

30 June 2015

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## **Quarterly Activities Report and Appendix 5B**

### **For the Quarter ending 30 June 2015**

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The Board of Eclipse Metals Limited (“the Company”) is pleased to provide the following commentary and Appendix 5B.

#### **Exploration Highlights:**

##### **Mary Valley Manganese Project (EPM17672 & EPM17938)**

- EPM17672 has been renewed by the Queensland Department of Natural Resources and Mines, for a further period of five (5) years to 14 April 2020.
- Results from geological mapping and petrophysical testing of samples from the historical Amamoor and Upper Kandanga manganese mines suggest that primary mineralisation continues at depth for both areas.
- Testing suggests that ground based IP/ Resistivity surveys will be an effective, precise geophysical exploration method to delineate blind mineralisation along strike from and at depth below known mineralised zones.
- Testing also suggests that a detailed low-level airborne magnetic survey could be an effective tool to indicate zones of potential manganese mineralisation in areas of rugged terrain with dense vegetation.
- Petrological examination supports classification of the mineralisation style as Cuban-type of Volcanogenic Manganese Deposits.
- Most of the mineralisation consists of primary manganese minerals (e.g. hausmannite).
- There had been no systematic modern exploration for manganese deposits over the three Exploration Permits for Minerals (EPM) areas until recent activity by Eclipse.
- There remains significant potential to identify additional mineralisation at Mary Valley in many prospects in these largely under-explored tenements where only a limited area has been examined to date.

##### **West Mary Valley Manganese Prospect (EPM25698)**

- Exploration Mineral Permit (EPM25698), also known as “West Mary Valley”, has been granted by the Queensland Department of Natural Resources and Mines. This tenement lies on the western side of Eclipse’s highly prospective Mary Valley Manganese Project tenements.
- Eclipse has now extended its tenement holdings over the Mary Valley Manganese Field to 209.8 km<sup>2</sup>.
- Literature research of historical Queen Mary mine workings (1908-1910) within EPM25698 indicates that **full extent of mineralisation has not been exploited**, providing substantial exploration upside.
- Geological evaluation of old reports over the Queen Mary Manganese workings indicates **potential for significant tonnage of siliceous ore**. Historical sampling of manganese mineralisation returned assays **in the order of 44% Mn**.

#### **Exploration Activities**

**Mary Valley Manganese Project (EPM 17672 and 17938)** (please refer to the ASX announcement dated 22<sup>nd</sup> May 2015 for full details).

Seven samples, representing mineralisation and barren host rocks, were submitted to Southern Geoscience Consultants for comprehensive petrophysical testing. An additional eight samples were tested for magnetic susceptibility and conductivity.

Three of the samples subjected to petrophysical testing were also sent to Townend Mineralogy Laboratory for petrological investigation (table below). These samples were selected to represent low to high grade manganese mineralisation from the Amamoor and Upper Kandanga historical mine areas.

#### **Samples submitted for Petrophysical & Petrological investigation**

Test Sample I.D	Description
PP04	Equivalent to PS055 (18.2% Mn) Northern Working Amamoor
PP05	Equivalent to PS060 (52.1% Mn) Central Workings Amamoor
PP07	Equivalent to PS039 (40.9% Mn) Upper Kandanga

#### **Main findings of Petrophysical testing:**

1. Mn mineralisation is significantly more magnetic than the surrounding country rocks.
2. Mn mineralisation is non-conductive, in contrast to the country rocks.
3. Mn mineralisation is significantly more dense than the surrounding country rocks.

#### **Implications for exploration:**

1. Magnetic surveys, gravity surveys and I.P./resistivity surveys would be effective geophysical exploration methods. Both gravity and I.P./resistivity are ground-based and would present logistical difficulties and greater expense.
2. A low-level, close line-spaced air-borne magnetometer survey by fixed-wing aircraft is likely to be the most cost-effective initial method of remote sensing exploration.
3. Follow-up IP/resistivity surveys, which recognise robust contrasts between low to average and high grade Mn mineralisation, could be highly effective for mapping mineralised systems in areas indicated by the airborne magnetic survey.
4. The fact that some Mn mineralisation is strongly magnetic will be of great assistance in evaluating the potential of some prospects such as Amamoor West, Skyring Creek and Eel Creek.

#### **Main findings of Petrological investigation:**

1. The mineralisation and host rocks have been metamorphosed which is evident from textures with well-developed triple-point intersections of grain boundaries and mineralogy (i.e. presence of garnet, piemontite, tephroite).
2. Mineralisation definitely pre-dates folding and metamorphism.
3. The mineralogy supports a Cuban classification as the style of mineralisation.
4. Most of the mineralisation consists of primary manganese minerals (e.g. hausmannite). Supergene manganese mineralisation is mostly present as amorphous material and comprises only a small proportion of the whole.
5. The compositional contrast between PP05 and PP07, i.e. dominant hausmannite vs dominant braunite, may indicate a difference between mineral compositions at different prospects (Amamoor vs Upper Kandanga) or may reflect different mineral composition related to grade.

#### **Implications of Petrological investigation:**

1. It appears that the exposed remnant mineralisation is mostly primary which is supported by field observations.
2. The Mn grade range of samples collected from the workings is likely to be representative of the grade of mineralisation continuing at depth at both Amamoor and Upper Kandanga.
3. Although hausmannite is essentially non-magnetic, it can be altered by hydrothermal fluids (addition of Fe) and become very magnetic; the strong magnetic response of some samples submitted to additional

testing may be due to the presence of altered hausmannite. This characteristic can be exploited in future geophysical exploration.

Eclipse's Mary Valley Manganese Project is centred about 15 km south of the town of Gympie in southeast Queensland, 138km by road north from Brisbane. Gympie is a major regional centre and able to provide services and infrastructure support to exploration and mining activities

There has been no systematic modern exploration for manganese deposits within the project area. Historically, discovery of high grade outcropping manganese mineralisation during logging operations led to sporadic periods of **small-scale mining in which limited tonnages of the highest grade ore were extracted.**

Within the three tenements comprising Eclipse's Mary Valley Manganese Project there are **at least twenty two occurrences of known manganese mineralisation.**

**West Mary Valley Manganese Prospect (EPM 25698)** (please refer to the ASX announcement dated 11<sup>th</sup> May 2015 for full details).

The Queen Mary manganese workings lie in the northern portion of the exploration licence area with Jerry Creek manganese workings located to the south.

Historically, this exploration permit area yielded over 210t of high grade direct shipping ore with assays of **43.5% to 44.1% Mn** from mining operations carried out between 1908 and 1910. In the past 50 years little to no geological activity has been recorded over the Queen Mary and Jerry Creek prospects for manganese and there appears to have been no further manganese mining.

Most of the manganiferous horizons consist of manganese-stained or encrusted joint blocks with pockets of marginal metallurgical grade ore. The joint blocks consist of jasper and chalcedonic silica with veins of white quartz. A strike fault occurs on the hanging-wall of the manganiferous horizon. The country rocks are massive, white quartzite and silicified, thick-bedded shales. The beds strike N20<sup>0</sup>W and dip 30<sup>0</sup> to 55<sup>0</sup> SW.

Workings consist of a 12m deep shaft situated 21m SW of a small open-cut and extend over an area 25m long x 15m wide, to a maximum depth of 5m. From the absence of manganese ore on the dump, it is presumed the shaft was probably not sunk deep enough to test possible extensions of the deposit down-dip.

There are indications of a significant tonnage of siliceous ore in this deposit which warrants exploration and evaluation.

### **Future Mary Valley Exploration**

Results to-date confirmed the possibility that the Mary Valley Manganese Prospect has the potential to contain a much larger quantity of manganese mineralisation than apparent from historical production.

The company will continue its exploration of other prospects such as Skyring Creek, Skyring North, Eel Creek and Queen Mary that, in addition to the Amamoor and Upper Kandanga prospects, appear to have potential to contain significant quantities of manganese mineralisation.

### **Corporate**

During the quarter the Company showcased its projects over a two (2) day conference in Perth to a consortium of investors from Central Asia and the Middle East. As a result of this presentation (refer to the Investor Presentation released on 13 August 2014), the Company has received positive responses from several entities interested in investment opportunities. Negotiations that are commercially workable and mutually beneficial are progressing.

Furthermore, the Company was a sponsor of the Asian Mining Congress which has resulted in expressions of interest from several off-shore investors with whom negotiations are progressing.

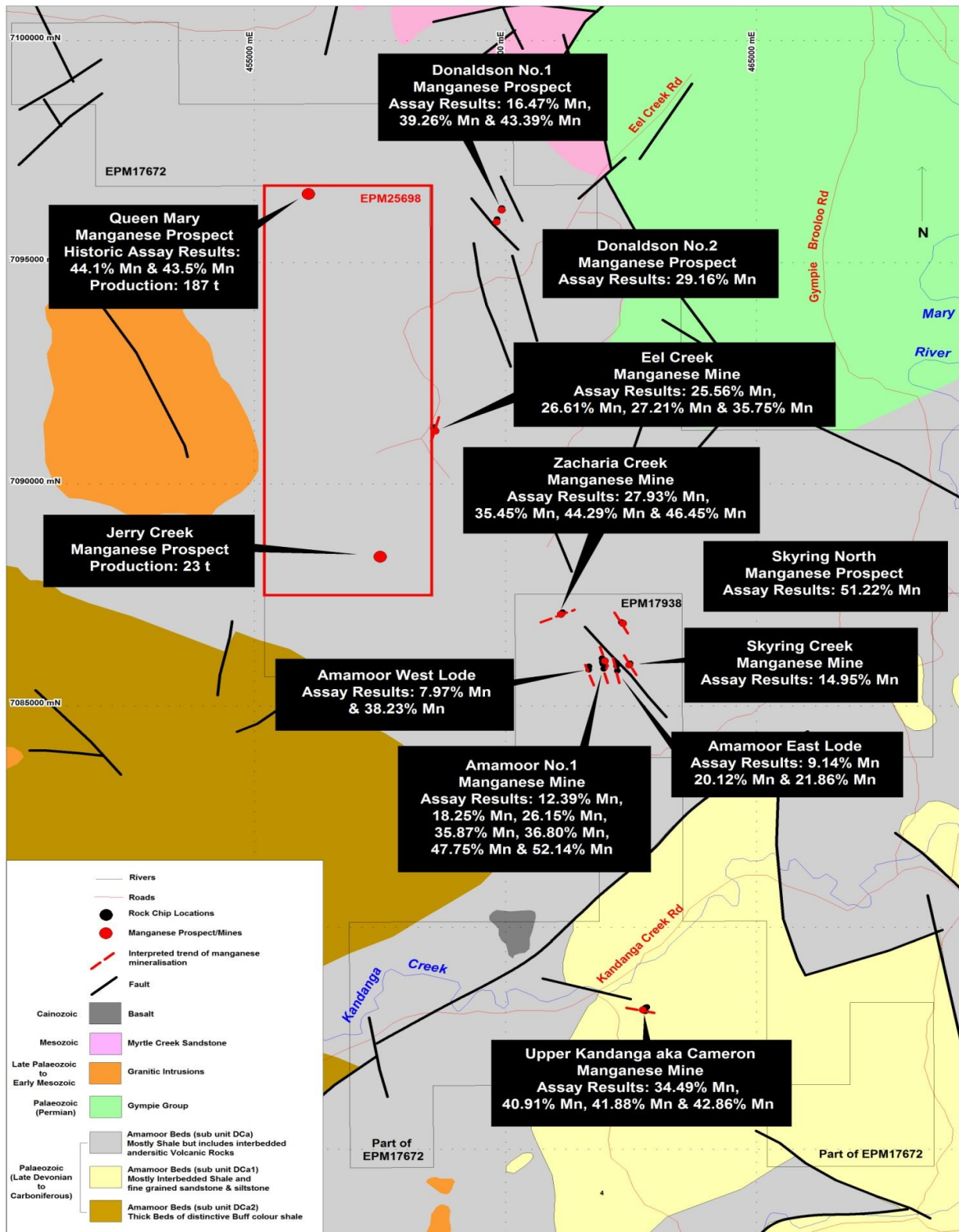


Figure 1: Regional Interpreted Geology Map showing Eclipse sample locations and Mn% with new granted EPM25698 Area (outlined in red boundary)

**TENEMENT INTERESTS AT THE END OF THE QUARTER**

Interest in Granted Mining tenements at the end of the quarter

Tenement	Project Name	Commodity	Status	State	Beneficial Holder	Area	
						Blk	km <sup>2</sup>
EL 27567	Mt Wells	Gold-Base Metals	Granted	NT	Eclipse Metals Pty Ltd	9	23.31
EL 24808	Eclipse	Uranium	Granted	NT	Eclipse Metals Pty Ltd	27	85.79
EL 27117	West McArthur	Manganese-Base Metals	Granted	NT	Eclipse Metals Pty Ltd	193	321.21
EPM 17672	Mary Valley	Manganese	Granted	QLD	Eclipse Metals Pty Ltd	54	167.40
EPM 17938	Amamoor	Manganese	Granted	QLD	Eclipse Metals Pty Ltd	4	12.40
EPM 25698	West Mary Valley	Manganese	Granted	QLD	Eclipse Metals Pty Ltd	10	30.01
EPM 18596	Moonford	Iron	Granted	QLD	Eclipse Metals Pty Ltd	40	84.20
<b>TOTAL</b>						<b>755.32</b>	

Exploration Licence Applications at the end of the quarter

Tenement	Project Name	Commodity	Status	State	Beneficial Holder	Area	
						Blk	km <sup>2</sup>
ELA 24623	Eclipse	Uranium	Application	NT	Eclipse Metals Ltd	305	932.06
ELA 24624	Eclipse	Uranium	Application	NT	Eclipse Metals Ltd	476	1,457.58
ELA 24627	Eclipse	Uranium	Application	NT	Eclipse Metals Ltd	500	1,518.00
ELA 24861	Lake Mackay	Uranium	Application	NT	Eclipse Metals Ltd	50	158.70
ELA 25666	Mt Pozieres	Uranium	Application	NT	Eclipse Metals Ltd	229	780.60
ELA 26193	Liverpool 1	Uranium	Application	NT	Eclipse Metals Ltd	240	804.40
ELA 26244	Liverpool 2	Uranium	Application	NT	Eclipse Metals Ltd	50	163.30
ELA 26259	South Alligator 1	Uranium	Application	NT	Eclipse Metals Ltd	202	660.70
ELA 26260	South Alligator 2	Uranium	Application	NT	Eclipse Metals Ltd	274	883.30
ELA 26487	Yuendi	Uranium-Copper	Application	NT	Eclipse Metals Ltd	320	1,003.00
ELA 26283	Mt Theo	Uranium	Application	NT	Eclipse Metals Ltd	260	832.70
ELA 27130	Flying Fox	Uranium	Application	NT	Eclipse Metals Ltd	482	1,607.98
ELA 27549	Liverpool 3	Uranium	Application	NT	Eclipse Metals Ltd	51	171.07
ELA 27584	Devil's Elbow	Uranium	Application	NT	Eclipse Metals Ltd	30	100.45
ELA 27703	Gumadeer	Uranium	Application	NT	Eclipse Metals Ltd	3	9.53
<b>Total Area</b>						<b>11,580.77</b>	

**Tenements Relinquished during the Quarter**

ELA 26489 was relinquished during this period



**Pedro Kastellorizos**  
Executive Director

For further information please contact:

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Executive Director  
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*Mr Pedro Kastellorizos is a geologist with over 17 years of experience relevant to the styles of mineralisation under consideration and to the activity which he is undertaking as Executive Director. Mr Rodney Dale, a Non-Executive Director of Eclipse Metals Limited, is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation under consideration and to the activity being reported 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.*

# Appendix 5B

## Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Eclipse Metals Limited

ABN

85 142 366 541

Quarter ended ("current quarter")

30 JUNE 2015

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(47)	(241)
(b) development	-	-
(c) production	-	-
(d) administration	(98)	(291)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(145)</b>	<b>(532)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects <sup>1</sup>	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (refundable deposit)	-	-
<b>Net investing cash flows</b>	<b>(145)</b>	<b>(532)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(145)</b>	<b>(542)</b>

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(145)	(532)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc. <sup>1</sup>	65	245
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (shares issue proceeds of \$10) <sup>2</sup>	10	102
1.20	Other (R&D refund)	71	71
	<b>Net financing cash flows</b>	146	418
	<b>Net increase (decrease) in cash held</b>	(1)	(114)
1.20	Cash at beginning of quarter/year to date	226	341
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	227	227

1. Capital raising funds of \$65,000 were received during June 2015 quarter issue of these Shares was approved by Shareholders at the Company's 2014 Annual General Meeting.

2. The underwriter to the Entitlements Issue has transferred 120 million shares to unrelated parties that will make the shares available to future investors and direct the proceeds to the Company. During the quarter, a total of \$10,000 was received by the Company. The Company remains in discussions with a range of potential future investors in relation to the remaining shares to the value of \$24,907.

#### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	63
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

#### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A



## Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A
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**Financing facilities available**

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	60
4.2 Development	-
4.3 Production	-
4.4 Administration	50
<b>Total</b>	<b>110</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	227	226
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>227</b>	<b>226</b>

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	EL 26000	Application Licence	100%	0%
	EL 26001	Application Licence	100%	0%
	EL 26002	Application Licence	100%	0%
	EL 26003	Application Licence	100%	0%
	EL 26004	Application Licence	100%	0%
	EL 25998	Application Licence	100%	0%
	EL 25999	Application Licence	100%	0%
	EL 24862	Application Licence	100%	0%
6.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

#### 6.3 Interests in mining tenements at end of the quarter

Location	Project Name	Tenement #	Ownership	Titleholder
Northern Territory	Mt Wells	EL 27567	100%	Eclipse Metals Ltd
Northern Territory	Eclipse	EL 24808	100%	Eclipse Metals Ltd
Northern Territory	West Batchelor	EL 26257	100%	Eclipse Metals Ltd
Queensland	Mary Valley	EPM 17672	55.61%	Walla Mines Pty Ltd
Queensland	Amamoor	EPM 17938	55.61%	Walla Mines Pty Ltd
Northern Territory	West McArthur	EL 27117	55.61%	Walla Mines Pty Ltd
Queensland	Moonford	EPM 18596	55.61%	Walla Mines Pty Ltd
New South Wales	Moss Vale	EL 7986	55.61%	Walla Mines Pty Ltd
Queensland	Bundaberg	EL 17810	55.61%	Walla Mines Pty Ltd
Northern Territory	Eclipse	ELA 24623	100%	Eclipse Metals Ltd
Northern Territory	Eclipse	ELA 24624	100%	Eclipse Metals Ltd
Northern Territory	Eclipse	ELA 24627	100%	Eclipse Metals Ltd
Northern Territory	Lake Mackay	ELA 24861	100%	Eclipse Metals Ltd
Northern Territory	Mt Poizieres	ELA 25666	100%	Eclipse Metals Ltd
Northern Territory	Liverpool 1	ELA 26193	100%	Eclipse Metals Ltd
Northern Territory	Liverpool 2	ELA 26244	100%	Eclipse Metals Ltd
Northern Territory	South Alligator 1	ELA 26259	100%	Eclipse Metals Ltd
Northern Territory	South Alligator 2	ELA 26260	100%	Eclipse Metals Ltd
Northern Territory	Mt Theo	ELA 26283	100%	Eclipse Metals Ltd
Northern Territory	Mt Patricia	ELA 26284	100%	Eclipse Metals Ltd
Northern Territory	Yuendi	ELA 26487	100%	Eclipse Metals Ltd
Northern Territory	Atlee	ELA 26488	100%	Eclipse Metals Ltd
Northern Territory	Mackay	ELA 26489	100%	Eclipse Metals Ltd
Northern Territory	Yoolgarri	ELA 26490	100%	Eclipse Metals Ltd
Northern Territory	Chilla Well	ELA 26491	100%	Eclipse Metals Ltd
Northern Territory	Wild Cat Bore	ELA 26492	100%	Eclipse Metals Ltd
Northern Territory	Puyurru	ELA 26493	100%	Eclipse Metals Ltd
Northern Territory	Flying Fox	ELA 27130	100%	Eclipse Metals Ltd

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

Northern Territory	Liverpool 3	ELA 27549	100%	Eclipse Metals Ltd
Northern Territory	Devil's Elbow	ELA 27584	100%	Eclipse Metals Ltd
Northern Territory	Gumadeer	ELA 27703	100%	Eclipse Metals Ltd

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	647,106,824	647,106,824		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	13,000,000	13,000,000	0.005	0.00
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	150,000 103,023,813	- -	<i>Exercise price</i> 20 cents 6 cents	<i>Expiry date</i> 30/11/15 30/11/16
7.8 Issued during quarter				

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

#### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 July 2015

Print name:

**Eryn Kestel**  
**Company Secretary**

#### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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