

4th April 2022

ASX Announcement

UPDATE ON DIVESTMENT OF NORTHERN TERRITORY PROJECTS

Eclipse Metals Ltd (ASX: **EPM**) (**Eclipse Metals** or the **Company**) today confirms that it has amended the binding heads of agreement with Oz Yellow Uranium Limited (ACN 651 734 600) (**Oz Yellow**) in relation to the divestment of certain Northern Territory tenements, which comprise the Ngalia Basin Uranium Prospects and the Liverpool Uranium Project (**NT Projects**) (**Proposed Transaction**).

The Proposed Transaction contemplates Oz Yellow undertaking an IPO and seeking a listing onto the official list of the ASX. On 10 February 2022, the Company announced it has been notified that Petra Capital Pty Ltd was purporting to terminate its mandate with Oz Yellow to act as sole lead manager, sole underwriter and sole book runner to its IPO. Following this notification the Company and Oz Yellow have been in discussions in relation to its impact on the Proposed Transaction. The Board continues to believe that the divestment of the NT Projects to be an extraordinary opportunity to maximise shareholder value in this long-held asset, whilst allowing the Company to focus its efforts on advancing its other projects, including its flagship Ivittuut Project in Greenland.

As a result of the Company's discussions with Oz Yellow, the parties have agreed to extend the date on which Oz Yellow may undertake the IPO and seek a listing onto the official list of the ASX, both of which form conditions precedent to the Proposed Transaction, to 30 June 2022. In addition, following a review of the NT Projects in the context of current market conditions, the structure of the IPO and consequently the structure of the consideration payable to Eclipse under the Proposed Transaction has been revised.

Under the revised Proposed Transaction structure Oz Yellow will seek to raise between \$6 million and \$10 million (before costs) via its IPO. In addition, the consideration payable to Eclipse will comprise:

- (a) fully paid ordinary shares in Oz Yellow which will equate to between 42% and 49% of Oz Yellow upon its listing on the ASX (depending on the amount raised under the IPO), of which a portion will be distributed in specie to Eclipse shareholders on a pro rata basis;
- (b) unlisted options in Oz Yellow which will equate to between 28% and 32% of Oz Yellow (on a fully diluted basis) upon its listing on the ASX (depending on the amount raised under the IPO);
- (c) \$255,000 in cash plus a further cash payment of an amount equal to all expenditure costs to be incurred by Eclipse on the NT Projects until completion of the Proposed Transaction up to a maximum amount of \$250,000; and
- (d) a 2% NSR royalty.

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.

Eclipse Metals' Executive Chairman Carl Popal said, *"The revised divestment terms of Eclipse's non-core uranium assets are more pragmatic in delivering a simplified and balanced approach to progress evaluation of the uranium portfolio. Oz Yellow Uranium will be a new pure-play company focused on the northern territory uranium tenement. Eclipse's recently announced high grade quartz, REE and rare/critical metals results have boosted our confidence to strategically move forward in developing the Company's polymetallic Ivittuut project in Greenland."*

Coinciding with the growing global demand for REE, unique minerals and metals delineated and also the quantifiable mass of low impurity, high silica quartz with up to 99.6% SiO₂ in a target of 5.8M tonne, puts Eclipse in the perfect position to focus more on definition and production of high silica grade quartz in the near future. This is highly sought after industrial mineral, also essential in high-tech semiconductors. The divestment of our uranium assets will position Eclipse with clear targets to concentrate as an REE and rare/critical metals explorer and the developer of high silica grade quartz mine.

“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 to be an extraordinary opportunity to maximise shareholder value in this long-held asset.”

Authorised for release by the Board

Carl Popal
Executive Chairman

Rodney Dale
Non-Executive Director



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.

About the Ivittuut Project

Ivigtût is located in southwestern Greenland and has a power station and fuel supplies to service this station and local traffic to support mineral exploration. About 5.5km to the northeast of Ivigtût, the settlement of Kangilinnugit (aka Grønnedal), provides a heliport and an active wharf with infrastructure. The Grønnedal-Ika carbonatite complex is less than 10km from Ivigtût and only 5km from the port of Grønnedal. This complex is one of the 12 larger Gardar alkaline intrusions in Greenland and is recognised by GEUS as one of Greenland's prime REE targets along with Kvanefjeld and Kringlerne (Tanbreez).

The Gardar Province of southwest Greenland constitutes one of the best-endowed REE provinces worldwide. It represents an ancient continental rift zone that was active between 1,330 and 1,140 Ma (i.e., Mesoproterozoic era). Gardar magmatism produced a broad suite of extrusive and intrusive rocks, including kilometre-scale alkaline complexes that are among the world's largest alkaline ore deposits. The Ivittuut mineralised system, spatially and genetically associated with an evolved alkaline complex of the Gardar Province, formed 1.3 billion years ago as cooling hydrothermal fluids moved through the Earth's crust.

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 ASX announcement 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 this ASX announcement.