



ASX Announcement

17 October 2016

CAENEUS ACQUIRES NEW KING LITHIUM CLAY PROJECT

Caeneus Minerals Ltd (“Caeneus” or “the Company”) is pleased to announce the acquisition of the New King Lithium Project (“New King” or “the Project”) through the execution of a binding terms sheet (“Terms Sheet”) to acquire 100% of the issued shares of private company Nevada Clays Pty Ltd (“Nevada Clays”) (“Acquisition”).

Nevada Clays is a Perth based private company that has entered into a binding option agreement with Gold Exploration Management Inc. (“GEM”) to acquire a 100% interest in New King which is a potential district scale Lithium Clay Project located in the established McDermitt mining district in Northern Nevada, USA.

New King comprises an area of approximately 250 contiguous placer mineral claim blocks totaling approximately 5,000 acres within Humboldt County, Nevada, approximately 100 km north-northwest of Winnemucca and 35 km west-northwest of Orovada, Nevada in the western and southern sections of the McDermitt caldera.

The Project claims are situated on the immediate western and southern extensions of and in a similar geological setting to Lithium Americas Corp’s (TSX: LAC) Lithium Nevada (formerly Kings Valley) Project.

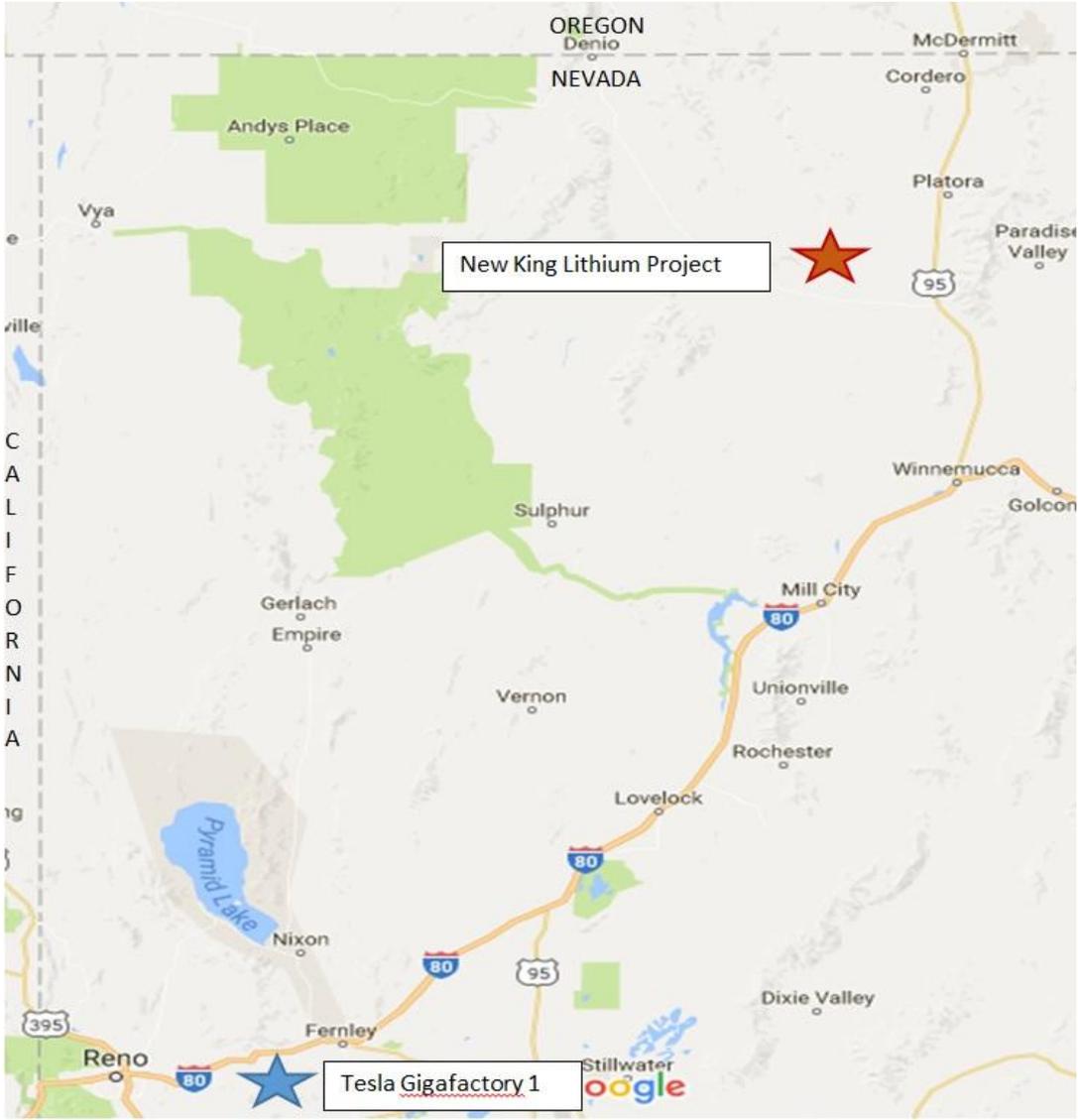
The Lithium Nevada Project contains one of the **largest undeveloped lithium deposits in North America** (Source: *Lithium Americas Corp: Roskill Information Services, 12th Edition, 2013*) with a 43-101 Compliant Mineral Resource of over **300 million tonnes** (Measured & Indicated) at greater than 0.284% Lithium or greater than 1.5% lithium carbonate equivalent across two lenses of mineralisation. (Source: *SRK Independent Technical Report for the Lithium Nevada Property, Nevada, USA, June 2016*).

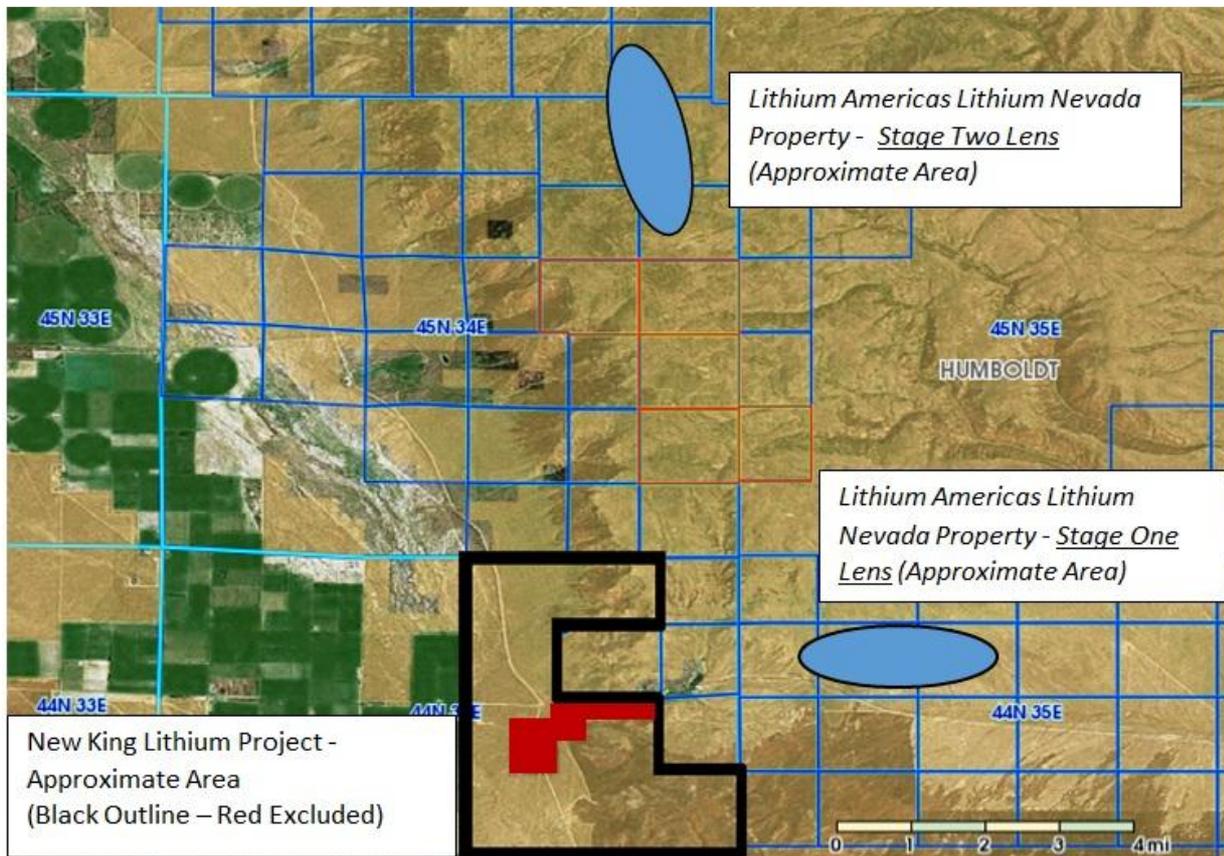
New King areas **directly abut** the Lithium Americas Lithium Nevada Project with their mineral claims lying immediately to both the east and north of the New King. The Project is located less than 10km from the Lithium Nevada Project Stage One and Stage Two lenses, which are the host for the resources outlined above.

Critically, New King areas lie outside the US Federal Bureau of Land Management’s (BLM’s) sage-grouse habitat areas and also the nearby agricultural farmlands and ranches which limit the development of mining activities in the area to a narrow area of focus.

New King is also of strategic relevance to the Tesla Gigafactory, located approximately 350km by sealed highway to the south west. Tesla and their partners are committed to \$4-5 billion of investment in the Gigafactory until 2020.

Project location:



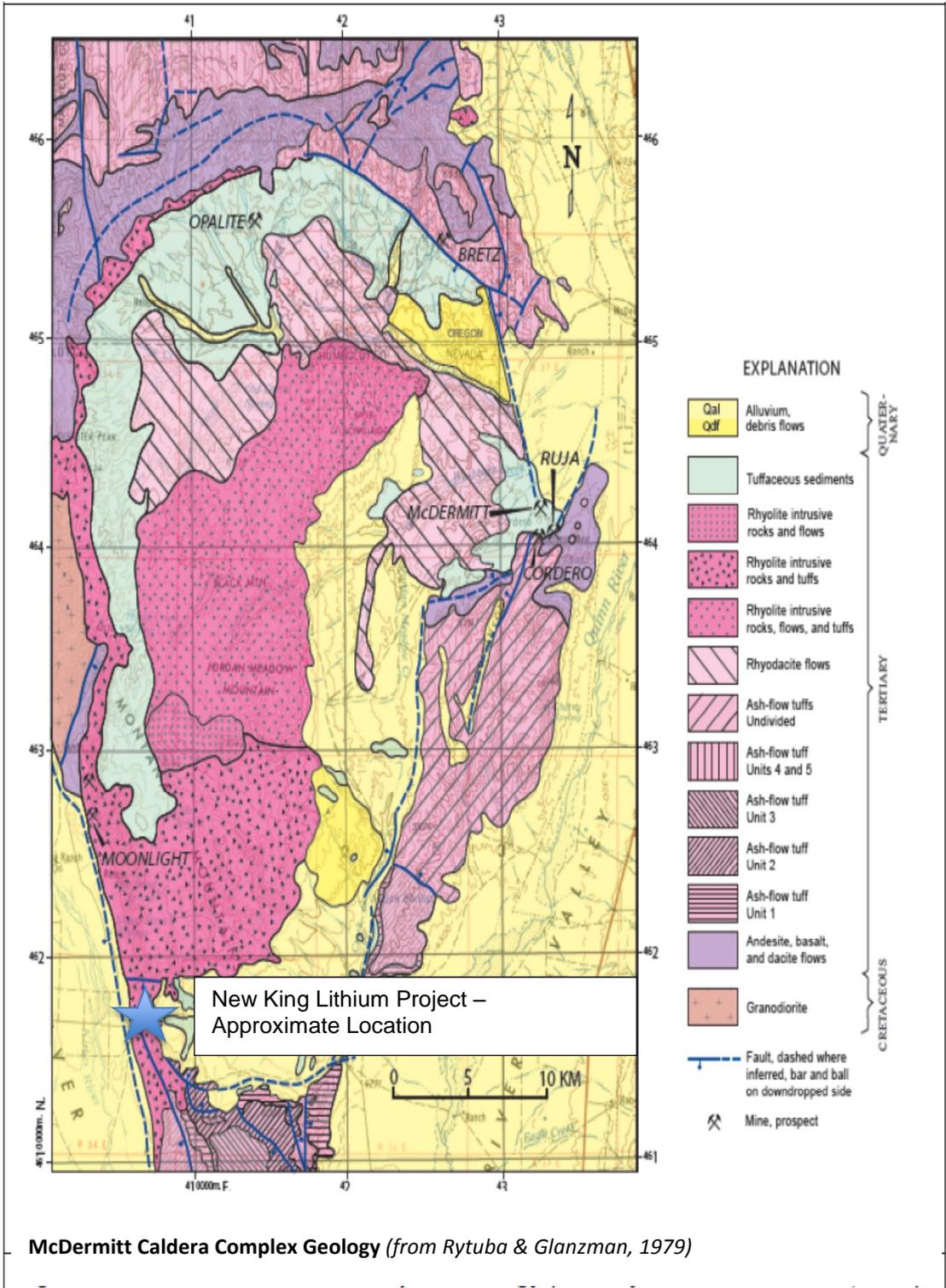


McDermitt Caldera Complex Background

The McDermitt Caldera Complex is a Miocene volcanic feature that comprises a total surface area of approximately 120 km² based on U.S. Geological Survey publications (*Rytuba and Glanzman, 1979*). The McDermitt Caldera Complex, one of the world's largest, developed over a period of 5 million years during which time five large-volume ash flow tuffs were vented.

Volcanic activity at the McDermitt Caldera Complex was characterized by extrusion of early metaluminous and peralkaline rhyolite, followed by eruption of a voluminous ignimbrite with peralkaline rhyolite to metaluminous dacite compositions (*Castor and Henry, 2000, Starkel et al., 2009*). These volcanic eruptions produced five overlapping calderas, which later collapsed and are now considered a single caldera.

After collapse, the central part of the McDermitt Caldera Complex was the site of resurgence, and a moat-like lake formed between this resurgent dome and the McDermitt Caldera Complex walls. The lake was the site of deposition of volcanoclastic sediments that now form a nearly continuous ring within the McDermitt Caldera Complex.



Lithium Occurrences within the McDermitt Caldera.

Economic concentrations of lithium occur within the tuffaceous moat filling sedimentary rocks of the McDermitt Caldera Complex. As much as 0.68% Lithium (**3.6% Lithium Carbonate Equivalent**) is present in the rocks in the form of hectorite and other lithium-bearing material (*Source: Glanzman, Rytuba & McCarthy, Lithium in the McDermitt Caldera Complex, Nevada and Oregon, 1978*). The extent and nature of the host rocks is well documented and understood. High lithium concentrations occur in the lacustrine beds within the tuffaceous sedimentary rocks and are the highest reported concentrations of lithium for this type of environment.

Lithium Clay Targets

Mineralization consisting of layered beds of lithium-bearing clay-rich volcanoclastic sedimentary rocks is targeted at New King. The New King lithium targets include lens shaped bodies hosted by the moat sedimentary rock (as seen in the adjoining Lithium Nevada Property), as well as layers of alluvium underlain by lithium-enriched interbedded claystones, ash-rich clays and ash layers of varying thickness.

Analysis of the New King area displays a number of clay rich sequences. The targeted mineralised lenses are composed of an approximately 3 to 5 metre thick layer of alluvium underlain by lithium-enriched interbedded claystones, ash-rich clays and ash layers up to 60 to 90 metres thick. Claystone-ash layers and lithium-rich beds with potentially higher lithium concentrations (>4,000 ppm) are potentially found deeper in the area (below 30 metres). The base of the target area varies averaging between 70 to 90 metres and is marked by an obvious transition to an oxidized silicified claystone and ash layer.

A significant stream system has cut deeply into the calderas outside rim, potentially allowing the interior sediments to migrate to the lower levels of the Project area. Evidence of hot springs and other geothermal structures in the region underlies potential for other lithium rich clay units in close proximity. These may have the potential to host significant concentrations of lithium-bearing material. Minerals including lithium, as well as uranium, thorium and mercury are known to have been enriched in other hydrothermally active areas of the caldera.

Acquisition Terms

The consideration payable by the Company to Nevada Clays for the Acquisition is:

- the issue of 140,000,000 fully paid ordinary shares ("Shares") at a deemed issue price of \$0.003 per CAD Share plus 140,000,000 free attaching unlisted options exercisable at \$0.005 on or before 30 June 2021 ("Options").

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

- the issue of 35,000,000 Shares at a deemed issue price of \$0.003 per CAD Share; and
- a non-refundable cash payment of US\$25,000 payable on the execution of the Terms Sheet.

The Shares and Options will be issued, within 5 business days, of obtaining shareholder approval at this year's Annual General Meeting ("AGM").

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

- a cash payment of US\$15,000, on the first anniversary of the execution of the Terms Sheet;
- a cash payment of US\$20,000, on the second anniversary of the execution of the Terms Sheet;
- a cash payment of US\$25,000, on the third anniversary of the execution of the Terms Sheet; and
- a cash payment of US\$35,000, on the 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 Project. The Company has the right to buyback 1% of the royalty for the sum of US\$1m.

Exploration Plans

Preliminary test work will be undertaken to compile a thorough geological understanding of the region, with interpretation of moat sediments as well as other lithium bounding structures from the ridge areas of the Project. An analysis of surface water, as well as potential lithium enriched strata will also be investigated.

The Company is excited by the addition of the New King Project and now looks forward to progressing with its exploration program on its suite of Nevada lithium properties (two clay projects and three brine projects) over the remainder of this year.

For and on behalf of the Board



Steve Elliott
Managing Director

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.