ABN 85 142 366 541

Annual Report

For the financial year ended 30 June 2021

Corporate Directory

DIRECTORS

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

COMPANY SECRETARY

Mr Matthew Foy (Appointed 15th March 2021)

REGISTERED OFFICE

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West Perth WA 6005
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PRINCIPAL PLACE OF BUSINESS

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CONTACT DETAILS

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AUDITORS

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

SECURITIES EXCHANGE

Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth, Western Australia 6000

ASX Code: **EPM**

SHARE REGISTRY

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

COUNTRY OF INCORPORATION

Australia

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Chairman's Message

Dear Shareholders,

It gives me great pleasure to present the 2021 Annual Report for Eclipse Metals Limited (ASX: EPM), as we reflect on what has been a transformational 12 months for our company as we continue to explore and develop our large portfolio of prospective mineral projects.

Our acquisition of the Ivittuut project in Greenland in January 2021 was a major accomplishment for Eclipse, providing us with an important multi-commodity development opportunity. Ivittuut hosts the world's largest historical cryolite mine which produced 3.8 million tons of high-grade cryolite for use in the aluminium industry over its 120-year life, before mining ceased in 1987. Ivittuut also has immense potential for rare earths, fluorite and high-silica grade quartz. Demand for rare earths continues to increase as developments grow in electric vehicles, wind turbines, LCD screens and mobile phones which are become increasingly important to our lives. High-silica grade quartz is also used in the semiconductor industry to produce crucibles and quartz glass products such as windows, rods, and tubes as well as in the production of silicon metal, making it another important ingredient in new technology products.

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Given Ivittuut's long mining history, we are reviewing myriad historical records and mining data as well as drill core samples dating back more than 50 years and our work to date has only demonstrated the massive potential to develop this project and take it back into production. We have the support of the Greenland Government and have received approval for our initial fieldwork program from the Greenland Mineral Licence and Safety Authority. We plan to assess the project in detail and complete sampling which will enable us to calculate a JORC-compliant mineral resource estimate and project feasibility study, which is our major goal in the year ahead. We are hopeful travel restrictions relating to COVID-19 will improve over the coming months to expedite our efforts on this front.

In parallel with acquiring Ivittuut, we also continued to explore and develop our projects in Australia, which comprise uranium and base metal interests in the Northern Territory and our Mary Valley manganese project in southeast Queensland. Research of historical exploration reports held by the Northern Territory Department of Industry, Tourism and Trade has produced data from exploration by the NT Geological survey in 1971 on the Rock Hill copper / silver deposits in ELA 26487 (Yuendi) which has indications of potential for discovery of a substantial deposit. We've also identified shallow uranium-vanadium-strontium mineralisation at the Mt Wedge Station and Rabbit Bore areas of ELA 31051 in the eastern Ngalia Basin, NT, with excellent potential to delineate further mineralisation through shallow drilling. We are planning further re-interpretation of radiometric data on these anomalies while we progress our negotiations with the Central Land Council for an exploration agreement.

At Mary Valley, our diamond drilling programs in 2018 and 2020 have identified potential for bulk mining, where lower grade mineralisation could produce a high-grade, marketable product via processing through a gravity and magnetic beneficiation plant. We are continuing to consider the best way to move forward with this plan.

Our acquisition of Ivittuut was made possible by our Shareholders who supported a $2 million Placement which has enabled us to commence our activities on the ground and to continue our ongoing work on projects in Australia. We are grateful for our Shareholders, both new and long-term, who continue to believe in Eclipse and have confidence that we can develop our projects to their full potential. To this end, in August 2021, we announced a non-renounceable entitlement issue of options to Shareholders as a reward for your loyalty. Proceeds from this will provide Eclipse with additional working capital.

In addition to our Shareholders, I'd like to thank my fellow Directors and our Management team and staff for their incredible efforts over the past 12 months, which have been challenging but also rewarding for our Company. Our people are our greatest asset, and I am grateful for the hard work contributed by everyone at Eclipse.

The year ahead looks to be busy and productive as we continue to evaluate and uncover the potential of Ivittuut and create a path for its development, as well as our projects in Australia. I look forward to keeping you updated on our progress.

Carl Popal
Executive Chairman

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 2021. 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:

Carl Popal	Executive Chairman	
Rodney Dale	Non-Executive Director	
Ibrar Idrees	Non-Executive Director	
Pedro Kastellorizos	Non-Executive Director	Appointed 1 July 2020, Resigned 31 May 2021

2. COMPANY SECRETARIES

The following persons held the position of company secretary during or since the end of the financial year:

Matthew Foy	Appointed on 15 March 2021
Eryn Kestel	Resigned on 15 March 2021

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 $629,089 for the financial year ended 30 June 2021 (2020: loss of $319,132).

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 the 7th July 2021, the Company announced that it has received approval to commence an initial fieldwork programme on exploration licence MEL2007-45 on 1st August 2021.

On the 17th August 2021, the Company announced a pro-rata non-renounceable entitlement issue of options to shareholders. The purpose of the offer is to reward shareholders for their loyalty. Shareholders will subscribe for 1 Option for every 10 shares held for an issue price of $0.002 per option. The Company will raise up to $382,792 before cost. Each Option will be exercisable at $0.05 on or before the expiry date being three (3) years from the date of issue.

On 15 September 2021, the Company announced a rights issue shortfall of 43,490,747 new options. 147,905,270 options subscribed for under the offer exercisable at $0.05 expiring on 17 September 2024 was issued and allotted on 17 September 2021 to eligible shareholders.

Apart from 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

Australian projects

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.

Greenland project

The Group's environmental obligations are regulated under the Ministry of Environment and Nature of Greenland. The Group has a policy of complying with its environmental performance obligations. Any environmental matters relation to exploration in Greenland will be addressed and dealt with as required.

9. CORONAVIRUS PANDEMIC

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

10. REVIEW OF OPERATIONS

Highlights

- Acquisition of the world's largest historical cryolite mine which also has rare earths production potential
- Multiple geophysical anomalies identified, and high-grade cryolite-fluorite and quartz mineralisation delineated at Ivittuut
- 750m of historical drill core from Gronnedal-Ika carbonatite area discovered
- Bulk mining potential identified at Mary Valley Manganese Project, Queensland
- High-priority drill targets identified in Ngalia Basin Prospects, Northern Territory
- $2 million Placement completed to fund Ivittuut acquisition and exploration activities.

Overview

Eclipse Metals Ltd is an Australian-based mineral resource company which holds a portfolio of projects including the Ivittuut Project in Greenland, recorded as the world's largest and only commercial cryolite mine as well projects in the Northern Territory and Queensland in Australia.

The Group's mineral tenement assets are prospective for uranium, palladium, cryolite, fluorite, siderite, quartz, rare earth elements, gold, platinum group metals, manganese and vanadium.

Ivittuut Project, Greenland

On 14 January 2021, Eclipse announced it had entered into an agreement to acquire the Ivittuut Project, Mineral Exploration Licence 2007-45, in southwest Greenland from Cerium Pty Ltd[1](Figure 1).

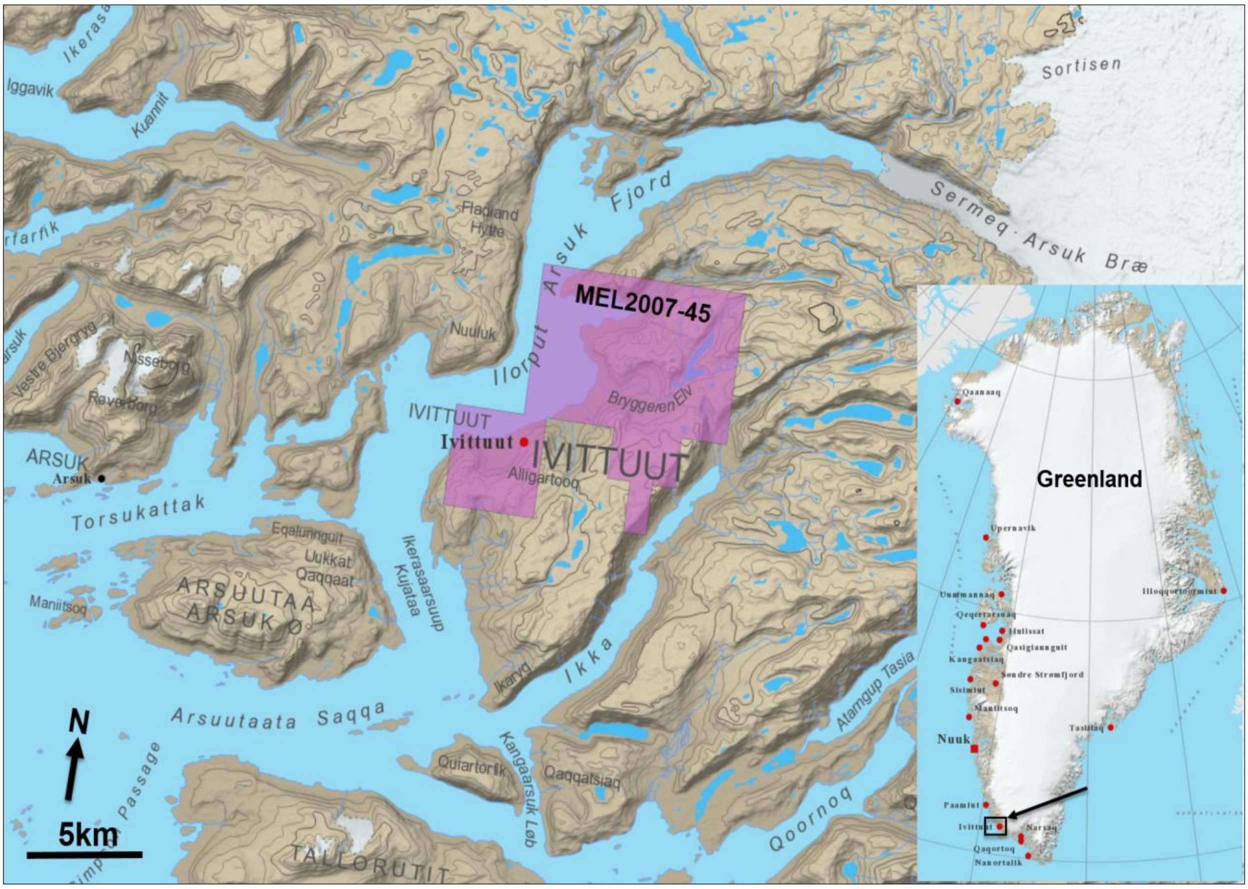

Figure 1 : Ivittuut Project Location Map – MEL 2007-45

The historical Ivittuut mine (Figure 2) is recorded as having produced 3.8 million tons of high-grade cryolite for use in the aluminium industry over its 120-year life before closing in 1987. The Ivittuut deposit supported the world's largest and only cryolite mine. This cryolite deposit with associated fluorite and high-grade (low impurity) quartz also contains minerals with rare earth potential.

[1] ASX Announcement: 14 January 2021 – "Acquisition of the World's Largest Historical Cryolite Mine with Rare Earth Potential and Placement"

Figure 2: Aerial image of Ivittuut mine in the 1960s

Prior to announcing the acquisition, Eclipse commissioned an extensive data review of all available open file exploration, mining, pre-feasibility reports from the Geological Survey of Denmark and Greenland (GEUS) along with academic literature covering the Ivittuut and Gronnedal-Ika (carbonatite – rare earth element) areas.

The review included evaluating drill data from the historical open-cut and surrounding areas within the current exploration license. Other reports accessed included exploration drilling, engineering reports covering mining methods, cross-sections, resource block modelling based on lithology/grade, local and regional geology maps, and pre-feasibility studies on a high-grade quartz body within the pit environs.

Definitive historical exploration data and analytical results demonstrate the presence of widespread, unmined mineralisation within the historical Ivittuut mine precinct. The Company's evaluation identified the Ivittuut Project as having extensive exploration potential plus short-term cash-flow opportunities.

Eclipse identified strong potential for generating JORC compliant resources of cryolite, REE minerals, sphalerite and high-grade quartz in the pit plus the historical low-grade dumps and tailings which contain large volumes of mineralised rock. Presence of a large body of carbonatite with documented REE potential within this exploration licence was also noted.

Greenland's Minister of Finance, Industry and Mineral Resources approved the direct transfer of mineral exploration licence MEL2007-45 to Eclipse Metals Limited Greenland in February as well as a transfer addendum from the Greenland Mineral Licence and Safety Authority (MLSA).

Eclipse has digitized data from a 1985 survey of the base of the Ivittuut open pit to enable assessment of mineral resources for planning future exploration and mining activities. Geological logs from 169 diamond drill holes representing approximately 8,100m of drilling within and around the pit have also been digitized. Approximately 19,000m of historical exploration diamond drill core, currently in a government storage facility, remains untested for rare earth mineralisation (the fluorite zone at Ivittuut is known to contain REE).

In the March quarter, Eclipse announced details of multiple geophysical anomalies defined within MEL 2007-45. Geophysical data sets over the Ivittuut project tenement, including government commissioned regional magnetic/radiometric surveys and commercial airborne TMI and Dighem surveys were evaluated.

Eclipse commissioned Core Geophysics to obtain available open file geophysical datasets, process the data and to make initial comment on the data for REE, magnetite and massive sulphide exploration potential at Gronnedal-Ika. The consulting geophysicist reinterpreted results of a 1995 aeromagnetic survey and Dighem survey data sets to confirm previously mapped dykes and indications of deep-seated dykes/sills. The magnetic survey highlighted numerous north-east and east-west trending gabbroic dykes and sills with magnetite and sulphide mineral potential, many of which do not appear in 1:100,000 geological mapping.

The strongest magnetic responses were found to be closely associated with known carbonatite and gabbro bodies in the Gronnedal-Ika area; magnetic anomalies suggest a larger extent of carbonatite than indicated by geological mapping. Geophysical surveys defined seven conductive targets with a close spatial relationship to the carbonatite unit – all anomalies remain untested.

This work has provided a significant amount of information on prospectivity of the carbonatite occurrence and mafic dykes.

High-grade REE mineralisation is widespread within Gronnedal-Ika carbonatite with over 3.4% total REE (TREE) including high-grade europium. Local evidence indicates presence of a world-class REE-enriched system with favourable structural, geochemical and lithological indicators with the added potential of carbonate rock as a commercial by-product. Europium has been recognised throughout the carbonatite intrusion at five times greater concentration than average for rocks elsewhere and many times that normally expected in carbonatites.

The Company also announced details of additional high grade cryolite-fluorite mineralisation within and beneath Ivittuut pit delineated using 3D modelling based on analysis of historical diamond drilling data, indicating substantial economic potential. Work completed to date has included ongoing evaluation of definitive historical exploration and analytical data for the Ivittuut open pit reported by independent mining consultant Outokumpu Oy. (Figure 3).

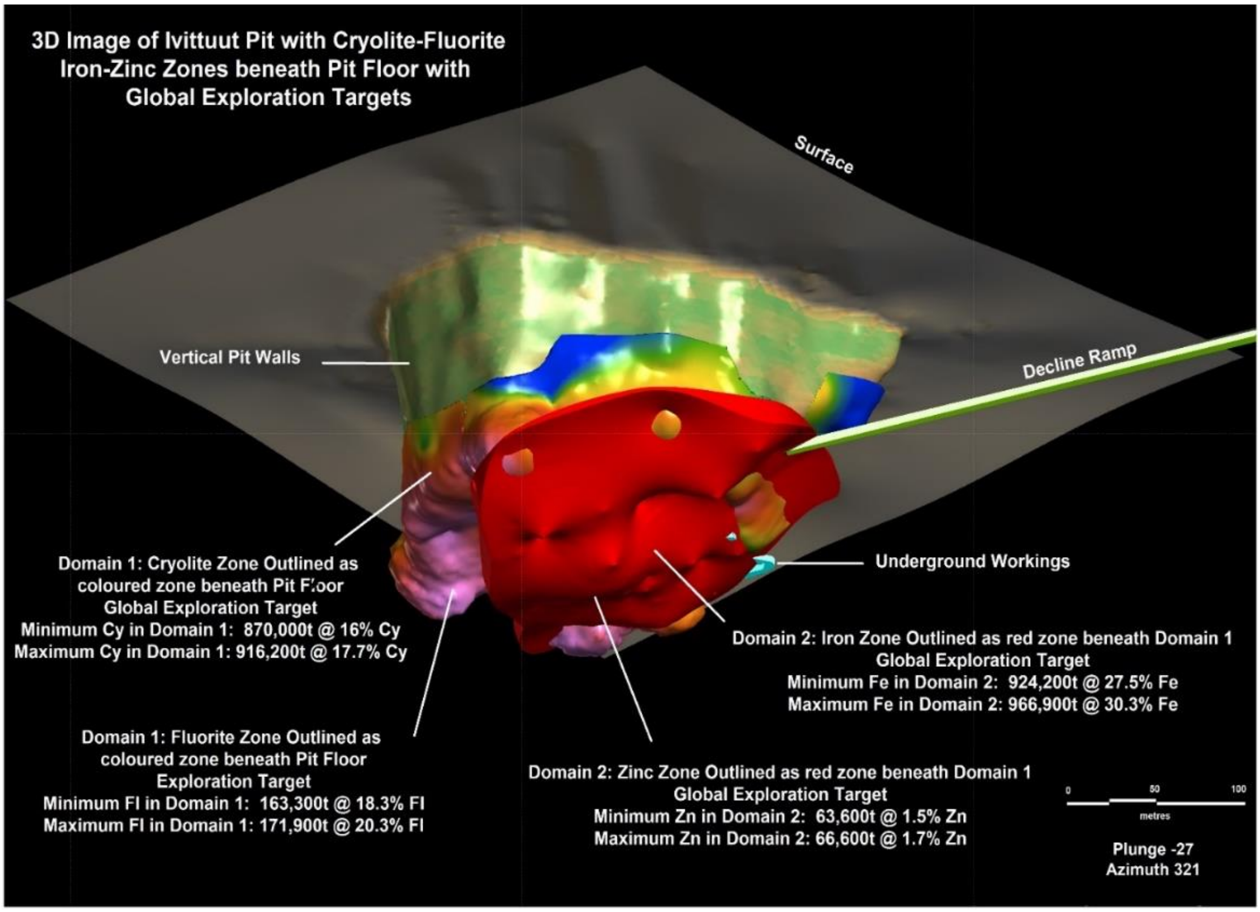

Figure 3: 3D oblique image showing interpreted Domains 1 & 2 including the declines and underground workings

Modelling of historical exploration data from the Ivittuut deposit indicate substantial economic potential within the pit. Thick high grade envelops of cryolite-fluorite mineralisation beneath the pit floor, derived from historic laboratory reports, have been verified with plan and section plots. (Figure 3).

Intersections include:

- Drill Hole 110 - 10.4m @ 15.0% cryolite and 45.9% fluorite from 11.20m
- Drill Hole 129 - 10.7m @ 55.0% cryolite and 22.1% fluorite from 29.54m
- Drill Hole 141 - 16.2m @ 24.5% cryolite and 39.0% fluorite from 22.0m
- Drill Hole 149 - 18.0m @ 17.4% cryolite and 42.4% fluorite from 18.0m
- Drill Hole 162 - 10.7m @ 18.6% cryolite and 33.9% fluorite from 18.88m
- Drill Hole 167 - 10.0m @ 14.0% cryolite and 56.8% fluorite from 19.0m
- Drill Hole 185 - 11.6m @ 41.2% cryolite and 30.3% fluorite from 15.4m
- Drill Hole 189 - 20.0m @ 31.8% cryolite from 18.60m

Geological domains were developed to represent the two mineral associations:

- Domain D1: Cy-Fl (cryolite and fluorite)
- Domain D2: Fe-Zn (iron and zinc)

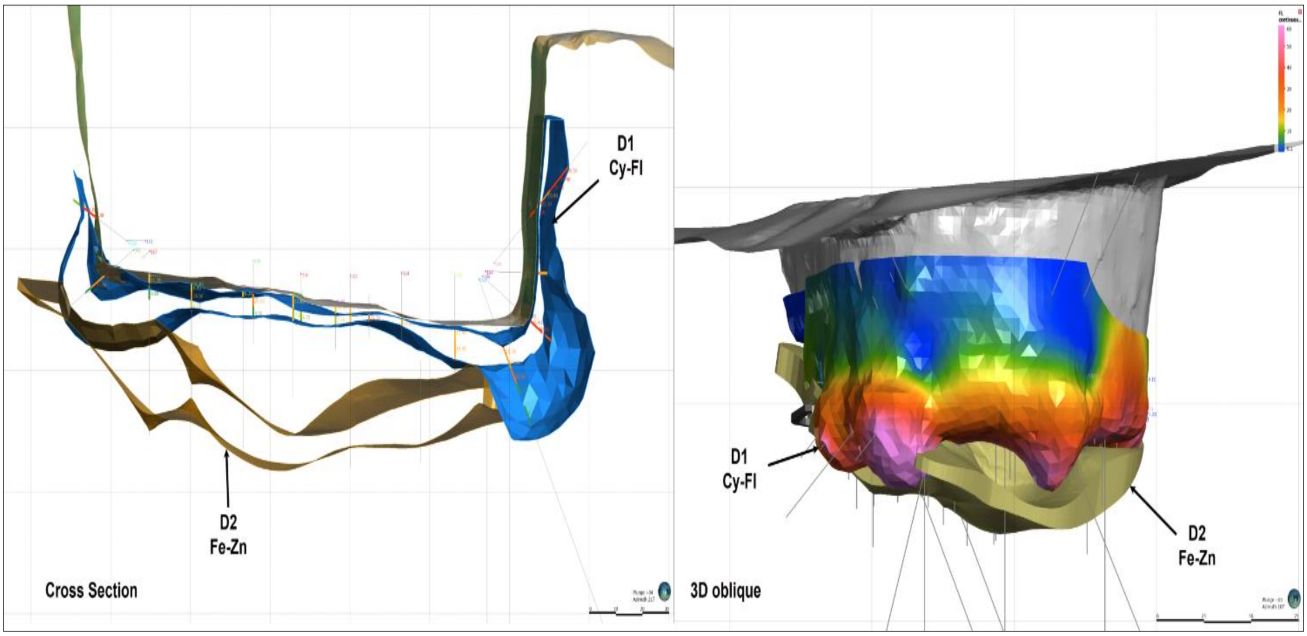

Figure 4: Cross section and 3D views of mineral Domains 1 & 2

Cryolite-Fluorite mineralised area is a circular feature measuring approximately 200m in diameter developed immediately below the base and lower edges of the open pit. The modelled domain representing in-situ mineralisation immediately below the open pit averages 6m, ranging between 4m and 25m thickness. At the lower corners of the pit the domain bulges to thickness of up to 30m.

Zinc mineralisation within Domain 2 is considered to have a very close association with occurrence of siderite (iron carbonate). Historical drilling campaigns only assayed for base metals to a limited extent with little work focusing on potential zinc mineralised lodes. Some of the drilling has yielded high-grade base metal results such as 1.7% Cu, 18.2% Zn and 7.7% Pb hosted within the iron mineralised lode. Most of the zinc mineralisation is hosted within >30% Fe rich zones and remains largely untested. (Figure 4).

From the 8,100m drilled, only 162 assays were conducted for base metals, as cryolite was the primary focus for all historical exploration drilling programs.

Table 1: Ivitttuut Mine -Exploration Target by Mineral Domains

Range	Mineral	Cut Off (%)	Tonnage (t)	Grade %
Exploration Target - Lower	Cryolite in Domain 1	0	870,300	16.0
Exploration Target - Upper	Cryolite in Domain 1	0	916,200	17.7
Exploration Target - Lower	Cryolite in Domain 1	10	680,900	18.4
Exploration Target - Upper	Cryolite in Domain 1	10	716,800	20.4
Exploration Target - Lower	Cryolite in Domain 1	20	268,400	25.8
Exploration Target - Upper	Cryolite in Domain 1	20	282,500	28.6
Exploration Target - Lower	Fluorite in Domain 1 (at 10% Cy cut off)	0	163,300	18.3
Exploration Target - Upper	Fluorite in Domain 1 (at 10% Cy cut off)	0	171,900	20.3
Exploration Target - Lower	Fluorite in Domain 1 (at 20% Cy cut off)	20	55,900	39.6
Exploration Target - Upper	Fluorite in Domain 1 (at 20% Cy cut off)	20	58,800	43.8
Exploration Target - Lower	Fe in Domain 2	0	924,200	27.5
Exploration Target - Upper	Fe in Domain 2	0	966,900	30.3
Exploration Target - Lower	Zn in Domain 2	0	63,600	1.5
Exploration Target - Upper	Zn in Domain 2	0	66,600	1.7

The Company also announced results of its ongoing evaluation of definitive historical exploration and analytical data for the Ivittuut open pit reported by independent mining consultants North Atlantic Mining Consultants Ltd. The results demonstrated high-grade quartz mineralisation in Domain 3 below the historic open pit. (Figure 5).

The high silica grade quartz zone beneath Ivittuut Pit was delineated using 3D modelling based on analysis of historical diamond drilling. This body of high-grade quartz denominated as Domain 3, was intersected below the cryolite-fluorite zone Domain 1 and iron-zinc zone Domain 2.

Averaged drill intersections include:

- Drill Hole 153 – 54m @ 97.6% SiO_2 from 32m
- Drill Hole 165 – 24m @ 93.2% SiO_2 from 12m
- Drill Hole 165 – 53m @ 94.8% SiO_2 from 45m

Analyses of individual 3m intervals of high-grade quartz mineralisation include:

- Drill Hole 153 – 99.60% SiO_2 from 32m
- Drill Hole 153 – 99.33% SiO_2 from 59m
- Drill Hole 153 – 99.98% SiO_2 from 80m
- Drill Hole 153 – 99.94% SiO_2 from 86m
- Drill Hole 165 – 99.72% SiO_2 from 66m
- Drill Hole 165 – 99.13% SiO_2 from 81m
- Drill Hole 165 – 99.02% SiO_2 from 89m.

The quartz body forms a flat, roughly circular intrusive body approx. 220m in diameter with a thickness of approximately 90m.

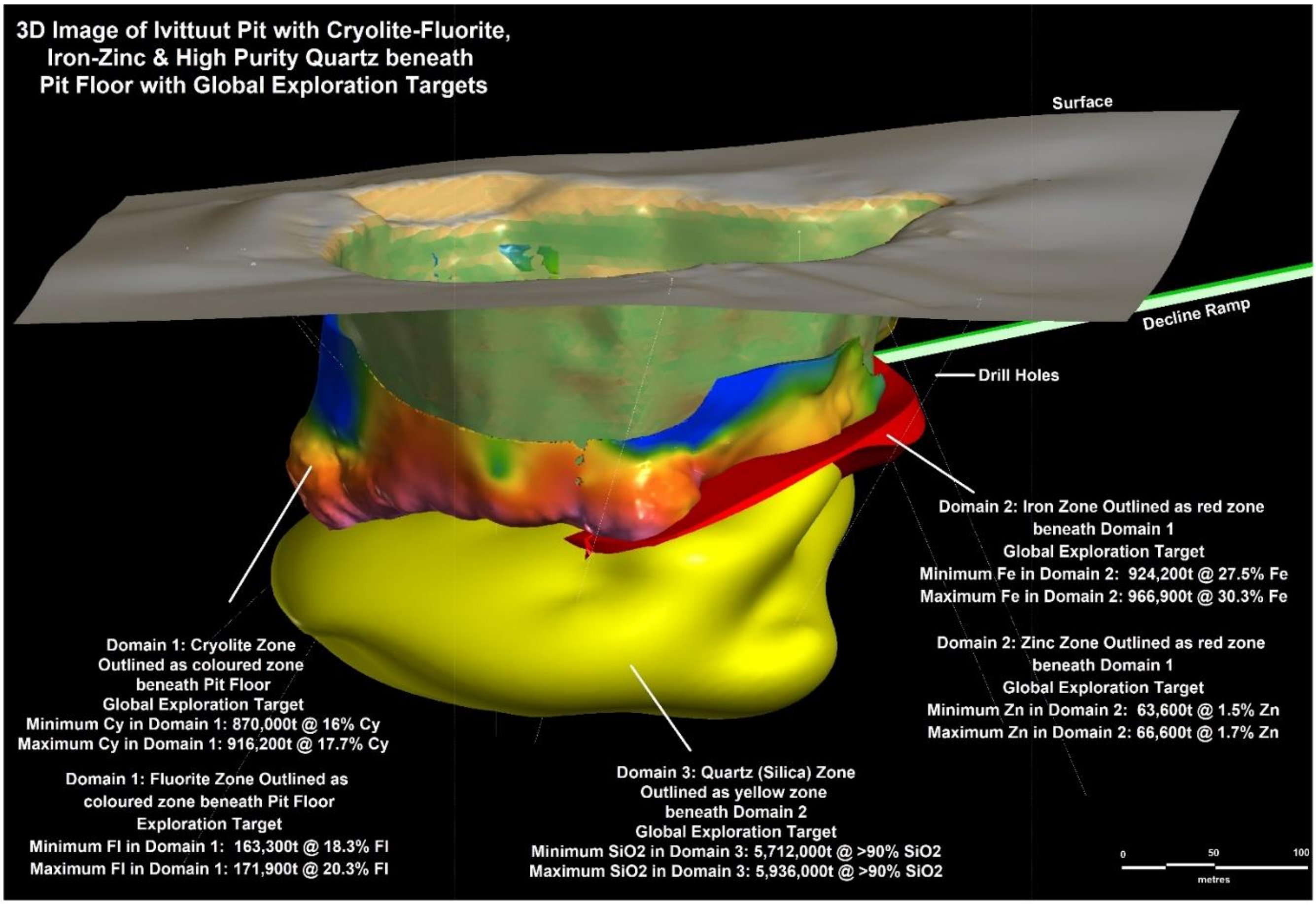

Figure 5: 3D oblique image showing interpreted Domains 1 & 2 with high-grade quartz in Domain 3

Eclipse derived data from laboratory analytical reports contained in GEUS Report 23656 and verified with historic cross sections and plans. Analytical data was reviewed in 3D and formed the basis for geological modelling. The high-grade quartz lies directly below the cryolite-fluorite and iron-zinc zones with the silica grade increasing below the iron-zinc zone in the northern portion of the pit (Figure 5).

Range	Zone	Domain	Cut Off %	Quartz Tonnage t	Quartz Grade Lower %	Quartz Grade Upper %
Exploration Target - Lower	Quartz	3	0	5,700,000	90.0	95.0
Exploration Target - Upper	Quartz	3	0	5,940,000	90.0	95.0

Gronnedal-Ika Carbonatite Complex

The Gronnedal-Ika carbonatite, nepheline syenite complex and later dolerite dykes are intruded into crystalline Archean basement rocks centered on 48°03'W: 61°14'N, about 10km to the northeast from Ivittuut.

REE occurs throughout the carbonatite complex, especially in late-stage veins where it occurs as various strontium REE carbonate minerals. Europium (Eu) has been recorded from the whole intrusion at several times higher grade than average for rocks elsewhere in the Gardar Province and many times more than normally found in carbonatite.

Minerals identified within the complex include apatite, monazite, stronianite and synchysite which host LREE, as well as zircon and monazite which host HREE (LREE = light rare-earths. HREE = heavy rare earths).

Carbonate rock from this complex could provide a neutralising agent for mine and process water for other operations in the region.

Exploration activities

In July 2021, Eclipse received approval from Greenland Mineral Licence and Safety Authority for an initial fieldwork program at Ivittuut to commence on 1 August 2021.

Eclipse's approved program of work at Ivittuut includes field assessment and general inspection and familiarisation by the new field team, sampling of the existing mullock heaps and sampling of geological bulk intrusions. This appraisal will pave the way for further testwork to facilitate calculation of a JORC compliant mineral resource estimate and project feasibility study.

An initial sampling program will include collection of representative samples from the Ivittuut mine tailings and low-grade waste dumps and the Gronnedal-Ika carbonatite.

In August 2021, Eclipse provided an update on its ongoing examination of historical diamond drill core from the Gronnedal-Ika carbonatite intrusive with over 19,000m from Ivittuut cryolite mine environ within its MEL2007/45 licence. Six diamond holes with a combined length of 750m, were drilled over 50 years ago within Gronnedal-Ika carbonatite intrusive and much of the core remains uncut and untested.

Figure 6. Historical drill core from the Grønnedal-Ika carbonatite.

Directors' Report (Cont'd)

The drill core is stored in a Greenland Government facility in Kangerlussuaq (Sondre Stromfjord) approx. 320km north from the capital Nuuk. The core has been preliminarily examined by Eclipse staff in Greenland and a consulting geologist. (Figure 6).

The core was found to be in good condition and well catalogued, enabling Eclipse personnel to readily identify the drill holes of initial interest and to collect samples from selected sections for analysis in Perth.

Of particular interest is the core from the six holes drilled into the carbonatite intrusive where historical exploration has identified anomalous rare earth element content in dolerite dykes intruding the carbonatite.

The Company has collected samples for preliminary testing and intends to log, cut and assay the core utilising appropriate QA/QC protocols, in due course.

This initial evaluation of drill core will provided additional significant information on the prospectivity of the carbonatite occurrence and mafic dykes which will save considerable future costs in delineating this REE deposit.

Samples collected by Eclipse Metals Greenland's office are being dispatched from Sondre Stromfjord (Core Storage) to Australia for laboratory analysis for REE elements and quartz. The Company will announce results as soon as testing is completed.

Ngalia Basin Uranium Prospects, Northern Territory

Ngalia Basin is located approximately 300km west-northwest from Alice Springs and is considered highly prospective for sandstone and paleochannel style uranium / vanadium mineralisation. (Figure 7)

Eclipse Metals holds two granted exploration licences and eight exploration licence applications in the Ngalia Basin, with a combined area of approx. 7,550km^2 situated within this extensive uranium mineralised region. To the north, roll-front uranium mineralisation at Bigrlyi occurs in Devonian aged sandstones of the Ngalia Basin.

Ngalia Basin hosts deposits including:

1. Bigrlyi Deposit (inferred and indicated resources of 9,570t of U_30_8 at 1,283 ppm and 8,930t of V_2O_3 averaging 1197 ppm at 500 ppm U_30_8 cut-off);
2. Cappers Deposit (Inferred Resource 3,200t of U_30_8, averaging 145 ppm U at 100ppm cut-off)
3. Napperby Project (inferred resource of 3,643t of U_30_8 at 382 ppm U at and 2,251t of V_2O_3 grading 236 ppm at 200 ppm U_30_8 cut-off).

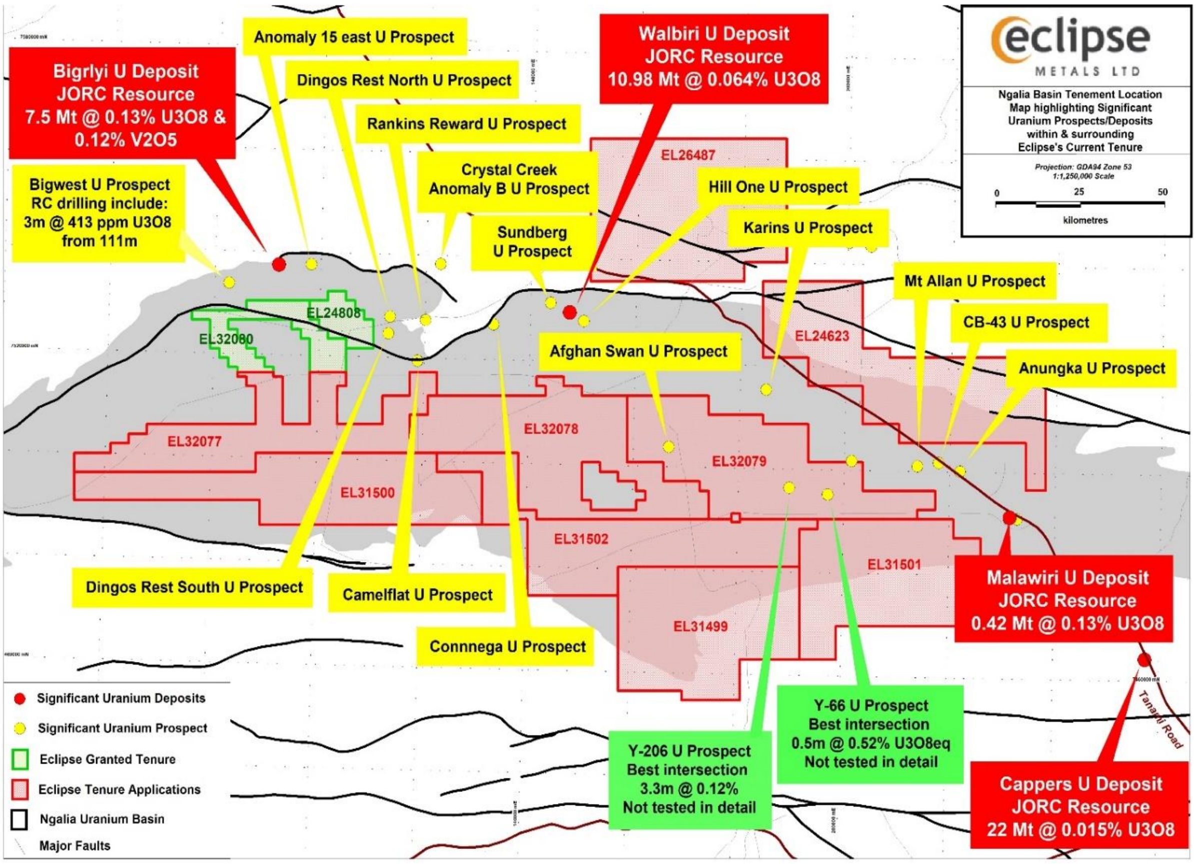

Figure 7: Eclipse Metals' Ngalia Exploration Licence Location Map

Eclipse is seeking drilling rigs to conduct initial reconnaissance drilling in EL24808 (Cusack's Bore) (Figure 8) and EL32080 (Ngalia North), in the northern part of Ngalia Basin, targeting potentially uranium/vanadium bearing paleochannels indicated from its 2019 geophysical gravity survey over EL24808.

Paleochannels from Cusack's Bore appears to extend south into Ngalia North, which will be verified with further gravity or seismic surveys prior to drilling.

To the east, ELA31501 with an area of approx. 790km^2 lies proximal to Energy Metals Ltd (ASX: EME) Cappers Uranium deposit (3,200t @ 145 ppm U), about 3.7km from the eastern boundary of the exploration licence and Malawiri Uranium deposit about 6.6km north-east from ELA31501. During the June quarter, Eclipse announced that its ongoing evaluation and desktop review of exploration within ELA31051 had identified shallow uranium-vanadium-strontium mineralisation in RAB drilling results from the Mt Wedge Station and Rabbit Bore areas.

Interpretation of data from a previous airborne geophysical survey highlighted several untested high-priority drill targets with geophysical signatures similar to other uranium deposits in the prospective Ngalia Basin.

Mineralised envelopes of uranium-vanadium-strontium results include 0.5m @ 960ppm U and 570ppm Sr (strontium) from 1m and 1.0m @ 110ppm V and 4.8% Sr from 2m.

Mineralised envelopes of uranium-vanadium-strontium vary from 1m to 3m thick. Best intersections include:

- Drill Hole NW17 – 1.5m @ 110 ppm V and 4.14% Sr from 8.5m
- Drill Hole NW24 – 1m @ 1.93% Sr from 2.5m
- Drill Hole NW34 – 1m @ 120 ppm V and 4.80% Sr from 2m
- Drill Hole NW62 – 1m @ 230 ppm U and 0.23% Sr from 4m
- Drill Hole NW99 – 1m @ 110 ppm U and 0.25% Sr from 2m
- Drill Hole NW103 – 1m @ 200 ppm U and 0.11% Sr from 1m
- Drill Hole NW112 – 1m @ 310 ppm U and 0.11% Sr from 1m
- Drill Hole AK6 – 0.5m @ 960 ppm U and 570 ppm Sr from 1m
- Drill Hole AK8 – Surface sample 0.13% U and 0.54% Sr

These highly anomalous near-surface historical exploration drilling results indicate excellent potential for ELA31501 to host uranium-vanadium and strontium mineralisation. The size of the untested mineralised zone is very extensive with excellent potential to delineate further mineralisation through shallow drilling.

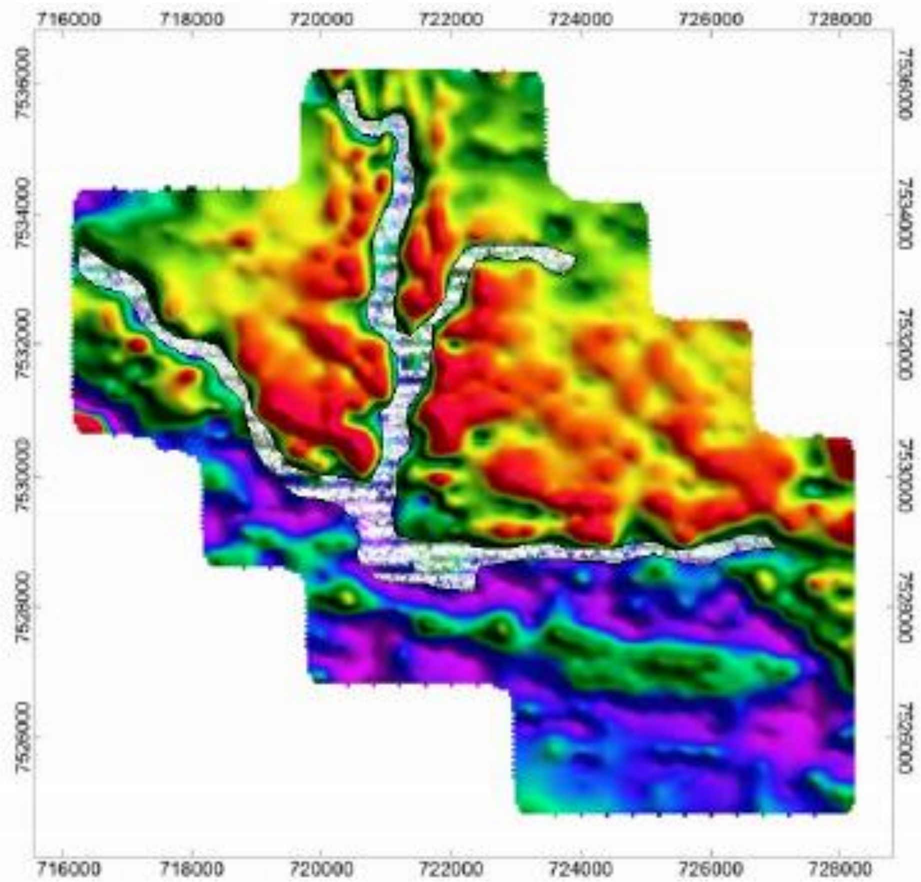

Figure 8: First Vertical Derivative (vertical rate of change) Gravity contours in mgal over EL24808, modelled with basement at a nominal density of 2.67; with interpreted paleochannel features highlighted.

All historical data for this ELA sourced in reports from the Northern Territory Geological Survey (NTGS) open file portal has been digitised and geological maps, assay data and cross sections from Uranerz Australia Pty Ltd were evaluated.

Eclipse reviewed and digitised historic data, comprising paper cross-sections and plans containing both lithological and analytical data, to form the significant drill hole location map. This review indicated the data are reliable and methods used were appropriate to the industry standards of that time.

Eclipse recorded data from 149 RAB historical drill holes for 1,243m of drilling. Analytical data associated with each hole was digitally captured to form a database. The data was derived from laboratory analytical reports contained within 172 pages of NTGS Reports CR1980/0133 and CR1981/0173 and verified with historic cross sections and plans.

Eclipse is planning further work on re-interpretation of airborne radiometric data to delineate the source of the anomalies and is progressing with negotiations through the Central Land Council to facilitate an exploration agreement with the Traditional Owners to commence exploration within the licensed area ELA31501.

The Company has reviewed the reprocessing details and re-interpretation of all available geophysical data, targeting particularly radiometric anomalies to complete further RAB drilling of the strongly mineralised zone and infill drilling of the western and central portion of the Exploration Licence area.

The granting process for this and adjoining exploration licence applications will be pursued through the Central Land Council.

North and North-East Ngalia Basin Uranium and Base Metal Prospects, Northern Territory

In October 2020, the Company made a submission to the NT Department of Primary Industry and Resources and the Central Land Council for consent to grant ELA24623 (Eclipse Uranium Project, of 969km^2) and ELA26487 (Yuendi Copper-Silver Project, 1017km^2). The Central Land Council (CLC) acknowledged receipt of the company's application for consent to negotiate granting of ELA's 24623 and ELA 26487, pursuant to section 41(6) of the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth) (the Act).

Historical exploration over ELA26487 (Yuendi) (in the name of our wholly owned subsidiary Whitvista Pty Ltd), on the northern fringe of Ngalia Basin, has indicated anomalous base metals values in the Rock Hill Copper Field, covered by this ELA, which include abandoned prospector workings on polymetallic quartz veins. Within this ELA, there are 10 copper prospects that remain relatively unexplored. The copper deposits within the Mt Hardy Mineral Field (about 6km to the northwest from the western boundary of ELA 26487) were discovered in 1935, with mineralisation reported within quartz reefs and pegmatite-aplite veins within the Lower Proterozoic schist.

Minerals recognised in the oxidised zone are malachite, azurite and chalcocite, with chalcopyrite predominant in the sulphide zone. Significant copper mineralisation may also be contained within gneiss formations adjacent to these veins. The average width of the mineralised veins from surface is about 1m (max of 30 meters) with an average length of 100 meters (Warren, Steward, and Shaw).

Eclipse is planning for comprehensive exploration programs to include geological mapping, sampling, geophysical surveys and ultimately drilling to commence once this exploration licence application is granted.

Historical drilling results from exploration work conducted over the Rock Hill Copper Mineral Field conducted by the Northern Territory Geological Survey in 1970 has intersected significant, wide copper-zinc-silver mineralisation within the Mt Hardy and Yuendumu areas of the Arunta Complex. Best results included:

- 11.6m @ 0.43% Cu, 0.3m @ 10.20% Cu, 27g/t Ag (DDH1) ;
- 3.0m @ 2,288g/t Ag (DDH3)
- 3.0m @ 1,118g/t Ag (DDH3); and
- 38.1m @ 0.14% Zn (DDH1).

Eclipse believes this ELA area has the potential to host significant base metal and silver mineralisation. This province has been subject to relatively limited historical mining and is under-explored compared with other Proterozoic orogenic regions. The province is recorded to have a high base metal and gold endowment.

The Rock Hill prospects lie approx. 20km southeast from the Mt Hardy Copper field held by Todd River Resources Ltd, which has yielded a JORC Resource of 2.6 Mt @ 6.7% Zn, 0.9% Cu, 1.5% Pb, 35 g/t Ag.

Subject to approval from the Traditional Owners, Eclipse plans to undertake an airborne EM survey similar to the exploration methods used in the delineation of resources within the Mt Hardy copper field. This will be followed by further RC drilling in strongly mineralised zones and further infill diamond drilling within the western and central portion of the Exploration Licence area.

Reconnaissance exploration will include the No. 6 Mt Hardy Prospect (polymetallic Cu-Pb-Zn-Ag mineralised vein) in the north-western portion of ELA26487. No exploration is known to have been conducted over this prospect area.

Liverpool Uranium Project, Northern Territory

The Devil's Elbow uranium, gold, palladium prospect in the Northern Territory, is covered by EL27584 which was granted at the end of FY20. (Figure 9).

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

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

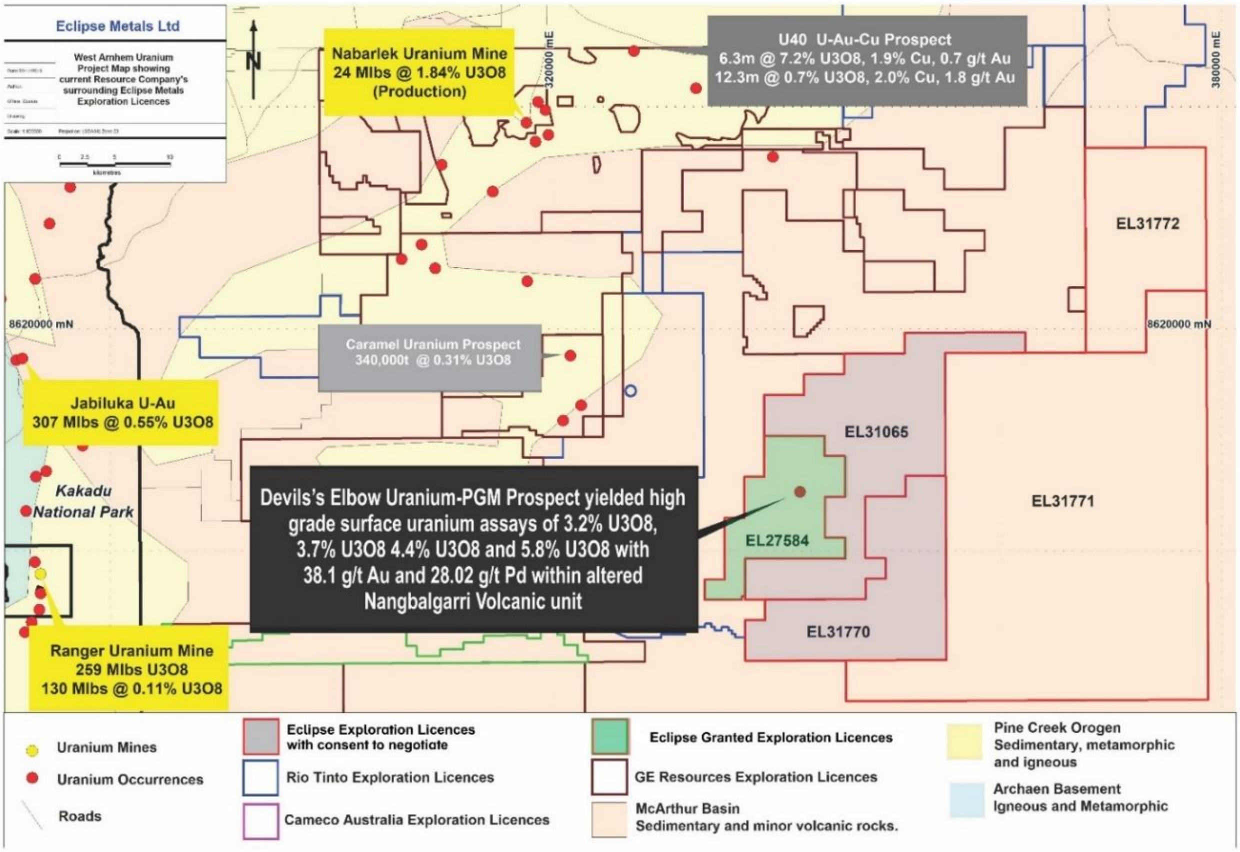

Figure 9: Liverpool Project Map showing EL27584 and ELA's 31065 and 31770

Eclipse has reviewed geophysical data over the tenement and its surrounds to better understand the geophysical, structural and geological context of high-grade uranium, gold and lead assays and these results have progressed Devil's Elbow's prospects and enabled Eclipse to define 17 drill target zones based on integration of all geophysical products generated.

Eclipse has progressed discussions with Traditional Owners through the year to allow reconnaissance work to commence to expand exploration and mining potential within the EL. The Company completed a brief reconnaissance visit to the central/northern part of the Devil's Elbow prospect site, which confirmed the general geological setting and the highly radioactive nature of the Devil's Elbow Prospect. The main prospect area and areas of broad radiometric anomalies to the southwest were examined for logistic assessment.

The Company now plans to conduct airborne geophysical surveys and ground exploration, including geological mapping and drilling, during the next field season, subject to travel restrictions.

Mary Valley Manganese Project, Queensland (Figure 10)

In September and October 2020, Eclipse undertook a second phase of diamond drilling testing for extensions of previously drilled high-grade manganese mineralisation along 160 metres of strike and down dip to 20 metres.

Results from the first drilling program include the following: -

- **2m @ 46.3% MnO from 7.8m in Hole ADD006**
- **4m @ 26.3% MnO from 14.9m in Hole ADD007**
- **6m@ 7.00%MnO from 2.0m in Hole ADD002B**

In 2020, Eclipse completed six diamond drill cored holes for a total of 97.6 metres in the South/Central, Central and Northern areas of old workings. Assaying of split core samples was completed during the December quarter.

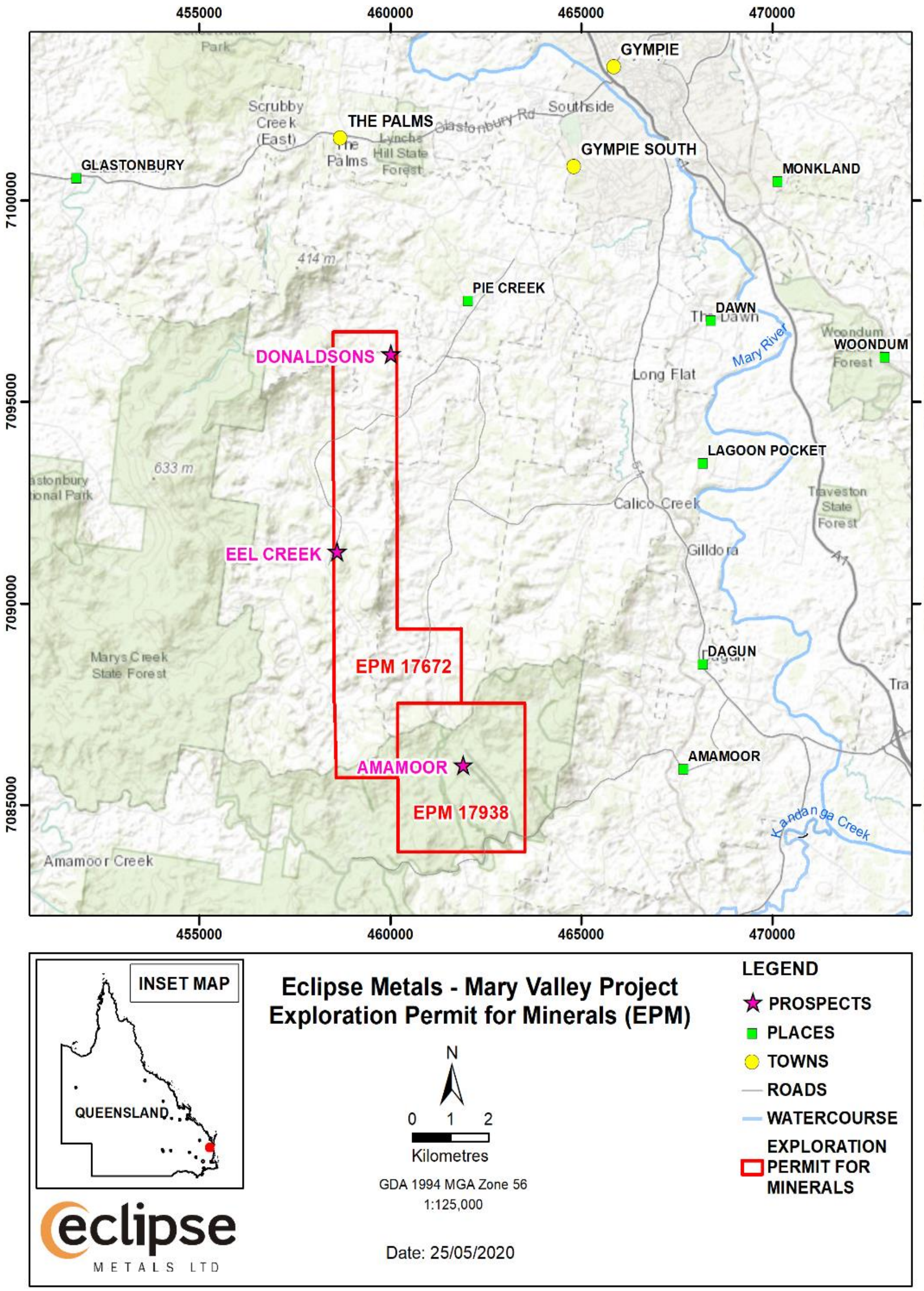

Figure 10. Mary Valley Manganese Exploration Permits

The manganese mineralisation is hosted within well-defined brecciated shear zones, open along strike in both directions and down dip. Manganese mineralisation is generally hosted within oxidized and transitional zones of silicified (jasperoid) volcanic meta-sediment units and is often expressed as manganese replacement within the brittle-fracture zones.

Best intersections from the second phase 2020 drilling program included:

- ADD008A – 1.5m @ 42.14% MnO from surface
- ADD008A – 1.0m @ 13.26% MnO from 1.5 metres
- ADD008A – 1.0m @ 26.85% MnO from 13.98 metres
- ADD009 – 1.5m @ 11.42% MnO from surface
- ADD010 – 1.0m @ 33.81% MnO from surface
- ADD010 – 1.0m @ 17.99% MnO from 2 metres
- ADD010 – 1.0m @ 12.60% MnO from 4 metres
- ADD012 – 1.5m @ 12.33% MnO from surface
- ADD013 - 1.0m @ 12.02% MnO from surface.

Results from two campaigns of drilling and geological interpretation based on these results indicate that bulk mining of lower grade mineralisation could be utilised for this manganese deposit to provide mill-feed for a gravity and magnetic beneficiation plant to produce a marketable, high-grade product.

Eclipse has commenced a complete assessment of all previous and recent drill intersections, the geological environment and structure of mineralisation grade distribution with beneficiation potential and bulk sampling procedures. Application procedures for a bulk sampling permit have commenced.

CORPORATE

Placement completed

In parallel with the Ivittuut Project acquisition, the Company completed a capital raising which raised $2,000,000 (before costs) (Placement). Eclipse is using funds from the Placement to progress the Ivittuut Project as well as advancing its existing Australian portfolio of uranium, copper and manganese prospects.

Eclipse issued 133,333,334 Ordinary Shares at an issue price of $0.015 per Share to sophisticated investors. The Shares were issued under the Company's existing placement capacity at the time pursuant to ASX Listing Rule 7.1A.

Rights Issue

Post year-end in August 2021, Eclipse announced a pro-rata non-renounceable entitlement issue of options to shareholders.

The Offer aimed to reward Australian and New Zealand-based Shareholders for their loyalty. The Board has decided to structure the Offer as a non-renounceable entitlement issue in order to provide a cost base for tax purposes in respect of the Options offered under the Offer, cover the expenses of the Offer and to provide the company with additional working capital.

Under the Rights Issue, eligible shareholders could subscribe for one (1) Option for every ten (10) Shares held as at 20 August 2021 at an issue price of $0.002 per Option to raise up to $382,791 (before costs of the offer) (Offer), being up to approximately 191,395,687 Options.
Each Option will be exercisable at $0.05 (Exercise Price), on or before the expiry date being three (3) years from the date of issue.

On 15 September 2021, the Company announced a rights issue shortfall of 43,490,747 new options. 147,905,270 options subscribed for under the offer exercisable at $0.05 expiring on 17 September 2024 was issued and allotted on 17 September 2021 to eligible shareholders.

Greenland office

On 29 January 2021, Eclipse Metals Greenland was registered under CVR 42067431**.**

Eclipse opened an office in Greenland during the June 2021 quarter as it prepared to commence exploration activities at Ivittuut. The office is located at Shalmi AS, Postboks 456, 3900 Nuuk, Greenland.

Board Changes

On 1 July 2020 Mr. Pedro Kastellorizos was appointed as independent Non-Executive Director. Mr. Pedro Kastellorizos resigned from the role effective 31 May 2021.

Company Secretary appointment and resignation

On 15th March 2021, Ms Eryn Kestel resigned as company secretary of Eclipse and Mr. Matthew Foy was appointed.
Mr. Foy was previously a senior adviser at the ASX and has 14 years' experience in facilitating the listing and compliance of companies on the ASX.

Competent Person Statement

The information in this report / ASX release that relates to Exploration Results and Exploration Targets is based on information compiled and reviewed by Mr. Rodney Dale, Non-Executive Director of Eclipse Metals Ltd. Mr. Dale holds a Fellowship Diploma in Geology from RMIT, is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and has sufficient experience relevant to the styles of mineralisation under consideration and to the activity being reported to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Dale consents to the inclusion in this report / ASX release of the matters based on information in the form and context in which it appears. Additionally, Mr Dale confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

ECLIPSE METALS TENEMENT INTERESTS ASX
Mining tenements held as at 30 June 2021 are listed below.

Granted Tenements

Tenement	Project Name	Commodity	Status	State	Holder	%	Graticular Blocks
MEL2007-45	Ivittuut Project	Cryolite & Rare Earths	Granted	Greenland	Eclipse Metals Limited Greenland	100	50km²
EL 24808	Cusack's Bore	Uranium	Granted	NT	Eclipse Metals Ltd	100	27
EL 32080	North Ngalia	Uranium	Granted	NT	Eclipse Metals Ltd	100	63
EPM 17672	Mary Valley	Manganese	Granted	Qld	Walla Mines Pty Ltd[1]	100	7
EPM 17938	Amamoor	Manganese	Granted	Qld	Walla Mines Pty Ltd[1]	100	4
EL27584	Devil's Elbow	Uranium, Gold, Palladium	Granted	NT	North Minerals Pty Ltd [3]	100	30

Tenement Applications

Tenement	Project Name	Commodity	Status	State	Holder	%	Graticular Blocks
ELA 24623	Eclipse	Cu, Uranium	Application	NT	Eclipse Metals Ltd	100	305
ELA 24861	Lake Mackay	Uranium	Application	NT	Eclipse Metals Ltd	100	50
ELA 26487	Yuendi	Cu, Uranium	Application	NT	Whitvista Pty Ltd[2]	100	320
ELA 31065	Liverpool 1	Uranium	Application	NT	Eclipse Metals Ltd	100	68
ELA 31499	Ngalia 1	Uranium	Application	NT	Eclipse Metals Ltd	100	249
ELA 31500	Ngalia 2	Uranium	Application	NT	Eclipse Metals Ltd	100	250
ELA 31501	Ngalia 3	Uranium	Application	NT	Eclipse Metals Ltd	100	250
ELA 31502	Ngalia 4	Uranium	Application	NT	Eclipse Metals Ltd	100	226
ELA 31770	Liverpool 2	Uranium	Application	NT	Eclipse Metals Ltd	100	50
ELA 31771	Liverpool 3	Uranium	Application	NT	Eclipse Metals Ltd	100	240
ELA 31772	Liverpool 4	Uranium	Application	NT	Eclipse Metals Ltd	100	51
ELA 32077	Central Ngalia	Uranium	Application	NT	Eclipse Metals Ltd	100	195
ELA 32078	Central Ngalia	Uranium	Application	NT	Eclipse Metals Ltd	100	248
ELA 32079	Central Ngalia	Uranium	Application	NT	Eclipse Metals Ltd	100	248

1. Walla Mines Pty Ltd is a subsidiary of Eclipse Metals Ltd
2. Whistvista Pty Ltd is a subsidiary of Eclipse Metals Ltd

10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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

Mr Carl Popal	**Executive Chairman**
Qualifications	Bachelor of Business
Experience	Mr Popal has managed several entities conducting international trading. He has 25 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 is a director and shareholder, holds 45,529,696 fully paid ordinary shares and 4,552,970 unlisted options. Popal Enterprises Pty Ltd, a company which Mr Popal is a director, holds 3,558,137 fully paid ordinary shares and 355,814 unlisted options. AIJO Pty Ltd, a company which Mr Popal is a director, holds 12,000,000 performance rights in the Company.
Directorships held in other listed entities	None
Mr Rodney Dale	**Non-Executive Director**
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 7,000,000 fully paid ordinary shares and 700,000 unlisted options in the Company. Mr Dale holds 5,000,000 performance rights in the Company.
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 in a practising accountant with over 15 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 holds 5,000,000 performance rights in the Company.
Directorships held in other listed entities	None.
Mr Matthew Foy	**Company Secretary**
Qualifications	BCom, GradDipAppFin, GradDipACG, SAFin, FGIA, FCG
Experience	Matthew is a Chartered Secretary with 15 years of experience facilitating governance and Board processes of ASX listed companies and was previously a Senior Adviser at the Australian Securities Exchange.
Interest in shares and options in the Company	Mr Foy holds 5,000,000 performance rights in the Company.
Directorships held in other listed entities	None.

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 2021, 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.

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

Executive Director Remuneration

Objective
The Group aims to reward executives with a level and mix of remuneration to 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
Executive directors are provided to the Group on a consultancy basis with remuneration and terms stipulated in individual consultancy agreements.

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:

Carl Popal	Executive Chairman	
Rodney Dale	Non-Executive Director	
Ibrar Idrees	Non-Executive Director	
Pedro Kastellorizos	Non-Executive Director	Appointed 1st July 2020, Resigned 31 May 2021

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

Details of the nature and amount of emoluments of the key management personnel during the 2021 financial year are:

		Short-term Benefits Salary & Fees			Equity Settled Share Based Payments	Total	% of Remuneration Received in Equity
		Paid	Unpaid salary & Fees	Other	Performance Rights		
Directors		**$**	**$**	**$**	**$**	**$**	
Carl Popal(i)	**2021**	**115,950**	**15,000**	**58,200**	**5,887**	**195,037**	**3%**
	2020	18,861	26,276	20,870	-	66,007	-
Rodney Dale(ii)	**2021**	**37,000**	**10,050**	**23,500**	**2,483**	**73,033**	**3%**
	2020	38,831	-	2,400	-	41,231	**-**
Ibrar Idrees(iii)	**2021**	**14,500**	**-**	**-**	**2,483**	**16,983**	**15%**
	2020	12,000	-	-	-	12,000	-
P Kastellorizos(iv)	**2021**	**42,331**	**-**	**32,015**	**-**	**74,346**	**-**
	2020	-	-	-	-	-	-
Total	**2021**	**209,781**	**25,050**	**113,715**	**10,853**	**359,399**	**3%**
	2020	69,692	26,276	23,270	-	119,238	-

(i) During the year ended 30 June 2021, an amount of $58,200 (2020: $20,870) was paid as consulting fee to Mr Carl Popal. In 2020, an amount of $21,250 representing non-executive director fees and $23,887 representing executive chairman fees were paid/payable to Mr Carl Popal.

(ii) During the year ended 30 June 2021, an amount of $47,050 director fees (2020: $38,831) and $23,500 geologist fees (2020: $2,400) was paid or payable to G R Dale Geological Services, a company of which Mr Dale is a director. The total director fees included additional hours billed by Mr Dale which amounted to $11,050.

(iii) During the year ended 30 June 2021, an amount of $14,500 representing director fees (2020:12,000) was paid to Mr Idrees as a non-executive director of the Company.

(iv) During the year ended 30 June 2021, an amount of $42,331 director fees (2020: Nil) and $32,015 geologist fees (2020: Nil) was paid to P Kastellorizos. Mr P Kastellorizos resigned on the 31st of May 2021 as a director.

C Equity-based compensation

Shares Granted as Part of Renumeration for Year Ended 30 June 2021

Performance Rights of 22,000,000 were issued during the financial year ended 30 June 2021 (2020: Nil) to directors as part of the long-term employee scheme.

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 Director)
The key terms and conditions of the agreement are as follows:

- Remuneration of $150 per hour for a minimum commitment of twenty (20) hours per month to a total fee of $36,000 (no GST applicable) per annum. Any additional work to the monthly twenty hours is billed at month end at the rate of $150 per hour.
- The agreement 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.

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

Mr Carl Popal (Executive Chairman)

The key terms and conditions of the agreement are as follows:

- Effective 1 January 2021, a fee of $180,000 per annum (no GST applicable).
- This agreement 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 agreement replaces any previous executive services agreement with Popal Enterprises Pty Ltd with effect from 1 January 2021.
- The fee under the previous agreement amounted to $81,900 per annum.

Mr Ibrar Idrees (Non-Executive Director)
The key terms and conditions of the agreement are as follows:

- Remuneration of $150 per hour for a minimum commitment of ten (10) hours per month to a total fee of $18,000 (plus GST) per annum. Any additional work to the monthly ten hours is billed at month end at the rate of $100 per hour. Previous fee was $100 per hour for a minimum of ten hours per month.
- Term of agreement – Effective 1 February 2021.
- 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 Pedro Kastellorizos (Non-executive director) - (Resigned May 2021)
The key terms and conditions of the agreement are as follows:

- Term of Agreement – Effective 1 February 2021
- Renumeration of $100,000 per annum and additional consulting date rate increased to $1,000 (plus GST). Previous renumeration was at $80 per hour for a minimum commitment of twenty (20) hours per month to a total fee of $20,000 (plus GST) per annum. Any additional work to the monthly ten hours is billed at month end at the rate of $70 per hour.
- 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.

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	-	(4,000,000)	7,000,000
Mr Carl Popal	49,087,833	-	-	49,087,833
Mr Ibrar Idrees	-	-	-	-
Mr Pedro Kastellorizos	-	-	-	-
	60,087,833	**-**	**(4,000,000)**	**56,087,833**

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

	Balance at Beginning of Year	Granted as part of Remuneration	Other changes during the year	Balance at End of Year or at the date of resignation
Mr Rodney Dale	-	5,000,000	-	5,000,000
Mr Carl Popal	-	12,000,000	-	12,000,000
Mr Ibrar Idrees	-	5,000,000	-	5,000,000
Mr Pedro Kastellorizos	-	-	-	-
	-	**22,000,000**	**-**	**22,000,000**

E **Key management personnel shareholdings (Continued)**

Performance Rights affecting Remuneration

The terms and conditions of Performance Rights affecting remuneration in the current or future reporting years are as follows:

2021	Grant Date	No of Performance Rights	Expiry date	Exercise price	Value at grant date(i)	Number vested	Vested (%)	Value vested during the year	Max value yet to vest
Directors									
Carl Popal									
Tranche 1(ii)(a)	26/05/21	4,500,000	04/06/24	-	0.02	Nil	-	$2,876	$87,123
Tranche 2(iii)(b)	26/05/21	2,500,000	04/06/24	-	0.014	Nil	-	$1,118	$33,859
Tranche 3(iv)(c)	26/05/21	2,500,000	04/06/24	-	0.0123	Nil	-	$982	$29,702
Tranche 4(v)(d)	26/05/21	2,500,000	04/06/24	-	0.0114	Nil	-	$911	$27,588
Ibrar Idrees									
Tranche 1(ii)(a)	26/05/21	2,000,000	04/06/24	-	0.02	Nil	-	$1,279	$38,721
Tranche 2(iii)(b)	26/05/21	1,000,000	04/06/24	-	0.014	Nil	-	$447	$13,552
Tranche 3(iv)(c)	26/05/21	1,000,000	04/06/24	-	0.0123	Nil	-	$393	$11,907
Tranche 4(v)(d)	26/05/21	1,000,000	04/06/24	-	0.0114	Nil	-	$364	$11,036
Rod Dale									
Tranche 1(ii)(a)	26/05/21	2,000,000	04/06/24	-	0.02	Nil	-	$1,279	$38,721
Tranche 2(iii)(b)	26/05/21	1,000,000	04/06/24	-	0.014	Nil	-	$447	$13,552
Tranche 3(iv)(c)	26/05/21	1,000,000	04/06/24	-	0.0123	Nil	-	$393	$11,907
Tranche 4(v)(d)	26/05/21	1,000,000	04/06/24	-	0.0114	Nil	-	$364	$11,036
		22,000,000		-	**-**	**-**	-	**10,853**	**328,704**

(i) The value at grant date has been calculated in accordance with AASB 2 *Share based payments.*
(ii) The Performance Rights vest and become exercisable by the holder upon the Company:

a. Announcing a minimum JORC code of compliant resource in any one of the following minerals: (a) 2.8 mt @ 95% SiO_2
(b) 150 kt @ 18% Fl
(c) 0.5 mt @ 16% Cy
(d) 0.5 mt @ 25% Fe
(e) 50 kt @ 1.1 Zn

b. Achieving a 30-day volume weighted average share price (VWAP) of $0.05 or more.

c. Achieving a 30-day volume weighted average share price (VWAP) of $0.08 or more.

d. Achieving a 30-day volume weighted average share price (VWAP) of $0.10 or more.

There are no options held by key management personnel of the Group during the financial year (2020: nil).

This is the end of the audited Remuneration Report.

12. OPTIONS AND PERFORMANCE RIGHTS

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 exercised.

During the financial year, the following Options were issued:

- 62,500,000 Options exercisable at $0.015 expiring 26 May 2024.
- 32,500,0000 Options exercisable at $0.05 expiring 26 May 2026.

These options vested immediately.

The unissued ordinary shares under performance rights during the financial year ended was 32,000,000. The performance rights have nil exercise price and vest upon the fulfillment of the following conditions:

a. Announcing a mimimum JORC code of compliant resource in any one of the following minerals: (a) 2.8 mt @ 95% SiO_2
(b) 150 kt @ 18% Fl
(c) 0.5 mt @ 16% Cy
(d) 0.5 mt @ 25% Fe
(e) 50 kt @ 1.1 Zn

b. Achieving a 30-day volume weighted average share price (VWAP) of $0.05 or more.

c. Achieving a 30-day volume weighted average share price (VWAP) of $0.08 or more.

d. Achieving a 30-day volume weighted average share price (VWAP) of $0.10 or more.

13. MEETINGS OF DIRECTORS

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

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

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 for an amount of $12,775 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 2021 has been received and can be found on page 58.

Non-Audit Services

During the year ended 30 June 2021, $1,980 was paid for non-audit services provided by the Stantons Corporate Finance Pty Ltd.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standards of independence for auditors imposed by the Corporations Act 2001.

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 Carl Popal
Executive Chairman
Perth, 29 September 2021

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Notes	Consolidated 2021 $	2020 $
Continuing operations			
Revenue and other income	4	309	67,604
Write off of creditors	4	134,057	-
Directors' Fees	5	(234,831)	(95,968)
Share based payment expense	18	(14,930)	-
Consultancy expenses	5	(76,712)	(60,390)
Legal, management and tenement services	5	(126,509)	(82,824)
Listing expenses		(53,474)	(17,942)
Travel expenses		(15,198)	(2,582)
Administration expenses		(177,731)	(91,482)
Depreciation expenses	9	(1,558)	-
Finance expenses		(543)	(471)
Exploration expenditure		(61,969)	(35,077)
Loss before income tax		**(629,089)**	**(319,132)**
Income tax	7	-	-
Loss after tax from continuing operations		**(629,089)**	**(319,132)**
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		**(629,089)**	**(319,132)**
Loss for the year attributable to:			
Owners of Eclipse Metals Limited		(629,056)	(319,096)
Non-controlling interests		(33)	(36)
		(629,089)	(319,132)
Total comprehensive loss for the year attributable to:			
Owners of Eclipse Metals Limited		(629,056)	(319,096)
Non-controlling interests		(33)	(36)
		(629,089)	(319,132)
Loss per share (cents per share)			
Basic and diluted loss for the year	15	(0.04)	(0.03)

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

Consolidated statement of financial position
As at 30 June 2021

	Notes	Consolidated 2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	8	1,808,695	961,860
Trade and other receivables	10	63,052	27,401
Right-of-use of asset	9	17,137	-
Prepayments		3,196	2,508
Total current assets		**1,892,080**	**991,769**
Non-current assets			
Exploration and evaluation expenditure	11	9,173,139	2,464,830
Total non-current assets		9,173,139	2,464,830
Total assets		**11,065,219**	**3,456,599**
LIABILITIES			
Current liabilities			
Trade and other payables	12	481,457	479,102
Lease Liability	9	17,173	-
Total current liabilities		498,630	479,102
Total liabilities		498,630	479,102
Net assets		**10,566,589**	**2,977,497**
EQUITY			
Issued capital	13	33,304,398	26,459,147
Reserves	14	1,411,880	38,950
Accumulated losses		(24,125,011)	(23,495,955)
Owners of Eclipse Metals Limited		10,591,267	3,002,142
Non-controlling interests		(24,678)	(24,645)
Total equity		**10,566,589**	**2,977,497**

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

Consolidated statement of changes in equity
For the year ended 30 June 2021

	Issued capital $	Reserves $	Accumulated losses $	Sub-total $	Non-controlling interests $	Total equity $
Balance at 1 July 2019	25,470,011	38,950	(23,176,859)	2,332,102	(24,609)	2,307,493
Loss for the year	-	-	(319,096)	(319,096)	(36)	(319,132)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(319,096)**	**(319,096)**	**(36)**	**(319,132)**
Transactions with owners in their capacity as owners:						
Shares issued during the year	1,039,038	-	-	1,039,038	-	1,039,038
Share issue costs	(49,902)	-	-	(49,902)	-	(49,902)
Balance at 30 June 2020	**26,459,147**	**38,950**	**(23,495,955)**	**3,002,142**	**(24,645)**	**2,977,497**

	Issued capital $	Reserves $	Accumulated losses $	Sub-total $	Non-controlling interests $	Total equity $
Balance at 1 July 2020	26,459,147	38,950	(23,495,955)	3,002,142	(24,645)	2,977,497
Loss for the year	-	-	(629,056)	(629,056)	(33)	(629,089)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(629,056)**	**(629,056)**	**(33)**	**(629,089)**
Transactions with owners in their capacity as owners:						
Shares issued during the year	6,988,000	-	-	6,988,000	-	6,988,000
Share issue costs	(142,749)	-	-	(142,749)	-	(142,749)
Share based payments	-	1,372,930	-	1,372,930	-	1,372,930
Balance at 30 June 2021	**33,304,398**	**1,411,880**	**(24,125,011)**	**10,591,267**	**(24,678)**	**10,566,589**

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

Consolidated statement of cash flows
For the year ended 30 June 2021

	Notes	Consolidated 2021 $	2020 $
Cash flows from operating activities			
Interest received		309	1,136
Payments to suppliers and employees		(688,786)	(387,261)
R&D Refund		-	64,033
Interest paid		(544)	2,435
Net cash (used in) operating activities	17	(689,021)	(319,657)
Cash flows from investing activities			
Acquisition of ivittuut project		(110,870)	-
Payments for exploration and evaluation		(208,931)	(46,288)
Net cash (used in) investing activities		(319,801)	(46,288)
Cash flows from financing activities			
Proceeds from issue of shares		2,000,000	1,005,618
Payment for share issue costs		(142,749)	(36,282)
Payment of lease liability		(1,594)	-
Net cash provided by financing activities		1,855,657	969,336
Net increase in cash and cash equivalents		846,835	603,391
Cash and cash equivalents at beginning of year		961,860	358,469
Cash and cash equivalents at end of year	8	**1,808,695**	**961,860**

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

Notes to the consolidated financial statements
For the year ended 30 June 2021

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 2021 were authorised for issue in accordance with a resolution of the directors on 29th September 2021.

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 2021, the Group recorded a net loss of $629,089 (2020: $319,132), a net operating cash outflow of $689,021 (2020: $319,657) and a net working capital of $1,393,450 (2020: $512,667).

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 Group 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.

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 Group has received confirmation from its related party that it has no intention on pressing for the repayment of the outstanding amount of $265,000 owed to them at 30 June 2021 (2020: $265,000). The latter is keen to stay as a major shareholder to act in the best interest of Eclipse Metals Limited to develop the Group's projects and increase shareholders value.

Notes to the consolidated financial statements
For the year ended 30 June 2021

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

b) Going concern (cont'd)

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 Group is unable to secure sources of funding, the Group 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 except for Eclipse Metals Greenland which is the Danish Krone.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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 did not impair any exploration expenditure during the financial year 30 June 2021 (2020: Nil). 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 2021, the Group has capitalised exploration expenditure of $9,173,139 (2020: $2,464,830) 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 2021 because the directors do not believe that it is appropriate to regard realisations of future income tax benefits.

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 22.

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.

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

e) Principles of consolidation (cont'd)

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 consolidated 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 consolidated 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 of the financial 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 (except for trade receivables) are initially measured at fair value plus transactions costs except for those carried 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss. Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Classification and subsequent measurement

All financial assets are initially measured at fair value adjusted for transaction costs.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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

h) Financial instruments (cont'd)

Financial assets at fair value through other comprehensive income (Equity instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

i) Impairment

From 1 July 2019, the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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.

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

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 sell-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.

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.

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

l) Provisions and employee leave benefits (cont'd)

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 2021, the Company had no employees (2020: Nil).

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. The cost to acquire the area of interest is also capitalised. 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.

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.

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

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) Leases

Leases (the consolidated entity as lessee)

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.
Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

u) New and Amended Standards Adopted by the Group

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period.

Initial adoption of AASB 2020-04: COVID-19-Related Rent Concessions

AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

Initial adoption of AASB 2018-6: Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: *Business Combinations*, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

Notes to the consolidated financial statements

For the year ended 30 June 2021

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

Initial adoption of AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material

This amendment principally amends AASB 101 and AASB 108 by refining the definition of material by improving the wording and aligning the definition across the standards issued by the AASB.

Initial adoption of AASB 2019-3: Amendments to Australian Accounting Standards – Interest Rate Benchmark

This amendment amends specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by interest rate benchmark reform.

Initial adoption of AASB 2019-1: Amendments to Australian Accounting Standards – References to the Conceptual Framework

This amendment amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of Conceptual Framework for Financial Reporting by the AASB.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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.

Notes to the consolidated financial statements

For the year ended 30 June 2021

	Consolidated 2021 $	Consolidated 2020 $
4. REVENUE AND OTHER INCOME		
Revenue	-	-
Other income		
Interest revenue	309	1,136
R&D Refund	-	64,033
Other	-	2,435
	309	67,604
Write off of creditors[1]	134,057	-
Total revenue and other income	134,366	67,604

1. During the financial year, the Board has decided to write off legacy creditors which amounted to $134,057 (2020: Nil).

	Consolidated 2021 $	Consolidated 2020 $
5. EXPENSES		
Employee benefits expenses and director fees		
Directors' fees	234,831	95,968
	234,831	**95,968**
Consultancy expenses		
Consulting fees	76,712	18,000
Geological services	-	42,390
	76,712	**60,390**
Legal management and tenement services		
Legal fees	124,490	-
Other services	2,019	12,000
Taxation and audit service	-	70,824
	126,509	**82,824**

	Consolidated 2021 $	Consolidated 2020 $
6. AUDITOR'S REMUNERATION		
Remuneration of the auditor for:		
Auditing and review of financial statements (Stantons International)	35,518	36,754
	35,518	**36,754**
Non audit services – Preparation of valuation report	1,800	-
	1,800	**-**

Notes to the consolidated financial statements
For the year ended 30 June 2021

	Consolidated 2021 $	Consolidated 2020 $
7. INCOME TAX		
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from ordinary activities before income tax expense	(629,089)	(319,132)
Prima facie tax benefit on loss from ordinary activities at 26% (2020: 27.5%)	(163,563)	(87,761)
Tax effect of:		
- Adjustment of prior years income tax	-	-
- Non-deductible expenses	(15,728)	(27,678)
- Non- assessable income	-	(17,424)
Movement in deferred tax not recognised	(179,291)	(132,863)
Unrecognised temporary differences		
Deferred tax assets at 26% (2020: 27.5%)		
Carry forward tax losses (operating)	2,479,185	2,475,292
Carry forward tax losses (capital)	2,494	-
Temporary differences	150,036	103,854
Total deferred tax assets	2,631,715	2,579,146
Deferred tax liabilities at 26% (2020: 27.5%)		
Temporary differences	350,609	334,543
Total deferred tax liabilities	350,609	334,543
Net deferred tax asset not brought to account	2,281,106	2,244,603

Potential future income tax benefits arising from tax losses have not been brought to account at 30 June 2021 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

	2021 $	2020 $
Cash at bank and on hand	1,808,695	961,860
	1,808,695	961,860

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

9. LEASES

From the 1st June 2021, the Group entered into a 12-month lease agreement for its Greenland office. The lease expires on 30th May 2022 with an option to renew where the option to extend is reasonably certain, this has been included in the calculation.

a) Rights of use asset recognised in the consolidated statement of financial position for the year is as follows:

Right-of-use assets relates to leased Greenland office.

	$
Balance at 1 July 2020	-
Right of use asset – Leased office	18,695
Amortisation charge for the year	(1,558)
Balance at 30 June 2021	**17,137**
Balance at 1 July 2019	-
Additions to right-of-use assets	-
Amortisation charge for the year	-
Balance at 30 June 2020	**-**

9. LEASES (Continued)

b) Lease liability

	$
Balance at 1 July 2020	-
Lease liability	17,173
Balance at 30 June 2021	**17,173**
Balance at 1 July 2019	-
Lease liability	-
Balance at 30 June 2020	**-**

Total cash outflow from lease amounted to $1,594 as at 30 June 2021.

10. TRADE AND OTHER RECEIVABLES

	Consolidated 2021 $	Consolidated 2020 $
Other receivables (i)	58,270	16,948
Office bond (ii)	4,782	4,000
Security deposit for tenements	-	6,453
	63,052	**27,401**

(i) Other receivables are non-interest bearing and expected to be received in 90 days.
(ii) Office Bond increased due to the deposit made for the Greenland office for $4,782 (DK 25,000)

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.

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 2021	Gross amount $	Past due and impaired $	Past due but not impaired (days overdue) <30 $	31 – 60 $	61 – 90 $	>90 $	Within initial trade terms $
Other receivables	58,270	-	-	-	-	-	58,270
Total	**58,270**	**-**	**-**	**-**	**-**	**-**	**58,270**

Consolidated 2020	Gross amount $	Past due and impaired $	Past due but not impaired (days overdue) <30 $	31 – 60 $	61 – 90 $	>90 $	Within initial trade terms $
Other receivables	16,948	-	-	-	-	-	16,948
Total	**16,948**	**-**	**-**	**-**	**-**	**-**	**16,948**

Notes to the consolidated financial statements
For the year ended 30 June 2021

11. EXPLORATION AND EVALUATION EXPENDITURE

a) Exploration expenditure on all Eclipse Metals Limited projects/licences

		Consolidated	
		2021 $	2020 $
Tenement acquisition at cost			
Balance at 1 July		2,464,830	2,418,542
Additions – Expenditure on Australian Tenements		131,292	46,288
Acquisition cost – Ivittuut	11(b)	6,561,416	-
Expenditure to acquire Ivittuut licences		15,601	-
Impairment		-	-
Balance at 30 June		**9,173,139**	**2,464,830**

b) Acquisition of Ivittuut

On 14 January 2021, Eclipse entered into an agreement to acquire the Ivittuut Project ("Ivittuut") in Greenland, the world's largest and only cryolite mine from which cryolite was historically produced.

The consideration paid/ to be paid to acquire the project is as follows:

	Cash Consideration $	Value of Shares and Options $	Total Acquisition cost $
Initial Completion			
Cash Payment	50,000	-	50,000
Issue of 212M[4] shares @ $0.009[3]	-	1,908,000	1,908,000
2nd Completion			
Cash Payment[1]	100,000	-	100,000
Issue of 154M[5] shares @ $0.02[3]	-	3,080,000	3,080,000
Issue of 95M options[2]		1,358,000	1,358,000
Total	**150,000**	**6,346,000**	**6,496,000**
Legal cost incurred to acquire the project	65,416	-	65,416
	215,416	**6,346,000**	**6,561,416**

1. Paid on the 7th of July 2021.
2. 62,500,000 Options exercisable at $0.015 on or before 3 years from the date of issue; 32,500,0000 Options exercisable at $0.05 on or before 5 years from the date of issue. The options were valued using the black Scholes model using a grant date of 26 May 2021, risk free interest rate of 0.10% and share price of $0.020 (Refer to note 14).
3. The fair value of the shares were measured by reference to the fair value of the equity instruments granted.
4. Of the 212 million shares, 106 million shares were in escrow until 14 January 2022 and 100 million shares were in escrow until 14 January 2023.
5. Of the 154 million shares, 77 million shares were in escrow until 28 May 2022 and 40.5 million shares were in escrow until 28 May 2023.

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

Notes to the consolidated financial statements
For the year ended 30 June 2021

		Consolidated 2021 $	Consolidated 2020 $
12.	**TRADE AND OTHER PAYABLES**		
	Unsecured liabilities		
	Trade payables	90,456	174,700
	Accruals and other payables	391,001	304,402
		481,457	**479,102**

These amounts arise from the usual operating activities of the Group and are carried at amortised cost.
Trade payables are normally settled on 30 days terms. The amount of payables at balance date exceeding 90 days is NIL (2020: $146,643).
During the year, the Group has written off payables which amounted to 134,057 (2020: Nil).
Amount in accruals includes:

- $265,000 (2020: $265,000) owed to a related party as at 30 June 2021 and the Group has received confirmation that the latter has no intention on pressing for the outstanding amounted within 12 months from the date of this report.
- $100,000 owed to Cerium Pty Ltd as part of the cost of acquiring the Ivittuut project. This was settled on the 7th of July 2021.

		Consolidated 2021 $	Consolidated 2020 $
13.	**ISSUED CAPITAL**		
	Ordinary shares issued and fully paid	33,304,398	26,459,147

a) Fully paid ordinary shares

		Consolidated Number	Consolidated $
Balance at 1 July 2020		**1,414,623,531**	26,459,147
Shares issued during the year			
Placement (@ 0.015)		133,333,334	2,000,000
Issue of shares in relation to Ivittuut acquisition(i)	**11(b)**	366,000,000	4,988,000
Share issue costs			(142,749)
Balance at 30 June 2021		**1,913,956,865**	**33,304,398**

(i) 212 million shares were issued on the 14 January 2021 of which 106 million shares were in escrow until 14 January 2022 and 100 million shares were in escrow until 14 January 2023.154 million shares were issued on the 28 May 2021 of which 77 million shares were in escrow until 28 May 2022 and 40.5 million shares were in escrow until 28 May 2023.

	Consolidated Number	Consolidated $
Balance at 1 July 2019	**1,148,674,090**	**25,470,011**
Shares issued during the year	-	-
Placement (@ 0.003) (i)	86,433,334	259,300
Placement (@ 0.003) (ii)	83,040,000	249,120
Placement (@ 0.0055)	96,476,107	530,618
Share issue costs		(49,902)
Balance at 30 June 2020	**1,414,623,531**	**26,459,147**

(i) 3,766,667 shares having a total value of $11,300 were issued in lieu of services
(ii) 7,373,333 shares having a total value of $22,120 were issued in lieu of services

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.

b) Options and Performance Rights

At 30 June 2021, the unlisted options outstanding of Eclipse Metals Ltd were 95,000,000 (2020: nil).

During the year, the company issued 62,500,000 Options exercisable at $0.015 on or before 3 years from the date of issue and 32,500,0000 Options exercisable at $0.05 on or before 5 years from the date of issue as part of Ivittuut acquisition. These options vested immediately. The fair value of these options which amounted to $1,358,000 have been capitalised as acquisition cost of Ivittuut (Note 11b).

Notes to the consolidated financial statements
For the year ended 30 June 2021

13. ISSUED CAPITAL (Continued)

b) Options and Performance Rights (Continued)

	Consolidated
	Number
Movements	
Balance at 1 July 2020	**-**
Ivittuut Acquisition	62,500,000
Ivittuut Acquisition	32,500,000
Balance at 30 June 2021	**95,000,000**

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.

During the year ended 30 June 2021, 32 million performance rights were issued to directors and consultants.

The terms and conditions of Performance Rights affecting remuneration in the current or future reporting years are as follows:

2021	Grant Date (I)	No of Performance Rights	Expiry date	Exercise price	Value at grant date[1]	Number vested	Vested (%)	Value vested during the year	Max value yet to vest
Tranche 1(ii)(a)	26/05/21	8,625,000	04/06/24	NIL	0.02	-	-	$5,514	$166,986
Tranche 2(ii)(b)	26/05/21	4,625,000	04/06/24	NIL	0.014	-	-	$2,071	$62,709
Tranche 3(ii)(c)	26/05/21	4,625,000	04/06/24	NIL	0.0123	-	-	$1,814	$54,951
Tranche 4 (ii)(d)	26/05/21	4,625,000	04/06/24	NIL	0.0114	-	-	$1,685	$51,038
Tranche 1(ii)(a)	31/05/21	2,000,000	04/06/24	NIL	0.02	-	-	$1,096	$38,904
Tranche 2(ii)(b)	31/05/21	1,000,000	04/06/24	NIL	0.014	-	-	$382	$13,575
Tranche 3(ii)(c)	31/05/21	1,000,000	04/06/24	NIL	0.0121	-	-	$332	$11,796
Tranche 4 (ii)(d)	31/05/21	1,000,000	04/06/24	NIL	0.0112	-	-	$307	$10,879
Tranche 1(ii)(a)	01/06/21	1,125,000	04/06/24	NIL	0.02	-	-	$596	$21,904
Tranche 2(ii)(b)	01/06/21	1,125,000	04/06/24	NIL	0.0141	-	-	$421	$15,481
Tranche 3(ii)(c)	01/06/21	1,125,000	04/06/24	NIL	0.0124	-	-	$369	$13,570
Tranche 4 (ii)(d)	01/06/21	1,125,000	04/06/24	NIL	0.0115	-	-	$343	$12,590
		32,000,000			**-**	**-**	-	**14,930**	**474,383**

(i) The value at grant date has been calculated in accordance with AASB 2 Share based payments.
(ii) The Performance Rights vest and become exercisable by the holder upon the Company:
(a)Announcing a minimum JORC code of compliant resource in any one of the following minerals:
(i) 2.8 mt @ 95% SiO_2;
(ii) 150 kt @ 18% Fl;
(iii) 0.5 mt @ 16% Cy;
(iv) 0.5 mt @ 25% Fe;
(v) 50 kt @ 1.1 Zn.
(b) Achieving a 30-day volume weighted average share price (VWAP) of $0.05 or more.
(c) Achieving a 30-day volume weighted average share price (VWAP) of $0.08 or more.
(d) Achieving a 30-day volume weighted average share price (VWAP) of $0.10 or more.

There are no options held by key management personnel of the Group during the financial year (2020: nil).Further details on options and performance rights are disclosed in Note 18.

Shares issued on exercise of options and performance rights
There were no options exercised during the year ended 30 June 2021.
Since the end of the financial year, no ordinary shares have been issued as a result of the exercise of options and performance rights.

c) Capital Management

Management controls 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.

14. RESERVES

Nature and purpose of reserves

Share-based payment reserve
The share-based payment reserve includes the share-based payment and option issued.
Share based payment records items recognised as expenses on valuation of director and consultants' shares received.
It also includes option issued during the year to directors, consultants or shareholders.

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	
	2021 $	2020 $
Share based payment reserve[1]	1,400,048	27,118
Other reserve	11,832	11,832
	1,411,880	**38,950**

1. Includes vested performance shares issued to directors and consultants for an amount of $14,930 and options valued at $1,358,000 issued to settle the Ivittuut acquisition (Refer to note 11(b)).

15. LOSS PER SHARE

	Consolidated	
	2021 $	2020 $
Loss used in the calculation of basic and dilutive loss per share		
Loss for the year	(629,089)	(319,132)
Less: Gain/(Loss) attributable to non-controlling equity interest	33	36
Loss used to calculate basic and dilutive loss per share	(629,056)	(316,096)
Loss per share		
Basic and diluted loss per share (cents per share)	(0.04)	(0.03)
Weighted average number of shares		
Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share.	1,492,266,233	1,245,477, 766

There is no dilution of shares due to options and performance rights as the potential ordinary shares are anti-dilutive, therefore not included in the calculation of diluted loss per share.

16. 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	
	2021 $	2020 $
- No later than 12 months	676,000	611,000
- Between 12 months and 5 years	-	-
- Greater than 5 years	-	-
	676,000	611,000

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.

17. CASH FLOW INFORMATION

	Consolidated 2021 $	2020 $
Reconciliation of net loss after tax to the net cash flows from operations		
Loss for the year	(629,089)	(319,132)
Adjustments for:		
Shares issued in lieu of services	-	19,800
Write off of legacy creditors	(134,057)	-
Depreciation	1,558	-
Share based payment expense	14,930	-
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(35,651)	(13,196)
(Increase)/decrease in prepayments	(688)	740
Increase in trade and other payables	93,976	(7,869)
Net cash (used in) operating activities	(689,021)	(319,657)
Non-cash financing and investing activities		
Shares and Options issued		
Placement Fee, Administrative and consultancy services	-	33,420
Options issued to acquire Ivittuut	1,358,000	
Deferred cash consideration to acquire ivittuut	100,000	
	1,458,000	33,420

Notes to the consolidated financial statements
For the year ended 30 June 2021

18. SHARE-BASED PAYMENTS

	Consolidated 2021 $	Consolidated 2020 $
The values of share-based payment transactions recognised during the year were as follows:		
Placement Fee, Administrative and consultancy services	-	33,420
Performance shares issued to directors and consultants	14,930	-
	14,930	33,420

a) Performance Rights

During the financial year ended 30 June 2021, 32 million performance rights were issued to directors and consultants (Refer to Note 13).
The following table sets out the assumptions made in determining the fair value of the performance rights granted during the year ended 30 June 2021.

Date Granted	Number Granted	Expected Volatility	Risk free Interest Rate	Weighted Ave. Life of performance rights	Exercise Price	VWAP hurdle	Share Price at Grant Date	Fair Value of Performance Rights	Amount Vested
		%	%	Years			Cents	Cents	
Tranche 1 [a)]									
26 May 2021	8,625,000	110	0.1001	3.02	NIL	NIL	0.02	0.02	$5,514
31 May 2021	2,000,000	110	0.095	3.02	NIL	NIL	0.02	0.02	$1,096
01 June 2021	1,125,000	110	0.090	3.02	NIL	NIL	0.02	0.02	$596
Tranche 2 [b)]									
26 May 2021	4,625,000	110	0.1001	3.02	NIL	0.05	0.02	0.014	$2,071
31 May 2021	1,000,000	110	0.095	3.02	NIL	0.05	0.02	0.014	$382
01 June 2021	1,125,000	110	0.090	3.02	NIL	0.05	0.02	0.014	$421
Tranche 3 [b)]									
26 May 2021	4,625,000	110	0.1001	3.02	NIL	0.08	0.02	0.0123	$1,814
31 May 2021	1,000,000	110	0.095	3.02	NIL	0.08	0.02	0.0121	$332
01 June 2021	1,125,000	110	0.090	3.02	NIL	0.08	0.02	0.0124	$369
Tranche 4 [b)]									
26 May 2021	4,625,000	110	0.1001	3.02	NIL	0.10	0.02	0.0114	$1,685
31 May 2021	1,000,000	110	0.095	3.02	NIL	0.10	0.02	0.0112	$307
01 June 2021	1,125,000	110	0.090	3.02	NIL	0.10	0.02	0.0115	$343

a) The first tranche of the performance rights was valued at the grant date using the Black Scholes valuation model.
b) Tranches 2,3 and 4 of the performance rights was valued at grant date using the Monte Carlo valuation model.

b) Options issued in regards to Ivittuut acquistion

The Company issued 62,500,000 Options exercisable at $0.015 on or before 3 years from the date of issue and 32,500,0000 Options exercisable at $0.05 on or before 5 years from the date of issue as part of Ivittuut acquisition. These options vested immediately. The fair value of these options which amounted to $1,358,000 have been capitalised as acquisition cost of Ivittuut

Date Granted	Number Granted	Expiry Date	Expected Volatility	Risk free Interest Rate	Exercise Price	Share Price at Grant Date	Fair Value of Options
			%	%		Cents	Cents
26 May 2021	62,500,000	26 May 2024	110	0.10	$0.015	0.02	0.0145
26 May 2021	32,500,000	26 May 2026	110	0.10	$0.05	0.02	0.0139

The weighted average life of outstanding option is 3.69 years and the weighted average price of option is $0.027.

19. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable. 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:

	Consolidated	
	2021	2020
	$	$
Financial assets		
Cash and cash equivalents	1,808,695	961,860
Trade and other receivables	63,052	27,401
Total financial assets	**1,871,747**	**989,261**
Financial liabilities		
Trade and other payables	481,457	479,102
Lease Liability	17,173	-
Total financial liabilities	**498,630**	**479,102**

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.

b) Credit risk exposures

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 10. 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 10.

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	
	2021	2020
	$	$
Cash and cash equivalents		
AA- rated	1,808,695	961,860
	1,808,695	**961,860**

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 financial assets or liabilities exposed to market price risk.

Foreign currency risk

The Group has minimal foreign currency risk as there is no significant transaction in foreign currency.

Notes to the consolidated financial statements
For the year ended 30 June 2021

19. FINANCIAL INSTRUMENTS (Continued)

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 2021		
+/-1% (100 basis points) in interest rates	+/-13,382	+/-13,382
Year ended 30 June 2020		
+/-1% (100 basis points) in interest rates	+/-16,948	+/-16,948

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.

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	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Financial liabilities due for payment								
Trade and other payables	481,457	479,102	-	-	-	-	481,457	479,102
Lease Liability	17,173	-	-	-	-	-	17,173	-
Total expected outflows	**498,630**	**479,102**	**-**	**-**	**-**	**-**	**498,630**	**479,102**
Financial assets – cash flows realisable								
Cash and cash equivalents	1,808,695	961,860	-	-	-	-	1,808,695	961,860
Trade and other receivables	63,052	27,401	-	-	-	-	63,052	27,401
Total anticipated inflows	**1,871,747**	**989,261**	**-**	**-**	**-**	**-**	**1,871,747**	**989,261**
Net inflow on financial instruments	1,373,117	510,159	-	-	-	-	1,373,117	510,159

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	2021		2020	
		Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets					
Cash and cash equivalents	(i)	1,808,695	1,808,695	961,860	961,860
Trade and other receivables	(i)	63,052	63,052	27,401	27,401
Total financial assets		1,871,747	1,871,747	989,261	989,261
Financial liabilities					
Trade and other payables	(i)	481,457	481,457	479,102	345,045
Lease Liability		17,173	17,173	-	-
Total financial liabilities		498,630	498,630	479,102	345,045

19. FINANCIAL INSTRUMENTS (Continued)

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 and lease liability 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 2021, no financial assets or liabilities are carried at fair value (2020: Nil).

20. 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 21.

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	
			2021	2020
			$	$
Director	**Entity**	**Service**		
Carl Popal (Executive)	Popal Enterprises Pty Ltd	Director Fees	130,950	23,887
Carl Popal (Non-Executive)	Popal Enterprises Pty Ltd	Director Fees	-	21,250
Carl Popal	Popal Enterprises Pty Ltd	Consulting Fees	58,200	20,870
Rod Dale	G R Dale Geological Consultant	Director Fees	47,050	38,831
Rod Dale	G R Dale Geological Consultant	Geological services	23,500	2,400
Ibrar Idrees	Advanced Accounting Services Pty Ltd	Director Fees	14,500	12,000
Pedro Kastellorizos	Pedro Kastellorizos	Director Fees	42,331	-
Pedro Kastellorizos	Pedro Kastellorizos	Geological services	32,015	-

Loan from related parties

The loan of $269,000 is owed to Ghan Resources Pty Ltd, a Company of which Mr Popal is a director.

21. 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 2021.

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

	Consolidated	
	2021	**2020**
	$	**$**
Short-term employee benefits	348,546	119,238
Share based payment – Performance rights	10,853	**-**
	359,399	**119,238**

21. KEY MANAGEMENT PERSONNEL DISCLOSURE (Continued)

Short-term employee benefits
These amounts include fees and benefits paid to the 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.

22. CONTROLLED ENTITIES

Controlled entities consolidated

	Country of Incorporation	Percentage Owned (%) *	
		30 June 2021	30 June 2020
Subsidiaries of Eclipse Metals Ltd:			
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 (ii)	Australia	87.17	87.17
Contour Resources Pty Ltd	Australia	99.48	99.48
Eclipse Greenland(iii)	Greenland	100.00	-

*Percentage of voting power is in proportion to ownership
(ii) Direct and indirect percentage owned
(iii) Incorporated on 29 Jan 2021.

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	
	2021 $	2020 $
Statement of financial position		
Assets		
Current assets	1,861,842	983,450
Non-current assets	7,431,400	827,600
Total assets	**9,293,242**	**1,811,050**
Liabilities		
Current liabilities	476,456	474,100
Total liabilities	**476,456**	**474,100**
Net assets	**8,816,786**	**1,336,950**
Equity		
Issued capital	33,304,398	26,459,147
Accumulated losses	(25,887,660)	(25,149,316)
Reserves	1,400,048	27,119
Total equity	**8,816,786**	**1,336,950**
Statement of profit or loss and other comprehensive income		
Total loss for the year	(738,344)	(346,327)
Other comprehensive income	-	-
Total comprehensive loss	**(738,344)**	**(346,327)**

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 16.

24. SUBSEQUENT EVENTS

On the 7th July 2021, the Company announced that it has received approval to commence an initial fieldwork programme on exploration licence MEL2007-45 on 1st August 2021.

On the 17th August 2021, the Company announced a pro-rata non-renounceable entitlement issue of options to shareholders.
The purpose of the offer is to reward shareholders for their loyalty. Shareholders will subscribe for 1 Option for every 1- shares held for an issue price of $0.002 per option. The Company will raise up to $382,791 before cost. Each Option will be exercisable at $0.05 on or before the expiry date being three (3) years from the date of issue.

On 15 September 2021, the Company announced a rights issue shortfall of 43,490,747 new options. 147,905,270 options subscribed for under the offer exercisable at $0.05 expiring on 17 September 2024 was issued and allotted on 17 September 2021 to eligible shareholders.

Apart from 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.

Directors' Declaration
For the year ended 30 June 2021

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
(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 2021; 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

Carl Popal
Executive Chairman
Perth, 29 September 2021

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Australia

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

Report on the Audit of the Financial Report

Our 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 2021, the consolidated statement of profit or loss and other 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 2021 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 Relating to Going Concern

We draw attention to Note 2(b) to the consolidated financial statements, which describes the consolidated financial statements being prepared on a going concern basis. For the financial year ended 30 June 2021, the Group incurred loss after income tax of $629,089 and net cash outflows from operating activities of $689,021. As at 30 June 2021, the Group had cash and cash equivalents of $1,808,695.

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

Our opinion is not modified in respect of this matter.

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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 year. 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the following matters to be Key Audit Matters to be communicated in our report.

<table>
<tr><th>Key Audit Matters</th><th>How the matters were addressed in the audit</th></tr>
<tr><td>

Carrying Value of Capitalised Exploration and Evaluation Assets

As disclosed in Note 11 to the consolidated financial statements, the carrying value of the capitalised exploration and evaluation expenditure as at 30 June 2021 was $9,173,139.

We have identified the carrying value of capitalised exploration and evaluation expenditure as a key audit matter due to:

- 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.

</td><td>

Inter alia, our audit procedures included the following:

i. Assessed 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;

ii. Reviewed the Board's assessment of the carrying value of the capitalised exploration and evaluation expenditure ensuring the veracity of the data presented and assessing management's consideration of potential impairment indicators, commodity prices and the stage of the Group's projects in accordance with AASB 6;

iii. Evaluated the Group's documents for consistency with the intentions for continuing exploration and evaluation activities in areas of interest and corroborated in discussions with management. The documents we evaluated included:

- Minutes of the board and management; and
- Announcements made by the Group to the Australian Securities Exchange; and

iv. Evaluated the adequacy of disclosures in the consolidated financial statements in accordance with the relevant accounting standards.

</td></tr>
<tr><td>

Issued Capital

As disclosed in Note 13 to the consolidated financial statements, the Company's issued capital as at 30 June 2021 amounted to $33,304,398. During the year, 499,333,334 ordinary shares were issued resulting in an increase in issued capital of $6,845,251 (net of capital raising costs).

Significant amount of audit effort was spent on ensuring that issued capital was accounted for correctly and disclosed appropriately in the financial report.

</td><td>

Inter alia, our audit procedures included the following:

i. Obtained an understanding of the underlying transactions which occurred;

ii. Verified all issued capital movement to relevant ASX announcements;

</td></tr>
</table>

Key Audit Matters	How the matters were addressed in the audit
Issued capital is a key audit matter due to the quantum of share capital issued during the year.	iii. Vouched proceeds from capital raisings to bank statements and other supporting documentation; iv. Verified underlying capital raising costs and ensured these costs were appropriately recorded; v. Ensured consideration for services provided or assets acquired are measured in accordance with the accounting standard AASB 2 Share-based Payment and agreed the related costs and valuation to relevant supporting documentation; and vi. Assessed the adequacy of the related disclosures within the financial report.
Measurement of Share-based Payments As disclosed in Note 18 to the consolidated financial statements, the Company granted 95,000,000 unlisted options as part of the acquisition of the Ivittuut Project and 32,000,000 performance rights to directors and consultants during the year. The total fair value of the options, which amounted to $1,358,000, has been recognised as part of the acquisition costs of the Ivittuut Project (also refer to Note 11(b) to the consolidated financial statements). The fair value of the vested performance rights recognised as share-based payments expense amounted to $14,930. The Company accounted for these options and performance rights in accordance AASB 2: *Share-based Payment.* Measurement of share-based payments was a key audit matter due to the complex and judgmental estimates used in determining the fair value of the share-based payments.	Inter alia, our audit procedures included the following: i. Reviewed the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; ii. Reviewed management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used in assessing the valuation inputs focusing on the Group's interpretation of grant date, vesting dates and vesting conditions; iii. Assessed the allocation of the share-based payment expense over the relevant vesting period; and iv. Assessed the adequacy of the disclosures in accordance with the applicable accounting standards.

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 2021 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 25 of the directors' report for the year ended 30 June 2021. 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 2021 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
29 September 2021

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29 September 2021

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 2021, 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

Martin Michalik
Director

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 28 September 2021

(a) Distribution of equity securities

(i) Ordinary share capital

- 1,913,956,865 fully paid shares held by 2,251 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	72	8,276
1,001 – 5,000	9	25,575
5,001 – 10,000	144	1,374,230
10,001 – 100,000	1,007	50,383,381
100,001 and over	1,019	1,862,165,403
	2,251	**1,913,956,865**

101 Shareholders are holding less than a marketable parcel

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

		Number held	Percentage %
1	CERIUM PTY LTD	281,000,000	14.68%
2	URANIUM RESOURCES PTY LTD	204,800,000	10.70%
3	ARGALA NOM P/L <ARGALA S/F A/C>	62,000,000	3.24%
4	S & CJ PTY LTD <FALCON GOLD SUPER FUND A/C>	56,250,000	2.94%
5	MR HARRY VUI KHIUN LEE	49,210,114	2.57%
6	CITICORP NOMINEES PTY LIMITED	48,940,081	2.56%
7	GHAN RESOURCES PTY LTD	45,529,696	2.38%
8	CHEE HUA ANG	38,500,000	2.01%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	35,020,729	1.83%
10	MR VIRGINIO VIGOLO & MRS SUSAN MICHELLE VIGOLO <VSV FAMILY A/C>	30,509,760	1.59%
11	MR YONG ONN CHU	30,000,000	1.57%
12	MR RABIE JOHANNES VANDERMERWE & MRS MARA VANDERMERWE <RABIE & MARA SUPER FUND A/C>	20,000,000	1.05%
12	MS ROUCHELLE BINAIFER WYKES & MRS VERA WYKES <R WYKES SUPER FUND A/C>	20,000,000	1.05%
13	MR ADRIAN MATHEW LIPPI <DOUBLE IMPACT FISHING A/C>	17,000,000	0.89%
14	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	16,618,863	0.87%
15	MR PETER JAMES DAVIDSON	16,000,000	0.84%
16	MR LEWIS JOHN BEALE & MRS JOANNE LESLEY BEALE <LJ BEALE SUPER FUND A/C>	15,070,000	0.79%
17	MR MICHAEL JOHN MATTHIESSEN	15,005,205	0.78%
18	MR MERVYN JOHN ASHMAN	14,200,000	0.74%
19	WESTERN EAGLES INVESTMENT PTY LTD	13,000,000	0.68%
20	MR PETER EUGENE MARSZAL & MRS DEBBIE RAE MARSZAL <MARSZAL RETIREMENT FUND A/C>	12,000,000	0.63%
	Total	**1,040,654,448**	**54.37%**
	Total issued capital - selected security class(es)	**1,913,956,865**	**100.00%**

(c) Substantial holders

The substantials holder in the Company as per forms lodged with ASX are set out below:

	Number held	Percentage %
Ordinary shares		
Cerium Pty Ltd	281,000,000	14.68%

(d) Unquoted Securities

As at 28 September 2021 the following convertible securities over un-issued shares were on issue:

- 62,500,000 Options ex 1.5¢ exp 28/5/2024
- 32,500,000 Options ex 5.0¢ exp 28/5/2026
- 147,905,270 Options ex 5.0¢ exp 17/9/2024
- 11,750,000 Class A Performance Rights
- 6,750,000 Class B Performance Rights
- 6,750,000 Class C Performance Rights
- 6,750,000 Class D Performance Rights

(e) Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 17 September 2021 the following classes of unquoted securities had holders with greater than 20% of the class on issue

Options ex 1.5¢ exp 28/5/2024

- Cerium Pty Ltd – 50,000,000 (80.00%)
- Aeon Bank Pty Ltd – 12,500,000 (20.00%)

Options ex 5.0¢ exp 28/5/2026

- Cerium Pty Ltd – 20,000,000 (61.54%)
- Aeon Bank Pty Ltd – 12,500,000 (38.46%)

Class A Performance Rights

- AIJO Pty Ltd <AIJO Family A/C> - 4,500,000 (38.30%)

Class B Performance Rights

- AIJO Pty Ltd <AIJO Family A/C> - 2,500,000 (37.04%)

Class C Performance Rights

- AIJO Pty Ltd <AIJO Family A/C> - 2,500,000 (37.04%)

Class D Performance Rights

- AIJO Pty Ltd <AIJO Family A/C> - 2,500,000 (37.04%)

(f) Voting rights

All ordinary shares carry one vote per share without restriction.

(g) Securities Subject to Escrow

As at 28 September 2021 the following securities were subject to voluntary escrow:

- 106,000,000 ordinary shares escrowed until 14/01/2022
- 100,000,000 ordinary shares escrowed until 14/01/2023
- 77,000,000 ordinary shares escrowed until 28/05/2022
- 40,500,000 ordinary shares escrowed until 28/05/2023
- 31,250,000 unquoted options exercisable at 1.5¢ expiring 28/05/2024 escrowed until 28/05/2022
- 25,000,000 unquoted options exercisable at 1.5¢ expiring 28/05/2024 escrowed until 28/05/2023
- 16,250,000 unquoted options exercisable at 5.0¢ expiring 28/05/2026 escrowed until 28/05/2022
- 10,000,000 unquoted options exercisable at 5.0¢ expiring 28/05/2026 escrowed until 28/05/2023