

ASX Announcement

19 July 2016

CAENEUS EXPANDS ITS NEVADA LITHIUM PORTFOLIO WITH TWO KEY PROJECT ACQUISITIONS

Highlights

- Caeneus has entered a binding terms sheet with ATC Resources Pty Ltd to acquire a 100% interest in the Scotty's South – Sarcobatus Flats and Columbus Marsh lithium brine projects.
- The Scotty's South – Sarcobatus Flats lithium brine project includes 200 claims and covers approximately 4,000 acres in a premier location in the best emerging lithium basin outside of Clayton Valley on an area gravity low. The profound gravity low is the biggest discrete gravity low associated with a lithium enriched closed basin in Nevada.
- Scotty's South source rocks in the Horse Springs Formation, Esmeralda Formation, and all open basins up to Clayton Valley. Streams flow in from all directions including the giant basin of the Nellis Air Force Range (unable to be staked) immediately to the east.
- The Columbus Marsh lithium brine project includes 210 claims and covers approximately 4,200 acres primarily located in a large closed basin and in the lowest sump in the region.
- Columbus Marsh has large mature salina within the area surrounded by tertiary epithermal systems. The source rocks include the Fish Lake Valley, a high profile project area, Rhodes Marsh, extensive areas of Esmeralda Formation including the entire south-west slope of the basin and an active geothermal system.

The Board of Caeneus is delighted to be able to expand its Nevada lithium portfolio at a time when staking ground is extremely competitive.

Caeneus now holds lithium brine properties associated with gravity lows in three of the best emerging basins in Nevada: Lida Valley, Sarcobatus Flats and Columbus Marsh, as well as Muddy Mountains, a potential district scale hectorite lithium property strategically located in Nevada's south-west.

Managing Director, Steve Elliott has departed for Nevada today until July 28 to assess and potentially stake more highly prospective ground in an effort to position Caeneus as the largest ground holder in the region.

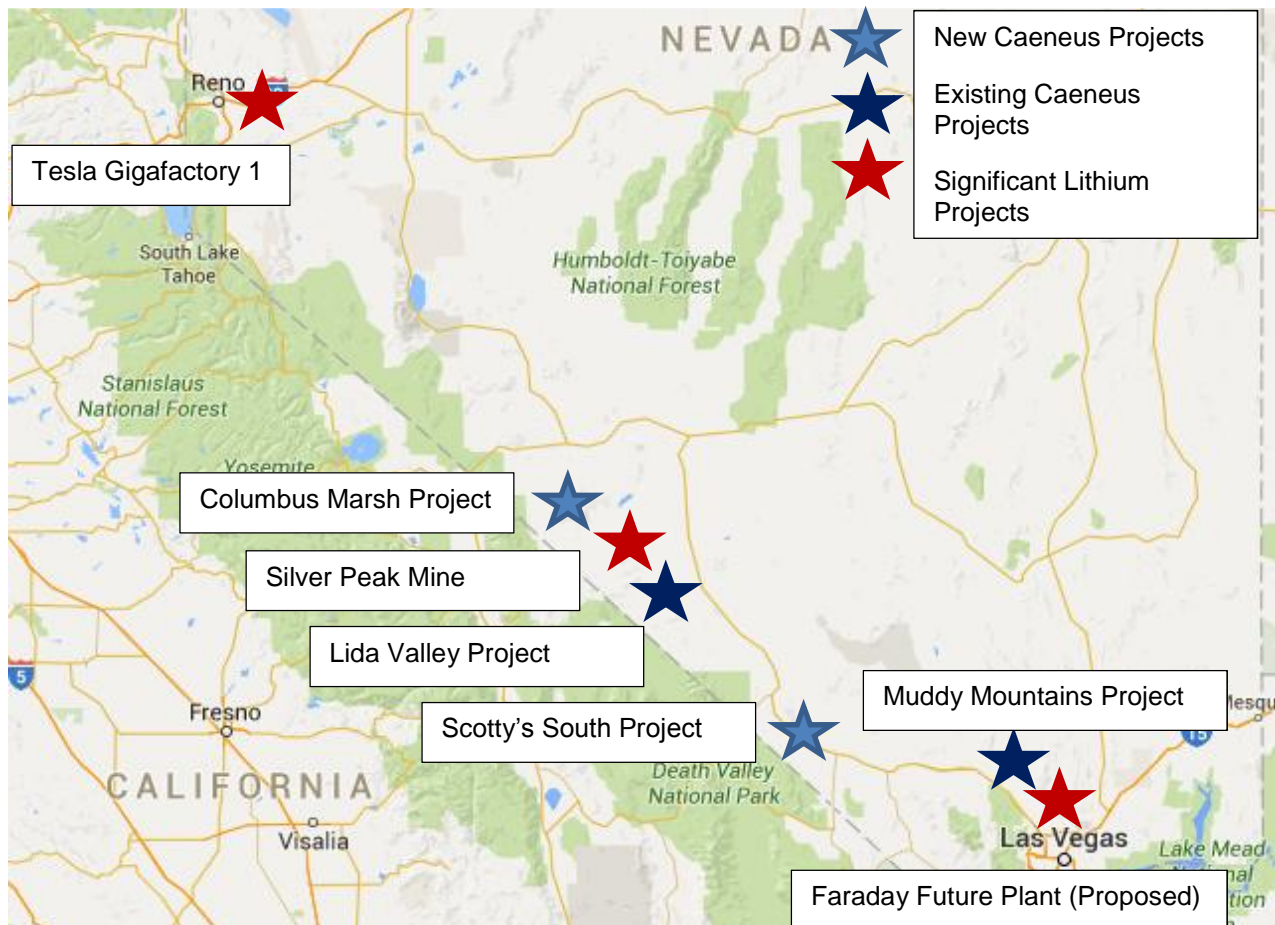
Mr Elliott will also revisit the Lida Valley lithium brine project to plan the upcoming drilling program which is expected in August. Further details of the drilling program will be released to the market when drilling commences.

CAENEUS MINERALS LTD TO ACQUIRE PRIVATE COMPANY ATC RESOURCES PTY LTD

Caeneus Minerals Ltd (“Caeneus” or “the Company”) is pleased to announce a significant expansion of its Nevada lithium portfolio through the execution of a binding terms sheet (“Terms Sheet”) to acquire 100% of the issued shares of private company ATC Resources Pty Ltd (“ATC Resources”) (“Acquisition”).

ATC Resources is a Perth based private company that has entered into binding option agreements with Gold Exploration Management Inc. (“GEM”) to acquire a 100% interest in two high impact lithium brine exploration projects in Scotty’s South – Sarcobatus Flats and Columbus Marsh.

Project locations:



Scotty’s South – Sarcobatus Flats Project

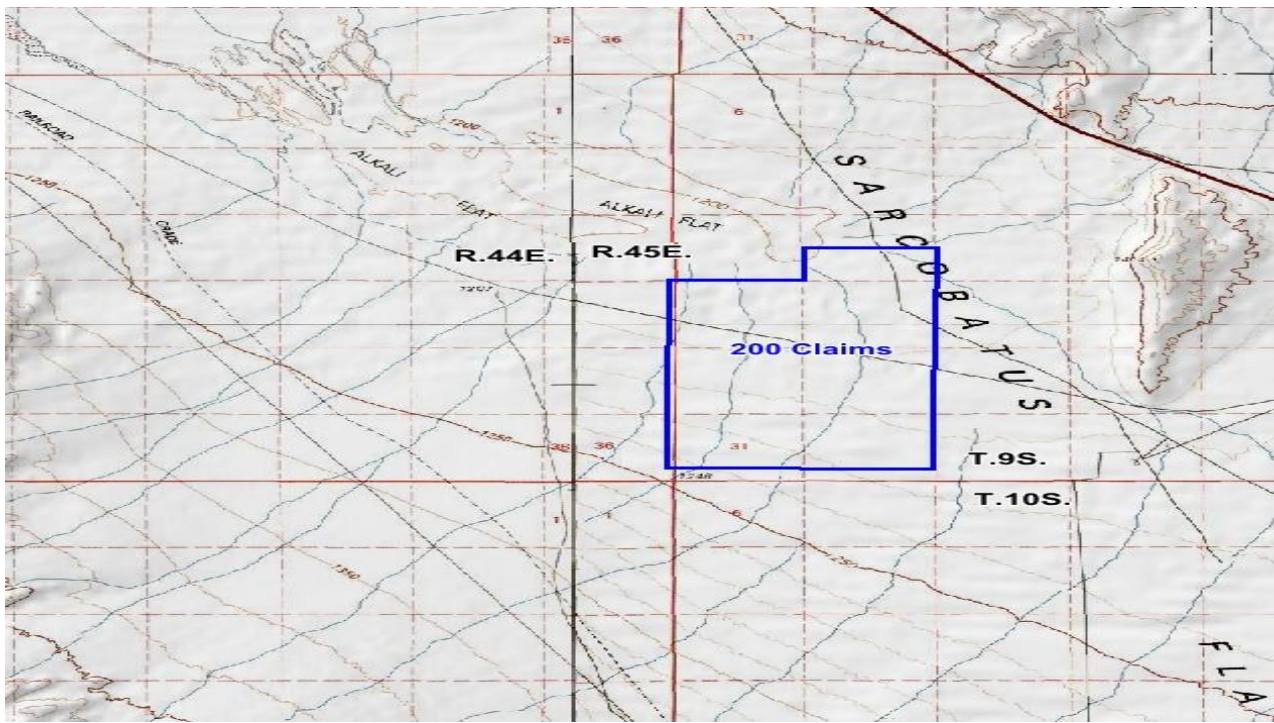
The Scotty’s South – Sarcobatus Flats Project consists of 200 claims totalling approximately 4,000 acres and is a desert playa lake located in Nye County, western Nevada along state route 95 approximately 110km south of Tonopah and 72km southeast of Clayton Valley, the location of the producing Silver Peak world-class lithium brine mine.

The valley associated with the project is over 30km long and 20km wide, and where streams from an approximately 2,000km² drainage basin empty. The source rocks are quartz-rich volcanics that contain anomalous amounts of lithium.

The area displays the presence of highly anomalous concentrations of lithium, encountered from preliminary surface sediment sampling programs in the region. Sampling of salt flats within the valley has previously found lithium values in salt samples ranging from 50 to 340ppm.

Several important similarities exist between the settings of Sarcobatus Flats and a Clayton Valley type lithium brine deposit. The property is located in a closed structural basin, contain similar stratigraphy and occupies a lacustrine environment with similar regional hydrogeography and geochemistry to Clayton Valley. In essence, Sarcobatus Flats represents an under-explored analogue to Clayton Valley.

The property area is contained on the south-eastern flank of the valley – **the deepest area** – with controlling fault structures highly prospective for trapped brine horizons.



Columbus Marsh Project

Analysis of waters from springs in Nevada led to the identification of an area containing anomalous amounts of lithium northwest of the Clayton Valley area. Fish Lake Valley and Columbus Salt Marsh were found to contain waters having relatively high lithium and potassium concentrations.

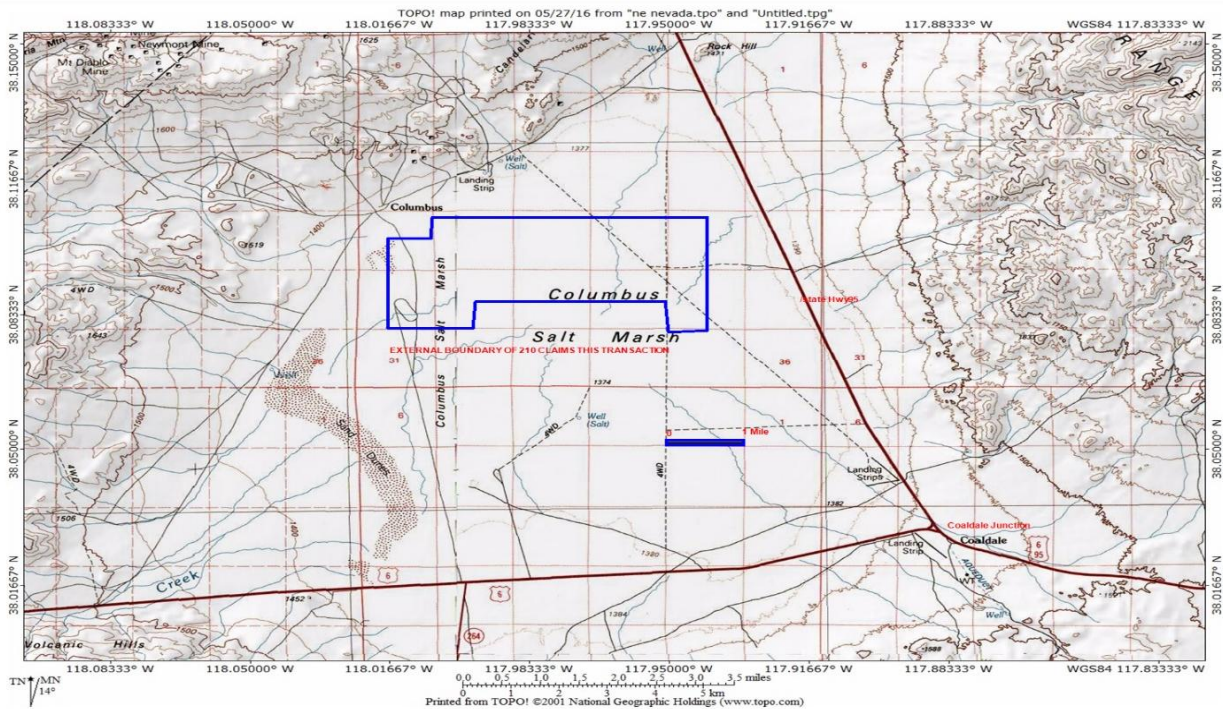
At least a part of these waters is probably derived from the leaching of tertiary rocks containing saline minerals. The high-lithium waters at Columbus Salt Marsh could be derived not only by the leaching of rocks with a high soluble lithium and potassium content but also by subsurface outflow from Fish Lake Valley: US Geological Survey ("USGS").

At Columbus Salt Marsh reconnaissance sampling indicated anomalous amounts of lithium in the shallow ground waters of the southwestern part of the playa. The highest concentration of lithium in the ground-water samples is 64 mg/l. The relatively high lithium concentrations in this area could represent waters concentrated after leaching source rocks having high soluble lithium, similar to those present in the Fish Lake Valley area, or the high values may simply represent subsurface flow from Fish Lake Valley.

Based on the USGS data (surface and auger sediments and clays) the basin is anomalous and fertile. It is fed from the Fish Creek Valley and is overall a better target.

Subsurface exploration should be undertaken to determine if a lithium-rich brine exists at depth.





Acquisition Terms

The consideration payable by the Company to ATC Resources for the Acquisition is:

- the issue of 100,000,000 fully paid ordinary shares ("Shares") at a deemed issue price of \$0.003 per CAD Share plus 100,000,000 free attaching unlisted options exercisable at \$0.005 on or before 30 June 2021 ("Options").

50,000,000 Shares will be issued, within 5 business days, under the Company's capacity under ASX Listing Rule 7.1. The remaining 50,000,000 Shares and the 100,000,000 Options will be issued, within 5 business days, of obtaining shareholder approval at this year's Annual General Meeting ("AGM").

The consideration payable by the Company to GEM for the Acquisition is:

- the issue of 60,000,000 Shares at a deemed issue price of \$0.003 per CAD Share; and
- a cash payment of US\$81,000 payable on the execution of the Terms Sheet. (US\$20,000 has already been paid by the Company).

30,000,000 Shares will be issued, within 5 business days, under the Company's capacity under ASX Listing Rule 7.1. The remaining 30,000,000 Shares will be issued, within 5 business days, of obtaining shareholder approval at this year's AGM.

The deferred consideration payable by the Company to GEM for the Acquisition is:

- a cash payment of US\$20,000, on first anniversary of the execution of the Terms Sheet;
- a cash payment of US\$30,000, on second anniversary of the execution of the Terms Sheet;
- a cash payment of US\$50,000, on third anniversary of the execution of the Terms Sheet; and
- a cash payment of US\$70,000, on fourth anniversary of the execution of the Terms Sheet.

The royalty consideration payable by the Company to GEM for the Acquisition is:

- a 2% net smelter royalty on production from the Projects. The Company has the right to buyback 1% of the royalty for the sum of US\$1m.

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