

19 December 2017
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The Company Announcements Platform
ASX Limited
Exchange Centre
20 Bridge Road
SYDNEY NSW 2000

Commencement of Drilling at Mary Valley Manganese Deposits

Highlights:

- **Drill site preparation successfully completed**
- **Drilling Crew Mobilised / Drilling commenced**

Eclipse Metals (ASX: EPM or the Company) is pleased to announce the commencement of diamond drilling at its Mary Valley Manganese deposits in QLD.

This is the first modern reconnaissance drilling program to be conducted on the Company's Mary Valley manganese project tenements centred 14km southwest of Gympie in Queensland (Figure 1). Planned diamond drilling is designed to test the width, grade and character of manganese mineralisation proximal to historic high grade workings at Eel Creek and Amamoor. Previous metallurgical test-work results indicate that mineralisation in these deposits has demonstrable potential to produce manganese as Direct Shipping Ore (DSO – refer ASX: EPM announcement 6th June 2017).

The diamond drilling program at the Eel Creek prospect consists of nine holes planned on section lines generally 100m apart, subject to site conditions, south of the historic workings. Proposed drill holes are targeting an extension to mineralisation indicated by recent gravity survey results and follow-up field reconnaissance (refer ASX: EPM announcement 4th April 2017). Refer attached drill plan, Figure 2 and photograph of drill rig on site Figure 3.

Drill holes for the Eel Creek area are planned nominally to 50m depth though some holes may go deeper to test for repetitions of the mineralised lenses. Subsequent drilling depths will be based on geological observations.

Upon completion of the Eel Creek program, the drill will be moved to Amamoor to undertake a traverse style drilling programme along an easily accessible ridge-line track, with holes spaced around 50m apart. Refer Figure 4.

Eclipse Metals Ltd is an Australian exploration company focused on exploring the Northern Territory and Queensland for multi commodity mineralisation. The company has an impressive portfolio of assets prospective for uranium, gold, manganese and base metals. Eclipse Metals holds a portfolio of over 11,300km² in over 20 exploration licence areas in the Northern Territory and Queensland. The Company's mission is to increase Shareholder wealth through capital growth and ultimately, dividends. Eclipse plans to achieve this goal by exploring for and developing viable mineral deposits to generate mining or joint venture income.

ASX CODE
EPM

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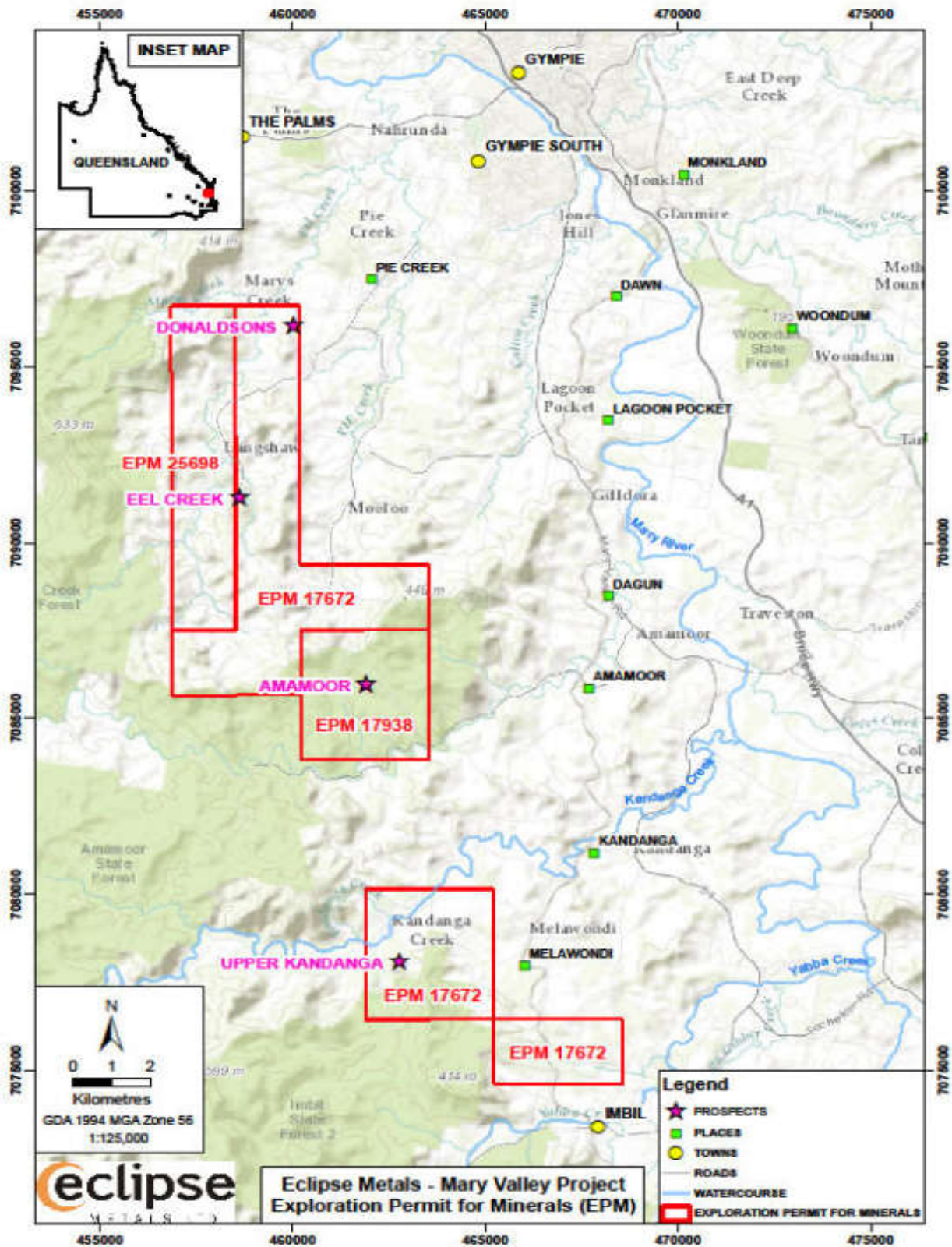


Figure 1. Location Plan for Eclipse's Mary Valley Manganese Project

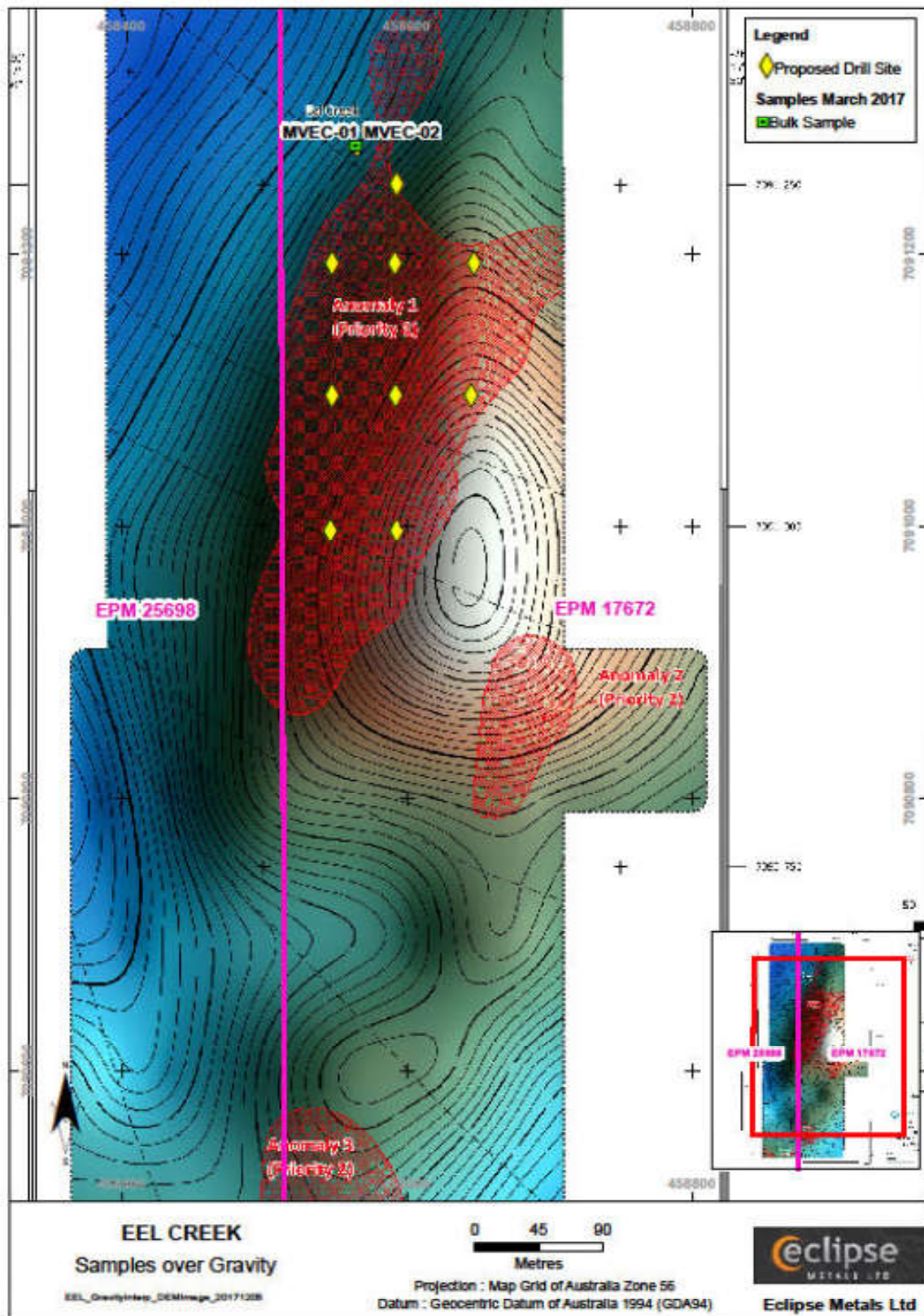


Figure 2. Eel Creek gravity anomaly map with sample locations



Figure 3. Diamond drill rig on site at Eel Creek

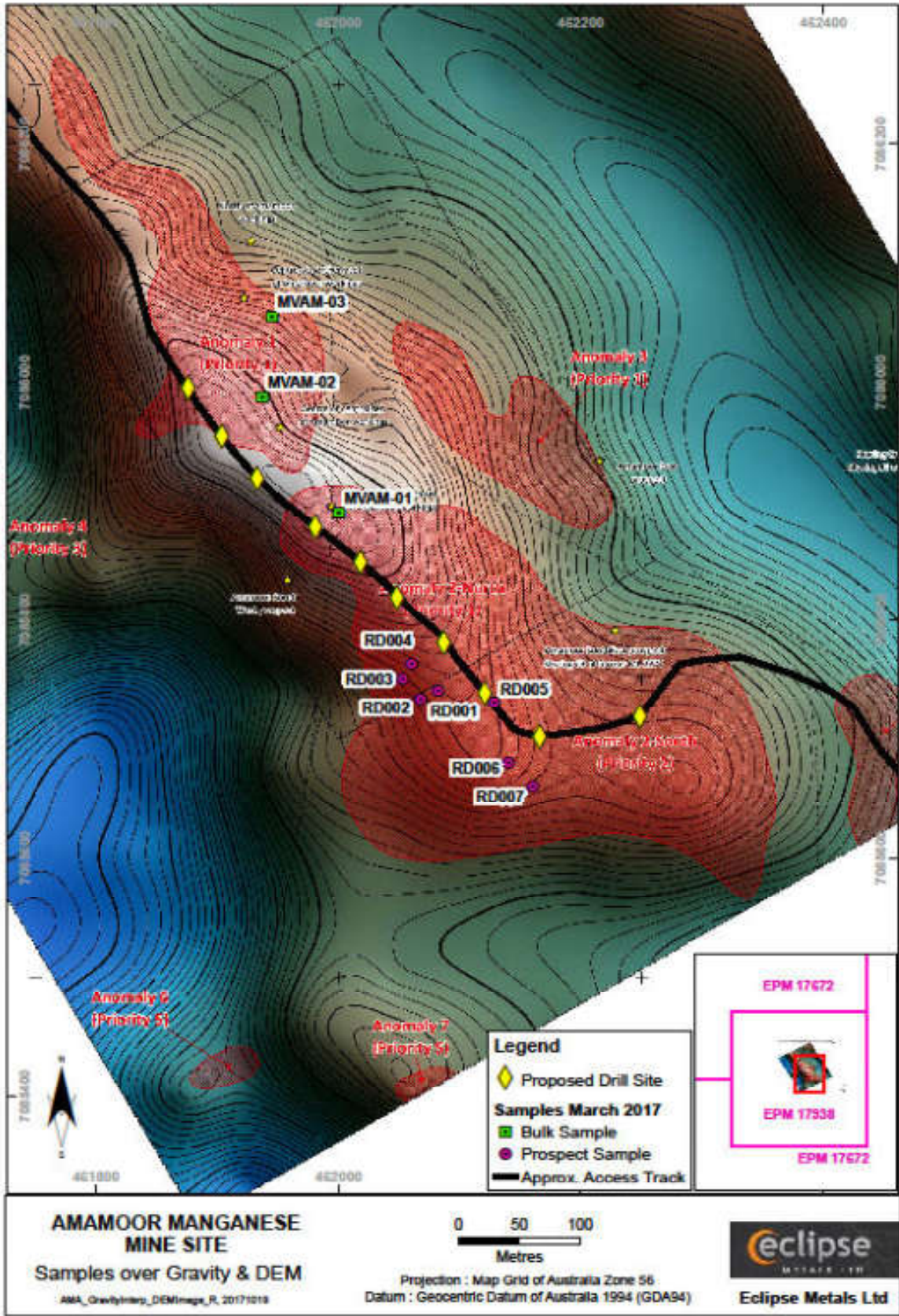


Figure 4: Amamoor gravity anomaly map with sample locations

For and of behalf of the board.**Carl Popal**

Executive Chairman

For further information please contact:

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Competent Persons Statements

Metallurgy *The information in this release that relates to metallurgy and metallurgical test work has been reviewed by Mr Noel O'Brien, FAusIMM, MBA, B. Met Eng. Mr O'Brien is employed as a contract consultant by Eclipse. Mr O'Brien is a Fellow of the Australasian Institute of Mining and Metallurgy, and he has sufficient experience with the style of processing response and type of deposit under consideration, and to the activities undertaken, to qualify as a competent person as defined in the 2012 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr O'Brien consents to the inclusion in this report of the contained technical information in the form and context as it appears. Mr O'Brien meets the requirements to act as a Qualified Person .*

Geology *The information contained in this release that pertains to Exploration Results comprised of the gravity survey in relation to the Mary Valley manganese project, is based upon, and fairly represents, the information and supporting documentation prepared by Mr Rodney Dale, FRMIT, FAusIMM, a Non-Executive Director of Eclipse Metals Limited. Mr Dale 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 Reserves.*

Mr Dale has verified the data disclosed in this release and consents to the inclusion in this release of the matters based on the information in the form and context in which it appears.