ASX Announcement

26 October 2017

DRILLING COMMENCES AT THE PARDOO PROJECT

Pardoo Project

The Pardoo Project in joint venture with Segue Resources Ltd (ASX: **SEG**) is situated on the edge of the Canning Basin approximately 110 kilometers northeast of the town of Port Hedland. Caeneus Minerals Ltd ("**Caeneus**" or "the Company") (ASX: **CAD**) currently holds an 80% equity interest in the Pardoo Project with the remaining 20% held by Segue Resources Ltd.

An interest in the Pardoo Project was originally acquired by the Company because of its obvious potential for nickel sulphide mineralisation. The Pardoo Project is already known to host the Highway deposit containing 50Mt at 0.3% nickel, 0.13% copper and 0.03% cobalt and geophysical data has indicated the probable presence of a large mafic – ultramafic intrusive complex with potential for higher grade nickel – copper mineralisation. This proposed intrusive complex is situated in a similar structural setting, adjacent to a major, regional shear zone, as other significant nickel copper occurrences such as Radio Hill and Sherlock Bay (Figure 1).

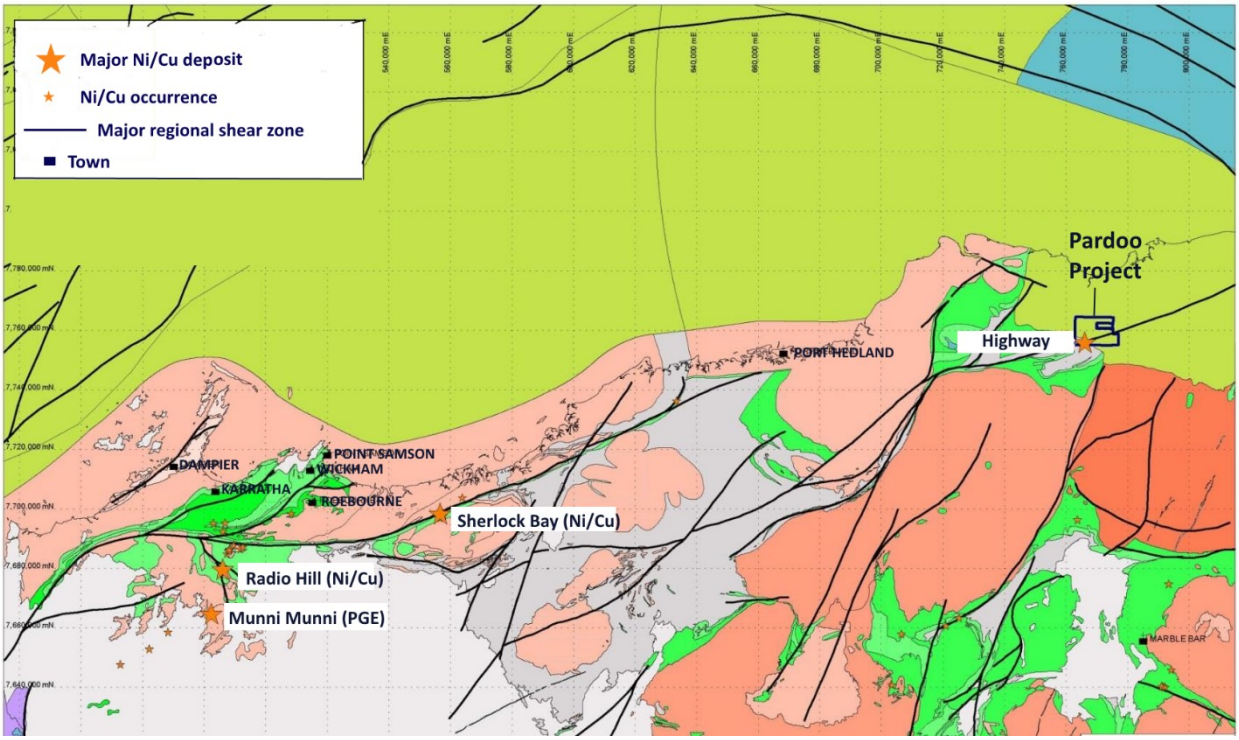

Figure1: North Pilbara Nickel

Resource Potentials Pty Ltd was contracted by the Company to reassess and reinterpret all of the government and the Company geophysical surveys conducted over the project area in order to define likely mineralised drilling targets beneath the sedimentary cover. This work defined 18 geophysical targets being a combination of Magnetic, gravity and EM geophysical anomalies. These targets were divided into priorities 1 to 3 and the Company has opted to first test the eight priority 1 targets (Figure 2).

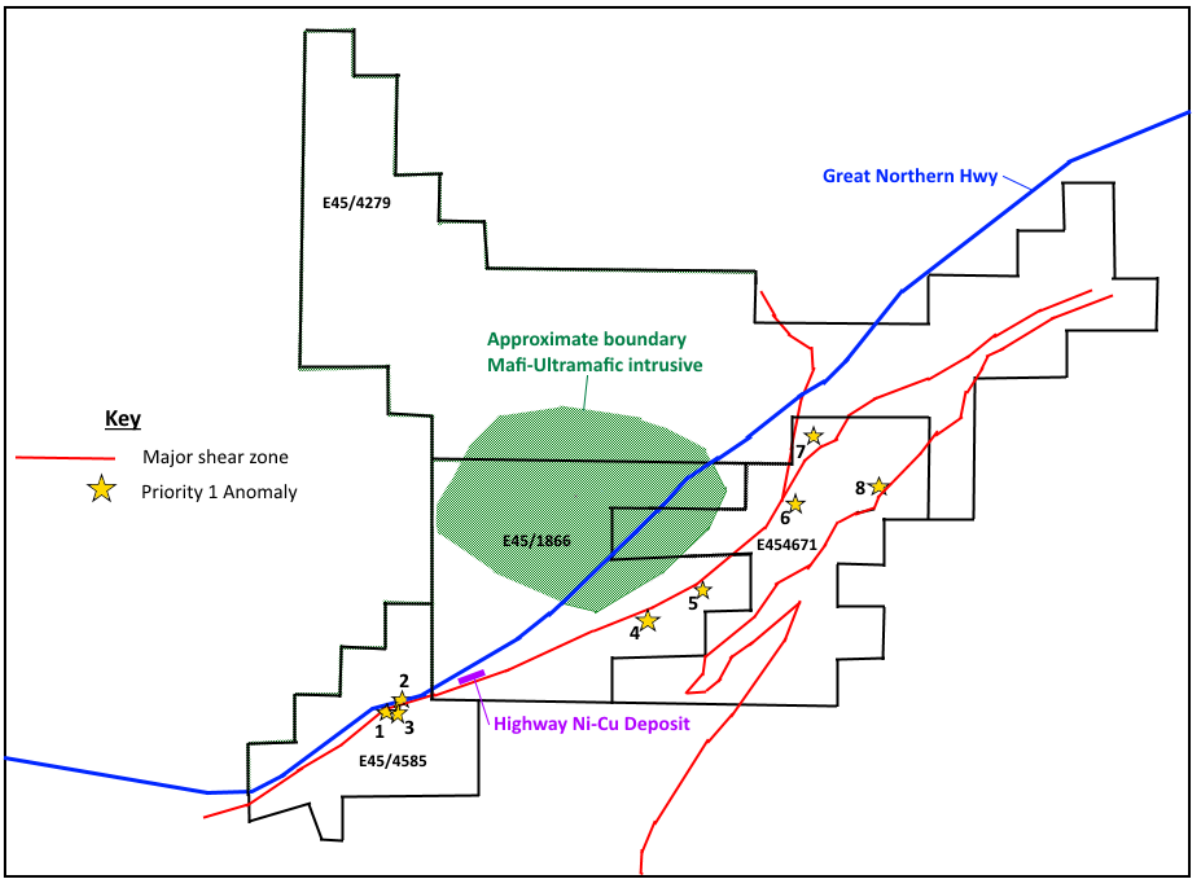

Figure 2: Pardoo Project Priority One Drilling Targets.

It was decided that a total of ten reverse circulation (RC) drillholes would be completed to test the priority 1 targets for a total of approximately 1,600 meters. This drilling has commenced and should be completed by early November with results to be announced as they become available.

Although originally acquired as a nickel property, diligent research by the Company personnel has determined that the Pardoo Project also hosts considerable potential for economic gold mineralisation. A drillhole completed by the previous joint venture partner Mithril Resources Ltd beneath the Highway nickel – copper deposit intersected 5.18g/t gold over 1.5 meters. This mineralisation remains open along strike and at depth. In addition, the major shear zone that traverses the property is a continuation of the Tabba Tabba shear zone which is known to host a number of significant gold deposits to the southwest (Figure 3). The Highway nickel – copper deposit and the Supply Well zinc – nickel (Drill intercepts to 1.9% nickel and 17% zinc both illustrate that hydrothermal processes have been active in the project area and gold mineralisation is usually the result of hydrothermal processes. Finally, owing to the sediment cover of the Canning Basin the area has never previously been prospected or explored for gold mineralisation.

The Company remains confident that the current drilling program has an excellent chance of intersecting significant mineralisation, either nickel-copper, base metals or gold.

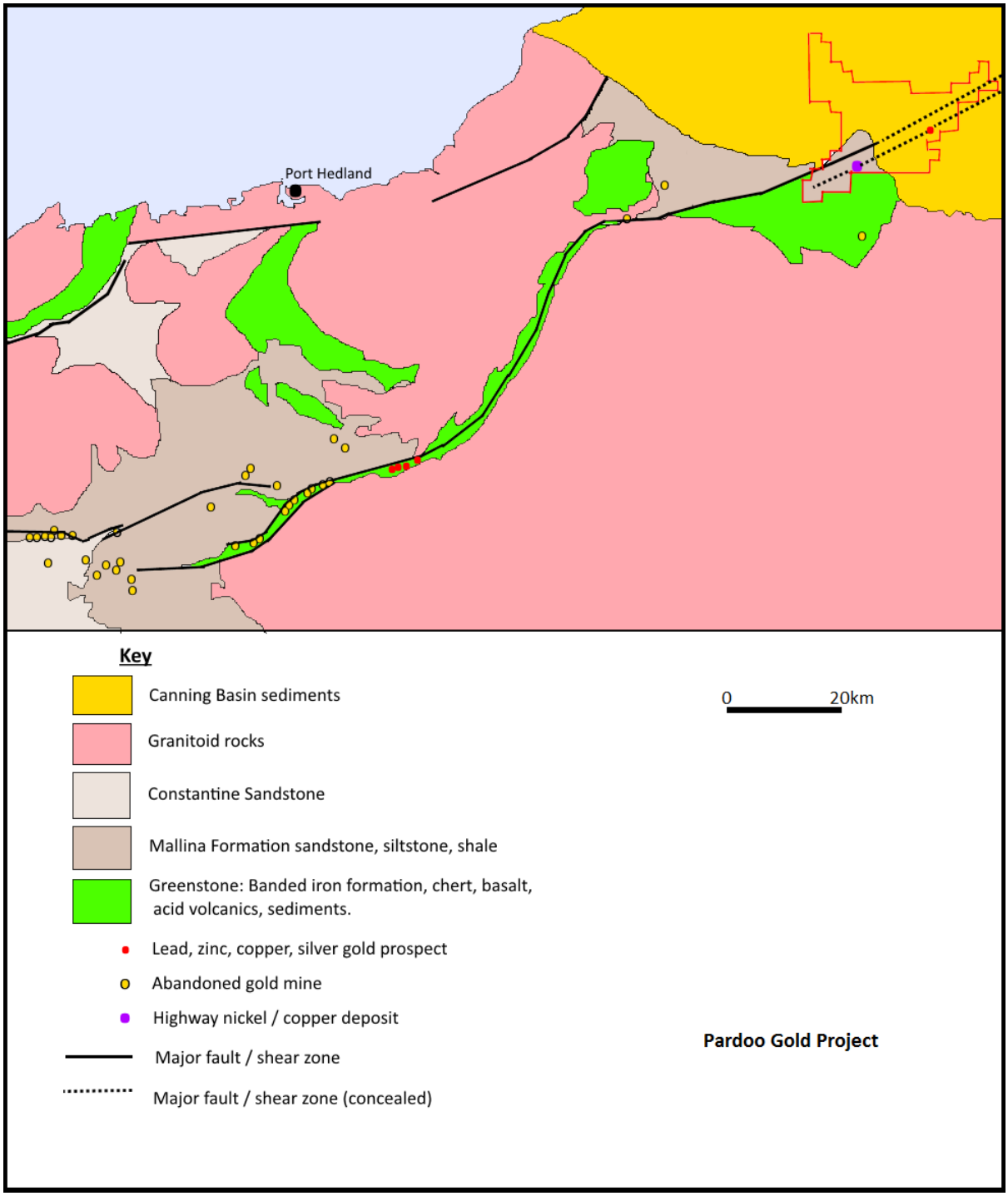

Figure 3: Pardoo Project Gold Potential

For and on behalf of the Board

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 Elliot who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Elliot is a director of the Company. Mr Elliot 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.