

31 July 2013

Quarterly Activities Report and Appendix 5B For the Quarter ending 30 June 2013

The Board of Eclipse Metals Limited (“the Company”) is pleased to provide the following commentary and Appendix 5B.

Exploration Activities

During the quarter the Board received the preliminary tenement assessment performed by consultant geologists including CSA Global and is in the process of reviewing the recommendations provided.

The tenement assessment performed has confirmed that several of the Company’s tenements and those of its partially owned subsidiary Walla Mines are prospective for uranium, gold, manganese, and iron with further geological investigation warranted. The assessment also recommended relinquishment of some tenement groups and accordingly one tenement was relinquished during the quarter and other tenements may be relinquished when relevant anniversaries occur.

In commenting on these results, Executive Director Carl Popal stated, “*We are pleased to have received independent positive results from the Eclipse Metals tenement review with clear recommendations for tenements to be retained or relinquished. Based on the results, we can now focus on the more prospective areas and develop an exploration strategy for the Company going forward.*”

The Company has reviewed and evaluated all granted exploration licences with several prospective areas identified, including the West Bachelor Uranium Project in the Northern Territory, the Moonford Iron Project in Queensland (held by Walla Mines), and the Yellow Jack Gold Project in Queensland (held by Walla Mines).

An historic review of the West Bachelor Project has outlined two iron prospects within the exploration licence area, with significant hematite identified at the unconformity between the Depot Creek Sandstone and the Burrell Creek Formation. Assay results of a chip sample from this area returned 61.8% Fe with 0.19% P. These prospects are located within the highly prospective Pine Creek Geosyncline where extensive uranium channel anomalies have also been delineated through interpretation of airborne survey data.

Historic review of the Moonford Iron Project includes approximately 17.6km² of geology indicative of the presence of iron mineralisation. Previous drilling resulted in near surface mineralisation ranging from 43% - 57.6% iron oxide (Fe₂O₃).

An historic review of the Yellow Jack Gold Project produced a JORC compliant Inferred Mineral Resource down to a 50 metre vertical depth of 855,000t at 1.41 g/t Au (38,760 ounces contained) with gold recoveries ranging from 65% to high 90’s%.

The Board is currently identifying tenements to prioritise for future exploration activities and to determine which tenements the Company may seek to divest. The Company is also actively seeking joint venture partners for its various exploration projects in order to expedite definition of any known resources within the licence areas.

BOARD

Carl Popal
Director

Peter Landau
Director

David Sanders
Director

COMPANY SECRETARY

Jane Flegg

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85 142 366 541

SHARE REGISTRY

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770 Canning Highway
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ASX CODE

EPM

WEBSITE

www.eclipsemetals.com.au

Corporate

To provide the Company with funding to progress its existing tenement portfolio and take advantage of other complementary activities in the resources sector that may arise, the Company undertook a renounceable entitlements issue during the quarter.

The entitlements issue was underwritten and offered to existing shareholders on the basis of two new shares for every one share held at an offer price of 0.5 cents per share. During the quarter a total of 280,000,052 shares were issued comprising acceptances received from shareholders and additional shares allocated from the shortfall in consultation with the underwriter.

The Board is also considering other opportunities in the resources sector that may arise.

For and on behalf of the Board.



Carl Popal
Executive Director

For further information please contact:

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Competent Person's Statement

Information in this report which relates to exploration results, together with any related assessments and interpretations, is based on information compiled by CSA Global Pty Ltd on behalf of Mr Giles Rodney (Rod) Dale. Mr Dale is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Dale is a consultant to the company and is employed by G R Dale & Associates. Mr Dale has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Dale consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Eclipse Metals Ltd

ABN

85 142 366 541

Quarter ended ("current quarter")

30 June 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors, including proceeds under long-term offtake agreements	-	25
1.2 Payments for (a) exploration & evaluation	(75)	(222)
(b) development	-	-
(c) production	-	-
(d) administration	(119)	(285)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(194)	(482)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	8
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(650)
1.11 Loans repaid by other entities	-	58
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(584)
1.13 Total operating and investing cash flows (carried forward)	(194)	(1,066)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(194)	(1,066)
Cash flows related to financing activities			
1.14a	Proceeds from issues of shares, options, etc.	333	583
1.14b	Shares to issue	--	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	41
1.17	Repayment of borrowings	-	(10)
1.18	Dividends paid	-	-
1.19	Other (Capital raising costs)	(17)	(27)
Net financing cash flows		316	587
Net increase (decrease) in cash held		122	(479)
1.20	Cash at beginning of quarter/year to date	250	851
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	372ⁱ	372ⁱ

i The Group is in the process of finalising the renounceable entitlement issue shortfall of approximately \$1.6M.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.2	Aggregate amount of payments to the parties included in item 1.2	-
1.2	Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Shares issued during the quarter include shares issued on the conversion of debt to equity

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	75
4.2 Development	-
4.3 Production	-
4.4 Administration	120
Total	195 ⁱ

i The Group is in the process of finalising the renounceable entitlement issue shortfall of approximately \$1.6M.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	372	250
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	372	250

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL24880 – Pine Creek	Granted	100%	0%

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Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	523,192,824	523,192,824		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	280,000,052	280,000,052	\$0.005	\$0.005
7.5 *Convertible debt securities <i>(Convertible Notes)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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7.7	Options <i>(description and conversion factor)</i>	150,000	-	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 30/11/2015
		8,873,500	8,873,500	\$0.20	31/05/2014
		100,623,813	-	\$0.06	30/11/2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 July 2013
(Company secretary)

Print name: Jane Flegg

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Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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