

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

For the Quarter ending 31 December 2017

### **HIGHLIGHTS**

- **Diamond Drilling commenced on Mary Valley Manganese Project**
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### **QUEENSLAND - MARY VALLEY MANGANESE PROJECT**

During the quarter the Company progressed detailed planning and permitting procedures for drill testing of the manganese prospects in the Mary Valley Project, Queensland (Figures 1 and 2). The aim of this program is to gain better understanding of the extent of manganese mineralisation, its mineralogy and grade distribution.

The drill sites were prepared and a contractor commenced diamond drilling based on combined geological and gravimetric geophysical data. Drilling ceased during the festive season and only recommenced early in January 2018; hence no results will be available before the end of the quarter.

The Company is targeting extensions to known high grade mineralisation in historic mine workings, in particular at Amamoor (refer ASX releases dated 15 March and 8 June 2017).

Metallurgical characterisation of the manganese concentrates from surface samples determined that most of these products appear to be suitable for ferroalloy smelting, with some samples returning effectively DSO grades above 40% Mn. Concentrate phosphorous contents are all acceptably low, being below the 0.2% limit generally imposed. The iron contents are low, but this can be compensated for in ferroalloy smelters by adding iron ore to the furnace feed mix or by blending with high grade iron ores.

### **FUTURE EXPLORATION**

The Company will assess the results of the current drilling as they come to hand during the current quarter and will continue its exploration of other prospects such as Skyring Creek, Skyring North and Donaldson's. These prospects, in addition to the Amamoor and Eel Creek prospects, appear to have potential to contain significant quantities of manganese mineralisation. Other manganese prospects will be progressively evaluated. The company is assessing new technology that may be suitable for quick extensional exploration of the manganiferous horizons at depth.

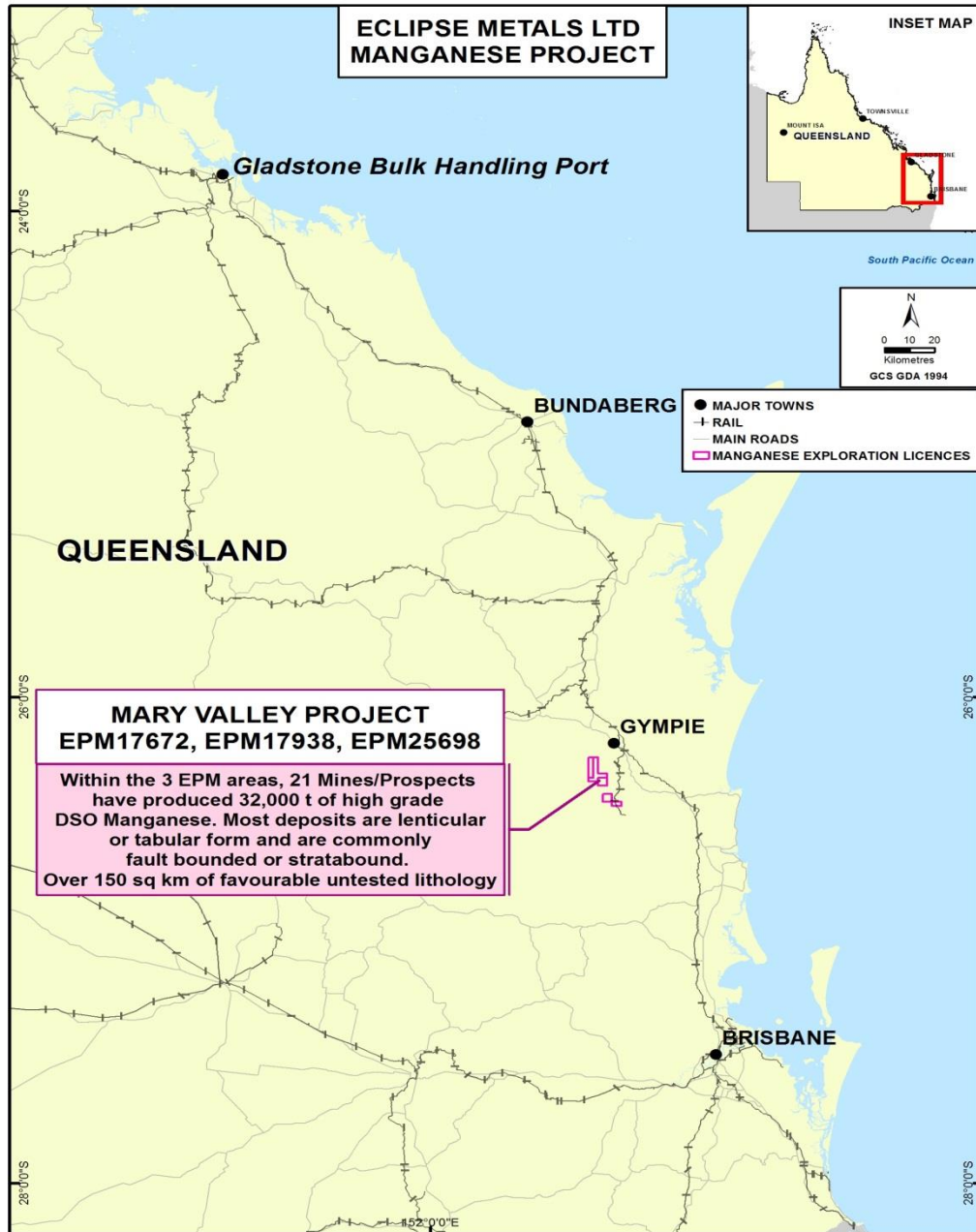


Figure 1 Location Plan for Eclipse's Mary Valley Manganese Project

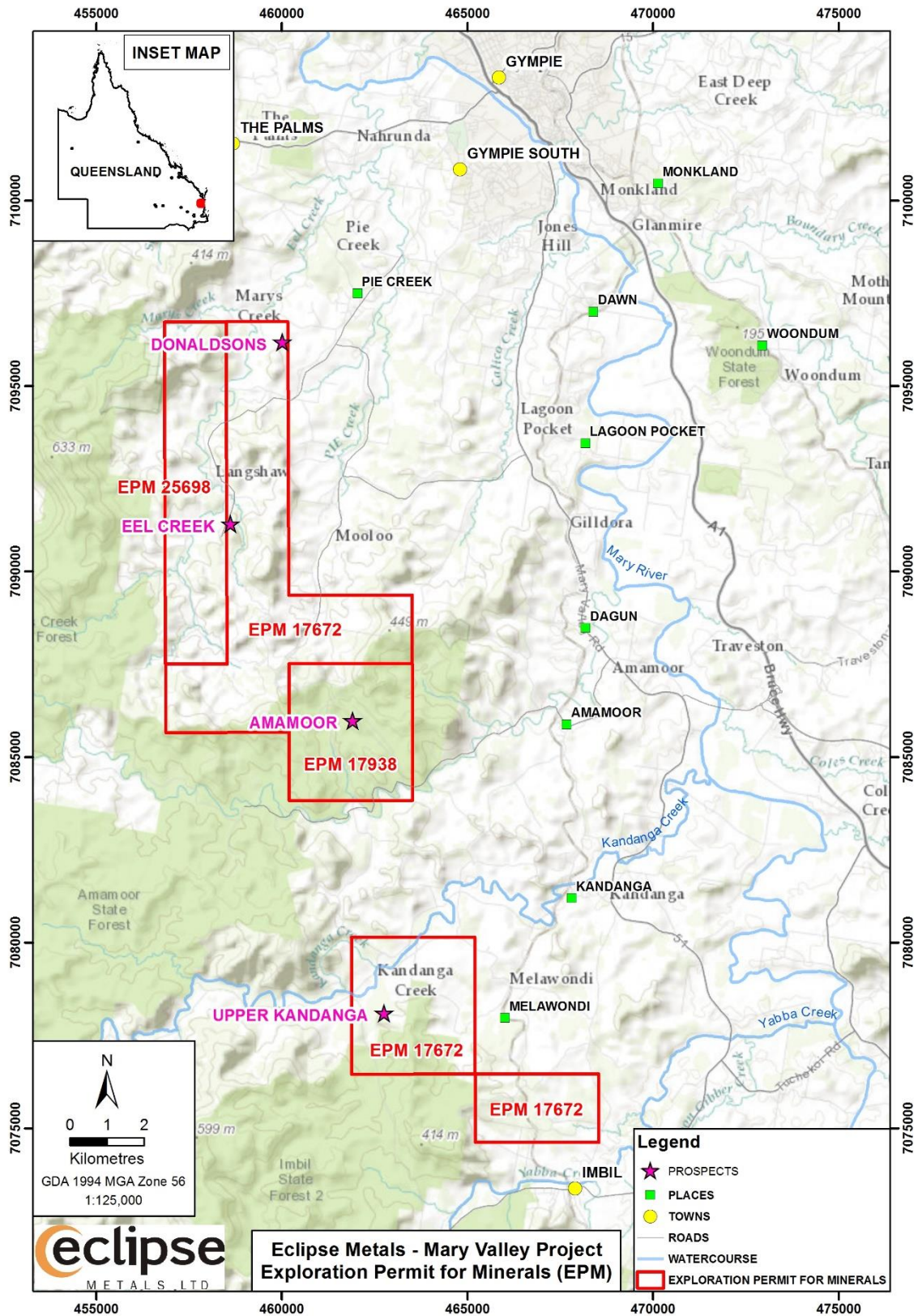


Figure 2. Mary Valley Tenement Map (updated)

**NORTHERN TERRITORY: DEVILS ELBOW- RIO TINTO FARM-IN / JV ELA 27584**

Under the farm-in and joint venture arrangement with Eclipse, Rio Tinto Exploration (RTX) is continuing to pursue an arrangement with the Northern Land Council (NLC) for a site anthropological survey to determine consent and non-consent areas by Traditional Owners to facilitate the application procedure.

RTX was unable to facilitate this site survey prior to the commencement of the wet season in the Northern Territory, and this activity is now expected to take place in the 2018 field season. Following the results of the site survey a final meeting will be planned with the NLC Executive for endorsement of these areas by Traditional Owners.

**NORTHERN TERRITORY: OTHER TENEMENTS**

Replacement applications (ELA's 31770-31772) for some Liverpool tenure were submitted during the quarter. Applications for the Flying Fox and Pozieres areas were relinquished. No field activity was performed during the quarter (refer Figure 3).

**TENEMENT INTERESTS ASX -Listing Rule 5.3.3**

The mining tenements held at the end of the quarter and their locations are listed below. No granted ground was acquired or relinquished during the quarter, nor granted interest earned in or farmed out.

**Granted Tenements**

Tenement	Project Name	Commodity	Status	State	Holder	%	Graticular Blocks
EL 24808	Bigryli	Uranium	Granted	NT	Eclipse Metals Ltd	100	27
EPM 17672	Mary Valley	Manganese	Granted	Qld	Walla Mines Pty Ltd <sup>1</sup>	100	15
EPM 17938	Amamoor	Manganese	Granted	Qld	Walla Mines Pty Ltd <sup>1</sup>	100	4
EPM 25698	West Mary Valley	Manganese	Granted	Qld	Eclipse Metals Ltd	100	5

**Tenement Applications**

Tenement	Project Name	Commodity	Status	State	Holder	%	Graticular Blocks
ELA 24623	Eclipse	Uranium	Application	NT	Eclipse Metals Ltd	100	305
ELA 24861	Lake Mackay	Uranium	Application	NT	Eclipse Metals Ltd	100	50
ELA 26487	Yuendi	Cu, Uranium	Application	NT	Whitvista Pty Ltd <sup>2</sup>	100	320
ELA 27584	Devil's Elbow	Uranium	Application	NT	North Minerals Pty Ltd <sup>3</sup>	100	30
ELA 27703	Gumadeer	Uranium	Application	NT	North Minerals Pty Ltd <sup>3</sup>	100	3
ELA 31065	Liverpool 4	Uranium	Application	NT	Eclipse Metals Ltd	100	68
ELA 31499	Ngalia 1	Uranium	Application	NT	Eclipse Metals Ltd	100	249
ELA 31500	Ngalia 2	Uranium	Application	NT	Eclipse Metals Ltd	100	250
ELA 31501	Ngalia 3	Uranium	Application	NT	Eclipse Metals Ltd	100	250
ELA 31502	Ngalia 4	Uranium	Application	NT	Eclipse Metals Ltd	100	226
ELA 31770	Liverpool 2	Uranium	Application	NT	Eclipse Metals Ltd	100	50
ELA 31771	Liverpool 1	Uranium	Application	NT	Eclipse Metals Ltd	100	240
ELA 31772	Liverpool 3	Uranium	Application	NT	Eclipse Metals Ltd	100	51

**1** Walla Mines Pty Ltd is a subsidiary of Eclipse Metals Ltd

**2** Whistvista Pty Ltd is a subsidiary of Eclipse Metals Ltd

**3** North Minerals Pty Ltd is a subsidiary of Eclipse Metals Ltd



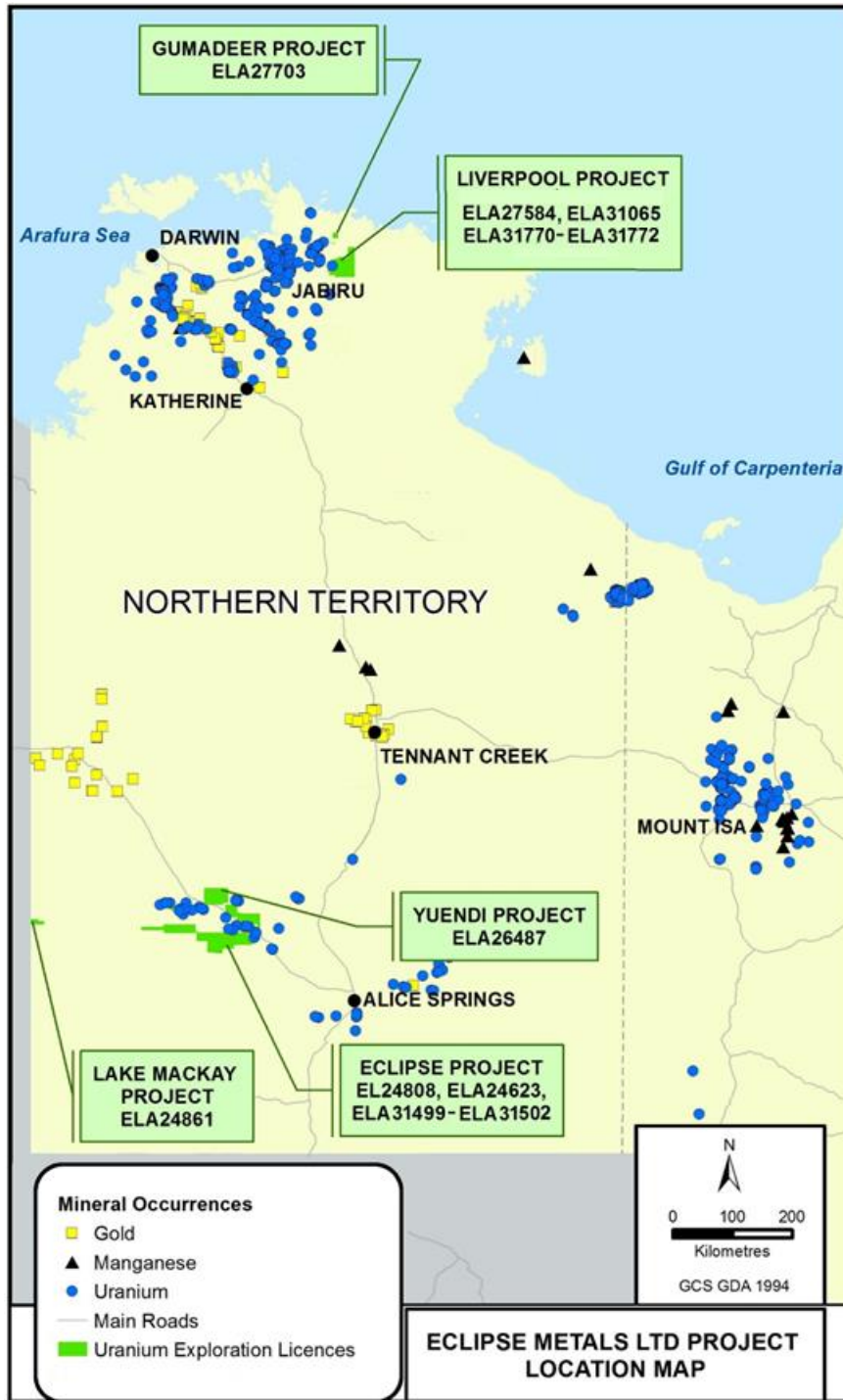


Figure 3. Northern Territory Tenement Map (updated)

*The information contained in this quarterly report that relates to Exploration Results together with any related assessments and interpretations 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.*

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For further information please contact:

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Non-Executive Director  
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## 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, 01/05/13, 01/09/16

### Name of entity

ECLIPSE METALS LIMITED

### ABN

85 142 366 541

### Quarter ended ("current quarter")

December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(32)	(83)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(108)	(207)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (BAS Refund)	8	14
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(131)</b>	<b>(273)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-



Appendix 5B

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

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,114	1,256
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(131)	(273)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>983</b>	<b>983</b>

**Appendix 5B**

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

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	983	1,114
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>983</b>	<b>1,114</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

26

Nil

Director and geological fees for services provided

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

Nil

Nil

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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	Nil	Nil
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	250
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	95
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>345</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....

Date: 31 January 2018

Print name: **Carl Popal**  
**Director**

**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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.