Company Announcements Office, ASX Ltd

19 October 2018

Supply Well Diamond Drilling Completed

- **Three Diamond holes completed (targets - PRC10b, CV3 & PRC07)**
- **All three HPFLTEM plates intersecting sulphides pyrite + pyrrhotite**
- **Multiple sulphide zones from all three holes cut and sent for assays**

Caeneus Minerals Ltd (ASX: CAD) (or "the Company") announce that diamond drilling of three modelled HPFLTEM plate conductors is now completed at the Pardoo – Supply Well Project.

Three modelled ground HPFLTEM plates (PRC10b, CV3 and PRC07) have now been tested for a total of 690.6m drilled. The geology intersected at the three targets was very similar and predominantly comprised deformed and tightly folded cherty to shale-rich metasedimentary units with interlayer bands of sulphides comprising predominantly pyrrhotite and pyrite. The bands typically measured in thickness from fine millimetre-scale to several 10's of centimetres thick sulphide layers and bands within and parallel to the sedimentary layering. The individual sulphide-bearing metasedimentary chert and shale units measured in thickness from 10 to 70 metres down hole thickness. Sufficient sulphide was intersected at the target depths to explain the conductivity anomalies targeted.

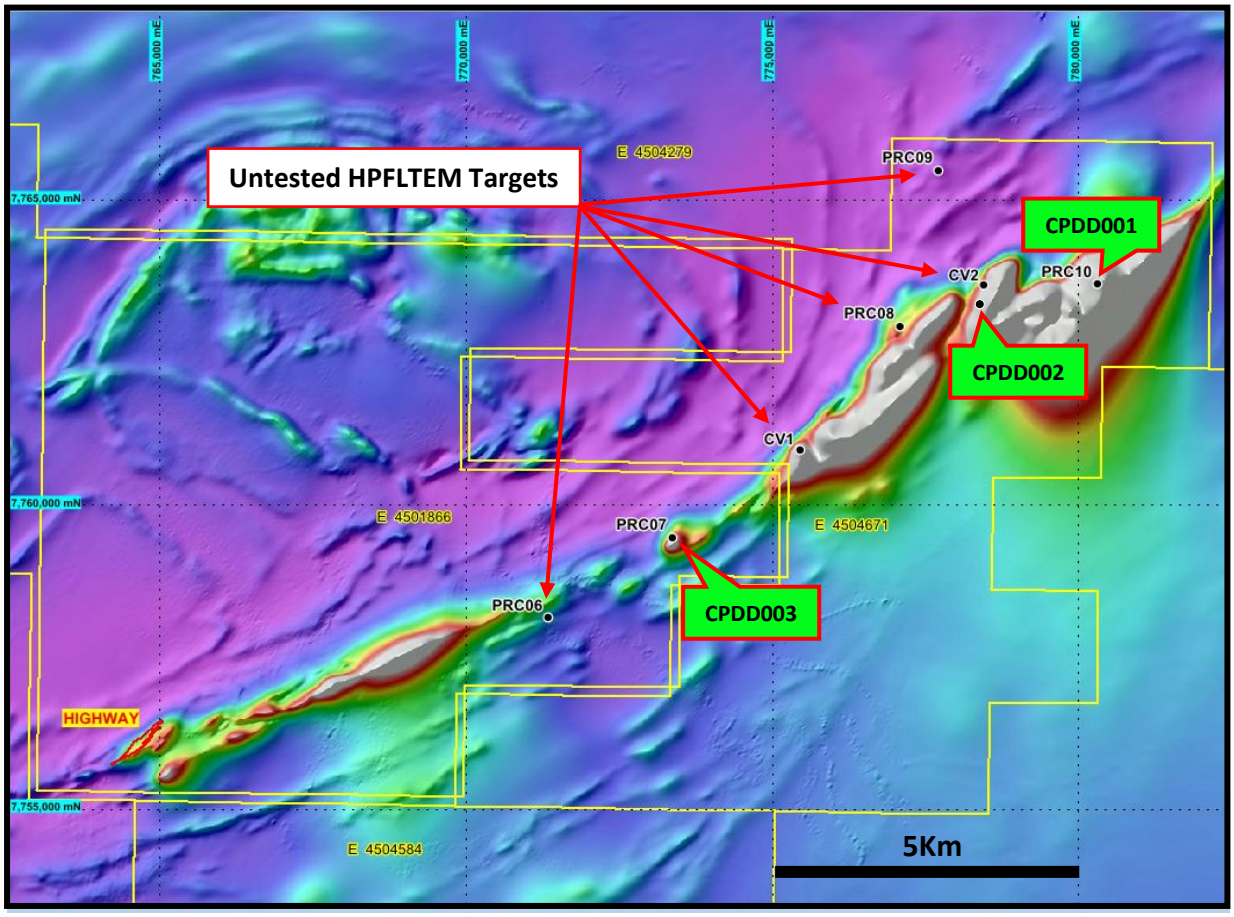

Figure 1. Caeneus diamond drilling locations and untested EM targets, over total field magnetics

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The results of the drilling validate the HPFLTEM survey approach with sulphides intersected at the modelled conductivity plates, and the company has confidence that continued use of the system on the project will generate further targets for drill testing.

A total of 18 representative samples across the three holes have been selected, cut and sent for assays at ALS Global. All samples will have a multi element assay package including gold, silver and platinum group elements.

The Company looks forward to keeping the market updated with the assays once they become available.

For and on behalf of the board

Johnathon Busing

Non-executive Director and 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, Mineral Resources or Ore Reserves is based on information compiled by Tony Donaghy who is a Registered Professional Geoscientist (P.Geo) with the Association of Professional Geoscientists of Ontario (APGO), a Recognised Professional Organisation. Mr Donaghy is a technical advisor to the Company. Mr Donaghy 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 Donaghy consents to the inclusion in the report 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.

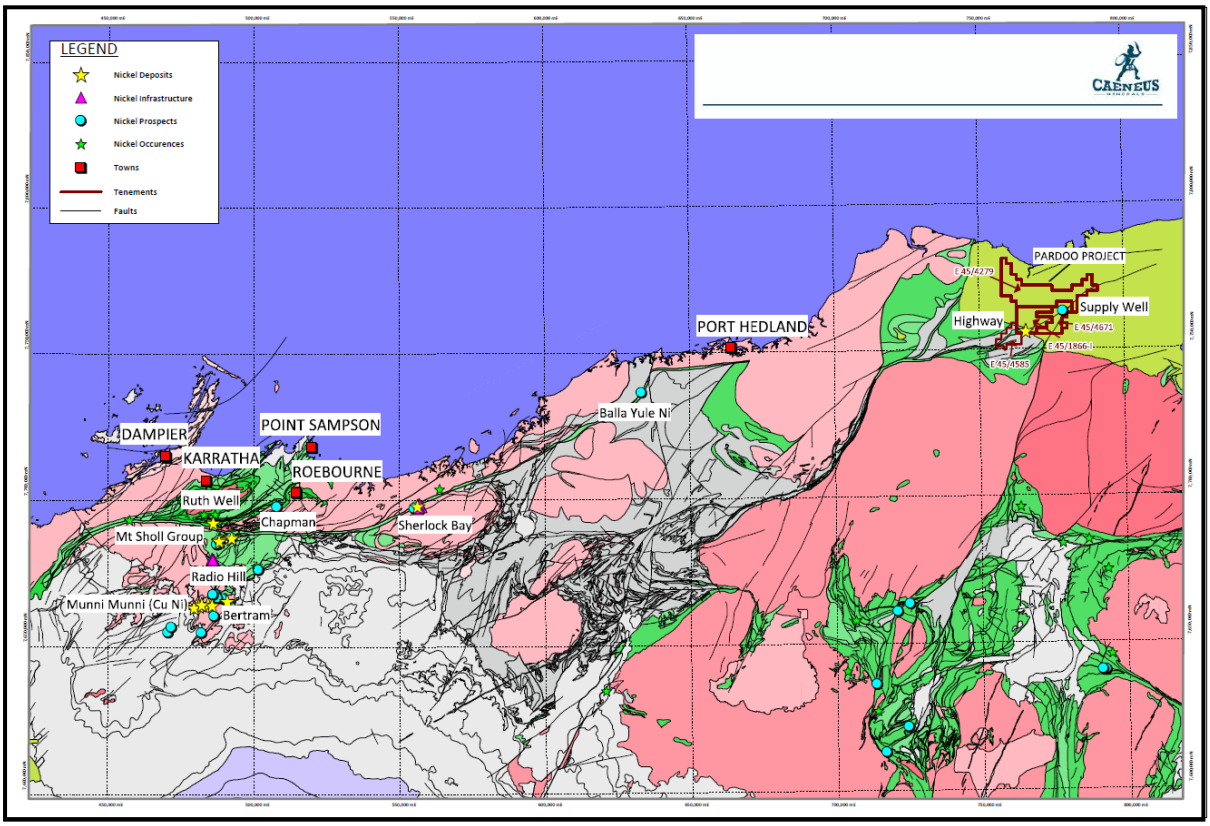

Figure 2. Caeneus tenure location, structure/geology and other known nickel/copper/cobalt deposits.

About Pardoo

The Company's Pardoo Highway Ni-Cu-Co deposit is situated in a similar structural setting to the west of the current drilling, adjacent to the major regional Tabba Shear Zone which extends for some ~150km along the northern margin of the Pilbara Craton. The shear is also well endowed with multiple hydrothermal shear related gold deposits in the region, most notably De Grey Mining's (ASX: DEG) Indee Gold deposits. The northern Pilbara also hosts other significant nickel-copper occurrences such as the Radio Hill mine and Sherlock Bay (Figure 3) and is considered highly prospective for magmatic nickel, copper and cobalt sulphide mineralisation.

The geology of the Pardoo Project is complex with packages of deformed, folded and sheared metasediments, metabasalts and other mafic metamorphosed 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 well located 90km east north-east of Port Headland in Western Australia with the Great Northern Highway dissecting the Company's tenement package. The Highway Ni-Cu-Co deposit lies only 900m from the highway. The project area covers 434 square kilometres of prospective tenure.

Table 1. Drill collar information for the Pardoo Project drilling

Hole ID	Easting	Northing	Azimuth	Dip	EOH Depth
CPDD001	779925	7763690	225	75	180.9
CPDD002	778190	7763010	125	65	208.7
CPDD003	773450	7759650	125	65	301

Appendix 1 Caeneus Minerals Limited – Mt Ridley Project – Diamond 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.*	• **Half core diamond samples were cut at 1m or less intervals on representative mineralized samples.** • **Samples were sent to ALS Global in Perth for crushing and laboratory analysis.** • **Duplicate samples were taken and reference material standards inserted for quality control.**

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.).*	• **The diamond drilling was conducted by Top Drill using a NQ2 (50.6 mm diameter) bit.** • **Drill collars are surveyed using hand-held GPS (+/- 5m horizontal accuracy).** • **All core, where possible, are orientated using a Reflex ACT II RD orientation tool.**
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.*	• **Core recoveries are physically measured by drillers for every drill run.** • **Appropriate measures are taken to maximise sample recovery and ensure the representative nature of the samples. This includes diamond core being reconstructed on angle iron racks for orientation, metre marking and reconciled against core block markers.**
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 drill holes are geologically logged in their entirety.** • **Logging is both qualitative and quantitative.** • **Qualitative descriptions of colour, grain size, texture and lithology are recorded for each sample.** • **Thin sections of significant samples are made for detailed petrological analysis post assay analysis.**
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.*	• **Depending on the size and distribution of geologically significant intervals to be sampled, diamond core was cut in half using a saw and sampled over intervals of one metre or less.** **Duplicates, blanks and standard reference materials were submitted for analysis for quality assurance and control.**

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.*	• **Samples have been shipped to the laboratory and are yet to be prepared and analysed. Assay data is yet to be received.** • **Duplicates, blanks and standard reference materials will be inserted and analysed for quality assurance and control.**
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.*	• **Not applicable at this early stage of exploration.** • **Data has been logged into an excel-based digital database.** **No assay data is reported.**
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 positions were recorded with handheld GPS system with expected accuracy of +/- 5m horizontal. Drill core are located and orientated with a Reflex ACT II RD orientation tool and physical measurement of core intervals / lengths.** • **The grid system for the Pardoo Project is GDA94, MGA Zone 50.** • **Topographic control is based on the GPS heights and radar altimeter data from an airborne magnetic and radiometric survey (100m line spacing).**

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.*	• **Samples were sent for laboratory analysis using standard industry techniques.** • **Not applicable at this early stage of exploration activity.** • **No sample compositing has been applied.**
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.*	• **Drilling has been undertaken on mineralised horizons which are thought to be sub-vertical. The true width of intersections encountered are not known at this point in the early exploration activity.** • **The downhole core has been oriented for structural measurements.**
Sample security	• *The measures taken to ensure sample security.*	• **The drill core is logged in field and transferred to storage at Pardoo Station.** • **Samples are shipped directly to the laboratory by commercial freight.**
Audits or reviews	*The results of and audits or reviews of sampling techniques and data.*	• **Each drill run is witnessed by CAD geologists or field technicians. No audits have been undertaken, a data review is currently underway.**

Section 2: 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 45/4671 Pilbara mineral field. The tenement is currently 100% held by Arrow (Pardoo).** • **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 targeted Nickel, copper and zinc.**
Geology	• *Deposit type, geological settings and style of mineralisation.*	• **Caeneus Minerals is exploring primarily for intrusive 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*	• **Table One contains the relevant information for drill collar location, orientation and depth.** • **Due to the nature of this drilling and the early phase of exploration only reconnaissance representative samples of intersections of visible sulphides have been selected for assay. Once assay data is received, sample location data will be published should the results prove material.** • **Drilling was undertaken testing ground fixed loop EM conductivity targets.**

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 assay results are reported.** **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 mineralised horizon is unknown.** • **All drill hole intercepts are measured in down hole metres.**
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.*	• **Not applicable at this early stage of exploration.**

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.*	• **High Powered Fixed Loop Electromagnetics (FLEM) survey is now complete 26 July 2018 over 6 high priority airborne VTEM/MAG targets generated in 2006.** • **The HPFLEM surveys completed by the Company had the data processed and modelled by Southern Geoscience.**
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.*	**Any further work will depend on the assays for samples currently in ALS Global laboratory. Caeneus will re-evaluate the Pardoo project once these results become available.**