

# Quarterly Activities Report

For the period ended 30 June 2023



28 JULY 2023

## MCB PROJECT ADVANCES PERMITTING REQUIREMENTS

### HIGHLIGHTS

- Substantial progress on key activities to develop the MCB Copper-Gold project including:
  - Undertaking hydrogeological and geotechnical studies that would feed into a more detailed mine plan.
  - Completion of Environmental and Community Development Program commitments.
  - Securing government approvals on environmental and mine closure plans and programs.
- Closing cash as of 30 June 2023 of **A\$5.5 million**

Celsius Resources Limited (“Celsius” or the “Company”) (ASX: CLA) is pleased to provide the following summary of the Company’s activities for the quarter ended 30 June 2023.

## PROJECTS

### MAALINAO-CAIGUTAN-BIYOG COPPER-GOLD PROJECT (“MCB PROJECT”), PHILIPPINES (40%)

Makilala Mining Company Inc. (MMCI), Celsius’ Philippine subsidiary, completed the remaining commitments under its Environmental and Community Development Programs while progressing its permitting requirements and preparing for the pre-development phase of the MCB Project in the Cordillera Administrative region, approximately 320km north of Manila.

#### Forward Work

Hydrogeological and Geotechnical studies are underway to support and firm up the mine design and surface infrastructure. These include:

- 1) Collection and monitoring of data from vibrating wire piezometer and water levels from holes drilled in 2021 to 2022; and
- 2) Procedural testing and calibration of equipment in preparation for the upcoming hydrogeological and geotechnical drilling for additional ground stability.

Additional detailed mapping was also conducted on the geology, alteration, and mineralisation of the recently exposed rocks with extensive porphyry-related mineralisation to come up with an updated surface geologic map and reports. This resulted in an extension of the mapped surface exposure of the intrusive tonalite in the southern portion of the MCB ore body. Data will be used to further support and correlate the recent drilling results which was able to delineate a near surface mineralisation at the eastern segment of the MCB ore body. Previous cross-sections of drilling results were also being re-interpreted in conjunction with the new surface data.



*Data retrieval from vibrating wire piezometers (left) and water level reading of completed drill holes (right)*





*Surface mapping of outcrops near proposed drill sites (left) and Pasil River and Mt. Mines (right)*

The Company has issued to the contracting market an Engineering, Procurement, and Construction (EPC) scope required for advancing the MCB Mining Project into operations. This is being undertaken in anticipation of the early works, which is currently scheduled to commence towards the end of 2023.

## Environmental Program

Rehabilitation and revegetation of drill sites were completed not only to restore but also improve the land to its pre-drilling conditions. Tree planting activities were also implemented along access trails to fulfill the commitments under the National Greening Program and Mining Forest Program.



*MMCI employees and locals participate in the tree planting activity in support to the National Greening Program at MCB in Pasil, Kalinga in May 2023*

## Community Development

Physical and financial commitments under the approved Community Development Program have been completed for the period. These have been achieved in partnership with the Balatoc host community through the leadership and guidance of the Tribal Council of Elders and the Barangay, Municipal, and Provincial Government leaders. Social, economic, cultural, and institutional capacity building interventions will continue as we transition to the implementation of the Social Development and Management Plan once the Mineral Production and Sharing Agreement (MPSA) for the MCB Mining Project is issued.

## Social, Environmental Licenses and Government Approvals

Government approvals have been secured on mandatory documents and/or certifications to progress permitting requirements to develop and operate the MCB Project. These include the issuance of an Environmental Compliance Certificate (ECC), and Certificate of Approval for the Environmental Protection and Enhancement Program (EPEP) and Final Mine Rehabilitation and/or Decommissioning Plan (FMRDP).

The issuance of an ECC signifies that MMCI has satisfactorily passed the national government's scrutiny over the Environmental Impact Statement (EIS) for the MCB Project. It also certifies the Company's commitment to implementing a national government-approved environmental management plan aimed to protect and mitigate the anticipated social, cultural, and environmental impacts in all phases and aspects of the MCB Project (see *CLA ASX Announcement dated 31 May 2023*).

The Certificate of Approval for the EPEP and FMRDP indicates that the Company has instituted the necessary environmental and socio-economic sustainability measures prior to the commencement of construction and mining operations for the life of the mine. Among the terms and conditions of the said certificate, is the establishment of a financial fund to ensure satisfactory compliance with the commitments and performance of the activities stipulated in the EPEP-FMRDP (see *CLA ASX Announcement dated 18 July 2023*).

The approval of these key requirements is another step closer in the permitting process of achieving the MPSA mining permit which the Company envisages to receive by the end of August 2023.

## OPUWO COBALT PROJECT, NAMIBIA (95%)

The Opuwo Cobalt Project is one of the largest undeveloped Cobalt projects outside of the Democratic Republic of Congo. It has a JORC Mineral Resource of 225.5 million tonnes at a grade of 0.12% cobalt, 0.43% copper, and 0.54% zinc (See *CLA ASX Announcement dated 1 July 2021*).

The tenement permit EL4346 expired during March 2023, as such the Company has lodged the necessary documentation to have the permits renewed with favourable feedback from the Ministry of Mines. The tenement remains active until such time that it is renewed by the Ministry of Mines.

It is the Company's view that all permit obligations have been met during the existing permit tenure, and therefore the permit renewal is expected for a period of 2 years.

## Metallurgical Test Work

Metallurgical test work is ongoing to further refine the cobalt and copper recoveries, with the end view to improve overall metal recoveries.

Maelgawyn Laboratories in South Africa was engaged to test various collectors on floatation tests and a total of 7 tests were undertaken. Results of these are expected to be reported in the next quarter.

Mintek completed 5 sets of roasting and 10 subsequent leaching tests during the quarter. The objectives of these were to optimise retention times, operating temperatures, and reagent consumptions. Results for these tests are expected to be reported during next quarter.

The above metallurgical test results will be utilised as input criteria to develop a processing flowsheet, which will be the basis of an Economic Scoping Study planned later during 2023.

The Company has received strong interest from parties interested in partnering on the Opuwo Project; a data room has been established with a number of non-disclosure agreements being signed.

## SAGAY COPPER-GOLD PROJECT, PHILIPPINES (100%)

Celsius Resources' Philippine subsidiary, Tambuli Mining Company, Inc., on the island of Negros, continues to focus on carrying out additional desktop studies of all drilling results and exploration data. Results of the desktop studies and the resource estimation suggested the necessity to shift its focus on the shallow high-grade supergene chalcocite zone. With this, a test pitting activity was conducted to collect representative samples for metallurgical test work. The test results are intended to provide a thorough process flow for the extraction of copper in pregnant solution as the eventual production of copper precipitate (Cu hydroxide), which will also serve as one of the empirical bases for the mine plan, process flow sheet, and financial studies which are critical components of the project's economic viability.

Implementation of activities under the Environmental and Community Development Program have also ramped up, in partnership with key stakeholders.

The Company has initiated the studies to assess the technical and financial viability of the Sagay Project for a Phased Approach development, where Phase 1 will develop the shallow chalcocite zone (900SG) with a low CAPEX model, small scale operation, and Phase 2 will develop the large-scale copper mineralisation at deeper levels using the cashflow from Phase 1.

The preliminary metallurgical test work commenced in June 2023 using the fresh samples collected from the chalcocite zone. The test work aims to determine the amenability of copper mineralisation to VAT leaching. A positive result will trigger additional shallow resource drilling to support the mining study, mineral resource conversion to reserve, and metallurgical test work optimisation.

Upon positive results of the planned development approach, the Company will proceed with preparing the mandatory requirements for a Declaration of Mining Project Feasibility (DMPF) application which is anticipated to be submitted by December 2023.



## CULLARIN WEST PROJECT, NSW (100%)

The Company will now assess the viability of the opportunity and gauge interest from other possible partners. No development activities were conducted during the quarter.

## CORPORATE AND EXPENDITURE

On 5 May 2023, the Company issued Lind a notice of its intention to repay 100% of the Advance Payment Credit outstanding in cash and has subsequently repaid A\$882,500 which satisfies the Company's obligations under the Agreement in full ("Repayment"). Upon Repayment, the Agreement was terminated. No further funds will be advanced, no additional shares will be issued and Celsius no longer has to issue 38,235,294 options (previously approved by Celsius shareholders for the purposes of Listing Rule 7.1 at the Company's general meeting held on 5 April 2023) (See *CLA ASX Announcement dated 12 May 2023*).

The Company signed a non-binding agreement with Silvercorp Metals on 15 May 2023. Pursuant to the Subscription Agreement, Silvercorp agreed to subscribe for 333,333,333 new Celsius shares (Subscription Shares) at a subscription price of A\$0.015 (GBP0.0081) per Subscription Share to raise A\$5,000,000 (before costs) (See *CLA ASX Announcement dated 15 May 2023*).

In addition to the subscription and as part of the non-binding agreement, Silvercorp intends to acquire Celsius in a 90% scrip and 10% cash transaction that will be implemented by an Australian scheme of arrangement under the Corporations Act 2001 (Cth) ("Scheme").

The parties have been working towards the execution of a binding scheme implementation agreement to implement the Scheme ("Definitive Agreement").

Simultaneous to the completion of the Scheme, should it proceed, Celsius intends to spin out its Sagay Project (100% Celsius) and Opuwo Cobalt Project (95% Celsius) ("Spin-Out Projects") into a new ASX or AIM listed SpinCo via a demerger, subject to Celsius obtaining the necessary shareholder, ASX/AIM and regulatory approvals ("Demerger").

Under the Scheme and Demerger (together, the "Proposed Transaction"), if implemented, it is anticipated that each Celsius share will be exchanged for such fractional Silvercorp shares equivalent to A\$0.027 plus A\$0.003 in cash, with such fractional Silvercorp share having a fair market value determined based on the volume weighted average trading price of the Silvercorp shares on the TSX/NYSE for the 20 business days ending on (and including) the scheme of record date (the "SVM Exchange Ratio"), and 1/10th of a SpinCo share (the "SpinCo Exchange Ratio").

Silvercorp has agreed, under the non-binding term sheet, to invest A\$4 million in SpinCo, valued at a post-financed market capitalisation of A\$30 million. Implementation of the Proposed Transaction will be contingent on the completion of successful due diligence by each party (such as Silvercorp demonstrating its financial capacity to the satisfaction of Celsius and Silvercorp being satisfied with the legal titles of Celsius' assets in the Philippines), other documentation and regulatory and shareholder approvals. The Celsius Board believes the Proposed Transaction, if implemented, could provide significant benefits to Celsius' shareholders.

At the end of the quarter, the Company held approximately A\$5.538 million in cash reserves. Approximately A\$1.177 million was spent on exploration expenditure, with \$877k primarily relating to the development of the MCB project.

A\$93k in payments were made to related parties of the Company and their associates during the quarter, for Director and consultancy fees.

*This announcement has been authorised by the Board of Directors of Celsius Resources Limited.*

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018.

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#### **Tenement Table: ASX Listing Rule 5.3.3 Mining tenement interests held at the end of the quarter and their location**

PERMIT NAME	PERMIT NUMBER	REGISTERED HOLDER / APPLICANT	PERMIT STATUS	PERMIT EXPIRY	INTEREST / CONTRACTUAL RIGHT
<b>Western Australia</b>					
Cullarin West	EL 8996	Cullarin Metals Pty Ltd	Granted	17/08/2026	100%
<b>Namibia</b>					
	EL 4346*	Gecko Cobalt Holdings	Permit application, pending approval	TBA	95%
<b>Philippines</b>					

PERMIT NAME	PERMIT NUMBER	REGISTERED HOLDER / APPLICANT	PERMIT STATUS	PERMIT EXPIRY	INTEREST / CONTRACTUAL RIGHT
Maalinao-Caigutan-Biyog	EP-003-2006-CAR	Makilala Mining Company Inc.	Granted	Extended until the issuance of a mining permit	40%
Colayo	EXPA-073-CAR	Makilala Mining Company Inc.	Permit application, approved in principle awaiting formal documentation	TBA	40%
Panaon	EXPA-000127-VIII	PDEP, Inc.	Complying with further permitting requirements	TBA	100%
Sagay	EP-000003-VI	Tambuli Mining Company Inc.	Granted	10/02/2024	100%

\*Tenement expired on 7 March 2023 and a permit application is pending approval. The tenement remains active until such time that it is renewed by the Ministry of Mines.

It is the Company's view that all permit obligations have been met during the existing permit tenure, and therefore the permit renewal is expected for a period of 2 years.

The Maalinao-Caigutan-Biyog (MCB) project has gained an automatic extension as all documentation has been submitted to the Philippine National Government for the awarding of a MPSA Mining permit.

The mining tenement interests acquired during the quarter and their location:  
Nil.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter:  
Not applicable.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter:  
Nil.

### Competent Persons Statement

*Information in this report relating to Exploration Results and Mineral Resources for the MCB Project is based on information compiled, reviewed and assessed by Mr. Steven Olsen, who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Olsen is a consultant to Celsius Resources and 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. Olsen consents to the inclusion of the data in the form and context in which it appears.*



*The information in this Report that relates to the estimate of Mineral Resources for the Opuwo Project is based upon, and fairly represents, information and supporting documentation compiled by Mr Kerry Griffin, a Competent Person, who is a Member of the Australian Institute of Geoscientists (AIG). Mr Griffin is a Principal Geology Consultant at Mining Plus Pty Ltd and an independent consultant engaged by Celsius Resources Pty Ltd for this work and 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" (the JORC Code). Mr Griffin consents to the inclusion in this announcement of matters based on his information in the form and context in which it appears.*

*The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resource for the MCB Project or the Opuwo Project. The Company also confirms that all material assumptions and parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed. Please refer to the ASX Announcement of 28 February 2023.*

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Celsius Resources Limited

ABN

95 009 162 949

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(93)	(853)
	(e) administration and corporate costs	(406)	(2,658)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(499)</b>	<b>(3,510)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(3)
	(d) exploration & evaluation	(1,177)	(3,066)
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,177)</b>	<b>(3,069)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,032	13,926
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,256)	(1,556)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	(1,888)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,776</b>	<b>10,482</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,139	1,308
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(499)	(3,510)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,177)	(3,069)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,776	10,482



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	294	322
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,534</b>	<b>5,534</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	5,534	3,139
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,534</b>	<b>3,139</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	93
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(499)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,177)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,676)
8.4	Cash and cash equivalents at quarter end (item 4.6)	5,534
8.5	Unused finance facilities available at quarter end (item 7.5)	
8.6	Total available funding (item 8.4 + item 8.5)	5,534
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	3.30
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2023

Authorised by: The Board of Celsius Resources Limited  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.