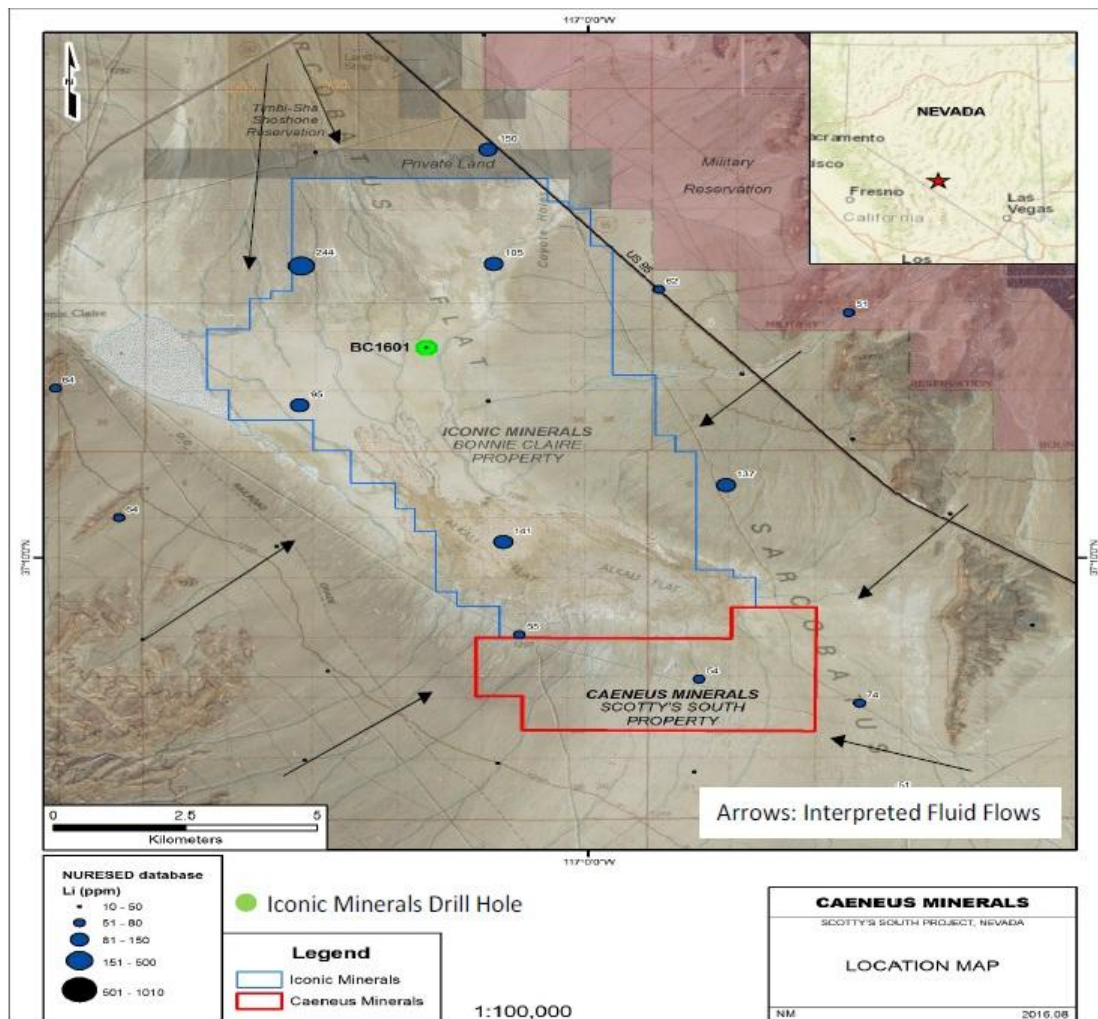


**ASX Announcement**  
**20 September 2016**

**Exploration Update - Accelerated Geophysical Work Program to Commence at Scotty's South**

Caeneus Minerals Ltd ("Caeneus" or "the Company") is pleased to announce the following update in relation to its upcoming exploration plans at its lithium projects in Nevada, USA.

The Company notes the recent announcement from Iconic Minerals (TSXV: ICM) *"Iconic Announces Geochemical Results of Drill Cuttings at Bonnie Claire Contain Highly Anomalous Lithium," 15<sup>th</sup> September 2016*. Iconic Minerals has indicated they have discovered lithium in drill cuttings of up to 1410 ppm lithium at Bonnie Claire. **The Bonnie Claire Property is located immediately to the North of Caeneus' Scotty's South Project.**



Caeneus believes this recent news from Iconic Minerals is a significant step forward in enhancing the prospectivity of the Scotty's South Project. The highly anomalous results verify that lithium is abundant in the sediments within Bonnie Claire in the Sarcobatus Flats region. **This news proves the existence of lithium rich horizons outside of the Clayton Valley.**

The Sarcobatus Flats basin area is interpreted to be approximately 1.5 times larger than the nearby Clayton Valley's basin, enhancing the potential value of the site and the volume of a potential production resource.

The Company cautions that the news, although highly positive, will still need to prove the existence of lithium contained within brines from leaching into fluids over time by the confirmation of an enriched aquifer near this lithium rich clay layer.

The upcoming plan at Scotty's South will focus on a ground MT survey, similar to the one Iconic Minerals has used to help define the potential to host lithium bearing brines. The Company intends to complete a transect across the entire width of the property approximately 6.5 kilometres long.

Also to commence is a program of soil geochemistry to be completed at Muddy Mountain. This program will involve the collection of soil samples from various traverses across the lithium prospective Horse Spring Formation. Previous samples from the area have assayed as high as 5,000 ppm lithium with the goal to target a "district scale" multi-million tonne resource grading in the range 0.3% to 0.5% lithium. It is anticipated that the soil geochemistry will provide targets for follow up drill evaluation for both lithium and boron (the Muddy Mountain area has previously been a producer of boron).

The Company notes a significant increase in activity in the area which may be contributing to small delays in the issue of exploration permits for the Lida Valley Project. A more detailed announcement relating to the drill program at Lida Valley will follow the issuing of the permits from the BLM.

For and on behalf of the Board



Steve Elliott  
**Managing Director**

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*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.*