

ASX Market Announcements

Investment in Walla Mines

As set out in the Company's quarterly activity report for the period to 31 March 2012, in January 2012 the Company entered into a loan agreement with Walla Mines Limited (**Walla**) pursuant to which the Company lent Walla the sum of \$90,000 to be used as part of the cash component for the purchase of mining tenements acquired by Walla. The Company received 5,000,000 options in Walla exercisable at 20 cents on or before 30 November 2015 as a fee for the loan. As part of the agreement the Company was entitled to elect to convert the loan to shares in Walla at 5 cents each.

The Company is pleased to announce that, in keeping with its recent name change and previously announced strategy to seek to diversify its exploration portfolio both geographically and in terms of target commodities, it has elected to convert its loan to shares in Walla and has also acquired additional shares and options in Walla to increase its investment in Walla to approximately 16.5% of the total shares on issue.

As part of the loan conversion the Company was issued a total of 1,890,000 shares in Walla in repayment of the loan principal and interest. Pursuant to the share and option acquisition, the Company has acquired a further 4,000,000 shares in Walla and a further 2,500,000 options in Walla exercisable at 20 cents on or before 30 November 2015, in consideration of the issue of 7,200,000 fully paid ordinary shares in the Company and 3,750,000 options in the Company exercisable at 6 cents per share on or before 30 November 2016. An Appendix 3B and a Section 708A Notice in relation to the shares and options issued are *attached*.

The Company also proposes to acquire Contour Resources Pty Ltd, the largest shareholder in Walla, subject to various conditions including receipt of shareholder approval and all relevant regulatory approvals. The Company intends to seek shareholder approval for the acquisition of Contour Resources Pty Ltd at its 2012 Annual General Meeting.

Overview of Walla Mines

Walla is an unlisted exploration company which holds six separate exploration projects situated across Queensland, Northern Territory and New South Wales covering an approximate area of 1,100 km², including projects considered prospective for each of manganese, gold, iron ore and bauxite. A brief overview of each project is set out below.

Mary Valley Project

- Located 14km southwest of Gympie QLD and covers an area of approximately 210km² and comprises three Exploration Mineral Permits (**EPM**).
- The tenements are prospective for manganese and gold. Previously 31,477 tonnes of Manganese was mined grading **42% - 51% Mn**.
- This project is within the confines of the highly productive Gympie Gold Fields.
- EPM 17672 and 17685 are currently subject to renewal applications, the applications are determined by the Queensland Department of Employment, Economic Development and Innovation (DEEDI).

Bundaberg Project

- Has small scale historic manganese production with some highly encouraging manganese assay results reflected from surface outcrops, and is located approximately 57km east of Bundaberg in QLD and covers an area of 40km² and comprises one EPM.

Yellow Jack Project

- Has a JORC-compliant Inferred Mineral Resource down to 50 metres vertical depth of **855,000t @ 1.41 g/t Au (40,200 ounces)** completed in 2009 by Odessa Resources Pty Ltd. This resource is based on 40 RC holes for 3,200 metres and a wirefamed model of mineralisation using a 0.6 g/t Au assay cutoff was built. Estimation was based on inverse distance squared interpolation within wireframes and the resource quoted uncut and with a 6 g/t Au top cut as shown in Table 1 below:

INFERRED RESOURCE			
Top Cut	Tonnes	Grade (g/t)Au	Contained Metal (ounces)
6	885,050	1.41	40,228
0	885,050	1.47	41,718

Table 1 Yellow Jack Resource table

- Located 215km west of Townsville (QLD) and is 130km² and comprises one EPM.
- EPM 17321 is currently subject to renewal applications, the application is determined by the DEEDI.

Moonford Project

- The Moonford Project covers 125 km² and is prospective for iron ore.
- Located approximately 15 km north-west of Moonford (Qld) and comprises one EPM.

West McArthur Project

- Prospective for manganese mineralisation.
- Located 850km southeast of Darwin and comprises one 600km² Exploration Licence (EL).

Moss Vale Project

- Prospective for bauxite.
- Located approximately 170kms from Sydney and comprises one Exploration Licence Application (ELA 4507) that covers a total area of 30 km².



Figure 1 Walla Mines Tenements

Comment

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. In addition surface sampling assays and drill sample results may also be discussed in the context of information describing the presence of anomalous mineral content. The above information relating to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Mineral Reserves. Hence the terms Resource (s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

Declaration

The information in this statement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by independent consulting geologist Brian Davis who is a Member of The Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Davis is employed by Geologica Pty Ltd and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Davis consents to the inclusion in the report of the matters based on the information made available to him, in the form and context in which it appears".

For more information please visit the website at: www.eclipsemetals.com.au

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