CELSIUS RESOURCES LIMITED

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QUARTERLY ACTIVITIES REPORT

DECEMBER 2016

Opuwo Cobalt Project, Namibia

On January 19 2017 the Company announced it had acquired the option to earn an interest in the highly prospective Opuwo Cobalt Project in Namibia via staged exploration expenditure.

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.

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. The DOF horizon has been mapped and sampled along its outcropping strike length of approximately 20 km. The DOF horizon appears to be mineralised throughout its extent 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 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).

Despite intensive surface exploration by previous explorers, 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. 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)

(Refer ASX Announcement 19 January 2016)

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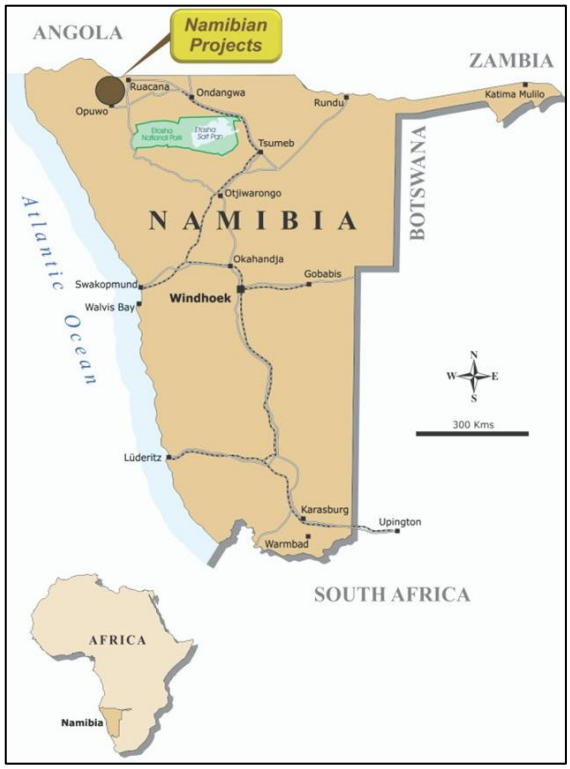


Figure 1. Location of the Opuwo Cobalt Project, Namibia

Due to the advanced nature of the Opuwo Cobalt Project, the immediate focus of exploration will be drilling. Preparations are well advanced for the Company's maiden drilling programme at Opuwo with drilling to initially test the 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. Samples from drilling will also be used to carry out first pass metallurgical testwork, principally liberation and leaching tests.

Surface sampling completed by CLA returned cobalt grades up to 3655ppm Co, with 5 of 11 samples returning grades above 1000ppm Co (Figure 3, ASX Announcement 30 January 2016). Copper-zinc values ranged between 0.15 and 0.72%Cu and 0.07 and 2.26% Zn. These results correlate well with surface sampling completed by historical explorers and the vendor in the area. Of the 55 samples collected in the area 12 have grades above 1000ppm Co with 4 above 2000ppm Co (Figure 3, ASX Announcement 30 January 2016. It should be emphasized that both the historical and recent verification samples are grab samples taken from locations of geological interest and serve only to show the potential of the DOF horizon as well as to assist in drill planning.

A more representative phase of surface sampling was completed in 2012-2013 with the excavation of surface trenches. Sampling was carried out of each meter by channel sampling the exposed weathered bedrock. Results of these include:

- 3m at 2714ppm Co + 0.30% Cu + 1.09% Zn (K-T4)
- 2m at 2490ppm Co + 0.50% Cu + 1.30% Zn (K-T5)
- 2m at 1635ppm Co + 0.20% Cu + 0.54% Zn (K-T3)
- 3m at 1586ppm Co + 0.02% Cu + 0.80% Zn (K-T6)

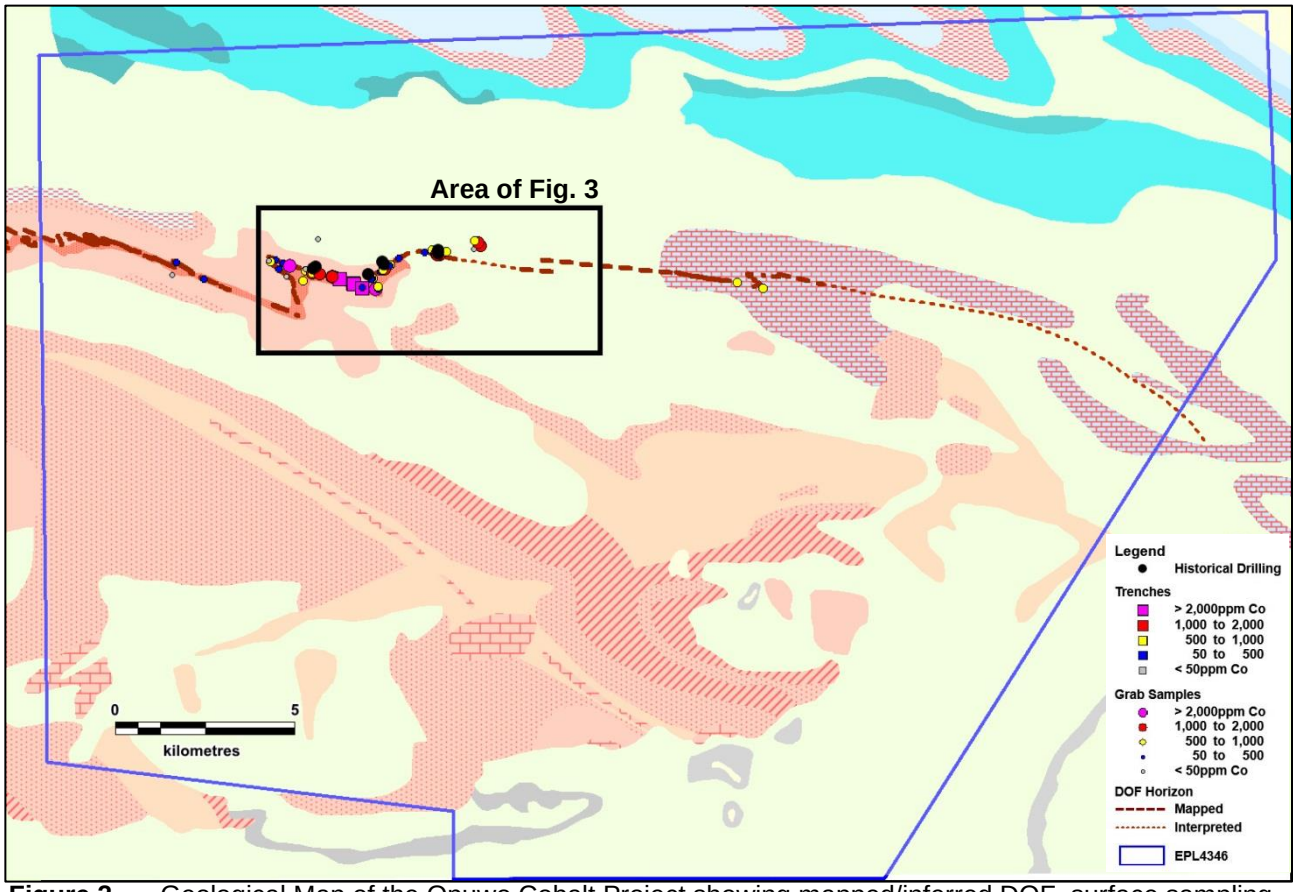


Figure 2. Geological Map of the Opuwo Cobalt Project showing mapped/inferred DOF, surface sampling, trenching and historic drill locations. Black box delineates area shown as Figure 3.

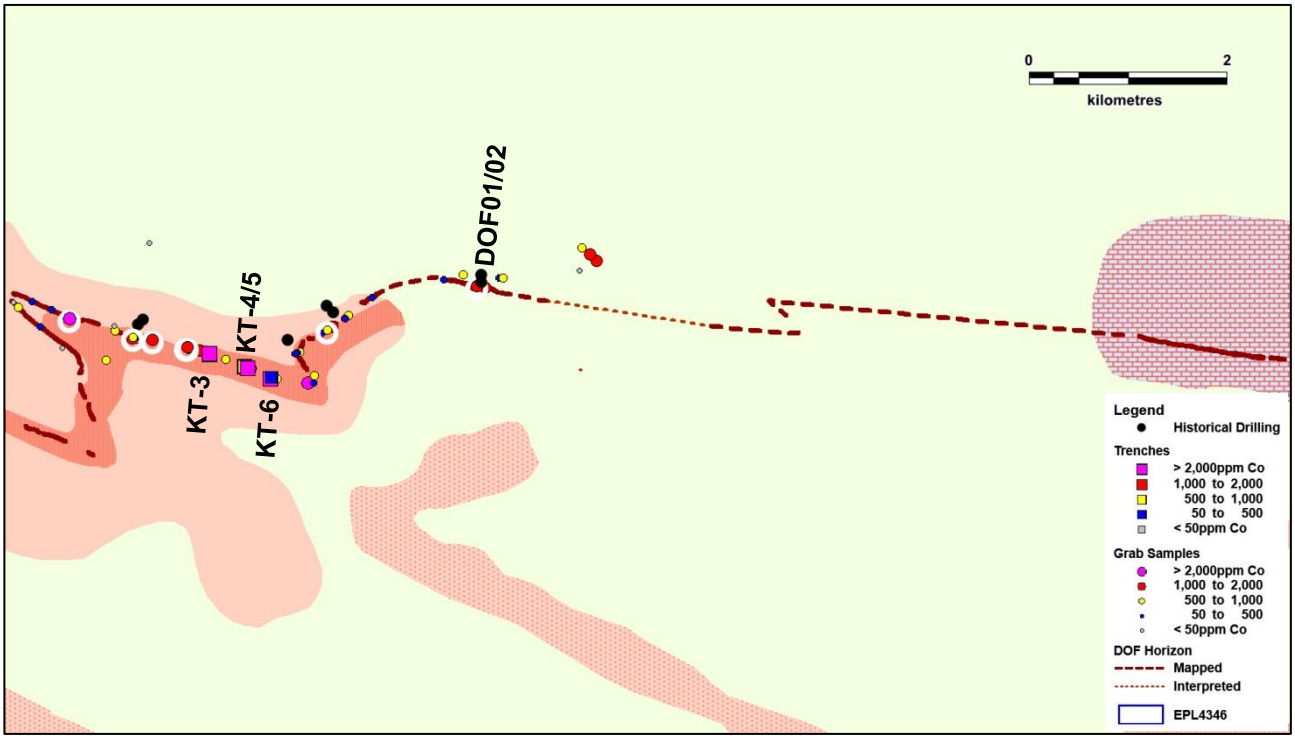


Figure 3. Plan showing area of trenching and drilling within the Opuwo Cobalt Project. CLA verification samples are circled in white.

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. 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 planned to be held on 2 March 2017.

Abednegno Hill Project, WA

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.

During the Quarter the Company completed a high resolution aeromagnetic survey over the Abednegno Hill Project. Data was processed and merged with adjacent high resolution survey data to create a substantially improved image for geological interpretation. This interpretation has yielded a number of new targets for nickel, nickel-cobalt and gold mineralisation within the project area (refer ASX release 25 January 2016). Field programmes comprising mapping, surface sampling and ground gravity will be implemented in coming months to enable these targets to be advanced.

Carnilya Hill Project, WA

Celsius (through View Nickel Pty Ltd) 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. No activity was reported by Mincor during the quarter.

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