

# MCB Project Mining Permit granted by Philippine Government

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## HIGHLIGHTS

- The Philippine Department of Environment and Natural Resources has approved MCB's mining permit on 15 March 2024, valid for 25 years and renewable for another 25 years.
- The permit grants the Company exclusive rights to undertake rational exploration, development, and commercial production of copper and associated minerals.
- The issuance of the mining permit will enable the Company to undertake the necessary work streams to proceed with MCB mine development.

PERTH, Australia, March 18, 2024 -- [Celsius Resources Ltd.](#) ("CLA", "Celsius" or the "Company") (ASX, AIM: CLA) is pleased to announce that its Philippine subsidiary, Makilala Mining Company, Inc. ("MMCI" or the "Contractor"), has obtained a Mineral Production Sharing Agreement ("MPSA" or the "Agreement") with the Philippine Government for its flagship Maalinao-Caigutan-Biyog Mining Project ("MCB" or the "Project").

The issuance of the MPSA, which is the first copper project to be approved in the Philippines in the last fifteen years, grants MMCI the exclusive right to undertake rational exploration, development, and commercial production of copper and associated minerals within the Contract Area covering approximately 2,500 hectares for a period of 25 years and is renewable for another 25 years.

*Celsius Executive Chairman Atty. Julito R. Sarmiento, said:*

*"The issuance of the mining permit has been much awaited by Celsius and the Balatoc Community. Now is our chance to deliver on our firm commitment to work with the Government and the local communities to develop the MCB Project in a sustainable manner that creates value not only for our shareholders but also for our communities.*

*We are grateful to the Philippine Government under the bold leadership of His Excellency President Ferdinand R. Marcos, Jr. and to the Department of Environment and Natural Resources under the visionary stewardship of Secretary Maria Antonia Yulo-Loyzaga for supporting the MCB Project. We are seriously taking the Government's call for the Project to go beyond compliance by striking a balance between keeping the business viable, protecting and rehabilitating the environment, uplifting local communities, and supporting the Government's socio-economic agenda. With strong Government support, we are confident that we can make this happen."*

*Celsius Managing Director Peter Hume, said:*

*"The grant of the MCB mining permit marks the progression of Celsius from being known as an exploration company to a mineral resource developer, and eventually a mine operator. Credit goes out to our hard working in-country team who strived to get the Project up to this stage in such a short timeframe amidst all the challenges.*

*Over the last eighteen months, the Company has been interfacing with potential investors who have shown resounding interest in the MCB Project but have been also waiting for the issuance of the mining permit. With this now in hand, the Company will proceed with finalising funding options for the Project.*

*The in-country team has commenced planning for the next exciting phase in the development of the Project. We wish to thank shareholders for their patience, trust, and continued support."*

## Mineral Production Sharing Agreement

The Republic Act No. 7942, otherwise known as "The Philippine Mining Act of 1995," (the "Mining Act") which took effect on 09 April 1995, provides that the Secretary of the Department of Environment and Natural Resources is authorised to enter into Mineral Production Sharing Agreements in furtherance of the objectives of the Government and the Philippine Constitution to bolster the national economy through sustainable and systematic development and utilisation of mineral lands.

Specifically, the Government has granted MMCI a permit via an MPSA to undertake mining operations of the MCB Project under the key following provisions:

### *Scope*

Pursuant to the provisions of the Mining Act and its implementing rules and regulations, the primary purpose of the Agreement is to provide for the sustainable development and commercial utilisation of associated mineral deposits existing within the Contract Area, with all necessary services, technology, and financing to be furnished or arranged by the Contractor in accordance with the provisions of the Agreement.

The Contractor shall undertake and execute, for and on behalf of the Government, responsible mining operations in accordance with the provisions of the Agreement.

During the term of the Agreement, the total value of production and sale of minerals derived from the mining operations shall be accounted for and divided between the Government and the Contractor in accordance with fiscal regime provisions summarised below.

### *Term of Agreement*

The Agreement shall have an initial term of six (6) months from the date of grant. During this initial term, MMCI is required to submit the following:

- Additional proof of financial capability to undertake the implementation of the pertinent Work Programs, and
- Certification Precondition issued by the National Commission on Indigenous Peoples.

Subject to compliance with the above requirements, the Agreement shall have a term of twenty-five (25) years from the date of grant and may be renewed thereafter for another term not exceeding twenty-five (25) years.

Celsius and MMCI are progressing with the satisfaction of the above conditions by re-engaging with potential investors both in the Philippines and internationally who have shown strong interest in supporting and funding the development of the Project but have been waiting for the mining permit to be issued.

MMCI is proceeding through the process of obtaining the Certificate of Pre-condition as part of the Free, Prior and Informed Consent ("FPIC") Process which is governed by the National Commission on Indigenous Peoples ("NCIP"). As announced to ASX on 15 November 2022, MMCI signed an agreement with the Balatoc Tribe community setting out the terms and conditions for the use of their land for the purpose of mining. Now that the mining permit has been issued, MMCI can request the Certificate of Pre-condition to be issued by the NCIP.

### *Fiscal Regime*

*General Principle* - The fiscal regime is governed by the general principle according to which the Government expects a reasonable return in economic value for the utilisation of non-renewable mineral resources under its national sovereignty while the Contractor expects a reasonable return on its investment

with special account to be taken for the high risk of exploration, the terms and conditions prevailing elsewhere in the industry and any special efficiency to be gained by a particularly good performance of the Contractor.

*Occupation Fees* - Prior to registration of the Agreement and at the same date every year thereafter, the Contractor must pay to the Municipal/City Treasurer concerned an occupation fee over the Contract Area at the annual rate provided in the existing rules and regulations. As at the date of this announcement, the annual occupation fee which would apply to the Contract Area would be approximately A\$5,000 per year.

*Share of the Government* - The Government share of production shall be the excise tax on mineral products at the time of removal and at the rate provided for in Republic Act No. 7729 amending Section 151 (a) of the National Internal Revenue Code, as amended, in addition to a royalty of not less than four percent (4%) of the gross output, as well as other taxes, duties and fees levied by existing laws.

## Rights and Obligations of the Parties

### *Main Obligations of the Contractor:*

- Exclusively conduct sustainable mining operations within the Contract Area in accordance with the provisions of the Mining Act and its implementing rules and regulations;
- Construct and operate any facilities specified under the Mineral Agreement or approved work program;
- Determine the exploration, mining and treatment process to be utilised in the mining operations;
- Extract, remove, use and dispose of any tailings as authorised by an approved work program;
- Secure all permits necessary or desirable for the purpose of mining operations;

### *Environmental Protection and Mine Safety and Health*

- Mining operations shall be done in a technically, financially, socially, culturally and environmentally responsible manner to achieve the sustainable development objectives and responsibilities as provided for under the implementing rules and regulations of the Mining Act.
- Comply with the approved Environmental Protection and Enhancement Program (EPEP) allocating an annual amount equivalent to three to five percent (3%-5%) of the MCB Project's direct mining and milling costs depending on the environmental/geologic condition, nature and scale of operations and technology employed in the Contract Area.
- Establish a Contingent Liability and Rehabilitation Fund (CLRF) which shall be in the form of the Mine Rehabilitation Fund (MRF) and the Mine Waste and Tailings Fee (MWTF), although for MCB, the mine Waste and Tailings fee will not be applicable due to the implementation of paste backfill. The MRF shall be based on the financial requirements of the approved EPEP as a reasonable environmental deposit to ensure satisfactory compliance with the commitments/strategies of the annual EPEP and availability of funds for the performance of the same during the specific project phase.

### *Community Development*

- Allocate an annual royalty payment of not less than one percent (1%) of the value of the gross output of minerals sold;
- Allocate annually a minimum of one point five percent (1.5%) of the operating costs necessary for the development of the host and neighboring communities;
- Preferential hiring of qualified local Filipino citizens during mining operations including the conduct of training and recruitment programs aimed to develop local skills and expertise at the Contractor's expense.

### *Rights of the Contractor:*

- Conduct mining operations within the confines of its Contract/Mining Area, as defined in the MPSA;
- Possession of the Contract Area, with full right of ingress and egress and the right to occupy the same, subject to surface and easement rights;
- Use and access to all declassified geological, geophysical, drilling, production and other data relevant to the mining operations;
- Sell, assign, transfer, convey or otherwise dispose of all its rights, interests and obligations under the Agreement subject to the approval of the Government;

- Employ or bring into the Philippines foreign technical and specialised personnel, including the immediate members of their families as may be required in the operations of the Contractor, subject to applicable laws and regulations;
- Easement rights and use of timber, water and other natural resources in the Contract Area subject to pertinent laws, rules and regulations and the rights of third parties;
- Repatriation of capital and remittance of profits, dividends and interest on loans, subject to existing laws and Bangko Sentral ng Pilipinas rules and regulations; and
- Importation, when necessary, of all equipment, spare parts and raw materials required in the operations in accordance with existing laws and regulations.

*Obligations of the Government:*

- Ensure that the Contractor has the Government's full cooperation in the exercise of the rights granted to it under the Agreement;
- Use its best efforts to ensure the timely issuance of necessary permits and similar authorising documents for use of the surface of the Contract Area; and
- Cooperate with the Contractor in its efforts to obtain financing from banks or other financial institutions; provided that such financing arrangements will in no event reduce the Contractor's obligations in relation to the Government's rights under the Agreement.

## MCB MINING PROJECT

The MCB Mining Project (MCB) is located in the Cordillera Administrative Region in the Philippines, approximately 320km north of Manila. 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 0.15g/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.

An updated JORC compliant Mineral Resource Estimate was announced for the MCB Project on 12 December 2022, comprising 338 million tonnes @ 0.47% copper and 0.12 g/t gold, for a total of 1.6 million tonnes of contained copper and 1.3 million ounces of gold, of which 249 million tonnes @ 0.44% copper and 0.11 g/t gold is classified as Indicated, 42 million tonnes @ 0.52% copper and 0.11 g/t gold is classified as Inferred, and 47 million tonnes @ 0.59% copper and 0.19 g/t gold is classified as Measured.

A 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 Study was based on an underground mining operation and processing facility to produce a saleable copper-gold concentrate.

Highlights from the Study include a Post tax NPV (8%) 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 approximately 2.7 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 C1<sup>1</sup> cash costs at just US\$0.73/lb copper, net of gold credits.

*This announcement has been authorised by the Board of Directors of [Celsius Resources Ltd.](#)*

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.

### Listing Rule 5.19 and 5.23 Disclosure

The production targets and forecast financial information disclosed in this announcement were disclosed in the Company's ASX announcement dated 1 December 2021 titled "*Positive Scoping Study completed on*

*MCB Copper-Gold Project confirms significant potential*". The Company confirms that all material assumptions underpinning the production targets and forecast financial information derived from production targets in the previous announcement continue to apply and have not materially changed.

The Mineral Resource estimate for the MCB Project was disclosed in the Company's ASX Announcement dated 12 December 2022 titled "Updated Mineral Resource for Celsius' MCB Copper-Gold Project". The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions underpinning the Mineral Resource estimate continue to apply and have not materially changed.

#### Forward Looking Statements

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which the Company operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside the Company's control.

The Company does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of the Company's Directors, employees, advisors, or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

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<sup>1</sup> C1 costs include all direct costs in mining, processing, general and administration, and selling (including freight).

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