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CELSIUS
RESOURCES LTD

ABN 95 009 162 949

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2019

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DIRECTORS

William Oliver – Non-Executive Chairman
Brendan Borg – Non-Executive Director
Pine van Wyk – Non-Executive Director
Ashley Hood – Non-Executive Director

COMPANY SECRETARY

Melanie Ross

AUDITORS

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Australian Securities Exchange Limited
(Home Branch - Perth)
ASX Code: CLA

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Your Directors present their report together with the half-year financial report on the consolidated entity, consisting of Celsius Resources Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2019.

Directors

The Directors in office at the date of this report and at any time during the half-year are as follows.

William Oliver	Non-Executive Chairman
Brendan Borg	Non-Executive Director
Pine van Wyk	Non-Executive Director
Ashley Hood	Non-Executive Director (appointed 29 November 2019)

Principal Activities

During the year, the principal activities of the consolidated entity consisted of mineral exploration and mineral extraction via joint venture arrangements.

There were no significant changes in the nature of the activities of the consolidated entity during the half-year.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Review of Operations

Corporate

The consolidated net loss of the consolidated entity after income tax for the six months ended 31 December 2019 amounted to \$339,219 (31 December 2018: \$455,549).

Opuwo Cobalt Project, Namibia (Celsius – 95%)

Celsius is aiming to define a long life, reliable source of cobalt at Opuwo. The Company considers the Project to have the following advantages:

- Large scale.
- Favourable mineralogy: cobalt and copper sulphide minerals.
- Low in deleterious elements: notably arsenic, cadmium and uranium.
- Mining friendly, politically stable and safe location with excellent infrastructure.
- Cobalt: best exposure to lithium ion battery demand.

Work on the Opuwo Cobalt Project has been limited during the period due to the low current and short term forecast cobalt price. The Company has continued with work programs aimed at keeping the Opuwo Project in good standing, in terms of in country expenditure and reporting, Corporate Social Responsibility (CSR) programs, and community and government consultation regarding the current status of the Project. Exploration programs have been developed for gold and base metals targets in the broader Opuwo Project.

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. 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. Good quality bitumen roads connect 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.

The Opuwo Project consists of four Exclusive Prospecting Licences covering approximately 1,470 km². (Figure 1)

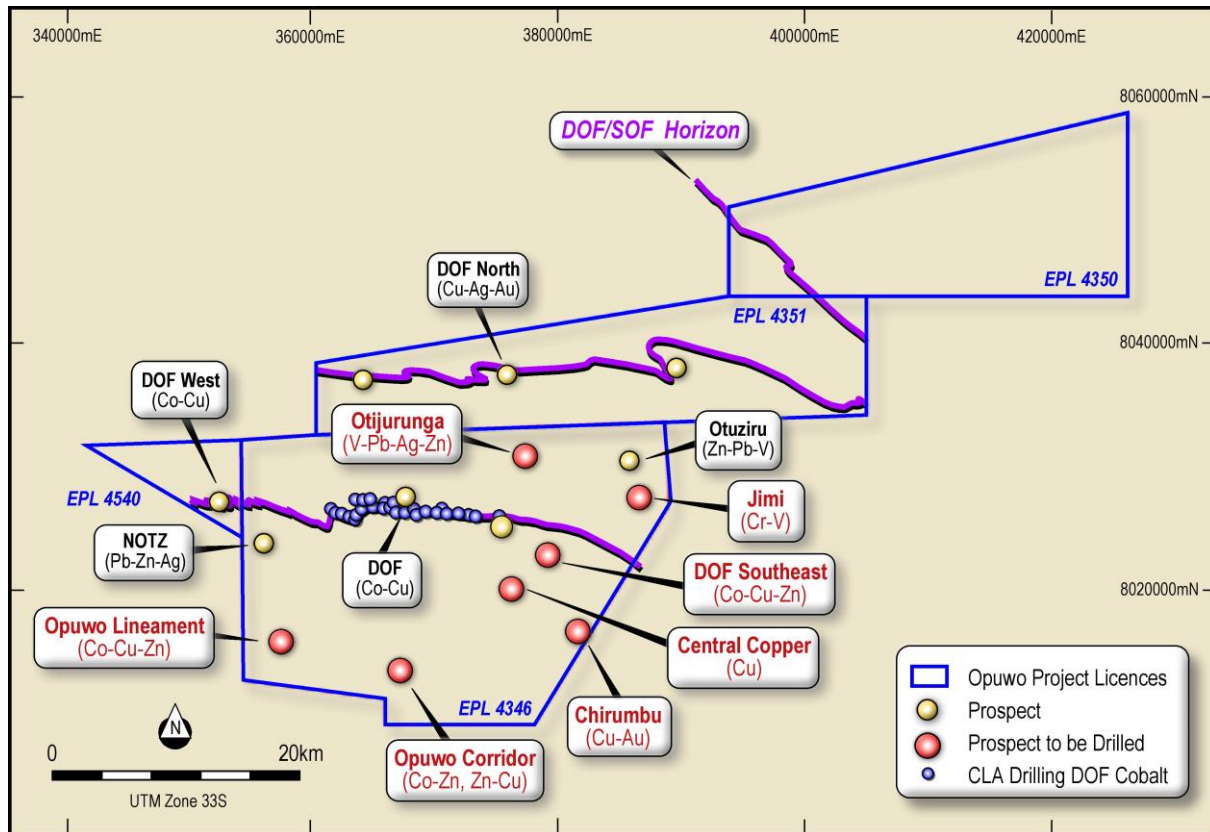


Figure 1: Opuwo Licence and Prospect Map

During the period the Environmental Impact Assessment Scoping Report for the Opuwo Cobalt Project was finalised, reviewed and lodged for public comment. The Company continues to carry out regular monitoring and stakeholder engagement at the Opuwo Project as per its commitments under the EIA.

In addition final reports relating to metallurgical testwork and process design, specifically the roasting process, flotation optimisation testwork and logistics trade-off studies completed earlier in the year from external consultants were received and reviewed during the period. A number of areas where further testwork would be beneficial have been identified from these studies and form part of a third party review of all work completed to date on the Opuwo Cobalt Project.

Exploration activities at the Opuwo Cobalt Project focused on locating potential feeder zones with the aim is to identify higher grade zones which would enhance the viability of the Project. Previously the company completed a SkyTEM aerial survey, along with downhole EM on certain deeper drillholes within the project. Current exploration efforts aim to add data through inexpensive data review, such as a review of the geochemical signature of mineralisation in Celsius' drilling data by renowned international consultant Scott Halley.

The Company has commissioned HiSeis Pty Ltd to ascertain the potential for hard rock seismic to assist in exploration for the feeder zone. The initial step is to complete a series of measurements on existing

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drill core securely stored at the project core shed in Opuwo to ascertain if the DOF horizon represents a seismic reflector, as well as complete a reconnaissance of the project area to determine its suitability for future surveys. HiSeis was onsite at Opuwo in February to complete these tasks.

Regional exploration focused on two of the most promising targets within the Opuwo Project (Figure 1), namely the Chirumbu copper-gold Prospect and the Otuziru lead-zinc-silver-vanadium Prospect. (refer ASX announcement 30 November, 2018). During the period excellent results were returned from sampling at Chirumbu with 13 samples above 1g/t gold and 37 samples > 1.0% copper (refer Figure 1, 2 and ASX Announcement 23 December 2019). These included peak values of 56.9g/t gold in sample AR022 and 36.9% copper in AR112. Systematic rock chip sampling of outcropping and subcropping veins was completed to provide an increased sample coverage to provide a more robust interpretation for the orientation of mineralised structures at Chirumbu.

Mineralised samples (> 1.g/t gold or > 1.0% copper) fall into two NNW-trending zones (Figure 2) named the Eastern and Western Vein Zones. These zones are at a high angle to the regional stratigraphy (which is an anticlinal structure dipping to the north-west). Historical drilling was oriented perpendicular to stratigraphy (geological layering) rather than perpendicular to the veining (refer Figure 1), which likely explains the absence of significant results. Further work will be completed to better target follow up drilling which is likely to comprise an IP survey, as well as further mapping to understand the spatial relationship of mineralised veins

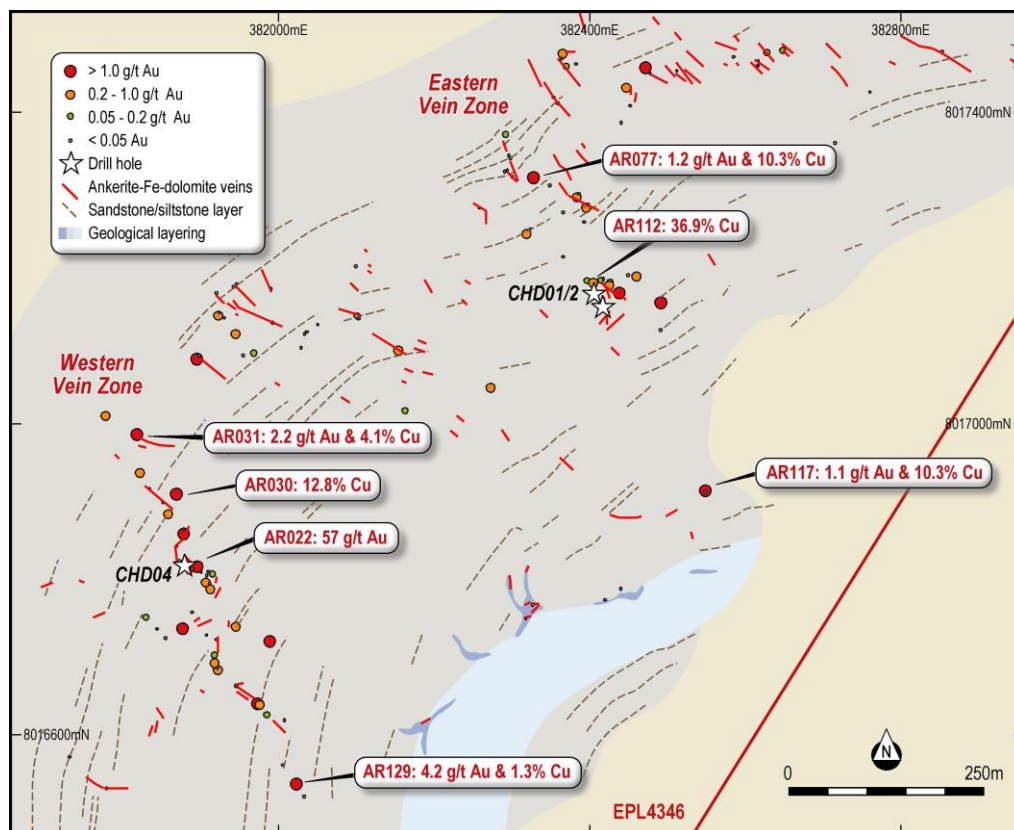


Figure 2 – Results from surface sampling at Chirumbu along with geological mapping

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Western Australian Nickel Assets

Celsius holds an interest in two nickel assets in Western Australia. Celsius (through View Nickel Pty Ltd) has a 100% interest in the Abednegno Hill Nickel Project to the south and west of Minara Resources' Murrin Murrin nickel mine and the NiWest operation currently under development by GME Resources Ltd .

A review of the Abednegno Hill Project was completed during the period based on renewed interest in nickel sulphide projects globally. Work to test the anomalies detected in the Company's ground EM surveys has been designed but has not been completed to date.

Additionally the Company owns a 30% joint venture interest in the Carnilya Hill Joint Venture in Western Australia with Mincor Resources NL (Joint Venture). Mincor Resources NL (Mincor, ASX:MCR) is the operator of the Carnilya Hill JV. The tenements covered by the Carnilya Hill Joint Venture (JV) include Mining Licences M26/47, M26/48, M26/49 and M26/453. Mincor has not advised the Company of any material results from exploration at the Carnilya Hill Project during the year. While the Carnilya Hill Project has several areas which could be of interest at higher nickel prices, the prices making these prospects viable are far above the prevailing price therefore Celsius has elected not to contribute to cash calls for the current period and dilute accordingly.

Other Projects

During the period the Company reviewed a number of potential acquisitions and investments in commodities which complement or diversify the Company's current commodity exposure. Specifically, the Company has reviewed projects in commodities including nickel, copper, cobalt, manganese, gold, uranium and high-purity alumina (HPA). As at today's date a transaction is yet to be completed, although detailed due diligence has been completed on a number of opportunities.

Events Subsequent to Reporting Date

On 6 February 2020 the Company announced that 2,000,000 unlisted options, exercisable at \$0.175 had expired.

Other than the above, no matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is included within this half-year financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.



William Oliver
Director

Dated this 12th day of March 2020

CELSIUS RESOURCES LIMITED
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019



	Consolidated	
	31 December 2019	31 December 2018
	\$	\$
Other income	35,174	117,149
Director fees	(76,267)	(109,806)
Legal and other professional fees	(165,946)	(117,601)
Share based payments	-	62,620
Travel and accommodation	(1,032)	(66,012)
Other expenses	(131,148)	(341,899)
Loss before income tax	(339,219)	(455,549)
Income tax expense	-	-
Loss for the period	(339,219)	(455,549)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(1,542)	28,132
Total other comprehensive income	(1,542)	28,132
Total comprehensive loss for the period	(340,761)	(427,417)
Total comprehensive loss attributable to:		
Non-controlling interests	(2,240)	(3,034)
Members of the parent	(338,521)	(424,383)
	(340,761)	(427,417)
Loss per share:	Cents	Cents
Basic loss per share	(0.04)	(0.06)
Diluted loss per share	(0.04)	(0.06)

The accompanying notes form part of this interim financial report.

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CELSIUS RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019



		Consolidated	
	Note	31 December 2019 \$	30 June 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents		6,177,089	6,655,181
Trade and other receivables		36,444	366,469
Other assets		41,406	30,234
Total Current Assets		6,254,939	7,051,884
Non-Current Assets			
Exploration and evaluation expenditure	3	15,767,961	15,434,702
Total Non-Current Assets		15,767,961	15,434,702
Total Assets		22,022,900	22,486,586
LIABILITIES			
Current Liabilities			
Trade and other payables		94,556	217,481
Total Current Liabilities		94,556	217,481
Non-Current Liabilities			
Provision for Rehabilitation		232,753	232,753
Total Non-Current Liabilities		232,753	232,753
Total Liabilities		327,309	450,234
Net Assets		21,695,591	22,036,352
EQUITY			
Issued capital		54,840,709	54,840,709
Reserves		1,436,424	1,437,889
Accumulated losses		(34,705,935)	(34,368,879)
Equity attributable to the owners of Celsius Resources Limited		21,571,198	21,909,719
Non-controlling interest		124,393	126,633
Total Equity		21,695,591	22,036,352

The accompanying notes form part of this interim financial report.

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CELSIUS RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019



Consolidated	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Non Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	54,402,892	(33,394,841)	1,367,571	(173,558)	116,140	22,318,204
Loss for the period	-	(452,717)	-	-	(2,832)	(455,549)
Other comprehensive income	-	-	-	28,334	(202)	28,132
Total comprehensive loss for the period	-	(452,717)	-	28,334	(3,034)	(427,417)
Issue of share capital	324,673	-	-	-	-	324,673
Options exercised	-	-	(62,620)	-	-	(62,620)
Share based payments	54,402,892	(33,394,841)	1,367,571	(173,558)	116,140	22,318,204
Capital raising costs	-	-	-	-	-	-
Recognition of non-controlling interest on acquisition	-	-	-	-	-	-
Balance at 31 December 2018	54,727,565	(33,847,558)	1,304,951	(145,224)	113,106	22,152,840
Balance at 1 July 2019	54,840,709	(34,368,879)	1,304,951	132,938	126,633	22,036,352
Loss for the period	-	(337,056)	-	-	(2,163)	(339,219)
Other comprehensive income	-	-	-	(1,465)	(77)	(1,542)
Total comprehensive loss for the period	-	(337,056)	-	(1,465)	(2,240)	(340,761)
Balance at 31 December 2019	54,840,709	(34,705,935)	1,304,951	131,473	124,393	21,695,591

The accompanying notes form part of this interim financial report.

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CELSIUS RESOURCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019



	Consolidated	
	31 December	31 December
	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(393,054)	(691,761)
Payments for exploration and evaluation	(125,955)	(2,582,061)
Interest received	40,928	117,149
	<u>(478,081)</u>	<u>(3,156,673)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	-	324,673
Proceeds from share funds held in trust	-	54,172
Payment for capital raising	-	(21,753)
	<u>-</u>	<u>357,092</u>
Net cash inflow from financing activities		
Net (decrease)/increase in cash held	(478,081)	(2,799,581)
Effect of exchange rate changes on the balance of cash held in foreign currencies	(11)	1,098
Cash at the beginning of the financial period	6,655,181	12,393,058
	<u>6,177,089</u>	<u>9,594,575</u>
Cash at the end of the financial period		

The accompanying notes form part of this interim financial report.

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1. BASIS OF PREPARATION

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Celsius Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year financial report has also been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value for certain classes of assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted in the annual financial report for the year ended 30 June 2019, except as set out below:

New and Revised Accounting Standards and Interpretations

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

The consolidated entity has adopted AASB 16 from 1 July 2019 using the retrospective approach and as such the comparatives have not been restated. There was no impact of adoption on opening accumulated losses as at 1 July 2019.

1. BASIS OF PREPARATION (Continued)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

2. SEGMENT INFORMATION

The consolidated entity operates within two geographical segments within mineral exploration and extraction being Australia and Namibia. The segment information provided to the chief operating decision maker is as follows:

Six month ended 31 December 2019	Exploration activities	Exploration Activities	Consolidated
	AUSTRALIA	NAMIBIA	
	\$	\$	\$
Segment revenue	33,161	2,013	35,174
Total revenue			<u>35,174</u>
Segment result before income tax	(295,956)	(43,263)	(339,219)
Loss before income tax			<u>(339,219)</u>
At 31 December 2019			
Segment assets	6,418,655	15,604,245	22,022,900
Total assets			<u>22,022,900</u>
Segment liabilities	319,539	7,770	327,309
Total Liabilities			<u>327,309</u>
Six month ended 31 December 2018	Exploration activities	Exploration Activities	Consolidated
	AUSTRALIA	NAMIBIA	
	\$	\$	\$
Segment revenue	114,382	2,767	117,149
Total revenue			<u>117,149</u>
Segment result before income tax	(398,918)	(56,631)	(455,549)
Loss before income tax			<u>(455,549)</u>
At 30 June 2019			
Segment assets	6,949,527	15,537,059	22,486,586
Total assets			<u>22,486,586</u>
Segment liabilities	325,875	124,359	450,234
Total Liabilities			<u>450,234</u>

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3. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2019	30 June 2019
Expenditure brought forward at the beginning of the period	15,434,702	9,168,756
Incurred expenditure during the period	333,259	6,453,768
Expenditure impaired/written off during the year	-	(187,822)
Expenditure carried forward at the end of the period	<u>15,767,961</u>	<u>15,434,702</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of the mineral resource.

5. CONTINGENT LIABILITIES

The consolidated entity had no contingent liabilities as at 31 December 2019 and 30 June 2019.

6. DIVIDENDS

No dividends have been paid or provided for during the half-year (2018: nil).

7. EVENTS SUBSEQUENT TO REPORTING DATE

On 6 February 2020 the Company announced that 2,000,000 unlisted options, exercisable at \$0.175 had expired.

Other than the above, no matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

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**CELSIUS RESOURCES LIMITED
DIRECTORS' DECLARATION**



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to s303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'William Oliver'.

William Oliver

Director

Dated this 12th day of March 2020

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
CELSIUS RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Celsius Resources Limited, which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Celsius Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Celsius Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

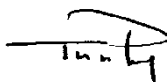
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Celsius Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 12 March 2020

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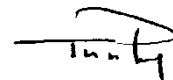
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Celsius Resources Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 12 March 2020

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