CELSIUS RESOURCES LTD

ASX RELEASE | 17 October 2018

WEST ZONE EXPLORATION TARGET – OPUWO COBALT PROJECT

HIGHLIGHTS

- **Exploration Target established for the west zone at the Opuwo Cobalt Project.**
- **Target area includes significant additional near surface mineralisation.**
- **The Exploration Target is additional to the existing JORC compliant Indicated and Inferred Mineral Resource of 112.4 MT grading 0.11% cobalt, 0.41% copper and 0.43% zinc, at a cut-off grade of 0.06% cobalt.**
- **Mineral Resource update scheduled for later this Quarter.**

Celsius Resources Limited ("Celsius" or "the Company") is pleased to provide an update regarding the resource expansion potential at its 95% owned Opuwo Cobalt Project ("Project") in Namibia.

Data from 52 holes drilled to the west of the existing Mineral Resource has enabled the Company to generate an additional Exploration Target of **between 34 and 51 million tonnes, grading approximately 0.08% - 0.18% cobalt, 0.26% - 0.62% copper**, and **0.35% - 0.82% zinc.** It is noted that the potential quantity and grade is conceptual in nature, and that there has been insufficient exploration to estimate a Mineral Resource, and it is uncertain if further exploration will result in the estimation of an additional Mineral Resource for this zone. Formal resource modelling will be undertaken following receipt of all assays from the recently completed drilling in the West Zone, with an updated Mineral Resource estimate planned to be reported in Q4, 2018.

Celsius Managing Director, Brendan Borg commented:

"This new Exploration Target for the West Zone provides confidence that Opuwo's already large Mineral Resource has significant potential to continue to grow. Final assays for the recently completed drill program in this area are expected shortly, after which formal resource modelling and estimation will be undertaken by the Company's independent resource consultants."

Table 1: Exploration Target – Opuwo Cobalt Project (West Zone)

Opuwo Project Exploration Target - West Zone*				
Area	**Tonnage Range (MT)**	**Co range (%)**	**Cu range (%)**	**Zn range (%)**
West	34 - 51	0.08 - 0.18	0.26 - 0.62	0.35 - 0.82
TOTAL	34 - 51	0.08 - 0.18	0.26 - 0.62	0.35 - 0.82

Exploration Target for the West Zone is in addition to the existing JORC Compliant Mineral Resource of 112.4 MT grading 0.11% cobalt, 0.41% copper and 0.43% zinc, at a cut-off grade of 0.06% cobalt.

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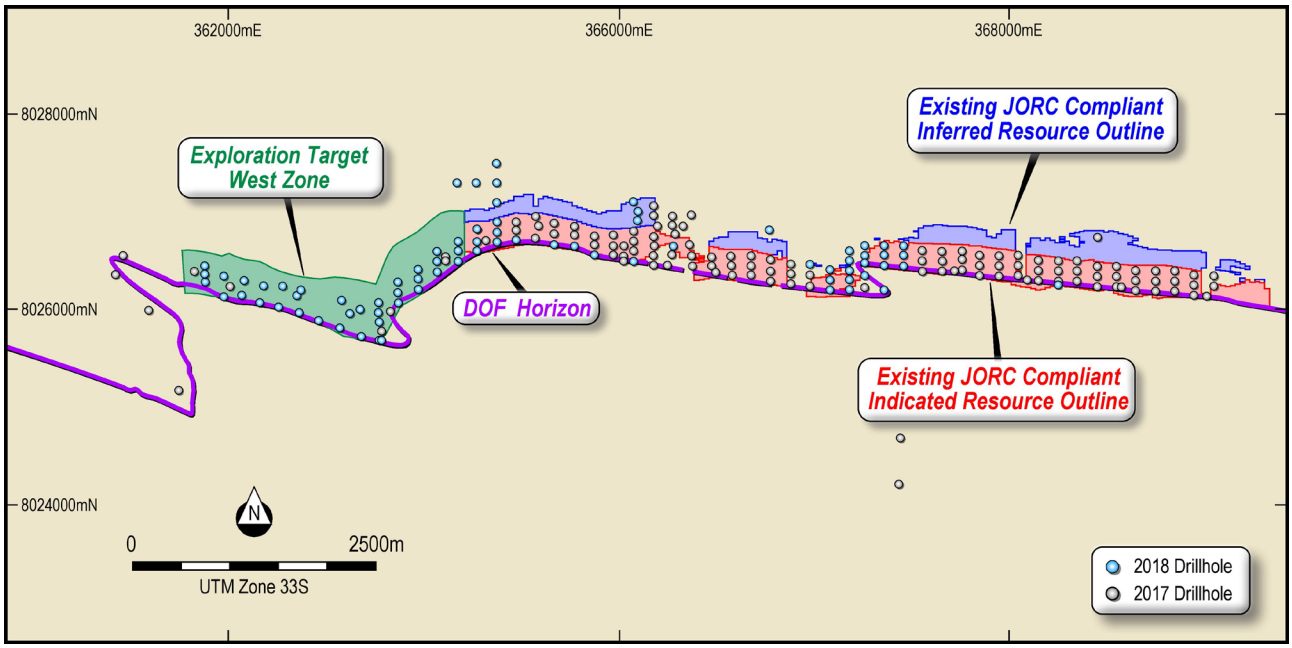
Figure 1: West Zone Exploration Target



The Exploration Target (Table 1/Figure 1) has been generated based on data from 52 drillholes in this zone completed in 2017 and 2018.

Sectional interpretations were completed and wireframed to generate the volume estimates, with grades estimated using ID2 methods. A bulk density of 2.88 was applied to the volume estimate, based on bulk density measurements undertaken on drill core samples from across the Opuwo deposit. It should be noted that due to assays from drillholes still to be received, and incomplete detailed geological interpretation, the accuracy of the grade and volume estimate is not yet sufficient to estimate a Mineral Resource.

Mineralisation in this zone begins at surface and has been mapped in outcrop.

The deepest drillhole intersection used for the calculation of the Exploration Target is approximately 1090 m RL (260 m vertical depth), and the wireframe used to constrain the volume estimate extends to 790 m RL, 300 m past the last intersection.

Assay data from the following holes was used to inform the Exploration Target for the West Zone:

DOFD0055, DOFD0163, DOFD0165, DOFD0166, DOFD0204, DOFD0205, DOFD0206, DOFD0210, DOFD0214, DOFD0217, DOFD0226, DOFD0231, DOFD0232, DOFD0239, DOFD0241, DOFD0243, DOFD0249, DOFD0250, DOFD0251, DOFR0021, DOFR0022, DOFR0023, DOFR0024, DOFR0028, DOFR0029, DOFR0031, DOFR0035, DOFR0038, DOFR0207, DOFR0208, DOFR0209, DOFR0211, DOFR0212, DOFR0213, DOFR0216, DOFR0218, DOFR0220, DOFR0221, DOFR0222, DOFR0224, DOFR0225, DOFR0227, DOFR0229, DOFR0233, DOFR0234, DOFR0240, DOFR0242, DOFR0244, DOFR0245, DOFR0246, DOFR0247 and DOFR0248.

All of these results have been previously reported in ASX releases during 2017 and 2018.

About the Opuwo Cobalt Project

Celsius is aiming to define a long life, reliable source of cobalt at Opuwo. The Company considers the Project to have the following advantages:

- Large scale.
- Favourable mineralogy: cobalt and copper sulphide minerals.
- Low in deleterious elements: notably arsenic, cadmium and uranium.
- Mining friendly, politically stable and safe location with excellent infrastructure.
- Cobalt: best exposure to lithium ion battery boom.

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 2). 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. Good quality bitumen roads connect Opuwo to Windhoek and Walvis Bay. The Ruacana hydro power station (320 MW), which supplies a majority of Namibia's power, is located nearby, and a 66 kV transmission line passes through the eastern boundary of the Project. The Opuwo Project consists of four Exclusive Prospecting Licences covering approximately 1,470 km^2.

A maiden JORC Compliant Indicated and Inferred Mineral Resource was announced on 16 April, 2018, comprising 112.4 million tonnes, grading 0.11% cobalt, 0.41% copper and 0.43% zinc, at a cut-off grade of 0.06% cobalt. (Please refer to ASX announcement of 16 April, 2018 for more details on the Mineral Resource.)

Figure 2: Location of the Opuwo Cobalt Project, Namibia

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Competent Persons Statement

Information in this report relating to Exploration Results and Exploration Targets is based on information reviewed by Mr. Brendan Borg, who is a Member of the Australasian Institute of Mining and Metallurgy and Managing Director of Celsius Resources. Mr. Borg 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 by the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Borg consents to the inclusion of the data in the form and context in which it appears.

Appendix 1: The following tables are provided to ensure compliance with the JORC Code (2012) requirements for the reporting of Exploration Results for the Opuwo Cobalt Project.

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Drilling was designed to intersect the DOF horizon based on mapped or interpreted location. • Diamond Core (DC) and Reverse Circulation (RC) drilling using standard equipment. • Sampling was undertaken based on lithology/mineralisation changes for DC. ○ Drill Core was sampled according to lithologies over a length between 9cm and 118cm for the NQ or HQ drill core, as half core samples. • Sampling of RC drilling was conducted on 1 metre intervals.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Reverse Circulation Drilling (RC). • Oriented Diamond Core (DC). • DC drilling was done using a standard tube, at NQ size. • DC from the DOF prospect was oriented using a Reflex EZ-TRAC tool.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Recovery generally recorded as good, with poor recovery in a small number of samples due to groundwater. • All drilling was supervised by a suitably qualified geologist, trained to monitor sample representivity, including evenness of samples being collected from the RC rig, and routine cleaning/flushing of the cyclone on the drill rig. • No relationship exists between sample recovery and grade.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Drilling logged in detail on a metre by metre basis for RC and on lithology/mineralisation for DC. • Lithology, alteration and oxidation logged qualitatively. • Sulphide and quartz vein content logged quantitatively. • All DC holes are photographed. • A Niton portable XRF analyzer was used to assist in determining mineralised horizons. • All core was logged to denote rock type, color, alteration, mineralisation style, core recoveries, and any measurable structure.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• RC drill samples split using a rig mounted cone splitter. • Diamond Core was cut using a core saw. Generally, half core was submitted to the laboratory, except where a duplicate sample was taken, in which case quarter core was submitted for each; • Field duplicates were collected and analysed to confirm representivity of sampling from DC drilling; • Sample size is deemed appropriate for the grain size of the material being sampled, given it is half core.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Samples were prepared at Activation Laboratories Limited (ACTLABS) Windhoek laboratory, and assayed at ACTLABS in Ancaster, Canada. A 4 acid digestion sample preparation method and ICP finish were utilised. Gold assays were by fire assay with ICP finish. • No geophysical tools were used to determine any element concentration in these results. • A Niton hand held XRF analyser was used to assist in selection of samples to be sent to the laboratory for formal analysis (No portable XRF data was reported or used in resource estimation). • The drilling program included field duplicates, standards and blanks that were inserted into the drill sequence, in addition to the standard QA/QC samples and procedures used by the laboratory. • Field duplicates, blanks and standards were submitted in approximately a 1:20 ratio. • A second (umpire) laboratory is utilised to provide additional verification of key mineralised zones prior to updated resource modeling and estimation. • One of the field inserted standards occasionally reported marginally outside acceptable tolerances for cobalt analysis, however, after enquiries with the laboratory regarding the sample digestion methods, and considering analysis by an additional laboratory, the data was deemed to be acceptable. • The field and laboratory duplicates revealed good repeatability. • The field inserted blanks generally confirmed appropriate sample hygiene techniques were employed by the laboratory.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Mineralised zones reported in assays correspond well with the zones as logged in the field, and the tenor of grades is consistent with previous drilling and surface sampling. • Several RC/DC twin holes have been completed, and do not show any systematic bias towards one drilling method or another. Further twin holes will be completed as part of future drilling programs. • An electronic database containing collars, geological logging and assays is maintained by consultants external to the Company. Data is collected in Excel spreadsheets in the field, and then loaded and validated by the Company's external database managers. Validation of assay data against field logging and mineralised zones determined in the field using a portable XRF is undertaken, prior to reporting. • No adjustment to assay data has been made.

Criteria	JORC Code explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• All sampling located initially by hand held GPS; • UTM grid WGS84 Zone 33 (South); • Holes have been, or will be, surveyed using Differential GPS (DGPS) prior to resource modeling; • Downhole surveys to measure hole deviation were routinely completed at the DOF Prospect.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drill spacing in the initial phase of drilling was approximately every 500 – 1,000 meters along the strike of the DOF horizon (based on mapping/interpretation). • Current closer spaced drilling was completed on a nominal 200 metres x 100 metres grid. • Based on previous resource modelling and estimation, the current drill spacing is expected to be sufficient to establish the degree of geological and grade continuity required to update the existing Mineral Resource.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drilling of angled holes aimed to test approximately perpendicular to DOF horizon. A majority of resource definition drillholes were angled at 55 degrees, which, based on visual observations in the drill core, usually intersects the mineralisation approximately perpendicular. • Holes drilled at steeper angles, up to 90 degrees, will overstate the true thickness of the mineralised zone in reported drill hole intercepts, as do any holes drilled oblique to the mineralisation rather than perpendicular. • Drilling, and geological modeling, has more accurately defined the orientation of the geological features and mineralisation and has not introduced a sampling bias.
Sample security	• *The measures taken to ensure sample security.*	• Drill samples were delivered to the laboratory by senior Celsius Resources or Gecko Namibia staff.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• A review of drilling methods and sampling procedures has been undertaken by the Company's external Resource Geologists. • No significant issues were identified.

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Opuwo Cobalt Project comprises four current Exclusive Prospective Licences; EPLs 4346, 4350, 4351 and 4540. • Celsius has a 95% ownership of the Project. • There are currently no known impediments to developing a project in this area.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous work carried out by Kunene Resources included geological mapping, outcrop sampling, soil sampling, high resolution magnetic and radiometric data and hyperspectral data. Two holes were drilled in 2015, which intersected cobalt, copper and zinc mineralisation.

Criteria	JORC Code explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Kaoko Orogen (Kaokobelt) consists of metasedimentary rocks of the Damaran Supergroup deposited on the passive margin of a Late Proterozoic continental rift system. The Damaran sediments overlie the Congo Craton with its Archean to Early Proterozoic basement rocks of the Epupa and Huab Complexes. • The key tectonic and sedimentary events in the Kaokobelt are: ○ Rifting at the southern Congo Craton between 900-840 Ma including local rift-related continental intrusives and extrusives (e.g. Oas syenite and Lofdal carbonatites 840-756 Ma) ○ Deposition of a 1 to 4 km thick siliciclastic transgression sequence: Nosib Group including Ombombo Formation in the upper part with increasing carbonate sedimentation (and the DOF horizon), 880-712 Ma ○ Chuos glaciation with deposition of tillites and cold water shales and marlstones 712-692 Ma ○ Deposition of carbonate dominated sediments on the shallow Kunene Platform: Otavi Group ○ Ghaub glaciation at 638-635 Ma (Hoffmann et al., 2004) ○ Deposition of carbonate dominated sediments on the shallow Kunene Platform: Tsumeb Subgroup 635-550 Ma ○ Collision of Kalahari and Congo Craton 550 Ma (Alkmim et al. 2001) ○ Peak metamorphism 530 Ma. • Mineralisation at Opuwo is hosted in the Neoproterozoic sediments of the Kaoko Belt, which is interpreted as a western extension of the Copper Belt in the DRC and Zambia. • The Dolomite Ore Formation (DOF) is a carbon rich, marly dolomitic horizon in a sequence of clastic and carbonate lithologies in the upper Ombombo Subgroup. The carbon rich nature of the ore bearing horizon is interpreted to have facilitated the precipitation of the metals of interest, namely cobalt, copper and zinc. • Cobalt, copper and zinc sulphide mineralisation is present predominantly as linnaeite, chalcopyrite and sphalerite respectively. Minor zones of oxidised and partially oxidised mineralisation occur in the upper portion of the deposit.

Criteria	JORC Code explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• All information detailed in Appendix 1. Drillholes have been/will be accurately surveyed using DGPS for resource modeling.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Simple length weighted averages were used for reporting of significant intercepts. Significant intercepts were reported using a cutoff grade of 0.05% (or 500 ppm) cobalt.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Orientation of drilling vs. dip of DOF horizon means that the downhole lengths reported for angled holes (-55 degrees) approximates true width. Holes drilled at steeper angles (up to -90 degrees) are expected to intersect a greater mineralised length than the true thickness. • Oriented drillholes were used in modeling the mineralised zone in 3D space, thereby modeling the true thickness (width) of the geological and mineralised zones.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• See relevant diagrams in the body of this announcement.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All drillholes have been reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Geophysical and geological datasets detailed in previous releases. • Aeromagnetic data is used as a guide to determining the presence and location of the mineralised horizon where it is not outcropping.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Closer spaced drilling will be undertaken at the DOF Prospect, with the aim of progressing the deposit to higher confidence categories of Mineral Resources. Extensional drilling, both laterally and at depth, will be undertaken, with the aim of increasing the size of the Mineral Resource. • Exploration on other parts of the Project will comprise geophysical surveys and surface sampling to define targets for further drilling.