CELSIUS COAL SIGNS BINDING HEADS OF AGREEMENT WITH FAVOURIT - A GLOBAL SOCIALLY DESIGNED SPORTS BETTING PLATFORM

- **Celsius Coal Ltd has signed a binding heads of agreement to acquire Favourit Global Pty Ltd, subject to completion of due diligence and regulatory approvals.**
- **Favourit's socially designed sports betting platform has demonstrated potential for strong growth and operates in a global online marketplace valued at over AUD$52Bn in gross margin (2015)[1].**
- **Favourit's socially designed user experience gives punters access to unique insights, betting trends and top punters that they can follow and copy.**
- **Favourit currently operates a real money sports book under UK and Malta licensing experiencing high growth in key KPIs, with plans to aggressively expand to other regulated jurisdictions to leverage its unique global platform.**

Celsius Coal Limited (**Celsius** or **Company**) is pleased to announce that it has entered into a binding heads of agreement with the shareholders of Favourit Global Pty Ltd (**Favourit**), a socially designed sports betting platform, to acquire 100% of the equity in Favourit (**Acquisition**).

Celsius Chairman Bill Oliver commented:

"We have been evaluating a number of opportunities during the course of the year and Favourit impressed with the progress that's been made already. The potential of the underlying business to generate strong cash flows, as well as the experience of the team which has developed the platform makes this a transaction we are pleased to recommend to our shareholders."

About Favourit

Favourit is a leading Australian technology company operating in the global wagering & gaming industry since 2013. Favourit has developed a global socially designed sports betting platform offering punters unique insights, betting trends and the ability to follow and copy top punters. Favourit's platform is available on web, mobile and tablet in multiple languages and currencies. Favourit is led by experienced industry veteran, Gary Harris, previously IT Director and Board member of Sportingbet Group Pty Ltd (2004 to 2013), where he oversaw technology development growing online turnover from $10M to over $2.4B.

[1] Statista. http://www.statista.com/statistics/253416/global-gambling-market-gross-win/

Terms of the Acquisition

This transaction will be a significant change to the nature and scale of Celsius' business activities which will require re-compliance with the ASX's admission requirements in Chapter 1 and Chapter 2 of the ASX Listing Rules. As outlined in the Listing Rules Celsius will undergo a consolidation on a 1:2,000 basis so that its shares have a deemed value of A$0.20. Celsius will then issue the Favourit Shareholders 57,000,000 fully paid ordinary shares in Celsius (**Share**) on a post-consolidation basis at a deemed price of A$0.20 as consideration for the acquisition. Celsius will also undertake a post consolidation raising of A$5,000,000 at not less than A$0.20 to be completed under a prospectus. All funds raised are proposed to be applied towards the operation and expansion of Favourit's global sports betting business. Celsius will dispatch a notice of meeting to shareholders seeking all of the relevant approvals in line with the timetable outlined below, with such notice to include detailed information on Favourit, including detailed financial information showing the effect of the transaction on Celsius. Following Settlement, Celsius intends to change its name to 'Favourit Limited'.

The Transaction

The material terms of the heads of agreement are as follows:

a) (**Consideration**): the consideration payable by the Company in respect of the Acquisition is a total of 57,000,000 Shares to the shareholders of Favourit (**Vendors**) at a deemed issue price of $0.20 per Share which are to be issued to the Vendors in proportion to the number of Favourit Shares held by each of them;

b) (**Conditions Precedent**): Settlement is conditional upon the satisfaction or waiver of the following conditions precedent:

   a. completion of due diligence by the Company on Favourit and each of its subsidiaries (together the **Favourit Group**) to the satisfaction of the Company, and completion of due diligence by Favourit on the Company and its related bodies corporate (the **Company Group**) to the satisfaction of Favourit;

   b. the working capital of the Company Group (cash less current liabilities less borrowings) at the Settlement Date being at least A$50,000;

   c. if required by ASIC, Favourit preparing audited accounts for Favourit and each of its subsidiaries for the shorter period of three years and the date of incorporation of Favourit and delivering those accounts to the Company;

   d. the satisfaction of all of the conditions precedent for the acquisition by the Company of the Favourit shares from all of the minority shareholders of Favourit under a separate offer by the Company made under a short form agreement;

e. no matter, event or circumstances exists, which would result in any warranties being given by the Company or Favourit pursuant to the heads of agreement being untrue, or have a negative impact of more than A$250,000 on the assets or liabilities of the Company Group or the Favourit Group;

f. the Company preparing a full form prospectus (**Prospectus**), lodging the Prospectus with ASIC, and raising a minimum of A$4,000,000 under the Prospectus through the issue of Shares at a price of not less than A$0.20 each;

g. both the Company and Favourit (**Parties**) obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law on terms acceptable to the Parties as are required to allow the Parties to lawfully complete the matters set out in this Heads of Agreement;

h. if required, each of the Favourit shareholders waiving all pre-emptive and other rights over any of the Favourit shares conferred by the constituent documents of Favourit, any shareholders' agreement relating to Favourit or in any other way (if any); and

i. to the extent required by the ASX and the ASX Listing Rules, each Favourit shareholder entering into a restriction agreement as required by ASX imposing such restrictions on trading of those securities as mandated by the ASX Listing Rules in respect of the consideration Shares that are provided to the Favourit shareholders by the Company,

(together the **Conditions Precedent**).

c) (**Settlement Date**): the date which is five (5) business days after satisfaction of the Conditions Precedent above;

d) (**Board changes**): on the Settlement Date, the Company proposes to appoint Martin Dalgleish (Chair), Gary Harris, Toby Simmons, Richard Kuo, and Dennis Verrios of Favourit as Directors, and all then current directors of the Company shall resign;

e) (**End Date**): 5.00pm (WST) on 20 December 2015 (or such other date as Favourit or the Company may agree in writing).

The heads of agreement otherwise contains terms, conditions and restrictions which are customary for an agreement of its nature.

Existing Assets

The Company continues to maintain its WA nickel assets through its wholly owned subsidiaries, and will re-evaluate the projects in the coming months, subject to completion of the Acquisition, seeking either a strategic partner or divestment. As disclosed in the ASX Release of 21 April 2015, the subsidiaries which held the Company's Kyrgyz coal licenses are currently being liquidated and therefore these projects are no longer assets of the Company.

Indicative Timetable

An indicative timetable for Settlement and the associated transactions is set out below:

Event	Date
General Meeting held to approve the Transaction	18th January 2016
Lodgement of Prospectus with the ASIC	1st February 2016
Opening Date of the Capital Raising	1st February 2016
Closing Date of the Capital Raising	15th February 2016
Settlement of the Acquisition	19th February 2016
Despatch of holding statements	22ndFebruary 2016
Re-compliance with Chapters 1 and 2 of the ASX Listing Rules	29th February 2016
Re-quotation of Shares (including Shares issued under the Capital Raising) on ASX	1st March 2016

Please note this timetable is indicative only and the directors of the Company reserve the right to amend the timetable as required

Pro-forma Capital Structure

A pro-forma capital structure following Settlement is set out below:

	Shares[1]	Options[1]
Current	1,609,488	-
Consideration Shares[2]	57,000,000	-
Capital Raising[3]	20,000,000	-
Noteholder Securities[4]	3,500,000	1,750,000
Corporate Facilitation Shares[5]	3,420,000	-
TOTAL	**85,529,488**	**1,750,000**

Notes:

1. After 1:2,000 Share consolidation.
2. To be issued to the Vendors in consideration for the Acquisition.
3. Assuming Shares are issued at A$0.20 per Share under the capital raising and the minimum of $4,000,000 is raised.
4. Assuming Shares are issued at $0.20 per Share under the capital raising, resulting in a conversion price of $0.20 under the Convertible Notes.
5. To be issued to corporate advisers of the Company as a corporate facilitation fee for introducing the Favourit transaction to the Company.
6. As at the date of this announcement, Celsius has a number of classes of performance shares and unlisted options on issue. Celsius intends to enter into agreements with the holders of these securities to vary or cancel those performance shares and options (and obtain any necessary shareholder approvals) before Settlement of the Acquisition. Further details regarding this will be set out in Celsius's notice of meeting.

Enquiries

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