

29th November 2021

ASX Announcement

ECLIPSE TO DIVEST NORTHERN TERRITORY PROJECTS

Highlights

- **Eclipse has executed a binding Heads of Agreement for the sale of its Ngalia Basin Uranium and Liverpool Uranium Projects in the Northern Territory.**
- **This divestment will enable Eclipse to focus on its Greenland mineral assets.**
- **The purchaser, Oz Yellow Uranium Limited, intends to undertake a fully underwritten Initial Public Offering to raise at least \$20 million to facilitate admission to the ASX.**
- **Eclipse to receive 60% of all fully paid ordinary shares in Oz Yellow (Oz Yellow Shares) upon its listing on the ASX, half of which will be distributed in-specie to Eclipse shareholders in proportion to their existing shareholding in Eclipse.**
- **Oz Yellow IPO to include a \$2 million top-up offer to allow Eclipse shareholders to acquire further Oz Yellow shares above their in-specie distribution.**
- **The proposed divestment and Oz Yellow listing will result in creation of a project-specific explorer with requisite funding and resources to develop the NT Projects.**
- **Eclipse and its shareholders to maintain further exposure to the NT Projects through its shareholding and board representation in Oz Yellow.**
- **Eclipse to also receive \$255,000 in cash and a 4% NSR royalty.**

Eclipse Metals Ltd (ASX: **EPM**) (**Eclipse** or the **Company**) is pleased to announce the execution of a binding Heads of Agreement with Oz Yellow Uranium Limited (ACN 651 734 600) (**Oz Yellow**), whereby Eclipse has conditionally agreed to sell its interests in certain Northern Territory tenements, its Ngalia Basin Uranium Prospects and the Liverpool Uranium Project (**NT Projects**), to Oz Yellow (**Proposed Transaction**).

Sale of the NT Projects is subject to a number of conditions precedent, including the parties obtaining all shareholder and regulatory approvals to give effect to the Proposed Transaction (including ASX finding the structure of Oz Yellow to be acceptable), Oz Yellow receiving application to subscribe for Oz Yellow Shares to raise at least \$20 million under an Initial Public Offer (IPO) and Oz Yellow receiving conditional approval from ASX regarding its admissions to the official list of the ASX.

A summary of the material terms and conditions of the binding heads of agreement is set out in Annexure A.

Under the Proposed Transaction, Eclipse will receive 60% of all fully paid ordinary shares in Oz Yellow upon its listing on the ASX, of which half will be distributed in specie to Eclipse shareholders in proportion to their existing shareholding in Eclipse, enabling Eclipse and its shareholders the ability to maintain exposure to the NT Projects via its equity interest in Oz Yellow. Eclipse will also receive \$255,000 from Oz Yellow in cash and a 4% NSR royalty. Eligible Eclipse shareholders will also have the opportunity to increase their exposure to the NT Projects by participating in a top up offer to be included as part of Oz Yellow's IPO.

It is anticipated that Oz Yellow will undertake the IPO and seek a listing onto the official list of the ASX with a prospectus to be lodged in February 2022. The IPO will raise at least \$20 million (before costs) at an issue price of \$0.20 per share, with at least \$2 million to be reserved for Eclipse shareholders under a separate top up offer to be included in the prospectus. The Company understands that Oz Yellow has entered into a conditional binding mandate with Petra Capital Pty Ltd to act as sole lead manager, sole underwriter and sole book runner to the IPO. The Proposed Transaction will require approval of the Company's shareholders under the Corporations Act and ASX Listing Rule 11.4.1(b) (**Shareholder Approval**). The Company proposes to hold a general meeting in order to obtain the Shareholder Approval in February 2022.

The Proposed Transaction will create a new listed company, assisted by a dedicated board and management team, with its sole focus being on exploration and development of the NT Projects. This will allow Eclipse to focus its efforts on advancing its other projects, including its flagship Ivittuut Project in Greenland.

Eclipse Executive Chairman Carl Popal commented:

"The successful divestment of Eclipse's non-core uranium assets will be a significant step forward to our strategy that will allow the Company to focus its resources - both financial and technical - on key assets in Greenland and Australia.

"As the projects in our portfolio continue to advance, it is important that we ensure our money and time are committed to the projects we believe will have the best chance of returning value to the Company and its shareholders.

"By divesting these assets into Oz Yellow, Eclipse will be able to focus its energies towards our key Australian and Greenlandic assets while retaining significant exposure to a company that will be solely focused on the development of an exciting suite of uranium assets in the Northern Territory.

"The divestment will deliver to Eclipse a significant shareholding and board representation in a cashed-up entity that has the sole focus of exploring and developing uranium exploration ground in the Northern Territory. We believe that this will be an extraordinary opportunity to maximise shareholder value in this long-held asset."

ABOUT THE NT PROJECTS

Ngalia Basin Uranium Prospects

Ngalia Basin is centred approximately 300km west-northwest from Alice Springs and is considered highly prospective for sandstone and paleochannel style uranium / vanadium mineralisation.

Eclipse holds two granted exploration licences and six exploration licence applications in the Ngalia Basin, with a combined area of approximately 4,773km² situated within this extensive uranium mineralized region. To the north roll-front uranium mineralization at Bigryli occurs in Devonian aged sandstones of the Ngalia Basin with Inferred and Indicated Resources of 9,570 tons of U₃O₈ at 1,283 ppm and 8,930 tons of V₂O₃ averaging 1197 ppm at 500 ppm U₃O₈ cut-off). Other deposits within the Ngalia Basin include Cappers with an Inferred Resource of 3,200t of U₃O₈, averaging 145 ppm U at 100 ppm cut-off and Napperby with an Inferred Resource of 3,643 tons of U₃O₈ at 382 ppm U and 2,251 tons of V₂O₃ grading 236 ppm at 200 ppm U₃O₈ cut-off (Figure 1).

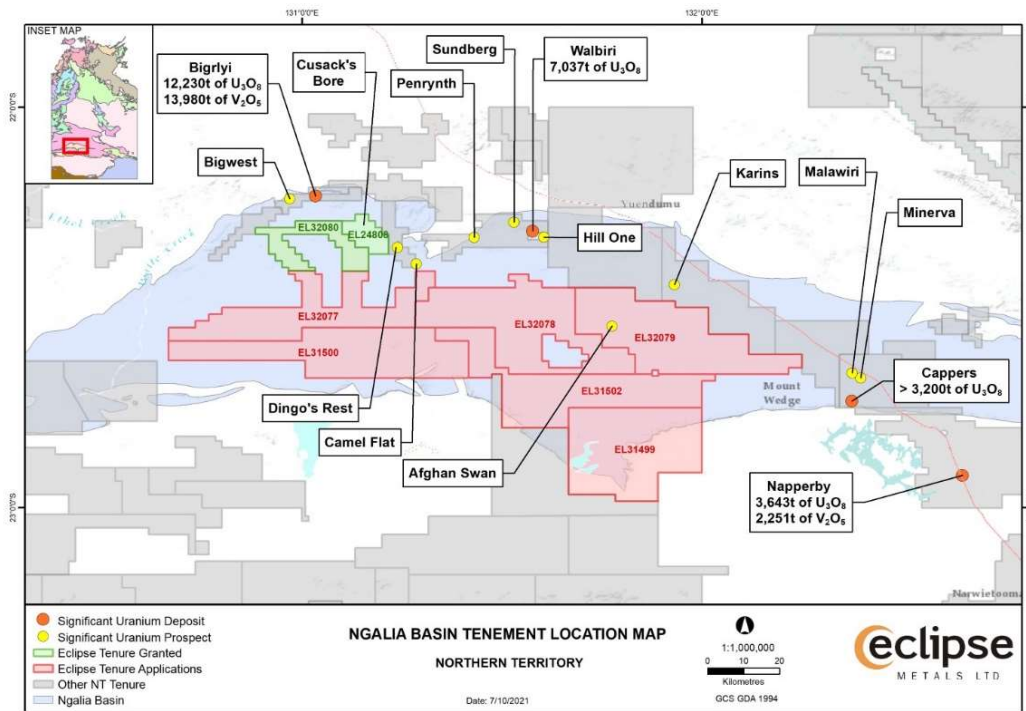


Figure 1: Ngalia Basin Location Map.

A gravity survey over EL24808 in 2019 by Eclipse outlined a significant paleochannel system, draining from the north into adjoining EL32080 (Figure 2). A drilling program is planned once travel restrictions are lifted.

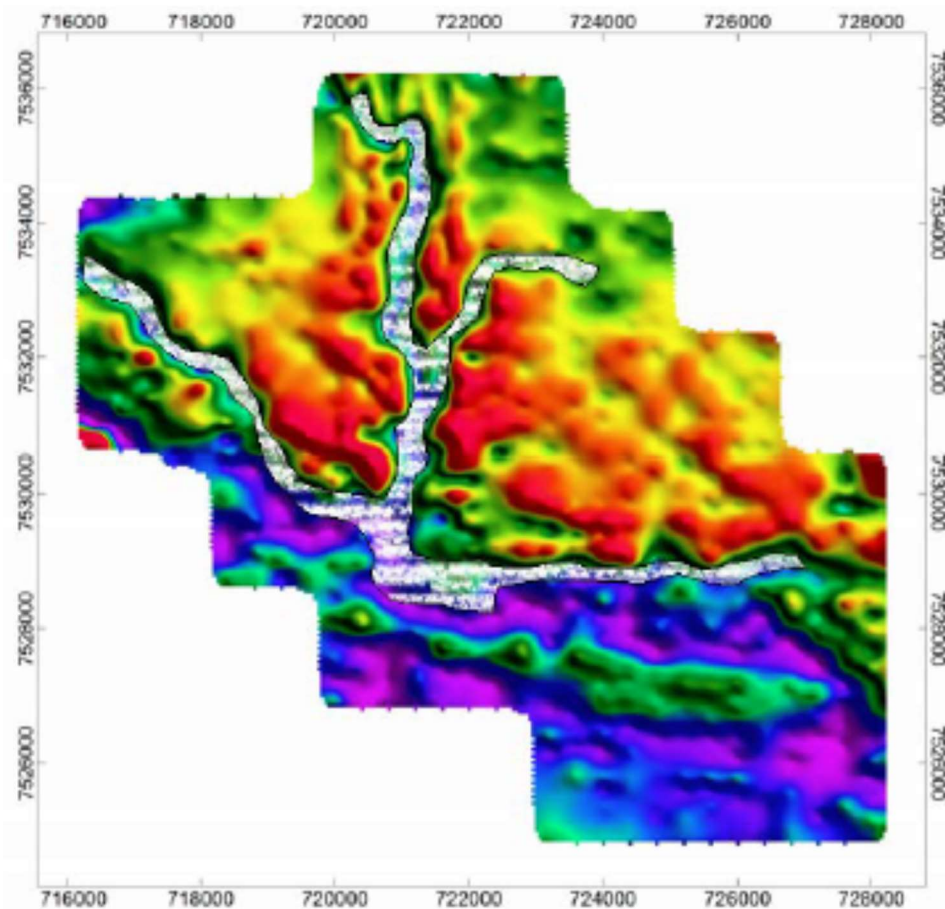


Figure 2: EL24808 - First Vertical Derivative Gravity image in over EL24808, with interpreted paleochannel features highlighted.

Liverpool Uranium Project

The Devil's Elbow uranium-gold-palladium prospect in the Northern Territory is covered by EL27584, granted at the end of FY20 (Figure 3). Adjacent to this exploration licence to the east, extensions of the Ranger Fault and related structures are covered by four exploration licence applications. Combined area of the tenements covering this prospective area is approximately 1,464km².

Eclipse's exploration program aimed to focus on the area around the Devil's Elbow, Terrace and Ferricrete uranium prospects, concentrating on high priority areas defined by historical geochemical and radiometric anomalies centrally within EL27584 and relatively unexplored ground south of the Ranger Fault.

The Devil's Elbow prospects have strong similarities with the Jabiluka uranium and gold mine discovered in 1971, following-up a low order anomaly from a ground radiometric survey. Jabiluka is located 20km north of the Ranger uranium mine, about 75km west of Devil's Elbow. At Jabiluka, uranium and gold mineralisation occurs in an altered member of the Cahill Formation, proximal to reverse faulting structures with similarities to the Devil's Elbow prospect.

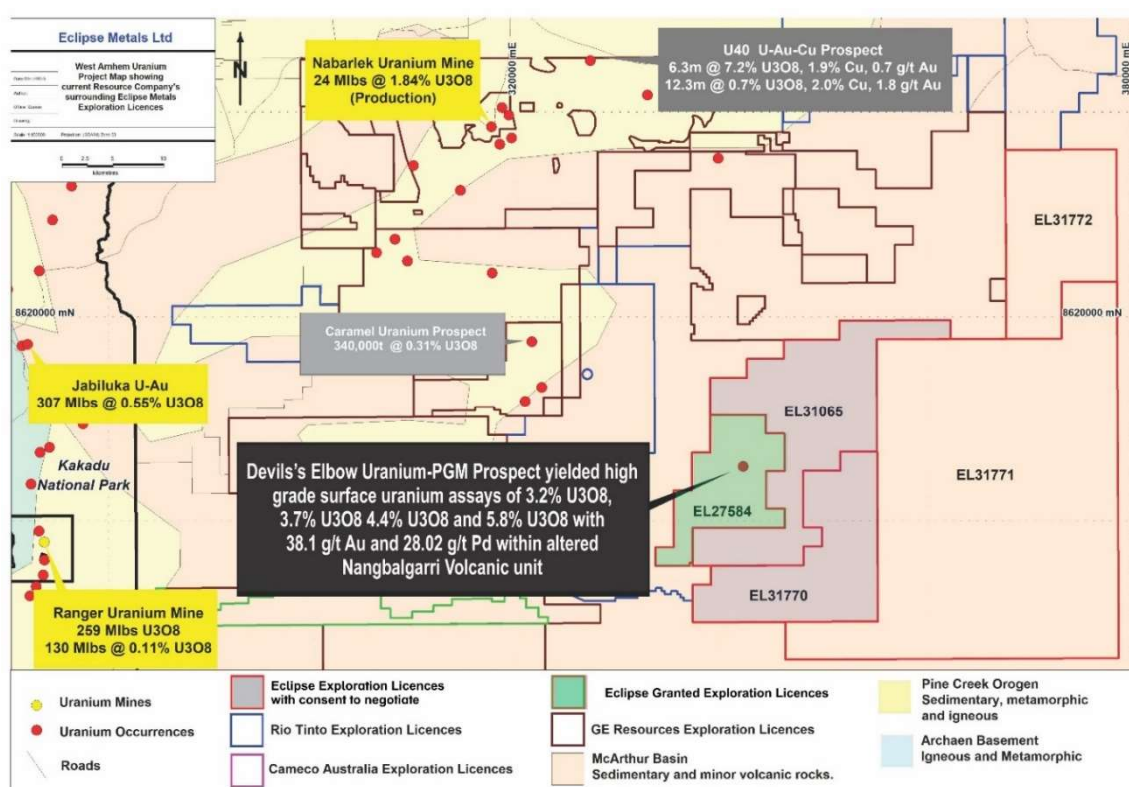


Figure 3: Liverpool Project Map showing EL27584 and ELA's 31065 and 31770

OZ YELLOW URANIUM LIMITED

Oz Yellow is a recently incorporated Australian public company which upon completion of the Proposed Transaction will have a dedicated board and management team, with its sole focus being on exploration and development of the NT Projects. The Oz Yellow board of directors comprises the following experienced directors:

Tania Scivetti

(Chief Executive Officer and Director of Oz Yellow Uranium Limited)

Ms Scivetti is an independent non-executive director of CN Asia Corp Berhad. CN Asia's primary business is in investment, manufacturing and civil engineering and is listed on the Malaysia Stock Exchange.

Ms Scivetti is admitted as a solicitor to the Supreme Court of New South Wales, Australia. She is also admitted as an attorney of the New York Bar and an Advocate and Solicitor of the Malaysian Bar.

With more than 22 years of extensive experience as a lawyer, Ms Scivetti has acted for multi-national and international corporations, governments, high net worth individuals as well as the largest political party in Malaysia.

Ms Scivetti is the founder and sole proprietor of Scivetti & Associates. Prior to moving to Malaysia, Ms Scivetti was an associate lawyer of a leading law firm in Sydney, Australia. After moving to Malaysia, Ms Scivetti joined one of the top 10 legal firm in Malaysia as a legal associate.

Dr Amanda Buckingham

(Non-Executive Director of Oz Yellow Uranium Limited)

Dr Buckingham is a geophysicist who has been involved in mineral exploration for more than 25 years. Amanda co-founded Fathom Geophysics in late 2007, an award-winning and industry leading geophysical consulting group based in USA and Australia; that has developed world's-best technology for targeting under cover.

Dr Buckingham has extensive exploration experience globally. Her early career involved work as a geoscientist and project manager at majors such as Rio Tinto; as well as listed juniors in both Canada and Australia and several years consulting at SRK.

Dr Frank Bierlein

(Non-Executive Director of Oz Yellow Uranium Limited)

Dr Frank Bierlein is a geologist with 30 years of experience as a consultant, researcher, lecturer, mentor and industry professional. Most recently, he was part of the team that discovered the Jebel Ohier porphyry Cu-Au deposit in the Proterozoic Shield region of northern Sudan. In his role as Exploration Manager for QMSD Mining Co Ltd., he oversaw the drill-out and advancement of this deposit to PEA status within five years of discovery.

Dr Bierlein has held generative geology management positions with Qatar Mining, Afmeco Australia and Areva NC, and consulted for, among others, Newmont Gold, Resolute Mining, Goldfields International, Freeport McMoRan, and the International Atomic Energy Agency. He was a non-Executive director of Gold Australia NL from 2015 to 2019, and chaired the Advisory Board of a Luxemburg-based private equity fund (ME Pergamon) between 2014 and 2021. He is currently a Non-executive Director of PNX Metals Ltd.

FORWARD STRATEGY

Given the continued advancement of its Greenland development plan, the Company is continuing to review its asset portfolio to assess ways to best extract value from its projects for shareholders, including a potential repositioning of assets to ensure an appropriate exploration and development focus can be maintained in relation to the Ivittuut Project. The Proposed Transaction with Oz Yellow goes some way to progress this strategy. The Company will continue to keep the market updated in this regard.

Authorised for release by the Board

Carl Popal
Executive Chairman

Rodney Dale
Non-Executive Director



Competent Persons Statement

The information in this report / ASX release that relates to Exploration Results and Exploration Targets includes information was compiled and reviewed by Mr. Rodney Dale, Non-Executive Director of Eclipse Metals Ltd. Mr. Dale holds a Fellowship Diploma

in Geology from RMIT, is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) 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 consents to the inclusion in this report / ASX release of the matters based on information in the form and context in which it appears. Additionally, Mr Dale confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

About Eclipse Metals Ltd (ASX: EPM)

Eclipse Metals Ltd is an Australian exploration company focused on exploring South-western Greenland, Northern Territory and Queensland for multi commodity mineralisation. Eclipse Metals Ltd has an impressive portfolio of assets prospective for cryolite, fluorite, siderite, quartz, REE, gold, platinum group metals, manganese, palladium, vanadium and uranium mineralisation. The Company's mission is to increase shareholders' wealth through capital growth and ultimately dividends. Eclipse Metals Ltd plans to achieve this goal by exploring for and developing viable mineral deposits to generate mining or joint venture incomes.

ANNEXURE A – MATERIAL TERMS OF THE BINDING HEADS OF AGREEMENT

Eclipse and Oz Yellow have executed a binding heads of agreement under which Eclipse has conditionally agreed to sell its 100% interest in the NT Projects to Oz Yellow (**Binding Heads of Agreement**). A summary of the material terms and conditions of the Binding Heads of Agreement is set out below:

Sale Assets	100% interest in the tenements set out below and all associated mining information.
Consideration	<p>The consideration payable by Oz Yellow for the acquisition of the NT Projects will comprise the following:</p> <ul style="list-style-type: none"> (a) a non-refundable deposit by way of a cash payment of \$5,000; (b) a cash payment of \$250,000 by way of a reimbursement of previous expenditure incurred by Eclipse on the NT Projects plus a further cash payment of an amount equal to all expenditure costs to be incurred by Eclipse on the NT Projects up to completion of the Proposed Transaction up to a maximum amount of \$800,000; (c) the issue of such number of Oz Yellow Shares that will represent 60% of Oz Yellow's total issued shares upon Oz Yellow being listed on the ASX, of which half will be distributed in specie to Eclipse shareholders in proportion to their existing shareholding in Eclipse; and (d) the grant of a 4% net smelter royalty in relation to the NT Projects.
Conditions Precedent	<p>Completion of the sale is conditional upon the satisfaction (or waiver) of the following conditions precedent:</p> <ul style="list-style-type: none"> (a) Capital raising: Oz Yellow undertaking an initial public offer (IPO) and receiving valid applications for no less than the higher of the amount required by the ASX to obtain initial quotation and A\$20 million inclusive of costs and expenditure, at an issue price of no less than A\$0.20 per share under the IPO; (b) ASX conditional approval: ASX providing Oz Yellow with a conditional approval letter containing a list of conditions (including satisfaction of Chapters 1 and 2 of the ASX Listing Rules and such other conditions being reasonably acceptable to Oz Yellow) which, when satisfied, will result in ASX admitting Oz Yellow to the official list of ASX; and (c) Regulatory and shareholder approvals: each of the Parties obtaining all necessary legal, regulatory and shareholder approvals required to give effect to the transactions contemplated in this Agreement (including any shareholder approvals required under the ASX Listing Rules and/or the Corporations Act and any approval under the <i>Foreign Acquisitions and Takeovers Act 1975 (Cth)</i> (if required)) and all necessary authorisations, consents and approvals (including all governmental and regulatory approvals, if required), <p>(together, the Conditions Precedent).</p> <p>If the Conditions Precedent are not satisfied (or, if applicable, waived by the party or parties with the benefit of the Condition Precedent) on or before 5.00pm (WST) on 31 March 2022 (or such other date as the parties may agree), then either party may terminate the Binding Heads of Agreement.</p>
Board representation	Upon completion of the transaction, Eclipse will have 2 nominee directors appointed to the board of Oz Yellow.
Buy Back Option	Oz Yellow will grant to Eclipse a buy back option, pursuant to which Eclipse will have the right to repurchase the NT Projects for nominal consideration in the event that Oz Yellow fails to spend at least \$2,000,000 within the first 24 months from listing on ASX (which period may be extended by a further 12 months by mutual agreement between the parties).
Other terms	The Binding Heads of Agreement otherwise contains customary terms and conditions, including representations and warranties and confidentiality clauses.

Tenement List

Tenement Number	Project	Prospect	Status	Commodity	Holder	Ownership %
EL27584	Alligator River	Devil's Elbow	Granted	U-Gold-Pd	North Minerals Pty Ltd	100
EL31065	Alligator River	Liverpool 1	Application	Uranium	Eclipse Metals Ltd	100
EL31770	Alligator River	Liverpool 2	Application	Uranium	Eclipse Metals Ltd	100
EL31771	Alligator River	Liverpool 3	Application	Uranium	Eclipse Metals Ltd	100
EL31772	Alligator River	Liverpool 4	Application	Uranium	Eclipse Metals Ltd	100
EL24808	Ngalia Basin	Cusack's Bore E	Granted	Uranium	Eclipse Metals Ltd	100
EL31499	Ngalia Basin	Ngalia 1	Application	Uranium	Eclipse Metals Ltd	100
EL31500	Ngalia Basin	Ngalia 2	Application	Uranium	Eclipse Metals Ltd	100
EL31502	Ngalia Basin	Ngalia 4	Application	Uranium	Eclipse Metals Ltd	100
EL32077	Ngalia Basin	Central Ngalia	Application	Uranium	Eclipse Metals Ltd	100
EL32078	Ngalia Basin	Central Ngalia	Application	Uranium	Eclipse Metals Ltd	100
EL32079	Ngalia Basin	Central Ngalia	Application	Uranium	Eclipse Metals Ltd	100
EL32080	Ngalia Basin	Ngalia North	Granted	Uranium	Eclipse Metals Ltd	100