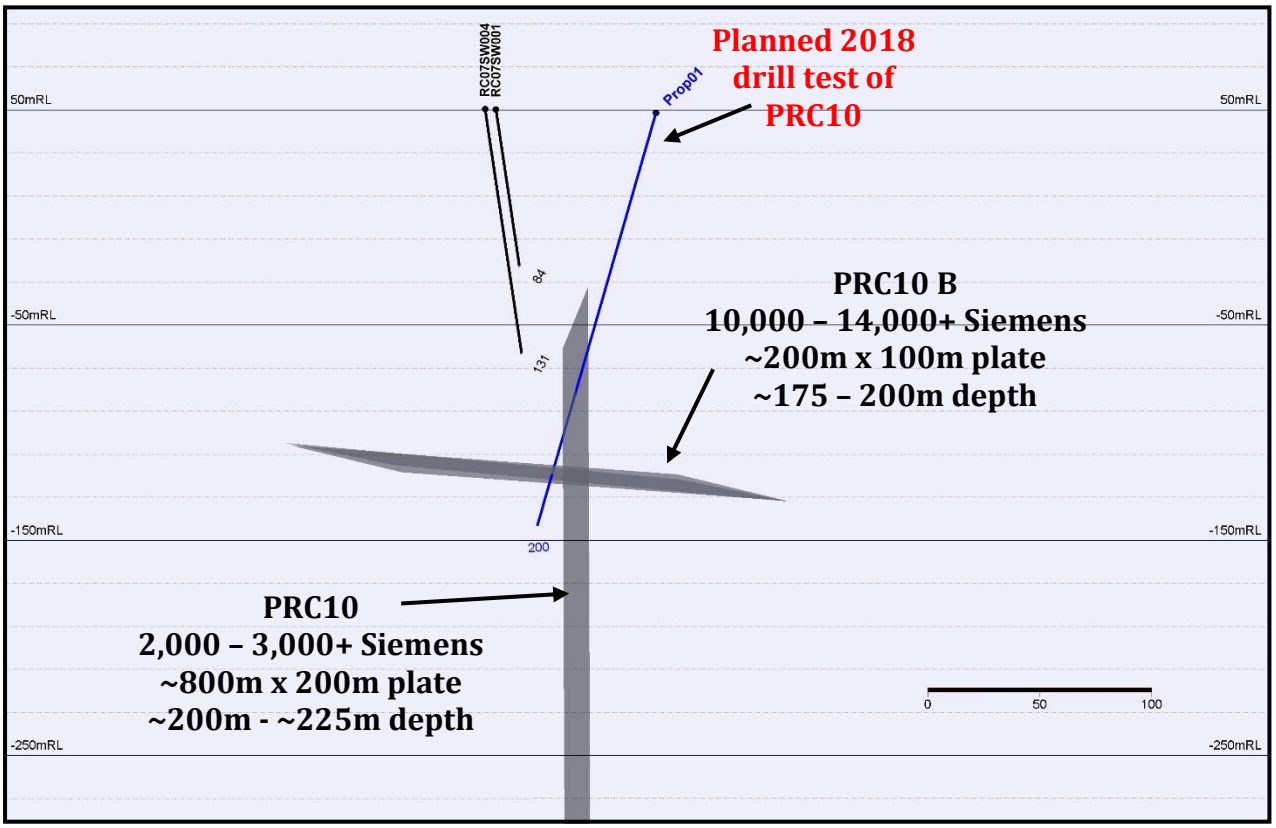

Figure 2. PRC10B FLTEM plate model – Very High Conductance potentially indicative of massive sulphides to be tested by RC drilling

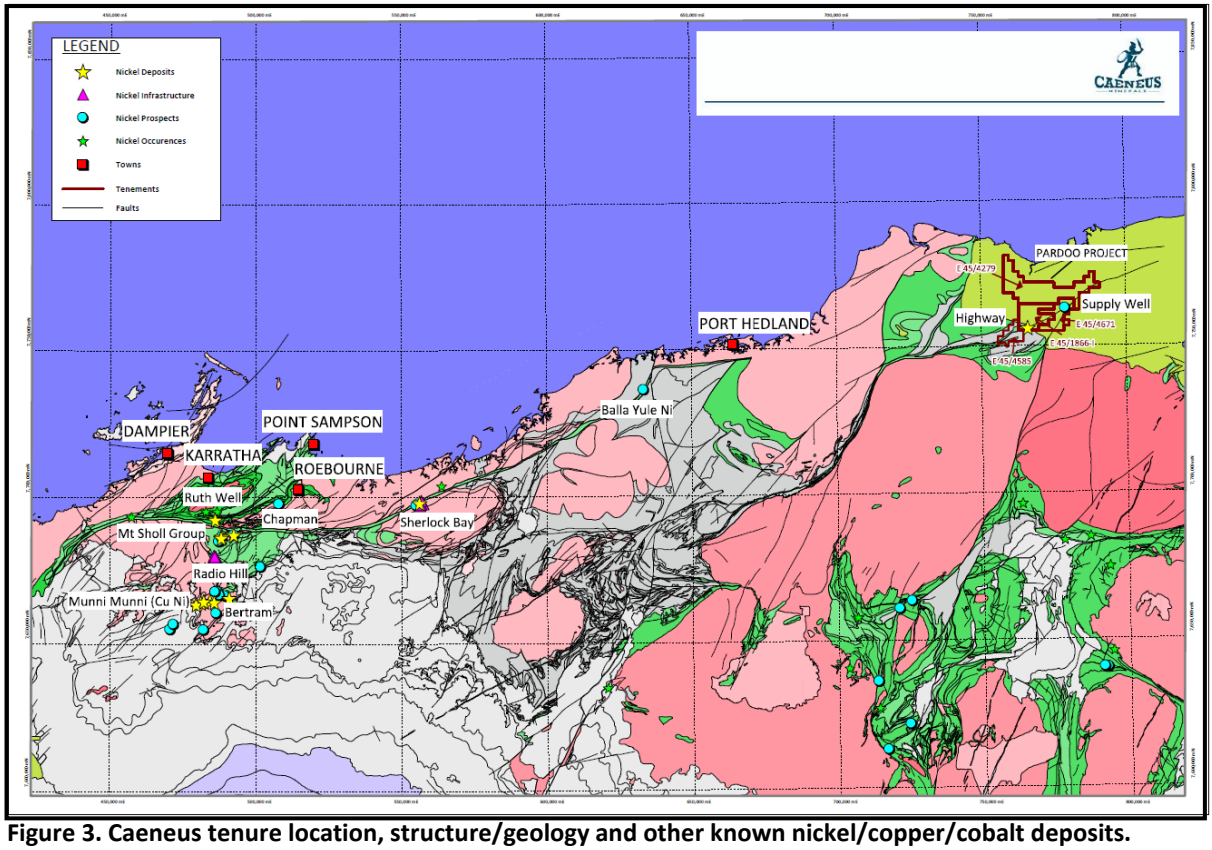

Figure 3. Caeneus tenure location, structure/geology and other known nickel/copper/cobalt deposits.

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 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 which has 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) (refer ASX Announcement 3rd July 2018).

The geology of the Pardoo Project is complex with package of deformed, sheared metasediments, metabasalts and other mafic lithologies. Historical reports accessed via the open file WAMEX system has recorded potential conductive sources including both sulphide-bearing intervals and shale units with anomalous nickel and zinc results being reported (Weir, 1990; Weir, 1991; Haederle et. al., 1992).

The Pardoo Projects are ideally located 90km east north-east of Port Headland Western Australia with the Great Northern Highway dissecting the Company's tenement package. 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

Non-executive Director / Company Secretary

Caeneus Minerals Limited

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

References:

Weir, DJ, 1990. Worthy Project Annual Report for the period July 1989 to July 1990. CRA Exploration Pty Ltd. WAMEX Report A31540.

Weir, DJ, 1991. Worthy Project Annual Report for the year ending July 1991. CRA Exploration Pty Ltd. WAMEX Report A34890.

Haederlie, JM, Koellner, AJ, Weir, DJ, 1992. Worthy Project Annual Report for the year ending July 1992. CRA Exploration Pty Ltd. WAMEX Report A36906.

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 – EM surveys 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.*	• **Ground electromagnetic surveys are industry standard geophysical techniques in exploration for sulphide hosted base metal deposits. The fixed loop technique was used for this survey as the orientation of the mineralisation was known relatively well and to obtain deeper penetration/investigation levels. The area and depth targeted by these surveys was planned based on previous drilling and survey results.**
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.).*	• **No drilling results presented so not applicable**
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 wether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• **No drilling results presented so not applicable**

	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*	• **No drilling results presented so not applicable**
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.*	• **No drilling results presented so not applicable**
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.*	• **Fixed loop ground EM survey carried out by Vortex Geophysics using moderate sized, single turn loops ranging from ~350m x 375m to ~300m x 650m, ~70-80A transmitter VTX-100, EMIT Fluxgate B-field sensor and SMARTem24 receiver.**

	JORC Code explanation	Commentary
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.*	• **No drilling intersections are presented so not applicable.** • **Data collected on site and validated by geophysical technician daily. Data (raw and processed) sent to consultant geophysicist for review and quality control. Further processing of data carried out by the Company's consultant geophysicist.**
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.*	• **Station locations have been located using handheld GPS with an accuracy of +/- 5 metres.** • **Topographic control is based on topographic data derived from public data.** • **All data is collected in MGA94 Zone 50 and these coordinates are used in diagrams shown.**
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.*	• **Survey carried out using 75-100m spaced lines, 50m spaced stations.**
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.*	• **Survey carried out on lines oriented perpendicular to regional stratigraphy.**

	JORC Code explanation	Commentary
Sample security	• *The measures taken to ensure sample security.*	• **No drilling results presented so not applicable.**
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*	• **No drilling results presented so not applicable**

Criteria	JORC Code explanation	Commentary
	• *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.* •	
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.* •	• **No drilling results presented so not applicable**
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')* •	• **No drilling results presented so not applicable**
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.*	• **No drilling results presented so not applicable**

Criteria	JORC Code explanation	Commentary
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 being designed based on the survey results, and will likely comprise drill testing of results.**