

QUARTERLY ACTIVITIES REPORT – DECEMBER 2018

Opuwo Cobalt Project, Namibia (CLA 95%)

SCOPING STUDY

During the Quarter, the Company completed a Scoping Study on the Opuwo Cobalt Project, with the following key highlighted outcomes:

- Confirmed potential for a large scale and long-life operation.
- Preliminary mine planning completed, examining various open pit and underground mining scenarios.
- Sulphide concentrate produced from standard flotation methods.
- Project to produce refined products including cobalt sulphate (or hydroxide/metal), copper metal and zinc sulphate by either autoclave or roasting methods, with the roasting method used as the base case for the purpose of completing the Scoping Study.
- No deleterious elements identified that would affect the saleability or price of products.
- Infrastructure components to leverage off existing regional infrastructure, including hydroelectric power and network of sealed roads.
- Commenced high-level discussions with prospective offtake partners.
- Pre-Feasibility Study (PFS) to commence immediately, scheduled for completion in Q3, 2019, including investigation of identified value engineering and process optimisation opportunities and the incorporation of an updated Mineral Resource Estimate, expected in Q1, 2019.

METALLURGICAL TESTWORK PROGRAM

The Scoping Study for Opuwo highlighted key metallurgical test work programs for completion early in the PFS schedule. The current base case for downstream processing of sulphide concentrates to be produced at Opuwo consists of a sulphating roast followed by atmospheric water leaching of the residue.

A sample of approximately 300-400 kg of mineralised material was dispatched from Namibia to South Africa during the Quarter, to produce concentrate through the flotation procedure established during the Scoping Study, for the purposes of conducting an initial two batch test work program to confirm the assumptions made in the Scoping Study regarding this method of leaching the Opuwo mineralisation. It is noted that an alternative option for leaching of the Opuwo concentrates, a moderate temperature and pressure autoclave, was evaluated extensively during the Scoping Study, and will continue to be explored during the Pre-Feasibility Study.

Due to sub-optimal recoveries from the near surface oxide ore type encountered in the limited test work during the Scoping Study, currently the mine schedule for the Project attributes no value to this part of the

mineralisation, and it is treated as waste. This zone comprises less than 5% of the current Mineral Resource. Further metallurgical test work will be undertaken on this mineralisation type, to evaluate alternative methods of recovering the valuable metals from this zone, which if successful, will provide significant upside for the Project. These investigations will include assessing use of this material as a neutralizing agent in the process, to reduce reagent costs, in addition to recovering valuable metal credits.

RESOURCE DEVELOPMENT

NEW EXPLORATION TARGET – WEST ZONE

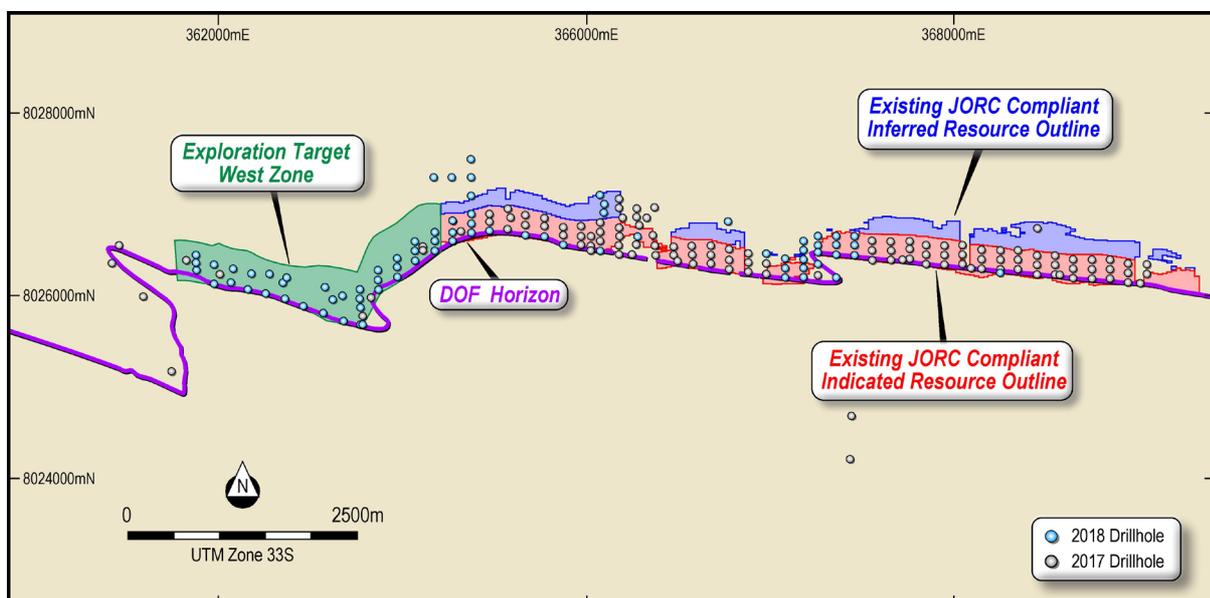
During the Quarter, data from 52 holes drilled to the west of the existing Mineral Resource enabled the Company to generate an additional Exploration Target of **between 34 and 51 million tonnes, grading approximately 0.08% - 0.18% cobalt, 0.26% - 0.62% copper, and 0.35% - 0.82% zinc**. It is noted that 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 Q1, 2019.

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.

Figure 1: West Zone Exploration Target



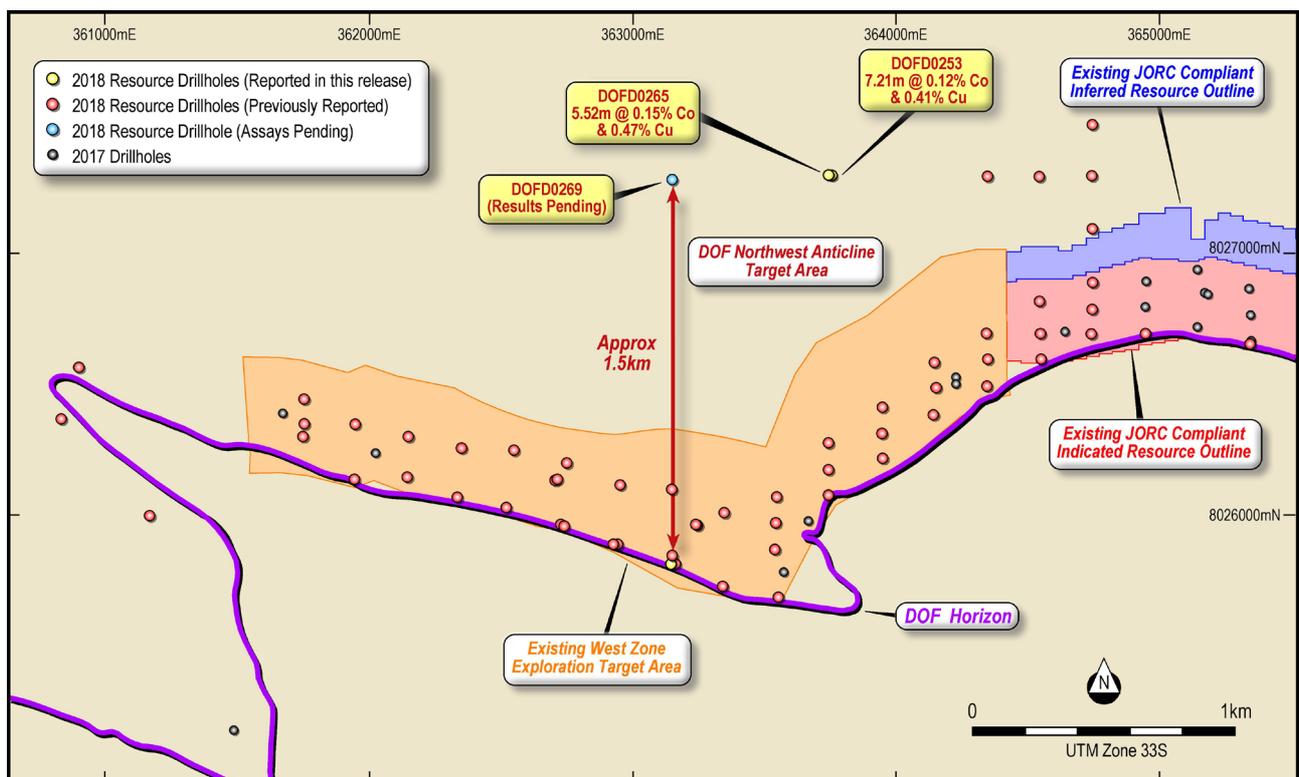
DOF NORTHWEST ANTICLINE

A potentially highly significant extension to the existing Mineral Resource and Exploration Target zones, dubbed the “DOF Northwest Anticline” Target, has been confirmed with the latest resource development drilling at the Project (Figure 2). This new zone is characterised by thicker than average and significantly flatter dipping DOF style mineralisation than occurs elsewhere within the Mineral Resource, allowing the Company to consider alternative mining techniques as part of the ongoing Project studies. Assay results are pending from hole DOFD0269, located approximately 1.5 km from the outcropping DOF (Figure 2), where geological logging has identified a mineralised intercept of greater than 10 metres. Further drilling is currently being completed in this area.

UPDATED MINERAL RESOURCE

An updated Mineral Resource is scheduled for release in March, 2018. This work is on schedule, with remaining outstanding assays expected to be received within the next 3-4 weeks, once remaining holes at the DOF Northwest Anticline target are completed. If considered appropriate by the external resource estimation consultant, the updated Mineral Resource will include mineralisation from both the West Zone and the new DOF Northwest Anticline areas.

Figure 2: DOF Northwest Anticline Drilling Results



Additional drilling was also completed during the Quarter in the eastern sector of the Mineral Resource, to provide further data for the upcoming resource upgrade. (Figure 3). All drill results from the Quarter are provided in Table 2, including those that were release in early January, post Quarter end.

Figure 3: East Zone Infill Drilling Results

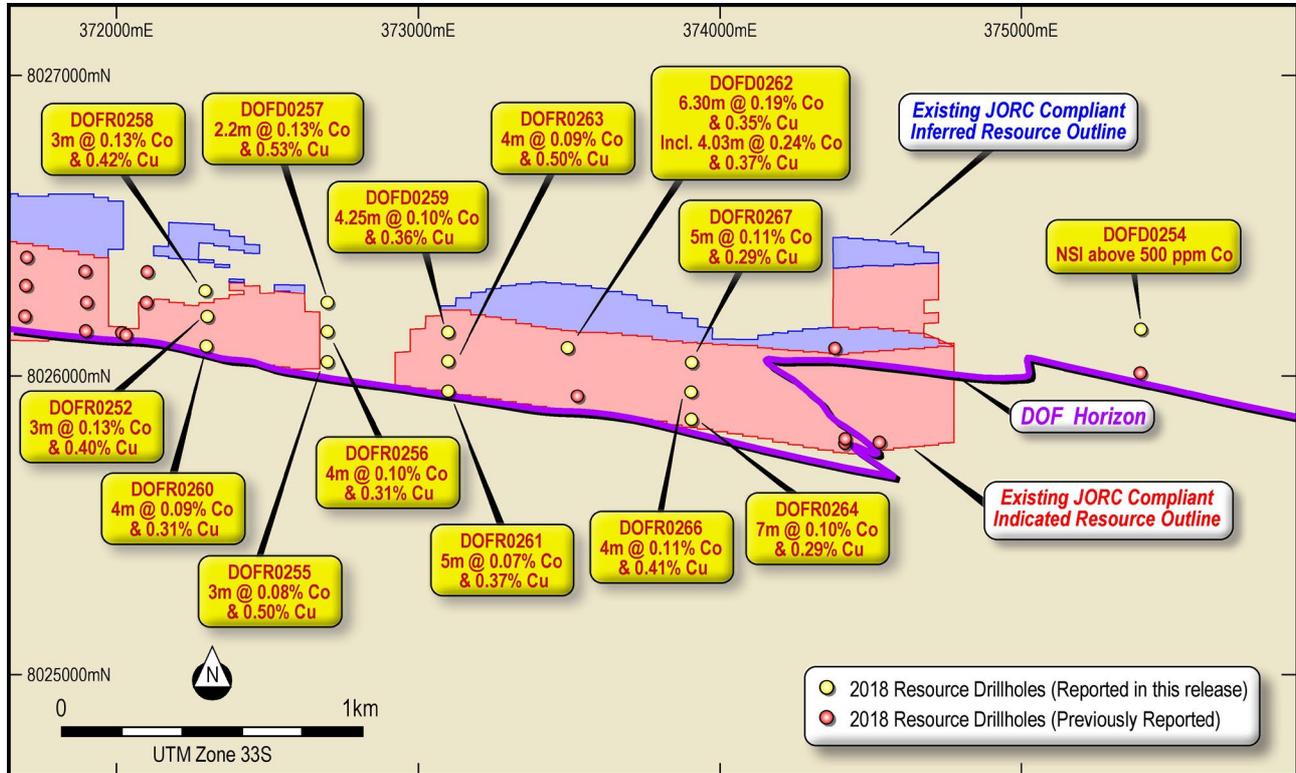


Table 2: Final 2018 Drilling Results

| Hole ID | Easting (UTM Zone 33S) | Northing (UTM Zone 33S) | Planned Dip (deg) | Planned Azimuth (grid) | Final Depth (m) | Intercept from (m) | Intercept to (m) | Interval (m) | Cobalt (%) | Copper (%) | Zinc (%) | |
|----------|------------------------|-------------------------|-------------------|------------------------|-----------------|---|------------------|--------------|------------|------------|----------|--|
| DOFD0161 | 364749 | 8026895 | -55 | 175 | 206.26 | 191.21 | 195.64 | 4.43 | 0.11 | 0.48 | 0.61 | |
| DOFD0162 | 364548 | 8026823 | -55 | 175 | 194.37 | 184.00 | 189.33 | 5.33 | 0.14 | 0.49 | 0.50 | |
| DOFD0163 | 364350 | 8026498 | -55 | 180 | 38.12 | 21.90 | 27.00 | 5.10 | 0.11 | 0.41 | 0.45 | |
| DOFD0164 | 364552 | 8026600 | -55 | 180 | 50.07 | 38.00 | 43.00 | 5.00 | 0.13 | 0.50 | 0.49 | |
| DOFD0165 | 364350 | 8026599 | -55 | 177 | 90.10 | 80.00 | 84.00 | 4.00 | 0.11 | 0.37 | 0.51 | |
| DOFD0166 | 364346 | 8026698 | -55 | 175 | 167.36 | 136.00 | 140.35 | 4.35 | 0.11 | 0.31 | 0.43 | |
| DOFD0167 | 364551 | 8026699 | -55 | 177 | 116.38 | 103.00 | 108.00 | 5.00 | 0.10 | 0.40 | 0.42 | |
| DOFD0168 | 364748 | 8026792 | -55 | 177 | 143.35 | 132.00 | 137.35 | 5.35 | 0.11 | 0.54 | 0.57 | |
| DOFD0169 | 364747 | 8026694 | -55 | 180 | 83.5 | 65.00 | 71.38 | 6.38 | 0.11 | 0.42 | 0.39 | |
| DOFD0170 | 368899 | 8026454 | -55 | 180 | 68.22 | 55.00 | 60.00 | 5.00 | 0.07 | 0.45 | 0.40 | |
| DOFD0171 | 368902 | 8026550 | -55 | 177 | 170.54 | 153.25 | 157.00 | 3.75 | 0.10 | 0.48 | 0.61 | |
| DOFD0172 | 366148 | 8026502 | -54 | 180 | 59.06 | Metallurgical Testwork Hole | | | | | | |
| DOFD0173 | 368903 | 8026648 | -55 | 175 | 302.48 | 237.53 | 240.34 | 2.81 | 0.11 | 0.48 | 0.50 | |
| DOFD0174 | 365755 | 8026553 | -53 | 180 | 44.55 | Metallurgical Testwork Hole | | | | | | |
| DOFD0175 | 365546 | 8026652 | -54 | 180 | 62.06 | Metallurgical Testwork Hole | | | | | | |
| DOFD0176 | 364949 | 8026700 | -54 | 180 | 56.04 | Metallurgical Testwork Hole | | | | | | |
| DOFD0177 | 368699 | 8026655 | -55 | 175 | 245.48 | 232.00 | 235.60 | 3.60 | 0.10 | 0.51 | 0.58 | |
| DOFD0178 | 368502 | 8026650 | -55 | 175 | 323.36 | No Significant Intersection | | | | | | |
| DOFD0179 | 368700 | 8026554 | -55 | 177 | 149.48 | 135.00 | 138.00 | 3.00 | 0.11 | 0.41 | 0.55 | |
| DOFD0180 | 368702 | 8026450 | -55 | 180 | 53.24 | 18.92 | 21.54 | 2.62 | 0.06 | 0.49 | 0.36 | |
| DOFD0181 | 368504 | 8026552 | -55 | 177 | 158.35 | No Significant Intersection above 500ppm cutoff | | | | | | |

| | | | | | | | | | | | |
|-----------|--------|---------|-----|-----|--------|---|--------|------|------|------|------|
| DOFD0182 | 368151 | 8026407 | -55 | 175 | 203.48 | 186.27 | 189.83 | 3.56 | 0.14 | 0.48 | 0.52 |
| DOFD0183 | 368148 | 8026302 | -55 | 177 | 122.47 | 112.00 | 114.66 | 2.66 | 0.11 | 0.32 | 0.49 |
| DOFD0184 | 365349 | 8026659 | -55 | 180 | 44.24 | <i>Metallurgical Testwork Hole</i> | | | | | |
| DOFD0185 | 368151 | 8026198 | -55 | 180 | 41.20 | 18.20 | 25.00 | 6.80 | 0.09 | 0.45 | 0.46 |
| DOFD0186 | 368700 | 8026200 | -55 | 177 | 38.14 | <i>Hole Abandoned</i> | | | | | |
| DOFD0186B | 368698 | 8026191 | -55 | 177 | 83.25 | <i>Hole Abandoned</i> | | | | | |
| DOFD0187 | 370500 | 8026273 | -55 | 180 | 59.17 | 27.97 | 33.25 | 5.28 | 0.11 | 0.55 | 0.54 |
| including | | | | | | 31.10 | 32.53 | 1.43 | 0.20 | 0.55 | 0.62 |
| DOFD0188 | 368506 | 8026356 | -55 | 180 | 197.25 | 187.14 | 190.84 | 3.70 | 0.11 | 0.62 | 0.31 |
| DOFD0189 | 368497 | 8026479 | -55 | 177 | 367.54 | <i>Extension of DOFR020 - No further significant intersection</i> | | | | | |
| DOFD0190 | 368346 | 8026202 | -55 | 180 | 53.06 | 40.90 | 46.80 | 5.90 | 0.10 | 0.50 | 0.36 |
| DOFD0191 | 368352 | 8026301 | -55 | 177 | 137.35 | 126.00 | 130.17 | 4.17 | 0.09 | 0.40 | 0.57 |
| DOFD0192 | 368354 | 8026396 | -55 | 175 | 245.34 | 203.21 | 206.40 | 3.19 | 0.14 | 0.48 | 0.51 |
| DOFD0193 | 367542 | 8026804 | -55 | 170 | 461.47 | 431.00 | 436.25 | 5.25 | 0.12 | 0.48 | 0.51 |
| DOFD0194 | 368352 | 8026497 | -55 | 170 | 335.34 | 314.67 | 319.94 | 5.27 | 0.14 | 0.48 | 0.67 |
| including | | | | | | 316.51 | 319.09 | 2.58 | 0.21 | 0.69 | 0.76 |
| DOFD0195 | 368348 | 8026601 | -55 | 170 | 560.35 | <i>No Significant Intersection</i> | | | | | |
| DOFD0196 | 367949 | 8026452 | -55 | 177 | 311.00 | 286.32 | 290.18 | 3.86 | 0.12 | 0.46 | 0.39 |
| DOFD0197 | 366188 | 8026898 | -55 | 180 | 137.54 | 118.00 | 127.03 | 9.03 | 0.12 | 0.71 | 0.60 |
| DOFD0198 | 366198 | 8026996 | -55 | 177 | 206.54 | 183.64 | 190.00 | 6.36 | 0.12 | 0.59 | 0.67 |
| DOFD0199 | 366147 | 8027097 | -55 | 170 | 278.37 | 259.26 | 265.55 | 6.29 | 0.12 | 0.44 | 0.59 |
| including | | | | | | 262.22 | 263.69 | 1.47 | 0.17 | 0.40 | 1.26 |
| DOFD0200 | 364749 | 8027100 | -55 | 172 | 347.54 | 330.32 | 337.22 | 6.90 | 0.13 | 0.65 | 0.39 |
| DOFD0201 | 364747 | 8027302 | -55 | 170 | 281.35 | <i>No Significant Intersection – requires deepening</i> | | | | | |
| DOFD0202 | 364750 | 8027502 | -55 | 170 | 359.43 | 590.85 | 594.00 | 3.15 | 0.12 | 0.34 | 0.50 |
| DOFD0203 | 364546 | 8027298 | -55 | 180 | 359.36 | <i>No Significant Intersection – requires deepening</i> | | | | | |
| DOFD0204 | 364350 | 8027300 | -55 | 180 | 554.43 | 535.71 | 544.80 | 9.09 | 0.12 | 0.51 | 0.66 |
| including | | | | | | 535.71 | 538.00 | 2.29 | 0.15 | 1.04 | 0.84 |
| DOFD0205 | 364149 | 8026588 | -55 | 180 | 133.27 | 119.00 | 124.00 | 5.00 | 0.11 | 0.39 | 0.53 |
| DOFD0206 | 363949 | 8026416 | -55 | 180 | 128.41 | 116.00 | 119.72 | 3.72 | 0.14 | 0.38 | 0.56 |
| DOFR0207 | 364147 | 8026387 | -55 | 180 | 47 | 37 | 42 | 5 | 0.12 | 0.55 | 0.78 |
| DOFR0208 | 364152 | 8026491 | -55 | 180 | 102 | 91 | 96 | 5 | 0.13 | 0.60 | 0.61 |
| DOFR0209 | 363951 | 8026220 | -55 | 180 | 39 | <i>No Significant Intersection above 500ppm Co</i> | | | | | |
| DOFD0210 | 363749 | 8026280 | -55 | 180 | 113.42 | 102.40 | 106.00 | 3.60 | 0.12 | 0.42 | 0.50 |
| DOFR0211 | 363950 | 8026318 | -55 | 180 | 92 | 79 | 87 | 8 | 0.18 | 0.51 | 0.64 |
| including | | | | | | 83 | 85 | 2 | 0.30 | 0.70 | 0.97 |
| DOFR0212 | 363748 | 8026079 | -55 | 180 | 21 | <i>No Significant Intersection above 500ppm Co</i> | | | | | |
| DOFR0213 | 363745 | 8026177 | -55 | 180 | 77 | 67 | 72 | 5 | 0.12 | 0.58 | 0.55 |
| DOFD0214 | 363547 | 8025971 | -55 | 180 | 182.41 | 164.00 | 165.73 | 1.73 | 0.10 | 0.15 | 1.04 |
| and | | | | | | 170.00 | 176.43 | 6.43 | 0.13 | 0.38 | 0.53 |
| DOFR0215 | 363549 | 8026070 | -55 | 180 | 114 | 104 | 108 | 4 | 0.12 | 0.34 | 0.56 |
| DOFR0216 | 362706 | 8026134 | -55 | 180 | 167 | 158 | 161 | 3 | 0.13 | 0.40 | 0.52 |
| DOFD0217 | 363543 | 8025868 | -55 | 180 | 143.44 | 130.15 | 135.37 | 5.22 | 0.14 | 0.45 | 0.64 |
| DOFR0218 | 363558 | 8025687 | -55 | 180 | 30 | 19 | 22 | 3 | 0.16 | 0.76 | 0.93 |
| DOFR0219 | 363554 | 8025687 | -90 | 180 | 57 | 42 | 50 | 8 | 0.08 | 0.54 | 0.55 |
| DOFR0220 | 361753 | 8026353 | -55 | 180 | 165 | 151 | 158 | 7 | 0.12 | 0.41 | 0.62 |
| DOFR0221 | 362146 | 8026149 | -55 | 180 | 60 | 44 | 45 | 1 | 0.15 | 0.63 | 0.92 |
| DOFR0222 | 362143 | 8026148 | -90 | 180 | 81 | 71 | 73 | 2 | 0.09 | 0.38 | 0.71 |
| DOFD0223 | 363251 | 8025961 | -55 | 182 | 187.39 | 173.43 | 176.65 | 3.22 | 0.12 | 0.48 | 0.66 |
| DOFR0224 | 362336 | 8026067 | -55 | 180 | 30 | 18 | 21 | 3 | 0.15 | 0.44 | 0.64 |
| DOFR0225 | 362335 | 8026070 | -80 | 180 | 51 | 39 | 44 | 5 | 0.09 | 0.47 | 0.71 |
| DOFD0226 | 363350 | 8026011 | -55 | 180 | 227.39 | 213.00 | 216.37 | 3.37 | 0.13 | 0.43 | 0.56 |
| DOFR0227 | 362519 | 8026030 | -75 | 180 | 49 | 34 | 40 | 6 | 0.16 | 0.62 | 0.90 |
| including | | | | | | 35 | 39 | 4 | 0.21 | 0.79 | 1.08 |
| DOFR0228 | 362520 | 8026031 | -90 | 180 | 174 | <i>No significant intersection above 500 ppm (missed DOF)</i> | | | | | |

| | | | | | | | | | | | |
|-----------|--------|---------|-----|-----|--------|--|--------|------|------|------|------|
| DOFR0229 | 362727 | 8025965 | -75 | 180 | 51 | 33 | 40 | 7 | 0.18 | 0.56 | 0.86 |
| including | | | | | | 36 | 39 | 3 | 0.28 | 0.56 | 1.23 |
| DOFR0230 | 362729 | 8025967 | -90 | 180 | 141 | <i>No significant intersection</i> | | | | | |
| DOFD0231 | 362750 | 8026200 | -55 | 180 | 269.43 | 259.00 | 261.63 | 2.63 | 0.13 | 0.41 | 0.57 |
| DOFD0232 | 363250 | 8025960 | -55 | 240 | 218.49 | 206.63 | 209.87 | 3.24 | 0.12 | 0.55 | 0.66 |
| DOFR0233 | 362731 | 8025969 | -85 | 180 | 84 | 59 | 72 | 13 | 0.14 | 0.67 | 0.75 |
| including | | | | | | 67 | 69 | 2 | 0.29 | 1.36 | 1.26 |
| DOFR0234 | 362942 | 8025890 | -55 | 180 | 48 | 31 | 37 | 6 | 0.13 | 0.46 | 0.67 |
| including | | | | | | 34 | 36 | 2 | 0.21 | 0.40 | 0.86 |
| DOFR0235 | 362943 | 8025893 | -90 | 180 | 108 | 73 | 87 | 14 | 0.11 | 0.73 | 0.68 |
| including | | | | | | 78 | 80 | 2 | 0.25 | 1.70 | 1.26 |
| DOFR0236 | 363148 | 8025816 | -75 | 180 | 48 | 29 | 38 | 9 | 0.12 | 0.31 | 0.65 |
| DOFR0237 | 363149 | 8025814 | -90 | 180 | 150 | <i>No significant intersection</i> | | | | | |
| DOFR0238 | 363148 | 8025813 | -88 | 180 | 99 | 69 | 82 | 13 | 0.13 | 0.50 | 0.83 |
| including | | | | | | 70 | 73 | 3 | 0.27 | 1.14 | 1.62 |
| DOFD0239 | 362350 | 8026252 | -55 | 189 | 197.42 | 185.77 | 190.77 | 5.00 | 0.15 | 0.48 | 0.70 |
| DOFR0240 | 361949 | 8026350 | -55 | 189 | 153 | 145 | 148 | 3 | 0.16 | 0.54 | 0.73 |
| DOFD0241 | 362710 | 8026130 | -55 | 269 | 257.51 | 248.52 | 252.25 | 3.73 | 0.14 | 0.41 | 0.70 |
| DOFR0242 | 362149 | 8026303 | -55 | 189 | 168 | 160 | 162 | 2 | 0.16 | 0.64 | 0.78 |
| DOFD0243 | 361754 | 8026446 | -55 | 189 | 209.43 | 197.50 | 202.10 | 4.60 | 0.14 | 0.40 | 0.67 |
| DOFR0244 | 363347 | 8025730 | -75 | 189 | 36 | 25 | 29 | 4 | 0.26 | 0.40 | 1.08 |
| DOFR0245 | 363349 | 8025730 | -88 | 189 | 60 | 41 | 47 | 6 | 0.21 | 0.76 | 1.15 |
| including | | | | | | 45 | 46 | 1 | 0.50 | 0.92 | 1.90 |
| DOFR0246 | 361947 | 8026136 | -75 | 189 | 42 | 31 | 34 | 3 | 0.09 | 0.52 | 0.57 |
| DOFR0247 | 361946 | 8026137 | -88 | 189 | 63 | 49 | 51 | 2 | 0.05 | 0.53 | 0.47 |
| DOFR0248 | 361751 | 8026302 | -55 | 189 | 126 | 117 | 121 | 4 | 0.14 | 0.43 | 0.68 |
| DOFD0249 | 363150 | 8026100 | -55 | 189 | 269.43 | 260.74 | 263.06 | 2.32 | 0.12 | 0.53 | 0.50 |
| DOFR0250 | 362550 | 8026250 | -55 | 189 | 225.79 | 218.43 | 219.49 | 1.06 | 0.09 | 0.42 | 0.50 |
| DOFD0251 | 362949 | 8026132 | -55 | 180 | 245.42 | 236.67 | 238.77 | 2.10 | 0.09 | 0.47 | 0.59 |
| DOFR0252 | 372300 | 8026200 | -55 | 180 | 157 | 151 | 154 | 3 | 0.13 | 0.40 | 0.42 |
| DOFD0253 | 363750 | 8027300 | -55 | 147 | 644.42 | 629.00 | 636.21 | 7.21 | 0.12 | 0.41 | 0.63 |
| DOFD0254 | 375395 | 8026164 | -55 | 180 | 187.52 | <i>No significant intersection above 500 ppm</i> | | | | | |
| DOFR0255 | 372700 | 8026049 | -55 | 180 | 78 | 63 | 66 | 3 | 0.08 | 0.50 | 0.12 |
| DOFR0256 | 372700 | 8026145 | -55 | 180 | 174 | 161 | 165 | 4 | 0.10 | 0.31 | 0.17 |
| DOFD0257 | 372699 | 8026250 | -55 | 180 | 293.32 | 278.64 | 280.84 | 2.20 | 0.13 | 0.53 | 0.08 |
| DOFR0258 | 372299 | 8026300 | -55 | 180 | 249 | 238 | 241 | 3 | 0.13 | 0.42 | 0.56 |
| DOFD0259 | 373100 | 8026150 | -55 | 180 | 239.24 | 229.25 | 233.50 | 4.25 | 0.10 | 0.36 | 0.03 |
| DOFR0260 | 372299 | 8026100 | -55 | 180 | 54 | 34 | 38 | 4 | 0.09 | 0.31 | 0.48 |
| DOFR0261 | 373100 | 8025951 | -55 | 180 | 51 | 24 | 29 | 5 | 0.07 | 0.37 | 0.05 |
| DOFD0262 | 373498 | 8026095 | -55 | 180 | 263.38 | 226.70 | 233.00 | 6.30 | 0.19 | 0.35 | 0.08 |
| including | | | | | | 227.87 | 231.90 | 4.03 | 0.24 | 0.37 | 0.09 |
| DOFR0263 | 373100 | 8026051 | -55 | 180 | 147 | 131 | 135 | 4 | 0.09 | 0.50 | 0.05 |
| DOFR0264 | 373904 | 8025858 | -55 | 180 | 87 | 56 | 63 | 7 | 0.10 | 0.29 | 0.26 |
| DOFD0265 | 363752 | 8027302 | -85 | 147 | 701.66 | 684.00 | 689.52 | 5.52 | 0.15 | 0.47 | 0.64 |
| DOFR0266 | 373902 | 8025950 | -55 | 180 | 159 | 137 | 141 | 4 | 0.11 | 0.41 | 0.12 |
| DOFR0267 | 373905 | 8026048 | -55 | 180 | 267 | 249 | 254 | 5 | 0.11 | 0.29 | 0.05 |
| DOFD0268 | 363749 | 8027301 | -55 | 147 | 647.55 | <i>Results Pending</i> | | | | | |
| DOFD0269 | 363155 | 8027282 | -85 | 150 | 805.82 | <i>Results Pending</i> | | | | | |
| DOFR0271 | 366900 | 8026398 | -55 | 180 | 51 | <i>Results Pending</i> | | | | | |
| DOFD0272 | 366552 | 8026850 | -55 | 180 | 286.49 | <i>Drilling in Progress</i> | | | | | |
| DOFR0273 | 367049 | 8026398 | -55 | 180 | 87 | <i>Results Pending</i> | | | | | |
| DOFR0274 | 367200 | 8026396 | -55 | 180 | 96 | <i>Results Pending</i> | | | | | |
| DOFR0275 | 367298 | 8026399 | -60 | 180 | 117 | <i>Results Pending</i> | | | | | |

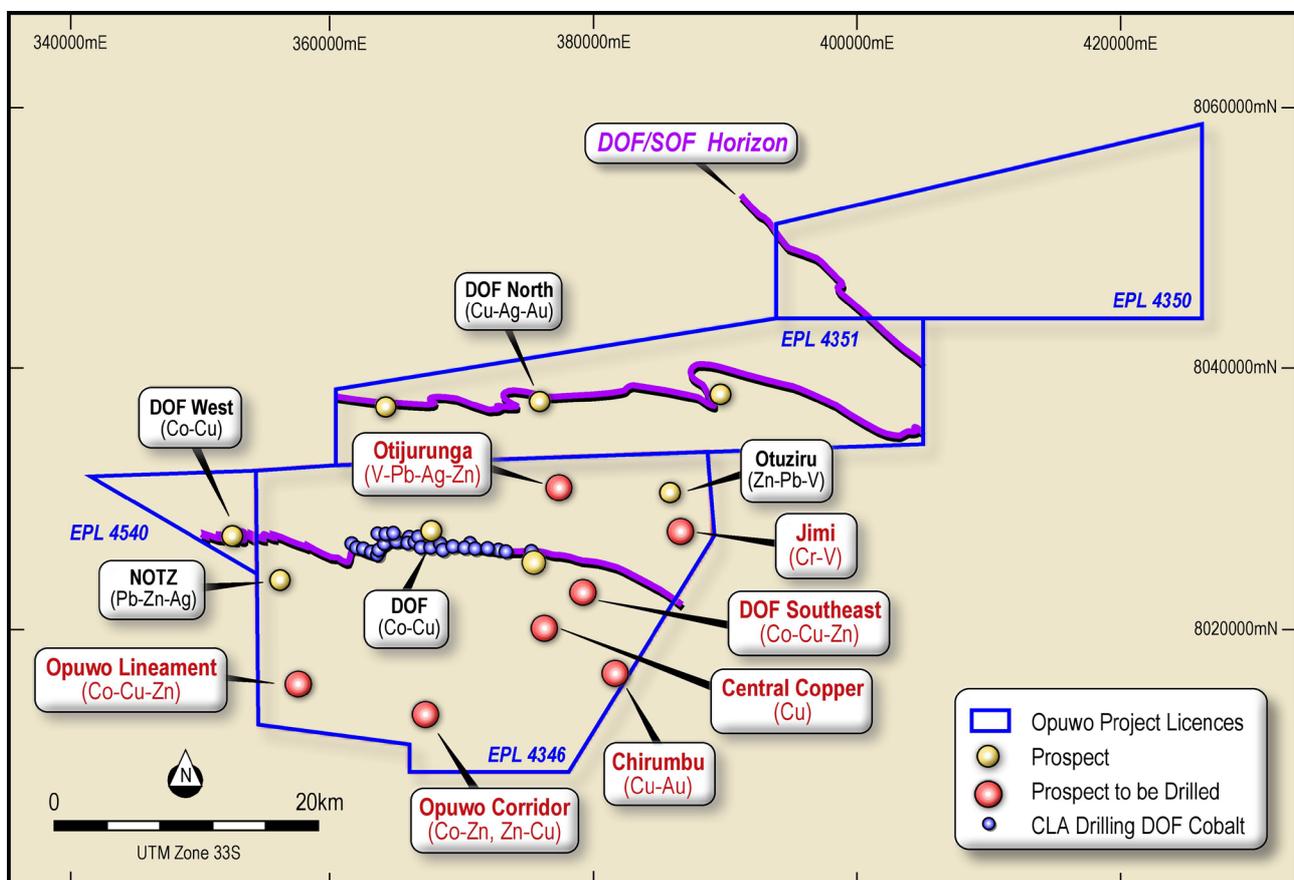
* Intercepts reported at a cutoff grade of 500 ppm, or 0.05% cobalt. Results reported during the Quarter in green.

EXPLORATION DRILLING – REGIONAL TARGETS

Regional targets to be drill tested have been developed with the aid of existing geochemical data sets, historical mapping, grab sampling data, the recent SkyTEM survey (electromagnetic and magnetic) and a recently completed high-resolution soil sampling program over the Opuwo Corridor targets.

Drilling is in progress at the Opuwo Corridor targets, where significant cobalt and zinc geochemical anomalies, bolstered by the presence of conductors identified from the recent SkyTEM survey, are being tested by a series of holes. Further east of these anomalies, also within the Opuwo Corridor area, a substantial large-scale vanadium anomaly will be tested. (Figures 4 and 5)

Figure 4: Regional Targets Drilling Program



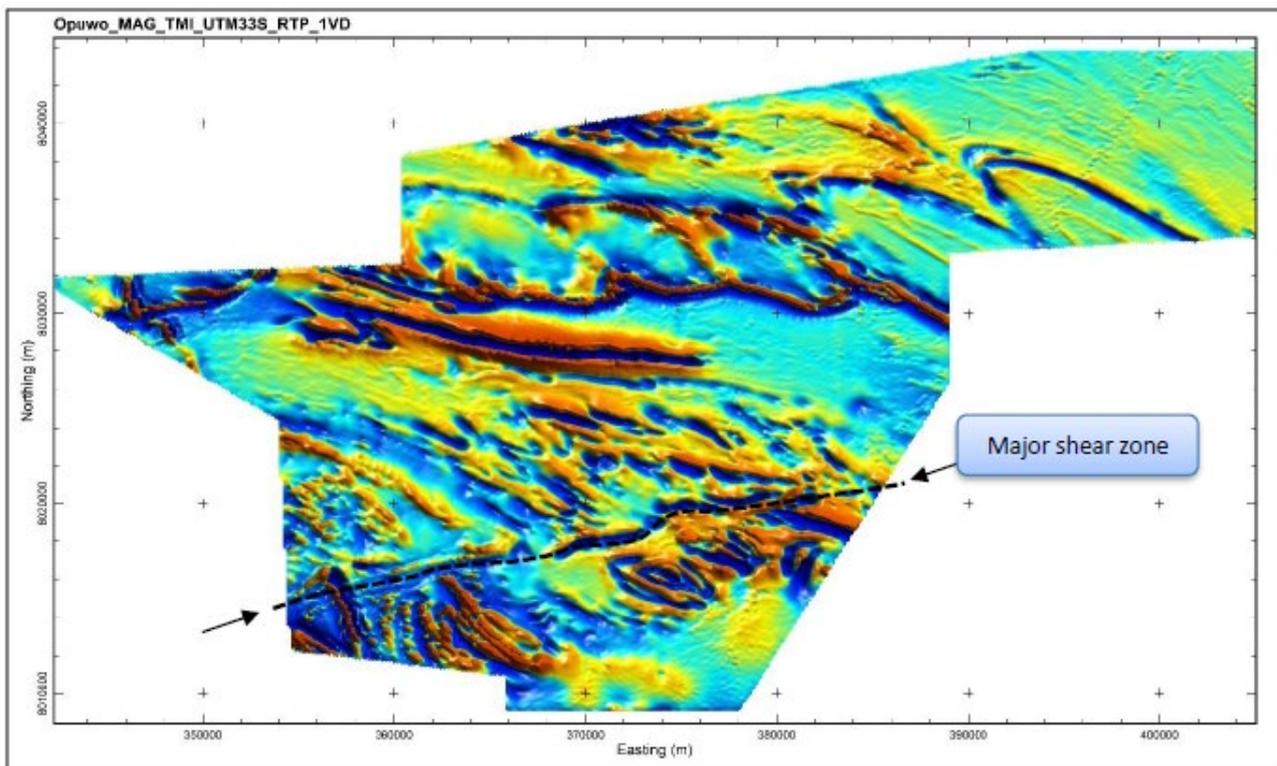
All of Celsius' targets in the Kunene area form part of a regional metallogenetic model with the world-class DOF cobalt-copper deposit and several significant prospects not followed up yet by exploration. The number of sediment-hosted mineralisations and the lateral extent of the mineralised horizons (DOF Cobalt-Copper horizon 43 km, NOTZ Zinc-Lead horizon 25 km) point to a very large hydrothermal system tapping fluids from the basement and kilometre thick sedimentary successions in the basal rocks of the local Neoproterozoic basin, and an effective way of precipitation in the form of SEDEX (McArthur River type and Mn-Fe-Ba-horizons), Copperbelt-style ("first reductant" type) and MVT-type deposits in carbonate rocks in the later carbonate sediments of the basin. Celsius is planning to test 5 of the prospects in a first drilling phase and further targets later in 2019.

The Damaran orogeny led to a part remobilisation of the base metals and re-precipitation as orogenic copper systems (chalcopyrite-pyrrhotite-quartz-carbonate) as well as late Zn-Pb-quartz-carbonate veins. While these veins often form small high grade mineralisations they are not regarded as exploration targets but potentially point to mineralised source rocks at depth.

Opuwo Lineament Targets (Co, Cu, Zn)

The Opuwo lineament is interpreted as a major regional fault zone which controlled the morphology of the Neoproterozoic sedimentary basins in the form of half grabens in the Nosib and Ombombo times. Structures related to the Opuwo lineament have likely acted as an important fluid pathway over long time spans during the early extensional tectonic regime, forming a focusing mechanism for fluid flow, and thus mineralisation potential along this feeder zone (Figure 5). The Opuwo Lineament drill targets have been clearly defined by conductors from the recent SkyTEM data and are supported by geochemical anomalism (Co, Cu, Zn) identified in regional soil sampling programs.

Figure 5: Opuwo Lineament (Background Magnetics (first vertical derivative) and “Opuwo Corridor” in the south



Opuwo Corridor Targets (Co, Cu, Zn, V)

The Opuwo Corridor prospects represent stratabound mineralisation associated with the Opuwo Lineament to the north. Three different types of mineralisation are targeted (1) Cobalt-zinc, identified by a 600m long Co and Zn soil anomaly in the west, (2) Vanadium, based on a large-scale soil anomaly in the centre of the target area, and (3) Copper-zinc, delineated from local Cu-Zn anomalies associated with strong EM anomalies in the south.

All drill targets were in detail defined by plate models from the recent SkyTEM data. The association of the potential cobalt with the vanadium mineralisation stratigraphically above could point to a continuation of the DOF

mineralisation south of the Opuwo Lineament as a layer enriched in vanadium is consistently observed above the cobalt-copper-zinc mineralised DOF horizon, indicating significant vanadium potential in the Opuwo area.

Otjijurunga Target (V, Pb, Ag, Zn)

The Otjijurunga target is prospective for lead-silver-zinc-vanadium mineralisation similar to Otuziru, both of which were identified by historical mapping and grab sampling by Kunene Resources. Three historical rock chip samples from Otjijurunga returned with Pb 10.8-21.9%, Ag 83-304ppm, Zn 0.48-2.28% and V 0-0.68%. The recent SkyTEM survey shows a strong NE-dipping conductor which will be tested with 1 RC hole at the end of drill Phase 1.

SCOPING STUDY UPDATE

Once the updated Mineral Resource and metallurgical test work programs have been completed, updated and enhanced mine planning and scheduling will be completed.

The Company will update the existing Scoping Study with the newly received information, and subject to Celsius Board approval and ASX approval, is aiming to release the results, including Scoping Study level production targets, and financial information derived from those targets, to the market in April, 2019.

Abednegno Hill Project, WA (CLA 100%)

The Abednegno Hill Nickel Project is located to the south and west of Minara Resources' Murrin Murrin nickel mine.

As reported in the previous Quarterly Activities Reports, Celsius completed a ground EM survey over its Leonora tenements during October – November 2017 which detected two bedrock anomalies. Follow up work programs to test these anomalies have been designed, however no further work was conducted during the Quarter.

Carnilya Hill Project, WA (CLA 30%)

Celsius (through View Nickel Pty Ltd) owns a 30% joint venture interest in the Carnilya Hill Joint Venture in Western Australia with Mincor Resources NL. Mincor Resources NL (ASX:MCR) is the operator of the Carnilya Hill JV. No activity was reported by Mincor during the quarter.

Hann River Project, WA (E80/5117 CLA 100%. base metal rights on E80/5027)

Celsius has an Exploration Licence Application pending (E80/5117) over an area located in the Kimberley region of Western Australia, approximately 300 km east of Derby. The application area is considered prospective for copper and cobalt mineralisation, hosted in the Mt Carson Volcanics geological unit. An agreement is in place with Jindalee Resources Limited (ASX:JRL) regarding their adjacent granted Exploration Licence (E80/5027), whereby the diamond rights on CLA's licence application area have been exchanged for the base metal rights on E80/5027. The Company is currently negotiating an access agreement with the Pastoral Lease holder of part of the land that covers the exploration licence application.

Corporate

During the Quarter, Mr. Laurent Raskin was appointed to the Board. Mr. Raskin is a speciality engineer based in Switzerland, with more than 25 years' experience in minor metals production and sales on the global stage. Mr. Raskin was formerly a director of several companies active in production and trading of minor metals, specifically bismuth, selenium, cobalt, tellurium, indium, germanium and gallium.

As part of the change in the Company's board structure, Mr. Ranko Matic stepped down as a Non-Executive Director. Mr. Matic was involved with the Company for eight years in various capacities. The board of directors accepted Mr. Matic's resignation and would like to thank him for his hard work and dedication to the Company over his years of service.

At the end of the Quarter, the Company held approximately **\$9.6 million** in cash reserves.

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Competent Persons Statement

Information in this report relating to Exploration Results 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.