



CELSIUS COAL
LIMITED

ASX RELEASE | 30th January 2015

QUARTERLY ACTIVITIES REPORT

DECEMBER 2014

HIGHLIGHTS

- In May 2014 Celsius announced that it had reached an agreement with Blumont to receive a final payment of US\$750,000 under the Convertible Note with a minimum conversion price of A\$0.025 per share. The first payment of US\$200,000 was received by the Company on 19 May 2014. On 2 July 2014 Celsius received a further payment of US\$100,000, providing total drawings of US\$300,000 under this facility; negotiations are continuing with Blumont for the outstanding amount.
- Celsius is continuing with the sale process of its non-core thermal coal assets in Southern Kyrgyz Republic but has suspended further test and design work on its Uzgen Basin assets until funding issues with Blumont are resolved.
- Work continued to advance the Company's nickel projects in Western Australia

Exploration and Development – Uzgen Basin Coking Coal Project

At the Company's 80% owned flagship Uzgen Basin Coking Coal Project the Company has a JORC compliant resource of 295Mt (Inferred), which comprises 235Mt at Kargasha and 60Mt at Kokkia.

The Uzgen Basin Coking Coal Project is ideally located to supply the expanding steel industry in Xinjiang Province, Western China. Xinjiang Province has been highlighted as a special case for economic development. Kashgar, Xinjiang's second city, has been designated as a new Special Economic Zone as a trade gateway to Central Asia.

On-going Testing Program and Mine planning

The initial coal testing program from the 2013 drilling campaign has been completed, however as reported in the September Quarterly report this work has identified the need for further CSR testing based on the initial results.

The Company has suspended further work until its funding position with Blumont is resolved.

Thermal coal assets

Celsius has decided not to proceed with any further works at its non-core thermal coal property in Southern Kyrgyz Republic, namely Sary Mogol. The Company is still seeking potential purchasers of these assets to preserve financial resources to focus on an optimized plan for the Uzgen Basin Coking Coal Project and potential increased activity on its nickel assets.

Financing update

As noted during the last quarter the Company announced that it reached an agreement to receive a further US\$750,000 (approximately A\$798,300) from Blumont Group ("Blumont") pursuant to the Convertible Note Deed (the "Note"). As a result (but subject to the terms of the agreement with Blumont), Celsius will only draw A\$4.3 million of the A\$5 million available under the terms of the Note.

Celsius has conditionally agreed to waive receipt of the balance of approximately A\$701,700 available under the terms of the Note through an undertaking not to make further draws under the facility. The Company understands that the requirement not to make further draws was requested as a condition by Blumont's financier Wintercrest LLC under the loan facility that party has provided to Blumont.

To date Celsius has received US\$300,000 under this US\$750,000 facility. The Company has therefore reserved its rights under the Note and the agreement relating to amendment of the Note.

Corporate

The company has successfully completed its proposed restructure and aggressively cut back expenses to preserve its cash position.

Key management changes previously announced

During the Quarter Mr Alex Molyneux resigned from the board to pursue other business interests. Mr Bill Oliver has assumed the role of Chairman in the interim.

Revised compensation structure

As previously announced and approved the Company compensated its Board in shares rather than cash payments, and compensated key management 50% per cent in cash and 50% paid in shares. Following the shareholder approval at the Company's AGM on 28 November 2014 the Company issued 360,759,434 shares to compensate for \$324,683 in owed salaries and fees.

At the end of the quarter, Celsius had minimal cash holdings, and subject to the continuance of existing agreements in place, access to a further \$US0.45 million pursuant to a convertible note with its major shareholder (based on the agreement made in May 2014). Alternatively, with the Company reserving its rights under the original Note, there would be further funds available to the Company subject to the continuance of existing agreements in place.

West Australian Nickel Assets

Celsius owns two nickel assets in Western Australia. 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. The tenements covered by the Carnilya Hill Joint Venture (JV) include Mining Licences M26/47, M26/48, M26/49 and M26/453. Additionally the Company has a 100% interest in the Abengo Hill Nickel Project to the south and west of Minara Resources' Murrin Murrin nickel mine. The tenements are located near to Minara Resources' Murrin Murrin mine and the NiWest operation currently under development by GME Resources Ltd and are believed to have potential for both nickel laterite and nickel sulphide mineralisation.

Celsius initiated a reassessment of its nickel assets earlier in 2014. A data compilation and target generation exercise on its Abengo Hill Project for laterite and sulphide nickel was finalized during the Quarter. Based on this work the Company is assessing its options for further work on this Project, either resuming exploration activity or seeking to monetize its nickel assets.

As announced in Mincor's Quarterly Activities Report an RC drilling programme of 5 holes for 356 metres was completed at the Michigan prospect within the Carnilya Hill Project. No significant assays > 0.5% Ni were returned. While mining operations at Carnilya Hill ceased in the first quarter of 2012 access to the decline and other mine infrastructure was maintained so that the opportunity to recommence mining remains intact.

Competent Person's Statement

The information in this announcement that relates to resource estimates reported to the ASX on 24th March 2014 is based on information compiled by Dr Gavin Springbett, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Springbett is acting as a consultant to Celsius Coal Limited and is an employee of G&S Resources. Dr Springbett 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Springbett consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to exploration results initially reported to the ASX on 24th October 2013, 17th January 2014 and 22nd January 2014 is based on information compiled by Mr Alistair Muir, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Muir is the Managing Director of Celsius Coal Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Muir consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears. Further the company confirms it is not aware of any new information, or data which materially affects the resource announcement and that all material assumptions and technical parameters underpinning the resource estimates are unchanged. In addition the company confirms that the form and context in which the CP's findings are presented have not been materially modified.

ABOUT CELSIUS COAL

Celsius Coal Ltd is focused on developing coking and thermal coal deposits in the Kyrgyz Republic.

Celsius owns 80% of its Uzgen Basin Coking Coal Project (comprising: Kargasha; Kokkia; and Min Teke), which cover an established Soviet-era coking coal resource. It also owns 90% of its Alai Range Projects (comprising: Sary Mogol).

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