



## ASX RELEASE

**15 NOVEMBER 2022**

# Celsius obtains Social License to Operate for the MCB Project

### HIGHLIGHTS

- **Through a Free, Prior and Informed Consent process (FPIC), the Balatoc Indigenous Cultural Community (ICC) gave their consent to allow the development and operations of the MCB Copper-Gold Project in the tenement area for 25 years, renewable for another 25 years.**
- **The collective decision of the ICC was embodied in a Memorandum of Agreement which outlines the commitments and obligations of the parties during the life of mine.**
- **Having the social license to operate is a key step for Celsius as the MCB Project moves closer to mine construction and operations.**

Celsius Resources Limited ("Celsius" or "the Company") is pleased to announce that one of its Philippine subsidiaries, Makilala Mining Company, Inc. ("MMCI") has obtained the consent of the Balatoc Indigenous Cultural Community (ICC) for the development of the Company's Maalinao-Caigutan-Biyog (MCB) Copper-Gold Project ("MCB" or "the Project").

After a series of consultations and negotiations, a Memorandum of Agreement (MOA) between MMCI, the Balatoc ICC, and the National Commission on Indigenous Peoples (NCIP) was officially signed on 14 November 2022. The MOA represents the collective decision of the Balatoc ICC for MMCI to carry out exploration, development, production, and operation activities at the MCB Project area. It also outlines the commitments and obligations of all parties to the agreement as well as the economic, social, environmental, and cultural benefits of the Project to the Balatoc ICC during the life of the mine.

Pasil Municipal Mayor Alfredo B. Malannag, Jr. was elated with the outcome and expressed: *"This is a historical moment as it reflects the aspirations of the community for the future of the Balatoc Tribe. With MMCI at the forefront of development, our dreams of harnessing our natural resources without sacrificing our future and the environment will soon be realised. We have partnered with MMCI since their first exploration in the area in 2006 and the community has established a very good relationship with them."*

Kalinga Provincial Governor James S. Edduba shared the same sentiment: *"This is a happy occasion, and I am excited with the many possibilities that will happen to this community with the signing of the MOA. Growing up in the place, I can personally attest to life with and without a*

mining company. I was the Mayor of Pasil when Makilala Mining started their exploration. We have gone a long way and MMCI has been instrumental in the development of the community. I believe that this partnership will help develop the community further as this is such a big investment in terms of business and employment opportunities, overall progress and other benefits."

The Company considers obtaining the consent of the Balatoc ICC to be a crucial aspect for the development of the MCB Project, as it represents a social license to operate which is anchored on legitimacy, credibility, and trust.

MMCI President Atty. Julito R. Sarmiento expressed: "The signing of the agreement signifies the commitment of the Company to do right by the Balatoc ICC. We have always ensured that we abide and respect the customary laws and traditions of the community in all aspects of our engagements, to demonstrate our strict adherence to Environmental, Social and Governance (ESG) principles and best practices consistent with our firm commitment to Transformative Mining."



**Image 1.** Location Ceremonial MOA signing with (left to right) COE President Rev. Albert Maiyao, Sr, MMCI President Atty. Julito R. Sarmiento, and Pasil Mayor Alfredo Malannag, Jr.



**Image 2.** Posterity photo after the MOA signing with MMCI Officials, NCIP, Local Government Units, and Balatoc Council of Elders.

## Memorandum of Agreement

The Philippine Indigenous People's Rights Act (IPRA) recognises the priority rights of the Indigenous Cultural Communities/Indigenous Peoples (ICCs/IPs) over their ancestral domain, and enables non-members or juridical entities to take part in the development and utilisation of natural resources, provided that the ICCs/IPs have agreed to allow such operations through a formal and written agreement.

The consent granted by the Host ICCs/IPs is subject to the terms and conditions as clearly stipulated in the Memorandum of Agreement covering the activities such as mining exploration, development, production, and operation within a 25-year mine life, renewable for another 25 years.

The key provisions of the signed MOA are summarised as follows:

Resource Benefit-Sharing Scheme:

- The Company has agreed to pay a one percent (1%) royalty share during the life of the mine based on gross output, subject to actual commodity prices along with fluctuations in transport and other costs as prescribed under the Philippine Mining Act;
- In lieu of land rental, the Company has agreed to pay a 0.25% royalty share to clan land claimants over the 170 hectares of direct and indirectly affected lands covering the Project area during the life of mine; and
- In consideration for entering into the MOA, the Company has agreed to issue 4.05 million shares in the capital of the Company, subject to the achievement of certain performance milestones ("Performance Shares"), to the members of the host ICC through their nominated Indigenous Peoples' Organisation, subject to compliance with ASX Listing Rules (including obtaining any necessary ASX and shareholder approvals) and the *Australian Corporations Act 2001* (Cth). The milestones attaching to the Performance Shares are as follows:

Share Schedules	Performance Milestones
20%	Within 30 days from the issuance of the FPIC Certification Precondition (CP);
20%	Within 30 days from MMCI's issuance of a Notice to commence major construction activities;
20%	Within 30 days from MMCI's issuance of Notice to start commercial production to the Balatoc ICC; and
40%	Within 30 days following the first copper shipment as evidenced by the date of first shipment receipt.

Other commitments under the MOA include offering priority in business and employment for qualified members and organisations of the Balatoc ICC. The Company has also committed to help protect and preserve the environment and the indigenous culture, in line with their obligations under the Social Development Management Program (SDMP), and Environmental Protection and Enhancement Program with respect to the subject land.

On their part, the Balatoc ICC guarantees unimpeded and peaceful access and use of the subject land for the MCB Mining Project and a commitment to promptly resolve conflicts between and amongst community members on issues and concerns that could affect project activities.

It was agreed under the MOA that a joint monitoring team, comprised of authorised representatives of MMCI, Balatoc ICC, NCIP, and the Department of Environment and Natural Resources and its line agencies, will be created to monitor and evaluate the progress of the project and the compliance to the terms and conditions of the MOA.

The terms of the MOA are considered otherwise standard for an agreement of this nature.

## Free, Prior and Informed Consent

Throughout the FPIC process, MMCI has remained true in observing the rights, customary laws, and practices of the Balatoc Tribe in arriving at a decision/s that would affect their land, territories, and rights as a community. This is the overarching principle in the FPIC process, which the NCIP is mandated to safeguard and serves as the basis for the issuance of the Certification Precondition (CP) from NCIP attesting the grant of consent from the indigenous community.

## Next Steps

The issuance of the CP, along with the approval of the Declaration of Mining Project Feasibility (see *CLA announcement dated 04 October 2022*), is a mandatory requisite for the application of a Mineral Agreement with the Philippine Government. Applying for a mineral permit in the Philippines is anchored on a three-tiered approach: (1) Host Community support; (2) Local Government Unit (LGU) endorsements; and (3) National Government Policies and actions.

MMCI is in the process of completing the documentary requirements for a Mining Permit. As support from the host community and the LGUs have been secured, and with the MCB Project awarded priority status by the government to fast-track project approvals (see *CLA announcement dated 24 February 2022*), the MCB Project moves closer through fruition.

Atty. Sarmiento remarked: *"With our strong relationship with the community, genuine support and favorable endorsements at all levels and sectors of government, we believe that we will obtain our mining permit expeditiously and fulfill our shared dream to build the country's first "Green Mine" in close partnership with the Balatoc ICC, the Municipality of Pasil, the Province of Kalinga and the National Government under President Ferdinand Marcos, Jr.."*

## MCB COPPER-GOLD PROJECT

The MCB Copper-Gold Project (MCB) is located in the Cordillera Administrative Region in the Philippines, approximately 320km north of Manila (Figure 1). It is the flagship project within the Makilala portfolio which also contains other key prospects in the pipeline for permit renewal/extension.

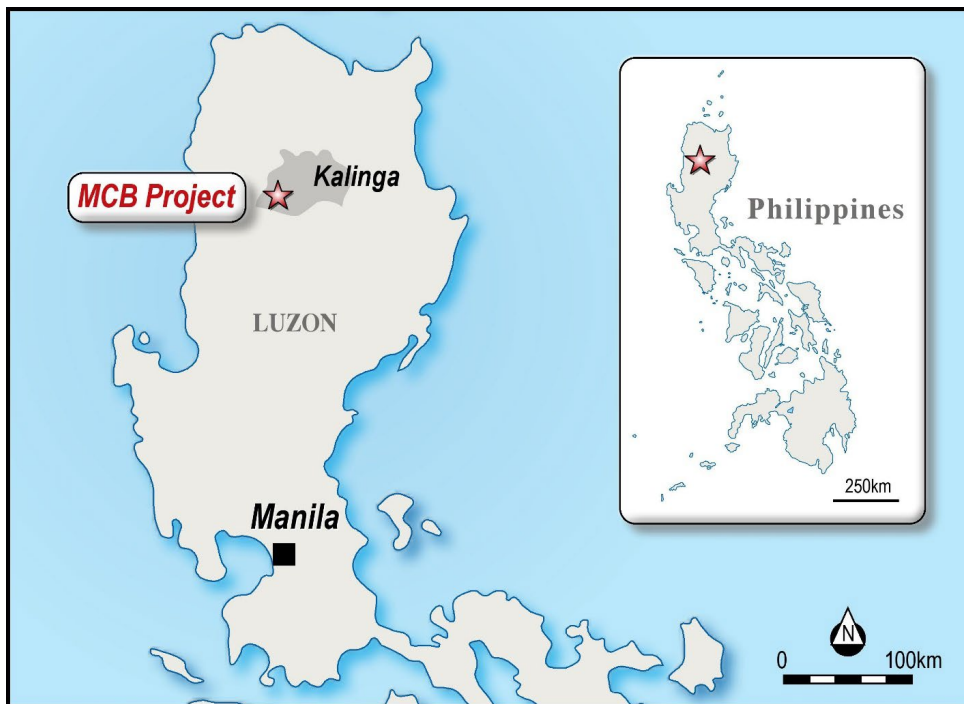
A maiden JORC compliant Mineral Resource Estimate was declared for the MCB Project in January 2021, comprising 313.8 million tonnes @ 0.48% copper and 0.15 g/t gold, for 1.5 million tonnes of contained copper and 1.47 million ounces of gold, of which 290.3 million tonnes @ 0.48% copper and 0.15 g/t gold is classified as Indicated and 23.5 million tonnes @ 0.48% copper and 0.10 g/t gold is classified as Inferred.

A Scoping Study for the MCB Project was announced by CLA on 1 December 2021, which identified the potential for the development of a copper-gold operation with a 25-year mine life. The Scoping Study was based on an underground mining operation and processing facility to produce a saleable copper-gold concentrate.

Highlights from the Scoping Study include a Post tax NPV<sup>(8%)</sup> of US\$464m and IRR of 31%, assuming a copper price of US\$4.00/lb and gold price of US\$1,695/oz. Initial capital expenditure is estimated to be US\$253m with a payback period of 2.67 years. The designed mine production is matched to a 2.28Mtpa processing plant which will treat ore with an



estimated average grade of 1.14% copper and 0.54g/t gold for the first 10 years of planned production with a LOM C1 cash costs at just US\$0.73/lb copper, net gold credits.



**Figure 1.** Location of the MCB Project in the province of Kalinga, Northern Luzon, Philippines.

### ASX Listing Rule 5.13.3

The Company confirms the information provided in the MCB Project Scoping Study announcement from 1 December 2021 continues to apply and has not materially changed.

### ASX Listing Rule 5.23

The Company confirms that it is not aware of any new information or data that relates to Exploration Results and Mineral Resources at the MCB Project and that all material assumptions and technical parameters underpinning the Mineral Resource continue to apply. The Company notes that, as disclosed in this announcement and in previous announcements, a drilling program is currently underway at the MCB Project the results of which will be incorporated into an updated Mineral Resource in the future and that the current Scoping Study may provide new assumptions and parameters for use in that Mineral Resource.

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

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