



ABN 85 142 366 541

Annual Report

For the financial year ended 30 June 2018

Corporate Directory

DIRECTORS

Mr Rodney Dale

Non-Executive Chairman

Mr Carl Popal

Non-Executive Director

Mr Ibrar Idrees

Non-Executive Director

COMPANY SECRETARY

Ms Eryn Kestel

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West Perth, Western Australia 6005

SECURITIES EXCHANGE

Australian Securities Exchange

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152-158 St George's Terrace

Perth, Western Australia 6000

ASX Code: **EPM**

SHARE REGISTRY

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COUNTRY OF INCORPORATION

Australia

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Directors' Report

The directors of Eclipse Metals Limited ("Eclipse" or "the Company") submit herewith the annual report of the Company and its controlled entities ("Group") for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1. DIRECTORS

The names of the directors in office at any time during or since the end of financial year are:

Rodney Dale	Non-Executive Chairman	Appointed non-executive director 7 October 2013 Appointed non-executive chairman 29 May 2018
Carl Popal	Non-Executive Director	Appointed executive chairman 3 April 2014 Reverted to non-executive director 29 May 2018
Ibrar Idrees	Non-Executive Director	Appointed 29 May 2018
Craig Hall	Non-Executive Director	Appointed 9 October 2015, resigned 6 August 2018

2. COMPANY SECRETARY

The following person held the position of company secretary at the date of this report:

Eryn Kestel Appointed on 25 June 2014

3. PRINCIPAL ACTIVITY

The principal activity of the Group during the financial year was mineral exploration.

There were no significant changes in the nature of the Group's principal activity during the financial year.

4. OPERATING RESULTS

The Group reported a net loss of \$547,907 for the financial year ended 30 June 2018 (2017: loss of \$643,074).

5. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year, there were no significant changes in the state of affairs of the Group other than those disclosed in the annual report.

7. AFTER BALANCE DATE EVENTS

On 6 August 2018, Mr Craig Hall resigned as non-executive director of the Group.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the reporting date and to the date of this report which significantly affects or may significantly affect the results of the operations of the Group.

8. ENVIRONMENTAL ISSUES

The Group's environmental obligations are regulated under both State and Federal Law. The Group has a policy of complying with its environmental performance obligations. Environmental matters related to drilling operations in Queensland have been addressed and dealt with.

Directors' Report (cont'd)

9. REVIEW OF OPERATIONS

During the year to 30 June 2018, the Company continued its exploration activities on the Mary Valley manganese prospects in Queensland, culminating in drilling the two main areas of interest.

In the Northern Territory, Rio Tinto has maintained its interest in progressing granting of the Devil's Elbow tenement. An exploration program within a granted exploration licence in the northern Ngalia Basin has been stalled pending native title access approvals and other tenement applications are progressing through the approvals process.

MARY VALLEY MANGANESE PROJECT

Metallurgical characterisation of surface samples collected in March 2017 determined that manganese product from such sources appear to be suitable for ferroalloy smelting. In particular, one sample represents effectively DSO (direct shipping ore) with an in-situ grade above 40% Mn. Concentrate phosphorous contents are all acceptably low, being below the 0.2% limit generally imposed. The iron contents are generally low but this can be compensated for in ferroalloy smelters by adding iron ore to the furnace feed mix or by blending with high iron ores.

Further on-site checking of results from the 2016 geophysical gravity survey determined that there are significant potential extensions to known mineralisation at Amamoor considered to be high priority drill targets.

Preparation of drill sites commenced in November and December 2017 and a contractor commenced diamond drilling on the Eel Creek prospect with drill sites selection based on combined geological and gravimetric geophysical data. Results from this program were disappointing and the drill was moved to Amamoor where eight holes were drilled in January and February 2018. Geological and geophysical data from Eel Creek will be further evaluated to determine the future of this prospect.

Best intersections from the Amamoor prospect include:

- **3.2m @ 59.8% MnO from 8.8m in Hole ADD006**
- **2.4m @ 26.3% MnO from 14.9m in Hole ADD007**

Interpretation of these results highlight the open nature of the high-grade mineralisation, and that multiple lodes exist in close proximity in at least one area at Amamoor, where the mineralisation presents as steeply-dipping, lenticular-shaped fault-controlled zones (refer map and cross-section **Figures 1 and 2**).

Discussion of Results- Amamoor

Eclipse Metals Limited drilled eight diamond core holes at Amamoor for an aggregate of 152.4m. This drilling program was conducted strictly on a reconnaissance basis and the extent of drilling was limited to contain initial costs (refer Table 1).

In this part of the Amamoor State Forest, the original forest has been invaded by exotic weeds and undergrowth, and large sections have been cleared and replaced with plantations of hoop pine. Access to drill locations was gained via existing forestry tracks and by clearing exotic weeds from previously excavated tracks and mining benches.

Angled hole ADD002B, drilled adjacent to ADD002 as a result of core-loss in the original hole, was sited toward the southwestern end of the prospect in an area of elevated gravity values. This hole intersected 8.6m of manganese mineralisation with an average grade of 7.0% MnO from 2m depth, dipping flatly at 15° to the east, in line with the company's geological expectation for that area. While this intersection was low grade, the company will investigate the opportunity to identify higher grade mineralisation in the vicinity.

The company believes that this intersection, together with the occurrence of float and sub-outcropping manganese mineralisation over a wide area to the west and south-west, strongly supports the potential for substantial extensions of mineralisation in the southern area at Amamoor.

Holes ADD006 and ADD007, drilled to target depth extensions in an historically mined area, intersected layered-to-massive manganese mineralisation over much of their lengths.

In ADD006 an intersection of high-grade mineralisation averaged 59.8% MnO over 3.2m within a manganese-mineralised zone of some 15m width. In ADD007 an interval of manganese-mineralised breccia averaged 5.9% MnO over 6m from surface, and 26.3% MnO over 2.4m from 14.9m (refer Table 2 and cross section in Figure 2.)

These intersections, along with surface evidence of interpreted mineralisation, indicate the potential for mineable widths of both low-grade mineralisation which may be beneficiated, and high-grade DSO manganese mineralisation previously identified in the project area.

Significantly, at the time of drilling, the company noted from the oriented core that the high-grade mineralisation is steeply-dipping (ca. 75°) as opposed to earlier interpretations of a shallow dip, and curtailed the programme as it became apparent that collar locations would need to be reviewed to ensure that planned drilling was an efficient test of mineralisation in this area.

Directors' Report (cont'd)

Table 1. AMAMOOR DRILL-HOLE DETAILS

HOLE ID	UTM GDA94 m East	UTM GDA94 m North	AZIMUTH / INCLINATION	FINAL DEPTH m
ADD001	462255	7085724	Vertical	16
ADD002	462158	7085708	120 / 85	20.1
ADD002B	462155	7085711	125 / 88	10.6
ADD003	462104	7085764	146 / 85	16
ADD004	462060	7085818	125 / 85	30.2
ADD005	462013	7085992	268 / 72	20.9
ADD006	461954	7085992	270 / 60	16.1
ADD007	461944	7085983	235 / 60	22.5

Table 2. SAMPLED INTERSECTIONS - AMAMOOR DIAMOND DRILLING

HOLE ID	m FROM	m TO	GEOLOGY	MnO %	Fe ₂ O ₃ %	SiO ₂ %	Al ₂ O ₃ %	LOI %
ADD 002B	2	3	Mn oxide breccia	7.31	14.14	45.33	13.4	6.01
	3	4	"	7.95	15.3	45.07	13.35	6.63
	4	5	"	6.64	13.98	45.61	14.14	6.01
	5	6	"	7.7	12.19	44.2	14.8	5.63
	6	7	"	7.7	12.72	44.06	14.75	5.29
	7	8	"	7.56	11.68	43.62	16.24	4.24
	8	9	"	3.06	12.57	49.86	16.3	3.43
ADD 006	9	10	"	7.05	11.73	45.37	15.0	3.96
	10	10.6	"	8.71	9.75	43.95	14.74	4.07
	6.8	7.5	Mn oxide	6.66	11.5	44.97	13.74	3.91
	7.8	8.8	Footwall volcanics	3.15	14.12	49.09	9.94	3.19
	8.8	9.8	Mn oxide	54.69	3.63	18.6	3.45	3.66
	9.8	10.8	"	62.01	0.48	18.14	0.34	1.14
	10.8	12	"	62.18	0.68	18.46	0.72	2.09
ADD 007	12	13	Footwall volcanics	2.42	12.36	44.69	15.7	4.61
	0.3	1.3	Mn oxide breccia	15.38	9.54	34.11	13.52	5.51
	1.3	2	"	5.02	11.8	41.12	15.8	4.7
	2	3	"	2.38	9.43	48.03	17.94	2.95
	3	4	Hematitic bands	6.13	8.68	43.27	16.64	3.53
	4	5	"	4.18	10.65	45.47	17.1	4.03
	5	6.3	Shear zone	2.94	11.14	48.43	17.04	3.56
	8	9	"	0.31	10.72	52.9	16.28	3.96
	14	14.9	Hanging Wall	3.06	9.53	41.17	14.8	6.76
	14.9	15.7	Mn oxide breccia	39.91	4.55	24.37	5.87	5.04
	16.3	17.3	"	31.23	5.66	28.6	7.9	3.58
	21.5	22.5	Metasediment + Qtz	0.26	8.79	47.22	16.24	6.23

Since completion of the drilling program and receipt of comprehensive sample analyses, the Company has been collating a data-base and evaluating all results with a view to designing future, more detailed geophysical surveys and a targeted drilling program.

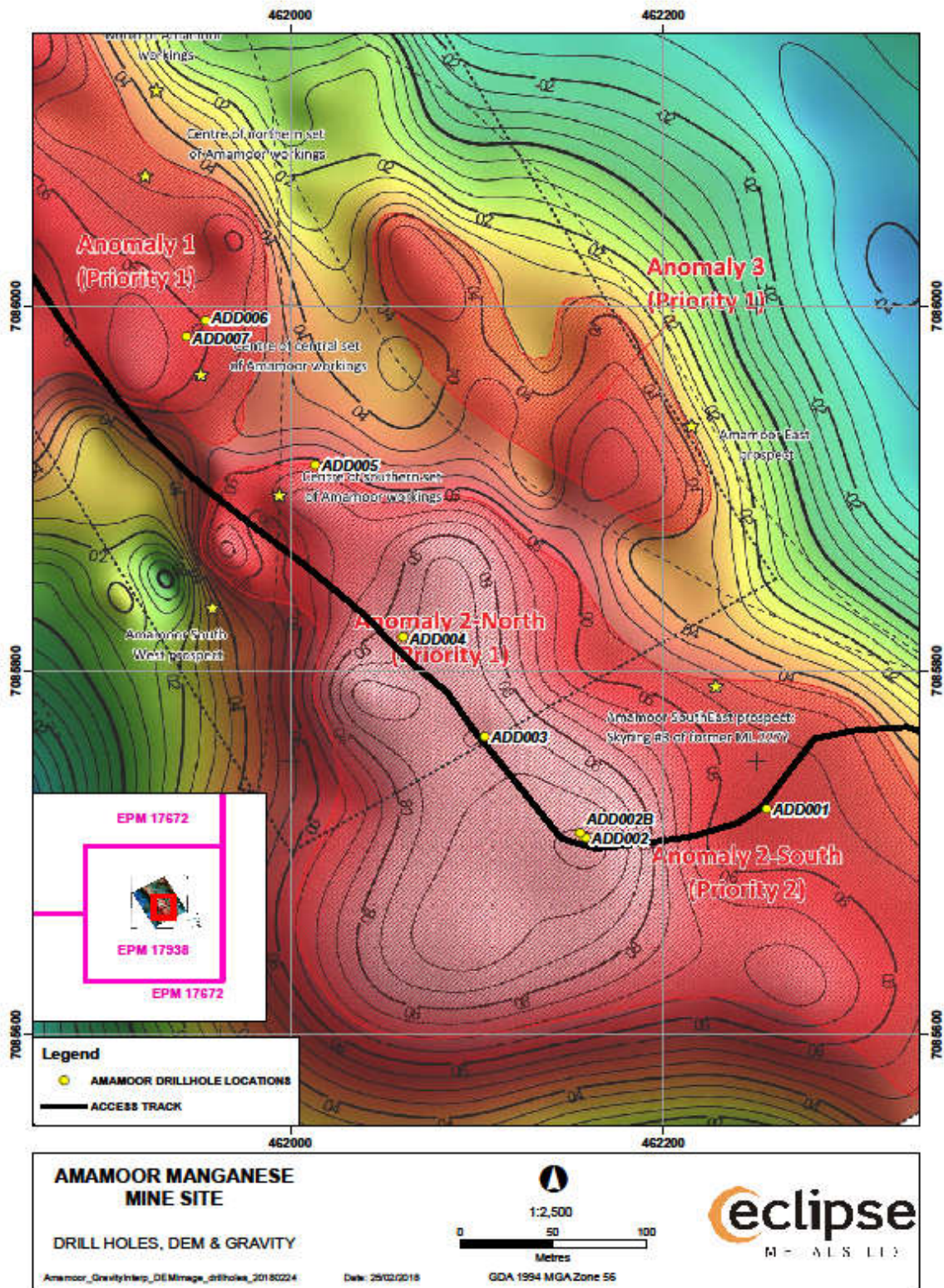


Figure 1. Amamoor Manganese prospect, gravity interpretation and drill holes

Directors' Report (cont'd)

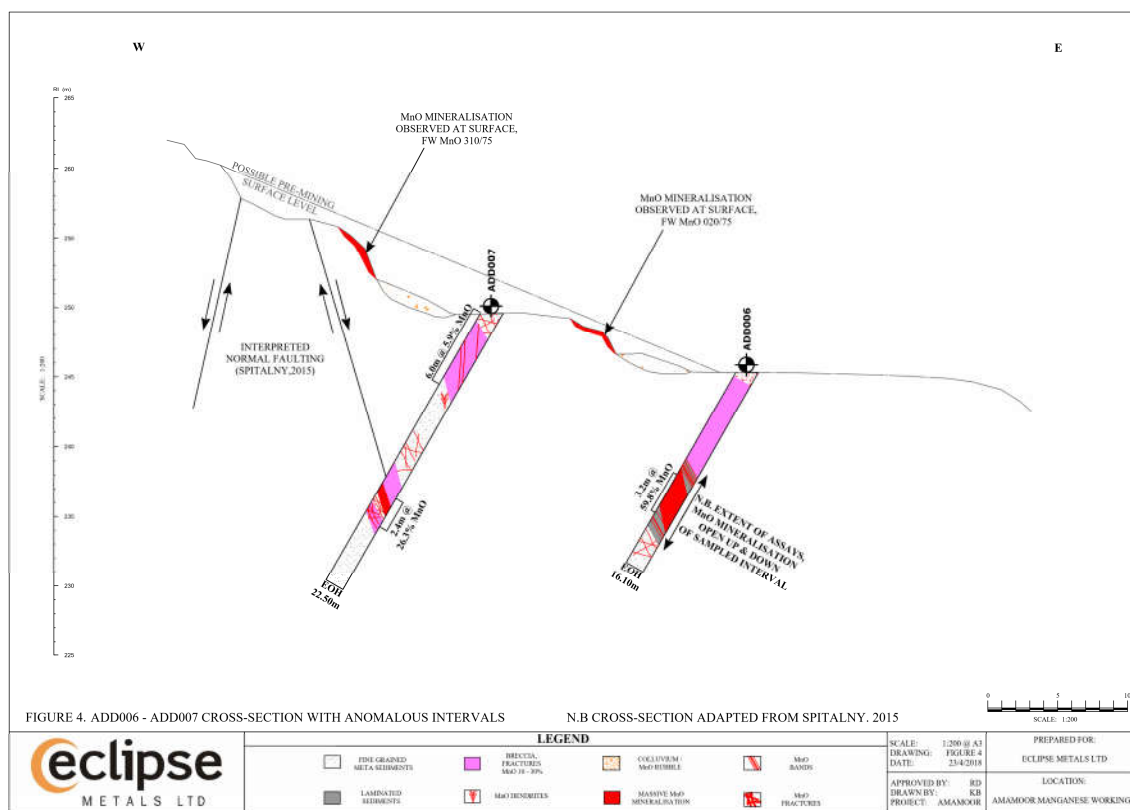


Figure 2. Cross section ADD006 and ADD007

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. It is hoped that this activity can take place later 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.

Competent Person Statement

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 FRMIT. Mr Dale is the non-executive Chairman 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.

Directors' Report (cont'd)

10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The following is current as at the date of the report:

Mr Rodney Dale	Non-Executive Chairman
Qualifications	Fellowship Diploma in Geology Royal Melbourne Institute of Technology (FRMIT) Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM)
Experience	Mr Dale's experience over 56 years includes working in many parts of Australia, Indonesia and Africa on gold, base metal and industrial mineral exploration and mining. He has worked in and managed small gold mines in Western Australia. Since 1970, Mr Dale has been an independent geological consultant with two periods as a director of ASX listed companies. More recently, Mr Dale has been involved with assessment of iron ore projects in Australia, South America, India, China and Africa.
Interest in shares and options in the Company	Mr Dale holds 11,000,000 fully paid ordinary shares in the Company.
Directorships held in other listed entities	None
Mr Carl Popal	Non-Executive Director
Qualifications	Bachelor of Business
Experience	Mr Popal has managed several entities conducting international trading. He has 15 years' experience in business and property development and has managed various commercial dealings within a network of companies in various countries around the world including India, China and Malaysia.
Interest in shares and options in the Company	Ghan Resources Pty Ltd, a company which Mr Popal was a director and is a shareholder, holds 250,329,696 fully paid ordinary shares. Popal Enterprises Pty Ltd, a company which Mr Popal is a director, holds 3,558,137 fully paid ordinary shares.
Directorships held in other listed entities	None
Mr Ibrar Idrees	Non-Executive Director – appointed 29 May 2018.
Qualifications	Bachelor of Commerce (major in Accounting & Finance).
Experience	Mr Idrees is a practising accountant with over 10 years' professional and corporate experience gained in a diverse range of industries in Australia and South Asia. Mr Idrees has worked in a variety of business development and financial positions in small and large companies in various industry types.
Interest in shares and options in the Company	Mr Idrees does not hold shares and options in the Company.
Directorships held in other listed entities	None.
Mr Craig Hall	Non-Executive Director – resigned 6 August 2018.
Qualifications	Bachelor of Science with Honours in Geology, a member of AusIMM, AIG and Geology Society of Australia.
Experience	Mr Hall is a geologist with nearly 30 years of minerals industry experience in exploration development and production roles in a range of commodities, principally precious and base metals. He has held a variety of senior positions with mid-tier and junior sector resource companies within Australia and overseas.
Interest in shares and options in the Company	Mr Hall does not hold shares and options in the Company.
Directorships held in other listed entities	None.
Ms Eryn Kestel	Company Secretary
Qualifications	Bachelor of Business, Certified Practising Accountant (CPA).
Experience	Ms Kestel has an established career in accounting and business over the last 21 years and holds the position of company secretary for several ASX listed entities. Ms Kestel's areas of expertise are company secretary matters and company administration.

Directors' Report (cont'd)

11. REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each key management person of Eclipse Metals Limited.

The information provided in this report has been audited as required by Section 308(3c) of the *Corporations Act 2001*.

The remuneration report is set out under the following main headings:

- A** Remuneration Policy
- B** Details of remuneration
- C** Equity-based compensation
- D** Employment contracts of directors
- E** Key management personnel shareholdings

A Remuneration Policy

The remuneration policy of Eclipse Metals Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Eclipse Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy, setting the terms and conditions for key management personnel, was developed and approved by the Board.
- All key management personnel are remunerated (based on factors such as length of service and experience).
- Key management personnel can be employed by the Group on a consultancy basis, upon Board approval, with remuneration and terms stipulated in individual consultancy agreements.
- The Board reviews key management personnel packages annually based on market practices, duties and accountability. Currently there is no link between remuneration and shareholder wealth or Group performance. The Board may, however, approve at its discretion, incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for their performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in employee share and option arrangements.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by key management personnel. Unlisted options are valued using the Black-Scholes methodology.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Board has not formally engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by directors or other key management personnel during the financial year.

Remuneration Committee

During the year ended 30 June 2018, the Group did not have a separately established nomination or remuneration committee. Considering the size of the Group, the number of directors and the Group's stages of development, the Board are of the view that these functions could be efficiently performed with full Board participation.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate and distinct.

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management for the Group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, and particular experience of the individual concerned. The contracts for service between the Group and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

Directors' Report (cont'd)

11. REMUNERATION REPORT (Audited) (cont'd)

Executive Director Remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- Reward executives for individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those shareholders; and
- Ensure total remuneration is competitive by market standards

Currently there is no link between remuneration and shareholder wealth or Group performance.

Structure

There are currently no executive directors.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration of non-executive directors is reviewed annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Group. However, to align director's interests with shareholders' interests, the directors are encouraged to hold shares in the Company. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Non-executive directors may also be remunerated for additional specialised services performed at the request of the Board and reimbursed for reasonable expenses incurred by directors on company business.

B Details of Remuneration

Key Management Personnel Remuneration

The key management personnel of the Group are the directors and executives of Eclipse Metals Limited being:

Rodney Dale	Non-Executive Chairman	Appointed non-executive director 7 October 2013 Appointed non-executive chairman 29 May 2018
Carl Popal	Non-Executive Director	Appointed executive chairman 3 April 2014 Reverted to non-executive director 29 May 2018
Ibrar Idrees	Non-Executive Director	Appointed 29 May 2018
Craig Hall	Non-Executive Director	Appointed 9 October 2015, resigned 6 August 2018

Directors' Report (cont'd)

11. REMUNERATION REPORT (Audited) (cont'd)

Details of the nature and amount of emoluments of the key management personnel during the 2018 financial year are:

		Short-term Benefits Salary & Fees			Equity Settled Share Based Payments		Total	% of Remuneration Received in Equity
		Paid	Unpaid salary & Fees	Other	Options	Shares		
Directors		\$	\$	\$	\$	\$	\$	
Carl Popal ⁽ⁱ⁾	2018	-	167,500	-	-	-	167,500	-
	2017	45,000	135,000	-	-	-	180,000	-
Rodney Dale ⁽ⁱⁱ⁾	2018	27,500	3,333	-	-	-	30,833	-
	2017	20,000	2,500	-	-	7,500	30,000	25
Ibrar Idrees ⁽ⁱⁱⁱ⁾	2018	-	1,000	-	-	-	1,000	-
	2017	-	-	-	-	-	-	-
Craig Hall ^(iv)	2018	11,000	1,000	-	-	-	12,000	-
	2017	11,000	1,000	-	-	-	12,000	-
Total	2018	38,500	172,833	-	-	-	211,333	-
	2017	76,000	138,500	-	-	7,500	222,000	3.3

- (i) During the year ended 30 June 2018, an amount of \$165,000 (2017: \$180,000) was payable to Ghan Resources Pty Ltd, a company of which Mr Popal was a director and is a shareholder. During the year ended 30 June 2018, an amount of \$2,500 representing director fees was payable to Mr Popal as a non-executive director of the Company.
- (ii) During the year ended 30 June 2018, an amount of \$30,833 director fees (2017: \$30,000) and \$7,900 geologist fees (2017: \$15,727) was paid or payable to Aurum Holdings Pty Ltd, a company of which Mr Dale is a director.
- (iii) Appointed 29 May 2018.
- (iv) During the year ended 30 June 2018, an amount of \$12,000 (2017: \$12,000) director fees and \$3,500 geologist fees (2017: \$8,900) was paid or payable to Craig Hall. Mr Hall resigned on 6 August 2018.

C Equity-based compensation

Shares Granted as Part of Remuneration for Year Ended 30 June 2018

No shares or options were issued during the financial year ended 30 June 2018 to settle director fees. In 2017, 1,500,000 shares at a total value of \$7,500 were issued to Mr Rodney Dale in settlement of director fees.

D Employment Contracts of Directors

Remuneration and other terms of employment for executive directors are formalised in executive service agreements and non-executive directors are formalised in consultancy agreements with the Company.

Major provisions of directors' agreements relating to remuneration are set out below:

Mr Rodney Dale (Non-Executive Chairman)

The key terms and conditions of the varied appointment letter are as follows:

- Effective 1 June 2018, a fee of \$40,000 per annum (no GST applicable). During the financial year 2018 up to 31 May 2018, Mr Dale was paid a fee of \$30,000 per annum.
- The appointment letter may be terminated if Mr Dale gives notice of resignation, becomes disqualified, is prohibited by law from being or acting as director or is not re-elected to office by shareholders.

Mr Carl Popal (Non-Executive Director)

The key terms and conditions of the new appointment letter are as follows:

- Effective 1 June 2018, a fee of \$30,000 per annum (no GST applicable).
- The new appointment letter may be terminated if Mr Popal gives notice of resignation, becomes disqualified, is prohibited by law from being or acting as director or is not re-elected to office by shareholders.
- The new appointment letter replaces any previous executive services agreement with Ghan Resources Pty Ltd with effect from 1 June 2018.

Directors' Report (cont'd)

11. REMUNERATION REPORT (Audited) (cont'd)

Mr Ibrar Idrees (Non-Executive Director)

The key terms and conditions of the appointment letter are as follows:

- Remuneration of \$100 per hour for a minimum commitment of ten (10) hours per month to a total fee of \$12,000 (plus GST) per annum. Any additional work to the monthly ten hours is billed at month end at the rate of \$100 per hour.
- Term of agreement – commenced on 29 May 2018.
- Payment of termination of Agreement without cause – the balance of any part of the term remaining, subject to the requirements of ASX Listing Rule 10.19.

Mr Craig Hall (Non-Executive Director)

The key terms and conditions of the appointment letter are as follows:

- Remuneration of \$100 per hour for a minimum commitment of ten (10) hours per month to a total fee of \$12,000 (plus GST) per annum. Any additional work to the monthly ten hours is billed at month end at the rate of \$100 per hour.
- The appointment letter may be terminated if Mr Hall gives notice of resignation, becomes disqualified, is prohibited by law from being or acting as director or is not re-elected to office by shareholders.
- Term of agreement – commenced on 9 October 2015. Mr Hall resigned on 6 August 2018.

Trading in the Group's securities by directors, officers and employees

The Board has adopted a policy in relation to dealings in the securities of the Group which applies to all directors and employees. Under the policy, the directors, officers and employees are prohibited from dealing in the Group's securities whilst in possession of price sensitive information and also prohibited from short term or "active" trading in the company's securities. The directors, officers and employees should also prevent dealing in the Group's securities during specific blackout periods. The company secretary or a director must be notified upon a trade occurring.

The policy is provided to all directors and employees. Compliance with it is reviewed on an ongoing basis in accordance with the Group's risk management systems.

E Key management personnel shareholdings

The number of ordinary shares in Eclipse Metals Limited held by each KMP of the Group during the financial year is as follows.

	Balance at Beginning of Year	Shares issued for director services in lieu of cash	Other changes during the year	Balance at End of Year or at the date of resignation
Mr Rodney Dale	11,000,000	-	-	11,000,000
Mr Carl Popal	261,887,833	-	(8,000,000)	253,887,833
Mr Ibrar Idrees	-	-	-	-
Mr Craig Hall	-	-	-	-
	272,887,833	-	(8,000,000)	264,887,833

There are no options held by key management personnel of the Group during the financial year (2017: nil).

This is the end of the audited Remuneration Report.

12. OPTIONS

During the financial year, no ordinary shares have been issued as a result of the exercise of options. At the date of this report, there are no options to be exercised.

13. MEETINGS OF DIRECTORS

The number of directors' meetings held during the financial year and the numbers of meetings attended by each director were:

Director	Directors' Meetings	
	Number eligible to attend	Number attended
Rodney Dale	3	3
Carl Popal	3	3
Ibrar Idrees	-	-
Craig Hall	3	3

Directors' Report (cont'd)

14. INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company took out a policy insuring the Directors and officers of the Company and its Controlled Entities against any liability in the course of their duties to the extent permitted by the Corporations Act 2001.

15. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Auditor Independence

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 43.

Non-Audit Services

During the year ended 30 June 2018 there was no fees paid or payable for non-audit services provided by the entity's auditors, Stantons International.

16. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a part for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors:



Mr Rodney Dale
Non-Executive Chairman
Perth, 27 September 2018

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Notes	Consolidated 2018 \$	2017 \$
Continuing operations			
Revenue and other income	4	5,016	55,091
Employee benefits expenses and director fees	5	(211,333)	(222,000)
Consultancy expenses	5	(155,581)	(128,933)
Legal, management and tenement services	5	(64,490)	(90,659)
Listing expenses		(29,271)	(46,225)
Travel expenses		(26,132)	(17,982)
Administration expenses		(66,116)	(48,459)
Impairment expenses	5	-	(120,887)
Consultancy fees – share-based payments		-	(23,020)
Loss before income tax		(547,907)	(643,074)
Income tax	7	-	-
Loss after tax from continuing operations		(547,907)	(643,074)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		(547,907)	(643,074)
Loss for the year attributable to:			
Owners of Eclipse Metals Limited		(547,547)	(642,630)
Non-controlling interests		(360)	(444)
		(547,907)	(643,074)
Total comprehensive loss for the year attributable to:			
Owners of Eclipse Metals Limited		(547,547)	(642,630)
Non-controlling interests		(360)	(444)
		(547,907)	(643,074)
Loss per share (cents per share)			
Basic and diluted loss for the year	16	(0.05)	(0.06)

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 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	687,894	1,256,398
Trade and other receivables	9	18,150	18,646
Other assets	10	2,864	2,579
Total current assets		708,908	1,277,623
Non-current assets			
Exploration and evaluation expenditure	11	2,406,996	2,228,800
Total non-current assets		2,406,996	2,228,800
Total assets		3,115,904	3,506,423
LIABILITIES			
Current liabilities			
Trade and other payables	13	492,155	392,929
Total current liabilities		492,155	392,929
Total liabilities		492,155	392,929
Net assets		2,623,749	3,113,494
EQUITY			
Issued capital	14	25,470,011	25,411,849
Reserves	15	38,950	38,950
Accumulated losses		(22,860,639)	(22,313,092)
Owners of Eclipse Metals Limited		2,648,322	3,137,707
Non-controlling interests		(24,573)	(24,213)
Total equity		2,623,749	3,113,494

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 year ended 30 June 2018

	Issued capital	Reserves \$	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	\$		\$	\$	\$	\$
Balance at 1 July 2016	24,298,201	38,950	(21,670,462)	2,666,689	(23,769)	2,642,920
Loss for the year	-	-	(642,630)	(642,630)	(444)	(643,074)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(642,630)	(642,630)	(444)	(643,074)
Transactions with owners in their capacity as owners:						
Shares issued during the year	1,095,750	-	-	1,095,750	-	1,095,750
Share issue costs	(54,022)	-	-	(54,022)	-	(54,022)
Share Based Payment	71,920	-	-	71,920	-	71,920
Total transactions with owners	1,113,648	-	-	1,113,648	-	1,113,648
Balance at 30 June 2017	25,411,849	38,950	(22,313,092)	3,137,707	(24,213)	3,113,494

	Issued capital	Reserves \$	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	\$		\$	\$	\$	\$
Balance at 1 July 2017	25,411,849	38,950	(22,313,092)	3,137,707	(24,213)	3,113,494
Loss for the year	-	-	(547,547)	(547,547)	(360)	(547,907)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(547,547)	(547,547)	(360)	(547,907)
Transactions with owners in their capacity as owners:						
Shares issued during the year	60,000	-	-	60,000	-	60,000
Share issue costs	(1,838)	-	-	(1,838)	-	(1,838)
Total transactions with owners	58,162	-	-	58,162	-	58,162
Balance at 30 June 2018	25,470,011	38,950	(22,860,639)	2,648,322	(24,573)	2,623,749

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 year ended 30 June 2018

	Notes	2018 \$	Consolidated 2017 \$
Cash flows from operating activities			
Interest received		5,016	5,236
Payments to suppliers and employees		(453,486)	(408,347)
Income tax refund		-	46,257
Refund of tenement deposit		-	3,598
Net cash used in operating activities	18	(448,470)	(353,256)
Cash flows from investing activities			
Payments for exploration and evaluation		(118,196)	(24,887)
Net cash used in investing activities		(118,196)	(24,887)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,215,750
Payment for share issue costs		(1,838)	(12,621)
Net cash (used by)/provided by financing activities		(1,838)	1,203,129
Net (decrease)/increase in cash and cash equivalents		(568,504)	824,986
Cash and cash equivalents at beginning of year		1,256,398	431,412
Cash and cash equivalents at end of year	8	687,894	1,256,398

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

Notes to the consolidated financial statements

For the year ended 30 June 2018

1. CORPORATE INFORMATION

These consolidated financial statements and notes represent those of Eclipse Metals Limited ("Eclipse" or "the Company") and its controlled entities (the "Group").

The separate financial statements of the parent entity, Eclipse Metals Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 27 September 2018.

Eclipse Metals Limited is a public company incorporated in Western Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the directors' report.

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

Except for cash flow information, the consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies set out below have been applied consistently to all periods presented in the financial report except where stated.

b) Going concern

The directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

In the past twelve (12) months the Group has continued its exploration programs. For the financial year ended 30 June 2018, the Group recorded a net loss of \$547,907 (2017: \$643,074), a net operating cash outflow of \$448,470 (2017: \$353,256) and a net working capital of \$216,753 (2017: \$884,694).

This financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of Eclipse Metals Limited assets and the discharge of its liabilities in the normal course of business.

The Board considers that the Company is a going concern and anticipate in order to meet and progress its planned exploration expenditure further funding will be required within the next twelve (12) months and having prepared a cash flow budget of the Group's working capital requirements have already commenced planning to access additional funding.

The Directors regularly monitor the Group's cash position and on an on-going basis consider a number of strategic and operational plans to ensure that adequate funding continues to be available for the Group to meet its business objectives.

The following actions either singularly or in combination have been considered by the Board as a way to derive further funding for the Group:

- Alliance with multinational and reputable global companies together with institutional brokers for raising additional capital on market to fund the Group's ongoing exploration and development program whilst also providing working capital requirements;
- Consideration of Joint Venture and Farm-in offers as a sustainable approach in developing the company's projects while minimising shareholder dilution at low market price raising large sums of cash capital in the interim; and/or
- The successful commercial exploitation of the Group's mineral interests.

The Company has received confirmation that Ghan Resources Pty Ltd has no intention on pressing for the outstanding amount of \$315,000 owed to Ghan Resources Pty Ltd as at 30 June 2018 and that Ghan Resources Pty Ltd is keen as major shareholder to act in the best interest of Eclipse Metals Limited to develop the Company's projects and increase shareholders value.

Notes to the financial statements

For the year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Going concern (cont'd)

The Company has the ability to raise funds under the combined 25% placement facilities. At the date of preparing this Report the number of Shares to be issued and the price are still to be determined and will depend on such things as the status of the projects.

The Board regularly review new potential acquisitions in other mineral resources as a stand-alone to the current projects or as an addition.

Should the Group be unable to raise sufficient funds, it would consider selectively reducing administrative and exploration costs further.

In the event that the Company is unable to secure sources of funding, the Company may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in this report.

c) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency. The functional currency of all the subsidiaries is the Australian Dollar.

d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

Mineral exploration and evaluation

The Group has impaired exploration expenditure of \$nil at 30 June 2018 (2017: \$120,887). Exploration expenditure are impaired in respect of tenements the Group relinquishes during the year and tenements on which the Group has no further exploration work planned or budgeted.

At 30 June 2018, the Group has capitalised exploration expenditure of \$2,406,996 (2017: \$2,228,800) on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

Deferred taxation

Potential future income tax benefits have not been brought to account at 30 June 2018 because the directors do not believe that it is appropriate to regard realisations of future income tax benefits.

Notes to the financial statements

For the year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Eclipse Metals Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided at Note 12.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

g) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Notes to the financial statements

For the year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h) Financial instruments (cont'd)

Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial assets are derecognised.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial assets are derecognised.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Notes to the financial statements

For the year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

De-recognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

i) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

j) Income tax

The income tax expense/ (income) for the year comprises current income tax expense/ (income) and deferred tax expense/ (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/ (assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when they relate to the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

Notes to the financial statements

For the year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k) Goods and services tax (GST) (cont'd)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

l) Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying value is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, for example under an insurance contract, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

During the year ended 30 June 2018, the Company had no employees.

m) Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

n) Trade and other payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

o) Exploration and evaluation expenditure

Exploration and evaluation expenditure on areas of interest are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area of where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Group reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from the equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributed incremental costs (net of income taxes) is recognised directly in equity.

Notes to the financial statements

For the year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

q) Loss per share

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no considerations in relation to dilutive potential ordinary shares.

r) Equity-settled compensation

Share-based payments to directors are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

s) Parent entity financial information

The financial information for the parent entity, Eclipse Metals Limited, disclosed in Note 23 has been prepared on the same basis as the financial statements for the Group, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment, if applicable, in the financial statements of the Company.

t) Adoption of new and revised accounting standards

New standards and interpretations adopted in the financial year ended 30 June 2018

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2017.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses.
- AASB 201-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Standards and Interpretations in issue but not yet adopted

- AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018).

The Standard includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

Notes to the financial statements

For the year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- *AASB 15 Revenue from Contracts with Customers (applicable for annual reporting commencing 1 January 2018).*

This Standard replaces the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either restate the contracts that existed in prior period presented per *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

The directors anticipate that the adoption of this amendment will not have a material impact on the Group's financial statements.

- *AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions (applicable for annual reporting commencing on or after 1 January 2018).*

The AASB issued amendments to AASB 2 *Share-based Payment* that address three main areas:

- the effect of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The directors anticipate that the adoption of this amendment will not have a material impact on the Group's financial statements.

- *AASB 16 Leases (applicable to annual reporting periods commencing on or after 1 January 2019)*

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 *Leases and related interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice. The main changes introduced by the new Standard are as follows:

- recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases to low value assets);
- depreciating the right-to-use assets in line with AASB 116 *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application.

It is impracticable at this stage to provide a reasonable estimate of the impact of AASB 16 on the Group's financial statements.

Notes to the financial statements

For the year ended 30 June 2018

3. SEGMENT INFORMATION

The directors have considered the requirements of *AASB 8 Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

Following the adoption of AASB 8, the identification of the Group's reportable segments has not changed. During the year, the Group considers that it has only operated within one segment, being mineral exploration within Australia.

The Group is domiciled in Australia, with all assets and operations located in Australia.

	Consolidated	
	2018	2017
	\$	\$
4. REVENUE AND OTHER INCOME		
Revenue	-	-
Other income		
Interest revenue	5,016	5,236
Income tax refund	-	46,257
Other	-	3,598
	5,016	55,091
Total revenue and other income	5,016	55,091

5. EXPENSES

Employee benefits expenses and director fees

Directors' fees	211,333	222,000
	211,333	222,000

Consultancy expenses

Consulting fees	59,240	1,027
Geological services	96,341	127,906
	155,581	128,933

Legal management and tenement services

Legal fees	1,980	10,439
Other services	32,400	20,355
Taxation and audit service	30,110	59,865
	64,490	90,659

Impairment

Exploration expenditure	-	120,887
	-	120,887

6. AUDITORS' REMUNERATION

Remuneration of the auditor for:

Auditing and review of financial statements (Stantons International)	30,110	28,101
	30,110	28,101

Notes to the financial statements

For the year ended 30 June 2018

	Consolidated	
	2018	2017
	\$	\$
7. INCOME TAX		
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from ordinary activities before income tax expense	(547,907)	(643,074)
Prima facie tax benefit on loss from ordinary activities at 27.5% (2017: 27.5%)	(150,674)	(176,845)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Non-deductible expenses	94,431	9,111
- Non-assessable income	(120,696)	(13,710)
Movement in deferred tax not recognised	(176,939)	181,444
Unrecognised temporary differences		
<i>Deferred tax assets at 27.5% (2017: 27.5%)</i>		
Carry forward tax losses (operating)	2,305,170	2,103,376
Carry forward tax losses (capital)	469,114	469,114
Temporary differences	93,586	69,358
Total deferred tax assets	2,867,870	2,641,848
<i>Deferred tax liabilities at 27.5% (2017: 27.5%)</i>		
Temporary differences	318,737	269,654
Total deferred tax liabilities	318,737	269,654
Net deferred tax asset not brought to account	2,549,133	2,372,194

Potential future income tax benefits arising from tax losses have not been brought to account at 30 June 2018 because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as possible. These benefits will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

8. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	687,894	1,256,398
	687,894	1,256,398

Cash at bank earns interest at floating rates based on daily bank deposit rates.

9. TRADE AND OTHER RECEIVABLES

Other receivables (i)	7,697	8,193
Office bond	4,000	4,000
Security deposit for tenements	6,453	6,453
	18,150	18,646

(i) Other receivables are non-interest bearing and expected to be received in 90 days.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as trade and other receivables is considered to be the main source of the Group's exposure to credit risk.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counter party to the transaction.

Notes to the financial statements

For the year ended 30 June 2018

9. TRADE AND OTHER RECEIVABLES (Cont'd)

Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Consolidated 2018	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31 – 60 \$	61 – 90 \$	>90 \$	
Other receivables	7,697	-	-	-	-	-	7,697
Total	7,697	-	-	-	-	-	7,697

Consolidated 2017	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31 – 60 \$	61 – 90 \$	>90 \$	
Other receivables	8,193	-	-	-	-	-	8,193
Total	8,193	-	-	-	-	-	8,193

10. OTHER ASSETS

Prepayments

Consolidated	
2018	2017
\$	\$
2,864	2,579
2,864	2,579

11. EXPLORATION AND EVALUATION EXPENDITURE

Tenement acquisition at cost

Balance at 1 July 2017

Additions

Impairment

Balance at 30 June 2018

Consolidated	
2018	2017
\$	\$
2,228,800	2,324,800
178,196	24,887
-	(120,887)
2,406,996	2,228,800

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.

12. CONTROLLED ENTITIES

Controlled entities consolidated

Subsidiaries of Eclipse Metals Ltd:

	Country of Incorporation	Percentage Owned (%)*	
		30 June 2018	30 June 2017
North Minerals Pty Ltd	Australia	100.00	100.00
Central Energy Pty Ltd	Australia	100.00	100.00
Whitvista Pty Limited	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

Notes to the financial statements

For the year ended 30 June 2018

	Consolidated	
	2018	2017
	\$	\$
13. TRADE AND OTHER PAYABLES		
<i>Unsecured liabilities</i>		
Trade payables	151,842	150,462
Accruals and other payables	340,313	242,467
	492,155	392,929

These amounts arise from the usual operating activities of the Group and are carried at cost.

Trade payables are normally settled on 30 days terms. The amount of payables at balance date exceeding 90 days is \$146,643 (2017: \$146,685).

Amount in accruals include \$315,000 owed to Ghan Resources Pty Ltd as at 30 June 2018 and the Company has received confirmation that Ghan Resources Pty Ltd has no intention on pressing for the outstanding amount.

	Consolidated	
	2018	2017
	\$	\$
14. ISSUED CAPITAL		
Ordinary shares issued and fully paid	25,470,011	25,411,849

a) Fully paid ordinary shares

	Consolidated	
	Number	\$
Balance at 1 July 2016	964,616,948	24,298,201
<i>Shares issued during the year</i>		
Issued pursuant to placement to sophisticated investors in Aug 16	13,799,999	96,000
Issued pursuant to AGM Resolution passed in Dec 16 (i)	1,500,000	7,500
Issued pursuant to investor payment for services provided Dec 16 (ii)	1,000,000	5,000
Issued pursuant to exploration services provided Dec 16 (iii)	2,500,000	12,500
Issued pursuant to capital raising Jan17	50,000,000	300,000
Issued pursuant to capital raising Jan17	10,000,000	60,000
Issued pursuant to broker fee regarding Jan17 capital raising (iv)	3,000,000	18,000
Issued pursuant to capital raising Feb17	37,000,000	249,750
Issued pursuant to services provided to be paid in shares (v)	1,200,000	5,520
Issued pursuant to placement March 17	30,000,000	210,000
Issued pursuant to broker fee regarding Mar17 raising (vi)	1,800,000	12,600
Issued pursuant to capital raising March17	25,714,286	180,000
Issued pursuant to broking fee regarding March raising (vii)	1,542,857	10,800
Share issue costs	-	(54,022)
Balance at 30 June 2017	1,143,674,090	25,411,849
<i>Shares issued during the year</i>		
Issued in part satisfaction of drilling fees (viii)	5,000,000	60,000
Share issue costs	-	(1,838)
Balance at 30 June 2018	1,148,674,090	25,470,011

- (i) Shares having a total value of \$7,500 issued in lieu of director fees.
- (ii) Shares having a total value of \$5,000 issued in lieu of consultancy fees
- (iii) Shares having a total value of \$12,500 issued in lieu of consultancy fees
- (iv) Shares having a total value of \$18,000 issued in lieu of broker fees.
- (v) Shares having a total value of \$5,520 issued in lieu of consultancy fees.
- (vi) Shares having a total value of \$12,600 issued in lieu of broker fees.
- (vii) Shares having a total value of \$10,800 issued in lieu of broker fees.
- (viii) Shares having a total value of \$60,000 issued in lieu of drilling fees.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the financial statements

For the year ended 30 June 2018

14. ISSUED CAPITAL (cont'd)

b) Options

At 30 June 2018, the unissued ordinary shares of Eclipse Metals Ltd under option was nil (2017: nil).

	Consolidated Number
Movements	
Balance at 1 July 2016	103,023,813
<i>Movements during the year</i>	
Unlisted options expired on 30 Nov 2016	(103,023,813)
Balance at 30 June 2017	-
<i>Movements during the year</i>	
Balance at 30 June 2018	-

No person entitled to exercise these options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Shares issued on exercise of options

There were no options exercised during the year ended 30 June 2018.

Since the end of the financial year, no ordinary shares have been issued as a result of the exercise of options.

c) Capital Management

Management control the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

15. RESERVES

Nature and purpose of reserves

Share-based payment reserve

The share-based payment reserve records items recognised as expenses on valuation of director share options.

Other reserve

The other reserve records the impact on equity attributable to the owners of Eclipse Metals Ltd of transactions with non-controlling interests of subsidiaries where there is no change in control.

	Consolidated	
	2018	2017
	\$	\$
Share based payment reserve	27,118	27,118
Other reserve	11,832	11,832
	38,950	38,950

Notes to the financial statements

For the year ended 30 June 2018

16. LOSS PER SHARE

	Consolidated	
	2018	2017
	\$	\$
Loss used in the calculation of basic and dilutive loss per share		
Loss for the year	(547,907)	(643,074)
Less: Gain/(Loss) attributable to non-controlling equity interest	(360)	(444)
Loss used to calculate basic and dilutive loss per share	(547,547)	(642,630)

Loss per share

Basic and diluted loss per share (cents per share)	(0.05)	(0.06)
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Weighted average number of shares

Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive loss per share.	1,145,276,830	1,038,848,493
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17. COMMITMENTS AND CONTINGENCIES

a) Exploration commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and meet the minimum expenditure requirements. These obligations are not provided for in the financial statement and are payable:

	Consolidated	
	2018	2017
	\$	\$
- No later than 12 months	248,386	155,448
- Between 12 months and 5 years	170,532	145,501
- Greater than 5 years	-	-
	418,918	300,949

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require a review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

b) Contingencies

The group has no contingent assets or liabilities at the reporting date.

18. CASH FLOW INFORMATION

	Consolidated	
	2018	2017
	\$	\$
Reconciliation of net loss after tax to the net cash flows from operations		
Loss for the year	(547,907)	(643,074)
<i>Adjustments for:</i>		
Shares issued in lieu of services	-	30,520
Impairment of exploration expenditure	-	120,887
<i>Movements in working capital:</i>		
Decrease in trade and other receivables	496	2,504
(Increase)/decrease in prepayments	(285)	19
Increase in trade and other payables	99,226	135,888
Net cash used in operating activities	(448,470)	(353,256)
Non-cash financing and investing activities		
<i>Shares and Options issued</i>		
Drilling services provided settled through the issue of equity	60,000	41,400
	60,000	41,400

19. SHARE-BASED PAYMENTS

The values of share-based payment transactions recognised during the year were as follows:

- (i) On December 2016, 1,500,000 shares having a value of \$7,500 were issued in lieu of directors fees.
- (ii) On December 2016, 1,000,000 shares having a value of \$5,000 were issued in lieu of consulting fees.
- (iii) On December 2016 and February 2017, 3,700,000 shares having a value of \$18,020 were issued in lieu of investor relation fees.
- (iv) On January 2017, 3,000,000 shares valued at \$18,000 were issued in lieu of broker fee regarding placement of \$360K.
On March 2017, 1,800,000 shares valued at \$12,600 were issued in lieu of broker fee regarding placement of \$4760K.
On March 2017, 1,542,857 shares valued at \$10,800 were issued in lieu of broker fee regarding placement of \$180K.
- (v) On 6 March 2018, 5,000,000 shares valued at \$60,000 were issued in lieu of drilling fees in relation exploration expenses incurred at the Mary Valley Project.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans. The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk (consisting of interest rate risk and market price risk).

The Board of directors is responsible for the monitoring and management of the financial risk exposures of the Group.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies at Note 2 are as follows:

a) **Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Credit risk represents the loss that would be recognised if the counterparties default on their contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other Security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables is provided at Note 9. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 9.

Notes to the financial statements

For the year ended 30 June 2018

20. FINANCIAL INSTRUMENTS (Cont'd)

Credit risk related to balances with banks and other financial institutions is managed by the Board. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-.

	Consolidated	
	2018	2017
	\$	\$
Cash and cash equivalents		
AA- rated	687,894	1,256,398
	687,894	1,256,398

c) Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and short-term deposits. Since the Group does not have long-term debt obligations, the Group's exposure to this risk is minimal.

Market price risk

The Group has no available-for-sale-financial-assets and therefore has no exposure to market price risk.

Foreign currency risk

The Group has no foreign currency or foreign operations and therefore has no exposure to foreign currency risk.

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposure to changes in interest rates and equity prices.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated	
	Profit	Equity
	\$	\$
Year ended 30 June 2018		
+/-1% (100 basis points) in interest rates	+/-6,879	+/-6,879
Year ended 30 June 2017		
+/-1% (100 basis points) in interest rates	+/-12,563	+/-12,563

d) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relation to its operational, investing, and financing activities;
- Obtaining funding from a variety of sources;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets; and
- Only investing surplus cash with major financial institutions.

Notes to the financial statements

For the year ended 30 June 2018

20. FINANCIAL INSTRUMENTS (Cont'd)

The table below reflects the undiscounted contractual maturity analysis for financial liabilities.

Financial liability and financial asset maturity analysis

Consolidated

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	492,155	392,929	-	-	-	-	492,155	392,929
Total expected outflows	492,155	392,929	-	-	-	-	492,155	392,929
Financial assets – cash flows realisable								
Cash and cash equivalents	687,894	1,256,398	-	-	-	-	687,894	1,256,398
Trade and other receivables	18,150	18,646	-	-	-	-	18,150	18,646
Total anticipated inflows	706,044	1,275,044	-	-	-	-	706,044	1,275,044
Net inflow on financial instruments	213,889	882,115	-	-	-	-	213,889	882,115

e) Net fair value

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments recognised in the financial statements.

Consolidated

	Note	2018		2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	687,894	687,894	1,256,398	1,256,398
Trade and other receivables	(i)	18,150	18,150	18,646	18,646
Total financial assets		706,044	706,044	1,275,044	1,275,044
Financial liabilities					
Trade and other payables	(i)	492,155	492,155	392,929	392,929
Total financial liabilities		492,155	492,155	392,929	392,929

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value.

Financial instruments measured at fair value

The financial instruments recognised at fair value in the consolidated statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs (Level 3)).

At 30 June 2018, no financial assets or liabilities are carried at fair value.

Notes to the financial statements

For the year ended 30 June 2018

21. RELATED PARTY DISCLOSURE

a) The Group's main related parties are as follows:

Key management personnel

Any person(s) having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 22.

Other related parties

Other related parties include entities over which key management personnel have joint control.

b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Expenses incurred – other related parties

			Consolidated	
			2018	2017
			\$	\$
Director	Entity	Service		
Carl Popal (Executive)	Ghan Resources Pty Ltd	Director Fees	165,000	180,000
Carl Popal (Non-Executive)	-	Director Fees	2,500	-
Rod Dale	Aurum Holdings Pty Ltd	Director Fees	30,833	30,000
Rod Dale	Aurum Holdings Pty Ltd	Geological services	7,900	15,727
Ibrar Idrees	Ibrar Idrees	Director Fees	1,000	-
Craig Hall	Craig Hall	Director Fees	12,000	12,000
Craig Hall	Craig Hall	Geological services	3,500	8,900

22. KEY MANAGEMENT PERSONNEL DISCLOSURE

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2018.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows;

			Consolidated	
			2018	2017
			\$	\$
Short-term employee benefits			211,333	214,500
Share-based payments			-	7,500
			211,333	222,000

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chairman and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

Notes to the financial statements

For the year ended 30 June 2018

23. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting policies listed in Note 2.

	Company	
	2018	2017
	\$	\$
Statement of financial position		
<i>Assets</i>		
Current assets	700,592	1,269,307
Non-current assets	800,842	773,561
Total assets	1,501,434	2,042,868
<i>Liabilities</i>		
Current liabilities	487,155	387,929
Total liabilities	487,155	387,929
Net assets	1,014,279	1,654,939
<i>Equity</i>		
Issued capital	25,470,011	25,411,849
Accumulated losses	(24,482,851)	(23,784,029)
Reserves	27,119	27,119
Total equity	1,014,279	1,654,939
Statement of profit or loss and other comprehensive income		
Total loss for the year	(698,822)	(538,705)
Other comprehensive income	-	-
Total comprehensive loss	(698,822)	(538,705)

Guarantees

Eclipse Metals Ltd has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent liabilities

There are no contingent liabilities of the parent entity at the reporting date.

Contractual commitments

All contractual commitments of the parent entity are included within Note 17.

24. SUBSEQUENT EVENTS

On 6 August 2018, Mr Craig Hall resigned as non-executive director of the Group.

Other than the above, there has been no matter or circumstances that has arisen since the end of the reporting date and to the date of this report which significantly affects or may significantly affect the results of the operations of the Group.

Directors' Declaration
For the year ended 30 June 2018

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the consolidated financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the consolidated financial statements;
- (c) in the directors' opinion, the consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group for the year ended 30 June 2018; and
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors



Rodney Dale
Non-Executive Chairman
Perth, 27 September 2018

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eclipse Metals Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Regarding Going Concern

We draw attention to Note 2(b) of the financial report, which describes the financial report being prepared on a going concern basis.

The Group incurred loss after tax of \$547,907 for the financial year ended 30 June 2018. As at 30 June 2018, the Group had cash and cash equivalents of \$687,894, net operating cash outflow of \$448,470 and working capital of \$216,753. The ability of the Group to continue as a going concern is subject to a successful fund raising within the next twelve (12) months. In the event that the Group is not able to raise further funding, the Group may not be able to meet their liabilities as and when they fall due and the realisable value of the Group's assets may be significantly less than the book values.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
<p><i>Carrying Value of Exploration and Evaluation Assets</i></p> <p>As at 30 June 2018, Capitalised Exploration and Evaluation Expenditure totals \$2,406,996 (refer to Note 11 of the financial report).</p> <p>The carrying value of Capitalised Exploration and Evaluation Expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the total balance (77% of total assets); • The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and • The assessment of significant judgements made by management in relation to the Capitalised Exploration and Evaluation Expenditure. 	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third party documentation; Reviewing the directors' assessment of the carrying value of the exploration and evaluation expenditure, ensuring the veracity of the data presented and that management has considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects against the requirements of AASB 6; Evaluation of Group documents for consistency with the intentions for the continuing of exploration and evaluation activities in areas of interest, and corroborated with enquiries of management. Inter alia, the documents we evaluated included: <ul style="list-style-type: none"> ▪ Minutes of meetings of the board and management; ▪ Announcements made by the Group to the Australian Securities Exchange; and ▪ Cash forecasts; and Consideration of the requirements of accounting standard AASB 6. We assessed the financial statements in relation to AASB 6 to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

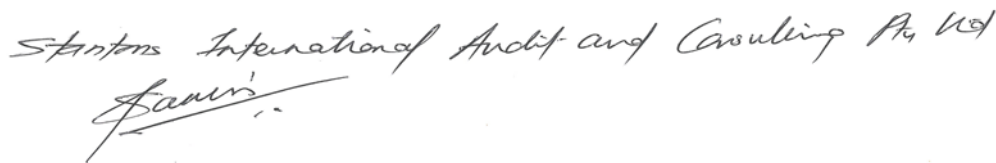
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 13 of the directors' report for the year ended 30 June 2018. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion on the Remuneration Report

In our opinion the Remuneration Report of Eclipse Metals Limited for the year ended 30 June 2018 complies with section 300A of the Corporations Act 2001.

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

The image shows a handwritten signature in cursive script, which appears to read 'Samir Tirodkar', written over the printed name of the company 'Stantons International Audit and Consulting Pty Ltd'.

Samir Tirodkar
Director

West Perth, Western Australia
27 September 2018

27 September 2018

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

Dear Directors

RE: ECLIPSE METALS LIMITED

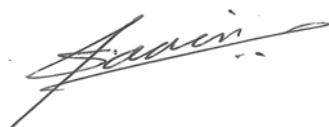
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Eclipse Metals Limited.

As Audit Director for the audit of the financial statements of Eclipse Metals Limited for the year ended 30 June 2018, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

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



Samir R Tirodkar
Director

2018 CORPORATE GOVERNANCE STATEMENT – Compliance with ASX Principles

Corporate Governance Recommendation		Is the Recommendation followed
Principle 1 Lay solid foundations for management and oversight		
1.1	Disclose roles and responsibilities of board and management	Yes
1.2	Undertake appropriate checks before appointing or electing a person as director	Yes
1.3	Written agreement with each director and senior executive	Yes
1.4	Company Secretary accountable directly to Board	Yes
1.5	Diversity Policy disclosures reported	No
1.6	Board performance evaluation undertaken	No
1.7	Senior executive performance evaluation undertaken	No
Principle 2 Structure the Board to add value		
2.1	Nomination committee requirements met	No
2.2	Board skills matrix disclosed	Yes
2.3	Director Independence and tenure disclosed	Yes
2.4	Majority of the board are independent directors	Yes
2.5	Chair of the board is an independent director and not the same person as the MD	Yes
2.6	Director induction and ongoing training program	Yes
Principle 3 Act ethically and responsibly		
3.1	Code of conduct available on website	Yes
Principle 4 Safeguard integrity in corporate reporting		
4.1	Audit committee requirements met	No
4.2	MD and CFO financial statement declarations received	Yes
4.3	External auditors attend AGM and available to answer questions from shareholders	Yes
Principle 5 Make timely and balanced disclosure		
5.1	Continuous Disclosure Policy available on website	Yes
Principle 6 Respect the rights of shareholders		
6.1	Corporate and governance information available on website	Yes
6.2	Investor relations program	Yes
6.3	Processes to facilitate and encourage participation at shareholder meetings	Yes
6.4	Electronic shareholder communications functionality	Yes
Principle 7 Recognise and manage risk		
7.1	Risk committee requirements met	No
7.2	Annual review of risk management framework	No
7.3	No internal audit function but internal control processes in place	No
7.4	Disclosure of material exposure to and management of economic, environmental and social sustainability risk	Yes
Principle 8 Remunerate fairly and responsibly		
8.1	Remuneration committee requirements	No
8.2	Remuneration practices disclosed	Yes
8.3	Remuneration Policy disclosures regarding equity-based remuneration	Yes
Principle 1:		
<i>Lay solid foundations for management and oversight</i>		
Establish and disclose the respective roles and responsibilities of the board and management and how their performance is monitored and evaluated		
<p>1.1 The Company should disclose</p> <p>(a) the respective roles and responsibilities of the board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management</p> <p>The Board of Eclipse Metals Limited is responsible for monitoring progress and performance on behalf of its shareholders, by whom it is elected and to whom it is accountable.</p>		

The Board has adopted a Board Charter which outlines the manner in which its powers and responsibilities will be exercised and discharged having regard to principles of good corporate governance and applicable laws.

The Company's Board Charter (as per the Company's webpage) discloses the specific responsibilities of the Board and those delegated to Management.

1.2 The Company should

- (a) undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director; and
- (b) provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director

Prior to the appointment of a prospective director, or putting forward to shareholders a candidate for election, as a director, the Company undertakes checks which it believes are appropriate to verify a director's character, experience, education, criminal record and bankruptcy history including for new directors:•

- background and reference checking;
- requesting information in relation to the person's current and previous positions, directorships, bankruptcy history and any potential conflicts of interests

All material information relevant to a decision of whether to appoint or re-elect a director is made available to shareholders.

Board candidates must stand for election at the next general meeting of shareholders.

A profile of each director is disclosed in the Company's Annual Report and when directors are due for re-election, the Company discloses the information to shareholders in the Notice of Meetings at which directors will be elected or re-elected in order for them to make an informed decision about the election/re-election of that director.

1.3 The Company should have a written agreement with each director and senior executive setting out the terms of their appointment.

New directors, appointed to the Board, are provided with a letter of appointment including their remuneration details together with the opportunity to access copies of Company and Board policies, the Constitution and prior Board minutes and papers.

New directors will also be advised of their confidentiality and disclosure obligations, share trading policy guidelines, indemnity and insurance arrangements.

The Company prepared a formal letter of appointment for the additional director appointed during 2018.

1.4 The Company Secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary is appointed and removed by the Board; reporting directly to the Chairman.

For Eclipse, the Company Secretary is responsible for supporting the proper functioning of the Board which includes, but is not limited to, providing advice on governance, ASX policy and procedural issues, preparing detailed minutes and working with the Chairman to co-ordinate the Board agenda.

In addition to these responsibilities, the Company Secretary is responsible for oversight of the share registry services provided by Security Transfer Registrars.

1.5 The Company should:

- (a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them;
- (b) Disclose that policy or a summary of it; and
- (c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the Company's diversity policy and its progress towards achieving them, and either
 - The respective proportions of men and women on the board, in senior executive positions and across the whole organization; or
 - The most recent "Gender Equity Indicators" as defined in the Workplace Gender Equality Act

The Company has established a Diversity Policy which provides a framework for new and existing diversity related initiatives and policies to be implemented and maintained. The Policy is available on the Company's webpage.

Each year, the Board will consider whether to set measurable objectives to achieve positive diversity outcomes, including a balance representation of women in the Company's business.

The Board have resolved to establish measurable objectives for gender diversity as and when its workforce reaches a size that justifies such a policy, therefore the Board did not set measurable objectives during the 2018 financial year. The size of the Company is currently less than 10 employees.

Pursuant to Recommendation 1.5 of the Recommendations, the Company discloses the following information as at the date of this report:

- **Percentage of women and men employed within the Group – women: Nil; men: Nil;**
- **Percentage of women and men employed as a senior executive – women: Nil; men: Nil;**
- **Percentage of women and men employed at the Board level – women: Nil; men: 100%**

1.6 The Company should

- (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process

The Company's Corporate Governance Policies includes a Performance Evaluation Process Policy.

Whilst the Company acknowledges Board performance evaluation is important, the small scale of the Board and the nature of the Company's activities makes the formal establishment of a performance evaluation strategy unnecessary at the moment.

Performance evaluation is currently managed by the Chairman. The 2018 performance evaluation process was completed as a collaborative group discussion.

Whilst this represents a variance to ASX Recommendation 1.6, the directors consider that an appropriate and adequate process for the evaluation of the Board and directors is in place, given where the Company is currently at in terms of structure and activity. A more structured process of assessment will be considered in the future as projects develop.

1.7 The Company should

- (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period on accordance with that process

Given the current low level of complexity of the Company's operations, the management structure is flat with only the Board in place and all other functions out sourced to third party service providers; there is no current process to assess and evaluate the performance of senior executives.

If required, the evaluation of the performance of non-board members would be completed by the Chairman.

Whilst this represents a variance to ASX Recommendation 1.7, the directors consider that an appropriate and adequate process for the evaluation of non-board members is in place, given where the Company is currently at in terms of structure and activity. A more structured process of assessment will be considered in the future as projects develop.

Principle 2:

Structure the board to add value

The Board should be of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

2.1 The Company should

- (a) Have a nomination committee
 - With a least three (3) members, a majority of who are independent directors;
 - Chaired by an independent directorAnd discloses:
 - The charter of the committee;
 - The members of the committee; and
 - The number of times the committee met throughout the period and the individual attendance of the members at those meetings
- (b) If the Company has no nomination committee, there must be disclosure of that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience independent and diversity to enable it to discharge its duties and responsibilities effectively.

A Nomination Committee has not been formed under Recommendation 2.1. The Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise with the aim of achieving the optimal mix of skills and diversity. The Board has decided that at this time, no efficiencies will be achieved by establishing a separate nomination committee.

The Board decides the selection of members of the Board and makes the necessary recommendations to Shareholders for election of Directors. In considering membership of the Board, directors take into account the appropriate skills and characteristics needed by the Board to maximize its effectiveness and the blend of skills, knowledge and experience for the present and future needs of the Company.

Each Board member is responsible for assessing the necessary competencies of Board members to add value to the Company, reviewing Board succession plans and evaluating the Board's performance.

2.2 The Company should have and disclose a board skills matrix of skills and diversity that the board currently has or is looking to achieve in its membership.

During the 2017-2018 financial year, the Board comprised three directors, including two non-executive directors; there was no female representation on the Board.

Detailed biographies are set out in the Directors' Report of the Company's 2018 Annual Report.

The Board considers that collectively the directors represent the skills, knowledge and experience necessary and desirable to direct the Company. The non-executive directors contribute exploration, geology and financial experience, an understanding of the industry in which Eclipse operates and an understanding of the matters that are important to the Company. The Executive Chairman brought an additional perspective to the Board through a thorough understanding of Eclipse's business.

The Executive Chairman stepped down to Non-Executive as at May 2018. As at the date of this Statement, the Company has three (3) Non-Executive Directors.

The current directors possess an appropriate mix of skills, experience and expertise to enable the Board to discharge its responsibilities and deliver the company's strategic priorities.

The Board recognises that opportunities exist to consider diversity upon future retirements of non-executive directors.

The Board skills matrix sets out below the combined skills and expertise presently represented on the Board and the number of Directors with a required skill set.

Skills and Experience	Board representation (out of 3 Directors)
Executive and Non-Executive Experience	3
Industry experience and knowledge	1
Leadership	3
Corporate Governance	3
Strategic Thinking and risk management	3
Acquisitions	3
Human resources and remuneration	3
Public company experience	2
Financial acumen	2
<i>Subject matter expertise</i>	
• Mineral Exploration and Geology	1
• Mining	2
• Metallurgy and processing	1
• Resource definition	1
• Environmental and sustainability	1
• Accounting and Audit	2
• Capital Management	3
• Corporate financing	3
• Industry Taxation	2

2.3 The Company should disclose:

- The names of the directors considered by the board to be independent;
- If a director has an interest, position, association or relationship that might cause doubts about the independence of a director but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and explanation of why the board is of that opinion; and
- The length of service of each director

The Board has adopted a charter to give formal recognition to a detailed definition of independence. The Board has the following two (2) independent directors – Mr Rod Dale and Mr Ibrar Idrees.

Commencing from June 2018, the Executive Chairman stood down to a non-executive director but he is not independent within the strict meaning as he is a substantial shareholder.

The directors' status including their length of service is disclosed in the table below:

Name	Status	Appointment Date
Rodney Dale (Non-Executive Chairman)	Independent	7 October 2013
Carl Popal	Not Independent	19 March 2013
Ibrar Idrees	Independent	29 May 2018

2.4 A majority of the board should be independent directors

The Board is currently made up of three (3) directors, with two (2) of them being independent in terms of the relationships affecting Independent Status in Recommendation 2.3 of the Principles.

The majority of the Board are considered independent as per the criteria outlined in the Board Charter which includes the Company's criteria for independent of Directors.

The directors believe that there exists a strong incentive for all board members to carry out their directorial duties in an independent manner. The Board considers that this, combined with sufficient independence of view and variety of intellectual input between the directors to be satisfied with the ratio of independent and non-independent directors.

A determination with respect to independence is made by the board on an annual basis. In addition, the directors are required on an ongoing basis to disclose relevant personal interests and conflicts of interest which may in turn trigger a review of a director's independent status.

2.5 The chair of the board should be an independent director and, in particular should not be the same person as the CEO.

The Chairman of the board is an independent director.

Mr Dale was appointed as Non-Executive Chairman, effective June 2018 because he is independent of management, has no interest, position, association or relationship that would compromise his independence directly or indirectly and individually holds less than 5% of the issued ordinary shares of the Company.

The Company currently does not employ a CEO consequently the Chairman is not the CEO of the entity.

2.6 The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Due to the fact that directors are chosen for their specialist knowledge of their sector, the Board induction process is of an informal nature. New directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors.

Directors are given access to continuing education opportunities and professional development to update and enhance their skills and knowledge.

Principle 3:

Act ethically and responsibly

The Company should act ethically and responsibly

3.1 The Company should:

- (a) Have a code of conduct for its directors, senior executives and employees; and
- (b) That discloses that code or a summary of it.

A Directors and Executive Officers' Code of Conduct Policy is in place and provides a framework for decisions and actions in relation to ethical conduct in employment and all employees and directors are expected, at a minimum, to follow.

The Code is included on the Company's website.

Principle 4:

Safeguard integrity in corporate reporting

The Company should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting

4.1 The Company should:

- (a) Have an audit committee
 - With a least three (3) members, all of whom are non-executive directors and the majority of who are independent directors;
 - Chaired by an independent director who is not the chair of the board

And discloses:

- The charter of the committee;
- The relevant qualifications and experience of the members of the committee; and
- The number of times the committee met throughout the period and the individual attendance of the members at those meetings

- (b) If the Company has no audit committee, there must be disclosure of that fact and the processes it employs to independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The directors do not consider that the Company's affairs are of such a size and complexity as to merit

the establishment of a separate Audit Committee. Until this situation changes, the Board will carry out all audit committee functions.

The Board monitors the form and content of the Company's financial statements and maintains an overview of the Company's internal financial control, audit system and risk management systems.

4.2 Before the board approves the financial statements for a financial period, it should receive from its CEO and CFO a declaration that, in their opinion the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and gives a true and fair view of the financial position and performance of the Company which has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

On an annual basis, the Company's Accountant along with the Chairman, provide written confirmation to the Board that the Company's Financial Reports present a true and fair view, in all material respects of the Company's financial condition and operational results are in accordance with relevant accounting standards.

Furthermore, sign off of this Declaration is founded on a sign system of risk management and internal compliance and control which implements the policies adopted by the Board.

4.3 The external auditors are to attend the Company's AGM and are available to answer questions from shareholders relevant to the audit.

The Company's Annual General Meeting is conducted in accordance with the Corporations Act and the Constitution of the Company.

The auditor receives a copy of the Notice of Annual General Meeting in accordance with section 249K of the Corporations Act.

In accordance with section 250RA, the Company ensures that a representative from the external auditor attends the Annual General Meeting to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

The Auditor's presence is made known to Shareholders during the Meeting and Shareholders are provided with an opportunity to put forward questions to the auditor.

Principle 5:

Make timely and balanced disclosure

The Company should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities

5.1 The Company should

- (a) Have a written policy for complying with its Continuous disclosure obligations under the Listing Rules; and
- (b) Disclose that policy or a summary of it

Compliance procedures, to ensure timely and balanced disclosure of information in line with the Recommendations, have been noted and a Continuous Disclosure Policy has been adopted.

The Policy is available on the Company's website.

The Company Secretary is charged with ensuring any disclosure which needs to be made by the Company is brought before the Board for discussion and subject to amendment, approved and then released to the market accordingly. The Company Secretary is responsible for disclosures to the market, in addition to communicating with the ASX.

Principle 6:

Respect the rights of shareholders

The Company should respect the rights of its shareholders by providing them with appropriate information and facilities to allow them to exercise those rights effectively

6.1 The Company should provide information about itself and its governance to investors via its website.

The Company maintains a website and shareholders can find all recent information on the Company under various headings on the Company's website, including latest ASX releases, details of its projects, its Corporate Profile and Corporate Governance Policies and Statements.

Shareholders may also request a copy of the Company's ASX recent releases.

6.2 The Company should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company does not have a formal investor relations program per say but has established a Shareholder Communications Policy which aims to ensure that shareholders are fully informed by communicating to them through

- Continuous disclosure reporting to the ASX;
- Quarterly, half yearly and annual reports; and
- Media releases, copies of which are lodged with the ASX and place on the Company's website

The Company principally engages with its shareholder at its Annual General Meeting.

6.3 The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders.

The Shareholder Communications Policy aims to ensure shareholder participation at all Annual and General Meetings that they are permitted to attend.

Questions from shareholders, whether or not present at Meetings, are encouraged and the responses to these questions to be addressed through disclosure relating to that Meeting.

6.4 The Company should give shareholders the option to receive communications from and send communications to the Company and its share registry electronically.

Shareholders are given the option to receive information such as the Annual Report and Notice of Meeting in print or electronic form.

Principle 7:

Recognise and manage risk

The Company should establish a sound risk management framework and periodically review the effectiveness of that framework

7.1 The Company should:

- (a) Have a committee or committees to oversee risk, each of which
 - Has at least three (3) members, a majority of who are independent directors; and
 - Chaired by an independent director

And discloses:

- The charter of the committee;
- The members of the committee; and
- The number of times the committee met throughout the period and the individual attendance of the members at those meetings

- (b) If the Company has no risk committee or committees, that satisfy (a) above, disclose that fact and the processes it employs to oversee the Company's risk management framework.

The Company has not established a committee to oversee risk.

The Company has a management policy in place for the identification, reporting and effective management of risk by the Board.

The Directors have significant experience and understanding of the industry in which the Company operates, and the risks associated with public companies in mineral exploration to perform the functions associated with risk that would be performed by a committee established to oversee risk.

7.2 The board or a Committee of the board should:

- (a) Review the Company's risk management framework at least annually to satisfy itself that, it continues to be sound; and

(b) Discloses, in relation to each reporting period, whether such a review has been taken.

As the Board has responsibility for the monitoring of risk management there is not preparation of a formal report regarding the material risks and whether those risk are managed effectively.

The Board believes that it is sufficiently aware of the significant and material risks the Company currently faces however, its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing risk in the Company.

To the extent possible in a Company with minimal staffing levels, internal controls are in place to mitigate against any material business risks.

Risks of a strategic, financial and operational nature (such as ability to raise capital to fund exploration, commodity price and currency fluctuations, adequate levels of insurance, contract documentation, maintaining tenements in good standing and meeting financial reporting and compliance obligations) are reviewed on a regular basis by the Board.

Potential operational risks involved in running the Company are managed by the Board.

7.3 The Company should disclose:

- (a) If it has an internal audit function, how the function is structured and what role it performs; or
- (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company's affairs are of such a size and complexity as to not merit the establishment of an internal audit function.

This function is currently completed by the Board, who are responsible for establishing and maintaining an internal control structure. The Company has adopted internal control procedures which are set out in its Risk Management Policy.

An internal audit function will be established after the setup of the Audit and Risk Management Committee and in consultation with the external auditors as to when the Company is at the stage where such a function is warranted.

7.4 The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.

The Company recognises that it has exposure to economic, environmental and social sustainability risks which are managed through a series of internal and publicly available policies including but not limited to the Board Charter and the Code of Conduct.

Principle 8

Remunerate fairly and responsibly

The Company should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for Shareholders.

8.1 The Board should

- (a) Have a remuneration committee which
 - Has at least three (3) members, a majority of who are independent directors;
 - Chaired by an independent directorAnd discloses:
 - The charter of the committee;
 - The members of the committee; and
 - The number of times the committee met throughout the period and the individual attendance of the members at those meetings
- (b) If the Company has no remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

A Remuneration Committee has not been formed under Recommendation 8.1. The Board believes that such a committee would not serve to protect or enhance the interests of the shareholders. The Board as a whole considers the issue of remuneration.

The Board on an annual basis reviews director remuneration together with approving the audited annual remuneration report set out in the Directors' Report.

Furthermore, the Constitution stipulates that the aggregate remuneration available for division amongst the non-executive directors is determined by the shareholders in meeting.

The Board, where necessary, consults external consultants and specialists.

An indemnity agreement has been entered into between the Company and each of the directors of the Company. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law.

There is a \$1 million monetary limit to the extent of this indemnity

8.2 The Company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Board distinguishes the remuneration of non-executive directors from that of executive directors but currently the Board is comprised of only non-executive directors.

The Company's Constitution provides that the remuneration of non-executive directors is fixed, they do not participate in any incentive plans and do not receive any retirement benefits. For information about non-executive director remuneration practice, reference can be made to the audited remuneration report set out in the Directors' Report.

The Board is responsible for determining the remuneration of any director or senior executive without the participation of the concerned director or executive

Furthermore, the information provided in the Remuneration Report is audited as required by Section 308(3C) of the Corporations Act 2001.

8.3 The Company if it has an equity-based remuneration scheme should

- (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and**
- (b) Disclose that policy or a summary of it**

The Company's policy on Dealing in Securities prohibits participants from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

A copy of the Dealing Policy is on the Company's webpage.

Additional securities exchange information

Additional information required by the Australian Securities Exchange Ltd, and not shown elsewhere in this report is as follows. The information is current as at 19 September 2018.

(a) Distribution of equity securities

(i) Ordinary share capital

- 1,148,674,090 fully paid shares held by 1,147 shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

Analysis of numbers of equity security holders by size of holding are:

	Number of Holders	Fully Paid Ordinary Shares
1 – 1,000	53	6,867
1,001 – 5,000	4	13,680
5,001 – 10,000	100	979,932
10,001 – 100,000	328	19,999,789
100,001 and over	662	1,127,673,822
	1,147	1,148,674,090

907 Shareholders are holding less than a marketable parcel

(b) Twenty largest holders of quoted equity securities (fully paid ordinary shares)

	Number held	Percentage %
Ghan Resources Pty Ltd	250,329,696	21.79
S & CJ Pty Ltd Falcon Gold Superannuation Fund A/c>	58,954,705	5.13
Damon Marco	44,909,694	3.91
Argala Nominees Pty Ltd <Argala Superfund A/c>	44,809,524	3.90
Rabie & Mara Vandermerwe <Rabi & Mara Superfund A/c>	22,857,143	1.99
Adrian Lippi <Deep Impact Fishing>	17,000,000	1.48
Rochelle Wykes <R Wykes Superfund A/c>	15,925,893	1.39
M & K Korkidas Pty Ltd <M&K Korkidas Superfund>	15,574,000	1.36
Andrew Peter Proska	15,000,000	1.31
Sheldon Trent Redding	14,000,000	1.22
P Ford Retirement Pty Ltd	11,445,000	1.00
Rodney Giles Dale	11,000,000	0.96
Virginio Vigolo <VSV Family A/c>	10,000,000	0.87
Woebegone Pty Ltd	10,000,000	0.87
BW & LJ Buttsworth <Buttsworth Superfund A/c>	8,700,000	0.76
Peter Marszal <Marszal Retirement Fund>	8,200,000	0.71
Caroline Ma	8,000,000	0.70
Rochelle Wykes	7,439,500	0.65
James Andrew Buttsworth	7,292,400	0.63
Cedric Bruce Armstrong	7,000,000	0.61
	588,437,555	51.24

(c) Substantial holders

The substantial holder in the Company is set out below:

	Number held	Percentage %
<i>Ordinary shares</i>		
Ghan Resources Pty Ltd	250,329,696	21.79

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

(e) Business Objective

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

ECLIPSE METALS LTD TENEMENT INTERESTS - JULY 2018

Granted Tenements

Tenement	Project Name	Commodity	Status	State	Holder	Graticular Blocks
EL 24808	Bigryi	Uranium	Granted	NT	Eclipse Metals Ltd	27
EPM 17672	Mary Valley	Manganese	Granted	QLD	Walla Mines Pty Ltd ¹	15
EPM 17938	Amamoor	Manganese	Granted	QLD	Walla Mines Pty Ltd ¹	4
EPM 25698	West Mary Valley	Manganese	Granted	QLD	Eclipse Metals Ltd	5

Tenement Applications

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

¹ Walla Mines Pty Ltd is a wholly-owned subsidiary of Eclipse Metals Ltd

² Whitvista Pty Ltd is a wholly-owned subsidiary of Eclipse Metals Ltd

³ North Minerals Pty Ltd is a wholly-owned subsidiary of Eclipse Metals Ltd