ASX Announcement

18 October 2016

EXPLORATION UPDATE – MUDDY MOUNTAIN

Caeneus Minerals Ltd ("Caeneus" or "the Company") is pleased to provide the following exploration update relating to its Muddy Mountain Lithium Clay Project ("Muddy Mountain" or "the Project") in Nevada, USA.

Early work by the field crew has confirmed elevated lithium in hosted beds with the hand-held LIBS-Z Analyzer at Muddy Mountain. The crew has collected several samples from sections with the LIBS-Z Analyzer proving to be an excellent tool to evaluate the presence of lithium in hosted beds.

The group has identified a two-metre thick interval that averaged readings of approximately 2,000 ppm lithium, with highs within the interval of as much as 7,900 ppm lithium or 4.2% Lithium Carbonate Equivalent ("LCE") (Figure 1). Another greater than a five-metre thick interval that averaged approximately 1,000 ppm lithium has also been encountered.

The Company cautions that similar to methodologies such as XRF, the readings are spot readings, looking at mineral concentration of a small rock area. Average concentrations over widths have been measured by a series of chip like samples over the mineralised horizon. The hand held analyzer may display inconsistencies between readings, depending on where within the sample the measurements are made. The tool has not been calibrated for rock type and as such the Company warns that accuracy may be off by as much as 20%. Confirmation will need to be made via assay at the end of the work campaign.

Early indications are that the lithium is stratigraphically controlled and as such the Company is highly encouraged by the possibility of encountering large mineralised horizons across the property as the mineralised section dips below surface. There also remains the possibility of encountering other large, thick mineralised horizons at depth via drilling.

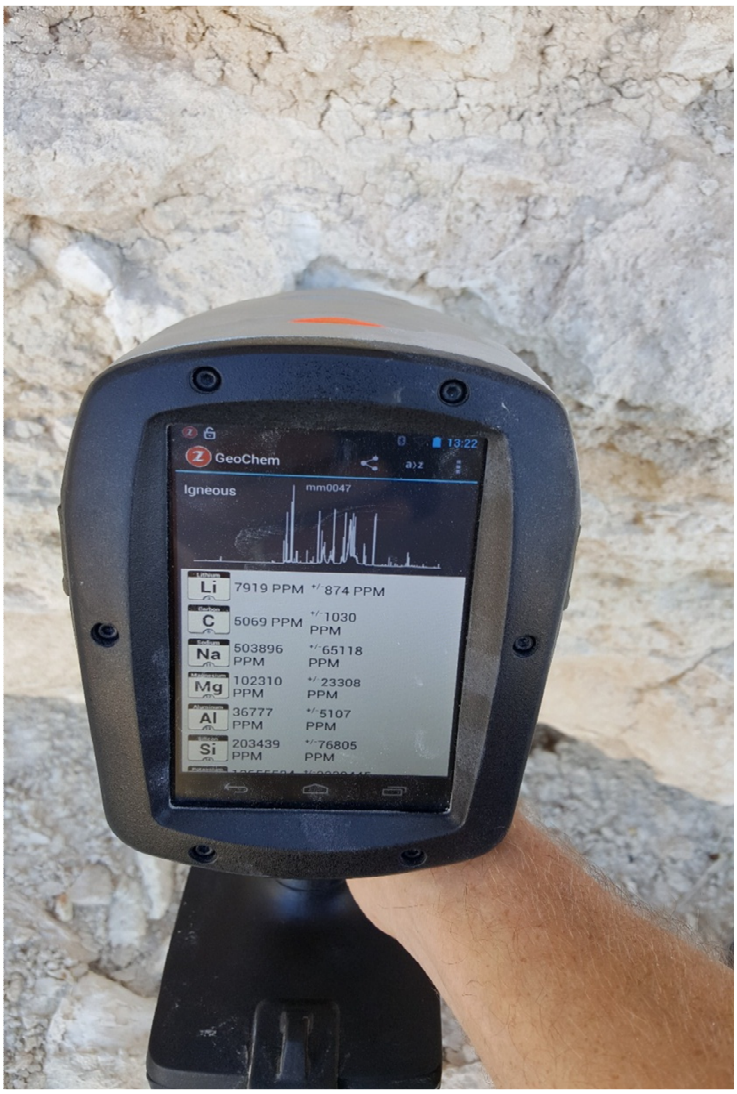

Figure 1: Spot reading of 7,919PPM Lithium (4.2% LCE) at Muddy Mountain

The ground crew is in the process of mapping the entire claim area and following this work preliminary calculation will be made to get potential tonnage targets over the Project.

The next step to advance the Project will include preliminary mineralogy of the lithium bearing minerals and confirmation of lithium mineralisation via assay. The crew has collected a number of representative samples across stratigraphy. These will be mapped and measured to estimate preliminary material quantities.

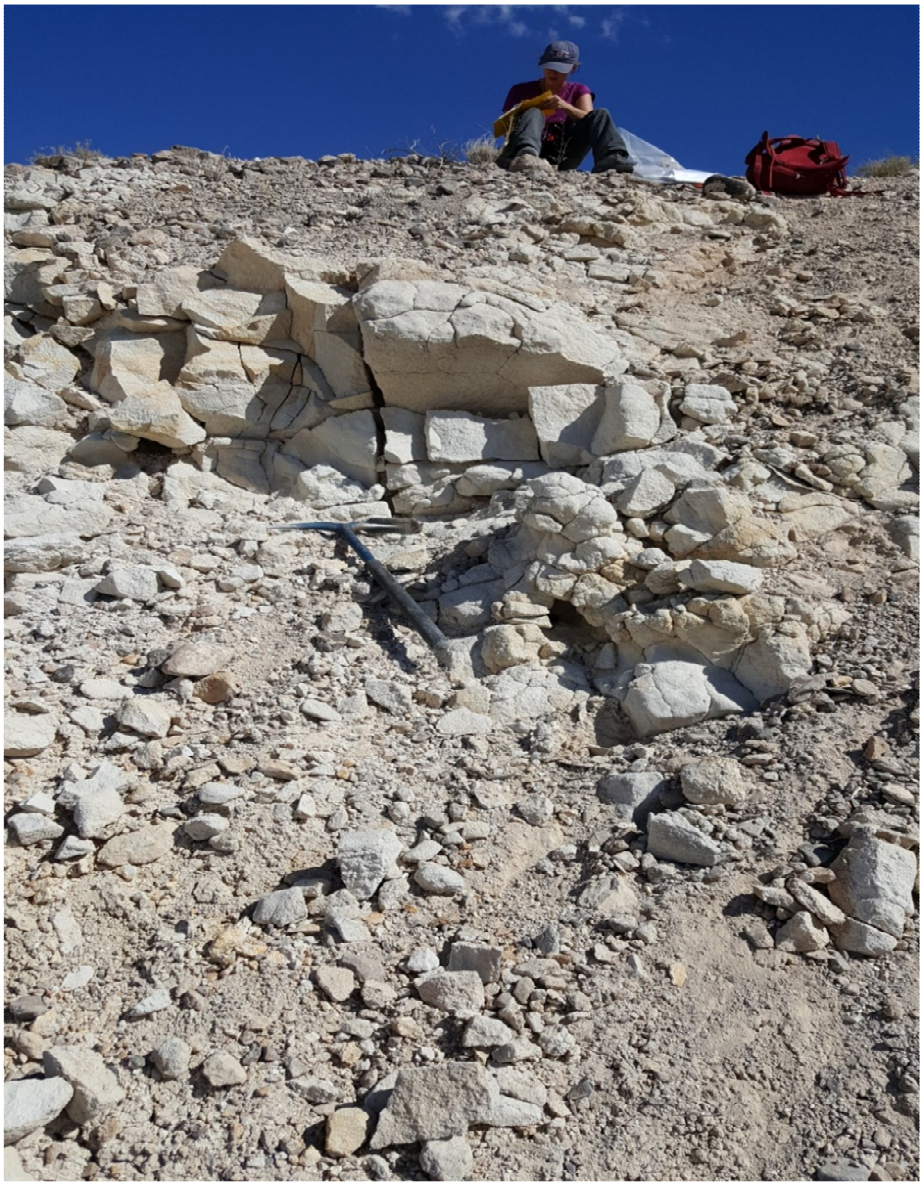

Figure 2: Mineralised Outcrop at Muddy Mountain

The Company is highly encouraged by the immediate results gained at Muddy Mountain and the potential to host a large tonnage lithium deposit. The Project is targeting potential for discovery of a world class deposit similar to King's Valley / Lithium Nevada (Nevada, Lithium Americas), Jadar (Serbia, Rio Tinto) or Sonora (Mexico, Bacanora Minerals).

For and on behalf of the Board

Steve Elliott
Managing Director

Note: Lithium content expressed is converted into Lithium Carbonate Equivalent (LCE) by multiplying by 5.32. LCE does not include any potassium, sodium, boron or strontium content.

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.