



Eclipse Metals Limited

ABN 85 142 366 541

and its controlled entities

Report for the half-year ended

31 December 2019

Corporate directory

Board of Directors

Mr Rodney Dale Non-Executive Chairman
Mr. Carl Popal Non-Executive Director
Mr Ibrar Idrees Non-Executive Director

Company Secretary

Ms Eryn Kestel

Registered Office and Principal Place of Business

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Website

Website: www.eclipsemetals.com.au

Auditors

Stantons International
Level 2, 1 Walker Avenue
West Perth, Western Australia 6005

Share Registry

Automic Group
Level 2/267, St George Terrace
Perth, WA 6000

Securities Exchange

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth, Western Australia 6000

ASX Codes

Shares: EPM

Half year report for the half-year ended 31 December 2019

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Directors' report

The directors of Eclipse Metals Limited ("the Company") submit herewith the operations and financial report of Eclipse Metals Limited and its controlled entities ("the Group") for the half-year ended 31 December 2019. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

Mr Rodney Dale
Mr Carl Popal
Mr Ibrar Idrees

Operating Results

The loss before income tax for the Group for the half-year ended 31 December 2019 amounted to \$1,202,728 compared to a loss before income tax of \$186,051 for the half-year ended 31 December 2018.

Principal activities

The principal activity of the Group during the half year was mineral exploration. There were no significant changes to the Group's principal activity during the half year.

Annual General Meeting

The Company held its annual general meeting on 29 November 2019 ("AGM"). All resolutions put to shareholders were passed.

Highlights

- Negotiations concluded with the Traditional Owners giving approval for granting of EL27584 which covers the Devil's Elbow uranium-gold-PGE prospect were ratified by Northern Land Council (NLC).
- Subsequent to the end of the half-year, consent was received from the Commonwealth Minister for Indigenous Australians for granting of EL27584, which notification has been provided to the NT Minister for Primary Industry and Resources and the NLC.
- Upon granting of the Devil's Elbow exploration licence, detailed planning for field exploration will be commissioned.
- All available historical exploration data is presently being collated and assessed for planning further exploration of the Devil's Elbow area.
- Analysis of results from historical regional exploration in the Ngalia Basin and planning future exploration is ongoing.

NORTHERN TERRITORY: URANIUM TENEMENTS

LIVERPOOL PROJECT

Devil's Elbow Prospect (ELA's 27584, 31065, 31770-772)

In the December 2019 Quarterly Activities Report, the Company announced that it had successfully concluded negotiations of a long-awaited Aboriginal Land Right Agreement with the Traditional Owners on EL 27584 which covers the Devil's Elbow prospect in West Arnhem Land, Northern Territory. The terms of the Agreement negotiated under the *Aboriginal Land Rights (Northern Territory) Act 1976*, for the life of EL 27584, allows the Company to explore for and mine mineral deposits within the company's Devil's Elbow uranium-gold-PGE prospect within its Liverpool Project area.

Under the Agreement, consent is granted by the Traditional Owners for bilateral benefits, ratified by Northern Land Council (NLC) Executive Council and now subject only to granting by the Northern Territory Department of Mines and Energy.

Collation of all historical exploration data and analysis of geophysical results has commenced to facilitate planning future exploration, which is expected to commence in the second quarter of 2020, subject to granting of the EL by the NT Minister.

During the quarter voluminous historical exploration data from Uranerz and Cameco was referred to in compiling a video presentation focused on Devil's Elbow, now posted on the company's website eclipseuranium.com.au/investors/presentations/.

Eclipse's upcoming exploration program will focus on the ground around the Devil's Elbow, Terrace and Ferricrete uranium prospects, concentrating on reconnaissance over high priority geochemical and radiometric anomalies centrally within EL27584 and to the unexplored south of the Ranger Fault.

Devil's Elbow Background

The Devil's Elbow prospect lies approximately 285 km east of Darwin, hosted within the world-class Alligator Rivers Uranium Field. The Liverpool tenements are situated approximately 40 km southeast of the Nabarlek Uranium Mine and approximately 65km west of the Ranger Uranium Mine. Figure 1.

The Devil's Elbow prospect was first discovered and explored by Uranerz Australia and subsequently further explored, mainly to the north of Ranger Fault, by Cameco between 2002 and 2008. Samples from shallow trenching yielded high-grade uranium, gold and palladium assays including **3.2% U₃O₈, 3.7% U₃O₈, 4.40% U₃O₈ and 5.8% U₃O₈**, with **38.1g/t Au** and **28.02g/t Pd**, related to fractures within altered amygdaloidal basalt of the Nungbalgarri Volcanics.

Since early 2013, Eclipse Metals has conducted extensive and detailed historical data review over the Devil's Elbow area and its surrounding tenements. Based on these results, the company has delineated several new electromagnetic/gravity/radiometric targets, untested highly anomalous structural zones and areas to the South of the Ranger Fault which warrant further significant follow-up exploration activity.

The Devil's Elbow exploration area and adjoining EL applications (Figure 1), covers 1,414 sq. km of prospective geology. Major uranium explorers such as Rio Tinto, Cameco Australia, and Alligator Energy Ltd also hold significant exploration ground within the world-class Alligator Rivers Uranium Field together with several listed Australian companies.

Eclipse anticipates full access will be granted by the Northern Territory Department of Mines and Energy early in 2020 when planning for field exploration activities in the 2020 field season can commence on this geologically exciting project area in the mineral rich Alligator Rivers Uranium Field in Arnhem Land.

NGALIA BASIN

In the Ngalia Basin, the Company holds two granted exploration licences, EL24808 (Cusack's Bore) and EL32080 (North Ngalia). Applications for EL's 31499 to 31502 and 32077 to 32079, which combined cover an aggregate 400 line-kilometres of probable paleochannels prospective for uranium and vanadium, are progressing through the statutory channels. Figure 2.

Exploration Licence 24808, Cusack's Bore

Analysis of data from a gravity survey within the Cusack's Bore EL identified nearly 20 line-kilometres of probable paleochannel targets for uranium and vanadium mineralisation.

An exploration program to test these paleochannels is being planned.

Exploration Licence 32080, North Ngalia

This EL, adjacent to granted EL 24808, provides additional ground covering known paleochannels in the northern part of Ngalia Basin and will be explored by geophysical survey methods in the near future.

Applications for EL's 24623 and 26487 (Yuendi project area) with an area of 1,750sqkm, on the north-western side of the Ngalia Basin are presently in a moratorium period.

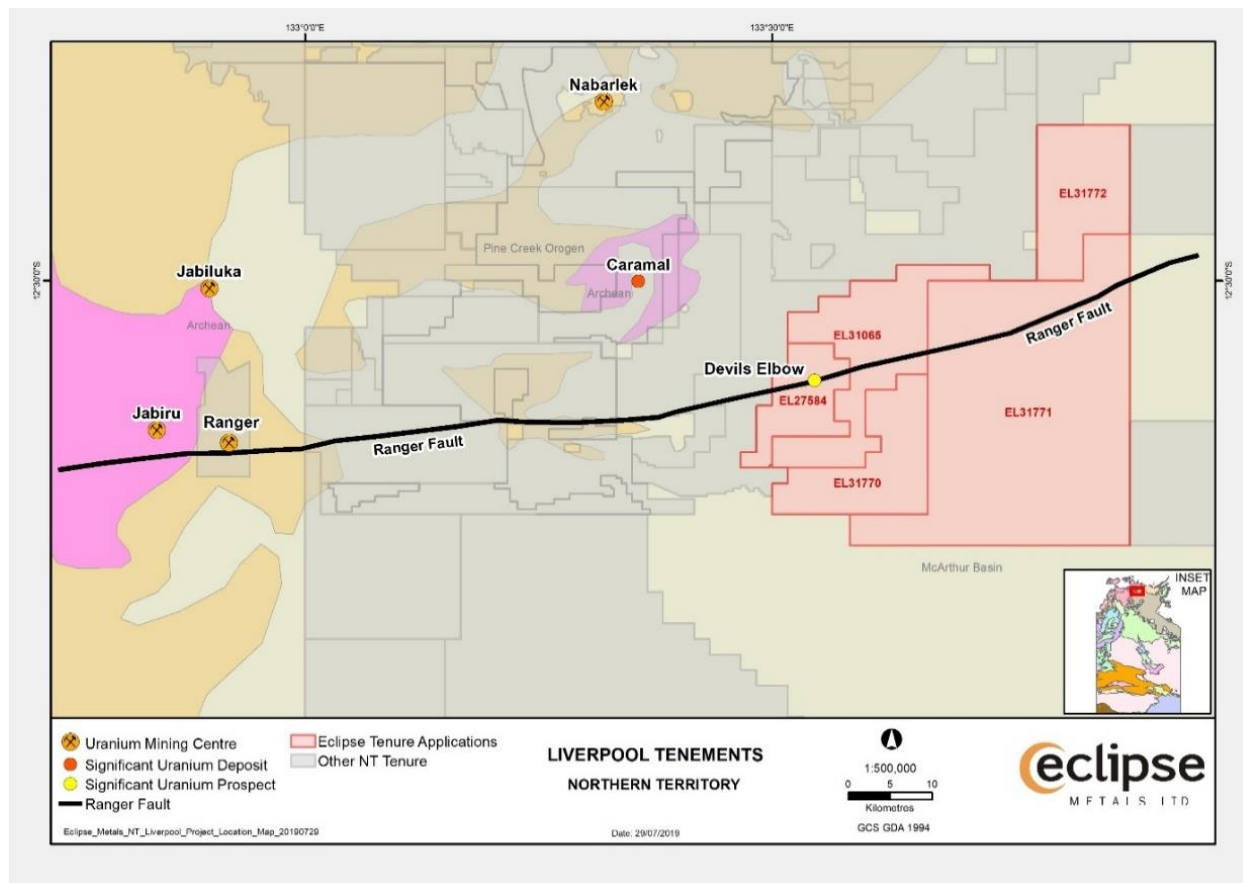


Figure 1. Liverpool Project Tenement Applications.

QUEENSLAND

MARY VALLEY MANGANESE PROJECT EPM 17672 and 17938

There have been no field activities on this project area due to climatic constraints and bushfire problems.

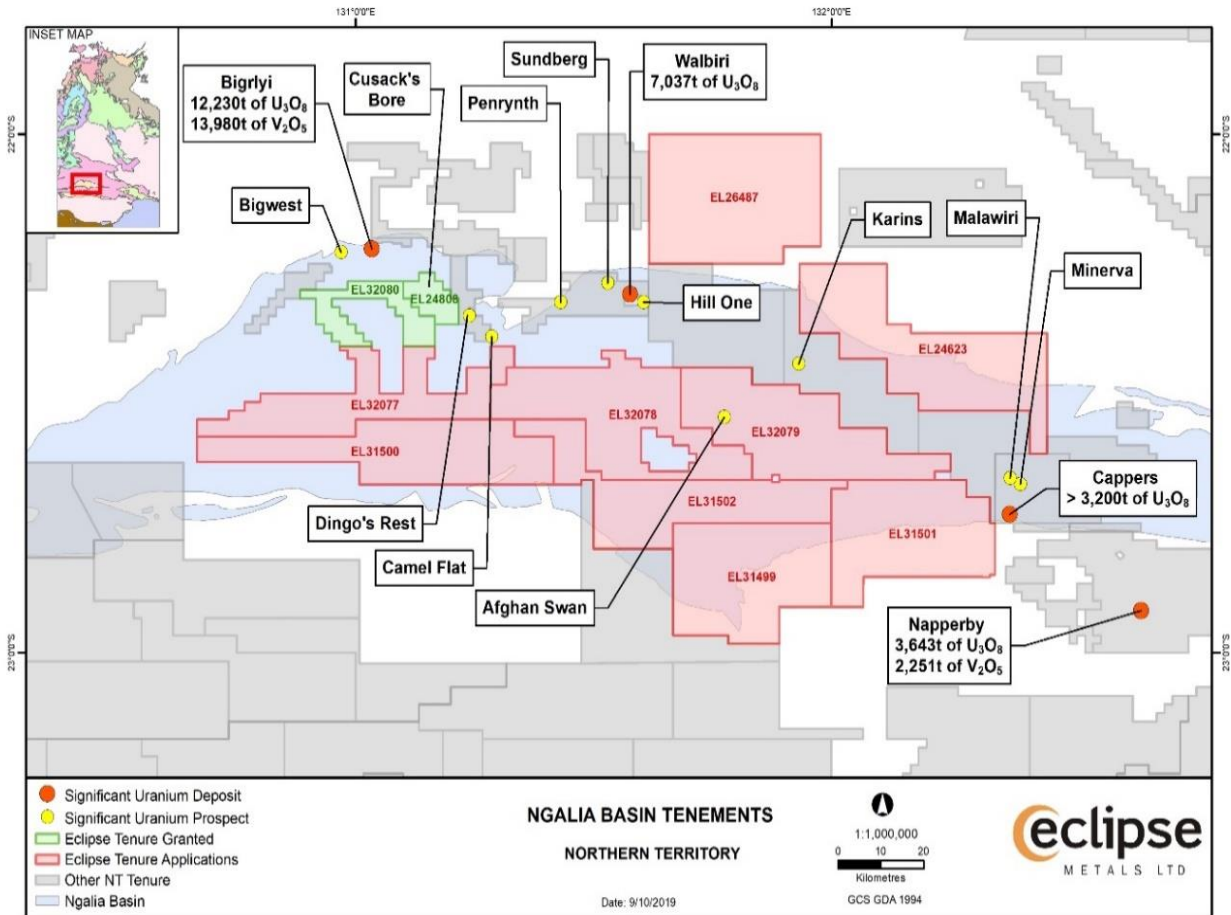


Figure 2. Ngalia Basin NT, showing EL Applications and Granted EL's

| Tenement | Project Name | Commodity | Status | State | Holder | % | Graticular Blocks |
|-----------|---------------|-----------|---------|-------|----------------------------------|-----|-------------------|
| EL 24808 | Cusack's Bore | Uranium | Granted | NT | Eclipse Metals Ltd | 100 | 27 |
| EL 32080 | North Ngalia | Uranium | Granted | NT | Eclipse Metals Ltd | 100 | 32 |
| EPM 17672 | Mary Valley | Manganese | Granted | Qld | Walla Mines Pty Ltd ¹ | 100 | 7 |
| EPM 17938 | Amamoor | Manganese | Granted | Qld | Walla Mines Pty Ltd ¹ | 100 | 4 |

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 ² | 100 | 320 |
| ELA 27584 | Devil's Elbow | Uranium | Application | NT | North Minerals Pty Ltd ³ | 100 | 30 |
| ELA 27703 | Gumadeer | Uranium | Application | NT | North Minerals Pty Ltd ³ | 100 | 3 |
| ELA 31065 | Liverpool 1 | 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 3 | Uranium | Application | NT | Eclipse Metals Ltd | 100 | 240 |
| ELA 31772 | Liverpool 4 | Uranium | Application | NT | Eclipse Metals Ltd | 100 | 51 |
| ELA 32077 | Central Ngalia | Uranium | Application | NT | Eclipse Metals Ltd | 100 | 195 |
| ELA 32078 | Central Ngalia | Uranium | Application | NT | Eclipse Metals Ltd | 100 | 248 |
| ELA 32079 | Central Ngalia | Uranium | Application | NT | Eclipse Metals Ltd | 100 | 248 |

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

The information in this report that relates to Exploration Results together with any related assessments and interpretations is based on information compiled by Mr Rodney Dale, 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

Auditor's independence declaration

The auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is included on page 11 and forms part of the directors' report for the half- year ended 31 December 2019.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the corporations Act 2001.

On behalf of the directors



Mr Rodney Dale
Non-Executive Chairman
11 March 2020
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ECLIPSE METALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eclipse Metals Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Eclipse Metals Limited (the Company). The Group comprises both Eclipse Metals Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Eclipse Metals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eclipse Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Eclipse Metals Limited on 11 March 2020.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eclipse Metals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

We draw attention to Note 1a of the financial report, which describes that the financial report has been prepared on a going concern basis. At 31 December 2019 the Group had cash and cash equivalents of \$466,089 and deficit working capital of \$4,589. The Group had incurred a loss for the period ended 31 December 2019 of \$1,202,728 and had net cash outflows from operating activities of \$128,396.

The ability of the Group to continue as a going concern and meet its planned exploration, administration, and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Our conclusion is not modified in respect of this matter.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
11 March 2020

11 March 2020

Board of Directors
Eclipse Metals Limited
Level 3, 1060 Hay Street
WEST PERTH WA 6005

Dear Sirs

RE: ECLIPSE METALS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Eclipse Metals Limited.

As Audit Director for the review of the financial statements of Eclipse Metals Limited for the period ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

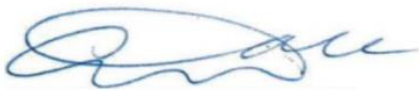
Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 *'Interim Financial Reporting'* and giving a true and fair view of the financial position as at 31 December 2019 and performance of the Group for the half year ended on that date.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



Mr Rodney Dale
Non-Executive Chairman

11 March 2020
Perth, Western Australia

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2019

| | Note | Consolidated | |
|---|------|--------------------|------------------|
| | | Half-year ended | |
| | | 31 Dec 2019 | 31 Dec 2018 |
| | | \$ | \$ |
| Continuing operations | | | |
| Revenue and other income | 2 | 64,973 | 1,307 |
| Employee benefits expenses and director fees | | (40,695) | (41,998) |
| Consultancy expenses | | (64,814) | (50,199) |
| Professional services expenses | | (38,970) | (44,161) |
| Listing expenses | | (9,388) | (12,385) |
| Travel expenses | | (2,456) | - |
| Administration expenses | | (49,141) | (38,315) |
| Finance expenses | | (365) | (300) |
| Impairment of Exploration and Expenditure | | (1,061,872) | - |
| Loss before income tax | | (1,202,728) | (186,051) |
| Income tax expense | | - | - |
| Loss for the period | | (1,202,728) | (186,051) |
| Other comprehensive income, net of income tax | | | |
| Items that will not be reclassified subsequently to profit or loss | | - | - |
| Items that may be reclassified subsequently to profit or loss | | - | - |
| Other comprehensive income for the period, net of income tax | | - | - |
| Total comprehensive loss for the period | | (1,202,728) | (186,051) |
| Loss attributable to: | | | |
| Owners of Eclipse Metals Limited | | (1,175,511) | (186,015) |
| Non-controlling interests | | (27,217) | (36) |
| | | (1,202,728) | (186,051) |
| Total comprehensive loss attributable to: | | | |
| Owners of Eclipse Metals Limited | | (1,175,511) | (186,015) |
| Non-controlling interests | | (27,217) | (36) |
| | | (1,202,728) | (186,051) |
| Loss per share: | | | |
| Basic and diluted (cents per share) | | (0.10) | (0.02) |

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Consolidated statement of financial position as at 31 December 2019

| | Note | Consolidated | |
|--|------|-------------------|-------------------|
| | | 31 Dec 2019 \$ | 30 Jun 2019 \$ |
| Current assets | | | |
| Cash and cash equivalents | | 466,089 | 358,469 |
| Trade and other receivables | | 21,105 | 14,205 |
| Prepayments | | 13,399 | 3,248 |
| Total current assets | | 500,593 | 375,922 |
| Non-current assets | | | |
| Exploration and evaluation expenditure | 3 | 1,365,858 | 2,418,542 |
| Total non-current assets | | 1,365,858 | 2,418,542 |
| Total assets | | 1,866,451 | 2,794,464 |
| Current liabilities | | | |
| Trade and other payables | | 505,182 | 486,971 |
| Total current liabilities | | 505,182 | 486,971 |
| Total liabilities | | 505,182 | 486,971 |
| Net assets | | 1,361,269 | 2,307,493 |
| Equity | | | |
| Issued capital | 4 | 25,726,515 | 25,470,011 |
| Reserves | | 38,950 | 38,950 |
| Accumulated losses | | (24,352,370) | (23,176,859) |
| Owners of Eclipse Metals Limited | | 1,413,095 | 2,332,102 |
| Non-controlling interests | | (51,826) | (24,609) |
| Total equity | | 1,361,269 | 2,307,493 |

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

**Consolidated statement of changes in equity
for the half-year ended 31 December 2019**

| | Issued capital | Reserves | Accumulated losses | Sub-total | Non-controlling interests | Total |
|--|-------------------|---------------|---------------------|--------------------|---------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 25,470,011 | 38,950 | (22,860,639) | 2,648,322 | (24,573) | 2,623,749 |
| Loss for the period | - | - | (186,015) | (186,015) | (36) | (186,051) |
| Total comprehensive loss for the period | - | - | (186,015) | (186,015) | (36) | (186,051) |
| Balance at 31 December 2018 | 25,470,011 | 38,950 | (23,046,654) | 2,462,307 | (24,609) | 2,437,698 |
| Balance at 1 July 2019 | 25,470,011 | 38,950 | (23,176,859) | 2,332,102 | (24,609) | 2,307,493 |
| Loss for the period | - | - | (1,175,511) | (1,175,511) | (27,217) | (1,202,728) |
| Total comprehensive loss for the period | - | - | (1,175,511) | (1,175,511) | (27,217) | (1,202,728) |
| Issue of ordinary shares | 259,300 | - | - | 259,300 | - | 259,300 |
| Share issue costs | (2,796) | - | - | (2,796) | - | (2,796) |
| Balance at 31 December 2019 | 25,726,515 | 38,950 | (24,352,370) | 1,413,095 | (51,826) | 1,361,269 |

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Consolidated statement of cash flows for the half-year ended 31 December 2019

| | Note | Consolidated | |
|---|------|-----------------|------------------|
| | | Half-year ended | |
| | | 31 Dec 2019 | 31 Dec 2018 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (193,004) | (190,712) |
| Refund from R&D | | 64,033 | - |
| Finance costs | | (365) | (300) |
| Interest received | | 940 | 1,307 |
| Net cash used in operating activities | | (128,396) | (189,705) |
| Cash flows from investing activities | | | |
| Payments for exploration and evaluation expenditure | | (9,188) | (16,961) |
| Net cash used in investing activities | | (9,188) | (16,961) |
| Cash flows from financing activities | | | |
| Proceeds from issuance of shares | | 248,000 | - |
| Share issue costs | | (2,796) | - |
| Net cash provided by financing activities | | 245,204 | - |
| Net increase / (decrease) in cash and cash equivalents | | 107,620 | (206,666) |
| Cash and cash equivalents at the beginning of the period | | 358,469 | 687,894 |
| Cash and cash equivalents at the end of the period | | 466,089 | 481,228 |

The consolidated statement of cash flow is to be read in conjunction with the notes to the financial statements.

Condensed notes to the consolidated financial statements for the half-year ended 31 December 2019

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with annual financial statements of the Group for the year ended 30 June 2019 together with any public announcements made during the following half-year.

The half-year financial report was authorised for issue by the directors on 11 March 2020.

a. Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial statements is intended to provide users with an update on the latest annual financial statements of Eclipse Metals Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group.

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary courses of business. For the half year ended 31 December 2019 the Group incurred a loss of \$1,202,728 (31 December 2018: loss \$186,051). Based upon the Group's existing cash resources of \$466,089 (30 June 2019: \$358,469) and the ability to modify expenditure outlays if required, and to source additional funds, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the Group's 31 December 2019 half year financial report. The Board of Directors is aware, having prepared a cashflow forecast, of the Group's working capital requirements and the need to access additional equity funding or asset divestment if required within the next 12 months. In the event that the Group is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards and has adopted the mandatory accounting standard AASB 16; Leases as of 1st July 2019.

Changes in Accounting Policies

Under AASB 16, any leases that the Group has need to be recognised in the balance sheet. Under this standard, an asset (right of use asset) and a lease liability are to be recognised. The only exemptions are short-term leases and low value leases.

Initial Application of AASB 16; Leases

The Group has assessed that there are no leases to be recognised in the balance sheet at the reporting date. The current lease of the Group is a short term office lease. Renewal of this lease is dependent on business condition at the time of renewal. The Board has assessed that at this point, it is not certain that the lease will be renewed.

2. Revenue and other income

| | 31 Dec 2019 | 31 Dec 2018 |
|--|---------------|--------------|
| | \$ | \$ |
| Research and Development tax incentive | 64,033 | - |
| Interest income | 940 | 1,307 |
| | <u>64,973</u> | <u>1,307</u> |

3. Exploration and evaluation expenditure

| | 31 Dec 2019 | 30 Jun 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Balance at beginning of the period/year | 2,418,542 | 2,406,996 |
| Additions | 9,188 | 30,205 |
| Impairment | (1,061,872) | (18,659) |
| Balance at the end of the period/year | <u>1,365,858</u> | <u>2,418,542</u> |

Exploration and evaluation expenditure

During the half year, the board has decided to impair EL17672 as this tenement will be relinquished in March 2020.

There is uncertainty as to the recoverability of the deferred exploration and evaluation expenditure assets of Eclipse Metals Limited at their stated values. The recoverability of the deferred exploration and evaluation expenditure assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas.

4. Issued Capital

| | 31 Dec 2019 | 30 Jun 2019 |
|--------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Fully paid ordinary shares (a) | 25,726,515 | 25,470,011 |
| | <u>25,726,515</u> | <u>25,470,011</u> |

(a) Fully paid ordinary shares

| | 31 Dec 2019 | | 30 Jun 2019 | |
|---|----------------------|-------------------|----------------------|-------------------|
| | No. | \$ | No. | \$ |
| <i>Balance at beginning of period /year</i> | 1,148,674,090 | 25,470,011 | 1,148,674,090 | 25,470,011 |
| <i>Shares issued during the period</i> | | | | |
| Issue of shares – October Placement | 82,666,667 | 248,000 | - | - |
| Issue of shares in lieu of services | 3,766,667 | 11,300 | - | - |
| Share issue costs | - | (2,796) | - | - |
| | <u>1,235,107,424</u> | <u>25,726,515</u> | <u>1,148,674,090</u> | <u>25,470,011</u> |

5. Contingent assets and contingent liabilities

There are no contingent assets or contingent liabilities at the end of the reporting period.

6. Commitments*a. Leasing commitments*

At the half-year ended 31 December 2019, the Group had a lease agreement with Amberley Business Centre. The lease is on an ongoing basis and the Company may give one months' notice to terminate the lease otherwise the Company can also re negotiate the rent agreement.

b. Exploration commitments

Exploration commitments for the next one (1) year totalled \$298,000. These commitments may vary depending on whether the Group relinquishes any tenements or enters into formal arrangements.

7. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2019 annual financial report.

Key management personnel continue to receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments.

8. Segment information

The Group operates in one business segment and one geographical segment, namely the mineral exploration industry in Australia. AASB 8 'Operating Segments' states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds and as such do not have to be reported separately. Eclipse Metals Limited has therefore decided to aggregate all its reporting segments into one reportable operating segment.

The revenues and results of this segment are those of the Group and are set out in the consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities of this segment are those of the Group and are set out in the consolidated statement of financial position.

9. Subsidiaries

| Entity | Incorporation | Percentage owned (%)* | |
|---------------------------------|---------------|--------------------------|--------------------------|
| | | 31 Dec 2019 Ownership | 30 Jun 2019 Ownership |
| North Minerals Pty Ltd | Australia | 100.00 | 100.00 |
| Central Energy Pty Ltd | Australia | 100.00 | 100.00 |
| Whitvista Pty Ltd | Australia | 100.00 | 100.00 |
| U308 Agencies Australia Pty Ltd | Australia | 100.00 | 100.00 |
| Walla Mines Pty Ltd (i) | Australia | 87.17 | 87.17 |
| Contour Resources Pty Ltd | Australia | 99.48 | 99.48 |

* Percentage of voting power is in proportion to ownership.

(i) Direct and indirect percentage owned.

10. Subsequent events

In January 2020, the Group announced that it has received consent for grant of EL27584, Devil's Elbow. The Group is currently awaiting the receipt of notice of grant of this exploration licence by the NT Minister. The Board has also elected to relinquish EL17672 in March 2020 and have already started procedures to do so.

There has not been any other matter or circumstances that have arisen since the end of the reporting date and to the date of this report that significantly affects or may significantly affect the results of the operations of the Group.