CELSIUS RESOURCES LTD

ASX RELEASE | 3 March 2017

DRILLING RIG MOBILISING TO OPUWO COBALT PROJECT, NAMIBIA

HIGHLIGHTS

- **General Meeting of Shareholders approves acquisition of Opuwo Cobalt Pty Ltd.**
- **Due Diligence completed, settlement of transaction in progress.**
- **Drilling rig mobilizing to Opuwo Cobalt Project to commence CLA's maiden drilling programme and earn-in to the project.**

Celsius Resources Limited ("Celsius" or "the Company") is pleased to update the market on the Opuwo Cobalt Project ("Project") in Namibia. As announced on 2 March 2017 a general meeting of shareholders approved the acquisition of Opuwo Cobalt Pty Ltd, which in turn holds the right to earn up to 76% of the Opuwo Cobalt Project by expenditure on exploration.

Celsius recently finalised its legal, technical and financial due diligence on Opuwo Cobalt Pty Ltd and the title for EPL4346. As a consequence of this and the receipt of shareholder approval Celsius has now moved to settle the acquisition by the issue of 27,777,773 shares to the shareholders of Opuwo Cobalt Pty Ltd. Celsius will also formally notify the vendors of the Opuwo Cobalt Project of its intent to commence its Stage 1 earn in to the Opuwo Cobalt Project.

A drilling rig is currently being mobilised to the Opuwo Cobalt Project with RC drilling anticipated to commence next week. The drill programme was outlined in the ASX release of 16 February 2017 and will form the major part of the Company's Stage 1 earn in to the Opuwo Cobalt Project.

Celsius will gain exposure to the project via the following stages of 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.

Level 3, 216 St Georges Terrace,
Perth WA 6000
PO Box 7775, Cloisters Square,
Perth WA 6850

P: + 61 8 9226 4500
F: + 61 8 9226 4300
info@celsiusresources.com.au
www.celsiusresources.com.au

Background on the Opuwo Cobalt 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 (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.

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)

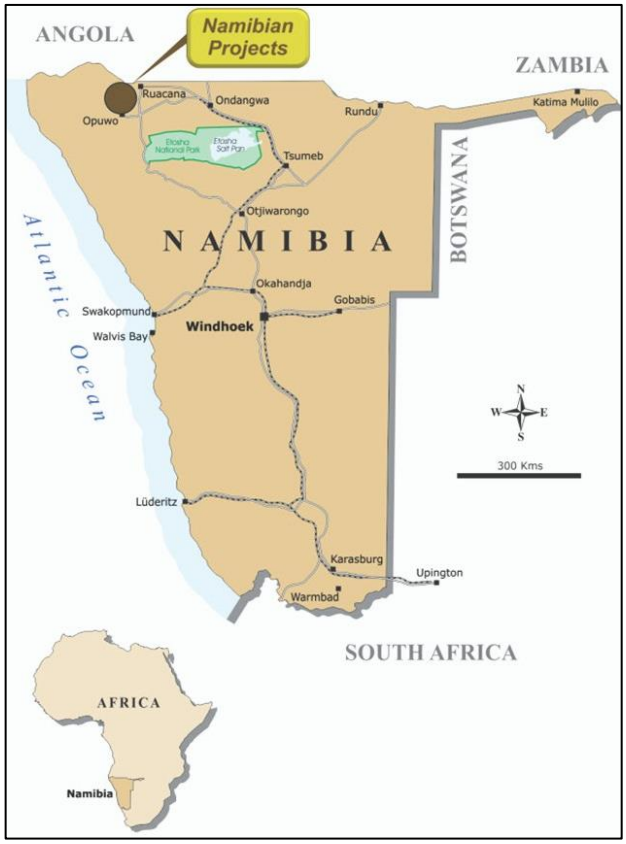

Figure 1. Location of the Opuwo Cobalt Project, Namibia

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.

- ENDS -

Celsius Resources Contact Information

Level 3, 216 St Georges Terrace
Perth WA 6000
PO Box 7775
Cloisters Square Perth WA 6850
P: +61 8 9226 4500
F: +61 8 9226 4300
E: info@celsiusresources.com.au
www.celsiusresources.com.au