

PREMIUM COAL SUPPLY FOR CHINA AND CENTRAL ASIA

January 2014

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Company snapshot

Section 1



Drill rig operating at Kargasha, 2012 (Uzgen Basin coking coal project)

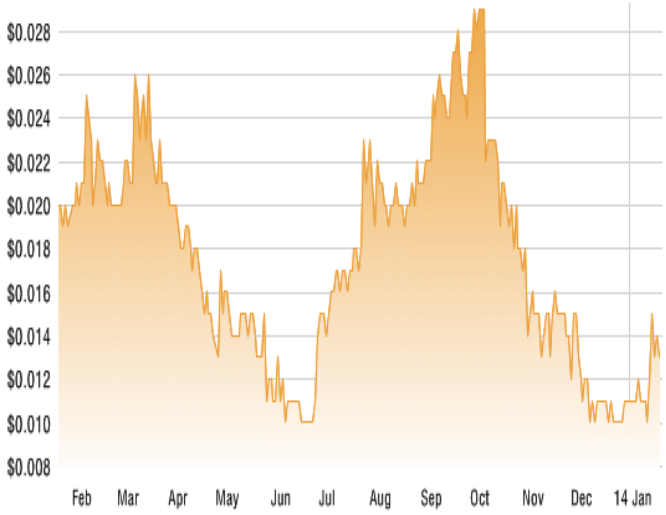
Company snapshot
Capitalization and structure

Capitalization summary

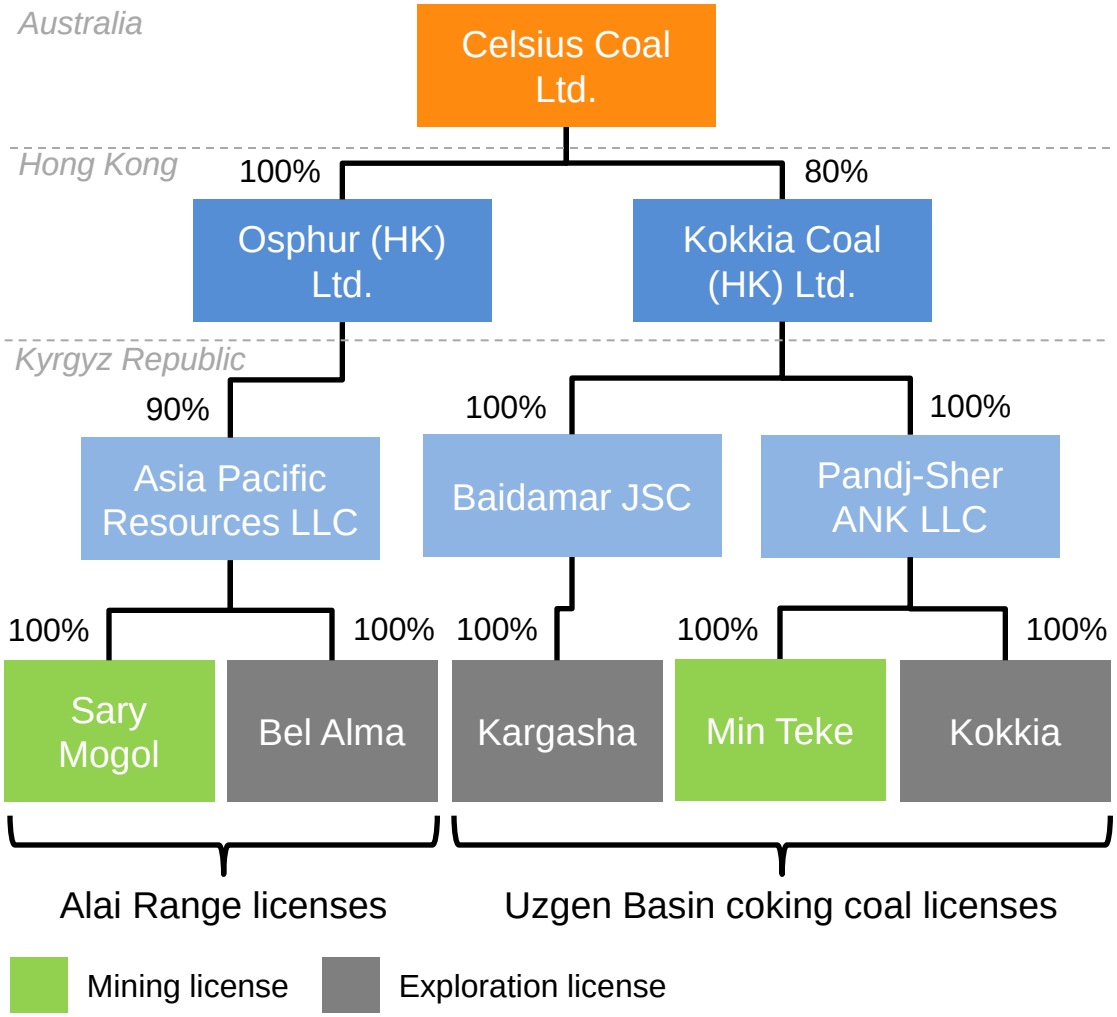
Share price (at Jan 24, 2014)	A$0.014/share
Shares outstanding	2,010.9m
Market capitalization	A$28.2m
Net cash (at Dec 31, 2013)[1]	A$0.2m
Enterprise value	A$53.5m

Note: 1. $2.2m cash and $2.5m drawn from convertible note facility. Total liquidity is estimated at $6.8m (including cash, $2.5m of undrawn convertible note facility and $1.6m in expected options proceeds).

Share price (LTM – A$/share)



Corporate structure



Company snapshot
License location and tenure



Uzgen Basin coking coal licenses

Kargasha

Status: Exploration license
Size: 8,000ha

Kokkia

Status: Exploration license
Size: 1,576ha

Alai Range licenses

Sary Mogol

Status: Mining license
Size: 8ha

Bel Alma

Status: Exploration license
Size: 329ha

Min Teke

Status: Mining license
Size: 187ha

– Licenses containing JORC Resources

Company snapshot

Directors and senior management

Name and position	Background
Alexander Molyneux *Executive Chairman (Executive Director)*	■ Previously CEO, SouthGobi Resources (2009-2012) – largest foreign coal producer in Mongolia (US$550M market cap./ US$800M EV) ■ Prior to SouthGobi, 10-years metals and mining investment banking, including Managing Director, Head of Metals and Mining Asia Pacific for Citigroup ■ Directorships: Ivanhoe Energy (2010-); Goldrock Mining (2012-); Azarga Resources (2012-); and Blumont Group (2014-)
Alistair Muir *Technical & Operations Director (Executive Director)*	■ Competent Person for purposes of JORC Code and over 20 years experience as a practising geologist, 15+ of those covering coal ■ Experience covers all aspects of mine evaluation including optimisation of mining method, environmental, geotechnical, hydrogeological and financial evaluation
Bill Oliver *Non-Executive Director*	■ Qualified geologist with over 12 years experience with both majors and juniors ■ Previously Exploration Director and then Managing Director of Signature Metals – went from explorer to producer with gold project in Ghana ■ Directorship: Minbos Resources (2013-)
Ranko Matic *Company Secretary and Non-Executive Director*	■ Qualified Chartered Accountant with over 20 years experience in financial and executive management, accounting, audit and corporate advisory ■ Currently a Director at Bentleys, a Perth-based accounting and corporate advisory firm ■ Directorships: East Energy Resources (2007-); and Valmec Limited(2012-)
Matthew O'Kane *Chief Financial Officer*	■ Previously VP and then CFO, SouthGobi Resources (2011-2012) ■ 18 years experience in finance roles in the mining and manufacturing industries ■ Directorship: Powertech Uranium Corp. (2013-)

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Investment themes

Section 2



Hard black bituminous coal recovered during core drilling at Kargasha, 2012

1 Large-scale coking coal resource

JORC Resource of 255 million tonnes with upside

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Summary of existing coal JORC Resources (Uzgen Basin Coking Coal)[1]

	Inferred	Total
Kargasha	230	230
Kokkia	25	25
Min Teke	–	–
Total	255	255



Total near-term targeted tonnages (including exploration targets)[1]

	JORC Resources	Exploration target	Total
Uzgen Basin Coking Coal	255	55 – 110	310 - 365

Notes: 1. Please refer to the Competent Persons Statement on the last slide relating to these Coal Resources and exploration targets. The information on this slide relating to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves.

2 Premium quality coals

Uzgen Basin licenses contain quality coking coals

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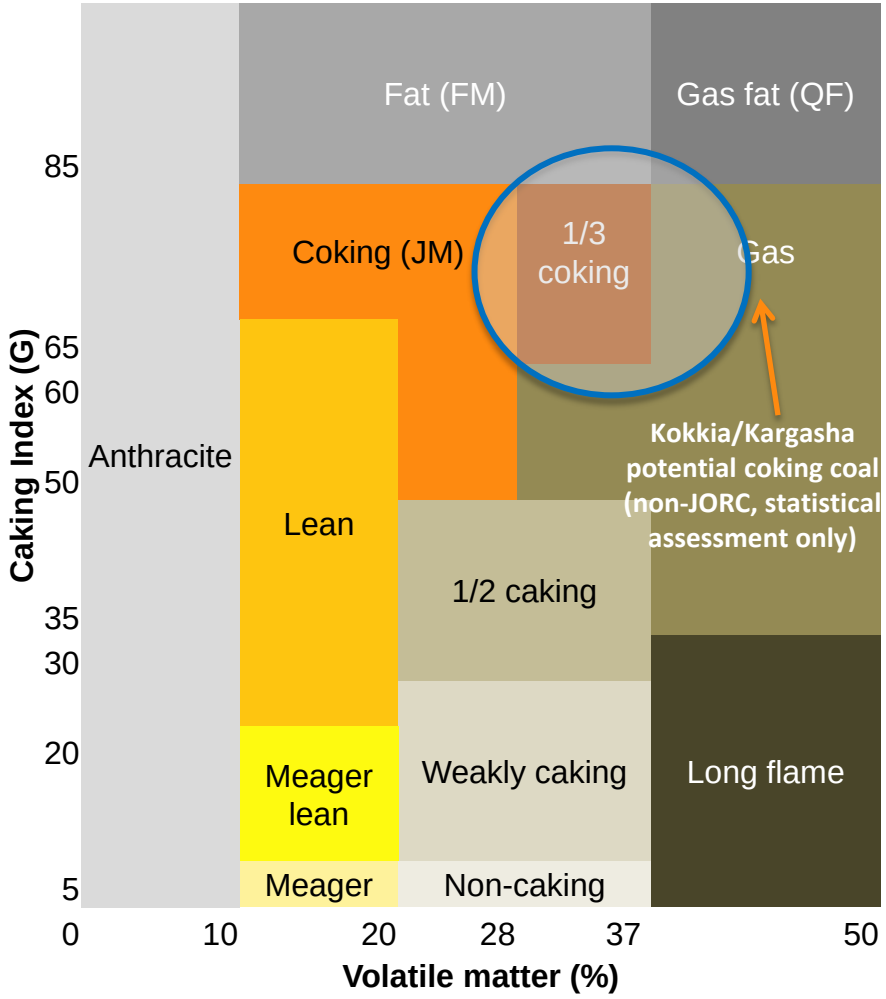
Indicative coal qualities (international system)

	Kargasha	Kokkia
Calorific Value^{daf} (Kcal/kg)	7,862[1]	7,800-8,500[3]
Volatile Matter^{ad} (%)	31.6[2]	29.5[2]
Inherent Moisture (%)	1.3[2]	1.2[2]
Ash^{ad} (%)	12.7[2]	9.9[2]
Sulphur^{db} (%)	0.64[2]	0.65[2]
Free Swell Index	7-7.5[1]	8-9[4]

Notes: Basis of reporting: 1. Statistical analysis of Celsius' 2012 drilling. 2. Extract from the JORC resource estimation computer modeling. 3. Data is sourced from Soviet era historical data. 4. Based on statistical assessment of 2013 drilling.

Chinese coal classification



3 Proximity to growing high-value markets

China: Xinjiang, the Chinese neighbour with unique prospects

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Xinjiang Province China, basic facts

- Population: 22m
- GDP/capita: US$4,600 (1/3-1/2 coastal levels)

Xinjiang development and infrastructure

- Xinjiang has been highlighted as a special case for policy-led growth initiatives
- Total of RMB 2.1tn (US$333bn) to be spent to 2020 for infrastructure
- Kashgar (south west Xinjiang) has been established as a new Special Economic Zone to promote Central Asia trade
- Development goals by 2015 require:
  - 170,000km of new roads
  - 8,200km of new rail
  - 22 new airports



Steelmaking goals by 2015

- **Produce 23mtpa steel by (i.e. double current levels)**
- 10mtpa of special steel production
- Improve blast furnace efficiency – shut blast furnaces smaller than 400m^3
- **Only 2% of Xinjiang's coal is coking**

3 Proximity to growing high-value markets

China: Xinjiang already has a coking coal supply deficit

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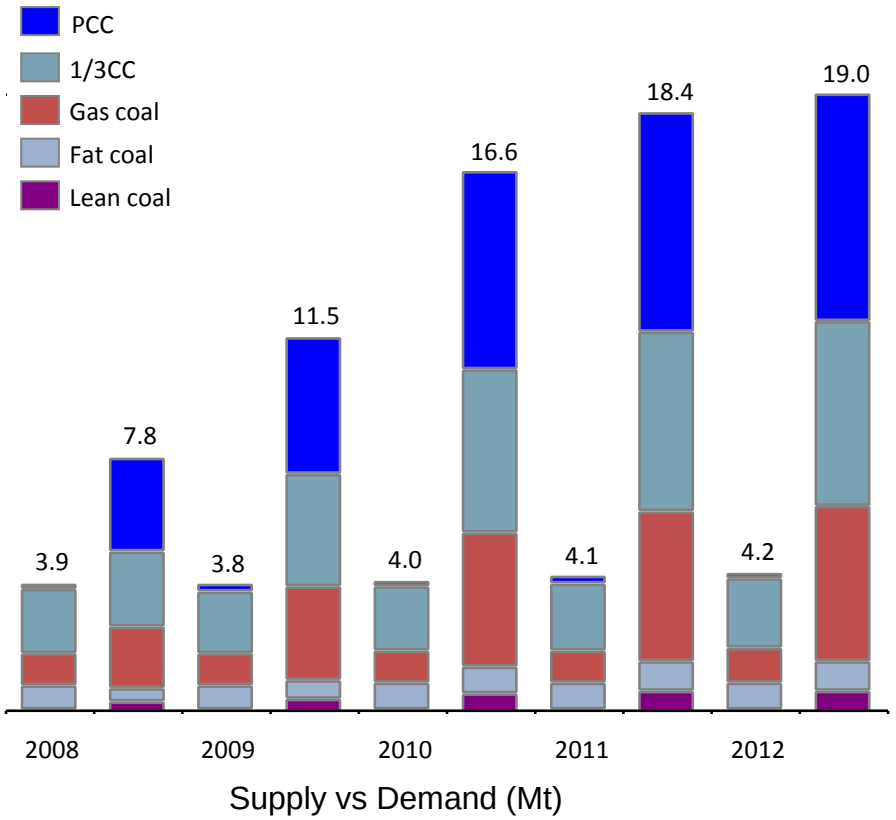
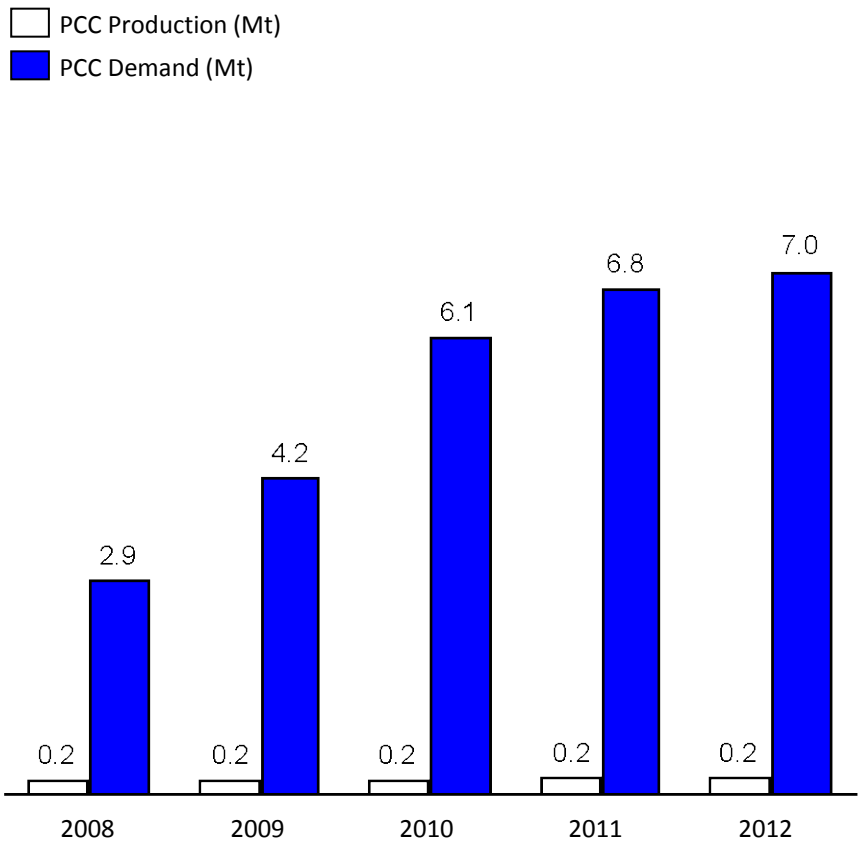
Coking coal supply / demand gap[1]



Prime coking coal supply / demand gap



1. Assuming coal blend mix: PCC 37%, 1/3CC 30%, gas coal 25%, fat coal 5% and lean coal 3%.
Source: Sxcoal, Bryanston research

3 Proximity to growing high-value markets

China: Xinjiang prices are independent of seaborne and rising

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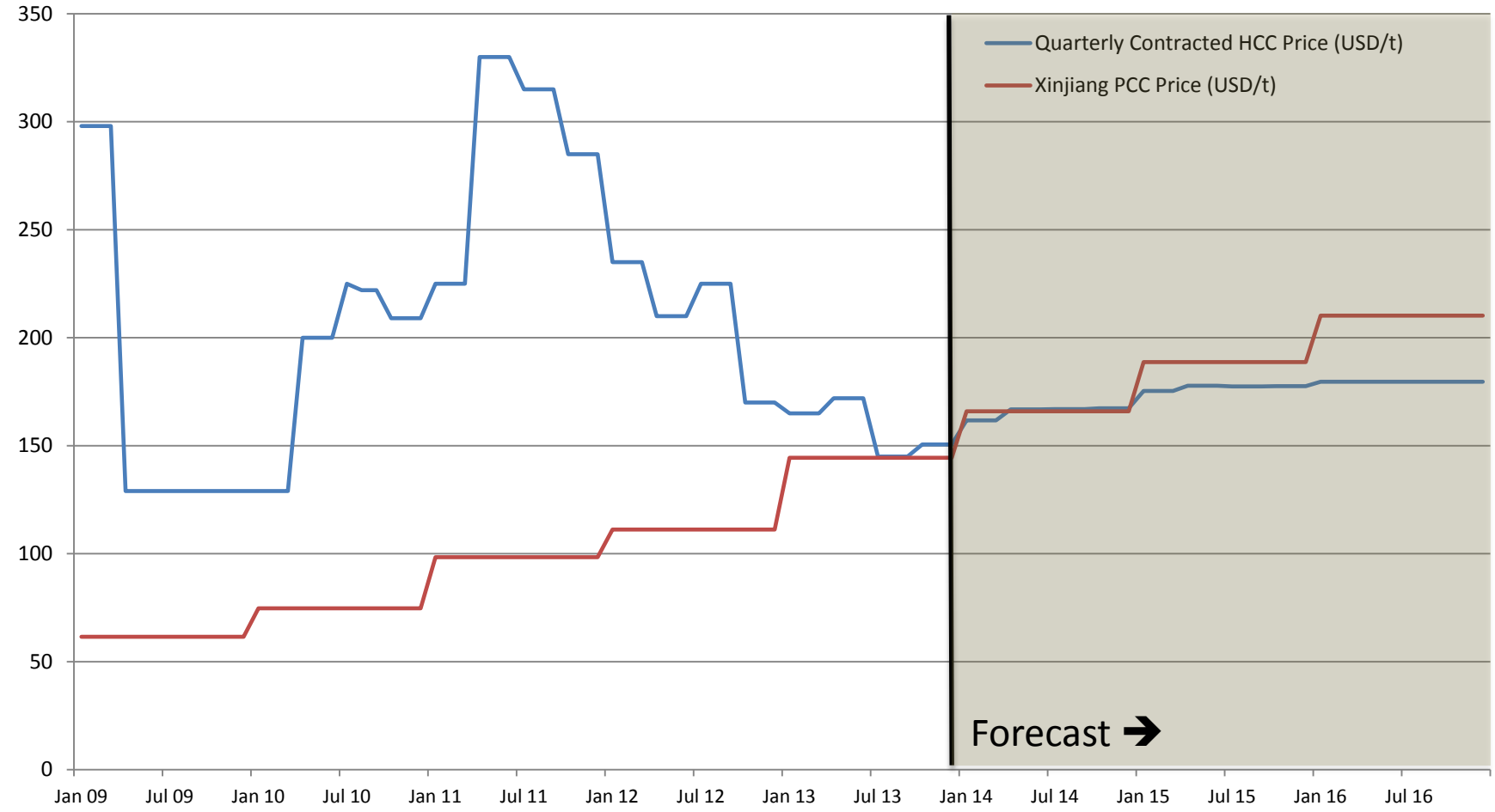
Xinjiang premium coking coal price vs. seaborne quarterly hard coking coal benchmark price



Source: Sxcoal, Bryanston research, Analyst Consensus HCC Pricing, Bloomberg

3 Proximity to growing high-value markets

China: Target customers have been identified and engaged

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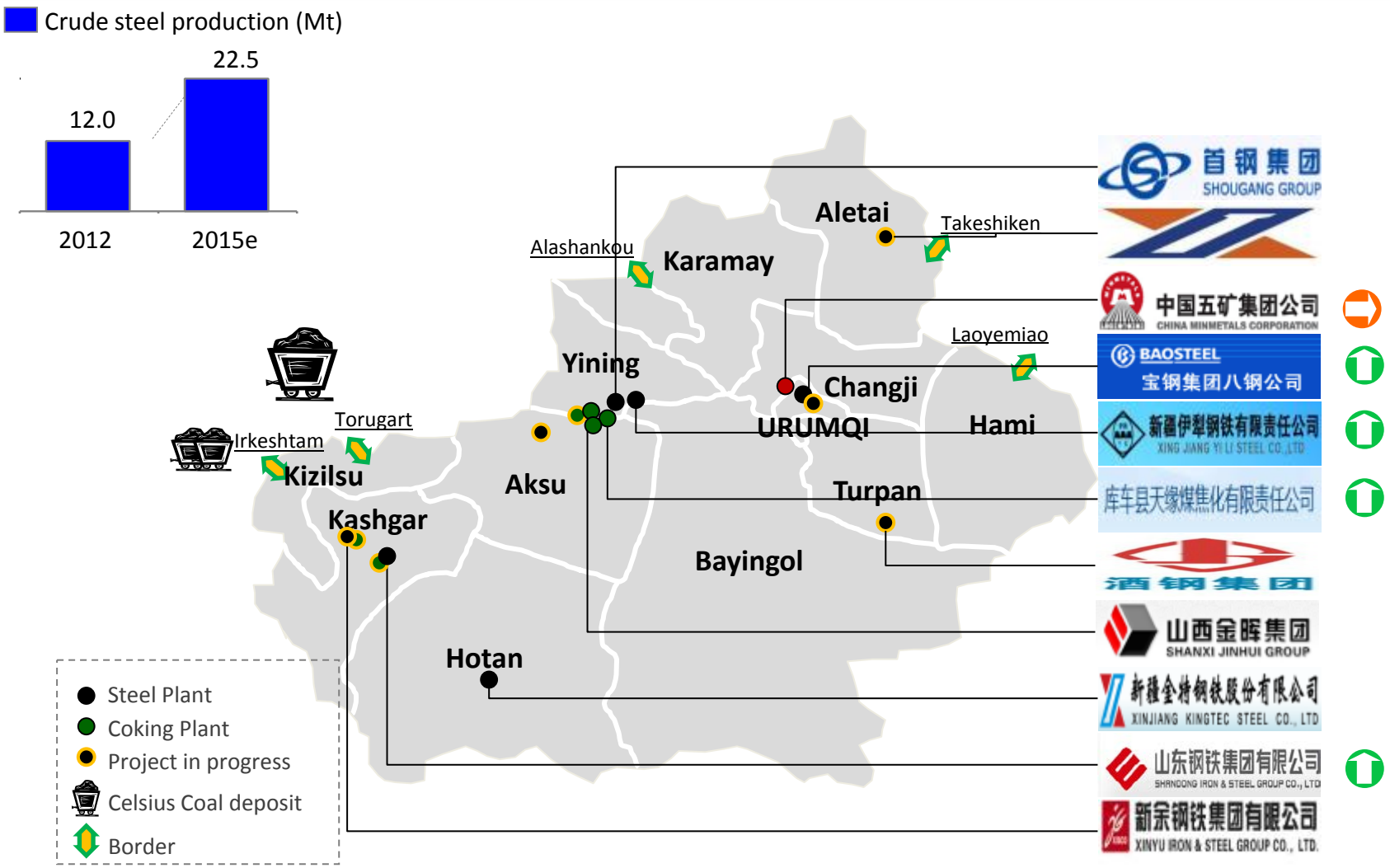

Source: China 12th five year plan; Sxcoal; Bryanston research

3 Proximity to growing high-value markets

Kyrgyz Republic and Central Asia: Premium markets

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Kazakhstan – thermal coal price US$65-90/t

Bishkek / Talas market – US$65-105/t

Jalalabad / Osh market – thermal coal price US$85-140/t

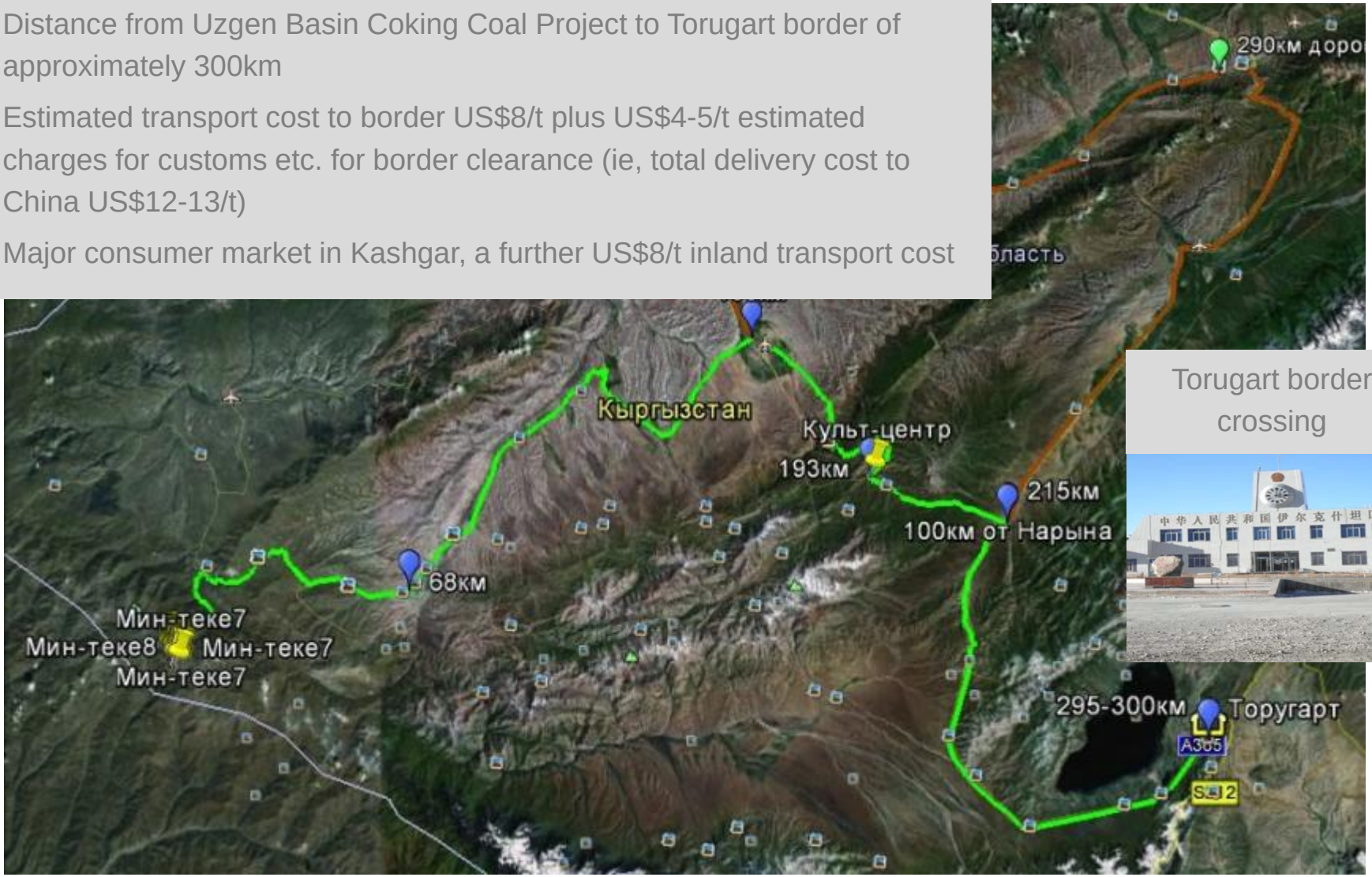
Tajikistan – thermal coal price US$85-160/t



4 Feasible routes to market

A primary road route has been selected for initial exports

- Distance from Uzgen Basin Coking Coal Project to Torugart border of approximately 300km
- Estimated transport cost to border US$8/t plus US$4-5/t estimated charges for customs etc. for border clearance (ie, total delivery cost to China US$12-13/t)
- Major consumer market in Kashgar, a further US$8/t inland transport cost



Torugart border crossing

4 Feasible routes to market

Railway is expected to reduce transport costs by 2017

Proposed Trans-Asia Railway



Commentary

- China, Kyrgyz Republic and Uzbekistan have a plan to construct a 20mtpa railway, linking the three countries with Chinese rail at Kashgar
- Route options have been determined and feasibility study is completed (with a capital cost estimate US$2-3bn)
- China is considering sponsoring the project.
- Routes come within 10km of Celsius' Uzgen Basin coking coal project
- Reduced transport cost estimates of: US$5-6/t to border (ie, US$2-3/t reduction vs. trucking)

5 Low capex starter mine conceptualized

Internal concept study yielded positive results for auger mine

- Concept study highlighted the potential for auger mining (as used at Yarabee mine in Queensland)
- Celsius identified a concept for a 500-600ktpa ‘starter mine’ potential for 7-8 years initial mine life from small selection of Kokkia/Kargasha
- Conceptual benefits are:
  - Quick to production – 10 months lead time on major equipment
  - Low capital spend – US$20-25 million (US$10-12 million for augers and remainder for surface infrastructure and ancillary equipment)
  - Low cash costs – <US$10 per tonne at the mine gate
- Focus within Celsius now to move to feasibility of a ‘quick start’ auger operation (or alternative high-wall miner) in this 2014 work season
- Auger mining would generate near-term cash flow and de-risk the larger project for open-pit and underground mining

5 Low capex starter mine conceptualized

Images of third-party auger and high-wall mining

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Milestones and strategies

Section 3



Mining operations at Min Teke, 2012

Milestones and strategies

Fast-track to establish coal production and exports

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2014	■ Coke strength testing expected completion in February 2014 ■ MOU agreements with key customers in February/March 2014 ■ Revised resource estimate March 2014 ■ Environmental baseline studies ■ Auger/high wall mining feasibility – go/no go decision around April/May 2014 ■ Kokkia open pit pre-feasibility ■ Positioning thermal resources ■ Acquisition additional production capacity & new exploration
2015	■ Auger/high wall mining trial production (Q1) ■ Development/disposal thermal resources ■ Detailed drilling indicated/measured resource Kokkia/Kargasha ■ Finalize feasibility for 3-5mtpa integrated coal mine
2016-2017	■ Ramp up ‘starter’ auger/high wall mining operation ■ Progress integrated mine start-up with initial focus on open pit mining ■ Tran-Asia Railway construction due to commence (2015)

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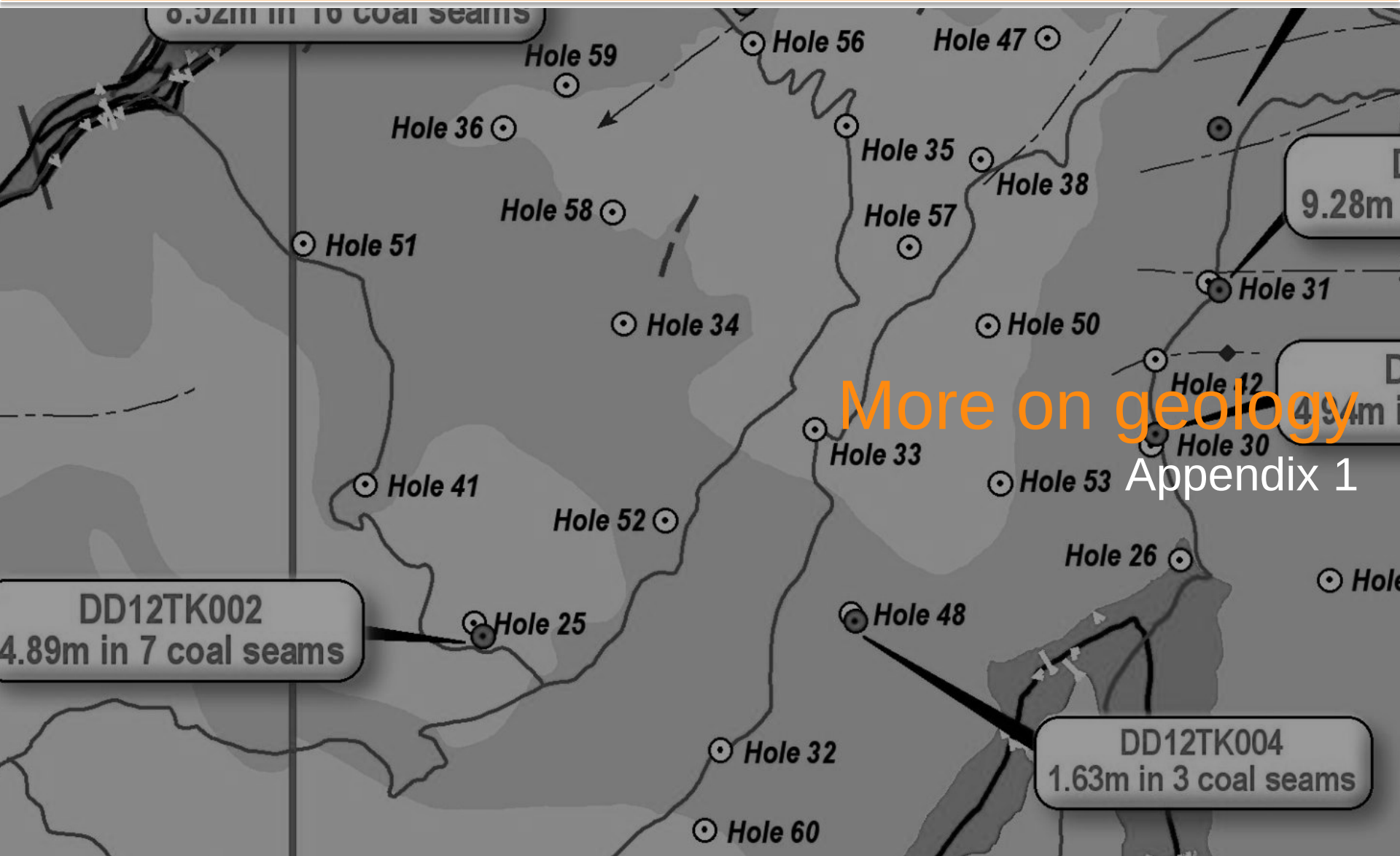
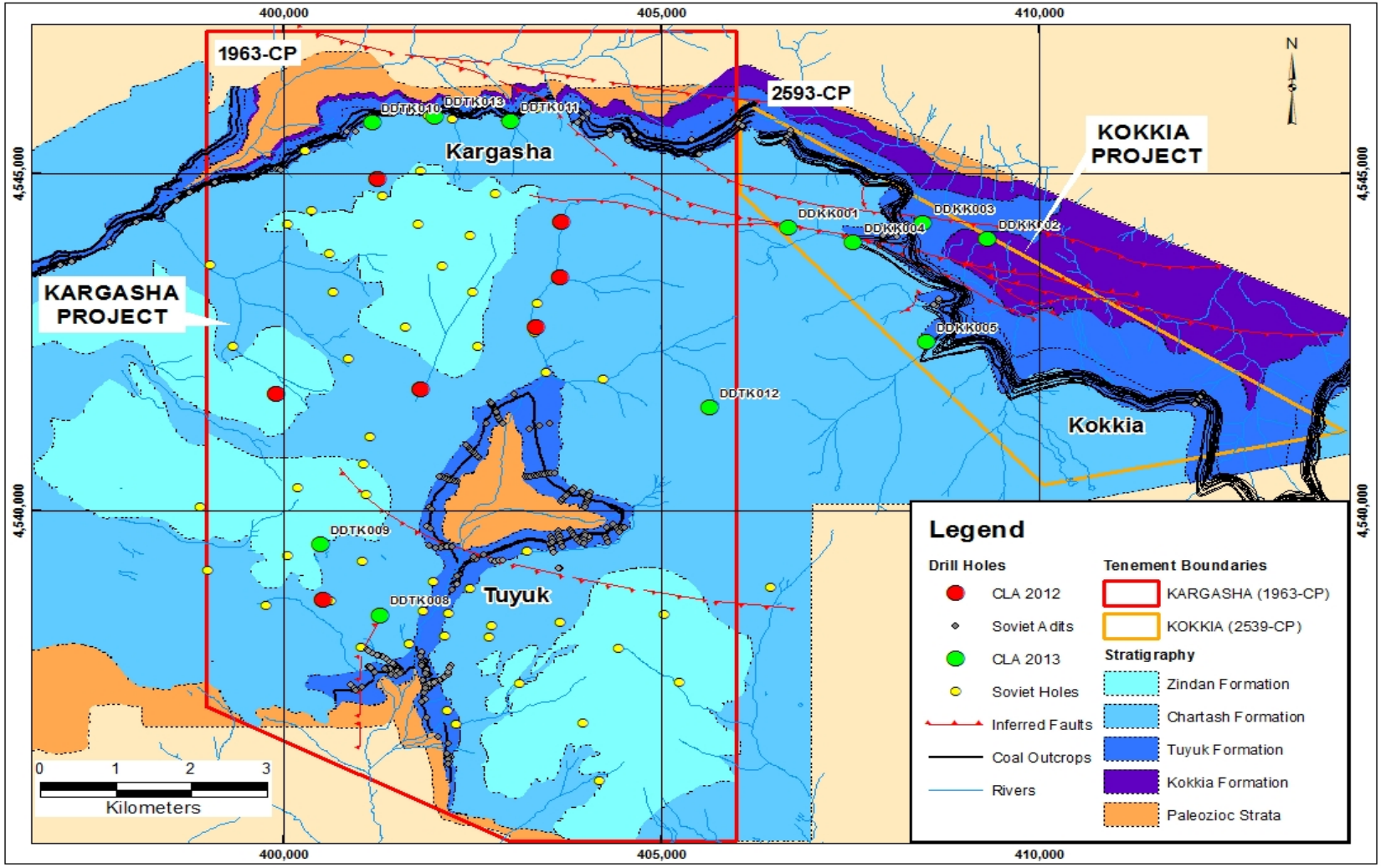


More on geology

Appendix 1

Celsius' drilling to date

2012-2013 drilling on Kargasha and Kokkia licenses



More on geology

Kargasha interpreted cross-sections

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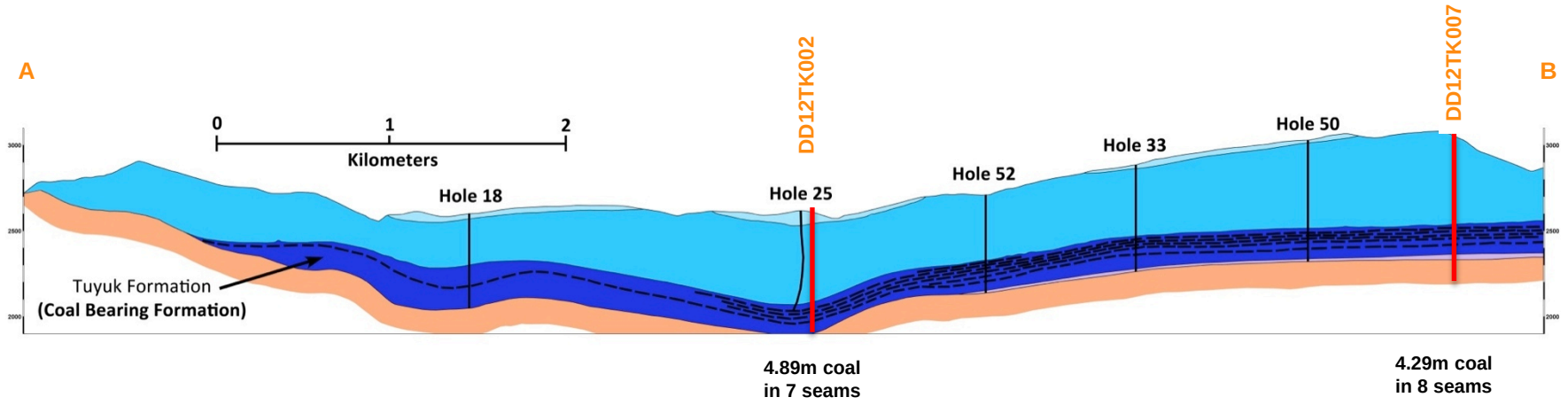
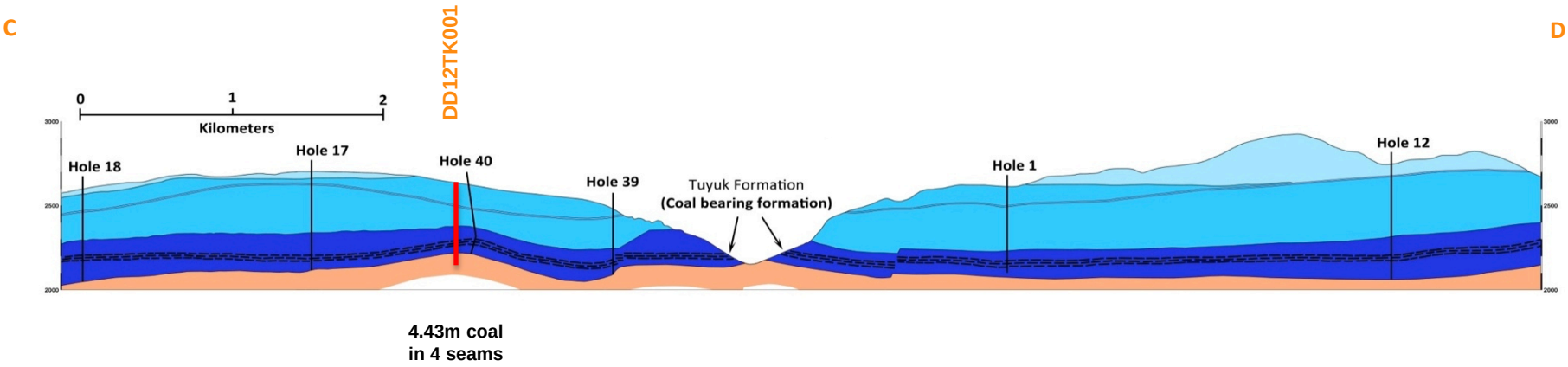
Interpreted cross-sections showing 2012 and historical drilling





More on geology

Kargasha interpreted cross-sections (continued)

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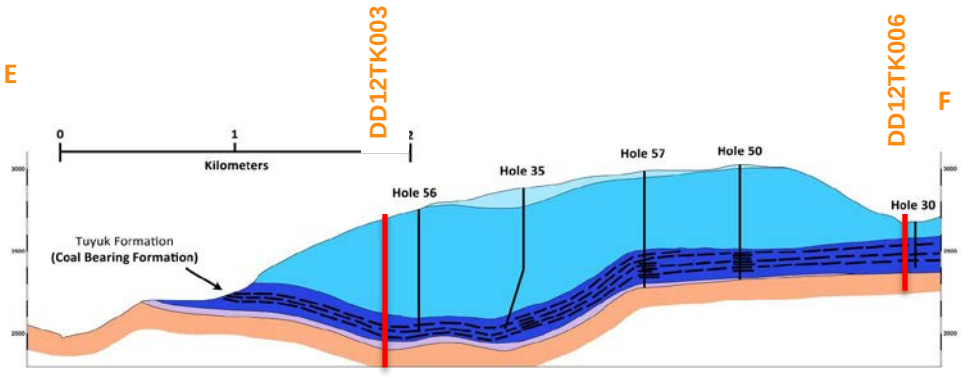
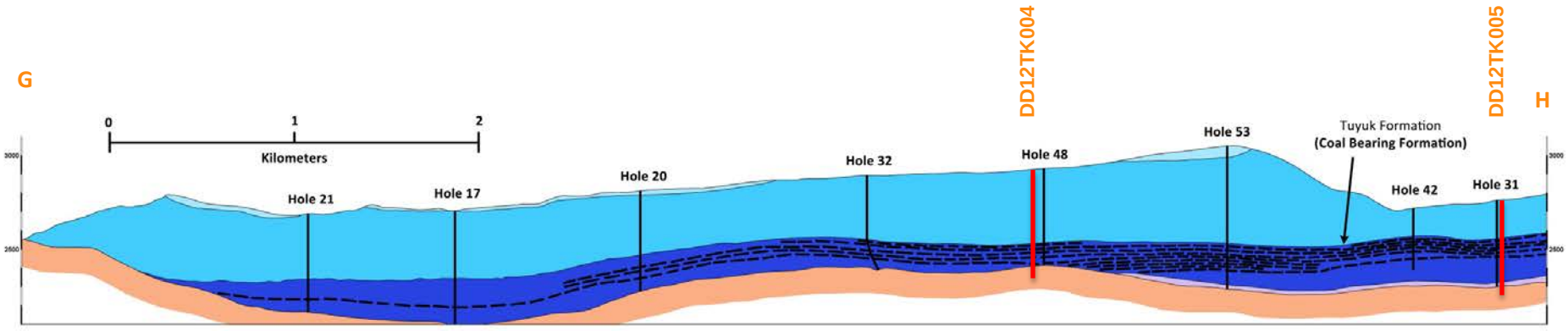
Interpreted cross-sections showing 2012 and historical drilling



8.52m coal in 16 seams

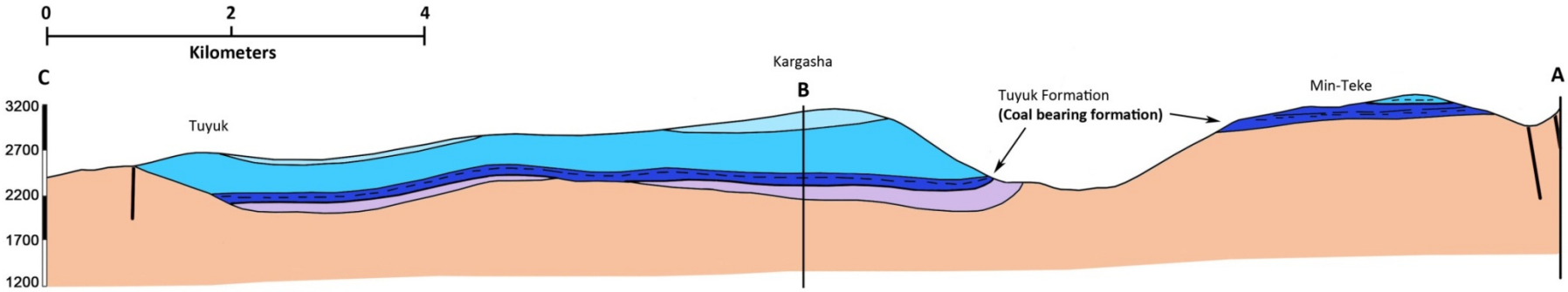
4.94m coal in 10 seams



1.63m coal in 3 seams

9.28m coal in 14 seams

More on geology
Kargasha and Min Teke prospects



- Schematic cross section through the Kargasha and Min Teke prospects showing interpreted geology and the structure of the Tuyuk formation
- Note the shallow dip of the beds as well as small scale folding resulting in the coal remaining relatively close to the surface
- The Uzgen coal basin has not undergone significant deformation unlike other coal basins in Kyrgyz Republic

Competent persons statement

The information in this announcement that relates to Coal Resources 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 2004 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 announcement that relates to Exploration Results is based on information compiled by Dr David Hornsby, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Hornsby is acting as a consultant to Celsius Coal Limited and is an employee of Gallagher Consulting Services Pty Ltd and is a member of The Minserve Group Pty Ltd. Dr Hornsby 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 ("JORC Code"). Dr Hornsby 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 Presentation that relates to Exploration Targets is based on information compiled by Alistair Muir who is Technical & Operations Director of Celsius Resources and a Member of the Australasian Institute of Mining and Metallurgy. Mr Muir has sufficient experience which 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 Presentation of the matters based on his information in the form and context in which it appears.

Exploration Targets

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this announcement relating to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) and Reserve(s) have not been used in this context in this announcement. The potential quantity of coal presented in this announcement as Exploration Targets are conceptual in nature. It should be noted that there has been insufficient exploration to define a Mineral Resource which complies with the JORC code, and it is uncertain if further exploration will result in the determination of a Mineral Resource. Celsius Coal Limited intends to carry out an exploration programme to systematically test the Exploration Targets for each of the Prospects.