CELSIUS COAL
LIMITED

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TRANS-ASIA RAILWAY

FEASIBILITY STUDY COMPLETE

INFRASTRUCTURE UPDATE

- **Kyrgyz Republic State Secretary of Ministry of Transport announced that China has completed the preparation of the feasibility study for the People's Republic of China-Kyrgyz Republic-Republic of Uzbekistan railway ("Trans-Asia Railway")**
- **The proposed railway route passes within approximately 10km of Celsius' Uzgen Basin coking coal projects and would create a rail-link of approximately 250km to Kashgar (Kashi), the closest major coal market in China and hub to existing Chinese rail network**
- **Celsius has identified interim road export routes to China**

Celsius Coal Limited (ASX Code: CLA) (**Celsius** or the **Company**) is very pleased with the announcement by the Kyrgyz Republic Ministry of Transport regarding the completion of the feasibility study for the Trans-Asia Railway. Based on the announcement and related reports, the study is now being translated into Kygyz and Russian (the official languages of Kyrgyz Republic) to allow for more formal discussions to take place regarding implementation.

Completion of the feasibility study is in line with various statements made by the governments of People's Republic of China and Kyrgyz Republic in September and December 2012 regarding accelerating the project. The railway is currently anticipated to be completed by the end of 2016.

The current mapped route comes within 10 kilometers of Celsius' Uzgen Basin coking coal projects and will connect to the existing Chinese railway network at Kashgar (Kashi) in Xinjiang.

China has an explicit policy to bring investment to Xinjiang with an estimated RMB 2,100bn (USD 340m) of policy-led investments planned between now and 2020. This investment includes the establishment of a Special Economic Zone at Kashgar (Kashi) to become a manufacturing centre for export to Central Asia and Russia. The 2015 Xinjiang development goals include: 60% urbanization; additional 170,000 kilometres of roads; 8,200 kilometres of railway expansion; and 22 new airports.

Xinjiang is forecast to import 30 million tonnes of coking coal from other countries and provinces of China by 2015 and will be the important 'beach head' market for Celsius' plans to export its coking coal to China.

Celsius' Uzgen Basin coking coal projects is approximately 250km from Kashgar (Kashi) via the proposed Trans-Asia Railway (Figure 1).

Celsius has undertaken a review of transport options to facilitate coal export prior to completion of the Trans-Asia Railway. For the Uzgen Basin coking coal projects, two options exist for export to China: one route of approximately 385km via Osh and then to export via the Irkeshtam border crossing between Kyrgyz Republic and China; and the second being approximately 465km via Naryn for export via the Torugart border crossing (Figure 1). Both options appear feasible. However, the route via Osh is more favourable based on road conditions and distance. Generally paved and rehabilitated roads are available on the route via Osh. Utilizing this route, the Company estimates a transport cost of approximately $10 per tonne to the Kyrgyz Republic-China border.

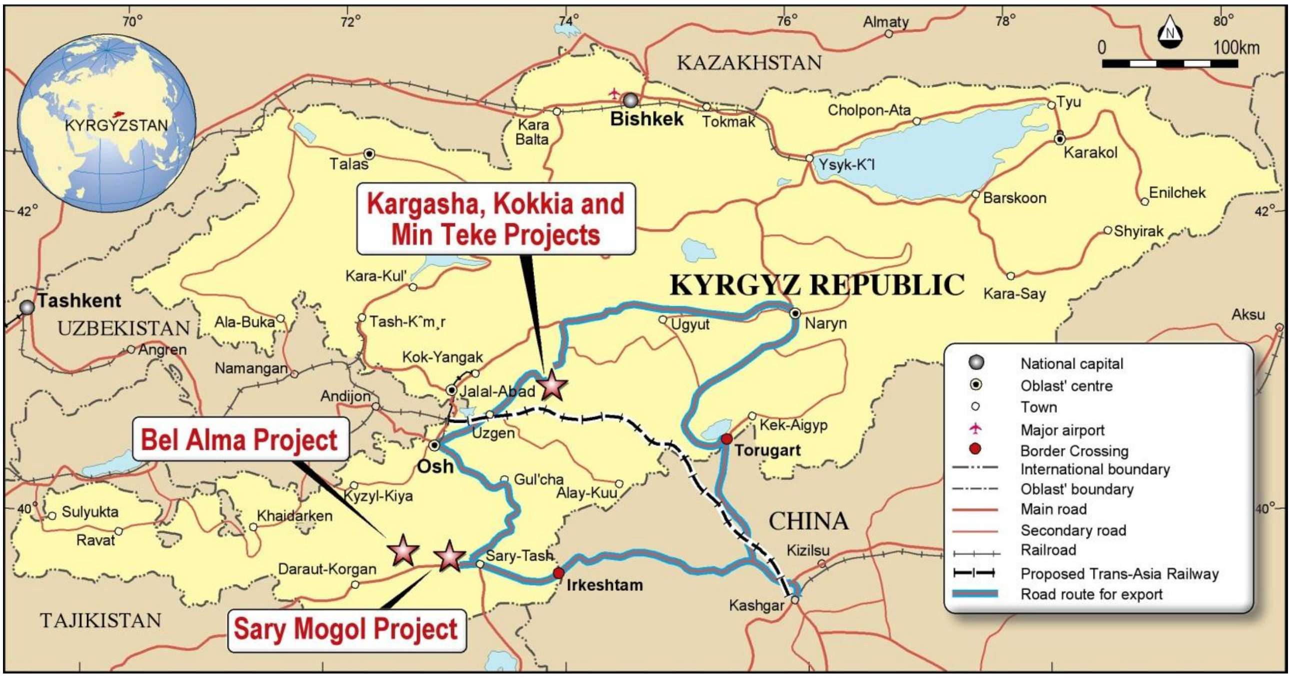

Figure 1 – Location of Celsius' projects and export routes including the proposed Trans-Asia Railway

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 projects (Kargasha, Kokkia and Min Teke), which cover an established Soviet-era coking coal project. It also owns 90% of its Alai Range projects (Sary Mogol and Bel Alma).

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

Competent Person's Statement

The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resources or Ore Reserves is based on information compiled by Mr Grant Thomas, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Thomas 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Thomas consents to the inclusion in this announcement of the matters based on this 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 intends to carry out an exploration programme to systematically test the Exploration Targets for each of the Prospects, which are detailed in table 1 below.

Table 1. Exploration Targets for the Kargasha, Tuyuk, Kokkia and Min-Teke Prospects

Prospect	**Exploration Target** (millions of tonnes of coal)	**Moisture (%)**	**Ash (%)**	**Sulphur (%)**	**Calorific Value (kcal/kg)**
Kargasha	115 – 140	0.9 – 6.0	3.0 – 10.0	0.4 – 0.9	7700 - 8700
Tuyuk	267 – 335				
Kokkia	114 – 198	0.7 – 5.0	5.0 – 15.0	0.4 – 0.9	7800 - 8500
Min-Teke	5 – 27	3.0 – 10.0	10.0 –	0.4 – 0.9	6200 - 7700
Total	**501 - 700**				