



CELSIUS SIGNS MOU WITH TWO KEY CHINESE CUSTOMERS

HIGHLIGHTS

- Celsius has signed a non-binding MOU with two potential Chinese off-take customers: Bayi Steel and China Minmetals
- Bayi Steel is the Xinjiang division of Baosteel, China's second largest and the world's fourth largest steel maker
- China Minmetals is a Chinese Government key state-owned enterprise and is the largest iron and steel trader in China
- Primary goal of MOU is to facilitate trial shipment of coking coal for metallurgical testing, and trial of logistics arrangements between the Uzgen Basin Coking Coal Project and customer facilities in Xinjiang, China
- MOU also covers potential long-term supply agreements between Celsius and the two customers in the event the trial results in positive outcomes

Celsius Coal Limited (ASX Code: CLA) (Celsius or the Company) is pleased to announce that the Company has signed a non-binding memorandum of understanding ("MOU") with Xinjiang Bayi Iron and Steel Group ("Bayi Steel") and China Minmetals Group ("China Minmetals"). Both of these tier-one Chinese companies have operations in the Chinese province of Xinjiang neighbouring the Kyrgyz Republic.

Commenting on the MOU Executive Chairman Mr. Alexander Molyneux stated, "The execution of this agreement demonstrates the strong Chinese customer interest in our coking coal. Bayi Steel is the major end-user for coking coal in Xinjiang and China Minmetals is a major importer and distributor of steel supply chain commodities to smaller end-users. Both companies are absolutely top-tier potential customers for our Uzgen Basin Coking Coal Project."

Bayi Steel is the Xinjiang Division of Baosteel Group, China's second largest and the world's fourth largest steel maker. Bayi Steel is itself the largest producer of steel in Xinjiang and currently has a publicly stated target to increase its steelmaking capacity to 15 million tonnes per annum in 2015.

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China Minmetals is a Chinese Government key state-owned enterprise and a Fortune Global 500 company focused on all aspects of the metals and minerals supply-chain. China Minmetals is the largest iron and steel trader in China and its Xinjiang division is a meaningful importer of steel supply chain materials.

The purpose of the MOU is to establish a working arrangement between Celsius, Bayi Steel and China Minmetals, to undertake preliminary investigations for the export, testing and supply of coking coal from Celsius' projects in the Kyrgyz Republic. The commencement for the delivery of the trial shipments is yet to be agreed, but will occur no earlier than Q2 2014, and will expire on 31 December 2014.

The primary goal of the MOU is to facilitate the trial shipment of small parcels of coking coal, totalling up to 5,000 tonnes, for metallurgical testing by the customers, resolution of transport methods and transport routes, and cross border transfer between the Kyrgyz Republic and China.

Upon successful completion of the primary goal, the MOU covers the potential for long-term supply and purchase arrangements of an estimated 500,000 tonnes of coking coal per annum from 2015 to 2019 to be supplied by Celsius Coal from its Kyrgyz Republic coal properties and shared at a to-be-agreed-upon allocation between Bayi Steel and China Minmetals. Pricing for deliveries beyond the trial stage will be subject to negotiation.

ABOUT CELSIUS COAL

Celsius Coal Ltd is an Australian-based exploration company focused on exploring and developing coking and thermal coal deposits in the Kyrgyz Republic.

Celsius acquired a 90% interest in the Sary Mogol and Bel Alma coal licences located in the Alai Range region in the south of the Kyrgyz Republic in March 2012 and has also acquired an 80% interest in the Kargasha, Kokkia and Min Teke licences in the Uzgen Basin. Celsius' main focus is on its Uzgen Basin Coking Coal Project. In addition to its existing assets, the Company continues to actively pursue new projects in the resources sector, not only in Australia and the Kyrgyz Republic, but elsewhere in the world, with the hope of subsequently developing mining operations on those projects.

For more information, please visit www.celsiuscoal.com.au or contact Mr Ranko Matic, Company Secretary on +61 (08) 9226 4500.