

# Quarterly Activities Report and Appendix 5B

## For the Quarter ending 31 March 2015

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

### Exploration Highlights:

#### MARY VALLEY MANGANESE

##### Amamoor Mine Areas (EPM17938)

- Rock-chip sample assay results up to **52% Mn**
- Old waste dumps and stockpiles could provide bulk samples and possibly saleable ore to evaluate potential for full-scale mining.
- Shallow exploration targets beneath and adjacent to historic workings have potential to contain more than **37,000t of mineralisation** at historical grades **up to 40% Mn** to less than 15m depth.
- Based on a Cuban style model, the potential resource of manganese mineralisation available at Amamoor could be multiples of the above.
- Historical near surface production has been reported as up to **20,000t at grades up to 53% Mn between 1920 and 1960.**
- Mineralisation style shows similarities to the Woodie Woodie deposit.
- First time that high grade manganese mineralisation has been geologically mapped and orientation determined.

##### Upper Kandanga Mine Area (EPM17672)

- Rock-chip samples have yielded assays up to **40.91% Mn.**
- Shallow exploration targets beneath and adjacent to historic workings have potential to contain more than **130,000t of mineralisation with grades of +/-40% Mn.**
- Historical near surface production between 1918 and 1966 has been reported as 7,930t at grades up to 44% Mn.
- First time that high grade manganese mineralisation has been geologically mapped and orientation determined.
- First time that geological control of mineralisation has been recognised which will enable classification of mineralisation style.
- Eclipse Metals has identified shallow exploration targets adjacent to the historic workings to be tested with a programme of 11 angled diamond drill-holes.
- EPM renewed for a further 5 years.

#### NORTHERN TERRITORY URANIUM PROSPECTS - DATA REVIEW

- Uranerz discovered the Devil's Elbow uranium-gold-palladium prospect, located within ELA27584, during a regional radiometric survey between 1987 and 1989. Samples from shallow trenching yielded high grade uranium assays including **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 **38.1g/t Au** and **28.02g/t Pd**, related to fractures within altered amygdaloidal basalt of the Nungbalgarri Volcanics.
- Strongly anomalous gravity and radiometric zones north-north-west and south of the main uranium mineralised area were found to contain numerous untested radiometric anomalies warranting further ground exploration.
- A detailed radiometric survey delineated uranium anomalies to the south-west of the Devil's Elbow Prospect which remain to be tested.

- Rock Chip results from the Ferricrete Anomaly yielded strong uranium assays of **0.762% U**, **0.372% U**, **0.364% U** and **0.362% U**. Highest total counts are in excess of 15,550cps.
- Ground investigation over the Devil's Elbow area found radioactive volcanic boulders with counts up to 24,100cps. Samples taken from the radioactive volcanic boulders assayed **0.172% U**, **0.121% U** with a highest value of **0.33% U**.

## **EXPLORATION ACTIVITIES**

### **QUEENSLAND - MARY VALLEY MANGANESE PROJECT**

From 12th January until the 1<sup>st</sup> April 2015, the Company released a series of results from the third phase of a ground exploration programme over the Mary Valley Manganese project area in Queensland, with work concentrated on the Amamoor and Upper Kandanga historical manganese mines.

**Amamoor Mine Area (EPM17938)** (please refer to the ASX announcement dated 17<sup>th</sup> March 2015 for full details).

The third phase of exploration conducted by Eclipse during the quarter included geological mapping, surface sampling along with identification of drill targets proximal to mineralisation defined by previously exploration work. Historically, the two exploration permits have yielded over 31,000t of high grade direct shipping manganese ore with assays of 39.5% to 51% Mn from mining operations carried out during the 1920's and 1960's. In the past 50 years little to no geological activity has been recorded over the Mary Valley prospects for manganese.

Work concentrated on three groups of workings within the Amamoor mined zones referred to by the Company as the Northern Workings, Central Workings and Southern Workings. Each set of workings consists of a series of narrow, shallow excavations made sub-parallel to the ridge. These excavations enabled mining to follow the tabular lenses of manganese mineralisation down slope. Eclipse Metals has identified eight lenses of manganese mineralisation.

In addition to the in-situ mineralisation, there are several dumps containing a mixture of mineralised rock (probably historical ore) and waste rock. The three largest historical mine dumps containing a total of about 1350m<sup>3</sup> of rubble were sampled during the recently completed fieldwork. Assays range from 0.55% to 42.31% Mn with a mean of 13.27% Mn, from a total of 35 samples. Historical ore and waste dumps will provide initial bulk samples and may constitute an initial source of saleable "ore."

**Upper Kandanga Mine Area (EPM17672)** (please refer to the ASX announcement dated 1<sup>st</sup> April 2015 for full details).

Eclipse' fieldwork confirmed the high-grade mineralisation over the Upper Kandanga Manganese Deposit. Assay results of 10 samples collected in 2014 and 2015 from the historical Upper Kandanga Manganese Mine workings range from 15.46% Mn to **42.86% Mn** with a mean of **34.39% Mn**. Silica (SiO<sub>2</sub>) is the main impurity in this high-grade manganese mineralisation with a mean concentration of 40.05% SiO<sub>2</sub>.

The historical mine exploited a single lens of manganese mineralisation up to 4.5m thick, having an east-west trend and shallow dip towards the north. The mineralised lens is conformable with the shale.

Three main faults and several minor faults transect the lens, resulting in six separate sections of mineralisation. Each section is separated from adjacent sections by vertical displacements.

Characteristics of the mineralisation at Upper Kandanga, based on historical records compiled during mining operations and Eclipse' recent observations, suggest that mineralisation extends beyond the historical workings. Interpretation of the Upper Kandanga mineralisation as an example of Cuban-type manganese mineralisation (Spitalny, 2015a and 2015b) supports the assertion that these workings exploited only part of a manganese deposit that is significantly larger than indicated by the size of the historical workings.

The entire manganese deposit at Upper Kandanga may exceed **130,000 tonnes** but it is unclear how much of it can be exploited as the depth of overburden is uncertain. Drilling will be required to confirm both continuity of mineralisation and depth of overburden. A programme of eleven angled diamond drill-holes is proposed to test the up-dip, down-dip and along-strike continuation of mineralisation beyond the historical workings.

The Exploration Permit for Minerals has been renewed for a period of a further five years.

### **Future Mary Valley Exploration**

Investigation of the mineralogical and physical characteristics of mineralisation from the Amamoor and Upper Kandanga Manganese mine workings, to include petrographic and petro-physical studies, has commenced. This will assist in determination of exploration and processing requirements of mineralisation from the Upper Kandanga Manganese Deposit.

Results to-date confirmed the possibility that the Mary Valley Manganese Project has the potential to contain a much larger quantity of manganese mineralisation than apparent from historical production.

The company will continue its exploration of other prospects such as Skyring Creek, Skyring North, Eel Creek and Queen Mary that, in addition to the Amamoor and Upper Kandanga prospects, appear to have potential to contain significant quantities of manganese mineralisation.

### **NORTHERN TERRITORY URANIUM PROSPECTS - DATA REVIEW** (please refer to reports released via the ASX on the 9<sup>th</sup> February and the 3<sup>rd</sup> March 2015).

During February until early March 2015, Eclipse undertook a very extensive data and literature research over the Devil's Elbow Project. The project lies approximately 285 km east of Darwin and is hosted within the world class Alligator Rivers Uranium Field. The tenements are situated approximately 41km south east of the worked-out Nabarlek Uranium Mine which produced 12,000 tonnes of uranium oxide from 568,402t of ore with a grade of 1.95% U<sub>3</sub>O<sub>8</sub>. The Devil's Elbow prospect lies within a group of four tenements with an area of 1,239sqkm wholly situated in West Arnhem Land.

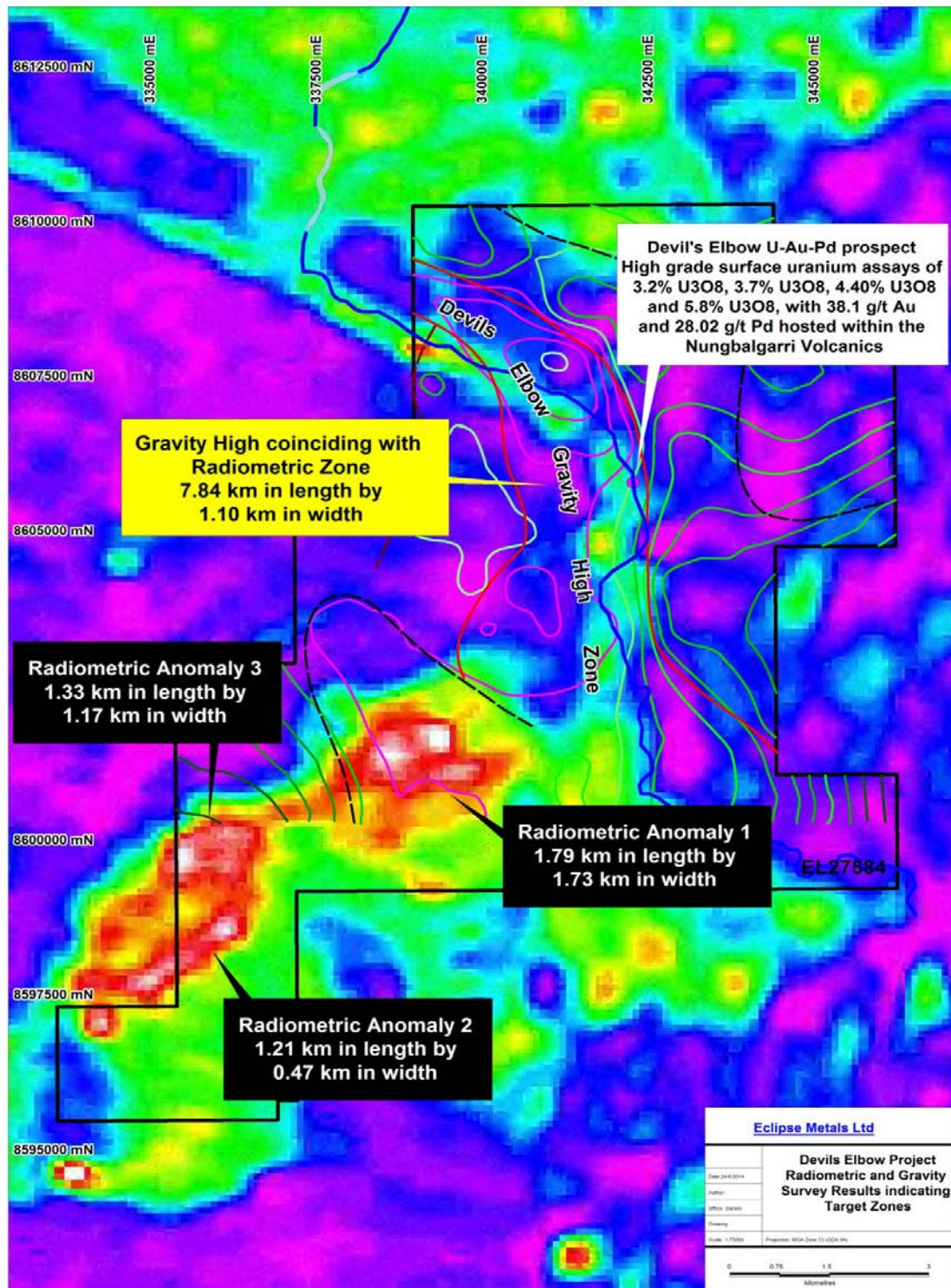
In 1987 and 1989, Uranerz Australia Pty Ltd conducted regional uranium exploration within the central part of ELA 27584, targeting uranium unconformity type deposits. Work carried out included regional and detailed gravity, airborne magnetic and radiometric surveys, geological mapping, geochemical surveys and stream sediment sampling. Results of the airborne surveys which highlighted the presence of significant uranium channel responses from the airborne radiometric survey.

Through this exploration work, the Devil's Elbow uranium-gold-palladium prospect was delineated and is considered to be a low sulphide quartz vein system which contains uranium and precious metals. It is believed that mineralisation is related to fractures within altered amygdaloidal basalt of the Nungbalgarri Volcanics. Samples from shallow trenches returned high uranium assays including **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 38.1g/t Au and 28.02g/t Pd**.

The Terrace anomaly located at the northern end of the Devil's Elbow area is characterised by elevated radiometric values over an area of rubbly volcanic and ferricrete material on the eastern slope of the main Goomadeer Valley. Significantly, approximately 20 boulders of ferruginous sandstone float were identified as anomalous in uranium, with one boulder returning a highly anomalous result of 0.21% U<sub>3</sub>O<sub>8</sub>. The boulders are located near a major southeast trending lineament.

The Ferricrete anomaly is located to the southeast of the Devil's Elbow area, within a deeply incised east-northeast trending splay of the Ranger Fault. Uranium anomalism is contained in partially ferruginised clays on the valley floor with a lateral expression of approximately 150m, with enriched U levels contained within ferricrete / ironstone float material. Assays from ferricrete / ironstone samples returned up to **0.35% U<sub>3</sub>O<sub>8</sub>**. Trenching across the valley floor returned assay results of up to **0.44% U<sub>3</sub>O<sub>8</sub>** with enriched gold associated with lateritic clays. Due to access difficulties, this area was not drill tested by Uranerz.





**Figure 1: Untested Airborne Gravity and Radiometric Target Zones**

Subsequently Cameco completed airborne surveys which highlighted significant uranium channel response from the airborne radiometric survey.

### **Uranium Exploration Potential**

Based on the exploration data findings the Company is encouraged with the prospectivity of EL27584. The project area has been shown to contain numerous clusters of first and second order radiometric anomalies in conjunction with major structural target areas which have never been investigated (Figure 4). Prospects delineated by previous exploration remain poorly tested within the tenement area and the surrounding zones around the Ranger Fault. The information has highlighted exploration geochemical/geophysical targets on which testing will be implemented upon granting of tenure.

## TENEMENT INTERESTS AT THE END OF THE QUARTER

Interest in Granted Mining tenements at the end of the quarter

Tenement	Project Name	Commodity	Status	State	Beneficial Holder	Area	
						Blk	km <sup>2</sup>
EL 27567	Mt Wells	Gold-Base Metals	Granted	NT	Eclipse Metals Pty Ltd	9	23.31
EL 24808	Eclipse	Uranium	Granted	NT	Eclipse Metals Pty Ltd	27	85.79
EL 27117	West McArthur	Manganese-Base Metals	Granted	NT	Eclipse Metals Pty Ltd	193	321.21
EPM 17672	Mary Valley	Manganese	Granted	QLD	Eclipse Metals Pty Ltd	54	167.40
EPM 17938	Amamoor	Manganese	Granted	QLD	Eclipse Metals Pty Ltd	4	12.40
EPM 18596	Moonford	Iron	Granted	QLD	Eclipse Metals Pty Ltd	40	84.20
<b>TOTAL</b>							<b>725.31</b>

Exploration Licences Application at the end of the quarter

Tenement	Project Name	Commodity	Status	State	Beneficial Holder	Area	
						Blk	km <sup>2</sup>
ELA 24623	Eclipse	Uranium	Application	NT	Eclipse Metals Ltd	305	932.06
ELA 24624	Eclipse	Uranium	Application	NT	Eclipse Metals Ltd	476	1,457.58
ELA 24627	Eclipse	Uranium	Application	NT	Eclipse Metals Ltd	500	1,518.00
ELA 24861	Lake Mackay	Uranium	Application	NT	Eclipse Metals Ltd	50	158.70
ELA 25666	Mt Poizieres	Uranium	Application	NT	Eclipse Metals Ltd	229	780.60
ELA 26193	Liverpool 1	Uranium	Application	NT	Eclipse Metals Ltd	240	804.40
ELA 26244	Liverpool 2	Uranium	Application	NT	Eclipse Metals Ltd	50	163.30
ELA 26259	South Alligator 1	Uranium	Application	NT	Eclipse Metals Ltd	202	660.70
ELA 26260	South Alligator 2	Uranium	Application	NT	Eclipse Metals Ltd	274	883.30
ELA 26487	Yuendi	Uranium-Copper	Application	NT	Eclipse Metals Ltd	320	1,003.00
ELA 26489	Mackay	Uranium	Application	NT	Eclipse Metals Ltd	157	497.40
ELA 26283	Mt Theo	Uranium	Application	NT	Eclipse Metals Ltd	260	832.70
ELA 27130	Flying Fox	Uranium	Application	NT	Eclipse Metals Ltd	482	1,607.98
ELA 27549	Liverpool 3	Uranium	Application	NT	Eclipse Metals Ltd	51	171.07
ELA 27584	Devil's Elbow	Uranium	Application	NT	Eclipse Metals Ltd	30	100.45
ELA 27703	Gumadeer	Uranium	Application	NT	Eclipse Metals Ltd	3	9.53
EPM25698	West Mary Valley	Manganese	Application	QLD	Eclipse Metals Ltd	10	30.01
<b>Total Area</b>							<b>11,610.78</b>

### Tenements Relinquished during the Quarter

EL's 7986 & 26257 with ELA's 26284, 26488, 26490, 26491, 26492 and 26493 were relinquished during this period



Pedro Kastellorizos  
Executive Director

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*Mr Pedro 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 Rodney Dale, a Non-Executive Director of Eclipse Metals Limited, 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.*

# Appendix 5B

## Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Eclipse Metals Limited

ABN

85 142 366 541

Quarter ended ("current quarter")

31 March 2015

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(53)	(189)
(b) development	-	-
(c) production	-	-
(d) administration	(133)	(222)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(186)</b>	<b>(411)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects <sup>1</sup>	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (refundable deposit)	-	-
<b>Net investing cash flows</b>	<b>(186)</b>	<b>(411)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(186)</b>	<b>(411)</b>

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(186)	(411)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc. <sup>1</sup>	30	180
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Share issue proceeds of \$7k) <sup>2</sup>	7	102
			-
	<b>Net financing cash flows</b>	37	282
	<b>Net increase (decrease) in cash held</b>	(149)	(115)
1.20	Cash at beginning of quarter/year to date	375	341
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	226	226

1. Capital raising funds of \$30,000 were received during March 2015 quarter issue of these Shares was approved by Shareholders at the Company's 2014 Annual General Meeting.

2. The underwriter to the Entitlements Issue has transferred 120 million shares to unrelated parties that will make the shares available to future investors and direct the proceeds to the Company. During the quarter, a total of \$7,000 was received by the Company. The Company remains in discussions with a range of potential future investors in relation to the remaining shares to the value of \$34,907.

#### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	72
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

#### Non-cash financing and investing activities

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

N/A

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

N/A



## Mining exploration entity and oil and gas exploration entity quarterly report

**Financing facilities available**

Add notes as necessary for an understanding of the position.

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

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	90
4.2 Development	-
4.3 Production	-
4.4 Administration	50
<b>Total</b>	<b>140</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	226	375
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>226</b>	<b>375</b>

**Changes in interests in mining tenements and petroleum tenements**

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	EL 26284	Application Licence	100%	0%
	EL 26488	Application Licence	100%	0%
	EL 26490	Application Licence	100%	0%
	EL 26491	Application Licence	100%	0%
	EL 26492	Application Licence	100%	0%
	EL 26493	Application Licence	100%	0%
	EL 7986	Granted	100%	0%
	EL 26257	Granted	100%	0%
6.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### 6.3 Interests in mining tenements at end of the quarter

Location	Project Name	Tenement #	Ownership	Titleholder
Northern Territory	Mt Wells	EL 27567	100%	Eclipse Metals Ltd
Northern Territory	Eclipse	EL 24808	100%	Eclipse Metals Ltd
Queensland	Mary Valley	EPM 17672	55.61%	Walla Mines Pty Ltd
Queensland	Amamoor	EPM 17938	55.61%	Walla Mines Pty Ltd
Northern Territory	West McArthur	EL 27117	55.61%	Walla Mines Pty Ltd
Queensland	Moonford	EPM 18596	55.61%	Walla Mines Pty Ltd
Northern Territory	Eclipse	ELA 24623	100%	Eclipse Metals Ltd
Northern Territory	Eclipse	ELA 24624	100%	Eclipse Metals Ltd
Northern Territory	Eclipse	ELA 24627	100%	Eclipse Metals Ltd
Northern Territory	Lake Mackay	ELA 24861	100%	Eclipse Metals Ltd
Northern Territory	Mt Poizieres	ELA 25666	100%	Eclipse Metals Ltd
Northern Territory	Liverpool 1	ELA 26193	100%	Eclipse Metals Ltd
Northern Territory	Liverpool 2	ELA 26244	100%	Eclipse Metals Ltd
Northern Territory	South Alligator 1	ELA 26259	100%	Eclipse Metals Ltd
Northern Territory	South Alligator 2	ELA 26260	100%	Eclipse Metals Ltd
Northern Territory	Mt Theo	ELA 26283	100%	Eclipse Metals Ltd
Northern Territory	Yuendi	ELA 26487	100%	Eclipse Metals Ltd
Northern Territory	Mackay	ELA 26489	100%	Eclipse Metals Ltd
Northern Territory	Flying Fox	ELA 27130	100%	Eclipse Metals Ltd
Northern Territory	Liverpool 3	ELA 27549	100%	Eclipse Metals Ltd
Northern Territory	Devil's Elbow	ELA 27584	100%	Eclipse Metals Ltd
Northern Territory	Gumadeer	ELA 27703	100%	Eclipse Metals Ltd

#### Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

7.3	<b>+Ordinary securities</b>	634,106,824	634,106,824		
7.4	Changes during quarter being increases through issues	38,000,000	38,000,000	\$0.005	\$0.005
7.5	<b>+Convertible debt securities (description)</b>	-	-	-	-
		-	-	-	-
7.7	<b>Options (description and conversion factor)</b>	150,000 103,023,813	- -	<i>Exercise price</i> 20 cents 6 cents	<i>Expiry date</i> 30/11/15 30/11/16
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures (totals only)</b>	-	-	-	-
7.12	<b>Unsecured notes (totals only)</b>	-	-	-	-

**Compliance statement**

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

Sign here:

Date: 29 April 2015

Print name:

**Eryn Kestel  
Company Secretary**

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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- 3      **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4      The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5      **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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