



Caeneus Minerals Ltd
ACN 082 593 235

Australian Securities Exchange
Code: CAD

Ordinary shares
2,413,226,117

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
30 March 2016

CAENEUS TO ACQUIRE NEVADA LITHIUM PROJECTS

Highlights

- **Caeneus Minerals Ltd** (ASX: **CAD**) enters into a binding Heads of Agreement with Nevada Metals to acquire a 100% interest in the Muddy Mountain and Lida Valley Lithium Projects in West Nevada, United States (“the Acquisition”).
- The Lida Valley Lithium Brine Project covers approximately 2,620 acres and is situated within 40km of the Silver Peak Lithium Mine of **Albermarle Corporation LLC** (NYSE: **ALB**), the only producing lithium mine in the United States.
- The Muddy Mountain Lithium Project which encompasses approximately 2,542 acres is situated 50km northeast of Las Vegas and is potentially a ‘district-scale’ lithium clay concept.
- Lida Valley and Muddy Mountain are situated near the US\$5 Billion **Tesla Motors** ‘Gigafactory’, which is currently under construction.
- **Tesla Motors** are proposing to commence large scale production of lithium-ion battery cells in 2017, as well as **Faraday Future Corporations**’ Electric Car Plant, north of Las Vegas, with the US\$1 Billion first stage currently awaiting final approvals.
- **Tesla Motors** has previously indicated they intend to source their raw material requirements (potentially including Lithium, Cobalt and Graphite) exclusively from North America.
- These lithium projects share geological similarities and are in close proximity to other regional lithium explorers and developers in Nevada such as **Pure Energy Metals Corp** (TSX-V: **PE**) and **Lithium-X Corporation** (TSX-V: **LIX**).
- A Placement to sophisticated investors of \$482,645 before costs has been completed to commence exploration work on the Muddy Mountain and Lida Valley Projects and to continue an active exploration program at the Pardoo Nickel Project.
- The Company together with Canadian based Dahrouge Geological Consulting is assessing all information from both projects and is looking forward to commencing exploration and development activities at the earliest opportunity.

The Board of Caeneus is delighted to be involved in such an exciting suite of lithium exploration properties in a highly prospective geological terrain where competition for ground has been intense close to the Silver Peak Lithium Mine and the proposed **Tesla Motors “Gigafactory”** in Nevada.

According to J. Dahrouge, P.Geol., who represents the vendors, “Given the outlook for lithium, both the Muddy Mountain and Lida Valley Projects offer a unique opportunity to follow up on the very encouraging lithium results reported by US Geological Survey. The potential at Muddy Mountain was clearly demonstrated by historic samples that show abundant lithium contents with greater than 1,000 ppm Lithium from the extensions of the Horse Spring Formation which lie just to the west of the property”.

CAENEUS MINERALS LTD TO ACQUIRE PRIVATE COMPANY NEVADA METALS PTY LTD

Caeneus Minerals Ltd (“Caeneus” or “the Company”) is pleased to announce that it has entered into a binding Heads of Agreement (“HOA”) to acquire 100% of the issued shares of private company Nevada Metals Pty Ltd (“Nevada Metals”) (“Acquisition”).

The HOA, which remains subject to satisfaction of conditions precedent including completion of due diligence and shareholder and all necessary regulatory approvals.

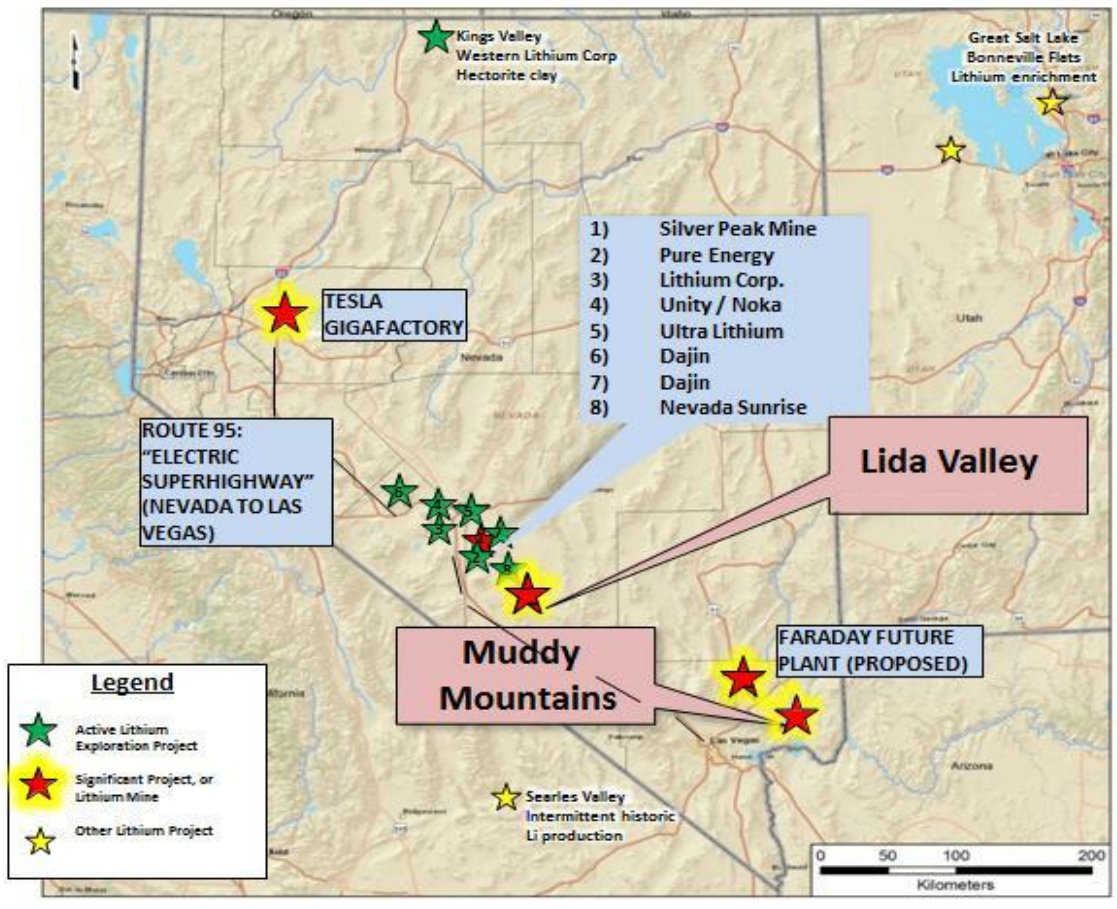


FIGURE 1: Muddy Mountain and Lida Valley Projects in West Nevada, United States showing location of the Tesla Motors Gigafactory and other lithium explorers and developers.

Lida Valley Project

The Lida Valley Project encompasses approximately 2,620 acres located in west-central Nevada, within 40km of the Silver Peak Lithium Mine of **Albermarle Corporation** (NYSE: **ALB**), the only producing lithium mine located within North America.

The Lida Valley Project, like Silver Peak’s Clayton Valley, is a significant regional Intermontane Basin with a drainage area of approximately 150km², and is considered by Caeneus to be an ideal location for the development of lithium rich brine deposits. About two-thirds of the world’s lithium resources are within brines/salts. Capital and mining costs are typically far less in a brine deposit given the lithium can be extracted from a liquid.

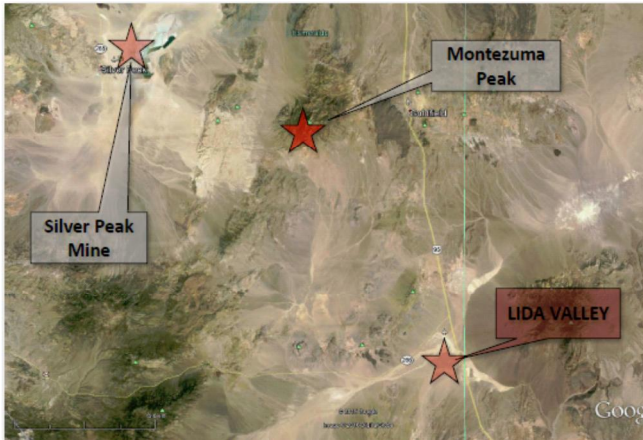


FIGURE 2: Lida Valley Project in West Nevada showing proximity to Montezuma Peak and the Silver Peak Mine.

Montezuma Peak lies midway between Silver Peak Mine and the Lida Valley Project (Figure 2), and represents a potential source of the lithium within the region. Here, tertiary Rhyolites show strong lithium enrichment. At Lida Valley, the Playa Floor contains significant erosional remnants of a lithium-rich rhyolitic tuff.

Historic exploration at Lida Valley identified gravity and resistivity anomaly(s) consistent with lithium rich brine deposits, including a gravity defined closed basin and conductive brine targets identified by resistivity survey(s) (Figure 3). Further ground gravity details significant depth of basin and mapping, indicating both a stratigraphic and structural setting favorable for lithium brine deposits.

The Lida Valley Project is now potentially drill ready, with work scheduled to commence on the project immediately following settlement of the Acquisition.

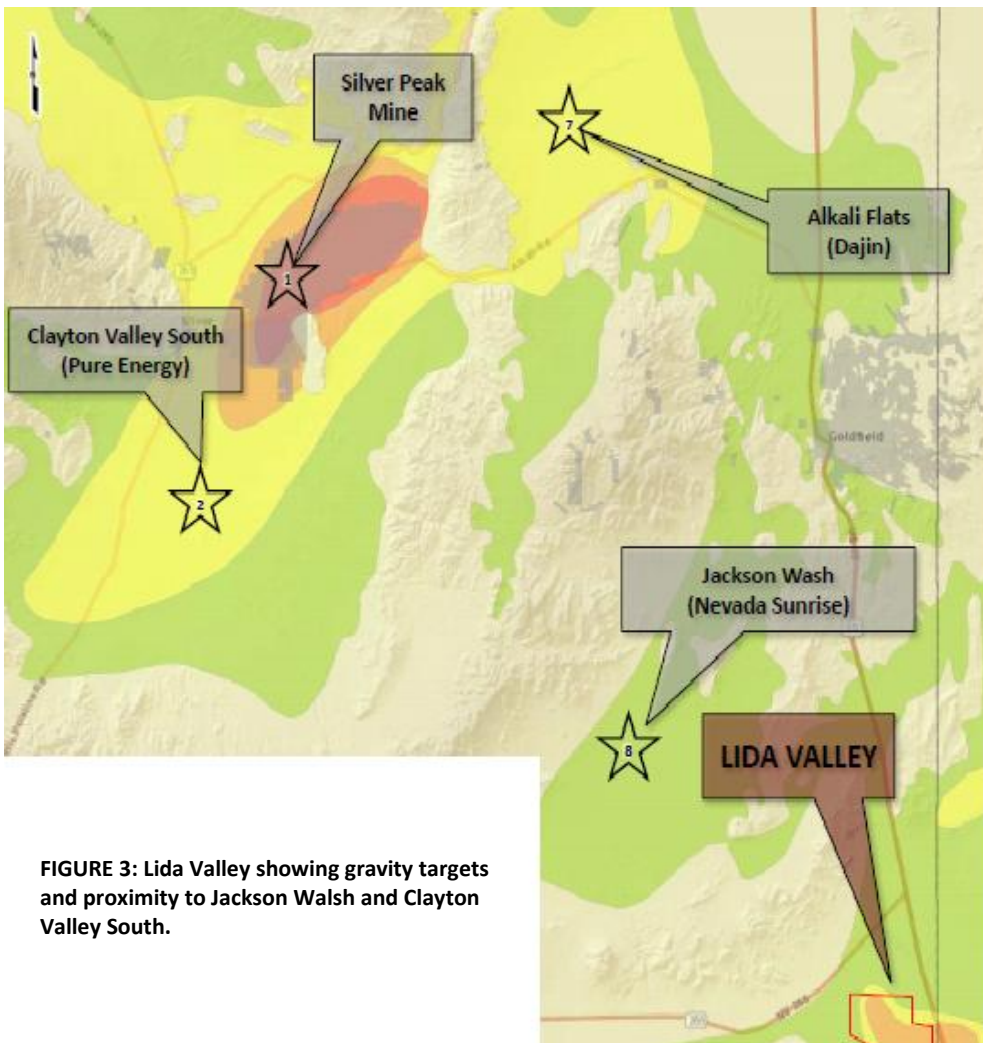
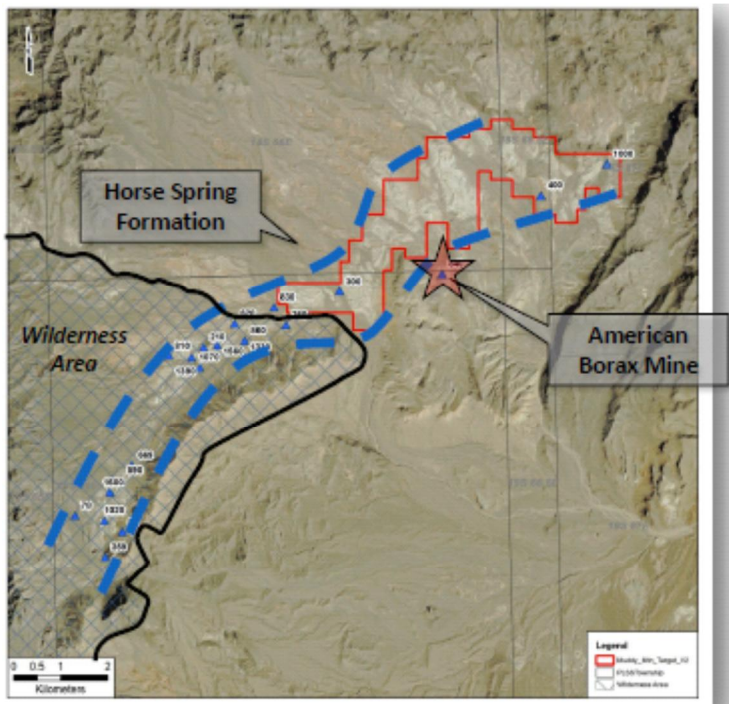


FIGURE 3: Lida Valley showing gravity targets and proximity to Jackson Walsh and Clayton Valley South.

Muddy Mountain Project



The Muddy Mountain Project encompasses approximately 2,542 acres located in southeast Nevada, about 50km northeast of Las Vegas.

The Muddy Mountain Project is a potential high impact 'district-scale' lithium clay project. Lithium clay deposits (hectorites) display potentially cheaper operating costs compared to other hard rock projects such as pegmatites. Lithium clays are generally amenable to simple open-pit mining methods.

The several kilometre trend within the Muddy Mountain Property (Figure 4) represents a world class exploration target, with strongly anomalous lithium and boron (up to 1,000ppm Li) encountered from previous sampling.

FIGURE 4: Muddy Mountain Project showing channel outline and sample locations.

An analogy to the Muddy Mountain Project may include the nearby Kings Valley Project of **Western Lithium Corporation** (TSX: **WLC**) - 27 Mt @ 3,950 ppm Li); and the Sonora Lithium Project of **Bacanora Minerals Ltd** (TSX-V: **BCN**) - 60 Mt @ 3,000 ppm Li).

The association of boron at the Muddy Mountain Project also suggests potential similarities to the world class Jadar Project, Serbia of **Rio Tinto Group** (125.3 Mt @ 1.8% LiO₂, 12.9% B₂O₃).

Both projects are located within close proximity to the US\$5 Billion **Tesla Motors Inc** ("Tesla") 'Gigafactory', which is currently under construction and proposed to go into large scale production of lithium-ion battery cells in 2017, as well as **Faraday Future Corporations'** Electric Car Plant, north of Las Vegas, with the US\$1 Billion first stage currently awaiting final approvals. **Tesla** has previously indicated they intend to source their raw material requirements (potentially including lithium, cobalt and graphite) exclusively from North America.

Dahrouge Geological Consulting

Exploration at the Lida Valley and Muddy Mountain Projects will be headed by Jody Dahrouge of **Dahrouge Geological Consulting Ltd** ("DGC") in conjunction with Steven Elliott. Jody Dahrouge, B.Sc., Sp.C., P. Geol., is a senior Geologist, founder and President of DGC and has worked on a variety of early stage through development projects worldwide. His experience includes coal, industrial minerals, rare metals, base and precious metals and uranium.

Comparable Companies

The projects share geological similarities and are in close proximity to other regional Lithium explorers and developers in Nevada as set out in Figure 5 and Table 1. This demonstrates (while direct comparisons are not possible due to different geological occurrences on the relevant exploration projects together with difference stages of exploration/development) that Caeneus is potentially undervalued compared to its peers.

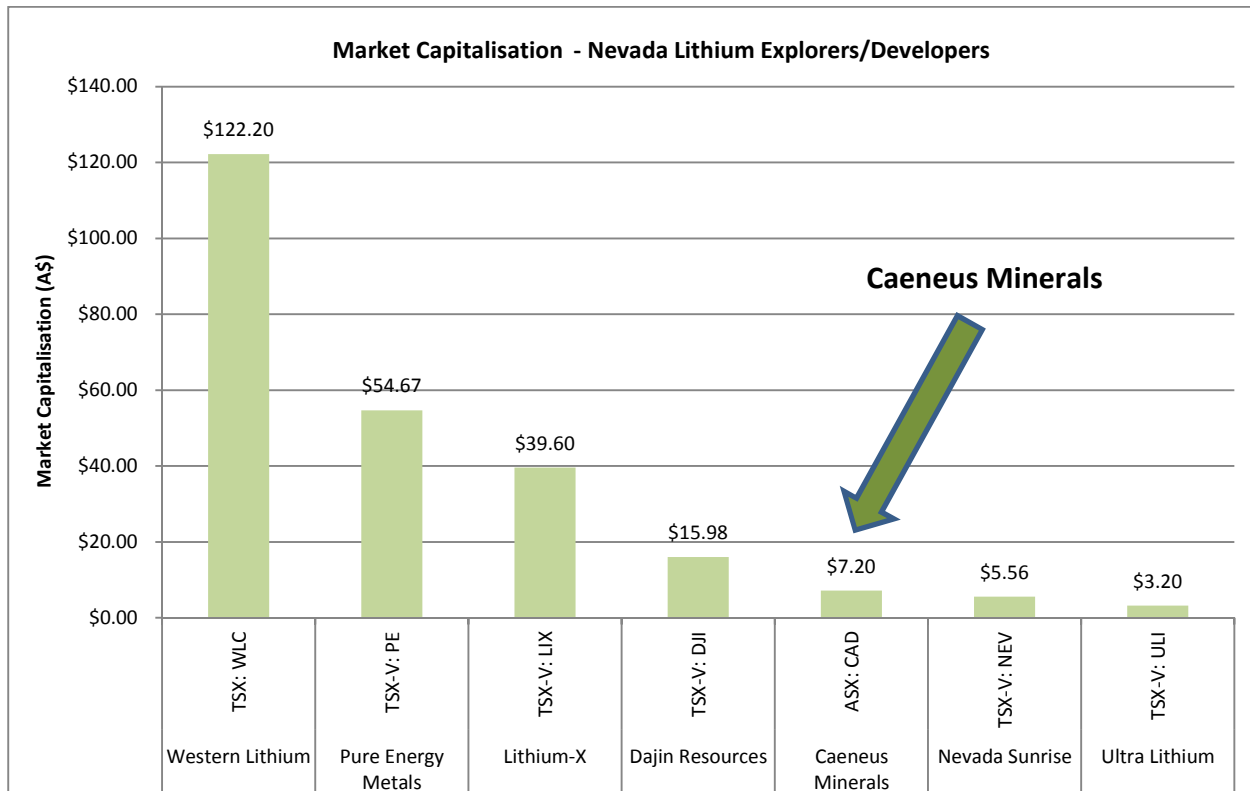


FIGURE 5: Caeneus Minerals compared to other listed TSX-V explorers/developers.

Company Name	Exchange Code	Project	Market Capitalisation (A\$m)
Pure Energy Metals	TSX-V: PE	Clayon Valley South	\$54.67
Western Lithium	TSX: WLC	Kings Valley	\$122.20
Dajin Resources	TSX-V: DJI	Teels Marsh, Alkalai Lake	\$15.98
Ultra Lithium	TSX-V: ULI	Big Smoky Valley	\$3.20
Lithium-X	TSX-V: LIX	Clayon Valley North	\$39.60
Nevada Sunrise	TSX-V: NEV	Neptune Lithium	\$5.56
Caeneus Minerals	ASX: CAD	Lida Valley, Muddy Mountain	\$7.20

TABLE 1: Caeneus Minerals compared to other listed TSX-V explorers/developers.

Terms of the Heads of Agreement

The vendor consideration payable by the Company to the **Nevada Metals** Vendors for the Acquisition is:

- the issue of 600,000,000 fully paid ordinary shares (“Shares”) at a deemed issue price of \$0.001 per CAD Share plus 300,000,000 free attaching unlisted options exercisable at \$0.003 on or before 31 December 2020 (“Options”). These securities are to be issued at settlement, which is 5 business days from receipt of required shareholder approval.

The Lida Valley Project consideration payable by the Company to DG Resources Management Ltd (**‘DGRM’**) in respect of the Nevada Mining Claims Acquisition is:

- a non-refundable cash payment of CAD\$32,500 to be made within 5 business days of the execution of the HOA and a further CAD\$32,500 to be made within 14 days of receipt of required shareholder approval; and
- the issue of 100,000,000 Shares at a deemed issue price of \$0.001 per CAD share. These Shares are to be issued within 30 days of receipt of required shareholder approval.

Deferred consideration:

- the issue of 100,000,000 Shares at a deemed issue price of \$0.001 per CAD share. These Shares are to be issued 12 months after receipt of required shareholder approval;
- the issue of 75,000,000 Shares at a deemed issue price of \$0.001 per CAD share. These Shares are to be issued 24 months after receipt of required shareholder approval; and
- the grant of a 2% net smelter royalty on revenue generated by the Lida Valley Project mining claims after settlement, on terms to be agreed in a separate formal agreement.

The Muddy Mountain Project consideration payable by the Company to **DGRM** in respect of the Nevada Mining Claims Acquisition is:

- a non-refundable cash payment of CAD\$37,500 to be made within 5 business days of the execution of the HOA and a further CAD\$37,500 to be made within 14 days of receipt of required shareholder approval; and
- the issue of 125,000,000 Shares at a deemed issue price of \$0.001 per CAD share. These Shares are to be issued within 14 days of receipt of required shareholder approval.

Deferred consideration:

- a cash payment of CAD\$75,000, 12 months after the date of settlement;
- the issue of 125,000,000 Shares at a deemed issue price of \$0.001 per CAD share. These Shares are to be issued 12 months after receipt of required shareholder approval; and
- the issue of 125,000,000 Shares at a deemed issue price of \$0.001 per CAD share. These Shares are to be issued 24 months after receipt of required shareholder approval.

Capital Raising

The Company requires additional funds for exploration work programs and other working capital requirements. The Company has raised \$482,645 before costs via the issue of 482,645,223 Shares at \$0.001 per CAD share with a 1 for 2 free attaching unlisted options exercisable at \$0.003 on or before 31 December 2020 to sophisticated investors. The Shares have been issued under the Company's remaining capacity under ASX Listing Rules 7.1 & 7.1A. The 241,322,611 free attaching unlisted options will be issued at a later date subject to shareholder approval.

Under a capital raising mandate the Company will pay capital raising costs of 6% plus will issue 200,000,000 unlisted options exercisable at \$0.003 on or before 31 December 2020. The options will be issued after the receipt of required shareholder approval.

Capital Structure at Completion of Acquisition

On the basis that the Company completes the Acquisition on the terms set out above, the Company's capital structure will be as follows:

	Shares	Options
Currently on issue	1,930,580,894	876,107,310 ¹
Issued to Nevada Metals Vendors	600,000,000	300,000,000 ²
Issued to DGRM	650,000,000	-
Completed capital raising	482,645,223	241,322,611 ²
Costs associated with capital raising	-	200,000,000 ²
Total	3,663,226,117	1,617,429,921

1. 19,500,000 unlisted options exercisable at \$0.005 on or before 31 December 2016, 306,150,001 unlisted options exercisable at \$0.03 on or before 27 February 2017 and 550,457,309 unlisted options exercisable at \$0.003 on or before 31 December 2020.
2. 1,291,779,920 unlisted options exercisable at \$0.003 on or before 31 December 2020.

Pro Forma Balance Sheet

The effect of the Acquisition on the financial position of the Company is set out in Annexure A.

List of Nevada Mining Claims

A list of all the Nevada Mining Claims forming part of the Acquisition is set out in Annexure B.

Indicative Timetable

The indicative timetable for completion of the Acquisition, and the balance of the matters set out above is set out below:

Event	Date
Execution and announcement of HOA	30 March 2016
Despatch of Notice of Meeting to Shareholders	Early-Mid April 2016
General Meeting of Shareholders	Mid May 2016
Completion of the Acquisition	Late May 2016

* The above dates are indicative only and represent the current intentions of the Company. The above dates are subject to change.

For and on behalf of the Board

A handwritten signature in black ink, appearing to be 'KB' followed by a stylized flourish.

Keith Bowker

Chairman/Company Secretary

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Steven Elliott who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Elliott is a director of the Company. Mr Elliott 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 Elliott consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

ANNEXURE A – PRO FORMA BALANCE SHEET

The audit reviewed balance sheet and the unaudited pro forma balance sheet for the Company as at 31 December 2015 have been prepared on the accounting policies normally adopted by the Company to reflect the changes to its financial position. The historical and pro forma financial information is presented in abbreviated form, insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to financial reports. They have been prepared on the assumption that all of the shares and options proposed to be issued as part of the Acquisition are issued.

The principal effect of the Acquisition will be to:

- (a) increase cash reserves by \$403,687 net of costs, following the successful capital raising via the issue of 482,645,223 fully paid ordinary shares at \$0.001 per share with a 1 for 2 free attaching unlisted option exercisable at \$0.003 on or before 31 December 2020;
- (b) Decrease cash reserves by \$215,000 following the cash payments to DGRM to acquire the Projects;
- (c) Issue the securities to the Nevada Metal Vendors; and
- (d) Issue the fully paid ordinary shares to DGRM.

	Note	Audit Reviewed Actual	Un-Audited Pro Forma
		31 December 2015	31 December 2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	1	177,173	365,860
Trade and other receivables		172,992	172,992
TOTAL CURRENT ASSETS		350,165	538,852
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	2	1,194,453	2,929,453
TOTAL NON-CURRENT ASSETS		1,194,453	2,929,453
TOTAL ASSETS		1,544,618	3,468,305
CURRENT LIABILITIES			
Trade and other payables		197,337	197,337
TOTAL CURRENT LIABILITIES		197,337	197,337
TOTAL LIABILITIES		197,337	197,337
NET ASSETS		1,347,281	3,270,968
EQUITY			
Issued capital	3	75,219,254	76,872,941
Reserves	4	339,943	609,943
Accumulated losses		(74,211,916)	(74,211,916)
TOTAL EQUITY		1,347,281	3,270,968

	Note	Audit Reviewed Actual	Un-Audited Pro Forma
		31 December 2015	31 December 2015
		\$	\$
1. Cash and cash equivalents			
Balance – 31 December 2015		177,173	177,173
Capital raising, net of costs	(a)	-	403,687
Cash payments to DGRM to acquire the Projects	(b)	-	(215,000)
		<u>177,173</u>	<u>365,860</u>
2. Exploration and evaluation expenditure			
Balance – 31 December 2015		1,194,453	1,194,453
Issue of securities to the Nevada Metal Vendors	(c)	-	870,000
Issue of shares to DGRM	(d)	-	650,000
Cash payments to DGRM to acquire the Projects	(b)	-	215,000
		<u>1,194,453</u>	<u>2,929,453</u>
3. Issued capital			
Balance – 31 December 2015 (1,930,580,894 shares)		75,219,254	75,219,254
600,000,000 shares to Nevada Metal Vendors	(c)	-	600,000
650,000,000 shares to DGRM	(d)	-	650,000
482,645,223 shares for capital raising, net of costs	(a)	-	403,687
		<u>75,219,254</u>	<u>76,872,941</u>
4. Reserves			
Balance – 31 December 2015		339,943	339,943
300,000,000 unlisted options issued to Nevada Metal Vendors*	(c)	-	270,000
		<u>339,943</u>	<u>609,943</u>

Options will be valued at the issue date and expensed over the life of the options.

LV 118	NMC1118020	ARIZONA LITHIUM COMPANY	21 0060S	0430E	8 SE	NV009	12/22/2015
LV 119	NMC1118021	ARIZONA LITHIUM COMPANY	21 0060S	0430E	8 SE	NV009	12/22/2015
LV 120	NMC1118022	ARIZONA LITHIUM COMPANY	21 0060S	0430E	9 SW	NV009	12/22/2015
LV 121	NMC1118023	ARIZONA LITHIUM COMPANY	21 0060S	0430E	7 SE	NV009	12/22/2015
LV 122	NMC1118024	ARIZONA LITHIUM COMPANY	21 0060S	0430E	7 SE	NV009	12/22/2015
LV 123	NMC1118025	ARIZONA LITHIUM COMPANY	21 0060S	0430E	8 SW	NV009	12/22/2015
LV 124	NMC1118026	ARIZONA LITHIUM COMPANY	21 0060S	0430E	8 SW	NV009	12/22/2015
LV 125	NMC1118027	ARIZONA LITHIUM COMPANY	21 0060S	0430E	8 SW	NV009	12/22/2015
LV 126	NMC1118028	ARIZONA LITHIUM COMPANY	21 0060S	0430E	8 SW	NV009	12/22/2015
LV 127	NMC1118029	ARIZONA LITHIUM COMPANY	21 0060S	0430E	8 SE	NV009	12/22/2015
LV 128	NMC1118030	ARIZONA LITHIUM COMPANY	21 0060S	0430E	8 SE	NV009	12/22/2015
LV 129	NMC1118031	ARIZONA LITHIUM COMPANY	21 0060S	0430E	8 SE	NV009	12/22/2015
LV 130	NMC1118032	ARIZONA LITHIUM COMPANY	21 0060S	0430E	8 SE	NV009	12/22/2015
LV 131	NMC1118033	ARIZONA LITHIUM COMPANY	21 0060S	0430E	9 SW	NV009	12/22/2015

NMC1118658	LODE	MM 120	ARIZONA LITHIUM COMPANY	NMC1118539	12/27/2015	2016
NMC1118659	LODE	MM 121	ARIZONA LITHIUM COMPANY	NMC1118539	12/27/2015	2016
NMC1118660	LODE	MM 122	ARIZONA LITHIUM COMPANY	NMC1118539	12/27/2015	2016
NMC1118661	LODE	MM 123	ARIZONA LITHIUM COMPANY	NMC1118539	12/27/2015	2016
NMC1118662	LODE	MM 140	ARIZONA LITHIUM COMPANY	NMC1118539	12/26/2015	2016
