



15 July 2019

Shannon Nicholson
ASX Limited
Level 40
152-158 St Georges Terrace
Perth WA 6000

Via email – ListingsCompliance@asx.com.au

Dear Ms Nicholson

**CAENEUS MINERALS LTD (CAD or the Company)
FURTHER QUERIES**

We refer to your letter dated 11 July 2019 regarding ASX's queries in respect of the Company's Announcement date 3 July 2019 in relation to the Company's 100% owned Supply Well Project and the response from CAD to ASX dated 10 July 2019. We respond to ASX's queries as follows:

1. **As set out in the ASX Letter, CAD stated in its Drilling Completed Announcement that a total of 18 representative samples across the three holes had been selected, cut and sent for assays at ALS Global. The CAD Response states that the board decision to put analysis of the assays on hold was not made until the board meeting held on 24 June 2019 ("Decision").**
- (a) **Please confirm that ALS Global was instructed by CAD to assay the samples upon their receipt in October 2018. If not, please confirm what instruction was given.**

Given that the Company does not have a director with a geological background, the Company has engaged an exploration manager as a contractor to manage all aspects of the Company's exploration program. In this regard, the Company engaged and relies upon external contractors to provide advice with respect to proposed exploration activities and an analysis of any exploration results.

Following completion of the drilling program, CAD's contractor arranged for the assays to be sent to ALS Global directly. This occurred on or around 19 October 2018. ALS Global were instructed to complete the assays by the contractor on behalf of the Company.

Due to various factors, including the challenging geological conditions and the need to engage diamond drillers (rather than RC drillers as was the Company's initial intention), the first attempt to drill PRC10B was abandoned and the drilling campaign was significantly over budget (refer to ASX Announcement: Supply Well Drilling Commences 17 September 2019). At a meeting between the Company and its contractor on or around 25 October 2018, the Company instructed its contractor to hold off on all work on behalf of the Company until further notice in order to manage the Company's cashflow requirements.

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- (b) **Please confirm whether, between when CAD sent the samples to ALS Global in October 2018 and the Decision in June 2019, CAD received (from ALS Global or any other party) any preliminary analysis results (which may include, but not be limited to visual analysis results) with respect to the 18 samples or any other information with respect to the interpretation or analysis of those samples.**

The Company received and announced on 19 October 2018 that the three targets were 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 (**Preliminary Results**). These Preliminary Results removed any expectation in the market regarding the results from the drill program. Accordingly any further results are not market sensitive in accordance with ASX Listing Rules Guidance Note 8.

On 21 January 2019, the contractor emailed the Company advising that it had received assay results from ALS Global, indicating that no significant metal values were returned and otherwise repeated the Preliminary Results.

On receipt of the email referred to above, the Company requested further information from the contractor, including the assay results themselves and further analysis of those results in a form that was consistent with information typically provided by the contractor. Given that the Company necessarily relies on the contractor's analysis of results and that no further information was provided by the contractor, the Company considered that the information was consistent with previous disclosures and was therefore not material. As at the date of this announcement the Company has not received a full suite of assay results and an analysis of the assays has not been completed.

As a result of the Company's stated intention to limit expenditure until a significant capital raising was completed, obtaining further analysis with respect to the assays was not considered a priority.

- c) **Given that 8 months had passed between when the samples were sent and when the Decision was made, please confirm what triggered CAD to make the Decision.**

The Company decided on or around 25 October 2018 that it would hold off on incurring further expenditure with respect to an analysis of the assays at that time. This was formally resolved at its meeting on 24 June 2019 as the pending assays were an item of business for discussion. In this respect the Company has not "changed its mind" in respect to the assays.

The Company notes that it still intends to complete an analysis of the assays, subject to sufficient funds being available to justify the required expenditure. This was confirmed in the quarterly activities reports for the September 2018 and December 2018 Quarters which stated the ongoing intention to complete the assays.

CAD does not typically update the market on cashflow decisions outside of its quarterly cash flow update. CAD released the update clarifying that the assays and analysis of assays were on hold after a phone call from its ASX advisor on 3 July 2019.

- d) **Please confirm on what date CAD advised ALS Global that the assays and analysis of the assays should be put on hold. If it was earlier than the Well Update Announcement, why did CAD not update the market sooner given that it had told the market in the Drilling Completed Announcement that "the Company looks forward to keeping the market updated with the assays once they become available"?**

CAD advised its contractor to hold off on all work on behalf of the Company until further notice in order to save on cost on or around 25 October 2018. The Company has not had contact with ALS Global with respect to these matters.

As it remains the Company's intention to release the assay results once they have been received and analysed, the Company does not consider that this statement is inconsistent with the Company's intentions.

e) Please confirm that ALS Global has not assayed the samples.

As mentioned, the Company has not had contact with ALS Global. The Company was aware that its exploration contractor had assay results on 21 January 2019. However, the Company has not been provided the assay results or any analysis of the assay results, except for the information provided by its contractor referred to above.

2. Though ASX does not agree with CAD's position that it was made clear in the Drilling Completed Announcement that the mineralisation identified was not prospective and therefore not material, CAD's Response (above) suggests that it knew this was the case at the time of that announcement. If that is the case:

(a) Why did CAD send the samples for analysis and make the statement quoted above in question 1(d)?

The contractor sent the samples immediately following conclusion of the drill program, as is usual course of business following a drill program.

(b) Please clarify why CAD plans to proceed with analysis of the samples when further funds are raised to proceed with further work on the Supply Well Project if the mineralisation is not considered material?

CAD intends to complete the assays and analysis of assays in order to formally complete the exploration program, subject to having sufficient funds available to justify the necessary expenditure. The Company considers that, should the Company decide to either conduct further exploration or divest the project going forward, the Company or any incoming party would likely want to consider the assay results as part of its further exploration.

We confirm that the Company's response to the questions has been authorised and approved by the Board.

For and on behalf of the board

Johnathon Busing

Company Secretary

Caeneus Minerals Limited



11 July 2019

Mr Johnathon Busing
Company Secretary
Caeneus Minerals Limited
Ground floor
168 Stirling Highway
Nedlands WA 6008

By email: johnathon@everestacc.com.au

Dear Mr Busing

Caeneus Minerals Limited ('CAD'): Further queries

ASX Limited ("ASX") refers to:

- the aware letter from ASX to CAD dated 4 July 2019 ("ASX Letter"); and
- the response from CAD to ASX dated 10 July 2019, released on the ASX Market Announcements Platform on that date ("CAD Response").

Unless otherwise defined in this letter, capitalised terms in this letter have the same meaning as in the ASX Letter.

In the CAD Response, CAD responded to question 2 and 3 of ASX's Letter as follows:

2. If the answer to 1 is "no", please advise the basis for that view.

The Company announced on 19 October 2018 that the geology intersected at the three targets was very similar and predominantly comprised deformed and tightly folded cherty to shalerich metasedimentary units with interlayer band of sulphides comprising predominantly pyrrhotite and pyrite.

This clearly indicated the mineralisation was not prospective and therefore not material.

3. When did CAD first become aware of the Information?

At the board meeting held on 24 June 2019, the pending assays were discussed and it was decided the relevant assay and analysis of assays would remain on hold unless and until further funds are raised to proceed with further work on the Supply Well Project. It remains the Company's intention to proceed with the relevant assay and analysis of assays if and when further funds are raised.

Further request for information

Having regard to the above, ASX asks CAD to respond separately to each of the following questions and requests for information:

1. As set out in the ASX Letter, CAD stated in its Drilling Completed Announcement that a total of 18 representative samples across the three holes had been selected, cut and sent for assays at ALS Global. The CAD Response states that the board decision to put analysis of the assays on hold was not made until the board meeting held on 24 June 2019 ("Decision").

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- a. Please confirm that ALS Global was instructed by CAD to assay the samples upon their receipt in October 2018. If not, please confirm what instruction was given.
 - b. Please confirm whether, between when CAD sent the samples to ALS Global in October 2018 and the Decision in June 2019, CAD received (from ALS Global or any other party) any preliminary analysis results (which may include, but not be limited to visual analysis results) with respect to the 18 samples or any other information with respect to the interpretation or analysis of those samples.
 - c. Given that 8 months had passed between when the samples were sent and when the Decision was made, please confirm what triggered CAD to make the Decision.
 - d. Please confirm on what date CAD advised ALS Global that the assays and analysis of the assays should be put on hold. If it was earlier than the Well Update Announcement, why did CAD not update the market sooner given that it had told the market in the Drilling Completed Announcement that *"the Company looks forward to keeping the market updated with the assays once they become available"*?
 - e. Please confirm that ALS Global has not assayed the samples.
2. Though ASX does not agree with CAD's position that it was made clear in the Drilling Completed Announcement that the mineralisation identified was not prospective and therefore not material, CAD's Response (above) suggests that it knew this was the case at the time of that announcement. If that is the case:
- a. Why did CAD send the samples for analysis and make the statement quoted above in question 1(d)?
 - b. Please clarify why CAD plans to proceed with analysis of the samples when further funds are raised to proceed with further work on the Supply Well Project if the mineralisation is not considered material?

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Monday, 15 July 2019**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CAD's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require CAD to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CAD's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CAD's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in CAD's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Shannon Nicholson
Principal Adviser, Listings Compliance (Perth)