



ABN 95 009 162 949

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2016

CONTENTS

Corporate Directory	1
Directors' Report	2
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	12
Independent Auditor's Review Report	13
Auditor's Independence Declaration	15

DIRECTORS

William Oliver – Non-Executive Chairman
Ranko Matic – Non-Executive Director
Alistair Muir – Non-Executive Director

COMPANY SECRETARY

Ranko Matic

AUDITORS

RSM Australia Partners
8 St Georges Terrace
PERTH WA 6000

SOLICITORS

Steinepreis Paganin
Level 4
The Read Buildings
16 Milligan Street
PERTH WA 6000
Ph: +61 8 9321 4000
Fax: +61 8 9321 4333

SHARE REGISTRY

Automatic Registry Services
Level 2
267 St Georges Terrace
PERTH WA 6000
+61 8 9324 2099

STOCK EXCHANGE LISTING

Australian Securities Exchange Limited
(Home Branch - Perth)
ASX Code: CLA

REGISTERED OFFICE

Level 3, London House
216 St Georges Terrace
PERTH WA 6000

CONTACTS

Telephone: +61 8 9226 4500
Facsimile: +61 8 9226 4300
E-mail: info@celsiusresources.com.au
Website: www.celsiusresources.com.au

Your Directors present their report together with the half-year financial report on the consolidated entity, consisting of Celsius Resources Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2016.

Directors

The Directors in office at the date of this report and at any time during the half-year are as follows.

William Oliver	Non-Executive Director and Chairman
Alistair Muir	Non-Executive Director
Ranko Matic	Non-Executive Director

PRINCIPAL ACTIVITIES

During the year, the principal activities of the consolidated entity consisted of mineral exploration and mineral extraction via joint venture arrangements.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

Review of Operations

Corporate

The consolidated net loss of the Company after income tax for the six months ended 31 December 2016 amounted to \$282,186 (31 December 2015: \$297,902).

Following the incomplete acquisition of Favourit in June 2016 due to a final stop order received by ASIC in relation to its Favourit Prospectus, the Company commenced the process to recapitalise and revert back to pursuing the exploration of its nickel assets held through its wholly owned subsidiary View Nickel Pty Ltd.

On 3 October 2016, the Company held a General Meeting where shareholders approved the recapitalisation of the Company including a public offer of 120,000,000 shares at an issue price of \$0.01 per share to raise \$1,200,000, together with one (1) free attaching Option for every three (3) Shares issued, and issuing of securities to the Convertible Noteholders and creditors to satisfy the Company's debts.

On 24 November and 30 November 2016 the Company issued a Replacement Prospectus and Supplementary Prospectus respectively, which by mid December 2016 the capital raising was completed and a total of \$1,642,043.15 had been raised.

The Company completed the recapitalisation process and re-listed on the ASX on 30 December 2016.

Exploration

Opuwo Cobalt Project

On 19 January 2017 the Company announced it would acquire 100% of Opuwo Cobalt Pty Ltd which in turn holds the right to earn up to 76% of the Opuwo Cobalt Project by expenditure on exploration:

- An initial 30% interest will be earned by expenditure of \$500,000 within 6 months of exercising the option to proceed,
- a further 30% to be earned following expenditure of a further \$1,000,000 within 12 months of completing the stage 1 earn in, and

- a final 16% to be earned following expenditure of a further \$1,000,000 within 6 months of completing the stage 3 earn in.

Following the earning of the 76% interest all parties will be required to contribute to exploration.

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 1). 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, and good quality bitumen roads connecting Opuwo to Windhoek and Walvis Bay. The Ruacana hydro power station (320 MW), which supplies the majority of Namibia's power, is located nearby, and a 66 kV transmission line passes through the eastern boundary of the project.

Despite intensive surface exploration by previous explorers, only seven drill holes have tested the DOF horizon with five percussion holes drilled below outcropping DOF and two diamond holes drilled at the western end of the covered zone. Only the recently drilled holes DOF01 and DOF02 were assayed for cobalt, with significant results of 8m at 1137ppm Co + 0.54% Cu + 0.53% Zn from 60.4m (DOF02) and 4.65m at 1153ppm Co + 0.55% Cu + 0.59% Zn from 106.65m (DOF01) (Refer ASX Announcement 19 January 2017). Celsius completed surface sampling during a site visit and drilling is /has commenced at the project.

Celsius has paid \$25,000 for a 3 month exclusivity payment for this project opportunity. The acquisition of Opuwo Cobalt Pty Ltd will be satisfied by the issuing of 27,777,773 shares to the shareholders of Opuwo Cobalt Pty Ltd, following shareholder approval at a meeting held on 2 March 2017.

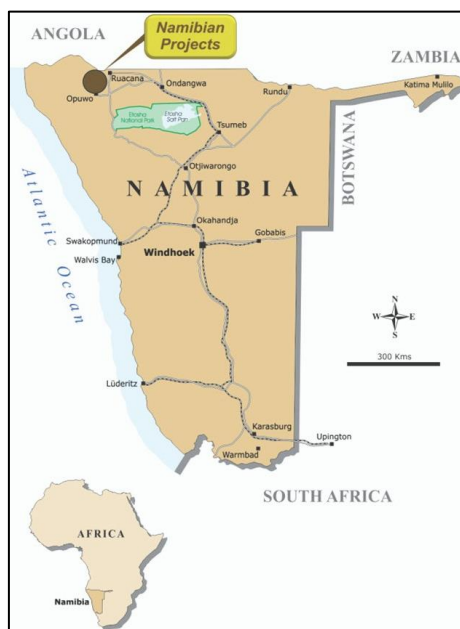


Figure 1. Location of the Opuwo Cobalt Project, Namibia

West Australian Nickel Assets

Celsius owns two nickel assets in Western Australia. Celsius (through its wholly owned subsidiary View Nickel Pty Ltd) owns a 30% joint venture interest in the Carnilya Hill Joint Venture (JV) in Western Australia with Mincor Resources NL. Mincor Resources NL (**Mincor**, ASX: MCR) is the operator of the Carnilya Hill JV. The tenements covered by the Carnilya Hill JV include Mining Licences M26/47, M26/48, M26/49 and M26/453.

Mincor has not advised the Company of any material results from exploration at the Carnilya Hill Project during the half year period. While mining operations at Carnilya Hill ceased in the first quarter of 2012 access to the decline and other mine infrastructure was maintained so that the opportunity to recommence mining remains intact.

Additionally the Company has a 100% interest in the Abednegno Hill Nickel Project to the south and west of Minara Resources' Murrin nickel mine. The tenements are located near to Minara Resources' Murrin mine and the NiWest operation currently under development by GME Resources Ltd and are believed to have potential for both nickel laterite and nickel sulphide mineralisation.

Exploration on the Abednegno Hill Project commenced following the Company's re-instatement on the ASX and to the date of this report airborne magnetic and ground gravity surveys have been completed. These have delineated a number of new targets within the project area which are currently being followed up.

Events Subsequent to Reporting Date

As discussed above, on 19 January 2017 the Company announced it would acquire 100% of Opuwo Cobalt Pty Ltd which in turns holds the right to earn up to 76% of the Opuwo Cobalt Project. This was subsequently approved by shareholders at the Company's General Meeting held on 2 March 2017 and the acquisition was finalised on 9 March 2017. 27,777,773 fully paid ordinary shares were issued to shareholders of Opuwo Cobalt Pty Ltd at a price of \$0.01 to settle the acquisition.

During the period subsequent to year end up until 3 March 2017, 45,746,761 options were exercised at a price of \$0.01 per share.

On 14 February 2017, the Company issued 1,800,000 fully paid ordinary shares at an issue price of \$0.03 to a supplier as consideration for services provided to the company.

Other than the above, no other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is included within this half-year financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.



William Oliver
Non-Executive Chairman
Dated this 10th day of March 2017

**CELSIUS RESOURCES LIMITED
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**



	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Other income	278	2,033
Director fees	(32,400)	(42,000)
Legal and other professional fees	(131,152)	(125,686)
Interest expense	(22,860)	(92,295)
Other expenses	(96,052)	(39,954)
Loss before income tax	(282,186)	(297,902)
Income tax expense	-	-
Loss for the period	(282,186)	(297,902)
Other comprehensive income	-	-
Total comprehensive loss for the period	(282,186)	(297,902)
Loss per share:	Cents	Cents
Basic loss per share	(0.98)	(19.59)
Diluted loss per share	(0.98)	(19.59)

The accompanying notes form part of this interim financial report.

CELSIUS RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016



		Consolidated	
	Note	31 December 2016 \$	30 June 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,377,924	22,166
Trade and other receivables		25,029	74,905
Total Current Assets		1,402,953	97,071
Non-Current Assets			
Exploration and evaluation expenditure		238,193	163,757
Total Non-Current Assets		238,193	163,757
Total Assets		1,641,146	260,828
LIABILITIES			
Current Liabilities			
Trade and other payables		55,589	279,581
Borrowings	2	-	885,995
Total Current Liabilities		55,589	1,165,576
Total Liabilities		55,589	1,165,576
Net Assets/(Liabilities)		1,585,557	(904,748)
EQUITY			
Issued capital	3	31,652,202	28,919,711
Reserves		40,000	754,245
Accumulated losses		(30,106,645)	(30,578,704)
Total Equity		1,585,557	(904,748)

The accompanying notes form part of this interim financial report.

CELSIUS RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016



Consolidated	Issued Capital	Accumulated Losses	Other Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2015	28,753,892	(29,962,855)	754,245	(454,718)
Loss for the period	-	(297,902)	-	(297,902)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(297,902)	-	(297,902)
Issue of share capital	187,602	-	-	187,602
Capital raising costs	(5,282)	-	-	(5,282)
Balance at 31 December 2015	28,936,212	(30,260,757)	754,245	(570,300)
Balance at 1 July 2016	28,919,711	(30,578,704)	754,245	(904,748)
Loss for the period	-	(282,186)	-	(282,186)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(282,186)	-	(282,186)
Issue of share capital	2,783,467	-	40,000	2,823,467
Expiration of options	-	754,245	(754,245)	-
Capital raising costs	(50,976)	-	-	(50,976)
Balance at 31 December 2016	31,652,202	(30,106,645)	40,000	1,585,557

The accompanying notes form part of this interim financial report.

CELSIUS RESOURCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016



	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(210,421)	(228,650)
Payments for exploration and evaluation	(74,799)	(21,511)
Interest received	278	2,033
	<hr/>	<hr/>
Net cash outflow from operating activities	(284,942)	(248,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	1,682,043	-
Payment for capital raising	(41,343)	(5,282)
	<hr/>	<hr/>
Net cash inflow/(outflow) from financing activities	1,640,700	(5,282)
Net increase/(decrease) in cash held	1,355,758	(253,410)
Cash at the beginning of the financial period	22,166	406,880
	<hr/>	<hr/>
Cash at the end of the financial period	1,377,924	153,470

The accompanying notes form part of this interim financial report.

1. BASIS OF PREPARATION

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Celsius Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year financial report has also been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value for certain classes of assets and liabilities. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted in the annual financial report for the year ended 30 June 2016, except as set out below:

New and Revised Accounting Standards and Interpretations

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2016 annual financial report for the financial year ended 30 June 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

2. BORROWINGS

The prior period balance comprised of Convertible Notes issued to various noteholders and interest accrued on these notes.

On 14 December 2016 the Convertible Notes and accrued interest were converted to fully paid ordinary shares and 1:2 options. Refer to details in Note 3.

3. ISSUED CAPITAL

	Number of Shares	\$
At the beginning of the reporting period	1,614,034	28,919,711
Shares issued during the period:		
- Public Offer - Shares issued in accordance with the Replacement Prospectus as lodged on 24 November 2016 and the Supplementary Prospectus as lodged on 30 November 2016 (14/12/16)	164,204,315	1,642,043
- Convertible Notes - Shares issued in accordance with the Replacement Prospectus as lodged on 24 November 2016 (14/12/16)	90,885,457	908,855
- Creditor Offer - Shares issued in accordance with the Replacement Prospectus as lodged on 24 November 2016 (14/12/16)	23,256,857	232,569
Capital raising costs	-	(50,976)
At reporting date	279,960,663	31,652,202

During the period 107,929,792 free attaching options were issued at an exercise price of \$0.01, with an expiry date of 30 December 2018.

During the period 40,000,000 options were issued for a consideration of \$40,000. The options have an exercise price of \$0.01 and expiry date of 30 December 2018.

4. CONTINGENT LIABILITIES

The Group, through its wholly owned subsidiary, View Nickel Pty Ltd, has 30% joint venture interest in the Carnilya Hill Joint Venture. The Carnilya Hill Joint Venture is subject to potential cost in respect to the rehabilitation of the mine. Accordingly, through its joint venture interest, the Group has a contingent liability. The rehabilitation provision is triggered either when the JV decides to complete the full rehabilitation, when the Department of Mines and Petroleum mandates the JV must complete the full rehabilitation or when the tenements are relinquished. None of these events are expected to occur in the near future. There is uncertainty as to whether future liabilities will arise in respect of this item and at current, the amount cannot be reliably estimated.

5. SEGMENT REPORTING

The Directors have considered the requirements of AASB 8 – “Operating Segments” and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments. Throughout the half-year, the consolidated entity remained focused on mineral exploration over a number of areas of interest in Western Australia.

6. DIVIDENDS

No dividends have been paid or provided for during the half-year (2015: nil).

7. EVENTS SUBSEQUENT TO REPORTING DATE

As discussed above, on 19 January 2017 the Company announced it would acquire 100% of Opuwo Cobalt Pty Ltd which in turns holds the right to earn up to 76% of the Opuwo Cobalt Project. This was subsequently approved by shareholders at the Company’s General Meeting held on 2 March 2017 and the acquisition was finalised on 9 March 2017. 27,777,773 fully paid ordinary shares were issued to shareholders of Opuwo Cobalt Pty Ltd at a price of \$0.01 to settle the acquisition.

During the period subsequent to year end up until 3 March 2017, 45,746,761 options were exercised at a price of \$0.01 per share.

On 14 February 2017, the Company issued 1,800,000 fully paid ordinary shares at an issue price of \$0.03 to a supplier as consideration for services provided to the company.

Other than the above, no other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

**CELSIUS RESOURCES LIMITED
DIRECTORS' DECLARATION**



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to s303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'William Oliver', written over a light blue dotted line.

William Oliver
Non-Executive Chairman
Dated this 10th day of March 2017



RSM Australia Partners

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100
F +61(0) 8 92619111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
CELSIUS RESOURCES LIMITED**

We have reviewed the accompanying half-year financial report of Celsius Resources Limited which comprises the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Celsius Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations act 2001*, which has been given to the directors of Celsius Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Celsius Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 10 March 2017


ALASDAIR WHYTE
Partner



RSM Australia Partners

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9101

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Celsius Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

AL Whyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 10 March 2017

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation