CELSIUS RESOURCES LIMITED

ASX RELEASE | 19 January 2017

OPTION TO ACQUIRE HIGHLY PROSPECTIVE OPUWO COBALT PROJECT

HIGHLIGHTS

- **Celsius to acquire 100% of Opuwo Cobalt Pty Ltd, which holds an option to acquire the Opuwo Cobalt Project in Namibia.**
- **Opuwo Cobalt Project has potential to host large-scale sediment hosted copper-cobalt mineralisation, with approximately 30km strike length of prospective mineralised horizon.**
- **Over 20km of the horizon is outcropping and has been mapped and sampled with the horizon not closed offto the East.**
- **Seven historical drillholes completed in the project area.**
- **Of these, only two drillholes, drilled in one location, have been assayed for cobalt with following results:**
    - **8m at 1137ppm Co + 0.54%Cu + 0.53%Zn from 60.4m**
    - **4.65m at 1153ppm Co + 0.55%Cu + 0.59%Zn from 106.65m**
- **Petrographic studies indicate mineralisation is sulphide hosted, which should result in a relatively straight forward extraction process.**
- **Project is ready-to-drill, with project vendors providing access to in country drilling services.**
- **Opuwo Cobalt Pty Ltd has entered into a farm-in agreement to earn staged interests in the Opuwo Cobalt Project.**
- **Acquisition of Opuwo Cobalt Pty Ltd to be satisfied by issuing 27,777,773 shares to the shareholders of Opuwo Cobalt Pty Ltd (following shareholder approval).**
- **Mr Brendan Borg, a consultant to Celsius, has recently completed a field visit to the project as part of due diligence investigations.**

Celsius Resources Limited ("Celsius" or "the Company") is very pleased to announce it has acquired an option to earn up to 76% of the highly prospective Opuwo Cobalt Project ("Project") in Namibia.

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The Opuwo Cobalt Project is located in northwestern Namibia, approximately 800 km by road from the capital, Windhoek, and approximately 750 km from the port at Walvis Bay (Figure 1). The Project has excellent infrastructure with the regional capital of Opuwo approximately 30 km to the south, where services such as accommodation, fuel, supplies, and an airport and hospital are available, and good quality bitumen roads connecting Opuwo to Windhoek and Walvis Bay. The Ruacana hydro power station (320 MW), which supplies the majority of Namibia's power, is located nearby, and a 66 kV transmission line passes through the eastern boundary of the project.

Background

The cobalt-copper (zinc) mineralisation at the Opuwo Cobalt Project is hosted in the Dolomite Ore Formation (DOF), within the Neoproterozoic Ombombo Subgroup of the Kaoko Belt, in northern Namibia. The Kaoko Belt is considered a western extension of the Copperbelt in the DRC and Zambia. Numerous structurally controlled base metal deposits exist in the Otavi Mountainland, to the east of the project area.

The DOF horizon has been mapped and sampled along its outcropping strike length of approximately 20 km, and mineralisation is considered likely to be structurally controlled. The DOF horizon is of variable dip and thickness, ranging up to approximately 14 m thick, in the areas of outcrop. The DOF horizon appears to be mineralised throughout its extent. The central section of the DOF horizon is hidden under recent alluvium, extending for approximately 8 km, and forms a break between what has been named the eastern and western DOF (Figure 2). A key feature of this covered section is apparent faulting (oriented to the NW) and a strong magnetic anomaly stratigraphically below DOF, likely representing a black shale horizon of a local basin structure. Both features areis incorporated in the interpretation of the ultra high-resolution aeromagnetics available for the project. It has been postulated that this structurally distinctive but covered zone may be the central part of the DOF, proximal to the fluid source. Therefore, this zone could be a target for higher grade and thicker mineralisation.

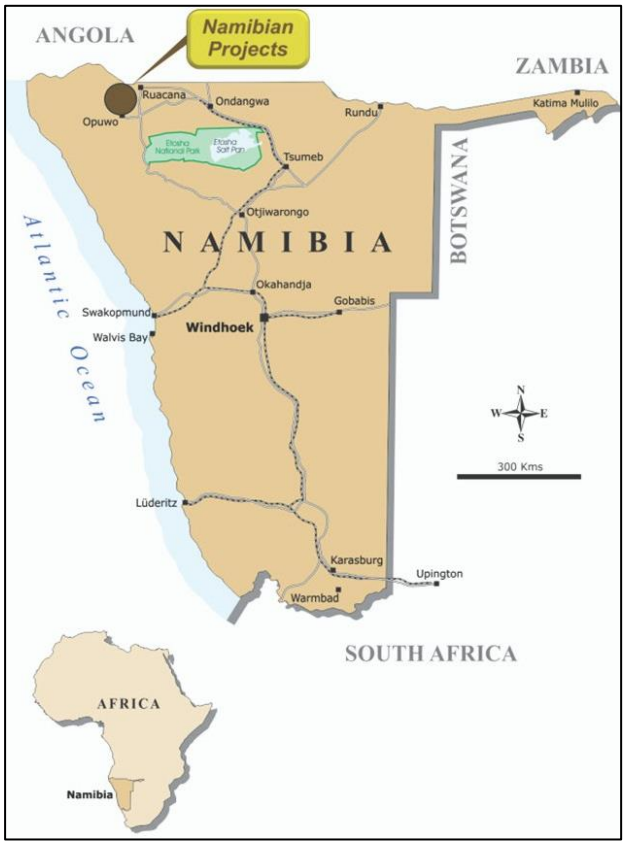

Figure 1. Location of the Opuwo Cobalt Project, Namibia

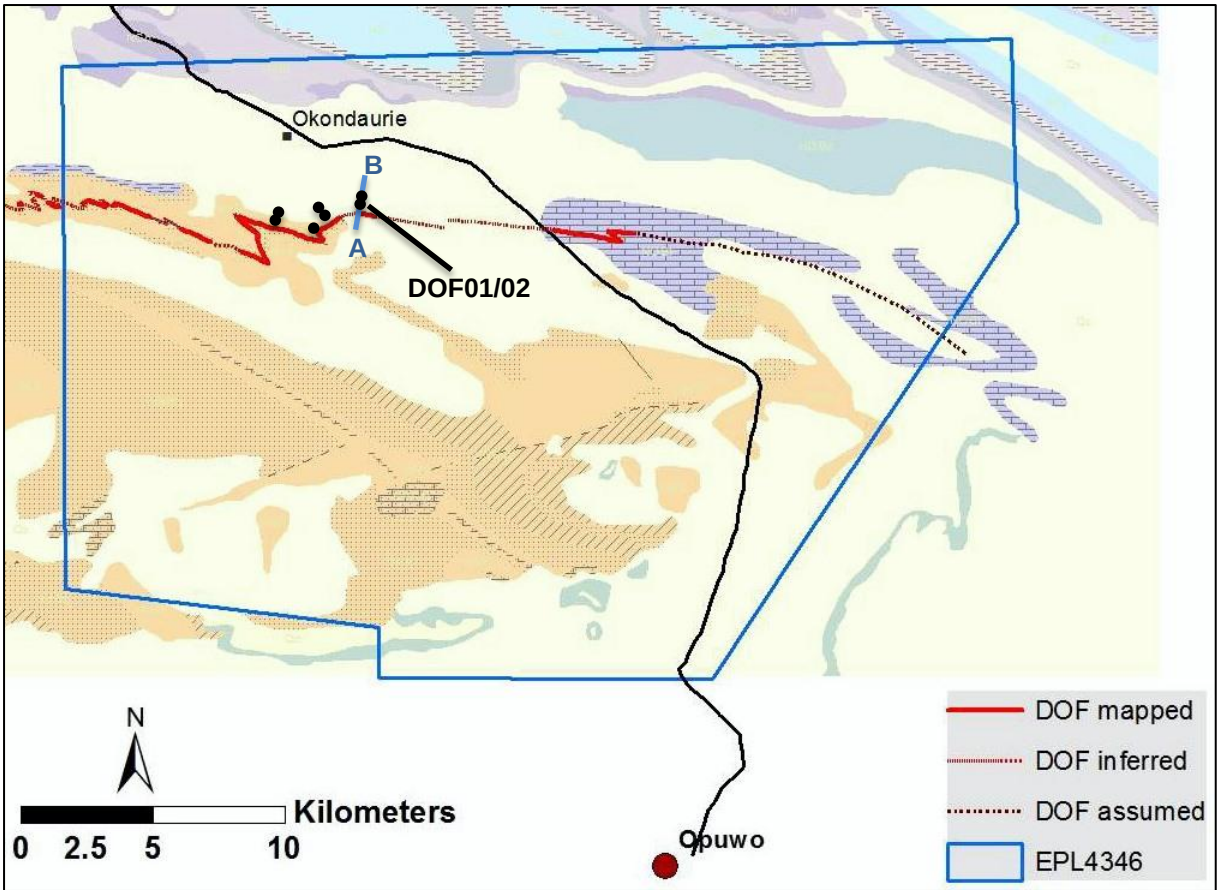

Figure 2. Geological Map of the Opuwo Cobalt Project showing mapped/inferred DOF and historic drill locations.

Exploration by previous companies has generated a substantial dataset of geological mapping, outcrop sampling, soil sampling, high resolution magnetic and radiometric data and hyperspectral data.

Despite intensive surface exploration, only seven drill holes have tested the DOF horizon with five percussion holes drilled below outcropping DOF and two diamond holes drilled at the western end of the covered zone (holes "DOF01/02", Figure 2). Only the recently drilled holes DOF01 and DOF02 were assayed for cobalt, with significant results of:

- 8m at 1137ppm Co + 0.54%Cu + 0.53%Zn from 60.4m (DOF02)
- 4.65m at 1153ppm Co + 0.55%Cu + 0.59%Zn from 106.65m (DOF01)

Figure 3 shows a cross section through drill holes DOF01 and DOF02, showing both the DOF hosted mineralisation as well as a broader anomalous zone overlying the DOF (marked as "Broad DOF").

Petrographic studies at Colorado School of Mines indicate that the mineralisation in the DOF comprises disseminated and vein hosted sulphide mineralisation, with chalcopyrite the main copper mineral, cattierite (CoS_2) the only detected cobalt mineral, and zinc as sphalerite. The sulfide mineralisation is relatively fine grained, between 10 and 500 microns.

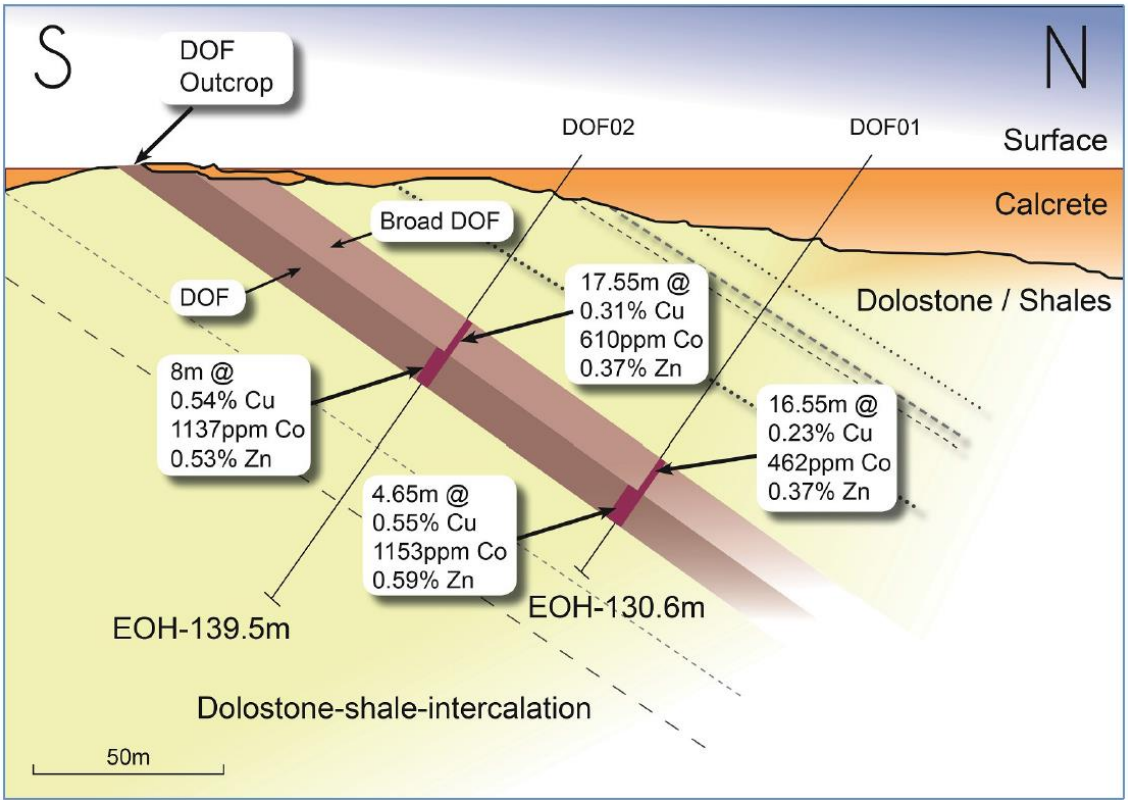

Figure 3. Cross Section showing intersections in drillholes DOF01 & 02 (section line A–B on Figure 2).

Due Diligence and Planned Exploration

Mr Brendan Borg, consultant to Celsius, completed a field visit to the Opuwo Cobalt Project last week. Confirmatory rock chip samples were taken with analysis results anticipated in the coming weeks.

Due to the advanced nature of the Opuwo Cobalt Project, the immediate focus of exploration will be drilling. Drilling will initially test the mostly covered DOF horizon along strike from historical drill holes DOF01/02 to determine the key controls of mineralisation, and thus, vectors to potentially thicker and/or higher grade mineralisation.

It is anticipated that the initial drilling costs will be in the order of $200,000 to $350,000, depending on the final allocation of drilling between RC and diamond core techniques, and further work will be dependent on successful results from the first phase of drilling.

Samples from drilling will also be used to carry out first pass metallurgical testwork, principally liberation and leaching tests, to confirm that metals can be extracted efficiently via established processes.

Terms of the Acquisition

Celsius will gain exposure to the project by acquiring 100% of Opuwo Cobalt Pty Ltd, which in turns holds the right to earn up to 76% of the Opuwo Cobalt Project by expenditure on exploration:

- An initial 30% interest will be earned by expenditure of $500,000 within 6 months of exercising the option to proceed,
- a further 30% to be earnt following expenditure of a further $1,000,000 within 12 months of completing the stage 1 earn in, and
- a final 16% to be earnt following expenditure of a further $1,000,000 within 6 months of completing the stage 3 earn in.

Following the earning of the 76% interest all parties will be required to contribute to exploration. Celsius has paid $25,000 for a 3 month exclusivity payment, effective immediately, for this project opportunity. The acquisition of Opuwo Cobalt Pty Ltd will be satisfied by the issuing of 27,777,773 shares to the shareholders of Opuwo Cobalt Pty Ltd, following shareholder approval at a meeting to be held as soon as practicable. None of the shareholders of Opuwo Cobalt Pty Ltd are related parties to the Company. The shareholders of Opuwo Cobalt Pty Ltd are **Elysium Growth Nominees Pty Ltd** (ACN 107 112 701) as trustee for the Mielikki's Grove Trust, **Morrigan Services Pty Ltd** (ACN 155 166 304), **Naley Pty Ltd** (ACN 152 934 855, **Golden Dawn Limited** (Hong Kong CR 1938046), **Lenoir Capital Pty Ltd** (ACN 123 729 288), **Greensea Investments Pty Ltd** (ACN 106 553 271) and **JP Security Holdings Pty Ltd** (ACN 610 684 449) as trustee for the JP Trust.

Figure 4. Outcropping DOF mineralisation, Opuwo Cobalt Project.

Background on Cobalt

Cobalt has a diverse range of metallurgical and chemical uses ranging from aircraft engines to rechargeable batteries. Strong demand for rechargeable batteries has been the biggest growth driver for cobalt consumption and demand is forecast to continue to increase as batteries are used more and more in households and vehicles. Cobalt cathode chemistry continues to be the product of choice for applications requiring thin, flexible and high energy density batteries with best possible cycle life. Furthermore, automotive related demand for cobalt containing battery materials is expected to rapidly increase in coming years with increasing sales of plug in hybrid and fully electric vehicles.

In its 2016 market outlook respected industry group CRU stated: "The refined cobalt market will fall into a 3,000 tonne deficit this year following seven years of overcapacity and oversupply. CRU anticipates prices to increase onward into 2017 as global demand for refined cobalt exceeds the 100,000 tonne mark and mine and refined supply tightens."

Cobalt resources and production are concentrated in the Democratic Republic of Congo, which has close to half the world's cobalt reserves and accounts for more than half of the world's production. The balance of the world's cobalt is concentrated in Australia, Cuba, Zambia, New Caledonia, Canada, Russia and Brazil. Notably the United States has no domestic resources of cobalt ore. As a result of the industrial importance of cobalt and the concentration of supply, cobalt is classed as a strategic mineral by the USGS and as a critical raw material by the EU.

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Competent Persons Statement

The information in this report that relates to Exploration Results and other technical information for the Opuwo Cobalt Project complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**) and has been compiled by Dr Rainer Ellmies, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Ellmies is a consultant to Opuwo Cobalt Pty Ltd and the General Manager of Gecko Exploration (Pty) Ltd which owns an interest in the Opuwo Cobalt Project. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Dr Ellmies consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. The Exploration Results are based on standard industry practises for drilling, logging, sampling, assay methods including quality assurance and quality control measure as detailed in Appendix 2.

Appendix 1. Significant Results from the Opuwo Cobalt Project

Drillhole	Easting	Northing	Dip/Azi	Depth	From	To	Length (m)	Co (ppm)	Cu (%)	Zn (%)
DOF01	365539	8026727	-55/200	139.5	106.65	111.3	4.65	1153	0.55	0.59
DOF02	365540	8026650	-55/200	130.6	60.8	68.8	8.0	1137	0.54	0.53

Notes:

1. It is recommended that the supporting information contained in Appendix 2 is read in conjunction with these results.

Appendix 2. The following tables are provided to ensure compliance with the JORC Code (2012) requirements for the reporting of Exploration Results for the Opuwo Cobalt Project

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Diamond Drilling • Drill core cut in half using a diamond saw • One half of core sampled by cutting into quarter core with one quarter submitted for geochemical analysis and the other for sampled for mineralogical samples. • QA/QC samples submitted as per protocols listed below. • Based on geological observation sampling, and samples, believed to be representative.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond Drilling • HQ from surface until 30 – 40m, then NQ sized core. • Core oriented using Reflex Orientation Tool.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Standard procedure of measuring length of core recovered vs length of run drilled • Recoveries reported to be +95% by previous explorers • No bias reported, insufficient data to determine if there is any relationship.

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Detailed logging carried out on all holes, at a level that will support a Mineral Resource/other studies when sufficient drilling has been done to allow these studies to be completed • Qualitative logging of weathering intensity, lithology, texture, grainsize, colour, alteration minerals including intensity and location. • Quantitative logging of minerals present and their abundance. • Structural measurement using kenometers. • Drilling logged in full.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core cut by diamond saw, quarter core taken. • Previous explorer stated quarter core was sufficient for representativity. • Cut line used to control sawing of core.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Core samples submitted to ALS Johannesburg for analysis • A 4 acid digest used to obtain a total digest. • Analysis protocols used MEMS61r, MEXRF26 and PGM-MS23 (ALS codes) • No geophysical tools quoted in this report. • Standards (AMIS0029, OREAS-45d, GBM398-4c) inserted every 20th sample • Blank inserted every 20th sample.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data..*	• N/A • No twin holes • No adjustment to assay data.

Criteria	JORC Code explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drillholes located by GPS • UTM grid WGS84 Zone 33 (South). • Downhole surveys completed at end of hole, using Reflex EziTrac to take measurements every 30m
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drilling carried out on a single fence, with holes 75m apart. • Drilling currently not sufficient to establish geological / grade continuity.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drilling aimed to be carried out to intersect the DOF horizon perpendicular to its dip and strike. • Further drilling will better determine the orientation of the geological features and mineralisation and enable any biases to be determined.
Sample security	• *The measures taken to ensure sample security.*	• Core was kept in fenced premises owned by the previous explorer. • Samples were trucked directly to the lab with chain of custody managed by the previous explorer.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No review has been carried out.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Opuwo Cobalt Project comprises a single Exclusive Prospective License EPL4346 owned by Kunene Resources (Pty) Ltd. • The license is currently undergoing the renewal process for a further two year term.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous work carried out by Kunene Resources includes geological mapping, outcrop sampling, soil sampling, high resolution magnetic and radiometric data and hyperspectral data.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Copper-cobalt mineralisation is developed in a sedimentary package of likely Nosib succession. Arkose quartzitic sandstones and conglomerates of

Criteria	JORC Code explanation	Commentary
		the footwall Nosib Formation are exposed to the west and southwest • The upper Nosib or Ombombo Formation consists of a sequence of finely intercalated siltstones and shales with minor sandstone, marlstone, limestone and dolostone layers.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Refer Appendix 1.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• All results greater than 0.2% Cu and/or 1000ppm Co used to determine intersections. • Assays weighted by sample length.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All results in Appendix 1 are down hole widths • Determination of the orientations and thickness of mineralisation will be possible with further drilling.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer Figures 2 and 3.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Reporting is representative.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Geophysical and geological datasets detailed in report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Planned further work detailed in report.