

ASX ANNOUNCEMENT

22nd May 2014

Australian Securities Exchange
Companies Announcements Office
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

ASSAY RESULTS CONFIRM SURFACE IRON MINERALISATION IN MOONFORD PROJECT

Highlights

- Assay results have confirmed substantial iron mineralisation within the Moonford Project tenement.
- Reconnaissance has confirmed iron mineralisation 1.4km from historical Drill Site 1.
- Zone of immediate interest has a strike length of 2.3km by 0.9km width containing hematite-limonite-goethite mineralisation on surface.
- Sample analyses support the 1980's drill sample iron grades.
- Second phase of exploration will commence in the upcoming weeks with geological mapping and rock-chip sampling.
- Only about 6% of the total tenement area has been examined to date.
- Evaluation of results from Mary Valley indicates widespread manganese mineralisation and further exploration will target areas of potential enrichment.

MOONFORD IRON PROJECT

The Directors of Eclipse Metals Limited ("**Eclipse Metals**" or the "**Company**") (ASX: EPM) are pleased to announce the assay results from its recently completed maiden rock chip sampling program on the Moonford Project. The reconnaissance evaluation was successful in identifying iron mineralisation associated with oxidised oolitic ironstones of the Evergreen Formation.

The Moonford Project is located approximately 15km north-west of Monto township/railway line, approximately 133 rail kilometres from the port of Gladstone in Queensland.

There is approximately 18sqkm of favourable iron bearing lithology within the Exploration Permit area.

BOARD

Carl Popal
Executive Chairman

Pedro Kastellorizos
Executive Director

Rodney Dale
Non-Executive Director

Justin Barton
Non-Executive Director

COMPANY SECRETARY

Keith Bowker

REGISTERED OFFICE

Suite 1/56 Kings Park Road
West Perth WA 6005
Phone: +61 8 9481 0544
Fax: + 61 8 9481 0655

PRINCIPAL PLACE OF BUSINESS

Level 3, 1060 Hay Street
West Perth WA 6005
Phone: + 61 8 9480 0420
Fax: + 61 8 9321 0320

AUSTRALIAN BUSINESS NUMBER

85 142 366 541

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153

ASX CODE

EPM

WEBSITE

www.eclipsemetals.com.au

In 1984, 18 percussion drill-holes totalling 218m intersected limonite mineralisation below 0.5m of overburden with assays ranging from 31.7% to 36.3% Fe to a depth of only 12.75m.

Based on the 1961 Queensland Geological Survey and 1984 Commercial Minerals reports of historical drilling, Eclipse Metals geologists consider that location of holes in this drilling program appear to have missed lower-lying primary iron mineralisation. There is strong evidence to suggest that the hematite and goethite mineralisation would have potentially yielded higher iron grades at a lower elevation.

Field examination concentrated on the central portion of the Exploration Permit where the oolitic ironstone appears to be concentrated and where field observations confirmed the style of primary bedded iron mineralisation (see Photo 1, Satellite image below).

This initial reconnaissance extended the area of previously unrecorded iron mineralisation for over 1.4 km from historical Drill Site 1. The area containing hematite-limonite-goethite mineralisation at surface has a strike length of 2.3 km and width of 0.9 km with potential for significant strike and width extensions. Assay results confirmed that the recent sampling returned similar results to those from historical Drill Site 1 and that the area warrants further investigation.

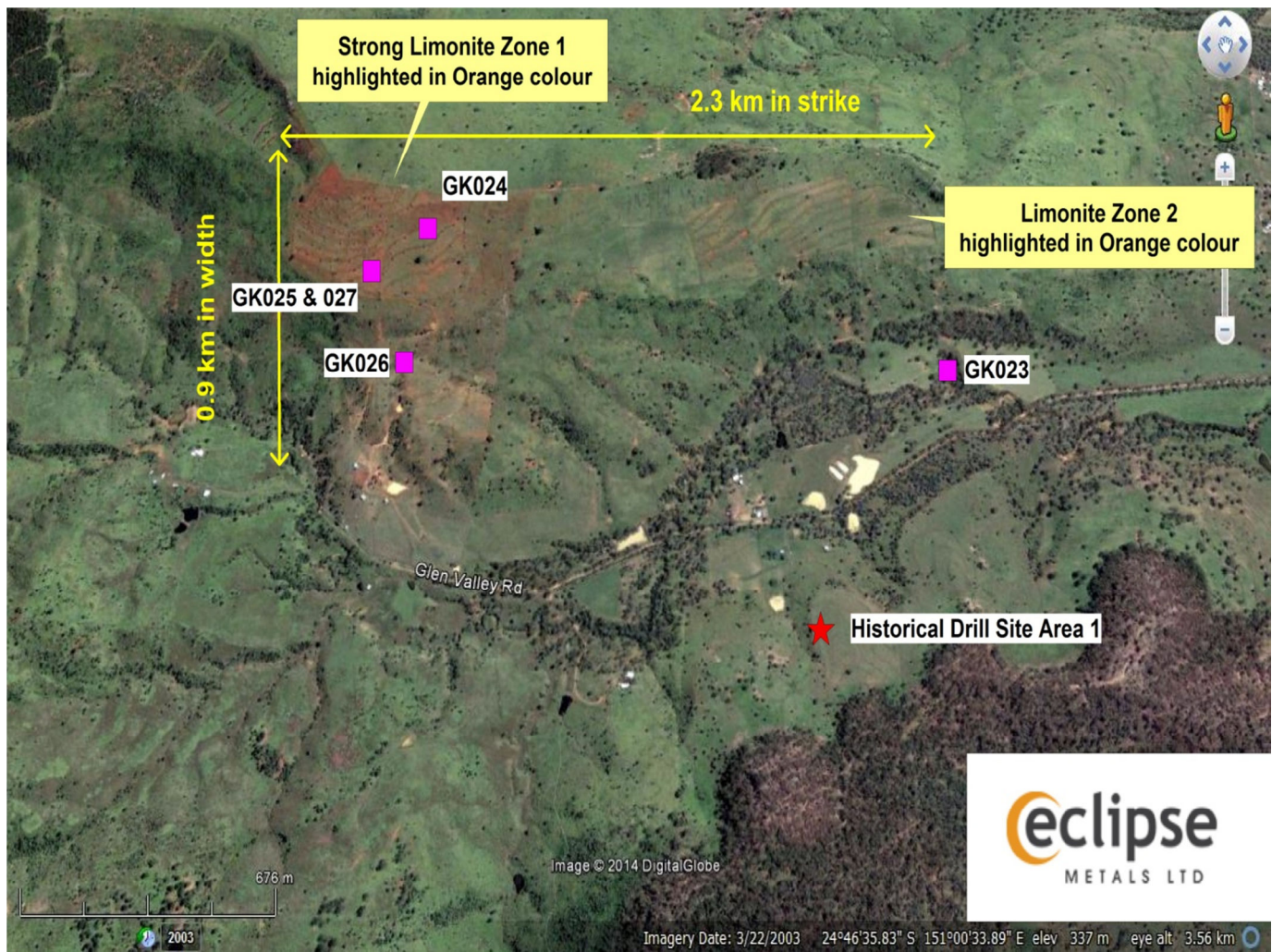


Photo 1: Satellite Image, Hematite-limonite-goethite iron rich sample area

Table 1: Rock Chip Sample Analytical Results

Sample No	Lat	Long	Fe %	SiO2 %	Al2O3 %	TiO2 %	CaO %	V2O5 %	P %	S %	LOI1000 %
GK023	151 01 11.7	24 46 37.1	38.968	18.264	8.871	0.316	1.773	0.092	0.817	0.007	10.20
GK024	151 00 10.8	24 46 22.1	4.112	70.715	14.246	1.296	0.123	0.018	0.054	0.016	6.83
GK025	151 00 03.6	24 46 24.9	19.235	56.039	9.103	0.732	0.045	0.063	0.068	0.028	5.70
GK026	151 00 07.3	24 46 32.0	36.875	25.975	7.637	0.333	0.138	0.047	0.456	0.049	10.26
GK027	151 00 03.6	24 46 24.9	33.021	30.986	9.381	0.312	0.178	0.068	0.289	0.013	8.95

The weathered and oxidised primary ironstone consists mainly of goethite, hematite and minor limonite in a siliceous matrix (Photo 2).

Only a small part of the tenement area was visited due to recent high rainfall and flooding of access points from cyclone Yasi in April 2014. Even so, it was observed that low flat-lying ironstone ridges below an elevation of 300m appear darker in colour and to contain more hematite and goethite than the higher limonite ridges. The field geologist also observed magnetic interference close to these ridges. Further exploration work is planned to follow-up these observations.

The second phase of exploration will be implemented in the upcoming weeks. This will concentrate on completion of geological mapping and more detailed outcrop sampling to facilitate a later comprehensive exploration programme to include aerial geophysical surveys and drilling.

During the third phase of exploration, a further bulk sample of the iron rich material will be collected for metallurgical test-work in Perth. Metallurgical test-work will be designed to determine if the iron mineralisation can be upgraded to higher iron content and the type of processes required for beneficiation. Initial indications are that significant upgrading can be achieved by gravity and magnetic separation processes. Results of the test-work will be announced to the market once received from the ALS laboratory Iron Division.



Photo 2: Hand specimen showing hematite-limonite rich rocks with siliceous matrix from samples GK026 & GK027 (Assay Result: 33.02% and 36.87% Fe)

MARY VALLEY MANGANESE PROJECT

As reported, preliminary investigations have indicate that manganese mineralisation is widespread and that areas where there is concentration have been mined in the past to produce significant tonnages of direct shipping manganese ore.

Further field evaluation will target locations where rehabilitated workings may be reopened for assessment of extensions to known bodies of mineralisation.

Commenting on these encouraging results over the Moonford Project, Pedro Kastellorizos, Executive Director of Eclipse Metals, said: *"We are highly encouraged to receive positive confirmation of iron assay results from the surface. The newly defined target zones will be assessed in greater detail to determine the overall iron mineralisation within the project area. Geological information obtained from the Queensland Department of Natural Resources and Mines described the project area as containing approximately 18sqkm of favourable iron bearing lithology".*

"Preliminary investigation of the Mary Valley tenement has confirmed the widespread nature of manganese mineralisation and has provided a foundation for further field evaluation."



Pedro Kastellorizos
Executive Director

For further information please contact:

Carl Popal
Executive Chairman
T: +61 8 9480 0420

Pedro Kastellorizos
Executive Director
T: +61 8 9480 0420

The information in this report that relates to Exploration Results together with any related assessments and interpretations is based on information compiled by Mr George Karageorge on behalf of Mr Pedro Kastellorizos and Mr Giles Rodney (Rod) Dale, both Directors of Eclipse Metals Limited. Mr Karageorge is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation under consideration and to the activity which he has undertaken to qualify as a Competent Person

Mr Dale is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation under consideration and to the activity being reported to qualify as a Competent Person as defined in the 2012 Edition of the .Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Kastellorizos is a geologist with over 17 years of experience relevant to the styles of mineralisation under consideration and to the activity which he is undertaking as Executive Director.

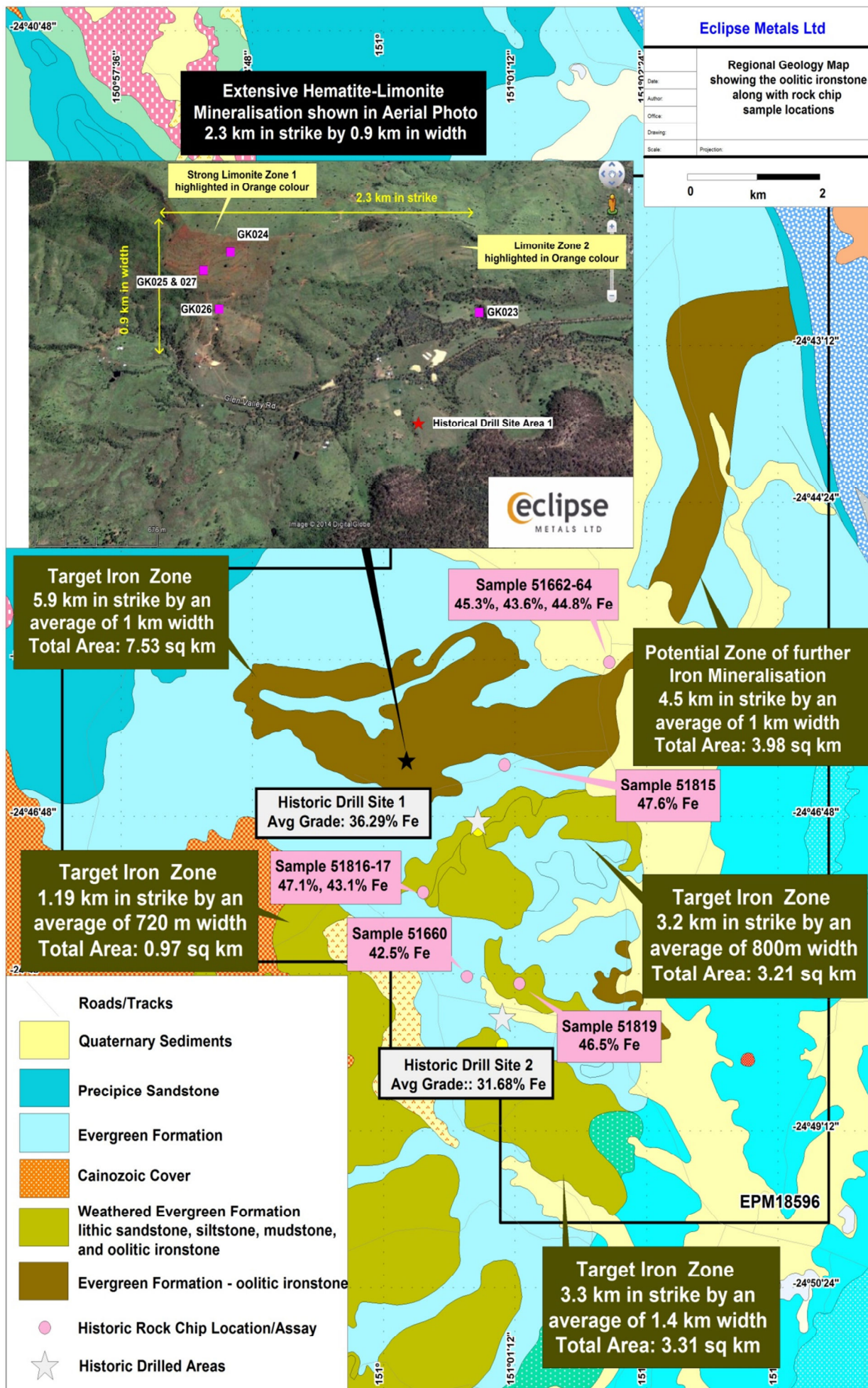
Mr George Karageorge consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The Company is not aware of any new information or data that materially affects the information in this report and such information is based on the information compiled on behalf of company Geologists, Executive director Mr Pedro Kastellorizos and Non-Executive Director Mr Giles Rodney (Rod) Dale.

References

Berkmen, D A., 1962, Possible Iron Ore Deposits in Portion of AP 176- the Maryborough – Gympie Area South Queensland, Queensland Geological Report 870.

Brooks, J. H., 1970, Geological Survey of Queensland, Summary Report – Iron Ore Resources of Queensland, Queensland Geological Record 56.

Kreutzer, E., 1984, Commerical Minerals Ltd, A Report on Moonford Limonite Prospect, A to P 3746M, Queensland Geological Record, CR14092



JORC Code, 2012 Edition – Table 1 reportSection 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Rock chip samples were collected as part of the field reconnaissance program. Samples were collected when visible mineralisation was identified in the field. Each rock chip sample was approximately 5kg in weight with the sample numbered from GCK023 to GCK 027 within the exploration licence area.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> No applicable as no drilling was undertaken
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No applicable as no drilling was undertaken
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate 	<ul style="list-style-type: none"> No applicable as no drilling was undertaken

Criteria	JORC Code explanation	Commentary
	<p><i>Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <ul style="list-style-type: none"> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • No applicable as no drilling was undertaken.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • Rock Chip samples were sent to NAGROM in Perth for XRF to determine content of Fe%, SiO₂%, Al₂O₃%, TiO₂%, CaO%, V₂O₅, P%, LOI
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • No applicable as no drilling was undertaken.

Criteria	JORC Code explanation	Commentary
<i>Location of data points</i>	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> • All coordinate information was collected using a hand held GPS using GDA94 Lat/Long
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied. 	<ul style="list-style-type: none"> • The locations of samples is shown in the map
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> • No applicable as no drilling was undertaken
<i>Sample security</i>	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • Samples were labelled/bagged and trucked straight to the analytical laboratory
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> • Not applicable as not audits were conducted

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> • EPM18596 is held beneficially for Eclipse Metals Limited in its subsidiary Walla Mines Pty Ltd. Eclipse holds 56% of the current securities within Walla Mines Pty Ltd.

Criteria	JORC Code explanation	Commentary
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> In 1961, Queensland Geological Survey completed a regional iron ore research program resulting in publications outlining numerous regional iron occurrences. In 1984, Commercial Minerals Ltd delineated limonite mineralisation through an 18 hole percussion drilling program.
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> Oxidised Oolitic ironstone is hosting the iron mineralisation which is part of the Evergreen Formation. Investigations provided further confirmation of a primary bedded iron ore deposit within the formation of siltstone, sandstone and ironstone
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> No applicable as no drilling was undertaken
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> Not applicable as no data averaging has been used
<i>Relationship</i>	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of</i> 	<ul style="list-style-type: none"> The samples collected are from the surface and any potential depth

Criteria	JORC Code explanation	Commentary
<i>between mineralisation widths and intercept lengths</i>	<p><i>Exploration Results.</i></p> <ul style="list-style-type: none"> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	of mineralisation is speculative in nature
<i>Diagrams</i>	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> See Map in release
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> Several samples were collected from the lower and higher grade mineralisation observed – pending assay results before any conclusions can be determined.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> Not applicable
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> The second phase of exploration will concentrate on completion of geological mapping and detailed soil/outcrop sampling to facilitate a comprehensive exploration program.