

20 May 2013

ASX Market Announcements  
Company Announcements Office  
SYDNEY NSW 2000

**Renounceable Entitlement Issue**

Further to its announcement of 6 May 2013, Eclipse Metals Limited (**Company** or **EPM**) will be offering eligible shareholders the opportunity to acquire additional fully paid ordinary shares in the capital of the Company (**Shares**) via a renounceable rights issue (**Entitlement Issue**) on the basis of two (2) Shares for every one (1) Share held at the record date, with any fractional entitlements being rounded up.

The Company advises that the attached Offer Document has been despatched to eligible shareholders, together with a personalised Entitlement and Acceptance form.

Existing shareholders will also be given the right to participate in any shortfall or sell all or part of the entitlement under the Entitlement Issue.

The Entitlement Issue is fully underwritten by Komodo Capital Pty Ltd, AFSL 344234, a company associated with Mr Peter Landau, a director of EPM. The other directors of EPM or associated entities have also agreed to sub-underwrite a portion of the Entitlement Issue namely Ghan Resources Pty Ltd (an associate of Mr Carl Popal) and Mr David Sanders.

The current timetable for the Entitlement Issue is as follows:

Entitlement Issue/Offer announced via ASX	6 May 2013
Rights trading commences	8 May 2013
Ex date	8 May 2013
Record Date (date for determining entitlements of Eligible Shareholders to participate in the Offer)	14 May 2013
Entitlement Issue Offer Document Despatched to Eligible Shareholders (expected date of despatch of Offer Document and Entitlement and Acceptance Forms)	20 May 2013
Rights trading ends	3 June 2013
Shares quoted on a deferred settlement basis	4 June 2013
Closing Date*	11 June 2013

**BOARD**

Carl Popal  
Director

Peter Landau  
Director

David Sanders  
Director

**COMPANY SECRETARY**

Jane Flegg

**REGISTERED OFFICE**

Ground Floor, 1 Havelock Street  
West Perth WA 6005  
Phone: +61 8 9488 5220  
Fax: + 61 8 9324 2400

**PRINCIPAL PLACE OF BUSINESS**

Level 2, 41-43 Ord Street  
WEST PERTH WA 6005  
Phone: + 61 8 9481 3992  
Fax: + 61 8 9481 5665

**AUSTRALIAN BUSINESS NUMBER**

85 142 366 541

**SHARE REGISTRY**

Security Transfer Registrars  
770 Canning Highway  
Applecross WA 6153

**ASX CODE**

EPM

[www.eclipsemetals.com.au](http://www.eclipsemetals.com.au)

Company to notify ASX of undersubscriptions (if any)**	14 June 2013
Issue of new shares & despatch holding statements **	19 June 2013

\* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date of the Offer at their discretion which will also extend the rights trading. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the Shares.

\*\* These dates are indicative only

Yours sincerely



Jane Flegg  
Company Secretary

For personal use only

For personal use only

**ECLIPSE METALS LIMITED**  
**ACN 142 366 541**

## **Entitlement Issue Offer Document**

Renounceable pro-rata offer of shares at an issue price of  
0.5 cents each on the basis of 2 new shares for every 1 share held  
on the Record Date

**Underwritten by Komodo Capital Pty Ltd**  
**AFSL 344234**

Dear Shareholder

The past six months have been a very challenging period for your Company, as it has been for many exploration companies in Australia.

Over that period your previous Board were unable to secure funding for the Company to enable it either to meet its ongoing administration and working capital requirements or to meet the costs associated with the upkeep and exploration of its tenement portfolio. As a consequence the Company's cash reserves were depleted, various tenements and tenement applications were relinquished and creditors were left unpaid.

In March a new Board was appointed and short term funding was secured to enable the Company to continue. Your new Board is now left with the task of rebuilding and recapitalising the Company, and believes the most equitable way to do this is to provide all shareholders the opportunity to participate equally through an Entitlement Issue.

The new Board has commissioned a team of experienced geologists to conduct a review of the Company's remaining tenement portfolio and is confident that a number of the tenements will prove to be of value. The Company also retains investments in various other exploration companies which may be of value.

To enable your Company to have the funding to move forward with its existing assets and take advantage of complementary opportunities in the resources sector your Board is seeking to raise approximately \$2,400,000 through offering to existing shareholders two new shares for every one share held at an offer price of 0.5 cents per share. The offer is fully underwritten by Komodo Capital Pty Ltd, a company associated with one of your new directors, and has been sub-underwritten by a number of parties including your other directors.

Whilst we appreciate that all shareholders will have initially invested at a significantly higher price than the price of the new share offer we believe this Entitlement Issue provides all shareholders an equal chance to increase your investment in the Company to ensure it has a future. The Company is also offering you the opportunity to apply for further shares in addition to your entitlement which will be allocated subject to a sufficient shortfall being available. The Entitlement Issue is being conducted on a renounceable basis so that you will also be entitled to sell your entitlement.

We look forward to your continuing support as a shareholder of our Company.

Yours faithfully



Carl Popal  
Director

**BOARD**

Carl Popal  
Managing Director

Peter Landau  
Non-Executive Chairman

David Sanders  
Non-Executive Director

**COMPANY SECRETARY**

Jane Flegg

**REGISTERED OFFICE**

Ground Floor, 1 Havelock Street  
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**ASX CODE**

EPM

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## 1. Introduction

Eclipse Metals Limited (**Eclipse** or the **Company**) is making a renounceable pro-rata offer of shares to shareholders of Eclipse to raise up to approximately \$2,400,000 before costs (**Entitlement Issue**).

This is an important document and requires your immediate attention. It should be read in its entirety.

The Offer is being made under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**). This document is not a prospectus and does not contain all of the information that would ordinarily be contained in a prospectus.

Investors should be aware that an investment in Eclipse involves many risks which may be higher than risks associated with investments in other companies. Investors should consider an investment in Eclipse speculative. If you are in doubt about what to do or whether to accept the Offer you should consult your stockbroker, accountant, solicitor or other professional adviser without delay.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Entitlement Issue Offer Document. Any information or representation so contained may not be relied on as having been authorised by Eclipse in connection with the Offer.

The distribution of this Entitlement Issue Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and therefore shareholders to whom the Offer is made in such jurisdictions should seek advice on and observe any such restrictions.

If you are beneficially entitled to shares in the Company and these shares are held on your behalf by a nominee or custodian you will need to contact the nominee or custodian to obtain details as to your right to participate in the Offer.

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## 2. Details of Offer

### 2.1 Offer

Eclipse is making a renounceable pro-rata offer of shares to shareholders (**Eligible Shareholders**) on the basis of two new shares each at an issue price of \$0.005 (0.5 cents) for every one share held, at the Record Date (**Offer**). The Offer is fully underwritten by Komodo Capital Pty Ltd (**Underwriter**).

Eclipse will accept applications until 5.00pm WST on the Closing Date detailed in Section 2.2 or such later date as the Directors in their absolute discretion shall determine, subject to the requirements of the ASX Listing Rules.

Your Entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Entitlement Issue Offer Document. You may accept the Offer

by applying for shares on the Entitlement and Acceptance Form or making payment by BPAY in accordance with the directions on the Entitlement and Acceptance Form.

You may accept for all or only part of your Entitlement. You may also sell all or part of your Entitlement.

Eclipse will also allow Eligible Shareholders (other than the Directors or their associated entities) to apply for additional shares if they wish to do so on the following basis. If all Entitlements are not taken up in full, the shortfall (**Shortfall**) will be allocated to those Eligible Shareholders who apply for additional shares (in addition to their Entitlement) (**Shortfall Facility**). If applications under the Shortfall Facility exceed the Shortfall, the Shortfall will be allocated on a proportionate basis having regard to the relative registered holdings on the Record Date of all Eligible Shareholders who have applied for Shortfall shares under the Shortfall Facility. To the extent that the Shortfall has not been fully allocated following this allocation, the remaining Shortfall shares will be allocated to Eligible Shareholders who did not receive all of the Shortfall shares that they applied for under the Shortfall Facility, on a proportionate basis, having regard to their relative registered holdings on the Record Date. This method of allocation shall continue until all the Shortfall shares have been allocated.

The Directors have the discretion to determine any final allocations under the Shortfall Facility, having regard to the allocation principles set out, the requirements of the Corporations Act, the ASX Listing Rules and other applicable laws.

Acceptance of a completed Entitlement and Acceptance Form or receipt of payment via BPAY by Eclipse creates a legally binding contract between the applicant and Eclipse for the number of shares accepted or deemed to be accepted by the applicant. The Entitlement and Acceptance Form does not need to be signed by the applicant to be legally binding. The Offer and contract formed on acceptance are governed by the applicable law of Western Australia.

If the Entitlement and Acceptance Form is returned and not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

To sell or transfer your Entitlement please complete the section of your Entitlement and Acceptance Form headed "Instructions to your Stockbroker".

Shares offered by this Entitlement Issue Offer Document are expected to be issued, and security holder statements dispatched, on the date specified in the timetable in Section 2.2.

It is the responsibility of applicants to determine their allocation prior to trading in the shares. Applicants who sell shares before they receive their holding statements will do so at their own risk.

## 2.2 Timetable

Entitlement Issue/Offer announced via ASX	6 May 2013
Rights trading commences	8 May 2013
Ex date (shares quoted on an ex-Entitlement basis)	8 May 2013
Record Date (date for determining Entitlements of Eligible Shareholders to participate in the Offer)	14 May 2013
Entitlement Issue Offer Document dispatched to Eligible Shareholders	20 May 2013
Rights trading ends <sup>(1)</sup>	3 June 2013
Shares quoted on a deferred settlement basis <sup>(2)</sup>	4 June 2013
Closing Date <sup>(1)</sup>	11 June 2013
Company to notify ASX of under subscriptions (if any) <sup>(2)</sup>	14 June 2013
Issue of new shares and dispatch holding statements <sup>(2)</sup>	19 June 2013

1 Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date of the Offer at their discretion which will also extend the end of rights trading. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the shares.

2 These dates are indicative only.

## 2.3 Capital Structure

The capital structure of the Company on completion of the Offer assuming it is fully subscribed is set out below:

	Shares	Listed Options	Unlisted Options
On issue prior to the Offer	243,192,772	8,873,500 <sup>1</sup>	150,000 <sup>2</sup> 100,623,813 <sup>3</sup>
Shares expected to be issued under the Offer	486,385,544	N/A	N/A
<b>Total</b>	<b>729,578,316</b>	<b>8,873,500</b>	<b>100,733,813</b>

<sup>1</sup> Exercisable at 20 cents on or before 31 May 2014

<sup>2</sup> Exercisable at 20 cents on or before 30 November 2015

<sup>3</sup> Exercisable at 6 cents on or before 30 November 2016

## 2.4 Use of funds

It is proposed that the proceeds raised from the Offer will be allocated as follows:

Funds raised from the Offer	\$ 2,400,000
Repayment of Loan Facility	\$ 500,000
Expenses of the Offer	\$ 200,000
Exploration and Tenement Expenses	\$ 300,000
General working capital and evaluation of prospects	\$ 1,400,000

## 2.5 Rights trading

The pro-rata offer of shares is renounceable, which means that Eligible Shareholders may sell or transfer all or any part of their Entitlement to subscribe for shares under the Offer. To sell or transfer your Entitlement, please complete the section of your Entitlement and Acceptance Form headed "Instructions to your Stockbroker".

## 2.6 Share trading history

The lowest and highest market sale prices of shares on ASX during the three months immediately preceding the date of this Entitlement Issue Offer Document were \$0.01 on 28 March, 8 April and 22 April 2013 and \$0.011 on 7 May 2013, respectively.

The last sale price for shares traded on ASX prior to the date of this Entitlement Issue Offer Document was \$0.011 on 7 May 2013.

## 2.7 ASX quotation

Application has been made to ASX for the official quotation of the shares to be issued under the Offer. If permission is not granted by ASX for the official quotation of the shares to be issued under the Offer, Eclipse will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer.

## 2.8 Taxation implications

The Directors do not consider it appropriate to give shareholders advice regarding the taxation consequences of subscribing for shares under this Entitlement Issue Offer Document. Eclipse, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to shareholders. As a result, shareholders should consult their professional tax adviser in connection with subscribing for shares under this Entitlement Issue Offer Document.

## 2.9 Overseas shareholders

The distribution of this Entitlement Issue Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Entitlement Issue Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## 2.10 Privacy

Eclipse collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the applicant's security holding in Eclipse.

By submitting an Entitlement and Acceptance Form, each applicant agrees that Eclipse may use the information provided by an applicant on the Entitlement and Acceptance Form for the purposes in this privacy disclosure statement and may disclose it for those purposes to the share registry, Eclipse's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, Eclipse may not be able to accept or process your application.

An applicant has a right to gain access to the information that Eclipse holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Eclipse's registered office.

## 2.11 Enquiries

Enquiries concerning the Entitlement and Acceptance Form can be made by contacting Security Transfer Registrars Pty Ltd (**Share Registry**) by telephone on (08) 9315 2333 or by facsimile on (08) 9315 2233. The addresses for Share Registry are:

By delivery: Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross WA 6153

By post: Security Transfer Registrars Pty Ltd, PO Box 535, Applecross WA 6953

By email: registrar@securitytransfer.com.au

General enquires in relation to the Entitlement Issue can be made to the Company Secretary at Ground Floor, 1 Havelock Street, West Perth, Western Australia, 6005 or by telephone on (08) 9488 5220 or by email to jane@eclipsemetals.com.au.

Information may also be obtained by visiting the Company's website: [www.eclipsemetals.com.au](http://www.eclipsemetals.com.au).

If you are beneficially entitled to Eclipse shares and those shares are held on your behalf by a nominee or custodian you should direct any enquiries to your nominee or custodian.

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### 3. Risk Factors

An investment in shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in Eclipse.

The Directors consider that the following summary, which is not exhaustive, represents some of the specific risk factors which shareholders need to be aware of in evaluating Eclipse's business and risks of increasing your investment in Eclipse. Shareholders should carefully consider the following factors.

#### 3.1 Specific Risks

(a) Future capital requirements

The funds raised from the Offer will not be sufficient to successfully achieve all the objectives of the Company's overall business strategy and it will be required to raise additional capital.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer, existing working capital and funds generated from operations, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(b) Title, Tenure and Access - General

Generally, mining tenements and licences which the Company owns or may acquire either by application, sale and purchase or farm-in are regulated by the applicable mining legislation. There is no guarantee that applications will be granted as applied for (although the Company has no reason to believe that the tenements or licenses will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition a relevant minister or government agency may need to consent to any transfer of tenement to the Company.

Renewal of titles or licences is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable mining legislation.

In addition, the relevant minister or government agency may impose conditions on any renewal, including relinquishment of ground.

(c) Global Credit and Investment Markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's securities trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives.

(d) Commodity Price Volatility and Foreign Exchange Risk

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration activities and if those activities are successful development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets.

(e) General Environmental Risks

Mining is an industry which has become subject to increasing environmental responsibility and liability. The potential liability is an ever-present risk. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it has not been responsible.

(f) Resource and Reserve Estimates

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisations or

formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(g) Taxation and government regulations

Changes in taxation and government legislation in a range of areas (for example, Corporations Act, accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors.

The recoupment of taxation losses accrued by the Company from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which the Company operates. There is no guarantee that the Company will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cashflows of the Company.

(h) Reliance on key personnel

The Company is reliant on its management. The loss of one or more of these individuals could adversely affect the Company.

In addition, the Company's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees and consultants. Although the Company expects to be able to do so in the future, there can be no assurance that the Company will be able to attract and retain skilled and experienced personnel and consultants.

(i) Joint venture parties, contractors and agents

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become a party; or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(j) Exploration, development, mining and processing risks

Mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable ore resources;
- (ii) successful conclusions to bankable feasibility studies;
- (iii) access to adequate capital for project development;

- (iv) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (v) securing and maintaining title to tenements;
- (vi) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (vii) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and
- (viii) adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

(k) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through testwork to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(l) Operational and technical risks

The current and future operations of the Company, including exploration, appraisal and production activities may be affected by a range of factors, including:

- (i) geological, geotechnical and hydrogeological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) alterations to joint venture programs and budgets;
- (iv) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;

- (v) electrical and mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;
  - (vi) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
  - (vii) the supply and cost of skilled labour;
  - (viii) unexpected shortages or increases in the costs of water, consumables, diesel fuel, tyres, spare parts and plant and equipment; and
  - (ix) prevention or restriction of access by reason of political unrest, outbreak of hostilities and inability to obtain consents or approvals.
- (m) Insurance

The Company has a policy of obtaining insurance for environmental and other operational risks where appropriate, taking into consideration the availability of cover and premium costs and where required under its contractual commitments. There can be no assurance, however, that the Company will be able to obtain or maintain such insurance coverage at reasonable rates (or at all), or that any coverage it has or obtains will be adequate and available to cover any such claims.

### **3.2 General Risks**

#### **(a) Securities Investment**

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's securities trade may be above or below the issue price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. These factors may materially affect the market price of the securities, regardless of the Company's operational performance.

#### **(b) Share Market Conditions**

The market price of the securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for securities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) General Economic Climate and Share Market Conditions

Factors such as global credit risks, inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, commodity prices and stock market prices. The Company's future revenues and the market price for its listed securities may be affected by these factors, as well as fluctuations in the price of minerals, which are beyond the Company's control.

### 3.3 Investment Speculative

The above list of risk factors should not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in future materially affect the financial performance of the Company and the value of the securities offered. Potential investors should consider that an investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for securities.

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## 4. Underwriting and Subunderwriting

### 4.1 Underwriting

Komodo Capital Ltd Pty (ABN 31 140 629 296), AFSL: 344234, of Ground Floor, 1 Havelock Street, West Perth WA 6005 has agreed to underwrite the Offer.

The underwriter is entitled to a fee of 6% of the amount underwritten in relation to the underwriting.

The Underwriter has the right to terminate the underwriting on the occurrence of the events set out in Appendix 1.

Peter Landau, a director of the Company, is a director and shareholder of the Underwriter.

### 4.2 Underwriter's interest in shares

The Underwriters' current shareholding and potential interests in shares following the Offer are as follows:

Shares held prior to the Offer	Nil
% holding prior to Offer	Nil
Shares to be issued under the Offer	486,385,544
% holding following the Offer assuming no Shortfall shares issued to Underwriter	0%
% holding following the Offer assuming 75% of shares offered to Shareholders subscribed for under Entitlement	16.7%

Offer or Shortfall Facility or by sub-underwriters	
% holding following the Offer assuming 50% of shares offered to Shareholders subscribed for under Entitlement Offer or Shortfall Facility or by sub-underwriters	33.3%
% holding following the Offer assuming 25% of shares offered to Shareholders subscribed for under Entitlement Offer or Shortfall Facility or by sub-underwriters	50.0%
Maximum number of shares which may be issued pursuant to underwriting (excluding Entitlements and subunderwriting commitments of Directors)	383,245,544
Maximum % holding following the Offer assuming 100% of the Offer (other than Entitlements and subunderwriting commitments of Directors) issued to Underwriter	52.5%

### 4.3 Sub-underwriting

The Underwriter has entered into sub-underwriting arrangements with various parties.

Ghan Resources Pty Ltd, a company controlled by Mr Popal and a substantial shareholder of the Company, has agreed to a sub-underwriting commitment of \$500,000, representing 100,000,000 shares. Ghan Resources Pty Ltd is entitled to a sub-underwriting fee of 5% of the amount of the sub-underwriting, representing \$25,000. If the sub-underwriting commitment of Ghan Resources Pty Ltd is called on in full the maximum voting power of Mr Popal in the Company will be 16.7%.

Mr David Sanders has agreed to a sub-underwriting commitment of \$14,000, representing 2,800,000 shares. Mr Sanders is entitled to a sub-underwriting fee of 5% of the amount of the sub-underwriting, representing \$700. If the sub-underwriting commitment of Mr Sanders is called on in full the maximum voting power of Mr Sanders in the Company will be 0.4%.

No other sub-underwriter to the issue is either a related party of the Company or would be entitled to a voting power in the Company of in excess of 20% if their sub-underwriting is called on in full.

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## 5. Directors' interests in Company securities

The Directors' and their nominee's current relevant interests in shares and prospective interests in shares are as follows:

	Mr Carl Popal	Mr Peter Landau	Mr David Sanders
Current Number of shares	21,758,556	170,000	NIL

	Mr Carl Popal	Mr Peter Landau	Mr David Sanders
Entitlement to shares under the Offer	43,517,112	340,000	NIL
Additional Underwriting and Sub-underwriting Commitment	56,482,888	383,245,544 (after other director sub-underwriting)	2,800,000
Maximum Number of shares after Offer	121,758,556	383,845,544	2,800,000

At the time of lodging the Entitlement Issue Offer Document the Directors and their nominees have indicated that they will take up their full Entitlement under the Offer and also entered into additional Underwriting and Sub-Underwriting commitments as detailed above.

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## 6. Action Required by Shareholders

### 6.1 If you wish to take up all of your Entitlement

Should you wish to accept all of your Entitlement to subscribe for shares, then applications for shares under this Entitlement Issue Offer Document must be made in accordance with the instructions referred to in this Entitlement Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If not paying via BPAY completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Eclipse Metals Limited' and lodged at any time after the issue of this Entitlement Issue Offer Document and on or before the Closing Date at Eclipse's Share Registry (by delivery or by post) at the addresses in Section 2.11 above.

If paying via BPAY, applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

### 6.2 If you wish to take up only part of your Entitlement

Should you wish to only take up part of your Entitlement, then applications for shares under this Entitlement Issue Offer Document must be made in accordance with the instructions referred to in this Entitlement Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of shares you wish to accept and the amount payable (calculated at \$0.005 per share accepted).

If not paying via BPAY completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Eclipse Metals Limited' and lodged at any time after the issue of this Entitlement Issue Offer Document and on or before the Closing Date at Eclipse's Share Registry (by delivery or by post) at the addresses in Section 2.11 above.

If paying via BPAY, applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

### **6.3 If you wish to apply for additional shares under Shortfall Facility**

Eligible Shareholders may, in addition to taking up all of their Entitlement, apply for Shortfall shares. Shortfall shares will only be available where there is a shortfall between applications received from Eligible Shareholders for their Entitlement and the number of shares proposed to be issued under the Entitlements Offer.

Should you wish to apply for Shortfall shares, application must be made in accordance with the instructions referred to in this Entitlement Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If not paying via BPAY you can apply for Shortfall shares as well as your Entitlement by submitting one completed Entitlement and Acceptance Form accompanied by a cheque in Australian dollars crossed "Not Negotiable" and made payable to "Eclipse Metals Limited" and lodged at any time after the issue of this Entitlement Issue Offer Document and on or before the Closing Date at Eclipse's Share Registry (by delivery or by post) at the addresses in section 2.11.

If paying via BPAY, applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. By paying for more shares than your Entitlement, you will be making an application for the excess shares as Shortfall shares. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

Eligible Shareholders are not assured their Application for Shortfall shares will be met in full and by applying for Shortfall shares you are bound to accept a lesser number of shares as determined by the Company in accordance with the terms of the Shortfall Facility set out in section 2.1 above. Any excess application monies will be refunded without interest.

#### **6.4 If you wish to trade your Entitlement**

If you wish to trade any of all of your Entitlement that do not take up, please complete the section of your Entitlement and Acceptance Form headed "Instructions to your Stockbroker".

#### **6.5 If you do not wish to take up or trade your Entitlement**

If you do not wish to accept or trade any of your Entitlement, you are not obliged to do anything. In that case, shares not accepted by the Closing Date will become Shortfall shares and you will receive no benefit.

The number of shares you hold and the rights attaching to those shares will not be affected should you choose not to accept any part of your entitlement, however your percentage holding in the capital of Eclipse will be diluted.

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## Appendix 1

### Underwriting termination events

1. **(Indices fall)**: the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
2. **(Offer Document)**: the Company does not dispatch the Offer Document to Shareholders on the Dispatch Date or the Offer Document or the Offer is withdrawn by the Company;
3. **(No Quotation Approval)**: the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX by the time required by the Corporations Act, the Listing Rules or any other regulation;
4. **(Non-compliance with requirements)**: it transpires that the Offer Document does not contain all the information required by the Corporations Act;
5. **(Restriction on allotment)**: the Company is prevented from allotting the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
6. **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect;
7. **(Hostilities)**: subject always to clause 2, there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union other than hostilities involving Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by the percentage contemplated by clause 10.2(a) of the Underwriting Agreement;
8. **(Authorisation)**: any authorisation which is material to anything referred to in the Offer Document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
9. **(Indictable offence)**: a director of the Company is charged with an indictable offence;

10. **(Regulatory Approvals):** prior to the Closing Date, the sub-underwriters fail to obtain all required regulatory approvals (if any) to subscribe for the Shortfall Shares in accordance with the terms of any sub-underwriting agreement entered into with the Underwriter; or
11. **(Termination Events):** any of the following events occur which in the reasonable opinion of the Underwriter reached in good faith, has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise:
- (a) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
  - (b) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
  - (c) **(Contravention of constitution or Act):** a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (d) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company;
  - (e) **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Document;
  - (f) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
  - (g) **(Official Quotation qualified):** the official quotation is qualified or conditional;
  - (h) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
  - (i) **(Prescribed Occurrence):** a Prescribed Occurrence occurs;

- (j) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (k) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$100,000.00 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (l) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company;
- (m) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (n) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Issue) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (o) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 5 Business Days;
- (p) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (q) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (r) **(Capital Structure)**: any Relevant Company alters its capital structure;
- (s) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.