



ASX Announcement

14 June 2017

Drilling to commence at the Scotty's South and has commenced at the Lida Valley Lithium Brine Projects

Caeneus Minerals Ltd ("Caeneus" or "the Company") is pleased to provide the following drilling update on the progress of its 100% owned Lithium Brine Exploration Projects in Nevada, USA.

Highlights:

- O'Keefe Drilling is preparing to commence the maiden drilling program at the Scotty's South Lithium Brine Project.
- Harris Exploration has been contracted and has commenced the maiden drilling program at the Lida Valley Lithium Brine Project.
- The ground disturbance permit from the Bureau of Land Management ("BLM") has been received for the Columbus Marsh Lithium Brine Project.
- The necessary water rights waiver from the State of Nevada Department of Conservation and Natural Resources Division of Water Resources has been received for the Columbus Marsh Lithium Brine Project. The maiden drilling program for the Columbus Marsh Project is expected to commence following the evaluation of results from the Scotty's South and Lida Valley drilling campaigns.

Scotty's South:

The specialist environmental consultant has completed the necessary bird surveys, the site preparation has been completed and equipment has been mobilized and so drilling is set to commence at the Scotty's South Project.

The delays are as a result of waiting for the Company's preferred contractor, O'Keefe Drilling to complete a neighbouring drilling program and also for our experienced consultant, Mr Robert M. ("Chip") Allender Jr, appointed by the Company in September 2016.

Scotty's South - Background

- Large basin comparable in size to Clayton Valley. Potential source rocks of tertiary volcanics are located on the edges of the basin. Streams flow in from all directions.
- Simple and broad gravity, suggesting deep basement. Project at the south end of the gravity low and basin.
- The CSAMT survey imaged a layer of low resistivity coupled by a series of large ovoid low resistivity features, with a particularly low resistivity anomaly to the east of the claims.
- This strongest conductive layer is between 400 and 800 metres depth and is interpreted to have significant potential to host conductive lithium-rich brine aquifers or saturated clays, or both. Proposed hole to target this ("SS-1") as part of the Phase One Drilling Campaign.

- (“SS-4”), on the western edge of the project also to be targeted as part of the Phase One Drilling Campaign to test the shallower part of the same anomalous layer.
- (“SS-2”) and (“SS-3”) to test the other side of interpreted fault will form part of a possible future drilling campaign.

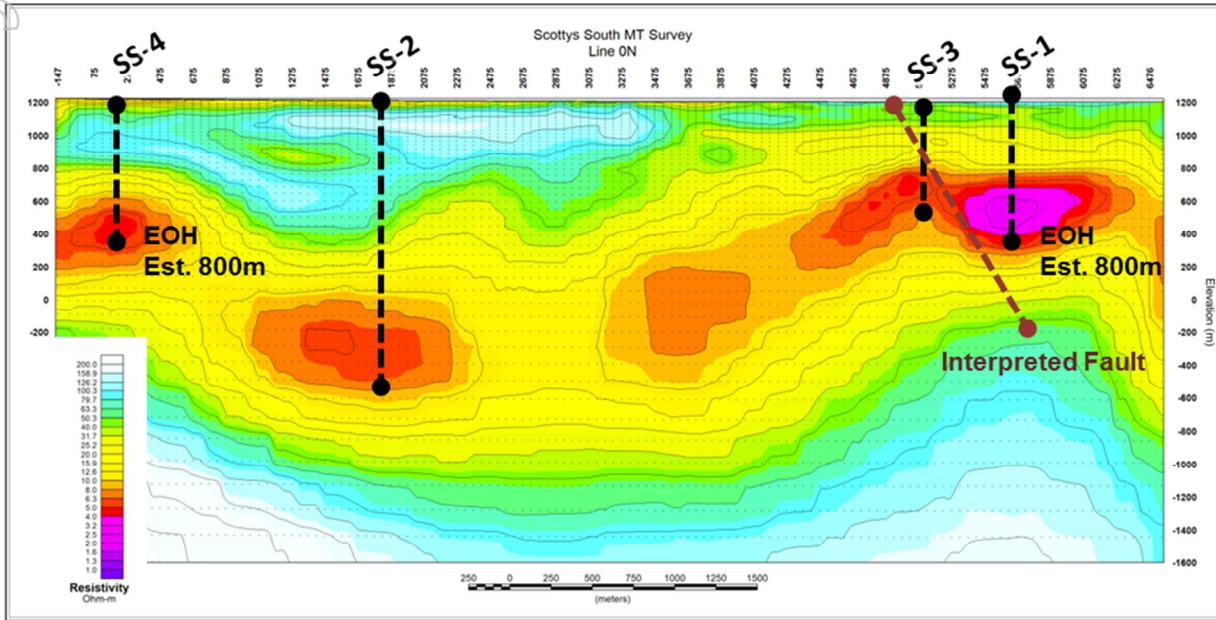


Figure 1: CSAMT Survey & Planned Drill Hole Locations (Phase One & Future) – Scotty’s South

Lida Valley

Harris Exploration Inc. (“Harris Exploration”) has been appointed by the Company and has commenced the maiden drilling at the Lida Valley Project.

Harris Exploration is highly experienced with over fifty years of service and has extensive experience drilling in the Clayton Valley lithium brines, recovering core in unconsolidated lake bed sediments, and in lithium brine testing with its own proprietary techniques. Preliminary operations have been completed connecting and setting up ancillary equipment and drilling is now also underway at Lida Valley.

Lida Valley - Background

- Montezuma Peak interpreted source for the lithium contained in brine discoveries in the Clayton Valley and it is interpreted that Lida Valley represents the possible southern migration of this flow.
- Complex gravity, reflecting possible shallow basement. The project is situated within a broad gravity-low.
- CSAMT suggests a possible shallow brine at roughly 100 to 300 metres below the surface.
- Several holes (“LV-1 to LV-5”) permitted to test the varying gravity and CSAMT anomalies. The two holes (LV-2 and LV-4) will be drilled as part of the Phase One Drilling Program.

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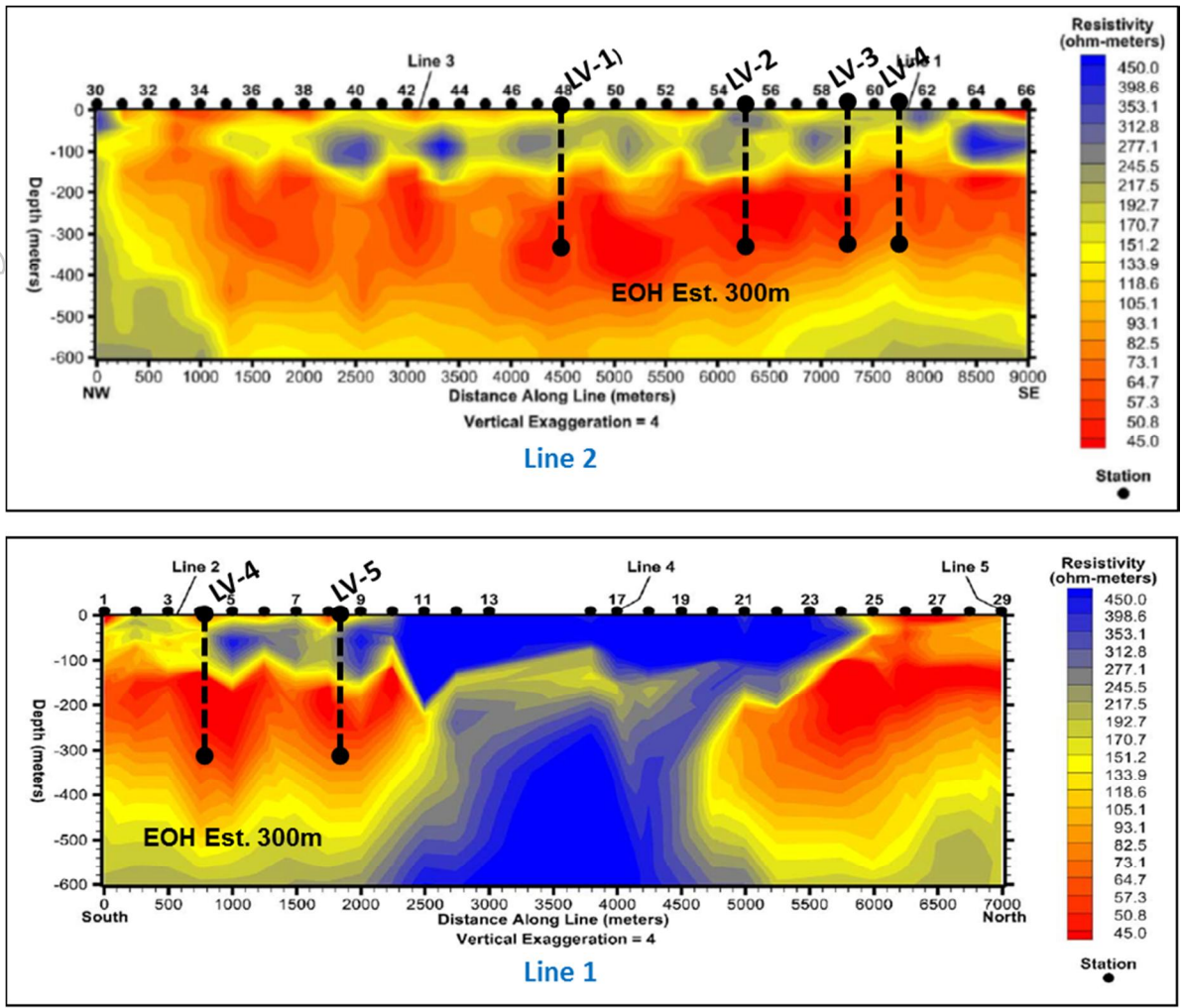


Figure 2: Historical CSAMT Survey (Two Lines) & Permitted Drill Hole Locations – Lida Valley

Both sediments and formation water will be sampled and analyzed for lithium. Water will be tested for conductivity as the holes are drilled and water samples will be analyzed for physical properties (conductivity, total dissolved solids, pH) to help identify brine-bearing aquifers.



For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Steve Elliott'.

Steve Elliott
Managing Director

Competent Person Statement

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.