



ABN 85 142 366 541

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## **Annual Report**

**For the financial year ended 30 June 2014**

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## Corporate Directory

### DIRECTORS

Carl Popal	Executive Chairman
Pedro Kastellorizos	Executive Director
Rodney Dale	Non-Executive Director
Justin Barton	Non-Executive Director

### COMPANY SECRETARY

Eryn Kestel

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### CONTACT DETAILS

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Email: [info@eclipsemetals.com.au](mailto:info@eclipsemetals.com.au)

### SOLICITORS TO THE COMPANY

Bennett & Co  
Level 10, BGC Centre  
28 The Esplanade  
Perth WA 6000

### AUDITORS

Stantons International  
Level 2, 1 Walker Avenue  
West Perth WA 6005

### SECURITIES EXCHANGE

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

ASX Code: **EPM, EPMO**

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### COUNTRY OF INCORPORATION

Australia

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## Directors' Report

The directors of Eclipse Metals Limited ("Eclipse" or "the Company") submit herewith the annual report of the Company and the entities it controlled ("Group") at the end of, or during, the financial year ended 30 June 2014. 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	Appointed Executive Director on 18 March 2013 Appointed Executive Chairman on 3 April 2014
Pedro Kastellorizos	Executive Director	Appointed 3 April 2014
Rodney Dale	Non-Executive Director	Appointed 7 October 2013
Justin Barton	Non-Executive Director	Appointed 29 November 2013
David Sanders	Director	Resigned 29 November 2013
Peter Landau	Non-Executive Director	Resigned 7 October 2013

### 2. COMPANY SECRETARY

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

Eryn Kestel	Appointed on 25 June 2014
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### 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 activities during the financial year.

### 4. OPERATING RESULTS

The Group reported a net loss of \$806,194 for the financial year (2013: loss of \$15,675,845).

### 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

No other matters or circumstances have arisen since the end of the financial year which significantly altered or may significantly alter the operations of the Group, the results of those operations or the state of affairs of the Group in financial years subsequent to 30 June 2014.

### 8. ENVIRONMENTAL ISSUES

The Groups environmental obligations are regulated under both State and Federal Law. The Group has a policy of complying with its environmental performance obligations. No environmental breaches have been notified to the Group to the date of this report.



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS

#### Corporate

##### Divestment of non-core assets

During April 2014, the Company announced an agreement with private entity Laura Exploration Pty Ltd, for the divestment of 100% of the Company's interest in the Yellow Jack (EPM 17321) and Devils Mountain (EPM 17685) tenements held by its subsidiary Walla Mines Pty Ltd. Terms of the sale agreement were completed prior to 30 June 2014 and the total sales consideration of \$125,000 has been received.

##### Board Changes

Strategic board reforms were made during the year ended 30 June 2014, to further consolidate the Company's administrative management and geological expertise as the Company progresses exploration programs and addresses corporate matters.

Mr Rodney Dale, geologist, was appointed as Non-Executive Director in October 2013. Mr Dale is a Fellow of the Royal Melbourne Institute of Technology with over 50 years mineral exploration and mining experience in many parts of Australia, also in Indonesia, Africa, South America, India and China. Mr Dale has previously been an executive director of two Australian public mining companies.

Mr Justin Barton was appointed as Non-Executive Director in November 2013. Mr Barton is a chartered accountant (CA) with over 17 years' experience in accounting, international finance and mining. During this time, Mr Barton has held various senior executive positions and has worked in Australia, Europe, Africa and the United States. He has also worked with many leading international mining companies in gold, uranium and base metals, including 3 years at Paladin Energy Limited with uranium projects in Australia, Africa and Canada.

Mr Pedro Kastellorizos was appointed to the Board as an Executive Director in April 2014. Mr Kastellorizos is a geologist with 17 years of experience in multi-commodity exploration, underground mining, native title negotiations, geological interpretation, corporate management, and tenement trading and administration within Australia and overseas. Mr Kastellorizos was the founder and Managing Director of ASX listed Genesis Resources Ltd and has held director positions with two other Australian listed companies.

Mr Carl Popal was also appointed Chairman of the Board in April 2014.

In conjunction with the above appointments, Mr Peter Landau resigned in October 2013 and, Mr David Sanders resigned in November 2013. The Board wishes to thank them for their valuable contribution to the Company during their service.

In addition, Ms Eryn Kestel was appointed as Company Secretary in June 2014. Ms Kestel replaced Mr Keith Bowker, whom in turn replaced Ms Jane Flegg in October 2013. The Board would also like to thank Mr Bowker and Ms Flegg for their contribution to the Company.

##### Exploration

Eclipse Metals Limited holds an impressive portfolio of 18,375km<sup>2</sup> in 30 Exploration Licence areas in the Northern Territory and Queensland. This multi-commodity tenement package includes prospects for manganese, iron, gold, uranium and base metal mineralisation (refer Figure 1). During the course of the financial year all projects were assessed based on their mineral prospectivity. The Company focused its activities primarily on the Mary Valley Manganese and Moonford Iron Projects in Queensland with an initial examination in April followed by a more detailed geological evaluation commenced in June and completed in July 2014.

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)

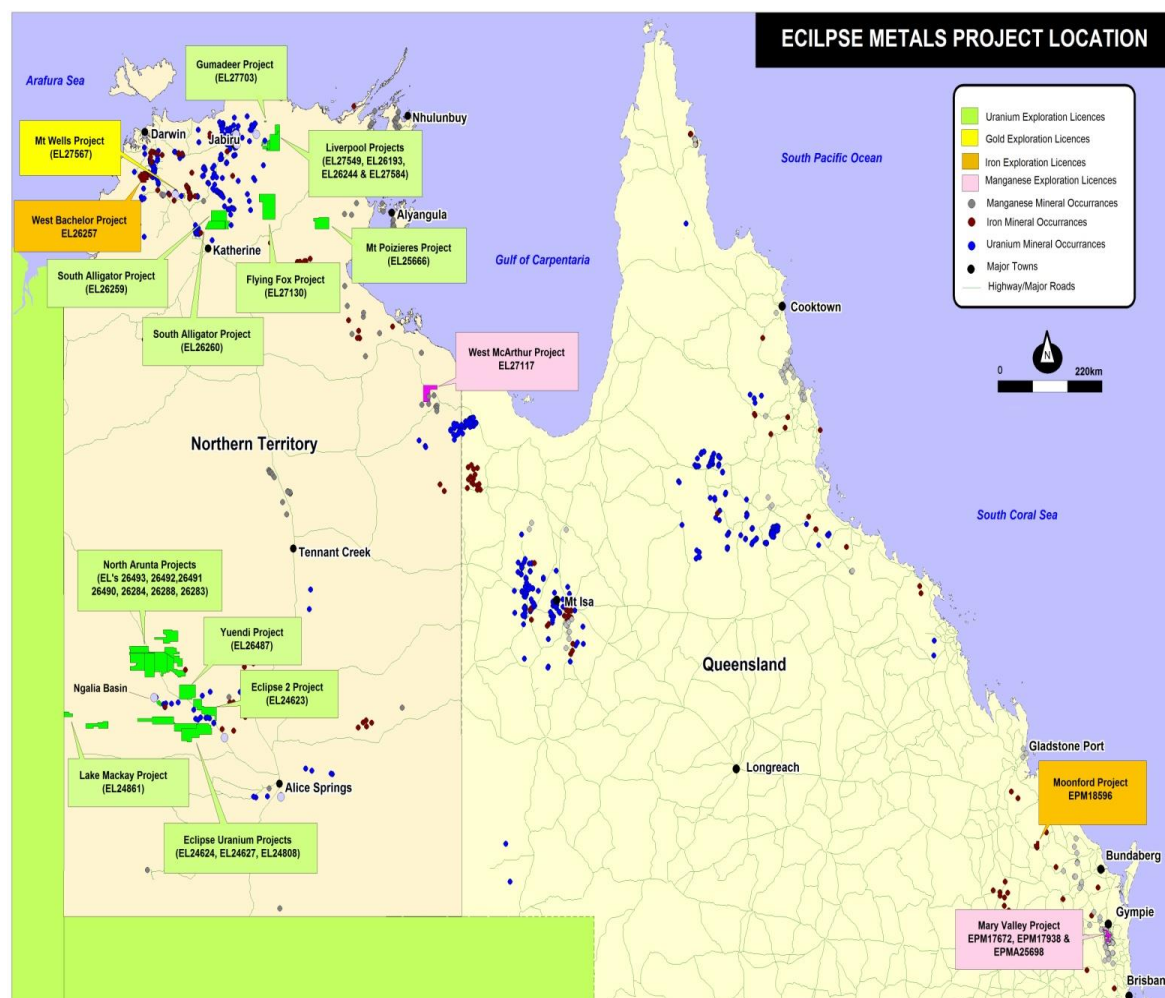


Figure 1: Eclipse Metals Ltd Projects Location Map

#### MANGANESE AND IRON PROJECTS

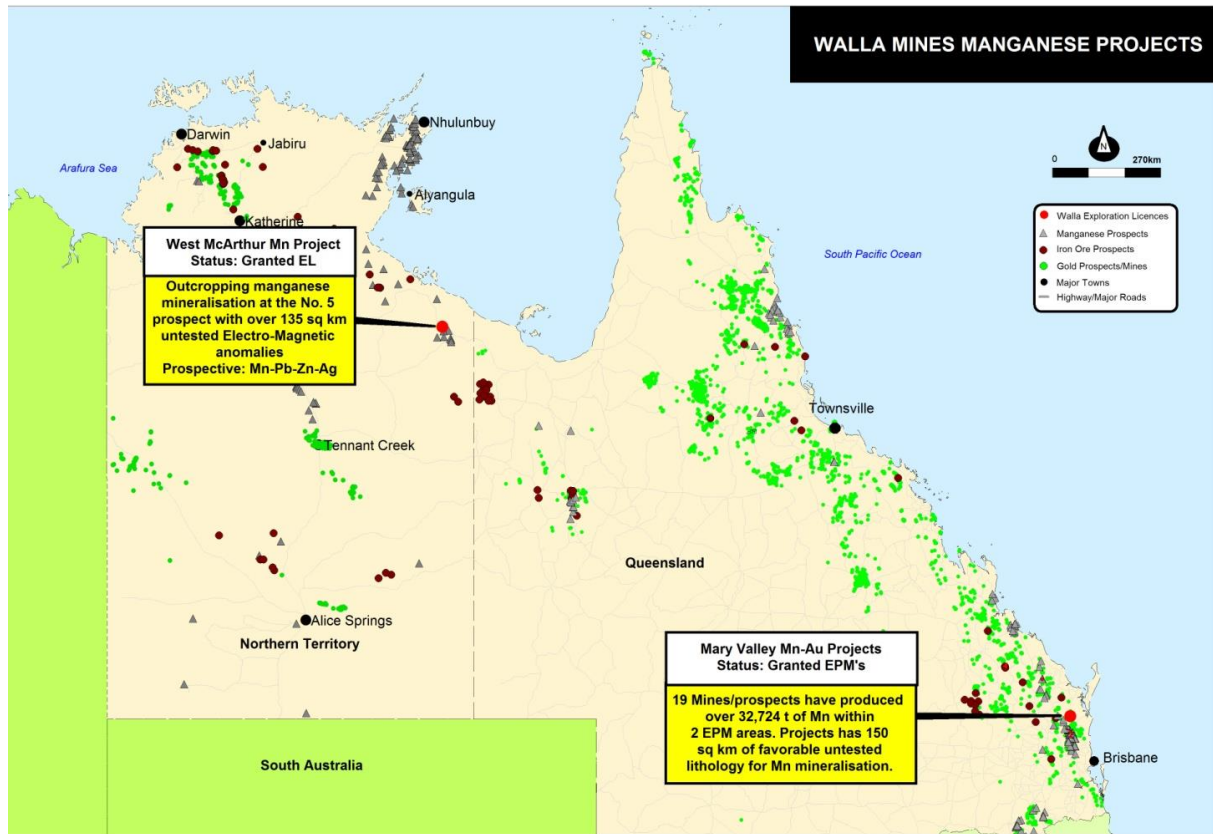
##### 9.1. MARY VALLEY MANGANESE PROJECT, QUEENSLAND

Eclipse Metals Ltd activities during the reporting period focused on manganese exploration over the Mary Valley Manganese Project tenements located approximately 14 road kilometres southwest of Gympie in Queensland. The project is now comprised of two granted Exploration Permit's, EPM 17672 and 17938 and one application, EPMA 25698, with a combined area of 209.8km<sup>2</sup>. The Project area is easily accessed via the Brooloo Road from Gympie and is only 165 rail kilometres from the port of Brisbane.

Historically approximately 32,000 tonnes of ore was mined from the area with the manganese grade ranging from 42% to 51% Mn. Limits of all the deposits are not known either along strike or at depth. The largest mine on the tenements controlled by Eclipse subsidiary Walla Mines, was at Amamoor No.1 manganese deposit which has produced 19,630t at 51% Mn. Historical assays indicate that the silica, iron and phosphate levels are all within direct shipping ore parameters, which supports the potential for stand-alone mining operations in the Mary Valley Manganese Project. In the past 50 years little to no geological activities have been recorded over the Mary Valley prospects for manganese.

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



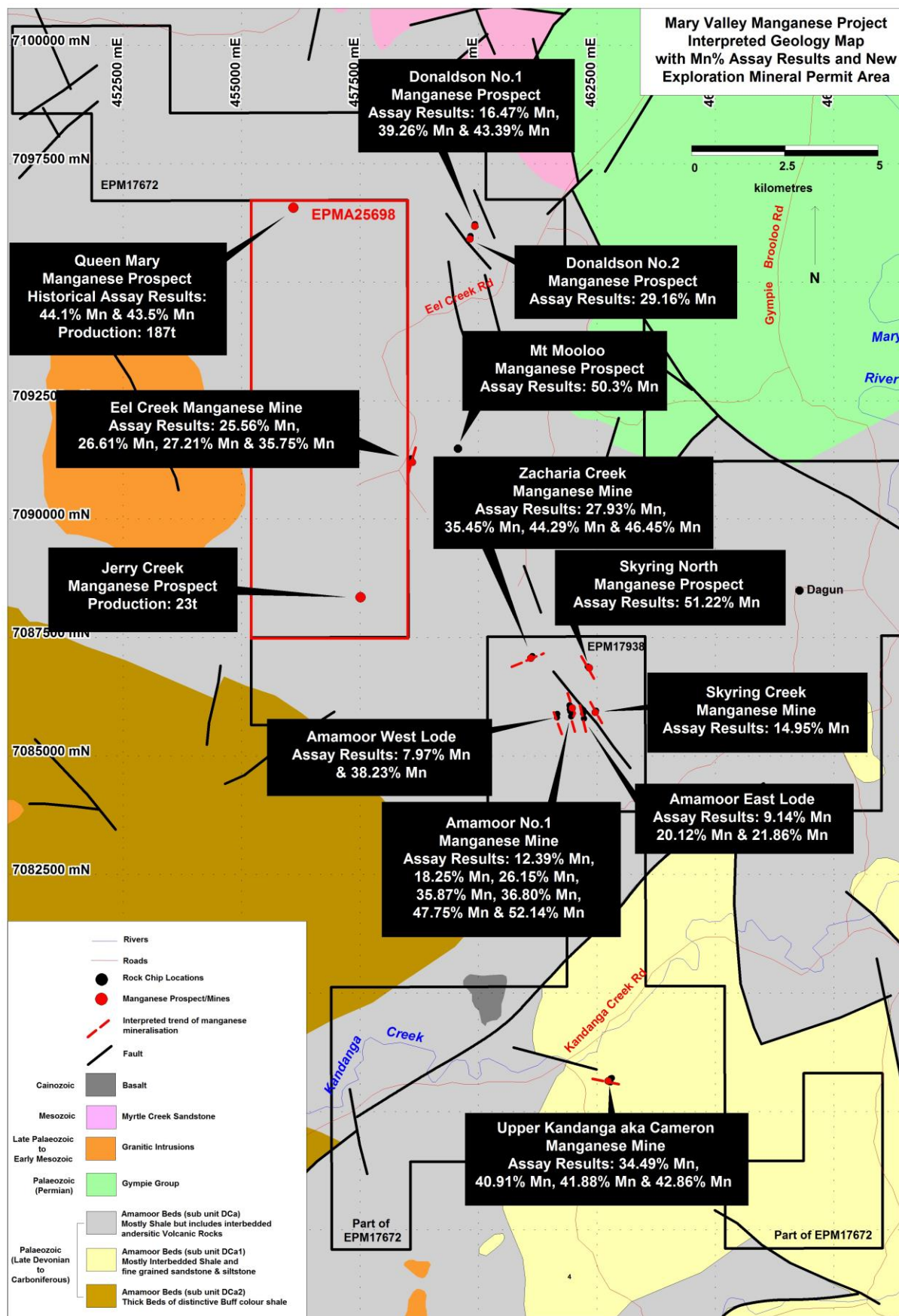
*Manganese Projects Location Map*

#### *Summary of Historical Manganese Production from the Mary Valley Manganese Project Area:*

Name	Working of Mined Areas	Years of Production	Ore Production (tonnes)
Donaldson's Deposit	22.86m long x 9.14m wide x 2.74m deep	1949, 1960	25t @ 46% Mn, 15% silica
Mooloo T.O Prospect	15.24m long x 2.13m wide	Unknown	42% Mn, 11.6% silica, 5.8% Iron oxide
Mt Mooloo Prospect	Trench 1: 13.71m long, 2.74m deep Trench 2: 15.24m long, 2.13m wide x 1.52m deep	1915	81t @ 50.3% Mn, 1.9% silica, 7.4% Iron oxide
Robert's Prospect	6.40m long x 4.26m wide x 3.04m deep	Unknown	15t @ 38.6% Mn
Dagun Prospect	6.1m long x 2.4m deep	1921, 1949	100t @ 48% Mn, 5% silica
Eel Creek	15.24m long x 2.13m wide	1949, 1951, 1960	234t @ 50% Mn, 6% silica
Amamoor No.2	Unknown	1959-1960	515 t @ Unknown
Zachariah Creek	Unknown	1959	16 t @ 40% Mn, 10% silica
Skying Creek	152.0m long x 4.57m wide	1960	2,457t @ 45% Mn, 19% silica
Cameron (aka Upper Kandanga)	44.2m long x 3.65m wide	1918-19, 1958-1960	8,893t @ 46% Mn, 22% silica
Amamoor No.1	274.0m long x 27.43m wide x 21.33m deep	1920, 1960	19,630t @ 51% Mn, 10% silica
<b>Total</b>			<b>31,966 of High Grade Mn Ore Mined</b>

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



*Regional Geology and Tenement Map with location of old workings visited and rock-chip sample assays*



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)

In April 2014, Eclipse Metals conducted preliminary geological reconnaissance which confirmed substantial deposits of manganese mineralisation in the Mary Valley tenements. From this examination it was concluded that it is highly likely there are substantial further deposits of high grade, potentially direct shipping ore (DSO) and lower grade beneficiable mineralisation in proximity to the old workings and in strike extensions of known deposits.

A follow-up field visit in July 2014 resulted in definition of several highly prospective areas with potential to contain substantial resources of high grade manganese mineralisation, as detailed in the following report.

#### Geological Mapping and Sampling – June - July 2014

Exploration activities prepared in June and conducted in July 2014, including the second phase of exploration over Mary Valley Manganese Project tenements as reported to the ASX on 24<sup>th</sup> July 2014, with rock chips sample assays confirming presence of high grade manganese mineralisation in the historical workings. This work concentrated on areas where previous mining had produced high grade manganese ore. Within the Amamoor and Kandanga prospects it is evident that there are substantial further deposits of high grade, potentially direct shipping ore (DSO) and lower grade beneficiable mineralisation in proximity to the old workings and in strike extensions.

Highlights from the exploration programme: Rock-chip sample assays

- **Amamoor:-** 52% Mn
- **Skyring Creek:-** 51% Mn
- **Zacharia Creek:-** 46% Mn
- **Upper Kandanga:-** 43% Mn
- **Donaldsons:-** 43% Mn
- Recent assessment of historical mine workings indicates that **full extent of mineralisation has not been exploited, providing substantial exploration upside.**
- Significantly increased geological understanding and development of manganese exploration targets in Mary Valley.
- At Amamoor in particular, geological evaluation of old workings and surrounds indicates that **mineralisation is more widespread** than the old workings with indications that there may be significant near surface extensions of both high grade and low grade (beneficiable) mineralisation.
- Potential to identify additional mineralisation at Mary Valley in many prospects in these largely under-explored tenements where only a limited area has been examined to date.
- Preliminary investigations have indicated 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.

Historically, discovery of high grade outcropping manganese mineralisation during logging operations in the 1920's led to sporadic periods of small-scale mining in which limited tonnages of the highest grade ore were extracted. The main period of mining activity was from 1958 to 1960, mainly from open pits dug by bulldozer. A total of thirty rock-chip samples were collected and submitted to ALS Laboratory Brisbane.

**Rock Chip Sample Analytical Results**

Sample Id	Prospect Name	Al <sub>2</sub> O <sub>3</sub> %	CaO %	Fe <sub>2</sub> O <sub>3</sub> %	K <sub>2</sub> O %	MnO %	Mn %	Na <sub>2</sub> O %	P <sub>2</sub> O <sub>5</sub> %	SiO <sub>2</sub> %
PS031	Amamoor Mine	1.79	1.98	4.13	0.19	61.66	47.75	0.08	0.1	15.78
PS032	Amamoor West Lode	3.02	1.07	11.7	0.07	49.36	38.23	0.03	0.37	25.12
PS035	Skyring Creek Prospect	1.97	0.82	6.89	0.43	66.14	51.22	0.12	0.08	1.68
PS039	Upper Kandanga	2.06	1.52	1.44	0.12	52.83	40.91	0.3	0.12	34.48
PS040	Upper Kandanga	1.34	1.28	0.77	0.22	54.08	41.88	0.17	0.16	33.1
PS041	Upper Kandanga	3.83	1.36	1.84	0.55	44.53	34.49	0.64	0.07	36.94
PS042	Upper Kandanga	2.59	1.23	2.24	0.65	55.34	42.86	0.3	0.14	25.55
PS043	Donaldson No.1	0.83	2.94	1.76	0.07	50.69	39.26	0.15	0.06	30.1
PS046	Donaldson No.1	0.65	2.48	1.22	0.37	56.03	43.39	0.2	0.07	23.25
PS050	Eel Creek Mine	1.78	3.46	6.28	0.13	46.16	35.75	0.14	0.08	31.86
PS051	Zachariah Creek Prospect	1.77	1.22	7.53	0.04	59.98	46.45	0.03	0.07	19.6
PS052	Zachariah Creek Prospect	2.42	2.34	6.26	0.04	57.19	44.29	0.05	0.05	21.27
PS054	Zachariah Creek Prospect	2.13	9.19	6.31	0.03	45.77	35.45	0.04	0.04	19.6
PS057	Donaldson No.2	5.54	4.97	7.98	0.03	46.31	35.87	0.04	0.15	27.24
PS058	Amamoor Mine	7.38	7.56	5.74	0.09	47.52	36.8	0.06	0.21	17.7
PS060	Amamoor Mine	3.69	2.73	1.74	0.11	67.33	52.14	0.04	0.1	8.62

#### Amamoor Manganese Mine

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)

The historical Amamoor Manganese Mine was the largest producer in the Mary Valley region, last mined in 1959. The workings consist of a series of long, narrow excavations several metres wide across the eastern slope of a prominent ridge, broadly parallel to the ridge contours, resulting in vertical walls 3m to 5m high. Sub-parallel cuts have been made such that the workings extend down-slope a horizontal distance of more than 50m and in places there is a 20m vertical difference between the elevation of the upper and lower workings. The workings extend about 300m in a broadly north-westerly direction.

Arrangement of the workings suggests that the primary manganiferous horizon trends about north-northwest with a steep dip towards the northeast and that the workings down-slope exploited the down-dip continuation of the main mineralised zone of this horizon. In contrast with this orientation, the largest body of historically mined ore, associated with jasperoidal chert, has a strike direction of 008° and a dip varying from 75° towards the west to vertical. A sub-parallel manganese mineralised horizon appears to represent a previously unrecognised separate formation which may contribute additional resources.



*Western face of historical workings at Amamoor Manganese Mine*

#### Upper Kandanga (aka Cameron) Manganese Mine

The Upper Kandanga (aka Cameron) historical manganese mine workings are located about 6km west-southwest of the village of Kandanga. The mineralisation is in a distinct bed 2m to 3m thick and appears to be different from other historical operations being associated with shale and sandstone, rather than jasperoidal chert and andesite and with shallow dip angles.

The manganese mineralisation has a strike direction of about 100° and dips about 35° towards the north. The layer of manganese mineralisation east of a fault is displaced a few metres lower than the layer west of the fault.

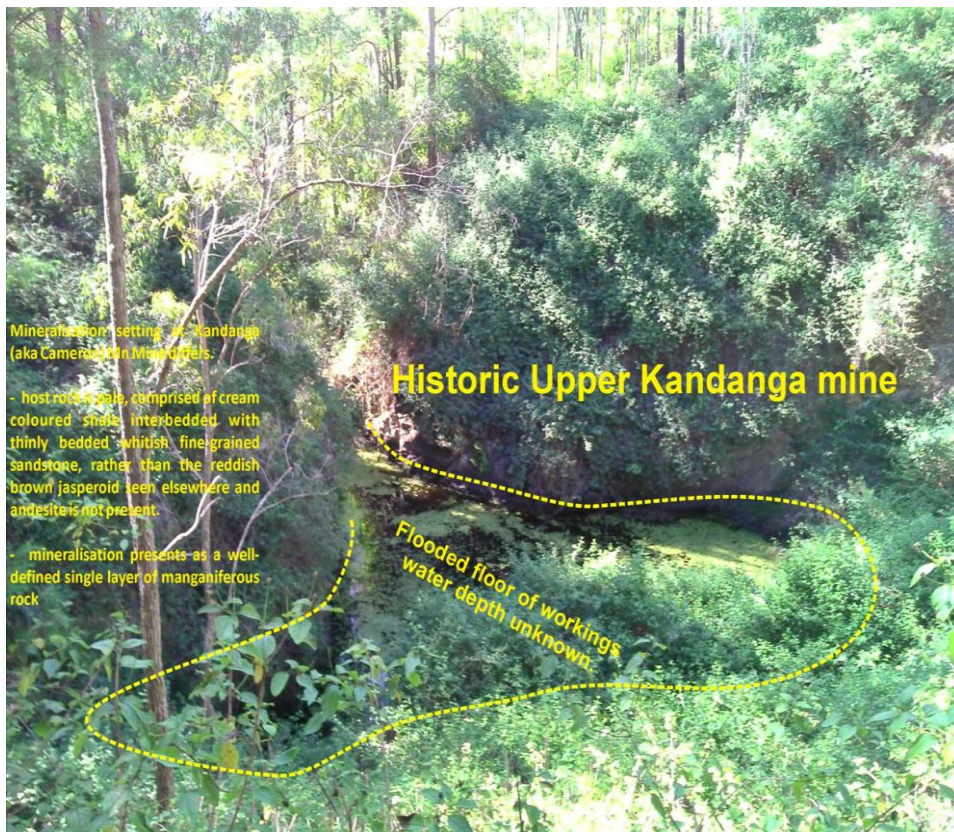
The continuity of mineralisation along strike west of the workings is unknown but the thickness of the layer exposed in the western wall of the workings suggests that it is likely to extend a considerable distance westwards into the banks of the gully.

Mineralisation is known to continue along strike from the pit towards the east; Brooks (1962) describes an adit that was excavated into the eastern face of the workings in 1960 and extended at least 12m into the eastern slope of the gully.



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



*Historical workings at the Upper Kandanga (aka Cameron) Manganese Mine*



*Remnant Mn-ore at the Upper Kandanga (aka Cameron) Mn mine. View towards the west showing the gentle dip of mineralisation towards the north.*



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)

#### Eel Creek Manganese Mine

The Eel Creek workings are located in a mostly cleared paddock east of Eel Creek Road from which the overgrown workings are visible. The old mine consists of an excavation about 50m long, up to 10m wide and about 2m deep. The mine is elongated in a north-northeast direction following the contour of a hill. Strike direction of the mineralisation is similar to the orientation of the workings and remnant ore is visible in the eastern wall.

Host rock of mineralisation is a manganiferous jasperoid which also outcrops up-slope to the east and along strike from the workings as well as adjacent to the workings. Structural evidence suggests that the mineralisation is folded and faulted, providing a setting for extensions and enrichment of the mineralised formation. Surrounding the workings, manganiferous rocks having bedding-parallel layers of manganese mineralisation several centimetres thick occur within an area at least 1,000m long and 250m wide.

This large area is prospective for strike extension of zones of high-grade mineralisation.



*Historical Eel Creek Manganese Mine looking south with remnant ore exposed in the eastern wall of the workings.*

#### Skying Creek Manganese Prospect

The old mine workings have been excavated along the contour of a hill with a trend varying from north-south to about north-northwest, extending about 80m. The width of working is estimated to be about 8m to a depth of about 4m in the areas observed. Remnant ore is partly exposed in sections of the eastern wall of the excavations where there appear to be at least two lenses, both striking about north-northwest. Dip cannot be measured reliably but in both excavations is definitely towards the northeast at a moderate angle. The thickness of the lens (or lenses) is unclear but in places appears to be about 1.5m.

Further mineralisation to the north is represented by dense manganese rubble in the undergrowth.



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



*Skyring Creek historical manganese workings*

#### Zachariah Creek Manganese Prospect

The old workings are northwest of the Amamoor workings near the crest but on the south flank of a west-trending ridge. The mineralisation is oriented about east-west and has a steep dip towards the south. This appears to be sub-parallel to the contact between altered andesite and jasperoid.

The workings have a maximum length of about 30m, are oriented about east-west and were excavated to exploit two or three discontinuous dense manganese rich lenses about 2m thick.

#### Donaldson's Manganese Prospect

The Donaldson prospect is situated on the top of a prominent ridge elongated in a north-south direction which has been mostly cleared for pasture but with patches of open woodland. The ore lens was probably about 2m thick and at the most, about 25m long. The historical ore remnants observed in the eastern wall of the main excavation are part of a lens that appears to be sub-parallel to a well-developed cleavage of the jasperoid that is the host-rock to the mineralisation, oriented with a strike of 320° and a dip of 80° towards the southwest.

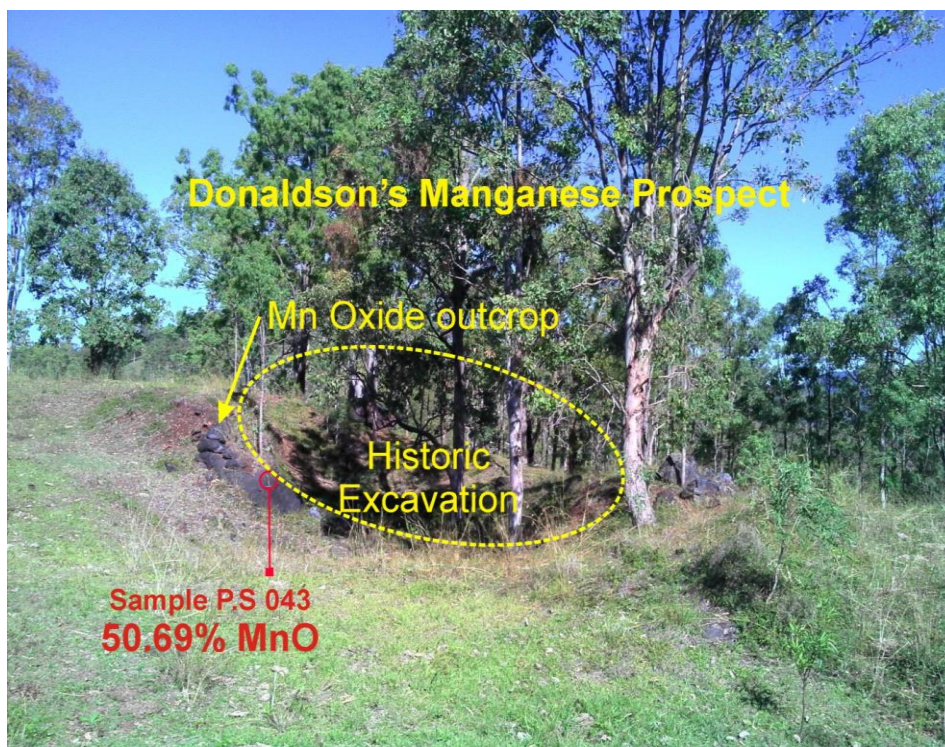
Workings have a total length of about 30m and excavations were up to about 8m wide and 3m deep. Waste has been pushed to the west of the excavation.

Small workings to the south known as the Donaldson's No. 2 prospect consist of a small circular excavation about 1.5m deep, having a radius of about 10m. Within this excavation there are small discontinuous lenses, veins and impregnations of dense manganese mineralisation within the host jasperoid rock.



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



#### 9.2. MOONFORD IRON PROJECT, QUEENSLAND

An initial examination of this iron prospect area concluded that iron mineralisation could be widespread and a second phase of ground evaluation was conducted in July 2014. Results from the second phase of exploration over the Moonford Iron Project were released on 30 July 2014.

Highlights of the exploration program include:

- Rock-chip sample assays returned results up to 54% iron in the Moonford project tenement: -
  - Clonmel Road:- **52% Fe**
  - Glen Valley Road:- **52% Fe**
  - Burnett Highway:- **54% Fe**
- Recent sample assays have returned **significantly higher iron grades** compared with results from historical work. All rock chip samples returned + **42% Fe**.
- Metallurgical studies may indicate potential to increase the overall iron grades through beneficiation.
- Iron mineralisation in the project area is readily accessible, close to transport and could be extracted by a simple, inexpensive strip-mining method.

The reconnaissance evaluation was successful in identifying that iron grades are reasonably consistent across the project area. Assay results returned iron grades ranging from **48.16% Fe** (PS001) to **53.63% (PS007)**.

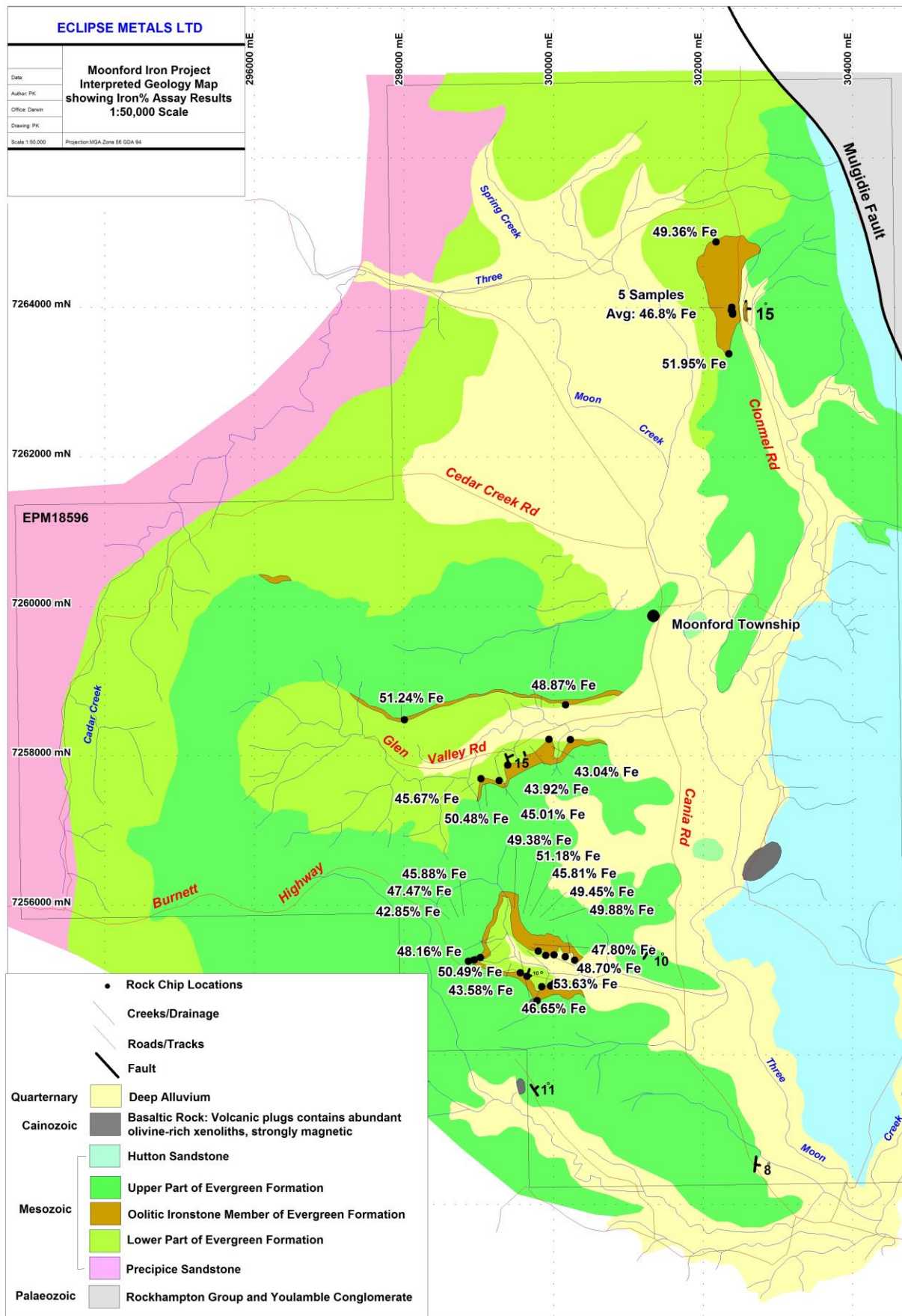
The oolitic ironstone is an eroded regionally extensive flat-lying layer about 5m thick that outcrops in three main areas: - in the northeast of the project area adjacent to Clonmel Road; centrally around Glen Valley Road and in the south of the project area around the Burnett Highway. There has been **no systematic exploration** for iron deposits within the project area in the last 30 years. The main periods of previous exploration activity were in the 1960's and 1980's. The exploration target within the project area is the oolitic ironstone member of the Evergreen Formation, which is considered to be an example of a bedded type of iron deposit.

In 1961, Brooks from the Queensland Geological Survey, made references to extensive iron "ore reserves" (non-JORC terminology) and the fact that this iron rich zone continued into the Coomang State Forest which lies on the tenement's southern border. In 1984, 27 percussion holes for an aggregate of 218m of drilling, intersected iron mineralisation below shallow overburden with overall averaged assays ranging from 31.7% to 36.3% Fe to a depth of 12.75m

Thirty rock-chip samples were collected and submitted to ALS Laboratory Brisbane with assay results shown in the following Table and represented on the map below.

# Directors' Report (cont'd)

## 9. REVIEW OF OPERATIONS (cont'd)



*Regional Interpreted Geology Map showing sample locations and Fe%*



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)

#### Highlights of Rock Chip Sample Analytical Results

Sample Id	Prospect Name	Al2O3 %	Fe %	K2O %	MgO %	Na2O %	P %	S %	SiO2 %	TiO2 %	Total %	LOI %
PS001	Burnett Highway	5.11	48.16	0.312	0.53	0.059	0.983	0.01	7.1	0.13	100	12.1
PS002	Burnett Highway	4.8	50.49	0.263	0.49	0.005	0.781	0.012	6.69	0.14	100	10.83
PS006	Burnett Highway	4.79	48.7	0.255	0.35	0.018	1.05	0.01	5.7	0.13	99.99	11.53
PS007	Burnett Highway	4.71	53.63	0.1	0.46	0.005	0.705	0.032	7.81	0.17	100	7.08
PS011	Burnett Highway	5.19	49.88	0.131	0.38	<0.005	0.705	0.037	6.52	0.16	100	13.2
PS012	Burnett Highway	6.8	49.45	0.16	0.39	<0.005	0.912	0.016	8.78	0.13	99.99	9
PS014	Burnett Highway	4.92	51.18	0.116	0.38	<0.005	0.696	0.041	7.14	0.14	100	11.11
PS015	Burnett Highway	4.76	49.38	0.152	0.4	<0.005	0.331	0.07	8.26	0.17	100	11.88
PS017	Clonmel Road	6.21	49.21	0.1	0.45	0.018	0.781	0.004	6.25	0.14	100	13.32
PS018	Clonmel Road	5.81	49.17	0.032	0.34	<0.005	1.36	0.007	3.93	0.3	100	13.39
PS022	Glen Valley	4.25	50.48	0.125	0.46	0.013	0.835	0.038	7.07	0.15	99.99	10.28
PS026	Glen Valley	5.75	48.87	0.314	0.6	0.032	0.63	0.019	7.46	0.13	100	12.93
PS027	Glen Valley	4.08	51.63	0.134	0.55	0.005	0.721	0.032	6.13	0.11	100	11.53
PS028	Glen Valley	3.89	51.24	0.156	0.47	0.005	0.792	0.054	6.19	0.12	100	12.15
PS029	Clonmel Road	4.72	51.95	0.075	0.56	<0.005	0.775	0.008	6.53	0.17	100	10.07
PS030	Clonmel Road	6.14	49.36	0.352	0.67	0.01	0.774	0.009	8.05	0.17	100	10.36

#### Clonmel Road Iron Prospect

The Clonmel Road Prospect is a continuous erosional remnant of the iron formation about 1,600m long and up to 700m wide. The overlying rocks have been eroded, leading to the formation of a gently dipping surface, corresponding to the weathered upper surface of the oolitic ironstone layer. The result is a low scarp on the western edge of the outcrop area with dip-slope covered with minimal overburden all dipping gently to the east.

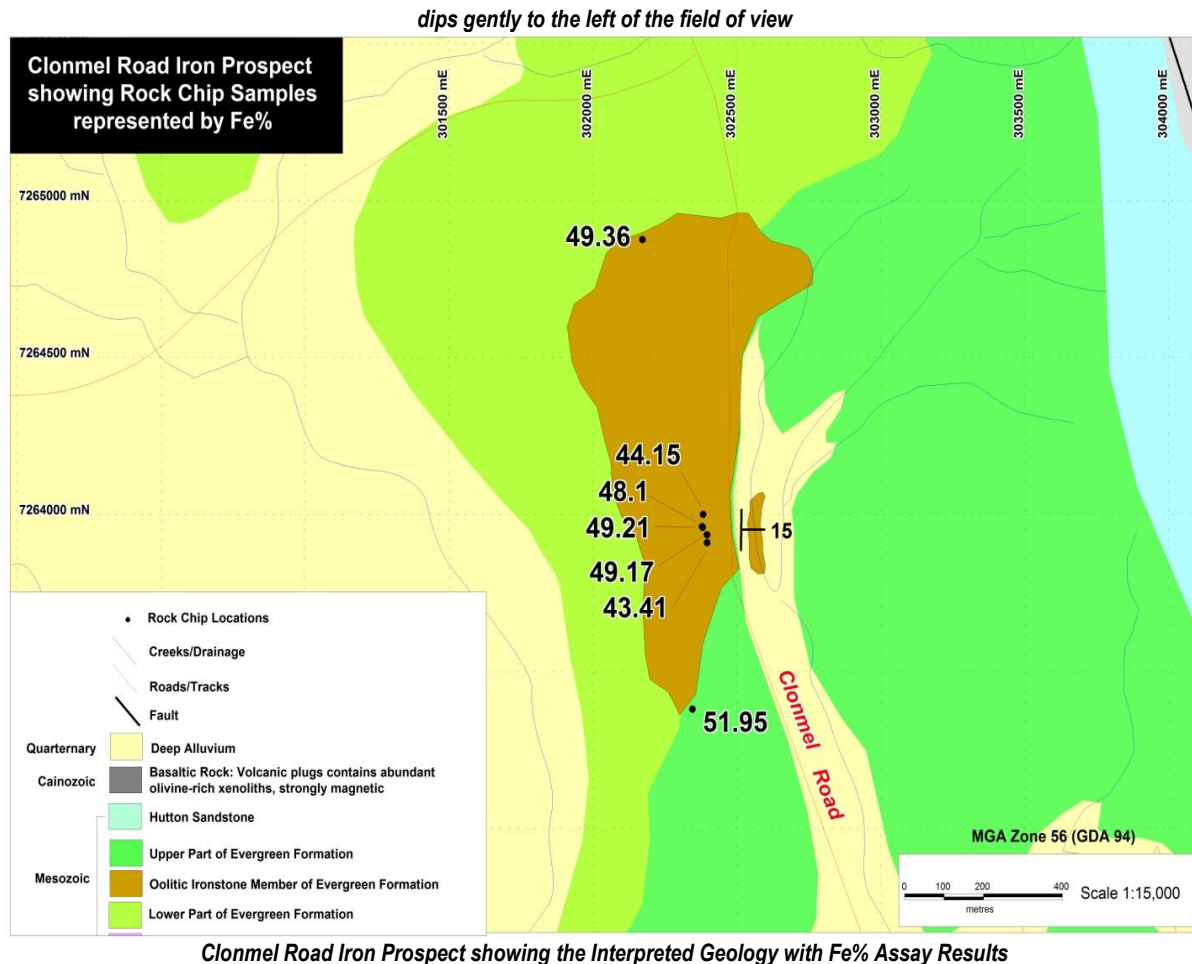
The oolitic ironstone is well exposed in a small quarry adjacent to Clonmel Road which has been excavated near the southeast limit of the layer of ironstone.



**Clonmel Road Iron Prospect: The ironstone exposed in the western wall and quarry floor**

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



#### Glen Valley Road Iron Prospect

The Glen Valley Prospect is one of the areas that received attention from previous explorers. At Site 1 of Queensland Commercial Minerals (Commercial Minerals), drilled 18 rotary percussion holes in an area of about 100m x 150m.

There are two individual mapped iron formations in which the largest is over 2,000m long by 180m wide. The oolitic ironstone is more resistant to erosion than the underlying and overlying rock formations and often forms a distinctive low scarp of dark and obviously ferruginous rock (photo below).

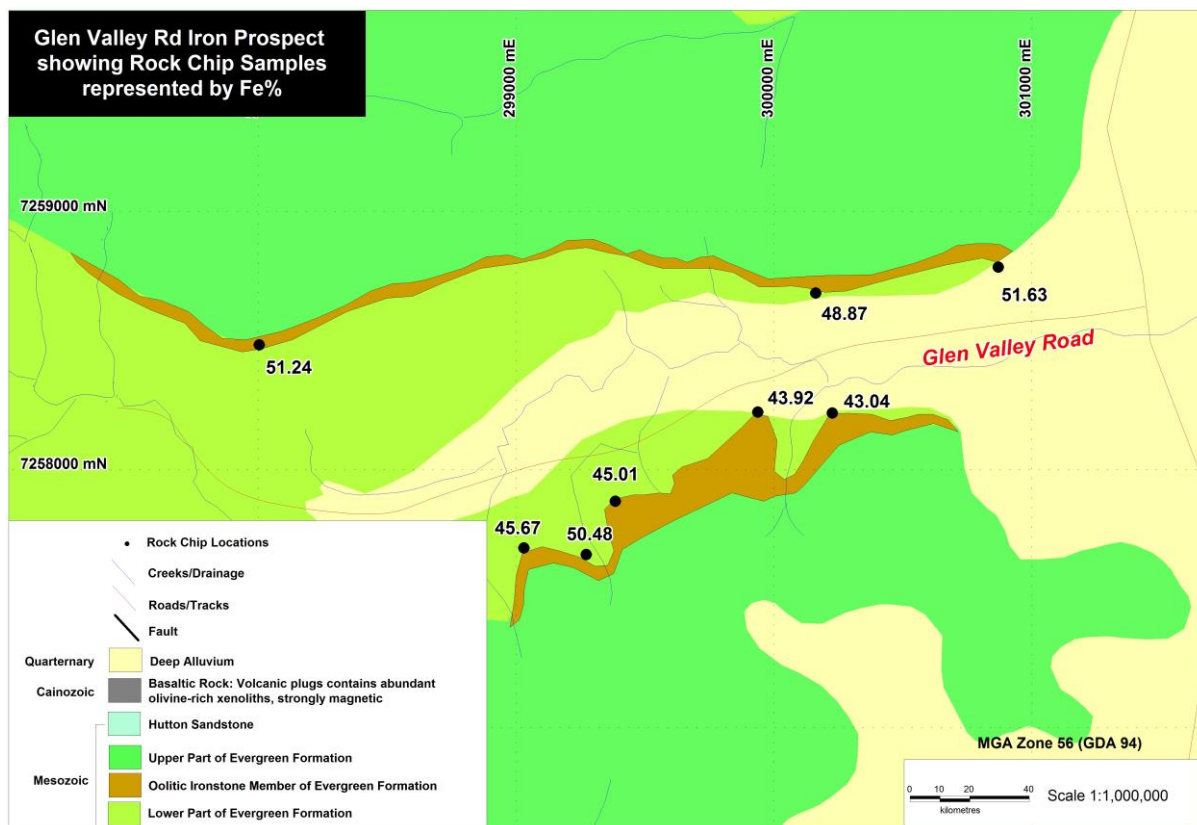
The northern flank of the valley containing the Glen Valley Road prospect tends to have steeper slopes than the southern flank and the oolitic ironstone outcrops discontinuously as scarps, above which the slope is less but benches are narrow or absent.

The bedding orientation of the oolitic ironstone, e.g. strike and dip of 340°/15° ENE at 299621mE/7257973mN (elevation about 330m), **indicates that the ironstone is likely to extend a considerably distance into the hillsides** under cover of the rocks of the upper part of the Evergreen Formation.



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



*Glen Valley Iron Prospect showing the Interpreted Geology with Fe% Assay Results*

#### Burnett Highway Iron Prospect

The Burnett Highway Prospect was also explored by Commercial Minerals and contains their Site 2 where nine rotary percussion holes were drilled in an area of about 60m x 120m.

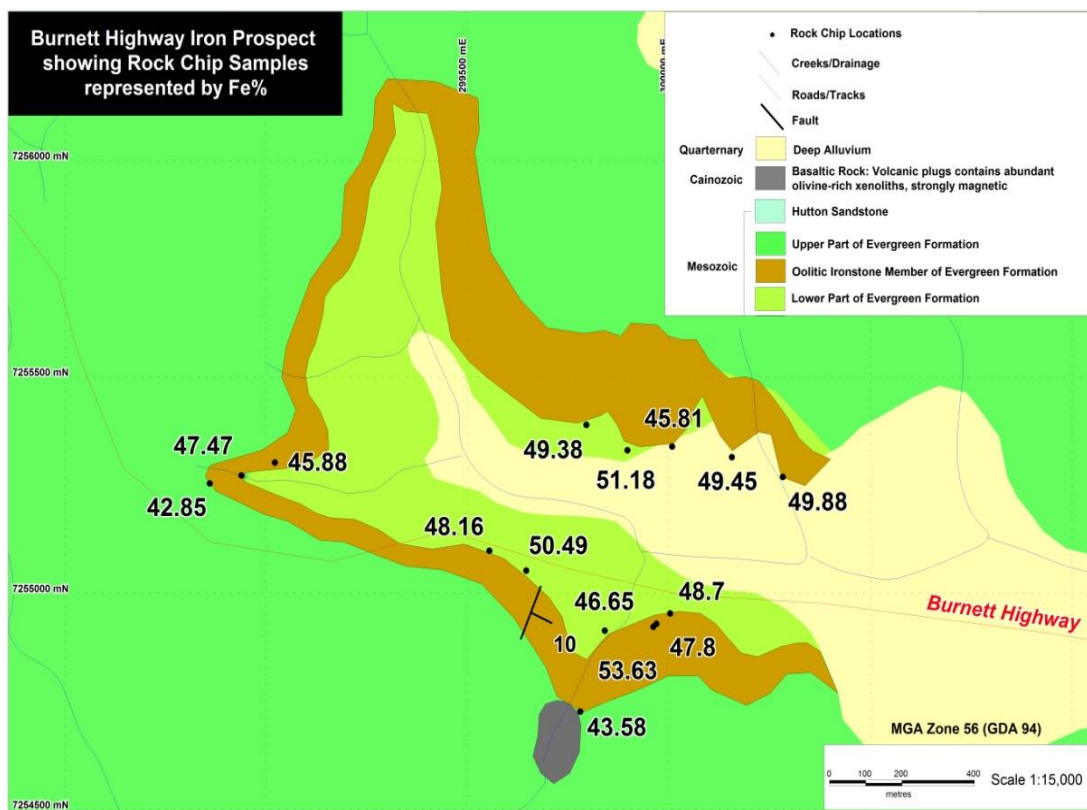
The low scarps are found at about mid-slope of both valleys and where the overlying rock has been eroded, forming benches extending back from the scarp. At the Burnett Highway prospect, benches are present both south and north of the highway and reach a maximum **width of about 300m**.



*Low scarp of oolitic ironstone at the historical drill site on the Burnett Highway Prospect*

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



*Burnett Highway Iron showing the Interpreted Geology with Fe% Assay Results*

#### 9.3. WEST McARTHUR RIVER MANGANESE PROJECT, NT

The West McArthur River project in the Northern Territory, located approximately 850 kilometres southeast of Darwin, is comprised of one exploration licence (EL27117) with an area of 629.84km<sup>2</sup>. The Project tenement is easily accessed from the Carpentaria Highway and is 265 kilometres by road from the Bing Bong port facility of McArthur River Mining.

A desktop study, data compilation and re-processing of open-file airborne electromagnetic data from BHP was used to delineate potential sites of manganese mineralisation. Ten target areas of interest with an area of 135km<sup>2</sup>, some of which contain multiple electromagnetic anomalies, may represent massive manganese and/or base metal mineralisation. All these areas are considered high priority for ground reconnaissance. Prospect areas are summarised in the following Table and represented on the Aerial EM Target map below.

Two deposits in the Pilbara manganese province, Mount Sydney and Woodie Woodie, are in a similar geological setting to West McArthur River. Similarities include age (Proterozoic), host rock (dolomite) and structure (faults or joints).

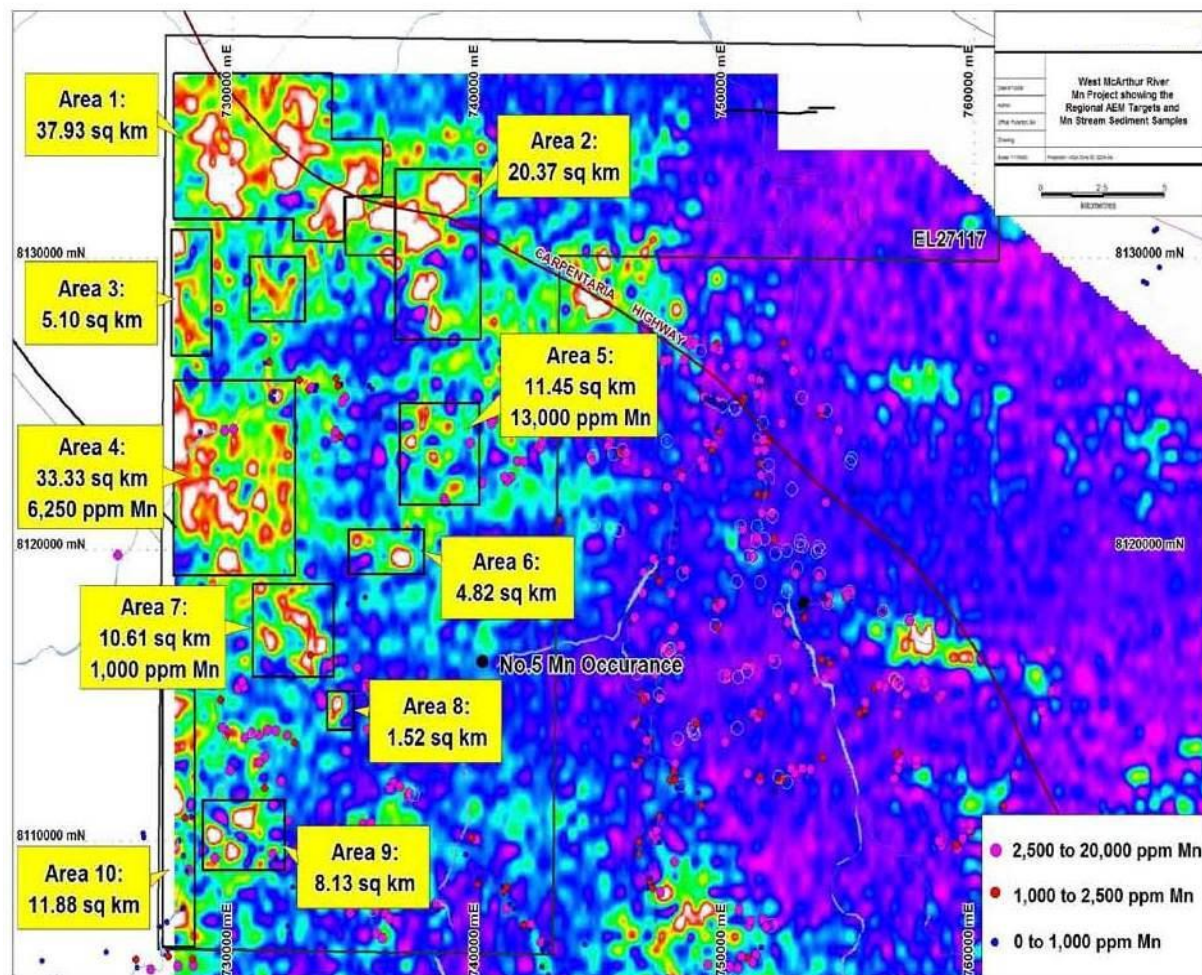
*Targets outlined by re-processing aerial EM data*

Area No	Area (km <sup>2</sup> )	Lithology
1	37.93	Cainozoic/Undivided Cretaceous Sediments
2	20.37	Cainozoic Sediments
3	5.1	Cainozoic Sediments
4	33.33	Skarn, Dolomite/Cainozoic Sediments
5	11.45	Skarn, Dolomite/Cainozoic Sediments
6	4.82	Cainozoic Sediments
7	10.61	Skarn, Dolomite/Cainozoic Sediments
8	1.52	Skarn, Dolomite/Cainozoic Sediments
9	8.13	Skarn, Dolomite/Cainozoic Sediments
10	1.88	Skarn, Dolomite/Cainozoic Sediments
<b>Total</b>	<b>135.14</b>	



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



#### 9.4. WEST BACHELOR IRON PROJECT, NT

The West Bachelor iron project, within Exploration Licence 26257, is located approximately 61km south of Darwin and 174km north-west of Katherine in the Northern Territory. The Giants Reef Fault passes through the tenement in a NE-SW direction with the Burrell Creek Formation and the Depot Creek Sandstone dominating the main formations within the Exploration Licence area.

A desktop study of data over the West Bachelor Iron Project area outlined the highly prospective nature of the Mt Tolmer and Tabletop Iron prospects. The Mt Tolmer historical rock chip sampling program yielded iron assay up to **61.8% Fe** from surface, with 20% to 40% Fe from the Tabletop prospect. Historical metallurgical studies conducted during the 1970's for samples from the Tabletop Prospect indicate that magnetic beneficiation of the iron mineralisation appear feasible.

The Mt Tolmer prospect is situated in rugged country on the south-west edge of the Tabletop Plateau. The iron occurrence appears to have been developed in several different environments. The west part of the main deposit is a steeply dipping tabular body, apparently emplaced within the Burrell Creek Formation, although its contacts with the latter are entirely obscured by large ironstone boulders and scree.

The iron mineralisation consists of two main types of material:

1. Dense, fine grained hematite showing concretionary structures in some part and slicken-siding in others;
2. Strongly cellular material generally composed of a mixture of hematite and limonite and usually containing a small admixture of sand grains.

*An historical composite of chip samples of the two types were collected from the western portion*



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)

*of the main deposit returned the following assay results:*

Type of Material	Total Iron %	Phosphorus %	Copper %	Sulphur %
Type 1: Dense Hematite	61.8	0.19	0.0058	0.015
Type 2: Cellular Material	56.7	0.15	0.0046	0.025

The Table Top Iron Prospect is a lateritic development on part of the surface of a plateau consisting of flat-lying Upper Proterozoic quartz sandstone (Depot Creek Sandstone). The prospect is situated 13.7 km northeast of the Mount Tolmer Iron Prospect.

In 1970, samples from 16 auger holes were subjected to density separation beneficiation test-work carried out by the NT Mines Administration Branch at Mt Wells Battery. Exploration drilling indicates the following:

1. Thickness of more than 1.5 metres of laterite is forecast over 13 to 26 sqkm of the plateau surface.
2. The laterite is up to 6 metres thick.
3. The laterite contains 20 to 40% Fe and 0.07% to 0.26% P – the bulk of the laterite appears to contain 20-30% Fe.
4. Bulk of the iron present in the laterite appears to be hematite.
5. Iron oxides occur as concretions and fragments up to 2mm in diameter within a fine grained matrix and cement.

Beneficiation tests at the Mt Wells Battery were performed on material crushed to -0.4mm with the bulk of the material crushed to -0.2mm. Density separation on Wilfley Tables followed by desliming in cyclones upgraded the iron content of the sample from 29.6% Fe to **41.4% Fe**. Phosphorus content of the concentrate was 0.21%.

Only a quartz rich sample appeared to be amenable to gravity treatment. The minus 6mm plus 150um fraction produced a heavy mineral product containing 92.6% of the iron mineralisation at a grade of 54.03% Fe. Recovery of iron was good up to 12mm however grade was low at 44.48% Fe indicating incomplete liberation. Higher grades than **54% Fe** could most likely be obtained by crushing finer than 6mm however one sample indicated only slight improvement in recovery for no significant change in grade on reducing the grind size from minus 6mm plus 150 um to minus 600um plus 75um.

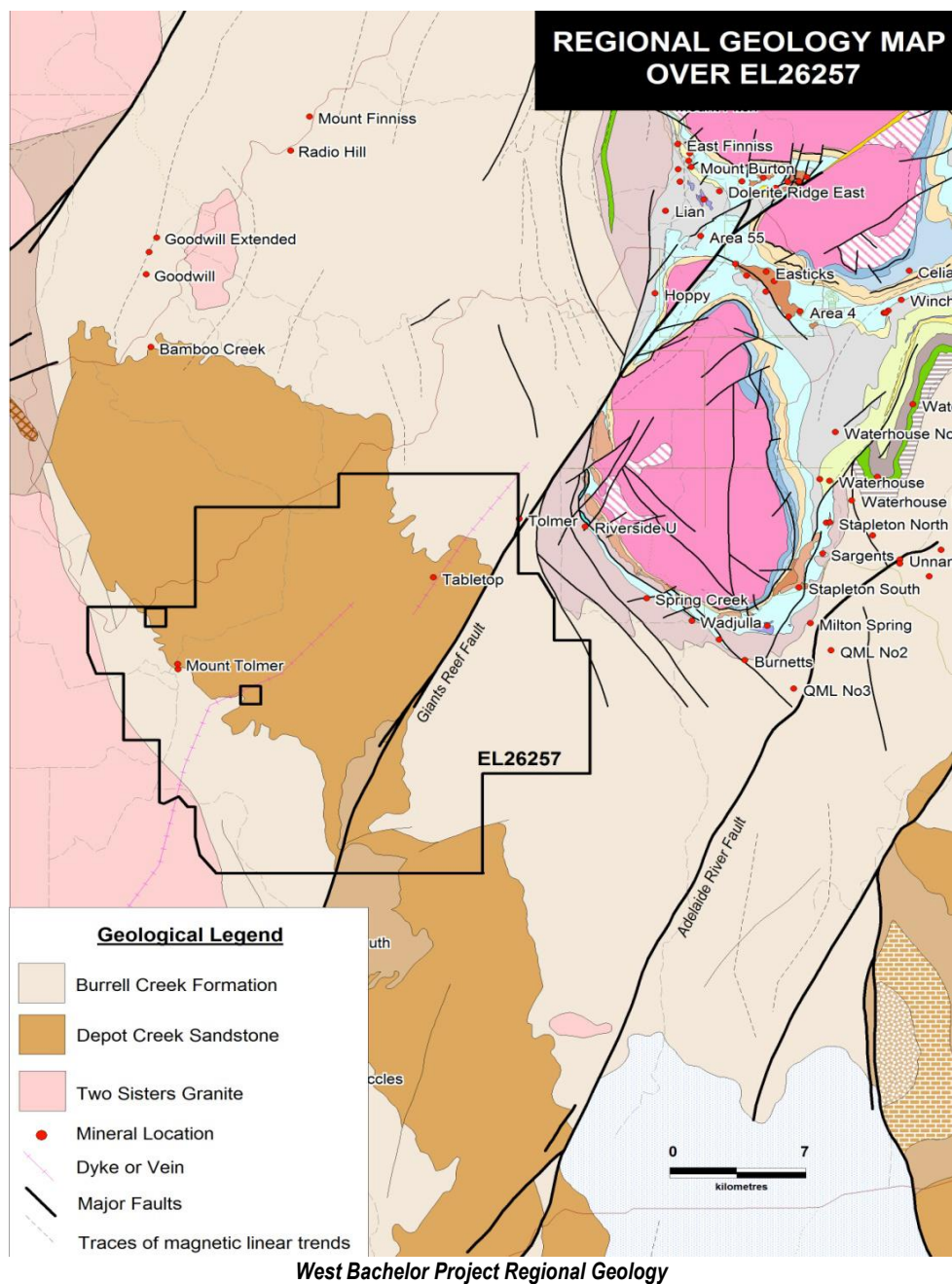
Beneficiation of the ore samples by magnetic separation appears feasible. Sample RJN yielded 34.6% recovery at a grade better than 60% Fe. Iron recovery in this test is possibly low due to over-grinding of the potential ore (80% minus 53 um) causing losses due to the difficulty of recovering fine particles by magnetic separation.

*Magnetic Separation – Sample RJN*

Product	Flux Strength	Wt %	Fe %	% Dist of Fe
Primary Magnetics	720	8.5	58.6	16.6
Secondary Magnetics	860	8.4	<b>64.65</b>	18
Tertiary Magnetics	960	47.1	28.04	43.8
Non Magnetics		36	18.07	21.6
Feed		100	30.1	

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



#### 9.5. URANIUM PROJECTS – NORTHERN TERRITORY

Eclipse Metals Ltd currently holds or is the applicant for exploration licenses over 16,887km<sup>2</sup> of highly prospective uranium ground in the Northern Territory, covering areas within West Arnhem (Alligator Uranium Fields), North Arunta and within the Ngalia Basin in Central Australia. The Eclipse project areas are prospective for unconformity and sandstone/calcrete-palaeo-channel style uranium deposits. These Projects are in the early stages of exploration with strong potential for delineation of uranium, gold, platinum and palladium deposits. All projects were geologically assessed on several factors and ranked according to their uranium potential and mineral prospectivity.

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



*Eclipse Metals Uranium Project Location Map*

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)

#### i) WEST ARNHEM URANIUM LIVERPOOL PROJECTS, NT

The West Arnhem Liverpool Project consists of four Exploration Licence Applications totalling 1,239.22 km<sup>2</sup> situated in part of the McArthur Basin. The project lies approximately 285km east of Darwin with uranium mineralisation hosted within the world class Alligator Rivers Uranium Field which hosts the Ranger, Nabarlek and Jabiluka Uranium Mines. Large uranium deposits in the Alligator Rivers Uranium Field account for 96% of past production and 95% of known resources in the Northern Territory.

A desktop review over the West Arnhem Project tenements identified several highly prospective areas, including the Devil's Elbow uranium-gold-palladium prospect located within ELA27584 (Liverpool). This prospect has yielded historically high grade surface uranium, gold, platinum and palladium assays related to fractures within altered amygdaloidal basalt of the Nungbalgarri Volcanics.

In 1988, Uranerz Australia Pty Ltd delineated a low sulphide gold-quartz vein system containing uranium and precious metals. Costean sampling results returned high grade uranium assays of **3.2% U<sub>3</sub>O<sub>8</sub>, 3.7% U<sub>3</sub>O<sub>8</sub>, 4.40% U<sub>3</sub>O<sub>8</sub> and 5.8% U<sub>3</sub>O<sub>8</sub>**, with **38.1 g/t Au** and **28.02 g/t Pd**.

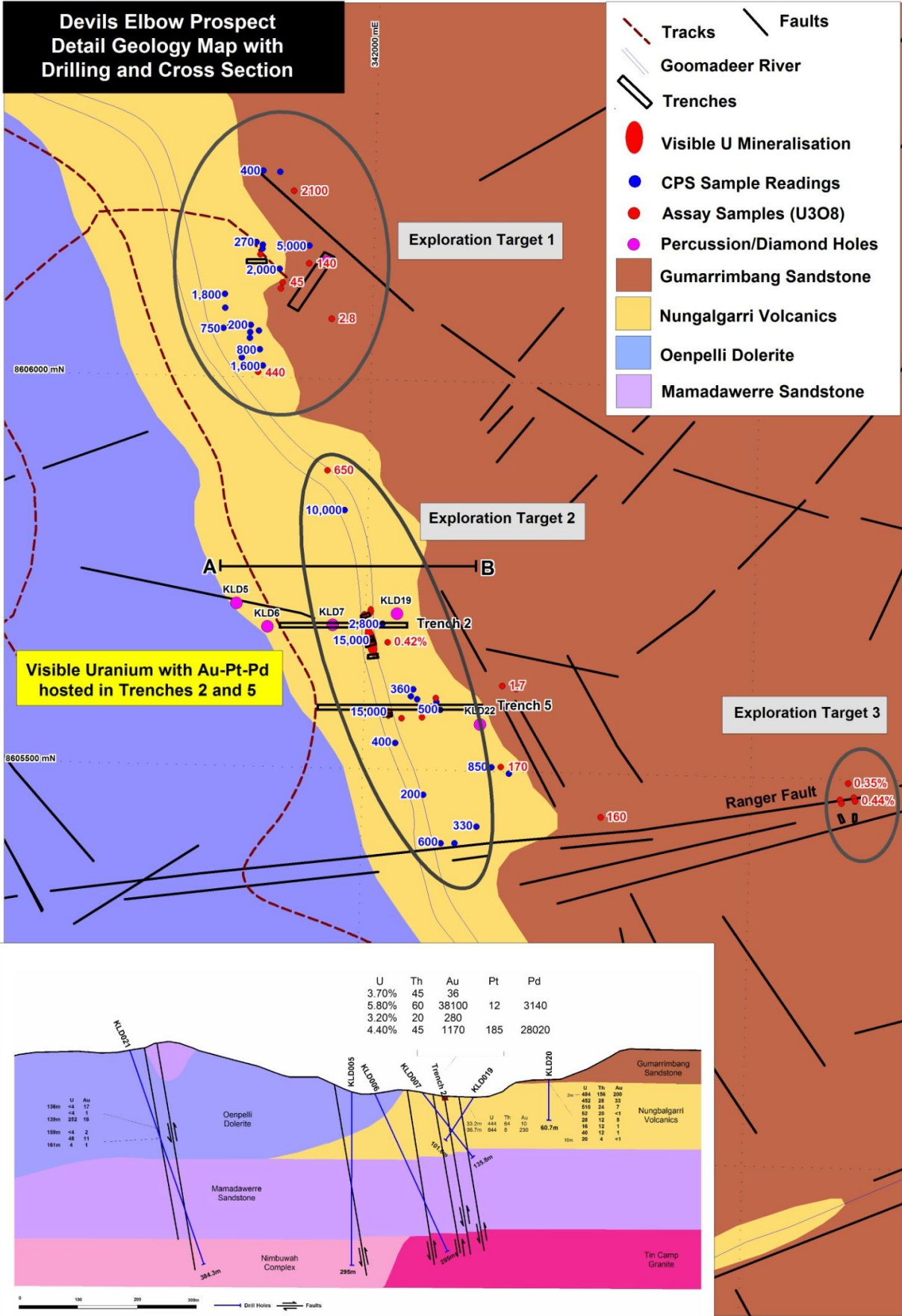
Nine percussion/diamond holes were drilled in the Devil's Elbow prospect with the best intersection in Hole KLD 7 returning 950ppm U<sub>3</sub>O<sub>8</sub> over 5m from 116m depth. Uranium mineralisation was also intersected in Hole 19 which assayed 844 ppm U<sub>3</sub>O<sub>8</sub> over 0.1m and Hole 20 with 480 ppm U<sub>3</sub>O<sub>8</sub> over 3m within the Nungbalgarri Volcanics. It was concluded that the structures are mineralised and continuous.

Structural mapping in conjunction with drilling showed that the mineralisation is concentrated in small NNW-SSE and NE-SW trending structures, or redistributed in small patches of residual laterites. It is possible that structures similar to those hosting the mineralisation at Devil's Elbow may widen at the contact of the Nungbalgarri Volcanics Member and the Kombolgje Sandstone Formation, appearing to form a large dilation zone amenable to host economic accumulations of uranium-gold-platinum and palladium mineralisation. Petrographic studies of the ore from Devil's Elbow identified uraninite as the primary uranium mineral with minor coffinite.

Based on a desktop review of all the available data through the Northern Territory Geological Survey and GIS spatial datasets, eight targets were generated. These project areas are considered prospective for unconformity related uranium mineralisation as well as Au-Pt-Pd. A large number of untested radiometric targets which warrant further exploration over the West Arnhem Uranium Liverpool Project are shown on the following map.

Directors' Report (cont'd)

9. REVIEW OF OPERATIONS (cont'd)



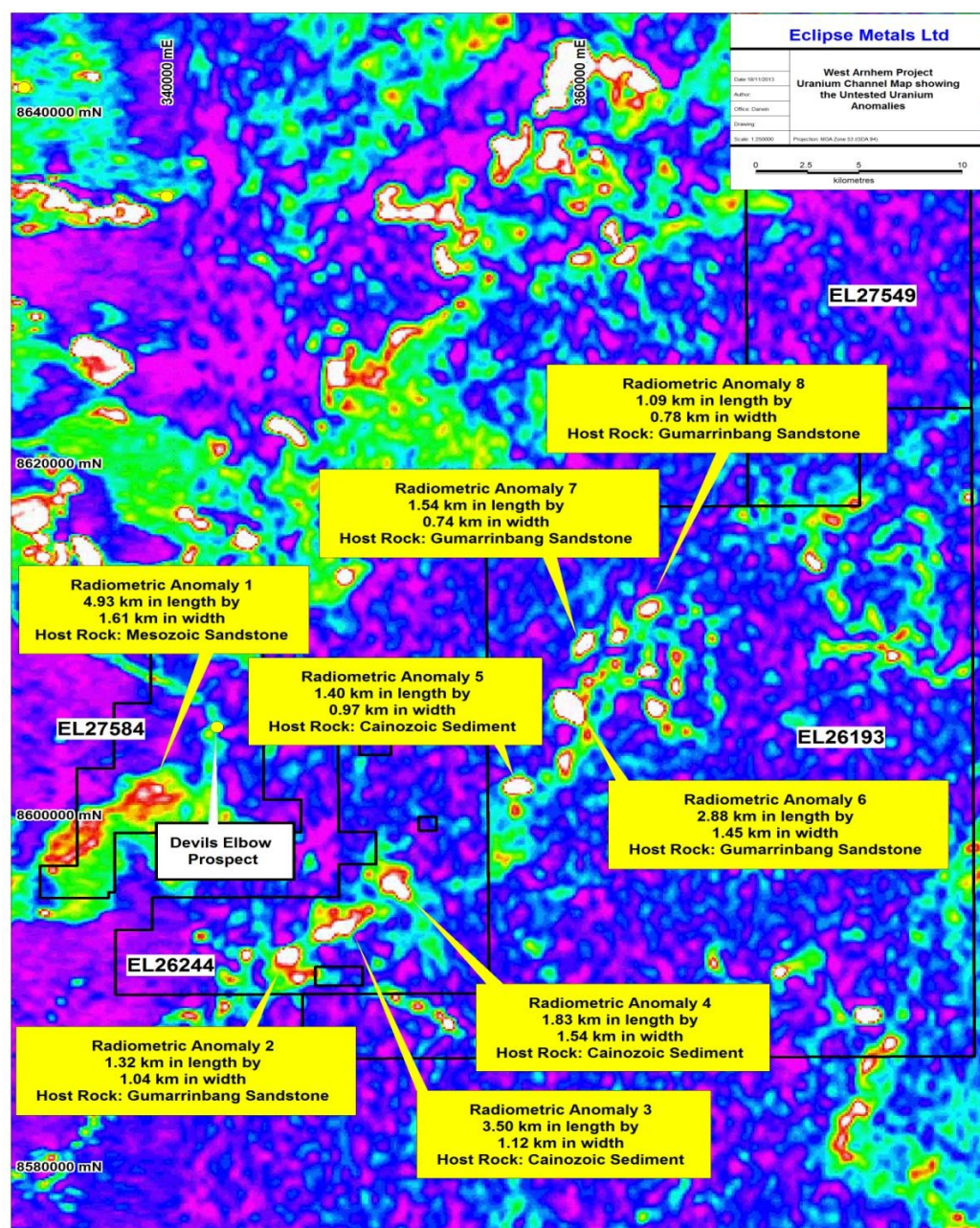


## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)

*West Arnhem Project Radiometric Targets Generated by Eclipse Metals Ltd*

Tenure Number	Radiometric Anomalies	Strike Length of Anomaly	Width of Anomaly	Actual Geology Lithology	Geological Model
EL27584	1	4.93 km Max	1.61 km Max	Mesozoic Sandstone	Unconformity Style- Structural Control
EL26244	2	1.32 km Max	1.04 km Max	Gumarrimbang Sandstone	Unconformity Style
EL26244	3	3.50 km Max	1.12 km Max	Cainozoic Sediments	Unconformity Style
EL26244	4	1.83 km Max	1.54 km Max	Cainozoic Sediments	Unconformity Style
EL26193	5	1.40 km Max	0.97 km Max	Cainozoic Sediments	Unconformity Style
EL26193	6	2.88 km Max	1.45 km Max	Gumarrimbang Sandstone	Unconformity Style
EL26193	7	1.54 km Max	0.74 km Max	Gumarrimbang Sandstone	Unconformity Style
EL26193	8	1.09 km Max	0.78 km Max	Gumarrimbang Sandstone	Unconformity Style



*West Arnhem Project Areas showing Radiometric Target Anomalies warranting follow-up*

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)

#### ii) SOUTH ALLIGATOR URANIUM PROJECTS, NT

The South Alligator group of tenements comprises two exploration licence applications with an area of 1,541.8 sqkm. The tenements lie approximately 280km southeast of Darwin and are hosted within the Pine Creek and McArthur River polymetallic Mineral Fields.

The project area hosts extensive moderate to strong radiometric anomalies surrounded by base metal, gold and some small uranium prospects. The project areas are considered favourable to host vein-type deposits in which uranium minerals fill cracks, veins, fissures, pore spaces, breccias or stockworks, associated with steeply-dipping fault systems.

Within the Edith River area uranium occurrences are related to steeply dipping north-northwest trending shear zones within the greisenised Tennysons Leucogranite. Shear zones are up to 100m wide and consist of a series of parallel quartz-filled shears (Kruse et al 1994). Mineralisation also occurs within tension fracture systems on the margins of shear zones. Autunite and minor torbernite are the main ore minerals, which occur as disseminations in haematitic breccia and coatings on joint and fracture planes (Gardner 1953a).

The Lambell Fault located in the east proportion of EL's 26259 and 26260 represents a major structural target over 20km in strike length. The Grace Creek Granite geological model can be used as in the Edith River uranium prospects, i.e. shear zones hosting uranium minerals within granitic intrusions. Other faults proximal to the Grace Creek Granite may also represent high grade vein style uranium targets.

Work conducted by Eclipse delineated 10 radiometric anomalies which warrant ground reconnaissance along with numerous structural targets which could represent the path of hydrothermal uranium bearing fluids. These are considered walk up exploration targets for future exploration.

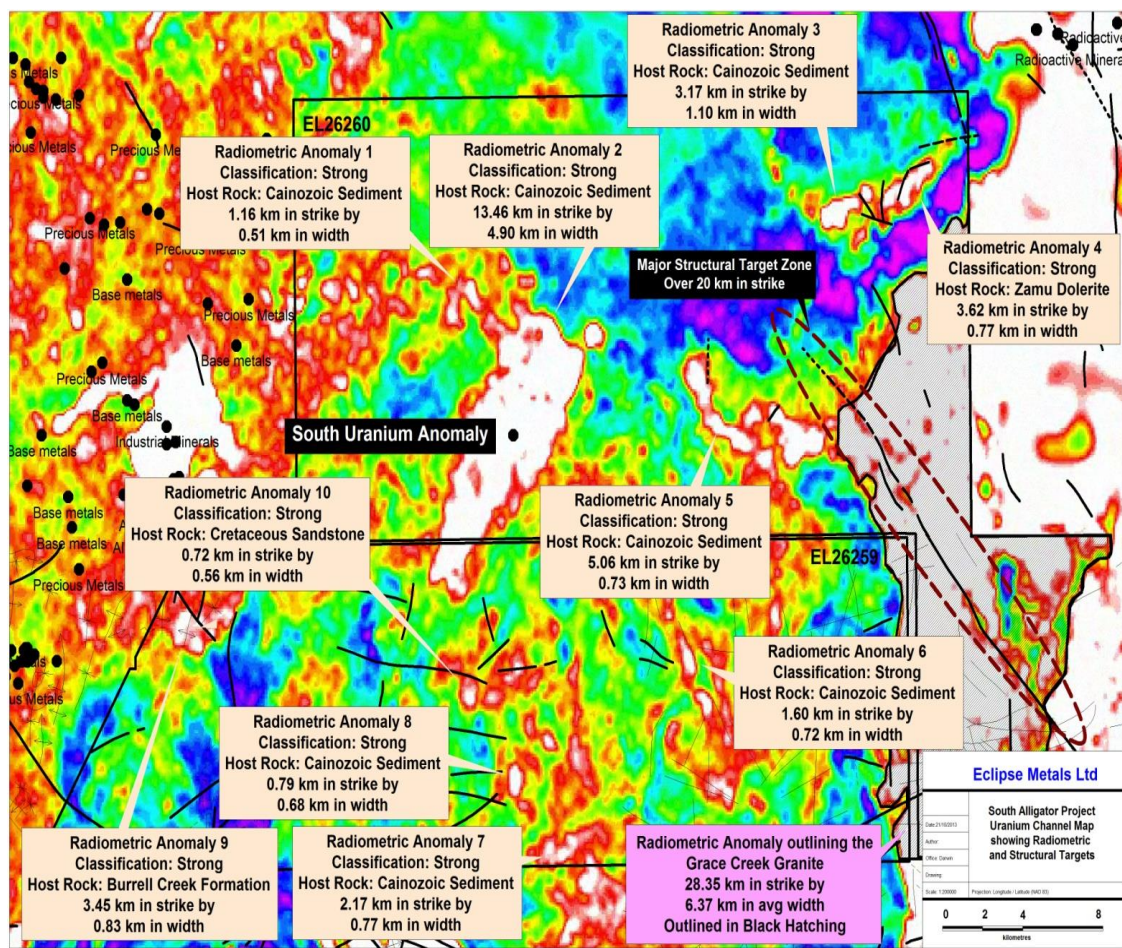
***Radiometric Targets warranting follow-up exploration over EL26259 and EL26260***

<b>Tenure Number</b>	<b>Radiometric Anomalies</b>	<b>Strike Length of Anomaly</b>	<b>Width of Anomaly</b>	<b>Actual Geology Lithology</b>	<b>Geological Model</b>
EL26260	1	1.16 km Max	0.51 km Max	Cainozoic Sediments	Vein Type
EL26260	2	13.46 km Max	4.90 km Max	Cainozoic Sediments	Vein Type
EL26260	3	3.17 km Max	1.10 km Max	Cainozoic Sediments	Vein Type
EL26260	4	3.62 km Max	0.77 km Max	Zamu Dolerite	Vein Type
EL26260	5	5.06 km Max	0.73 km Max	Cainozoic Sediments	Vein Type
EL26259	6	1.60 km Max	0.72 km Max	Cainozoic Sediments	Vein Type
EL26259	7	2.17 km Max	0.77 km Max	Cainozoic Sediments	Vein Type
EL26259	8	0.79 km Max	0.68 km Max	Cainozoic Sediments	Vein Type
EL26259	9	3.45 km Max	0.83 km Max	Cainozoic Sediments	Vein Type
EL26259	10	0.72 km Max	0.56 km Max	Cretaceous Sandstone	Vein Type



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



**South Alligator Project Areas showing Radiometric Target Anomalies warranting follow-up**

#### iii) NORTH ARUNTA URANIUM PROJECTS, NT

The North Arunta Uranium Project tenements cover 6,120sqkm of ground highly prospective for uranium with historical exploration delineating calcrete palaeochannels. The project area hosts approximately 243sqkm of outcropping calcrete lithologies mapped by the Northern Territory Geological Survey.

#### **Geological Targets warranting follow-up exploration over North Arunta Projects**

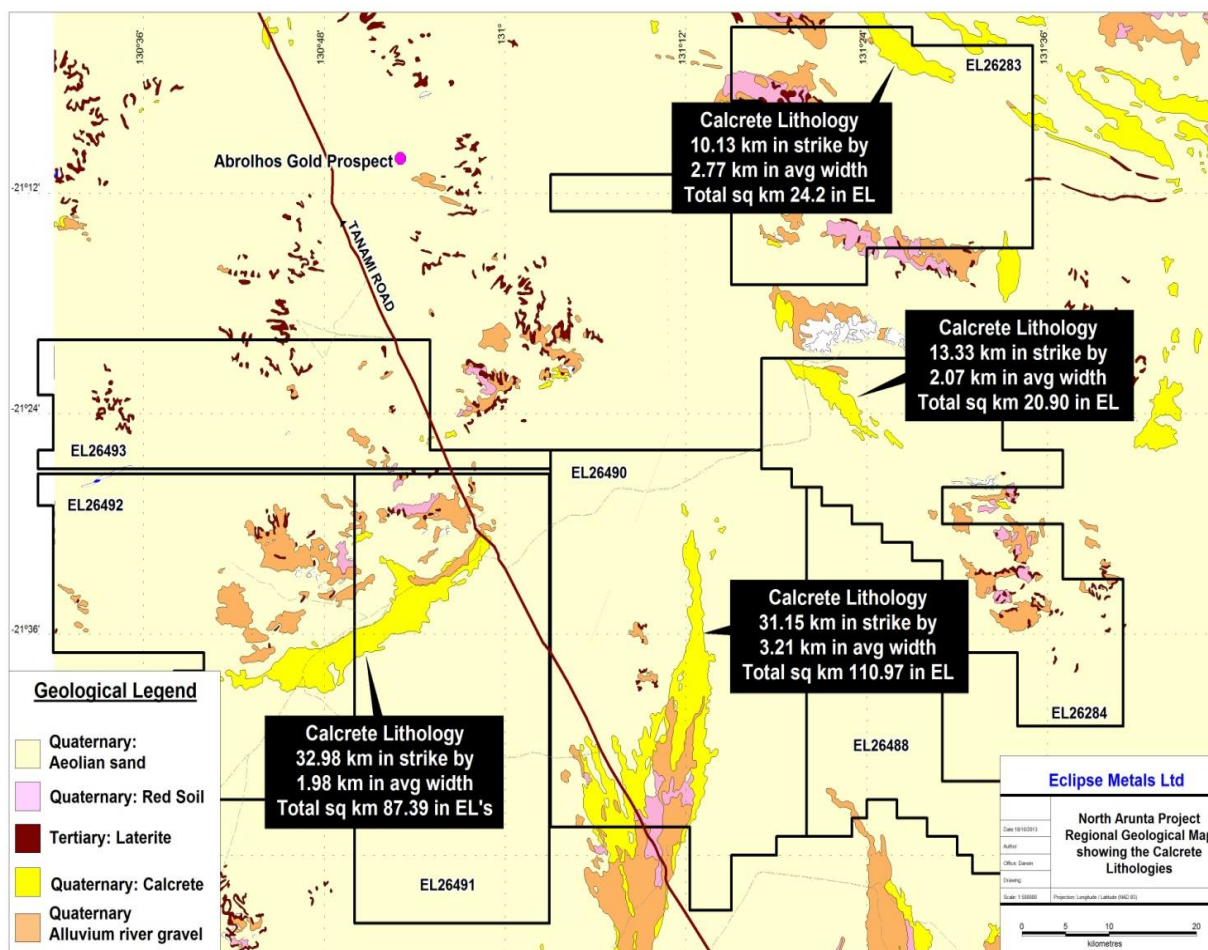
Tenure Number	Strike Length of Anomaly	Width of Anomaly	Actual Geology Lithology	Geological Model
EL26283	10.13 km Max	2.77 km Max	Calcrete	Calcrete- Palaeochannels Hosted
EL26284	13.33 km Max	2.07 km Max	Calcrete	Calcrete- Palaeochannels Hosted
EL26490	31.15 km Max	3.21 km Max	Calcrete	Calcrete- Palaeochannels Hosted
EL26491				
EL26492	32.98 km Max	1.98 km Max	Calcrete	Calcrete- Palaeochannels Hosted

Future drilling may encountered anomalous uranium values at shallow levels over a distance in excess of several kilometres with the mineralisation associated with calcareous alluvium using the Napperby geological deposit model (9.34 Mt @ 359ppm U for 3,351 tonnes (7.39 Mlbs) of contained uranium).



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



*North Arunta Project Areas showing extensive calcrete lithologies for follow-up*

#### iv) MOUNT POZIERES URANIUM PROJECT

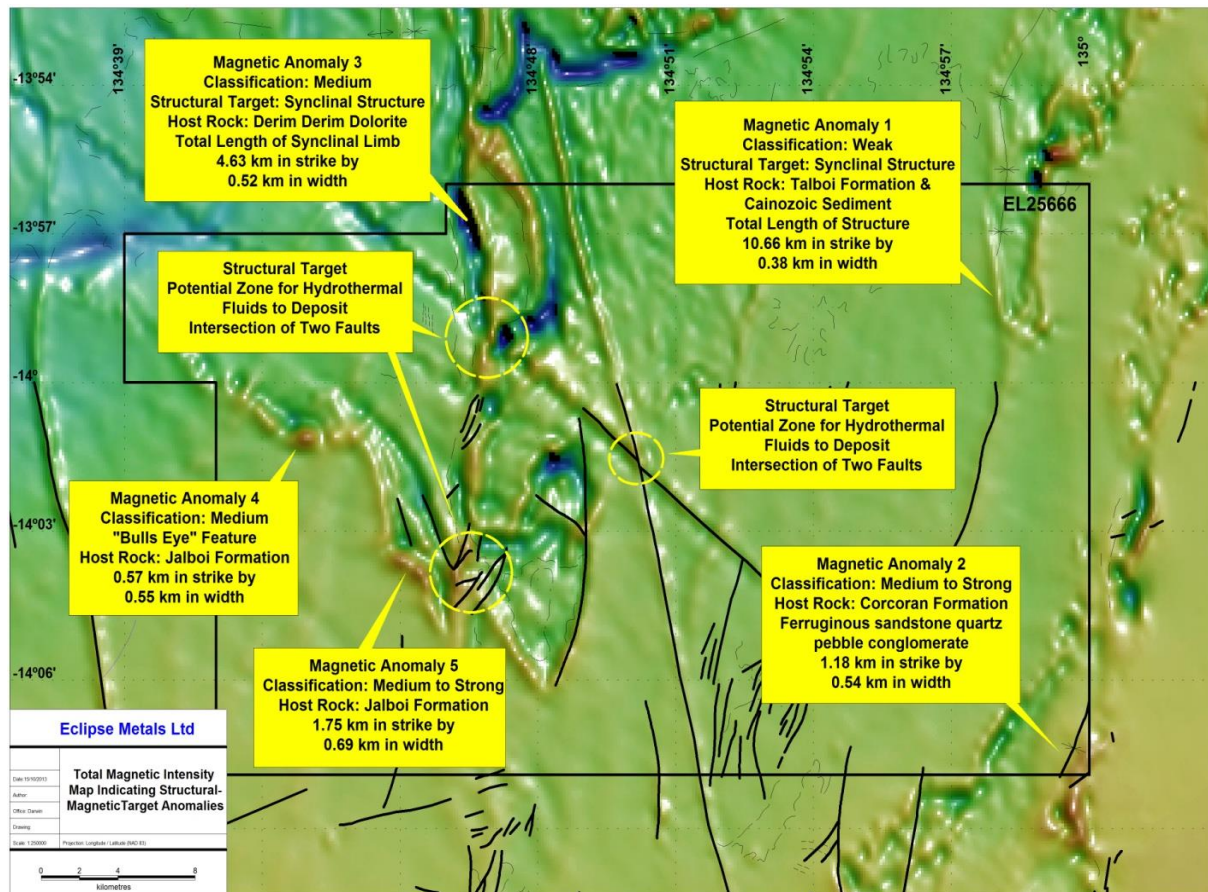
The Pozieres tenement (ELA 25666) of 757.6sqkm is wholly situated in the McArthur Basin. Historically this tenement has not been subjected to uranium exploration and a reconnaissance program is proposed to assess the source of radiometric anomalies. The Pozieres project review outlined moderate radiometric anomalies associated with Crawford Formation. Structural targets such as cross-cutting faults associated with magnetic zones represent excellent drill targets within the Project area.

#### *Magnetic Targets warranting follow-up exploration over Mt Pozieres Project*

Tenure Number	Magnetic Anomalies	Strike Length of Anomaly	Width of Anomaly	Actual Geology Lithology
EL25666	1	10.66 km Max	0.38 km Max	Talboi Formation & Cainozoic Sediments
EL25666	2	1.18 km Max	0.54 km Max	Corcoran Formation
EL25666	3	4.63 km Max	0.52 km Max	Derim Derim Dolerite
EL25666	4	0.57 km Max	0.55km Max	Jalboi Formation
EL25666	5	1.75 km Max	0.69 km Max	Jalboi Formation

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



*Mt Pozieres Project Areas showing Magnetic Target Anomalies warranting follow-up*

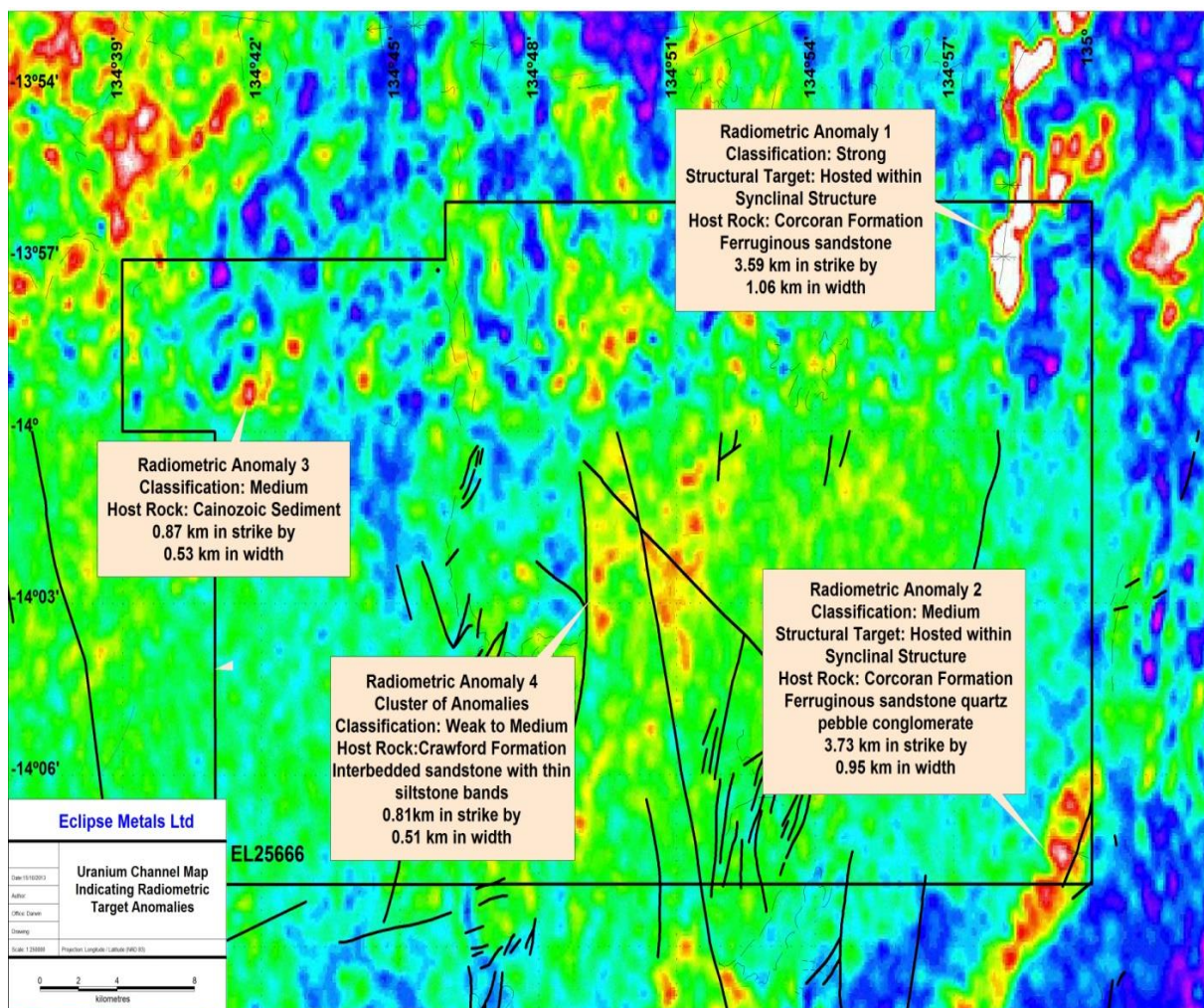
*Radiometric Targets warranting follow-up exploration over Mt Pozieres Project*

Tenure Number	Radiometric Anomalies	Strike Length of Anomaly	Width of Anomaly	Actual Geology Lithology	Geological Model
EL25666	1	3.59 km Max	1.06 km Max	Corcoran Formation	Unconformity Style
EL25666	2	3.73 km Max	0.95 km Max	Corcoran Formation	Unconformity Style
EL25666	3	0.87 km Max	0.53 km Max	Cainozoic Sediments	Unconformity Style
EL25666	4	0.81 km Max	0.51 km Max	Crawford Formation	Unconformity Style



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



*Mt Pozieres Project Areas showing Radiometric Target Anomalies warranting follow-up*

#### v) FLYING FOX URANIUM PROJECT

The Flying Fox project is hosted within the world class Alligator River uranium province. A review has outlined a moderate to strong radiometric anomaly in the western portion of the tenement associated with the Diljin Hill Formation (medium to fine arenites) and the Mullaman Beds (ferruginous sandstone, conglomerate, quartz sandstone with residual sand cover). Approximately 25km to the west of EL27703, the Writer and Spectre uranium prospects are hosted in the same lithologies. This is highly encouraging as these radiometric anomalies may represent unconformity style uranium mineralisation.

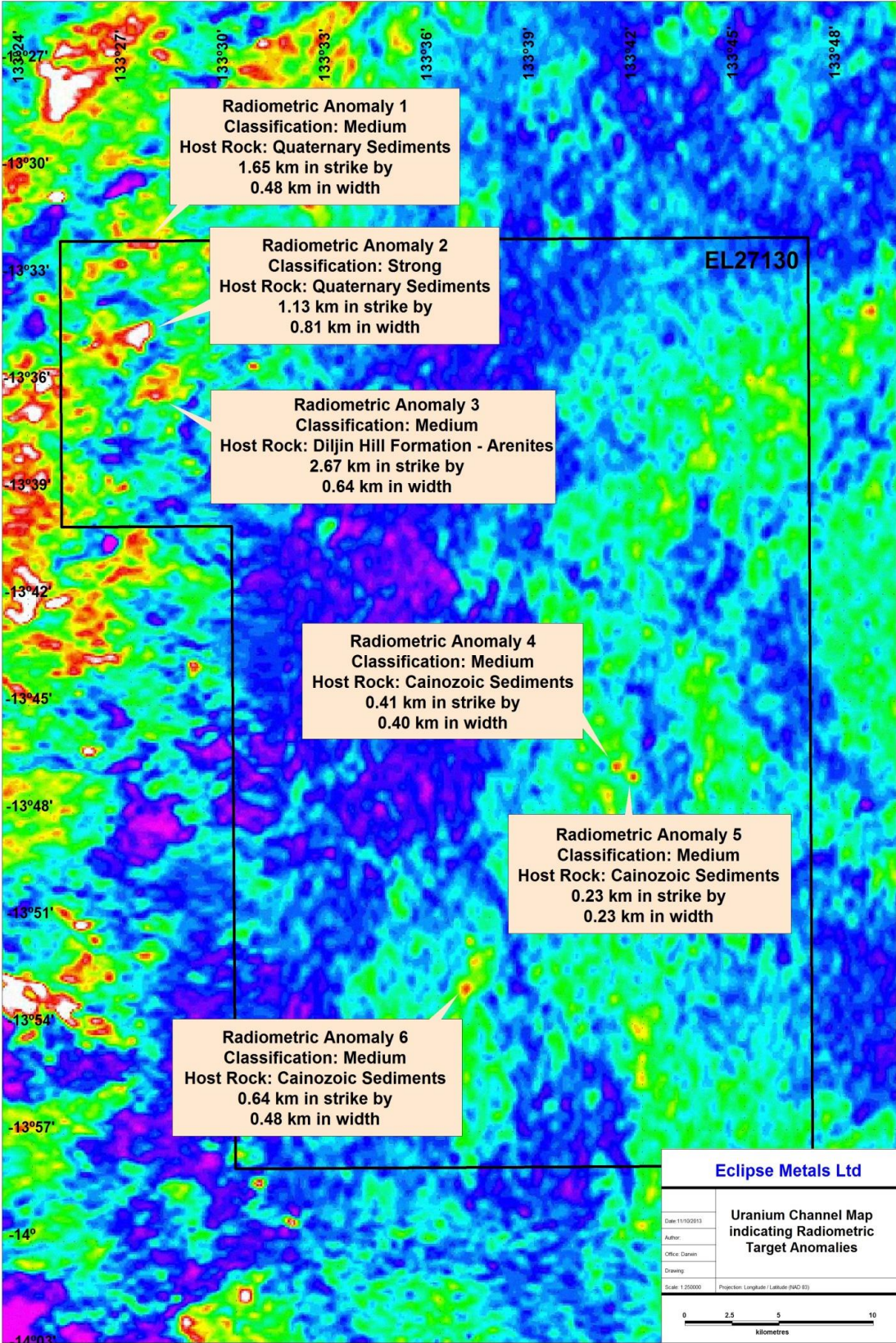
#### *Radiometric Targets warranting follow-up exploration over the Flying Fox Project*

Tenure Number	Radiometric Anomalies	Strike Length of Anomaly	Width of Anomaly	Interpreted Geology Lithology	Geological Model
EL27130	1	1.65 km Max	0.48 km Max	Diljin Hill Formation	Unconformity Style
EL27130	2	1.13 km Max	0.81 km Max	Mullaman Beds	Unconformity Style
EL27130	3	2.67 km Max	0.64 km Max	Diljin Hill Formation	Unconformity Style
EL27130	4	0.41 km Max	0.40 km Max	Cainozoic Sediments	Unconformity Style
EL27130	5	0.23 km Max	0.23 km Max	Cainozoic Sediments	Unconformity Style
EL27130	6	0.64 km Max	0.48 km Max	Cainozoic Sediments	Unconformity Style



Directors' Report (cont'd)

9. REVIEW OF OPERATIONS (cont'd)



*Flying Fox Project Areas showing Radiometric Target Anomalies warranting follow-up*

vi) GUMADEER URANIUM PROJECT

The Gumadeer project is also hosted within Alligator River world-class uranium province. A review has outlined a weak radiometric anomaly on the western portion of the Exploration Licence. The radiometric anomaly may have been generated by uranium mineralisation at the contact of Nimbuwah Complex with the Mamadawerre Sandstone.



## Directors' Report (cont'd)

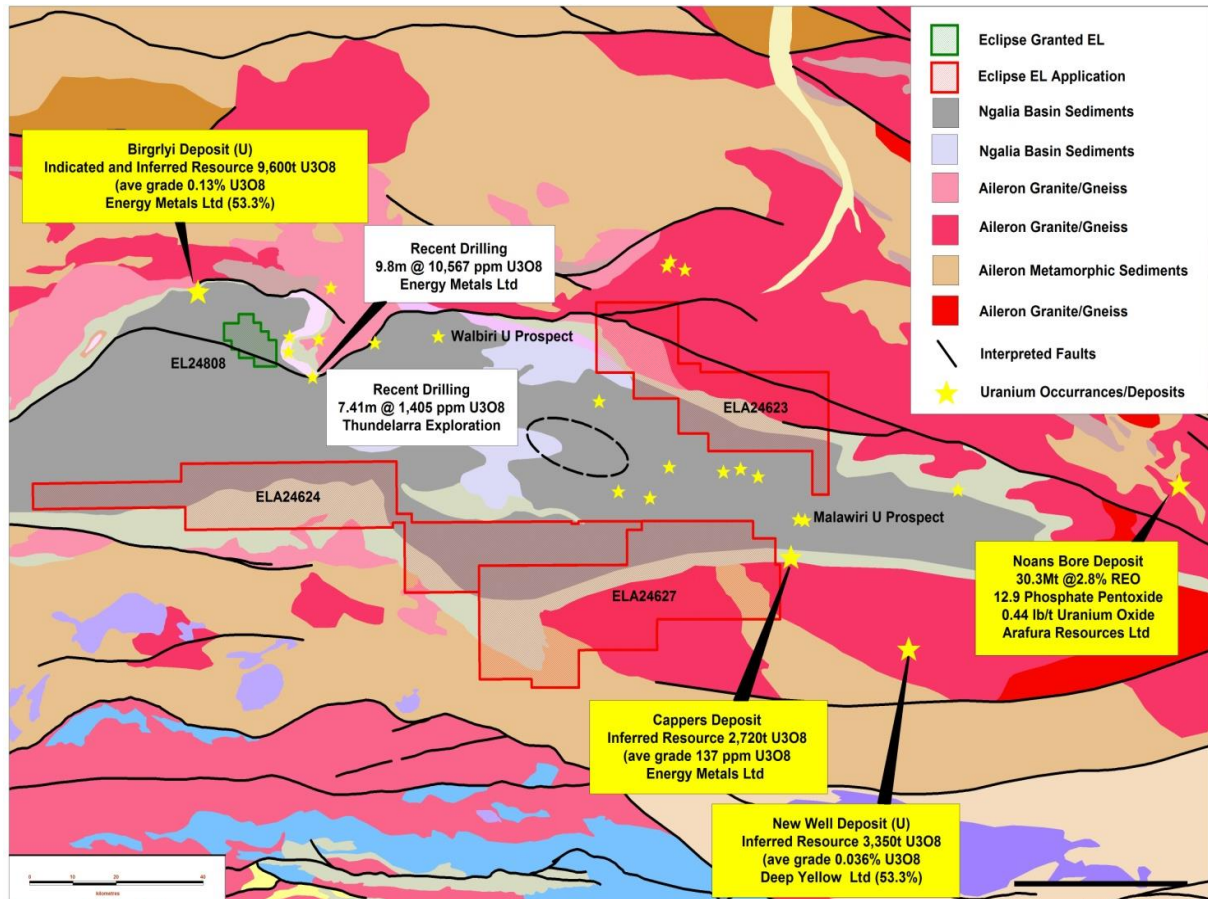
### 9. REVIEW OF OPERATIONS (cont'd)

#### vii) ECLIPSE URANIUM PROJECT

The Eclipse Uranium Project consists of one granted exploration licence and five exploration licence applications with a combined area of 4,996sqkm located 300km west-northwest of Alice Spring within the Ngalia Basin.

This tenemented area, with several radiometric anomalies, is considered highly prospective for sandstone Bigrlyi style uranium mineralisation. Uranium mineralisation is hosted in the Devonian to Carboniferous aged Mount Eclipse Sandstone with carnotite mineralisation in surficial sediments, near surface calcrete horizons and Tertiary uranium palaeochannel type deposits.

A work program to include an aerial EM geophysical survey over the priority targets, followed up by RAB/RC drilling is proposed.



#### viii) LAKE MACKAY URANIUM PROJECT

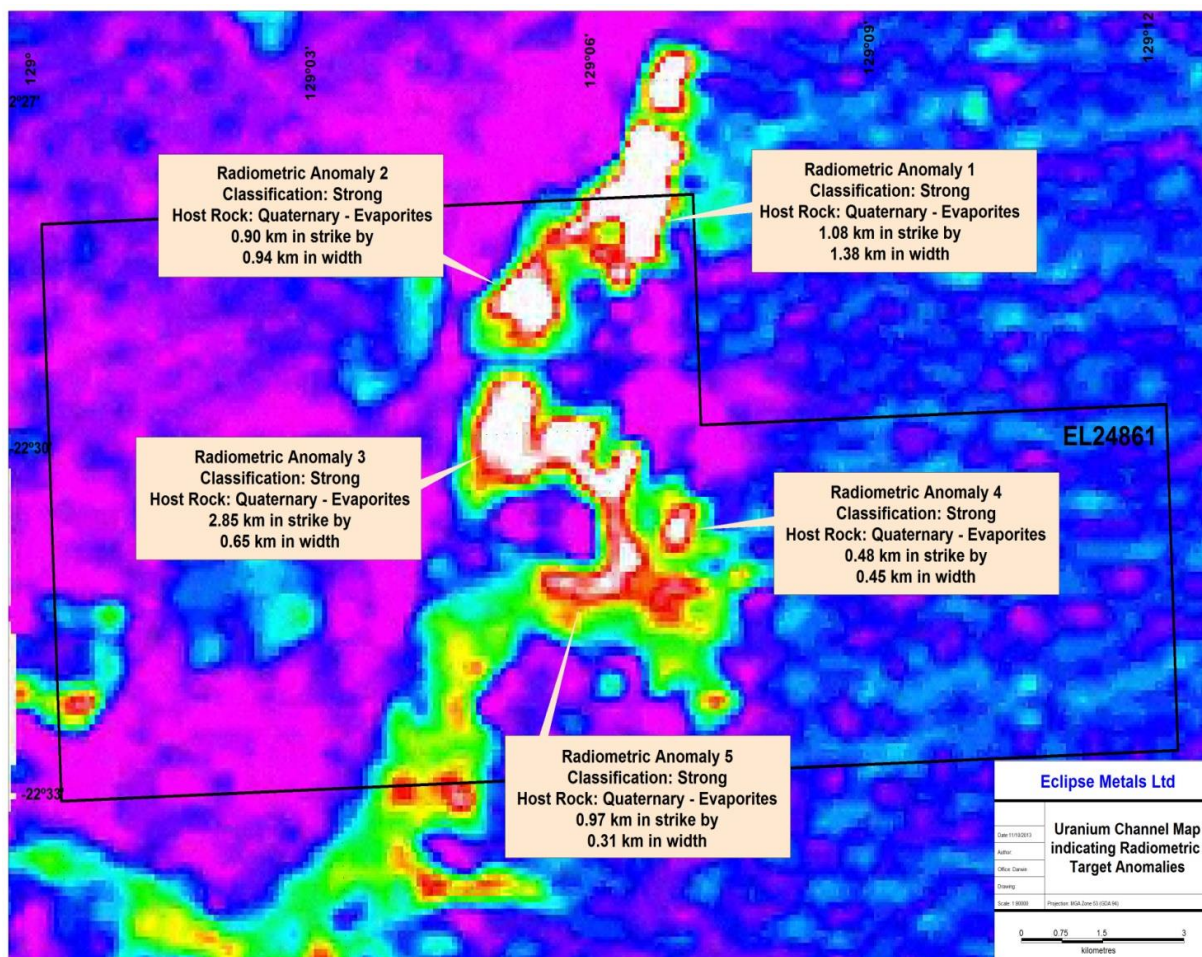
The Lake Mackay Uranium Project tenements have never been explored for uranium though the area hosts several strong radiometric anomalies in laterite and evaporitic sediments. Exploration for calcrete hosted uranium mineralisation is warranted.

#### *Radiometric Targets warranting follow-up exploration over Lake Mackay Project*

Tenure Number	Radiometric Anomalies	Strike Length of Anomaly	Width of Anomaly	Actual Geology Lithology	Geological Model
EL24861	1	1.08 km Max	1.38 km Max	Evaporitic Sediments	Calcrete hosted
EL24861	2	0.90 km Max	0.94 km Max	Evaporitic Sediments	Calcrete hosted
EL24861	3	2.85 km Max	0.65 km Max	Evaporitic Sediments	Calcrete hosted
EL24861	4	0.48 km Max	0.45 km Max	Evaporitic Sediments	Calcrete hosted
EL24861	5	0.97 km Max	0.31 km Max	Evaporitic Sediments	Calcrete hosted

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



**Lake MacKay Project Area showing extensive radiometric anomalies for follow-up.**

#### ix) YUENDI COPPER-URANIUM PROJECT

The entire Rock Hill Copper Field with its 10 copper prospects is contained within the Yuendi tenements. Copper minerals occur at several localities along a 5 km strike with lodes at the surface consisting mainly of malachite and quartz with lesser amounts of azurite and chrysocolla. Tenorite and chalcocite are reported and one drill hole intersected about 1m of massive chalcopryite at a depth of 37m. An average grade for chip and channel samples of 10% copper has been recorded, but the distribution of economic minerals is irregular. The copper mineralisation for the veins, to a depth of 30m with an average length of 100m, is variable. There are abundant radiometric, magnetic and structural targets in the area and the tenement is considered prospective for uranium and base metals.

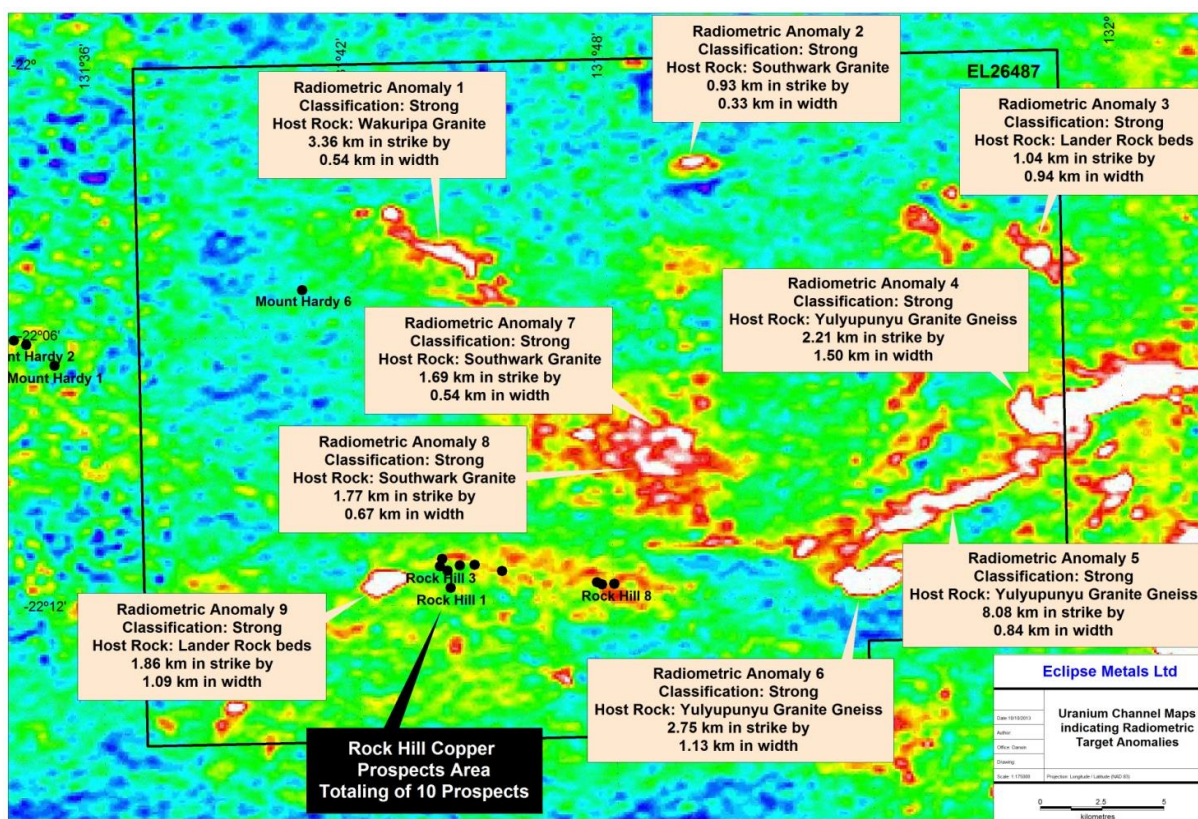
**Radiometric Targets warranting follow-up exploration over Yuendi Project**

Tenure Number	Radiometric Anomalies	Strike Length of Anomaly	Width of Anomaly	Actual Geology Lithology	Geological Model
EL26487	1	3.36 km Max	0.54 km Max	Wakuripa Granite	Structural/High Grade U
EL26487	2	0.93 km Max	0.33 km Max	Southwark Granite	Structural/High Grade U
EL26487	3	1.04 km Max	0.94 km Max	Lander Rock Beds	Structural/High Grade U
EL26487	4	2.21 km Max	1.50 km Max	Yulyupunyu Granite Gneiss	Structural/High Grade U
EL26487	5	8.08 km Max	0.84 km Max	Yulyupunyu Granite Gneiss	Structural/High Grade U
EL26487	6	2.75 km Max	1.13 km Max	Yulyupunyu Granite Gneiss	Structural/High Grade U
EL26487	7	1.69 km Max	0.54 km Max	Southwark Granite	Structural/High Grade U
EL26487	8	1.77 km Max	0.67 km Max	Southwark Granite	Structural/High Grade U
EL26487	9	1.86 km Max	1.09 km Max	Lander Rock Beds	Structural/High Grade U



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



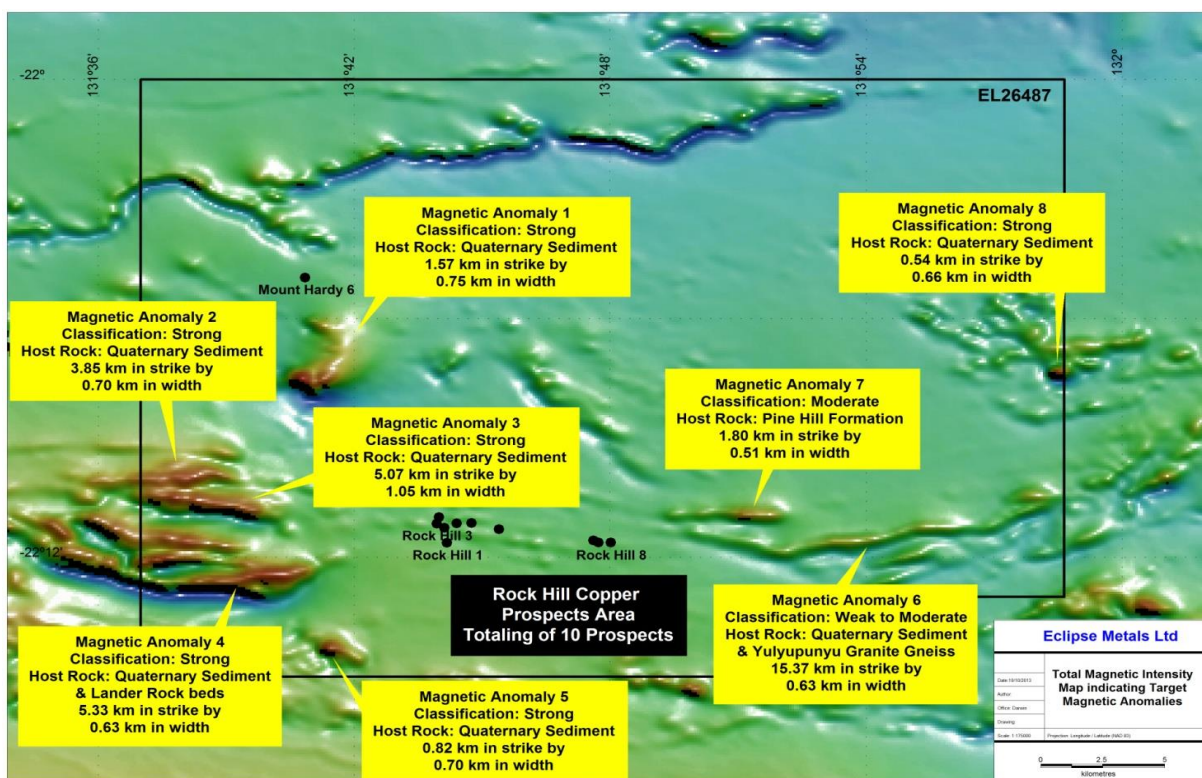
*Yuendi Project Areas showing Radiometric Target Anomalies warranting follow-up*

*Magnetic Targets warranting follow-up exploration over Yuendi Project*

Tenure Number	Magnetic Anomalies	Strike Length of Anomaly	Width of Anomaly	Actual Geology Lithology	Geological Model
EL26487	1	1.57 km Max	0.75 km Max	Quaternary Sediments	Polymetallic Cu-Pb-Zn-Ag veins
EL26487	2	3.85 km Max	0.70 km Max	Quaternary Sediments	Polymetallic Cu-Pb-Zn-Ag veins
EL26487	3	5.07 km Max	1.05 km Max	Quaternary Sediments	Polymetallic Cu-Pb-Zn-Ag veins
EL26487	4	5.33 km Max	0.63 km Max	Lander Rock Beds	Polymetallic Cu-Pb-Zn-Ag veins
EL26487	5	0.82 km Max	0.70 km Max	Quaternary Sediments	Polymetallic Cu-Pb-Zn-Ag veins
EL26487	6	15.37 km Max	0.63 km Max	Quaternary Sediments & Yulyupunyu Granite Gneiss	Polymetallic Cu-Pb-Zn-Ag veins
EL26487	7	1.80 km Max	0.51 km Max	Pine Hill Formation	Polymetallic Cu-Pb-Zn-Ag veins
EL26487	8	0.54 km Max	0.66 km Max	Quaternary Sediments	Polymetallic Cu-Pb-Zn-Ag veins

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



*Yuendi Project Areas showing Magnetic Target Anomalies warranting follow-up*

#### 9.6. MT WELLS GOLD-BASE METAL PROJECT

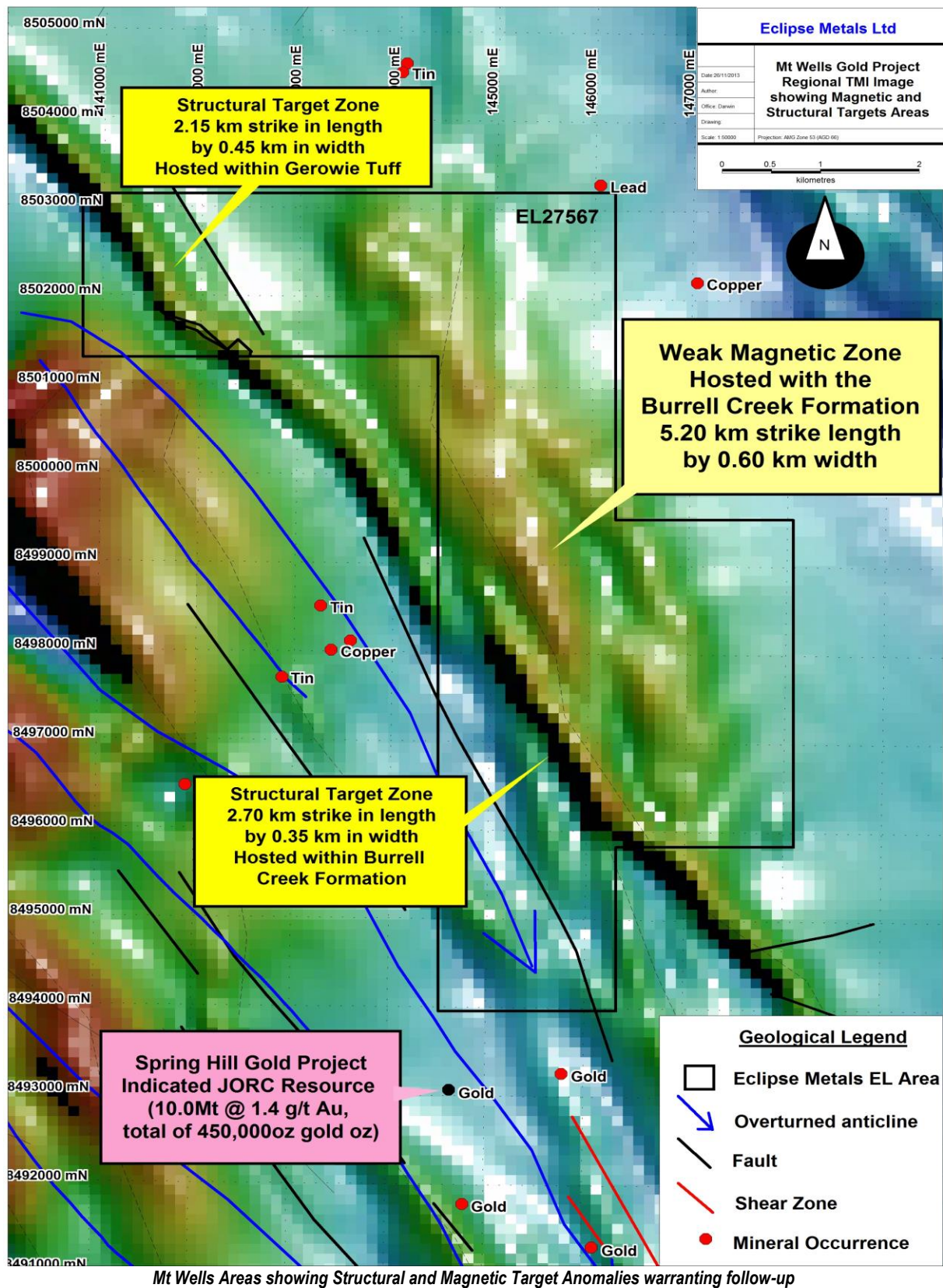
This tenement lies 500m to the north of Spring Hill Gold Deposit (Indicated Resource 10Mt at 1.4g/t Au for 450,000oz Au) within the Pine Creek Geosyncline.

Based on the interpreted magnetic data, a strong shear zone is running in a NW-SE direction over 5km in strike length within the exploration licence. This represents a strong exploration target for structurally controlled gold/base metal deposits.



## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS (cont'd)



## Directors' Report (cont'd)

### 10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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

<b>Mr Carl Popal</b> Qualifications Experience	Executive Chairman Bachelor of Business Mr Popal has managed several entities conducting international trading. He has 13 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. Ghan Resources Pty Ltd, a company which Mr Popal is a director, holds 132,053,131 fully paid ordinary shares. Popal Enterprises Pty Ltd, a company which Mr Popal is a director, holds 7,705,425 fully paid ordinary shares. Paynes Find Gold Limited From: 11 January 2012 to 15 January 2014
Interest in shares and options in the Company	
Directorships held in other listed entities	
<b>Mr Pedro Kastellorizos</b> Qualifications Experience	Executive Director Bachelor of Science Mr Kastellorizos is a geologist with 17 years of experience in multi-commodity exploration, underground mining, geological interpretation, corporate management, and tenement trading and administration within Australia and overseas. He has worked for many listed companies in Australia and internationally and also worked for the Geological Survey and Titles Division of the Northern Territory Resources Department. Mr Kastellorizos holds 1,302,400 fully paid ordinary shares. Bluekebble Pty Ltd, a company which Mr Kastellorizos is a director, holds 1,000,000 fully paid ordinary shares. Genesis Resources Ltd From: 1 February 2005 to 18 August 2011 Batavia Mining Limited From: 8 April 2005 to 31 January 2006 Regency Mines Plc From: 1 March 2006 to 1 August 2006
Interest in shares and options in the Company	
Directorships held in other listed entities	
<b>Mr Rodney Dale</b> Qualifications Experience	Non-Executive Director Fellowship Diploma in Geology Royal Melbourne Institute of Technology (FRMIT) Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) Mr Dale's experience expands over 50 years, 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. Mr Dale holds 1,500,000 fully paid ordinary shares in the Company.
Interest in shares and options in the Company	
Directorships held in other listed entities	Golden Valley Mines Ltd From: 1986 to 1991 Cambrian Resources NL From: 1991 to 1999
<b>Mr Justin Barton</b> Qualifications Experience	Non-Executive Director Bachelor of Business, Chartered Accountant Mr Barton is a Chartered Accountant with over 16 years' experience in accounting, M&A, international finance and mining. During this time, Mr Barton has held various senior executive positions and has worked in Australia, Europe, Africa and United States. He has worked with many leading multi-commodity international mining companies and worked for 3 years at Paladin Energy Limited with uranium projects in Australia, Africa and Canada.
Interest in shares and options in the Company	-
<b>Ms Eryn Kestel</b> Qualifications Experience	Company Secretary Bachelor of Business, Certified Practising Accountant Ms Kestel has an established career in accounting and business over the last 20 years and holds the position of company secretary for several ASX listed entities. Ms Kestel's areas of competency are company secretary matters and company administration.
Interest in shares and options in the Company	-
Directorships held in other listed entities	-

## Directors' Report (cont'd)

### 11. REMUNERATION REPORT (Audited)

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

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

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

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

#### **A Remuneration Policy**

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

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

- The remuneration policy, setting the terms and conditions for key management personnel, was developed and approved by the Board.
- All key management personnel receive a base salary (which is 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.

#### **Remuneration Committee**

During the year ended 30 June 2014, 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 early stages of development, the Board are of the view that these functions could be efficiently performed with full Board participation.

#### **Remuneration Structure**

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

#### **Key Management Personnel Remuneration Policy**

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

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



## Directors' Report (cont'd)

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

#### Remuneration Policy (cont'd)

##### Executive Director Remuneration

###### Objective

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

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

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

###### Structure

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 Group. 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	(Appointed 18 March 2013)
Rodney Dale	Non-Executive Director	(Appointed 7 October 2013)
Justin Barton	Non-Executive Director	(Appointed 29 November 2013)
Pedro Kastellorizos	Executive Director	(Appointed 3 April 2014)
David Sanders	Director	(Resigned 6 July 2012, Re-appointed 18 March 2013, Resigned 29 November 2013)
Peter Landau	Director	(Appointed 18 March 2013, Resigned 7 October 2013)
Graeme Allan	Non-Executive Chairman	(Resigned 14 March 2013)
Emilio Pietro Del Fante	Managing Director	(Resigned 18 March 2013)
Shane Casley	Non-Executive Director	(Appointed 6 July 2012, Resigned 29 January 2013)
Daryl Smith	Non-Executive Director	(Appointed 1 February 2013, Resigned 18 March 2013)

## Directors' Report (cont'd)

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

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

		Short-term Benefits Salary & Fees			Equity Settled Share Based Payments		Total	% of Remuneration Received in Equity
		Paid	Unpaid &/or Accrued	Other (2010-2014)	Options	Shares		
Directors		\$	\$	\$	\$	\$	\$	\$
<b>Carl Popal<sup>(i)</sup></b>	2014	30,000	75,000	87,500 <sup>(ii)</sup>	-	90,000 <sup>(vi)</sup>	282,500	31.8
	2013	-	-	-	-	-	-	-
<b>Rodney Dale<sup>(iii)</sup></b>	2014	5,000	10,000	-	-	7,500 <sup>(vi)</sup>	22,500	33.3
	2013	-	-	-	-	-	-	-
<b>Justin Barton<sup>(iv)</sup></b>	2014	5,000	12,500	-	-	-	17,500	-
	2013	-	-	-	-	-	-	-
<b>Pedro Kastellorizos<sup>(v)</sup></b>	2014	18,462	-	-	-	-	18,462	-
	2013	-	-	-	-	-	-	-
<b>David Sanders</b>	2014	-	11,250	-	-	20,822 <sup>(vi)</sup>	32,072	65.0
	2013	-	-	-	-	-	-	-
<b>Peter Landau</b>	2014	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-
<b>Graeme Allen</b>	2014	-	-	-	-	-	-	-
	2013	4,400	-	-	-	8,800	13,200	66.7
<b>Daryl Smith</b>	2014	-	-	-	-	-	-	-
	2013	2,291	-	-	-	-	2,291	-
<b>Emilio Pietro Del Fante</b>	2014	-	-	-	-	-	-	-
	2013	29,330	-	-	6,079	-	35,409	17.2
<b>Shane Casley</b>	2014	-	-	-	-	-	-	-
	2013	19,400	-	-	-	-	19,400	-
<b>Total</b>	2014	58,462	108,750	87,500	-	118,322	373,034	31.7
	2013	55,421	-	-	6,079	8,800	70,300	21.2

- (i) During the year ended 30 June 2014, a total amount of \$195,000 was payable to Ghan Resources Pty Ltd, a company of which Mr Popal is a director. Of this amount, \$90,000 worth of shares at 0.005 were paid in lieu of salary to Mr Popal from March 2013 through to November 2013, as resolved by shareholders at the AGM held on 29 November 2013. Of the remaining remuneration, \$75,000 remains unpaid as at 30 June 2014.
- (ii) During the year ended 30 June 2014, Mr Carl Popal entered into a mutual waiver and settlement agreement with Walla Mines Pty Ltd in relation to unpaid non-executive director services performed for the period from December 2010 through to 30 June 2014 (Mr Popal had an agreement for non-executive director fees of \$25,000 per annum). Key terms of agreement are that Mr Popal will forgo all historical and future non-executive director fees in exchange for a once-off settlement of \$87,500, payable when Walla Mines Pty Ltd has sufficient cash flow. As at 30 June 2014, the full amount remains unpaid.
- (iii) During the year ended 30 June 2014, an amount of \$22,500 (2013: nil) was paid or payable to Aurum Holdings Pty Ltd, a company of which Mr Dale is a director. Of this amount, \$7,500 was settled in shares and \$10,000 remains unpaid as at 30 June 2014.
- (iv) During the year ended 30 June 2014, an amount of \$17,500 (2013: nil) was paid or payable to Coventina Holdings Pty Ltd, a company of which Mr Barton is a director. Of this amount, \$12,500 remains unpaid as at 30 June 2014.
- (v) During the year ended 30 June 2014, an amount of \$18,462 (2013: nil) was paid or payable to Kastellco, a company of which Mr Kastellorizos is a director.
- (vi) Directors' fees settled in fully paid ordinary shares in lieu of cash.

#### C Equity-based compensation

##### Shares Granted as Part of Remuneration for Year Ended 30 June 2014

During the year ended 30 June 2014, fully paid ordinary shares were paid in lieu of cash to Mr Carl Popal, Mr David Sanders and Mr Rodney Dale as settlement for a portion of unpaid director fees. Mr Popal was paid \$90,000 in shares, Mr Sanders was paid \$20,822 in shares and Mr Dale was paid \$7,500 in shares. These shares were issued at the prevailing share price. Mr Dale and Mr Sanders were also paid some remuneration in cash during the year.

#### 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.

## Directors' Report (cont'd)

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

Major provisions of the former directors' agreements relating to remuneration are set out below.

*Executive chairman - Mr Carl Popal (appointed Non-Executive Director on 18 March 2013, appointed Executive Chairman on 3 April 2014)*

- Term of Agreement – The agreement commenced on 21 March 2013, for a term of twelve months, renewable annually or until either party gives 3 months written notice of termination or otherwise terminated in accordance with the executive services agreement. Mr Popal was appointed chairman on 3 April 2014.
- Remuneration \$180,000 plus GST per annum, payable monthly to Mr Popal or nominee.
- 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.

*Executive director - Mr Pedro Kastellorizos (appointed 3 April 2014)*

- Term of Agreement – The agreement commenced on 3 April 2014, for a term of twelve months, renewable annually or until either party gives 3 months written notice of termination or otherwise terminated in accordance with the executive services agreement.
- Remuneration \$80,000 plus GST per annum, payable monthly to Mr Kastellorizos or nominee.
- 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.

*Non-executive director - Mr Rodney Dale (appointed 7 October 2013)*

- Term of Agreement – The agreement commenced on 7 October 2014, for a term of twelve months, renewable annually or until either party gives 3 months written notice of termination or otherwise terminated in accordance with the executive services agreement.
- Remuneration \$30,000 plus GST per annum, payable monthly to Mr Dale or nominee.
- Payment of termination of Agreement without cause – the balance of any part of the term remaining, subject to the requirements of ASX Listing rule 10.193.

*Non-executive director - Mr Justin Barton (appointed 29 November 2013)*

- Term of Agreement – The agreement commenced on 29 November 2014, for a term of twelve months, renewable annually or until either party gives 3 months written notice of termination or otherwise terminated in accordance with the executive services agreement.
- Remuneration \$30,000 plus GST per annum, payable monthly to Mr Barton or nominee.
- Payment of termination of Agreement without cause – the balance of any part of the term remaining, subject to the requirements of ASX Listing rule 10.193.

#### 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
Mr C Popal	121,758,556	18,000,000	-	139,758,556
Mr P Kastellorizos	2,302,400	-	-	2,302,400
Mr R Dale	-	1,500,000	-	1,500,000
Mr J Barton	-	-	-	-
Mr D Sanders	2,800,000	2,550,000	(2,800,000)	2,550,000
Mr P Landau	17,049,600	-	(14,959,000)	2,090,600
	<b>143,910,556</b>	<b>22,050,000</b>	<b>(17,759,000)</b>	<b>148,201,556</b>



## Directors' Report (cont'd)

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

The number of 30 November 2016 unlisted options exercisable at \$0.06 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 Remuneration	Options Exercised during the Year	Balance at End of Year
Mr C Popal <sup>(i)</sup>	8,112,925	-	-	8,112,925
Mr P Kastellorizos	-	-	-	-
Mr R Dale	-	-	-	-
Mr J Barton	-	-	-	-
Mr D Sanders	-	-	-	-
Mr P Landau	-	-	-	-
	<b>8,112,925</b>	<b>-</b>	<b>-</b>	<b>8,112,925</b>

(i) The unlisted options are held by Ghan Resources Pty Ltd and Popal Enterprises Pty Ltd, entities of which Mr Popal is a director.

No remuneration options were issued, exercised or lapsed during the year ended 30 June 2014.

***This is the end of the audited Remuneration Report.***

### 12. OPTIONS

As at the date of this report the unissued ordinary shares of Eclipse Metals Limited under option are as follows:

Date of Expiry		Exercise Price	Number Under Option
30 November 2015	Unlisted	20 cents	150,000
30 November 2016	Unlisted	6 cents	103,023,813
			<b>103,173,813</b>

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

#### Shares issued on exercise of options

There were no shares issued on the exercise of options during the year ended 30 June 2014.

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

#### Lapse of options

On 31 May 2014, Eclipse Metals Limited announced the lapse of 8,873,500 listed options with an exercise price of 20 cents.

### 13. MEETINGS OF DIRECTORS

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

Director	Directors' Meetings	
	Number eligible to attend	Number attended
Carl Popal	4	4
Rod Dale	3	3
Justin Barton	3	3
Pedro Kastellorizos	1	1
David Sanders	1	1
Peter Landau	-	-

### 14. INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

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

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

## Directors' Report (cont'd)

### 15. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

#### Auditor Independence

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 78.

#### Non-Audit Services

During the year ended 30 June 2014 there were no fees paid or payable for non-audit services provided by the entity's auditors, Stantons International.

### 16. PROCEEDINGS ON BEHALF OF COMPANY

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

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

Signed in accordance with a resolution of the directors:



\_\_\_\_\_  
Carl Popal  
Director  
25 September 2014

#### **Competent Person's Statement**

*The information in this report that relates to Exploration Results together with any related assessments and interpretations is based on information compiled by Mr Peter Spitalny on behalf of Mr Pedro Kastellorizos and Mr Giles Rodney (Rod) Dale, both Directors of Eclipse Metals Limited. Mr Spitalny 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 Peter Spitalny 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.*

# Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2014

	Notes	Consolidated 2014 \$	2013 \$
<b>Continuing operations</b>			
Revenue and other income	4	92,377	223,065
Employee benefits expenses and director fees	5	(373,034)	(117,927)
Consultancy expenses	5	(71,773)	(384,456)
Professional services expenses	5	(108,137)	(145,783)
Listing expenses		(36,484)	(57,232)
Travel expenses		(2,427)	(11,001)
Administration expenses		(100,924)	(60,563)
Impairment expenses	5	(222,072)	(15,098,852)
Depreciation expenses		-	(5,218)
Finance expenses		16,280	(17,878)
<b>Loss before income tax</b>		<b>(806,194)</b>	<b>(15,675,845)</b>
Income tax	7	-	-
<b>Loss after tax from continuing operations</b>		<b>(806,194)</b>	<b>(15,675,845)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss when specific conditions are met		-	-
<b>Total comprehensive loss for the year</b>		<b>(806,194)</b>	<b>(15,675,845)</b>
<b>Net loss is attributable to:</b>			
Owners of Eclipse Metals Limited		(780,059)	(15,593,783)
Non-controlling interests		(26,135)	(82,062)
		<b>(806,194)</b>	<b>(15,675,845)</b>
<b>Total comprehensive loss is attributable to:</b>			
Owners of Eclipse Metals Limited		(780,059)	(15,593,783)
Non-controlling interests		(26,135)	(82,062)
		<b>(806,194)</b>	<b>(15,675,845)</b>
<b>Loss per share (cents per share)</b>			
Basic and diluted loss for the year	18	(0.14)	(7.85)

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



# Consolidated statement of financial position

As at 30 June 2014

	Notes	2014 \$	Consolidated 2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	341,128	372,283
Trade and other receivables	9	116,730	131,207
Other financial assets	10	-	600,000
Other assets	11	2,838	3,333
<b>Total current assets</b>		<b>460,696</b>	<b>1,106,823</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure	12	4,059,182	4,047,844
<b>Total non-current assets</b>		<b>4,059,182</b>	<b>4,047,844</b>
<b>Total assets</b>		<b>4,519,878</b>	<b>5,154,667</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	498,088	476,129
<b>Total current liabilities</b>		<b>498,088</b>	<b>476,129</b>
<b>Total liabilities</b>		<b>498,088</b>	<b>476,129</b>
<b>Net assets</b>		<b>4,021,790</b>	<b>4,678,538</b>
<b>EQUITY</b>			
Issued capital	16	22,913,956	22,764,510
Reserves	17	38,950	38,950
Accumulated losses		(18,956,832)	(18,176,773)
Owners of Eclipse Metals Limited		3,996,074	4,626,687
Non-controlling interests		25,716	51,851
<b>Total equity</b>		<b>4,021,790</b>	<b>4,678,538</b>

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

# Consolidated statement of changes in equity

For the year ended 30 June 2014

	Issued capital	Share-based payment reserve	Other reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	18,711,654	21,039	-	(2,582,990)	16,149,703	-	16,149,703
Loss for the year	-	-	-	(15,593,783)	(15,593,783)	(82,062)	(15,675,845)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	<b>(15,593,783)</b>	<b>(15,593,783)</b>	<b>(82,062)</b>	<b>(15,675,845)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Shares issued during the year	3,515,142	-	-	-	3,515,142	-	3,515,142
Share issue costs	(146,630)	-	-	-	(146,630)	-	(146,630)
Options issued during the year	684,344	-	-	-	684,344	-	684,344
Director options expensed during the year	-	6,079	-	-	6,079	-	6,079
Non-controlling interests on acquisition of subsidiaries	-	-	-	-	-	157,745	157,745
Transactions with non-controlling interests	-	-	11,832	-	11,832	(23,832)	(12,000)
<b>Total transactions with owners</b>	<b>4,052,856</b>	<b>6,079</b>	<b>11,832</b>	<b>-</b>	<b>4,070,767</b>	<b>133,913</b>	<b>4,204,680</b>
<b>Balance at 30 June 2013</b>	<b>22,764,510</b>	<b>27,118</b>	<b>11,832</b>	<b>(18,176,773)</b>	<b>4,626,687</b>	<b>51,851</b>	<b>4,678,538</b>

	Issued capital	Share-based payment reserve	Other reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	22,764,510	27,118	11,832	(18,176,773)	4,626,687	51,851	4,678,538
Loss for the year	-	-	-	(780,059)	(780,059)	(26,135)	(806,194)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	<b>(780,059)</b>	<b>(780,059)</b>	<b>(26,135)</b>	<b>(806,194)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Shares issued during the year	171,320	-	-	-	171,320	-	171,320
Share issue costs	(21,874)	-	-	-	(21,874)	-	(21,874)
Transactions with non-controlling interests	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>149,446</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>149,446</b>	<b>-</b>	<b>149,446</b>
<b>Balance at 30 June 2014</b>	<b>22,913,956</b>	<b>27,118</b>	<b>11,832</b>	<b>(18,956,832)</b>	<b>3,996,074</b>	<b>25,716</b>	<b>4,021,790</b>

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

# Consolidated statement of cash flows

For the year ended 30 June 2014

	Notes	2014 \$	Consolidated 2013 \$
<b>Cash flows from operating activities</b>			
Interest received		1,574	7,692
Consultancy fee received		-	5,000
Payments to suppliers and employees		(395,027)	(430,833)
Finance costs		-	(5,871)
<b>Net cash used in operating activities</b>	20	<b>(393,453)</b>	<b>(424,012)</b>
<b>Cash flows from investing activities</b>			
Net cash on acquisition of subsidiaries		-	121
Payments for exploration and evaluation		(163,282)	(61,935)
Proceeds from sale of tenements		125,000	-
Loans to other entities		(54,289)	(659,998)
Loans repaid by other entities		60,000	65,691
<b>Net cash used in investing activities</b>		<b>(32,571)</b>	<b>(656,121)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		8,500	631,603
Payment for share issue costs		(3,131)	(30,376)
Proceeds from issue of own shares		389,500	-
<b>Net cash provided by financing activities</b>		<b>394,869</b>	<b>601,227</b>
Net decrease in cash and cash equivalents		(31,155)	(478,906)
Cash and cash equivalents at beginning of year		372,283	851,189
<b>Cash and cash equivalents at end of year</b>	8	<b>341,128</b>	<b>372,283</b>

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



# Notes to the financial statements

## For the year ended 30 June 2014

### 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 2014 were authorised for issue in accordance with a resolution of the directors on 25 September 2014.

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 requirements of the *Corporations Act 2001* and Australian Accounting Standards. Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards as issued by the IASB.

Except for cash flow information, the 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 full year ended 30 June 2014, the Group recorded a net loss of \$806,194 (2013: \$15,675,845), a net operating cash outflow of \$393,453 (2013: \$424,012) and a net working capital deficiency of \$37,392.

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

The Directors regularly monitor the Company'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 Company to meet its business objectives.

In the medium to long term, the Board are progressing discussions and negotiations with cornerstone investors. The investors are well-known Hong Kong investors who have shown interest in the Company in light of recent positive relations towards uranium trading between India and Australia.

Albeit the negotiations are at an early stage the directors are confident that this investment approach is qualified and commercially logical because not only will there be initial Placement funds but there would be the opportunity to discuss further with these cornerstone investors a number of funding options that includes further debt and capital raisings.

The Company is also in negotiations with an overseas European entity dealing in ferro-alloys and metals trading whereby the surface production from Mary Valley Manganese project is being analysed to see if it can fulfil the entity's requests. The Company is in the process of evaluating the process and costing for a bulk sampling programme which could satisfy the required Manganese ore from surface.

This could either represent an ongoing revenue stream or several one off cash inflows.

In June 2013 the Company successfully completed a Renounceable Rights Issue with the shortfall Shares at the discretion of the Board for issue. Negotiations regarding the placement of the Shortfall Shares with strategic investors continue as at current date and the Board will use reasonable endeavours to achieve a commercial outcome that could see the receipt of remaining funds in the vicinity of \$100,000.

The Board have recently discussed that the opportunity may exist for the Company to proceed with a Non-Renounceable Rights Issue to existing Shareholder to raise up to \$1 million in the second quarter of 2015 year.

# Notes to the financial statements

## For the year ended 30 June 2014

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

#### b) Going concern (cont'd)

The Company will use the funds raised under the Issue for:

- further exploration work on its Mary Valley project;
- seek other opportunities to identify shareholder value; and
- general working capital purposes and costs of the issue

The Company also has the ability to raise funds under the 15% placement facility. At the date of preparing this Report the number of Shares to be issued and the price are still to be determined and will depend on such things as the status of the projects.

It is likely that the Placement will be Shares only at this stage.

The Directors will determine to who the Shares will be issued, who are unknown as at the date of this Report but will predominately come from overseas – Asia and Europe. The investors will be professional and sophisticated and be introduced to the Company through the Board. It is not anticipated at this stage that the investors will be related parties of the Company.

Should the Group be unable to raise sufficient funds, it would consider selectively reducing administrative and exploration costs and entering into farm-in and joint venture agreements.

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

As a result of these matters, the Directors have prepared the financial report on a going concern basis.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Company and the Group does not continue as going concerns.

#### 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.

#### d) Significant accounting estimates and assumptions

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

##### Share-based payment transactions

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

##### Mineral exploration and evaluation

The Group has impaired exploration expenditure of \$95,415 at 30 June 2014 (2013: \$13,033,546). Exploration expenditure has been impaired in respect of tenements the Group has relinquished during the year and tenements on which the Group has no further exploration work planned or budgeted.

At 30 June 2014, the Group has capitalised exploration expenditure of \$4,059,182 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 2014 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 (including any structured entities). 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 14.

# Notes to the financial statements

## For the year ended 30 June 2014

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

#### e) Principles of consolidation (cont'd)

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

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

#### f) Borrowing costs

Borrowing costs are recognised as an expense when incurred, except for borrowing cost relating to qualifying assets when the interest is capitalised to the qualifying assets.

#### g) Cash and cash equivalents

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

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

#### h) Trade and other receivables

Trade receivables, which generally have 30-90 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.

#### i) Financial instruments

##### Initial recognition and measurement

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

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

##### Classification and subsequent measurement

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

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

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

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

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



# Notes to the financial statements

## For the year ended 30 June 2014

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

#### i) Financial instruments (cont'd)

##### Financial assets at fair value through profit or loss

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

##### Loans and receivables

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

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

##### Held-to-maturity investments

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

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

##### Available-for-sale investments

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

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

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

##### Financial liabilities

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

##### **Impairment**

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

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

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

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

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

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

## Notes to the financial statements

### For the year ended 30 June 2014

#### i) Financial instruments (cont'd)

##### De-recognition

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

#### j) 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, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

#### k) Income tax

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

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

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

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

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

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

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

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

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

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

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

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

# Notes to the financial statements

## For the year ended 30 June 2014

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

#### l) 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.

#### m) Property, plant and equipment

Each class of property, plant and equipment is stated at cost or fair value where indicated less, where applicable, any accumulated depreciation and impairment losses.

##### Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment 33.3% - 50%.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

#### n) Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

##### Employee leave benefits

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

During the year ended 30 June 2014, the Company had no employees.

#### o) 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.

#### p) 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.



# Notes to the financial statements

## For the year ended 30 June 2014

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

#### q) Exploration and evaluation expenditure

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

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

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

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

#### r) 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.

#### s) 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.

#### t) 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.

#### u) Parent entity financial information

The financial information for the parent entity, Eclipse Metals Limited, disclosed in Note 25 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.

#### v) Comparatives figures

Certain comparatives have been reclassified where necessary to be consistent with the current year's disclosures. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

# Notes to the financial statements

## For the year ended 30 June 2014

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

#### w) Adoption of new and revised accounting standards

##### New standards and interpretations Adopted in 2013/14 FY

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- AASB 10: Consolidated Financial Statements;
- AASB 11: Joint Arrangements;
- AASB 12: Disclosure of Interests in Other Entities;
- AASB 13: Fair Value Measurement;
- AASB 119: Employee Benefits; and
- AASB 127: Separate Financial Statements.

##### Consolidated financial statements

*AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'.*

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and provides a revised definition of "control" such that an investor controls an investee when:

- a) it has power over an investee;
- b) it is exposed, or has rights, to variable returns from its involvement with the investee; and
- c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. This may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

There have been no changes to the treatment of investees compared to prior year.

*AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'.*

AASB 11 replaces AASB 131 'Interests in Joint Ventures'. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

Application of this standard has not impacted on the financial statements of the Group.

*AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'.*

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

## Notes to the financial statements

### For the year ended 30 June 2014

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

##### w) Adoption of new and revised accounting standards (cont'd)

*AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'.*

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

*AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'.*

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets.

Application of AASB 119 Employee Benefits has not impacted on the financial statements for the year ended 30 June 2014.

##### **New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2017).

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impractical at this stage to provide a reasonable estimate of such impact.

- Other standards not yet applicable.  
These standards are not expected to have a material impact on the entity in the current or future reporting periods.



## Notes to the financial statements

### For the year ended 30 June 2014

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

##### w) Adoption of new and revised accounting standards (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2017
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

## Notes to the financial statements

### For the year ended 30 June 2014

#### 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.

No operating revenue was derived during the year (2013 – \$5,000).

#### 4. REVENUE AND OTHER INCOME

##### Revenue

Consultancy fees

##### Other income

Interest revenue

Option based payment

Reimbursement of costs

Equity settled liability gain

Grant of option over tenement

Gain on sale of tenement

Other

##### Total Revenue and other income

	Consolidated	
	2014 \$	2013 \$
Consultancy fees	-	5,000
	-	5,000
Interest revenue	1,574	41,524
Option based payment	-	90,909
Reimbursement of costs	-	28,160
Equity settled liability gain	-	47,472
Grant of option over tenement	-	10,000
Gain on sale of tenement	68,471	-
Other	22,332	-
	92,377	218,065
<b>Total Revenue and other income</b>	<b>92,377</b>	<b>223,065</b>

#### 5. EXPENSES

##### Employee benefits expenses and director fees

Wages and salaries

Directors' fees

Share based payments

Capitalised to exploration and evaluation expenditure

##### Consultancy expenses

Consulting fees

Corporate advisory

##### Professional services expenses

Secretarial fees

Legal fees

Marketing and public relations fees

Other services

Taxation advice

##### Impairment

Exploration expenditure

Available for sale financial assets

Receivables

Property, plant and equipment

Wages and salaries	-	85,470
Directors' fees	373,034	64,221
Share based payments	-	6,079
Capitalised to exploration and evaluation expenditure	-	(37,843)
	373,034	117,927
Consulting fees	17,887	80,000
Corporate advisory	53,886	304,456
	71,773	384,456
Secretarial fees	-	36,954
Legal fees	39,096	60,466
Marketing and public relations fees	-	1,824
Other services	41,756	33,000
Taxation advice	27,285	13,539
	108,137	145,783
Exploration expenditure	95,415	13,033,546
Available for sale financial assets	126,657	1,876,216
Receivables	-	178,068
Property, plant and equipment	-	11,022
	222,072	15,098,852

# Notes to the financial statements

## For the year ended 30 June 2014

### 6. AUDITORS' REMUNERATION

Remuneration of the auditor for:

	2014 \$	2013 \$
Auditing and review of financial statements (RSM Bird Cameron Partners)	-	33,000
Auditing and review of financial statements (Stantons International)	25,000	-
	<b>25,000</b>	<b>33,000</b>

### 7. INCOME TAX

#### Numerical reconciliation of income tax expense to prima facie tax payable

Loss from ordinary activities before income tax expense (806,194) (15,675,845)

Prima facie tax benefit on loss from ordinary activities at 30% (2013: 30%) (241,858) (4,702,753)

Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:

- Non-deductible expenses	44,877	20
- Share-based payments	-	1,824
- Net gain on sale of tenements	16,959	-
- Exploration expenditure	(42,460)	(95,295)
- 40-880 deduction	(63,182)	(63,182)
- Permanent difference on consolidation	-	2,237,302
Movement in deferred tax not recognised	<b>285,664</b>	<b>2,622,084</b>

#### Unrecognised temporary differences

*Deferred tax assets (at 30%)*

Carry forward tax losses (operating)	1,855,423	1,449,265
Carry forward tax losses (capital)	511,760	45,444
Temporary differences	1,517,588	2,104,398
<b>Total deferred tax assets</b>	<b>3,884,771</b>	<b>3,599,107</b>

*Deferred tax liabilities (at 30%)*

Temporary differences	-	169,801
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>169,801</b>

**Net deferred tax asset not brought to account** 3,884,771 3,429,306

Potential future income tax benefits arising from tax losses have not been brought to account at 30 June 2014 because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as possible. These benefits will only be obtained if:

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

### 8. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	341,128	372,283
	<b>341,128</b>	<b>372,283</b>

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

### 9. TRADE AND OTHER RECEIVABLES

Other receivables (i)	61,682	46,161
Rehabilitation bonds	55,048	85,046
	<b>116,730</b>	<b>131,207</b>

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



## Notes to the financial statements

### For the year ended 30 June 2014

#### 9. TRADE AND OTHER RECEIVABLES (cont'd)

##### Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 10. 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 2014	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31 – 60 \$	61 – 90 \$	>90 \$	
Other receivables	61,682	-	-	-	-	-	61,682
Rehabilitation bonds	55,048	-	-	-	-	-	55,048
<b>Total</b>	<b>116,730</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116,730</b>

Consolidated 2013	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31 – 60 \$	61 – 90 \$	>90 \$	
Other receivables	46,161	-	-	-	-	-	46,161
Rehabilitation bonds	85,046	-	-	-	-	-	85,046
<b>Total</b>	<b>131,207</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,207</b>

Consolidated	
2014	2013
\$	\$

#### 10. OTHER FINANCIAL ASSETS

##### Loans and receivables carried at amortised cost

Loans to other parties<sup>1</sup>

Less: provision

126,657	600,000
(126,657)	-
<b>-</b>	<b>600,000</b>

- 120,000,000 fully paid ordinary shares were issued to Komodo Capital Pty Ltd, a company of which Peter Landau is a director and shareholder, for underwriting the Group's renounceable entitlements offer announced 6 May 2013. Under a corporate mandate agreement the value of the shares was \$600,000 and it was agreed that this amount was to be a debt due by Komodo Capital Pty Ltd to the Group. The terms of the agreement were under normal commercial terms. For further information refer to note 25.

On 30 September 2013, Komodo Capital Pty Ltd entered into an agreement with the Company to hold the shares in trust and to make the shares available to future investors at \$0.05 in consideration for settling the debt of \$600,000 in full. At 30 June 2014, shares with an aggregate value of \$126,657 remains outstanding.

During the year ended 30 June 2014, a provision was raised against the aggregate value of the outstanding shares. This provision is reversed as the debt is settled through investor funds.

#### 11. OTHER ASSETS

Prepayments

2,838	3,333
<b>2,838</b>	<b>3,333</b>

## Notes to the financial statements

### For the year ended 30 June 2014

#### 12. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2014	2013
	\$	\$
<b>Tenement acquisition at cost</b>		
Balance at 1 July 2013	4,047,844	14,041,583
Additions	163,282	516,901
Disposals	(56,529)	-
Value of invoices forgiven (i)	-	(418,355)
Acquired on purchase of Contour Resources Pty Ltd	-	1,853,037
Acquired on purchase of Walla Mines Pty Ltd	-	1,088,224
Impairment	(95,415)	(13,033,546)
<b>Balance at 30 June 2014</b>	<b>4,059,182</b>	<b>4,047,844</b>

Upon the appointment of the new Board, several of the Group's least prospective tenements were relinquished or deemed not worthy of further exploration. Relinquishment of these tenements allows the Group to focus its resources on the more prospective tenements and to evaluate other opportunities in the resources sector that may arise.

The Group has relinquished and impaired the following tenements:

<u>Tenement</u>	<u>Project</u>	<u>Status</u>
<u>2013</u>		
EL 24637	Eclipse	Granted
EL 24625	Eclipse	Granted
EL 29563	Eclipse	Granted
ELA 26262	Pine Creek	Application
ELA 27701	Pine Creek	Application
ELA 27930	Pine Creek	Application
EL 24880	Adelaide River	Granted
<u>2014</u>		
EL 27702	Woolner	Granted
EL 25942	North Moline	Granted
EL 27851	Litchfield South	Granted
EL 25201	Mt Tymms	Granted
EL25943	North Moline	Granted
EL 27853	Litchfield North	Granted
ELA 26000	Tanami	Application
ELA 26001	Tanami	Application
ELA 26002	Tanami	Application
ELA 26003	Tanami	Application
ELA 26004	Tanami	Application
ELA 25998	Tanami	Application
ELA 25999	Tanami	Application
ELA 24862	Canning Basin	Application
EPM 17810	Bundaberg	Granted

The Group held the following granted tenements at 30 June 2014:

<u>Tenement</u>	<u>Project</u>	<u>Tenement</u>	<u>Project</u>
EL 27567	Mt Wells	EL 26257	West Bachelor
EPM 17672	Mary Valley	EPM 17938	Amamoor
EL 24808	Eclipse	EPM 18596	Moonford
EL 27117	West McArthur		

The ultimate recoupment of costs carried forward in respect of areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas. The Group has an interest in certain exploration tenements and the amounts shown above include amounts expended to date in the acquisition and/or exploration of these tenements.

- (i) Represents invoices received prior to the appointment of the new Board which were forgiven upon the new Board's appointment.
- (ii) Relinquished subsequent to year-end.

# Notes to the financial statements

## For the year ended 30 June 2014

### 13. AVAILABLE FOR SALE FINANCIAL ASSETS

#### Financial assets

#### Listed investments, at fair value

Shares in listed corporations (i)

Consolidated	
2014	2013
\$	\$
-	-
-	-
-	-
-	-
-	-

#### Unlisted investments, at cost

Shares in other corporations (ii)

Options in other corporations (iii)

- (i) The Group has an investment in Dourado Resources Ltd ("Dourado") with a carrying value of nil at 30 June 2014.
- (ii) On 13 December 2012, the Group converted a loan plus outstanding interest totalling \$734,216 to shares in Klondyke Gold Ltd. This investment is in addition to the 5,000,000 shares in Klondyke Gold Limited with a value of \$500,000 acquired on 24 November 2011. This shareholding is subject to a twenty-four (24) month escrow from the date of Klondyke Gold Ltd's ASX listing. The value of this investment of \$1,234,216 was impaired during the year ended 30 June 2013 and remains impaired at 30 June 2014.
- (iii) On 9 July 2012 the Group acquired 10,000,000 Unlisted Options in Klondyke Gold Ltd exercisable at \$0.20 on or before 30 November 2015 as part of a loan fee. The value of this investment of \$100,000 was impaired during the year ended 30 June 2013 and remains impaired at 30 June 2014.

### 14. CONTROLLED ENTITIES

#### Controlled entities consolidated

	Country of Incorporation	Percentage Owned (%)*	
		30 June 2014	30 June 2013
<b>Subsidiaries of Eclipse Metals Ltd:</b>			
North Minerals Pty Ltd	Australia	100.00	100.00
Central Energy Pty Ltd	Australia	100.00	100.00
Whitvista Pty Ltd	Australia	100.00	100.00
U308 Agencies Australia Pty Ltd	Australia	100.00	100.00
Walla Mines Pty Ltd (i)	Australia	55.61	55.61
Contour Resources Pty Ltd	Australia	99.48	99.48

\*Percentage of voting power is in proportion to ownership

- (i) Direct and indirect percentage owned

Consolidated	
2014	2013
\$	\$
277,450	315,270
220,638	160,859
<b>498,088</b>	<b>476,129</b>

### 15. TRADE AND OTHER PAYABLES

#### Unsecured liabilities

Trade payables

Accruals and other payables

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 \$211,314.



# Notes to the financial statements

## For the year ended 30 June 2014

### 16. ISSUED CAPITAL

Ordinary shares issued and fully paid (a)  
Options issued (b)

	Consolidated 2014	2013
Ordinary shares issued and fully paid (a)	22,065,877	21,916,431
Options issued (b)	848,079	848,079
	<b>22,913,956</b>	<b>22,764,510</b>

#### a) Fully paid ordinary shares

##### Balance at 1 July 2012

*Shares issued during the year*

Issued on 13 September 2012 for acquisition of subsidiary  
Issued on 5 December 2012 for acquisition of subsidiary  
Issued on 5 December 2012 for services received  
Issued on 11 January 2013 for cash pursuant to placement  
Issued on 19 March 2013 for services received  
Issued on 27 June 2013 pursuant to entitlements issue  
Issued on 28 June 2013 for additional interest in subsidiary  
Share issue costs

	Consolidated Number	\$
<b>Balance at 1 July 2012</b>	<b>139,145,308</b>	<b>18,547,919</b>
Issued on 13 September 2012 for acquisition of subsidiary	7,200,000	280,800
Issued on 5 December 2012 for acquisition of subsidiary	74,600,000	1,492,000
Issued on 5 December 2012 for services received	9,494,333	189,886
Issued on 11 January 2013 for cash pursuant to placement	1,400,000	35,000
Issued on 19 March 2013 for services received	11,353,131	107,855
Issued on 27 June 2013 pursuant to entitlements issue	280,000,052	1,400,000
Issued on 28 June 2013 for additional interest in subsidiary	2,400,000	9,600
Share issue costs	-	(146,629)
<b>Balance at 30 June 2013</b>	<b>525,592,824</b>	<b>21,916,431</b>

##### Balance at 30 June 2013

*Shares issued during the year*

Issued on 9 September 2013 for the conversion of creditor balances  
Issued on 10 September 2013 for the conversion of creditor  
balances  
Issued on 11 September 2013 pursuant to the entitlement issue  
shortfall  
Issued on 27 December 2013 pursuant to AGM resolutions passed  
Share issue costs

Issued on 9 September 2013 for the conversion of creditor balances	1,814,000	9,070
Issued on 10 September 2013 for the conversion of creditor balances	2,000,000	10,000
Issued on 11 September 2013 pursuant to the entitlement issue shortfall	1,700,000	8,500
Issued on 27 December 2013 pursuant to AGM resolutions passed	28,750,000	143,750
Share issue costs	-	(21,874)
<b>Balance at 30 June 2014</b>	<b>559,856,824</b>	<b>22,065,877</b>

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

At 30 June 2014, the unissued ordinary shares of Eclipse Metals Ltd under option are as follows:

Date of Expiry		Exercise Price	Number Under Option
20 November 2015	unlisted	20 cents	150,000
30 November 2016	unlisted	6 cents	103,023,813
			<b>103,173,813</b>

#### Movements

##### Balance at 1 July 2012

*Movements during the year*

Issued on 13 September 2012 for acquisition of subsidiary  
Issued on 5 December 2012 for acquisition of subsidiary  
Issued on 5 December 2012 for services received, 1:1 free attaching  
Options  
Issued on 11 January 2013 for cash pursuant to placement, 1:1 free  
attaching options  
Expired on 31 March 2013  
Issued on 28 June 2013 for additional interest in subsidiary

	Consolidated Number	\$
<b>Balance at 1 July 2012</b>	<b>29,932,665</b>	<b>163,735</b>
Issued on 13 September 2012 for acquisition of subsidiary	3,750,000	28,500
Issued on 5 December 2012 for acquisition of subsidiary	85,979,480	653,444
Issued on 5 December 2012 for services received, 1:1 free attaching Options	9,494,333	-
Issued on 11 January 2013 for cash pursuant to placement, 1:1 free attaching options	1,400,000	-
Expired on 31 March 2013	(20,909,165)	-
Issued on 28 June 2013 for additional interest in subsidiary	2,400,000	2,400
<b>Balance at 30 June 2013</b>	<b>112,047,313</b>	<b>848,079</b>
<i>Movements during the year</i>		
Expired on 31 May 2014	(8,873,500)	-
<b>Balance at 30 June 2014</b>	<b>103,173,813</b>	<b>848,079</b>

##### Total issued capital

**22,913,956**

# Notes to the financial statements

## For the year ended 30 June 2014

### 16. ISSUED CAPITAL (cont'd)

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

#### Shares issued on exercise of options

There were no options exercised during the year ended 30 June 2014.

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

On 31 May 2014, 8,873,500 listed options with an exercise price of \$0.20 lapsed.

#### c) Capital Management

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

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

There are no externally imposed capital requirements.

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

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

### 17. RESERVES

#### Nature and purpose of reserves

##### Share-based payment reserve

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

##### Other reserve

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

	Consolidated	
	2014	2013
	\$	\$
Share based payment reserve	27,118	27,118
Other reserve	11,832	11,832
	<b>38,950</b>	<b>38,950</b>

#### Option Reserve Movements

	Number	\$
<b>Balance at 1 July 2012(i)</b>	<b>150,000</b>	<b>21,039</b>
Value of options issued to directors (ii)	-	6,079
Options forfeited (iii)	-	-
<b>Balance at 30 June 2013</b>	<b>150,000</b>	<b>27,118</b>
Value of options issued to directors (ii)	-	-
<b>Balance at 30 June 2014</b>	<b>150,000</b>	<b>27,118</b>

- (i) 550,000 unlisted directors' options with an exercise price of \$0.20 on or before 30 November 2015 were issued upon successful listing of Eclipse on the Australian Securities Exchange.
- (ii) Pro-rata expense of the 150,000 unlisted options exercisable at \$0.20 on or before 30 November 2015 held by Mr Emilio Pietro Del Fante.
- (iii) 400,000 unlisted directors' options were forfeited on the resignation of Mr Mark Fogarty and Mr Brett Smith as directors.

## Notes to the financial statements

### For the year ended 30 June 2014

#### 17. RESERVES (cont'd)

##### Other Reserve Movements

	Number	\$
Balance at 1 July 2012	-	-
Recognised on acquisition of additional 3.1% of Contour Resources Pty Ltd	-	11,832
Balance at 30 June 2013	-	11,832
Balance at 30 June 2014	-	11,832

Consolidated	
2014	2013
\$	\$

#### 18. LOSS PER SHARE

##### Loss used in the calculation of basic and dilutive loss per share

Loss for the year	(806,194)	(15,675,845)
Gain/(Loss) attributable to non-controlling equity interest	(26,135)	(82,062)
Loss used to calculate basic and dilutive loss per share	(780,059)	(15,593,783)

##### Loss per share

Basic and diluted loss per share (cents per share)	(0.14)	(7.85)
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There were dilutive potential ordinary shares at balance date. However given the Group has made a loss, there is no dilution of earnings hence the diluted loss per share is the same as for basic loss.

##### Weighted average number of shares

Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive loss per share.	544,586,391	198,728,047
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#### 19. COMMITMENTS AND CONTINGENCIES

##### a) Exploration commitments

Exploration commitments for the Group's granted tenement licences total \$733,320 per annum.

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

At 30 June 2014 the Group, in conjunction with the Northern Territory Revenue Office, is in the process of completing a stamp duty assessment on tenements acquired from Cauldron Energy Ltd in February 2011. The Group is uncertain of the amount of stamp duty it may be obligated to pay, if any, upon completion of the assessment.

The Group has no other contingent liabilities at reporting date.

# Notes to the financial statements

## For the year ended 30 June 2014

### 20. CASH FLOW INFORMATION

#### Reconciliation from net loss after tax to the net cash flows from operations

	Consolidated 2014 \$	2013 \$
Net loss	(806,194)	(15,675,845)
<i>Non cash flows included in operating loss:</i>		
Share-based payments received	-	(90,909)
Equity-settled liability gain	(2,357)	(47,472)
Depreciation	-	5,218
Share-based payments expensed	131,600	88,779
Impairment	222,072	15,098,852
Other	24,495	-
<i>Changes in assets and liabilities:</i>		
(Increase)/Decrease in trade and other receivables	14,477	37,854
(Increase)/Decrease in prepayments	495	(2,583)
Increase/(Decrease) in trade and other payables	21,959	162,094
<b>Net cash used in operating activities</b>	<b>(393,453)</b>	<b>(424,012)</b>

#### Non-cash financing and investing activities

<i>Shares and Options issued</i>		
Subsidiaries acquired through the issue of equity	-	2,454,744
Additional interest in subsidiary acquired through the issue of equity	-	12,000
Corporate advisory services received settled through the issue of equity	6,686	82,698
Capital raising services received settled through the issue of equity	18,742	107,855
Services provided settled through the issue of equity	137,392	90,909
Conversion of debt to equity	-	237,358
	<b>162,820</b>	<b>2,985,564</b>

### 21. SHARE-BASED PAYMENTS

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

	Consolidated 2014 \$	2013 \$
Shares issued to directors in lieu of directors fees (i)	118,322	-
Shares issued for outstanding creditors (ii)	19,070	-
Options issued to directors	-	6,079
Shares issued to acquire subsidiaries	-	1,772,800
Options issued to acquire subsidiaries	-	681,944
Shares issued for capital raising services received (iii)	18,742	107,855
Shares issued for corporate advisory services received (iii)	6,686	82,698
Shares issued to acquire additional interest in subsidiary	-	9,600
Options issued to acquire additional interest in subsidiaries	-	2,400
	<b>162,820</b>	<b>2,663,376</b>

- (i) On 27 December 2013, 23,664,492 shares having a value of \$118,322 in lieu of directors fees;
- (ii) On 9 September 2013, 1,814,000 shares having a value of \$9,070 and on 10 September 2013, 2,000,000 shares having a value of \$10,000 for the conversion of creditors balances;
- (iii) On 27 December 2013, 5,085,508 shares having a value of \$25,428 for the conversion capital raising and corporate advisory services; and
- (iv) Upon the successful listing on the Australian Securities Exchange, the directors of Eclipse were issued options in the Company. The expense recorded during the current and previous year represents the pro-rata expense recorded over the vesting period.



## Notes to the financial statements

### For the year ended 30 June 2014

#### 21. SHARE-BASED PAYMENTS (cont'd)

A summary of the movements of options granted to directors is as follows:

Options outstanding at 30 June 2013  
Options outstanding at 30 June 2014

Number	Consolidated
	Weighted average exercise price
150,000	\$0.20
150,000	\$0.20

The contractual life of options outstanding at year end was 1 year and 5 months. The fair value of the options granted to directors is deemed to represent the value of the director services received over the vesting period.

Included under employee benefits expense in the consolidated statement of profit or loss and other comprehensive income is an expense of \$118,322 which relates to equity-settled share-based payment transactions (2013: income of \$6,079).

#### 22. FINANCIAL INSTRUMENTS

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

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

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

	Consolidated	
	2014 \$	2013 \$
<b>Financial assets</b>		
Cash and cash equivalents	341,128	372,283
Trade and other receivables	116,730	131,207
Other financial assets	-	600,000
<b>Total financial assets</b>	<b>457,858</b>	<b>1,103,490</b>
<b>Financial liabilities</b>		
Trade and other payables (at amortised cost)	498,088	476,129
<b>Total financial liabilities</b>	<b>498,088</b>	<b>476,129</b>

##### 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 9. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 9.

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-.

## Notes to the financial statements

### For the year ended 30 June 2014

#### 22. FINANCIAL INSTRUMENTS (cont'd)

Cash and cash equivalents  
AA- rated

Consolidated	
2014	2013
\$	\$
341,128	372,283
<b>341,128</b>	<b>372,283</b>

#### 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

Equity price risk arises from the Group's available-for-sale-financial-assets. The Group monitors its investment portfolio based on market indices. Any buy sell decisions are approved by the Board.

##### Foreign currency risk

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

##### Sensitivity analysis

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

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

#### Year ended 30 June 2014

+/-1% (100 basis points) in interest rates

#### Year ended 30 June 2013

+/-1% (100 basis points) in interest rates

Consolidated	
Profit	Equity
\$	\$
+/- 3,567	+/- 3,567
+/- 6,117	+/- 6,117

#### 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 on the following page reflects the undiscounted contractual maturity analysis for financial liabilities.

## Notes to the financial statements

### For the year ended 30 June 2014

#### 22. FINANCIAL INSTRUMENTS (cont'd)

##### Financial liability and financial asset maturity analysis

###### Consolidated

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>								
Trade and other payables	498,088	476,129	-	-	-	-	498,088	476,129
Total expected outflows	<b>498,088</b>	<b>476,129</b>	-	-	-	-	<b>498,088</b>	<b>476,129</b>
<b>Financial assets – cash flows realisable</b>								
Cash and cash equivalents	341,128	372,283	-	-	-	-	341,128	372,283
Trade and other receivables	116,730	131,207	-	-	-	-	116,730	131,207
Other financial assets	-	600,000	-	-	-	-	-	600,000
Loans receivable	-	-	-	-	-	-	-	-
Total anticipated inflows	<b>457,858</b>	<b>1,103,490</b>	-	-	-	-	<b>457,858</b>	<b>1,103,490</b>
Net inflow/(outflow) on financial instruments	40,230	(627,361)	-	-	-	-	40,230	(627,361)

#### 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	2014		2013	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	(i)	341,128	341,128	372,283	372,283
Trade and other receivables	(i)	116,730	116,730	131,207	131,207
Other financial assets	(ii)	-	-	600,000	600,000
<b>Total financial assets</b>		<b>457,858</b>	<b>457,858</b>	<b>1,103,490</b>	<b>1,103,490</b>
<b>Financial liabilities</b>					
Trade and other payables	(i)	498,088	498,088	476,129	476,129
<b>Total financial liabilities</b>		<b>498,088</b>	<b>498,088</b>	<b>476,129</b>	<b>476,129</b>

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

- Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value.
- In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

#### 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).

## Notes to the financial statements

### For the year ended 30 June 2014

#### 23. 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 24.

###### 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.

The following transactions occurred with related parties:

On 30 September 2013, Komodo Capital Pty Ltd, a company of which Peter Landau is a director and shareholder, transferred the shares and assigned the debt of \$600,000 owing from underwriting the Group's renounceable entitlements issue, to two unrelated parties. These unrelated parties have entered into an agreement with the Company to hold the shares in trust and will make the shares available to future investors at \$0.05 in consideration for settling the debt amount in full. As at 30 June 2014, shares with a value of \$126,657 remained in trust.

###### Expenses incurred – other related parties

			Consolidated	
			2014	2013
Director	Entity	Service	\$	\$
Carl Popal	Ghan Resources Pty Ltd	Director Fees	282,500	-
Rod Dale	Aurum Holdings Pty Ltd	Director Fees	22,500	-
Rod Dale	Aurum Holdings Pty Ltd	Geological services	6,400	-
Justin Barton	Coventina Holdings Pty Ltd	Director Fees	17,500	-
Justin Barton	Coventina Holdings Pty Ltd	Financial services	4,000	-
Pedro Kastellorizos	Kastellco	Director Fees	18,462	-
Pedro Kastellorizos <sup>(i)</sup>	Kastellco	Geological services	40,975	-
Emilio Pietro Del Fante	Corporate Tenement Services & Sorna Pty Ltd	Director services	-	29,330
Graeme Allan	Brallgra Pty Ltd	Director services	-	13,200
Shane Casley	Amacat Pty Ltd	Director services	-	19,400
David Sanders <sup>(ii)</sup>	Bennett and Co Corporate and Commercial Law	Legal services	75,141	90,494
Emilio Pietro Del Fante	Dourado Resources Ltd	Administrative services	-	7,272

(i) During the year ended 30 June 2014, Mr Pedro Kastellorizos received geological consulting fees of \$40,975. These fees were for services performed prior to Mr Kastellorizos being appointed a Director on 3 April 2014.

(ii) Mr David Sanders is a Partner of legal firm Bennett & Co. During the year ended 30 June 2014, Bennett & Co were paid fees of \$75,141 (2013: \$90,494) in relation to the renounceable rights issue and various other legal matters.



## Notes to the financial statements

### For the year ended 30 June 2014

#### 24. 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 2014.

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

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	254,712	55,421
Post-employment benefits	-	-
Share-based payments	127,122	14,879
	<b>381,834</b>	<b>70,300</b>

##### Short-term employee benefits

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

##### Share-based payments

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

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

#### 25. 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.

	<b>Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of financial position</b>		
<i>Assets</i>		
Current assets	415,838	1,697,710
Non-current assets	3,879,223	3,180,317
<b>Total assets</b>	<b>4,295,061</b>	<b>4,878,027</b>
<i>Liabilities</i>		
Current liabilities	382,215	431,876
<b>Total liabilities</b>	<b>382,215</b>	<b>431,876</b>
<b>Net assets</b>	<b>3,912,847</b>	<b>4,446,151</b>
<i>Equity</i>		
Issued capital	22,913,956	22,764,510
Accumulated losses	(19,028,228)	(18,345,478)
Reserves	27,119	27,119
<b>Total equity</b>	<b>3,912,847</b>	<b>4,446,151</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Total loss for the year	(643,129)	(15,776,746)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(643,129)</b>	<b>(15,776,746)</b>

##### Guarantees

Eclipse 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

## Notes to the financial statements

### For the year ended 30 June 2014

All contractual commitments of the parent entity are included within Note 19.

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## Notes to the financial statements

For the year ended 30 June 2014

### 26. SUBSEQUENT EVENTS

No matter or circumstances have arisen since the end of the reporting date and the date of this report which significantly affects or may significantly affect the results of the operations of the Group.

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## Directors' Declaration

For the year ended 30 June 2014

The directors declare that the financial statements and notes and the disclosures in the remuneration report which are included in the director's report:

1.
  - (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - (b) give a true and fair view of the Group's financial position as at 30 June 2014 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the financial year ended on that date; and
  - (c) comply with International Financial Reporting Standards as disclosed in Note 2(a).
2. In accordance with S295A the Chief Financial Officer has declared that:
  - (a) the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion:
  - (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
  - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dated this 25<sup>th</sup> day of September 2014.



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Carl Popal  
**Executive Chairman**  
Perth, Western Australia



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

### Report on the Financial Report

We have audited the accompanying financial report of Eclipse Metals Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility 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 note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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 company'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 company's 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

#### *Opinion*

In our opinion:

- (a) the financial report of Eclipse Metals Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

*Inherent Uncertainty Regarding Going Concern and Carrying Value of Capitalised Exploration Expenditure*

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 2(b) to the financial statements, the financial statements have been prepared on the going concern basis. The consolidated entity comprising the Company and its subsidiaries has incurred a loss of \$806,194 for the year ended 30 June 2014 and had net operating cash outflows of \$393,453 for the year ended 30 June 2014. The net working capital deficiency as at 30 June 2014 is \$37,392. The ability of the consolidated entity to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the consolidated entity raising further working capital and/or successfully exploiting its mineral assets. In the event that the consolidated entity is not successful in raising further equity or successfully exploiting its mineral assets, the consolidated entity may not be able to meet its liabilities as and when they fall due and the realisable value of the consolidated entity's current and non-current assets may be significantly less than book values.

The recoverability of the consolidated entity's carrying value of exploration and evaluation assets of \$4,059,182 is dependent on the successful commercial exploitation of the assets and/or sale of the assets to generate profits at amounts in excess of the book values. In the event that the consolidated entity is not successful in commercial exploitation and/or sale of the assets, the realisable value of the consolidated entity's assets may be significantly less than their current carrying values.

*Other Matters*

The financial report of Eclipse Metals Limited for the year ended 30 June 2013 was audited by another auditor who expressed an unmodified opinion with an emphasis of matter regarding continuation as a going concern in the financial report on 7 October 2013.

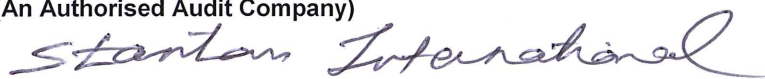

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 38 to 42 of the directors' report for the year ended 30 June 2014. 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*

In our opinion the remuneration report of Eclipse Metals Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

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

**Samir Tirodkar**  
Director

West Perth, Western Australia  
25 September 2014

25 September 2014

Board of Directors  
Eclipse Metals Limited  
Level 3  
1060 Hay Street  
West Perth, WA 6005

Dear Sirs

**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 2014, 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 faithfully,

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



**Samir Tiroadkar**  
Director

# Corporate Governance Statement

## Corporate Governance Statement

The Board of directors of Eclipse Metals Limited is responsible for the overall strategy, governance and performance of the Company and its subsidiaries ("the Group"). The Board guides and monitors the business and affairs of the Group on behalf of the Shareholders by whom they are elected and to whom they are ultimately accountable for. The Board has adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of the Group.

## Corporate Governance Disclosures

The Board and management are committed to corporate governance and to the extent that they are applicable to the Group have followed the Australian Securities Exchange Corporate Governance Council (CGC).

## Principles of Best Practice Recommendations

In accordance with ASX Listing Rule 4.10, Eclipse Metals Limited is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial year. Where Eclipse Metals Limited has not followed a recommendation, this has been identified and an explanation for the departure has been given.

In summary, Eclipse departs from the CGC's recommendations in seven (7) key areas:

### Recommendation 1.2

The Company has not yet established a formal process to evaluate the performance of key executives. Given, the current scale of activities of the Company, the Directors are personally involved in many of the transactions so the Board is closely linked to the day to day activities of the Company becoming very familiar with operations and each other's performance.

### Recommendation 2.1

The number of independent and non-independent Directors are the same numbers – two (2) Directors are non-independent and two (2) Directors are independent.

### Recommendation 2.4

Eclipse does not have a separate Nomination Committee. The Company is of a size and a level of current activity that enables the full Board to be able to deal with the matters normally attended to by the Nomination Committee.

Remuneration levels are set in accordance with industry standards to attract suitable qualified and experienced Directors and Senior Executives.

### Recommendation 2.5

The Company has not yet established a formal process to evaluate the performance of key executives.

### Recommendation 3.3

Due to the current nature and scale of Eclipse's activities, the Company is yet to establish measurable objectives for achieving gender diversity to report against.

### Recommendation 4.1

The Company does not have a separate Audit Committee. The Company is of a size and a level of current activity that enables the full Board to be able to deal with the matters normally attended to by the Audit Committee.

### Recommendation 8.1

The Company does not have a separate Remuneration Committee. The Company is of a size and a level of current activity that enables the full Board to be able to deal with the matters normally attended to by the Remuneration Committee.



## Corporate Governance Statement (cont'd)

The table below summarises Eclipse Metals Limited's compliance with the CGC's recommendations.

	BEST PRACTICE RECOMMENDATION	COMPLIANT – YES or NO
<b>1.</b>	<b><i>Lay solid foundations for management and oversight</i></b>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes. Refer the Corporate Governance section on the Group website.
1.2	Companies should disclose the process for evaluation the performance of senior executives.	No. The Group has not yet established formal performance review measures for key executives given the size and stage of the Company's operations.
1.3	Provide the information indicated in <i>Guide to Reporting on Principle 1</i> .	Yes. Refer to director's report and the Corporate Governance section on the Group website.
<b>2.</b>	<b><i>Structure the board to add value</i></b>	
2.1	A majority of the board should be independent directors.	No. The Board consists of 4 Directors, 2 Executives (Mr Popal as Chairman and Mr Kastellorizos as Executive Director) and 2 Non-Executive (Mr Dale and Mr Barton).
2.2	The chairperson should be an independent director.	No. The chairman of the Board is independent Executive Mr Popal.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Yes. The roles of the Chairman and the Chief Executive Officer are exercised by Mr Popal and Mr Kastellorizos respectively, therefore segregation of duties exists
2.4	The board should establish a nomination committee.	No The Board considers that given the current size of the Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has resolved not to establish a nomination committee at this stage.
2.5	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	No. The Group has not yet established formal performance review measures for key executives nor has it established a nomination committee given the size and stage of the Group's operations. The full Board will review the performance of key executives.
2.6	Provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	Yes. Refer to director's report and the Corporate Governance section on the Group website.  In addition, The Board, Board Committees or individual directors may seek independent external professional advice as considered necessary at the expense of the Group, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.
<b>3.</b>	<b><i>Promote ethical and responsible decision-making</i></b>	
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: (a) the practices necessary to maintain confidence in the group's integrity; and (b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes. Refer the Corporate Governance section on the Group website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Yes. The Group has adopted a Diversity Policy.  Also under the Group's Code of Conduct, employees must not harass, discriminate or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender. Such harassment or discrimination may constitute an offence under legislation.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	No. Given the size of the Group, the Group has not yet set measurable objectives for achieving gender diversity. In addition, the Board will review progress against any objectives identified on an annual basis.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes. There is currently one (1) female in a senior position of Company Secretary and there are no females on the Board.
3.5	Provide the information indicated in <i>Guide to Reporting on Principle</i>	Yes.



## Corporate Governance Statement (cont'd)

	BEST PRACTICE RECOMMENDATION	COMPLIANT – YES or NO
	3.	Refer the Corporate Governance section on the Group website.
<b>4.</b>	<b><i>Safeguard integrity in financial reporting</i></b>	
4.1	The board should establish an audit committee.	No. The directors believe that it would not increase efficiency or effectiveness to have a separate audit committee, and that audit matters are of such significance that they should be considered by the full Board. The Board may call on outside consultants if it requires assistance in this area.
4.2	Structure the audit committee so that it consists of: (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the board; and (d) at least three members.	Not Applicable. Refer 4.1.
4.3	The audit committee should have a formal charter.	Not Applicable. Refer 4.1.
4.4	Provide the information indicated in <i>Guide to Reporting on Principle 4</i> .	Yes. Refer to director's report.
<b>5.</b>	<b><i>Make timely and balanced disclosure</i></b>	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes. Continuous disclosure policy is available in the Corporate Governance section on the Group website.
5.2	Provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	Yes. Refer 5.1
<b>6.</b>	<b><i>Respect the rights of shareholders</i></b>	
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	Yes. Communications with shareholders policy is available in the Corporate Governance section on the Group website.
6.2	Provide the information indicated in <i>Guide to Reporting on Principle 6</i> .	Yes. Refer to the Group website.
<b>7.</b>	<b><i>Recognise and manage risk</i></b>	
7.1	The Group should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes. Risk management policy is available in the Corporate Governance section on the Group website.
7.2	The Board should design and implement the risk management and internal control system to manage the group's material business risks and report on whether those risks are being managed effectively. The Board should disclose that management has reported the effectiveness of the Group's management of its material business risks.	Yes. Refer 7.1 & 7.3
7.3	The board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes. However, due to the size and scale of its operations and the growth of the Group over the financial year the Board as a whole reviews these matters.
7.4	Provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	Satisfied. Refer 7.1
<b>8.</b>	<b><i>Remunerate fairly and responsibly</i></b>	
8.1	The board should establish a remuneration committee.	No. The Board considered this recommendation and formed the view that it would not increase efficiency or effectiveness to have a separate committee, and that remuneration matters are of such significance that they should be considered by the full Board. The Board may call on outside consultants if it requires assistance in this area.
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes Details of executive and non-executive remuneration are outlined in the Directors' report.
8.3	Provide the information indicated in <i>Guide to Reporting on Principle 8</i> .	Yes. The Group has incorporated all information as required.

Further details can be found on the Group's website ([www.eclipsemetals.com.au](http://www.eclipsemetals.com.au)).

Unless otherwise stated, Eclipse Metals Limited's corporate governance practices were in place throughout the year ended 30 June 2014.

## Corporate Governance Statement (cont'd)

There is a corporate governance section on the Company's website which sets out the various policies, charters and codes of conduct which have been adopted to ensure compliance with the principles and recommendations referred to above.

A description of Eclipse's main corporate governance practices are set out below.

### The Board of Directors

#### Role and Responsibilities of the Board

In accordance with ASX Principle 1, the Eclipse Metal Limited Board has established a **Board Charter** which is available on the Company website. This Charter outlines the functions of the Eclipse Board and the senior executives and shows that the role and responsibilities of the Board and the senior executives are quite clear and distinct.

The key responsibilities of the Board include:

- Appointing, evaluating, rewarding and if necessary the removal of the Executive Director and Chair;
- Development of corporate objectives and strategy and approving plans, new investments, major capital and operating expenditures and major funding activities proposed;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Monitoring director performance and implementation of strategy;
- Ensuring appropriate resources are in place and available to the directors;
- Reviewing and approving the remuneration of the senior executives;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately. Further, approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that the Company's practice is consistent with, a number of guidelines, being:
  - Directors and Executive Officers Code of Conduct;
  - Dealings in Securities; and
  - Reporting and Dealing with Unethical Practices.
- Reporting to and advising shareholders.

#### Composition of the Board

The Eclipse Board totals four (4) and is comprised of two (2) Non-Executive Directors and two (2) Executive Directors.

The table below sets out the detail of the tenure of each director at the date of this Report.

Director	Role of Director	First Appointed	Non-Executive	Independent
Carl POPAL	Executive Chair	18 March 2013	No	No
Rodney DALE	Non-Executive	07 October 2013	Yes	Yes
Justin BARTON	Non-Executive	29 November 2013	Yes	Yes
Pedro KASTELLRIZOS	Executive Director	3 April 2014	No	No

Details of the Board including their experience, expertise and qualifications are set out in the Directors' Report.

### STRUCTURE OF THE BOARD

#### Independence

As outlined in ASX Principle 2, Directors of Eclipse are expected to contribute independent views.

Directors are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.

An independent Director is a non-executive director (i.e. is not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a Director after ceasing to hold any such employment;

## Corporate Governance Statement (cont'd)

- is not a principal or employee of a professional adviser to the Company or its subsidiaries whose billings are a material amount of the adviser's total revenue;
- is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company are a material amount of the supplier's total revenue. A significant customer is one whose amounts payable to the Company are a material amount of the customer's total operating costs;
- has no material contractual relationship with the Company or its subsidiaries other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr Popal and Mr Kastellrizos Bell (Executive Directors) are not considered to be independent. Even though only half of the current Board are independent, the Company believes that the current composition of the Board is adequate for the current size and activities and includes an appropriate mix of skills and expertise, relevant to Eclipse's activities.

When a Board vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new Director with particular skills, in the absence of a Remuneration and Nomination Committee, the Board will consider a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

### Notification

Eclipse has reviewed and considered the positions of each of the four (4) Directors in office at the date of this Annual Report and consider that only two (2) of the four (4) Directors are independent. Messrs Dale and Barton are independent Directors in accordance with the definition of independence above.

This composition is not unusual for a company the size of Eclipse and undertaking the level of activity that it currently does.

### Chair and Executive Director

The roles of the Executive Chair and the Executive Director are not to be exercised by the same individual.

The Chair is responsible for leading the Board, ensuring that Board activities are organised, efficiently conducted and ensuring that the Directors are properly briefed for meetings.

The Executive Director has responsibility for the day to day activities and operations and is totally accountable to the Board for all authority delegated.

The Chair must be appropriately qualified and have the required experience to discharge the responsibilities for leading, managing and delegating and in the absence of a Nomination Committee the Board from amongst themselves have nominated the Director that they believe can fulfil the role of Chair.

The Board has not yet into place procedures to assess the performance of the Executive Director; as the person to this role has only recently been appointed. The Board will develop necessary performance assessment procedures.

There are procedures in place, agreed by the Board, to enable the Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

### Board Evaluation Process

Eclipse has not yet formally developed an evaluation process with regards the performance of the Board and the performance of key executives but it understands that in the absence of a Nomination and Remuneration Committee, it will be the Eclipse Board that reviews its performance and the performance of individual Directors including the Executive Directors.

External consultants will be engaged where it is seen to be beneficial to the Company when undertaking the performance evaluation process.

A performance evaluation in respect of the current Eclipse Board has not taken place because of the "newness" of the Directors.

In relation to the term of office, the Constitution specifies that one third of all directors must retire from office annually and are eligible for re-election at the Company's Annual General Meeting.

### Remuneration and Nomination Committee

The Board has not established a formal Remuneration or Nomination Committee.

The full Board attends to the matters normally attended to by a Remuneration or Nomination Committee. The Board acknowledges that when the size and nature of the Company warrants a Remuneration and Nomination Committee then the Committee will operate under a Charter approved by the Board.

## Corporate Governance Statement (cont'd)

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves with remuneration levels being set in accordance with industry standards to attract suitably qualified and experienced Directors and senior executives.

As at the date of this Report there is no scheme to provide retirement benefits to non-executive directors.

Details of the Company's remuneration philosophy and framework and the remuneration received by directors and executives are provided in the Directors' Report under the heading **Remuneration Report**.

### Code of Conduct

The Board acknowledges the need for the highest standards of corporate governance and ethical conduct by all directors and senior executives. In light of this, Eclipse has developed a Code of Conduct which has the full backing of the Board and is to be followed by the directors, senior executives and employees.

This policy is regularly reviewed and updated as necessary.

### Diversity Policy

Eclipse is committed to workplace diversity and recognises the benefits arising from having a broader pool of quality employees, improving employee retention rates and tapping into all available talent. Diversity includes such areas as gender, age and background.

Eclipse has just recently developed and approved a Diversity Policy which has a focus of improving gender balance and working towards increasing the representation of women in management roles. The Diversity Policy aims to achieve:

- developing a culture which takes into account domestic responsibilities of employees;
- as part of the annual remuneration review, assessing the gender pay parity across the business and implementing action plans to address any areas of concern;
- maintaining a workplace culture that supports difference and that enables each staff member to fully contribute to the best of their ability;
- identifying what is getting in the way of diversity success and taking action to address the issues;
- improved employment and career development opportunities for women;
- an environment that encourages the development of necessary skills and experience for leadership roles; and
- a workplace that is free for all forms of discrimination and harassment

The proportion of women in Eclipse is as follows:

	Women	Proportion
Employees	0	0%
Senior executive position (Company Secretary)	1	50%
Board of Directors	0	0%

The Company currently has no full time employees.

### Notification

ASX Principle 3 recommends that companies should disclose in each annual report measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them.

Due to the current nature and scale of Eclipse's activities, the Board is yet to establish measurable objectives for achieving gender diversity to report against. No measurable objectives will be established until the number of employees and level of activities of the Company have increased to sufficient levels to enable meaningful and achievable objectives to be developed.

### Securities Trading

Eclipse has adopted a **Securities Dealing Policy** which is derived largely from the *Corporations Act 2001* requirements that applies to all directors, senior executives and employees.

Under this Policy and the *Corporations Act 2001*, it is illegal for directors, senior executives and employees who have access to price sensitive information which has not been published or is generally not available to:

- apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of Eclipse Securities;
- procure another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of Eclipse Securities; or
- directly or indirectly communicate the Material Non-Public Information to another person when the Insider knows, or ought reasonably to know, that the other person would or would be likely to:
  - apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of Eclipse Securities; or

## Corporate Governance Statement (cont'd)

- (ii) procure another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of Eclipse Securities.

### Corporate Reporting

In accordance with ASX Principle 7, the Executive Director and the Chair have made the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial positions and operational results of Eclipse; and
- The financial reports are founded in a sound system of internal control and risk management which implements the policies adopted by the Board and the Company's risk management and internal controls are operating efficiently in all material respects.

### Audit and Risk Management Committee

The Board has not established an Audit and Risk Management Committee which is appropriate for a company the size of Eclipse and with the current level of activity it does undertake.

When the timing is correct for the establishment of this Committee then it will operate under a Charter approved by the Board which will be available from the Company's webpage.

In accordance with ASX Principle 7, the Board has established a Risk Management policy, which is designed to safeguard the Group's assets and to ensure the integrity of the financial reporting.

The Company has as a standing Agenda item Risk Management and on a regular basis the Board will assess the Risk Management matrix and amend accordingly.

The Company's Policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Board but when the Committee is established it will be the responsibility of the Committee to complete this review. The auditors have a policy of rotating the audit partner at least every 5 years.

### External Auditors

Eclipse current external auditors are Stantons International. In the absence of the Audit and Risk Management Committee Charter, the performance and independence of Stantons International is reviewed by the Board.

Stantons International attests to their independence by providing a statement as to their independence; which has been included in the 2014 Annual Report for the year ended 30 June 2014.

### Risk Management

The Board recognises that the identification and management of risk, including calculated risk taking, is an essential part of creating long term shareholder value.

The Executive Directors report directly to the Board on the Group's key risks and is responsible for designing, maintaining, implementing and reporting on the adequacy of the risk management and internal control systems.

The Board monitors the performance of the risk management and internal control systems and determines the extent to which it believes the risks are being managed and the adequacy and comprehensiveness of risk reporting from management.

The Board must satisfy itself, on a regular basis, that risk management and internal control systems for the Company have been fully developed and implemented.

The Company has identified specific risk management areas being strategic, operational and compliance. The Board has reviewed risks faced by the Company on a regular basis due to the current finance position of the Company.

A detailed risk identification matrix will be prepared by management. High and very high risk issues will be reported to the Board. The Executive Directors are responsible for ensuring the Company complies with its regulatory obligations.

The Executive Directors and internally appointed CFO provide written assurance to the Board on an annual basis that to the best of their knowledge and belief, the declaration provided by them in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

These assurances can only be reasonable rather than absolute due to factors such as the need for judgement and possible weaknesses in control procedures.

Any material changes in the Company's circumstances are released to the ASX and included on the Company's website.

### Continuous Disclosure

In accordance with ASX Principle 5, Eclipse has established a Disclosure Policy.



## Corporate Governance Statement (cont'd)

The Policy is committed to:

- Ensuring that shareholders have the opportunity to access externally available information issued by the Company;
- Providing full and timely information to the market about the Company's activities; and
- Complying with the obligations contained in the ASX Listing Rules and the *Corporations Act 2001* relating to continuous disclosure.

The Chairman and the Company Secretary have been nominated as the people responsible for communication with the ASX.

This involves complying with continuous disclosure requirements outlined in ASX Listing Rules, ensuring that disclosure with the ASX is co-ordinated and being responsible for administering and implementing this Policy.

### Shareholder Communication

In accordance with ASX Principle 6, Eclipse has established a communications strategy policy.

The directors of Eclipse recognise the importance of forthright communication and in order to prosper and achieve growth, it must (among other things) earn the trust of employees, customers, suppliers, communities and shareholders by being forthright in its communications and consistently delivering on its commitments.

The Board aims to ensure that the shareholders on behalf of whom they act are informed of all information necessary in order to make effective decisions about Eclipse and to be kept informed of all major developments affecting the Company in a timely and effective manner. Eclipse follows three main forms of information disclosure:

- Continuous disclosure - which is its core disclosure obligation and primary method of informing the market and shareholders;
- Periodic disclosure - in the form of full-year and half-year reporting; and
- Specific information disclosure - as and when required, of administrative and corporate details, usually in the form of ASX releases.

Further it is a Corporations Act requirement that the auditor of Eclipse attends the Annual General Meeting. This provides shareholders with the opportunity to ask the auditor questions concerning the conduct of the audit and the preparation and content of the Auditor Report as contained in the 2014 Annual Report.

## 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 22 September 2013.

### (a) Distribution of equity securities

#### (i) Ordinary share capital

- 559,856,824 fully paid shares held by 601 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	44	3,497
1,001 – 5,000	5	18,180
5,001 – 10,000	123	1,215,470
10,001 – 100,000	168	9,735,966
100,001 and over	261	548,883,711
	601	559,856,824

477 Shareholders are holding less than a marketable parcel

#### (ii) Unlisted options

- 1 holder of 150,000 unlisted options expiring 30 November 2015 exercisable at \$0.20 each do not carry the right to vote or receive dividends; and
- 52 holders of 103,023,813 unlisted options expiring 30 November 2016 exercisable at \$0.06 each do not carry the right to vote or receive dividends;

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

	Number held	Percentage %
Ghan Resources Pty Ltd	132,053,131	23.59
Moray Holdings Pty Ltd <Paul Byrne Family A/c>	25,000,000	4.47
Westpearl Pty Ltd	25,000,000	4.47
S & CJ Pty Ltd <Falcon Gold Superannuation Fund A/c>	22,245,000	3.97
Forrest Equities Pty Ltd	21,321,171	3.81
Hochian Investments Pty Ltd	20,800,000	3.72
Cauldron Energy Ltd	19,625,232	3.51
Totakhil Habibullah	11,533,343	2.06
Kasher Diamonds Corporation Pty Ltd	11,307,283	2.02
Watson Robert Clarence	11,000,000	1.96
Ma Caroline	8,000,000	1.43
Blackie Dylan Steven	8,000,000	1.43
Lippi Adrian <Deep Impact Fishin>	8,000,000	1.43
Popal Enterprise Pty Ltd	7,705,425	1.38
Idra Holdings Pty Ltd <Jecama A/c>	6,669,879	1.19
Nova Legal Pty Ltd	6,000,000	1.07
Parekh Ashok Aaron	6,000,000	1.07
Webimble Pty Ltd	5,500,000	0.98
Perdignus Pty Ltd <Hardie Superannuation Fund A/c>	5,205,752	0.93
Okewood Pty Ltd	5,000,000	0.89
	<b>85,992,103</b>	<b>75.53</b>

## Additional securities exchange information (cont'd)

### (c) Substantial holders

The substantial holder in the Company is set out below:

	Number held	Percentage
<i>Ordinary shares</i>		
Ghan Resources Pty Ltd	132,053,131	23.59

### (d) Voting rights

All ordinary shares carry one vote per share without restriction.

### (e) Business Objective

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

## Schedule of mineral tenements

<b>Eclipse Metals Limited</b> <b>Schedule of Mineral Tenements</b> <b>As at 16 September 2014</b>			
<b>Tenement</b>	<b>Project Name</b>	<b>Status</b>	<b>Ownership Interest</b>
EL 27567	Mt Wells	Granted	100%
EL 24808	Eclipse	Granted	100%
EL 26257	West Batchelor	Granted	100%
EPM 17672	Mary Valley	Granted	55.61%
EPM 17938	Mary Valley	Granted	55.61%
EL 27117	West McArthur	Granted	55.61%
EPM 18596	Moonford	Granted	55.61%
EL 7986	Moss Vale	Granted	55.61%
ELA 24623	Eclipse	Application	100%
ELA 24624	Eclipse	Application	100%
ELA 24627	Eclipse	Application	100%
ELA 24861	Lake Mackay	Application	100%
ELA 25666	Mt Pozieres	Application	100%
EPM 25698	West Mary Valley 1	Application	100%
ELA 26193	Liverpool 1	Application	100%
ELA 26244	Liverpool 2	Application	100%
ELA 26259	South Alligator	Application	100%
ELA 26260	South Alligator	Application	100%
ELA 26283	Mt Theo	Application	100%
ELA 26284	Mt Patricia	Application	100%
ELA 26487	Yuendi	Application	100%
ELA 26488	Atlee	Application	100%
ELA 26489	Mackay	Application	100%
ELA 26490	Yoolgarri	Application	100%
ELA 26491	Chilla Well	Application	100%
ELA 26492	Wild Cat Bore	Application	100%
ELA 26493	Puyurru	Application	100%
ELA 27130	Flying Fox	Application	100%
ELA 27549	Liverpool 3	Application	100%
ELA 27584	Devil's Elbow	Application	100%
EL 27703	Gumadeer	Application	100%