

Caeneus Minerals Ltd
ACN 082 593 235

Australian Securities Exchange
Code: CAD

Ordinary shares
1,930,580,894

Unlisted Options
19,500,000 (exercise price of \$0.005; expiry date of 31 Dec 2016)
306,150,001 (exercise price of \$0.03; expiry date of 27 Feb 2017)
550,457,309 (exercise price of \$0.003; expiry date of 31 Dec 2020)

Board of Directors
Mr Steven Elliott
Mr Keith Bowker
Mr Michael Nottas

ASX Announcement
29 January 2016

Quarterly Activities Report – Period Ended 31 December 2015

Acquisition of Pardoo Nickel Project

On 28 October 2015, Caeneus Minerals Ltd (“Caeneus” or “the Company”) entered into a Memorandum of Understanding to acquire 100% of the issued shares of private company Port Exploration Pty Ltd (“Port Exploration”) (“Acquisition”). Port Exploration has a joint venture agreement with Segue Resources Limited to acquire the prospective Pardoo Nickel Project in Western Australia.

On 17 December 2015, Caeneus completed the Acquisition following shareholder approval at the Company’s Annual General Meeting held on 27 November 2015 (“2015 AGM”). The Company issued 750,000,000 fully paid ordinary shares at a deemed issue price of \$0.001 each with a 1 for 2 free attaching unlisted options exercisable at \$0.003 on or before 31 December 2020 as consideration payable to the Port Exploration vendors.

Capital Raisings

During the quarter ended 31 December 2015, the Company raised a total of \$701,829 via two (2) placements to Sophisticated Investors. The first placement raised \$101,829 via the issue of 50,914,618 fully paid ordinary shares at \$0.002 each together with a 1 for 2 free attaching unlisted options exercisable at \$0.003 on or before 31 December 2020. The second placement (as approved by shareholders at the 2015 AGM) raised \$600,000 via the issue of 300,000,000 fully paid ordinary shares at \$0.002 each with a 1 for 2 free attaching unlisted options exercisable at \$0.003 on or before 31 December 2020.

Poseidon Nickel Limited

Following the termination of the binding agreement with Poseidon Nickel Limited (ASX: POS) in relation to the Company’s acquisition of contractual rights to mine the Silver Swan underground nickel mine, the Company issued 100,000,000 fully paid ordinary shares at a deemed issue price of \$0.003 to Poseidon Nickel Limited under a Deed of Release for Settlement Consideration to the value of \$300,000.

Conversion of Convertible Notes

On 1 December 2015, the Company issued 75,000,000 fully paid ordinary shares at \$0.002 each on conversion of the Convertible Notes, as approved by shareholders at the 2015 AGM.

Corporate

Subsequent to the quarter ended 31 December 2015, Mr Steven Elliott was appointed as Managing Director of the Company following the resignation of Mr Antony Sage. The Board thanked Mr Sage for his significant contribution to the Company since December 2010.

Exploration

Pardoo Nickel Project

Port Exploration has a joint venture agreement (“Agreement”) with Segue Resources Limited (ASX: SEG) which includes the Pardoo Nickel Project (“Project”). Port Exploration can acquire a 51% interest in the Project by spending \$250,000 on exploration within 12 months of signing the Agreement (“Stage 1 Interest”). Port Exploration can acquire an additional 29% interest in the Project by spending a further \$250,000 on exploration by no later than 12 months after earning the Stage 1 Interest (“Stage 2 Interest”). Upon Port Exploration earning the Stage 2 Interest SEG has the right for a period of 18 months to sell its 20% joint venture interest to Port Exploration for shares in the Company.

The Pardoo Nickel Project is located in the Northern Pilbara, 100km east of the regional centre of Port Hedland. The Project is prospective for magmatic nickel-copper sulphides. A current inferred resource of 44.7mt @ 0.3% Ni & 0.13% Cu exists at the sedimentary hosted Highway Deposit.

The Highway Deposit was discovered by CRA in the early 1990’s and subsequently expanded upon (and marginally upgraded) through activities undertaken by Mithril and SEG during a period from 2007 through to 2010. Mineralisation at the Highway Deposit is present as disseminations and semi massive sulphides within the Goldsworthy Greenstone Belt. The mineralisation has been interpreted as being hydrothermally re-mobilised from a primary magmatic source. Previous operators have described the Highway mineralisation (and that at Supply Well) as an unusual style of disseminated and semi-massive nickel-copper sulphide mineralisation that appears stratabound and discordant within meta-sediments, cherts and possible ultramafic rocks.

The exploration strategy proposed by the Company is predicated on the theory that the source of nickel and copper mineralisation in the immediate region is derived from a large scale mafic-ultramafic intrusive complex located immediately north of the Highway Ni-Cu deposit.

The Pardoo Nickel Project provides an excellent opportunity to build on the significant body of historical work. Geographically, it is well positioned being 15 km from the coast and approximately 100km east of Port Hedland along the Great Northern Highway and is in close proximity to power, rail and port facilities.

On 23 November 2015, a detailed low level aeromagnetic survey was conducted over the SW corner of the Pardoo Nickel Project area covering the newly applied for exploration license E45/4585. This tenement covers approximately 9km strike of the Pardoo Fault that hosts the Highway Ni-Cu Deposit. The survey was flown at 35m flight height with 50m line spacing and collected magnetic, radiometric and elevation data. The survey identified several complex linear magnetic anomalies adjacent to the interpreted Pardoo Fault at the interpreted base of the large mafic-ultramafic intrusion (**Figure 1**).

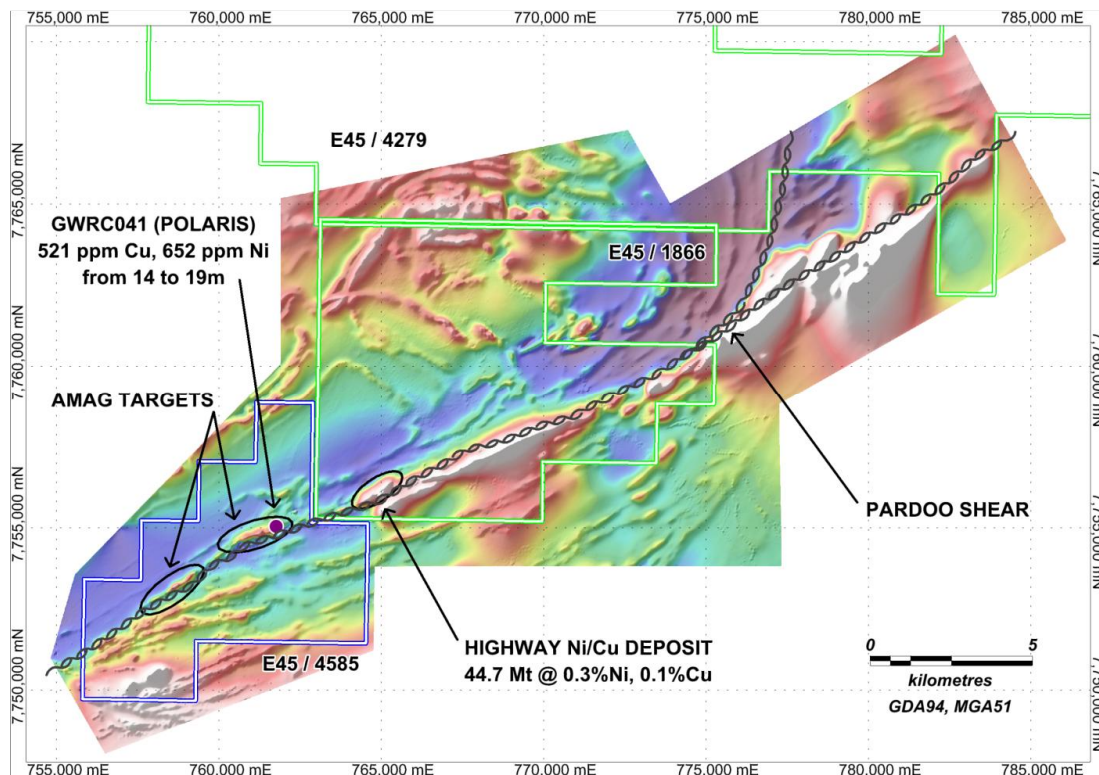


Figure 1 Aeromagnetic image highlighting the Pardoo Fault/Shear along with the two high priority targets within E45/4585 and the location of GWRC0041.

Further exploration activities on the Pardoo Nickel Project are likely to include detailed ground based gravity and moving loop EM surveys followed by well targeted RC and diamond drilling programs.

The information on the above aeromagnetic survey was first reported by the Company in a market release dated 23 November 2015. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

COMPETENT PERSON STATEMENT

The above information pertaining to the aeromagnetic survey results is based on information compiled by Mr Dean Goodwin who is a Member of the Australian Institute of Geoscientists. Mr Goodwin is a consultant to the Company. Mr Goodwin 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 Goodwin consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Mt Davis Project

During the quarter ended 31 December 2015, the Company relinquished eight (8) tenements forming the Mt Davis Project located near Leonora in Western Australia. The relinquishment of these tenements is part of the Company's ongoing strategy of rationalising less prospective non-core assets to help reduce costs and accelerate further exploration and realisation of the Company's core assets such as the Supernova Project and the newly acquired Pardoo Nickel Project.

For and on behalf of the Board

Keith Bowker
Director/Company Secretary

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

CAENEUS MINERALS LTD

ABN

42 082 593 235

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(32)	(48)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(334)	(468)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other income (provide details if material)	-	-
Net Operating Cash Flows		(366)	(516)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to related entities	(25)	(25)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(25)	(25)
1.13	Total operating and investing cash flows (carried forward)	(391)	(541)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(391)	(541)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	702	702
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (issue of convertible notes \$150k) (share issue costs \$5k)	(5)	145
	Net financing cash flows	697	847
	Net increase (decrease) in cash held	306	306
1.20	Cash at beginning of quarter/year to date	5	5
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	311	311

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	18
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions Directors' fees payments are on normal commercial terms.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the quarter, the Company issued 750,000,000 fully paid ordinary shares and 375,000,000 unlisted options exercisable at \$0.003 each expiring 31 December 2020 to acquire 100% of the issued capital of private company Port Exploration Pty Ltd.

The Company also issued 100,000,000 fully paid ordinary shares at a deemed issue price of \$0.003 to Poseidon Nickel Limited under a Deed of Release for Settlement Consideration following the termination of the binding agreement to acquire contractual rights to mine at Silver Swan.

The Company issued 75,000,000 fully paid ordinary shares at \$0.02 each on conversion of the Convertible Notes.

The Company also issued 8,150,660 fully paid ordinary shares at a deemed issue price of \$0.002 each to a creditor of the Company for services rendered.

All of the above were approved by shareholders at the Company's Annual General Meeting held on 27 November 2015.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	311	5
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	311	5

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	P37/7803	Held by subsidiary	100%	-
		P37/7804	Held by subsidiary	100%	-
		P37/7820	Held by subsidiary	100%	-
		P37/7821	Held by subsidiary	100%	-
		P37/7824	Held by subsidiary	100%	-
		P37/7825	Held by subsidiary	100%	-
		P37/7826	Held by subsidiary	100%	-
		P37/7827	Held by subsidiary	100%	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	E45/1866	Held by subsidiary	-	Refer to Item 6.3 Note 1
		E45/4279	Held by subsidiary	-	
		E45/4585	Held by subsidiary	-	
		E45/4490	Held by subsidiary	-	
		E45/4516	Held by subsidiary	-	
		E45/4554	Held by subsidiary	-	
		E45/4671	Held by subsidiary	-	
		P45/3011	Held by subsidiary	-	
		P45/3012	Held by subsidiary	-	

6.3 Interests in mining tenements at end of the quarter

Location	Project Name	Tenement #	Ownership	Titleholder
Western Australia	Super Nova	E69/3066	100%	Caeneus Resources Pty Ltd
Western Australia	Pardoo	E45/1866	<i>Refer to Note 1 below</i>	Segue (Pardoo) Limited
Western Australia	Pardoo	E45/4279	<i>Refer to Note 1 below</i>	Segue (Pardoo) Limited
Western Australia	Pardoo	E45/4585 - application	100%	Applicant – Port Exploration Pty Ltd
Western Australia	Pardoo	E45/4490 - application	<i>Refer to Note 1 below</i>	Applicant – Omni Projects Pty Ltd
Western Australia	Pardoo	E45/4516 - application	<i>Refer to Note 1 below</i>	Applicant – Omni Projects Pty Ltd
Western Australia	Pardoo	E45/4554 - application	<i>Refer to Note 1 below</i>	Applicant – Omni Projects Pty Ltd
Western Australia	Pardoo	E45/4671 – application	<i>Refer to Note 1 below</i>	Applicant – Plumridge East Pty Ltd
Western Australia	Pardoo	P45/3011 - application	<i>Refer to Note 1 below</i>	Applicant – Plumridge East Pty Ltd
Western Australia	Pardoo	P45/3012 - application	<i>Refer to Note 1 below</i>	Applicant – Plumridge East Pty Ltd

Note 1: Port Exploration entitlement to earn up to 80% via Farm-In Joint Venture Agreement

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference + securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+ Ordinary securities	1,930,580,894	1,930,580,894		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,284,065,278	1,284,065,278		
7.5	+ Convertible debt securities <i>(description)</i>	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	150,000	-	\$1.00	\$1.00
7.7	Options <i>(description and conversion factor)</i>	19,500,000 306,150,001 550,457,309	- - -	<i>Exercise price</i> \$0.005 \$0.030 \$0.003	<i>Expiry date</i> 31 Dec 2016 27 Feb 2017 31 Dec 2020
7.8	Issued during quarter	550,457,309	-	\$0.003	31 Dec 2020
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: 29 January 2016

Print name: Keith Bowker

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.