



ABN 85 142 366 541

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## **Annual Report**

**For the financial year ended 30 June 2015**

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## Corporate Directory

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### DIRECTORS

Carl Popal

Pedro Kastellorizos

Rodney Dale

Executive Chairman

Executive Director

Non-Executive Director

### COMPANY SECRETARY

Eryn Kestel

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### SECURITIES EXCHANGE

Australian Securities Exchange

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ASX Code: **EPM, EPMO**

### SHARE REGISTRY

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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 2015. 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 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, resigned 29 October 2014

### 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 activity during the financial year.

### 4. OPERATING RESULTS

The Group reported a net loss of \$2,100,544 for the financial year (2014: loss of \$806,194).

### 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 2015.

### 8. ENVIRONMENTAL ISSUES

The Group's 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)

### REVIEW OF OPERATIONS

#### Exploration Summary

Eclipse Metals Limited holds an impressive portfolio of 11,916 km<sup>2</sup> in 230 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 the Liverpool Uranium Projects in Northern Territory.

At the Mary Valley Project, geological evaluation of the Amamoor and Upper Kandanga Manganese areas highlighted shallow exploration targets beneath and adjacent to historic workings which have a combined potential to contain more than **167,000t of mineralisation** with grades up to **40% Mn** to depth of less than 15m depth with all mineralisation open along strike and at depth.

In the Northern Territory, based on reviews of historical exploration data the Company is encouraged with the prospectivity of Devil's Elbow prospect in EL27584, within the Liverpool Project area. The project area has been shown to contain numerous clusters of first and second order radiometric anomalies in conjunction with major structural target areas. Prospects delineated by previous exploration remain poorly tested or untested within the tenement area and the surrounding zones around the Ranger Fault. The Hogs Back and Ranger Fault Zones cover 11.2km of untested strike length which could potentially host uranium mineralisation. In the southern portion of the tenement there are strong untested radiometric anomalies with an area of 5km by 2km.

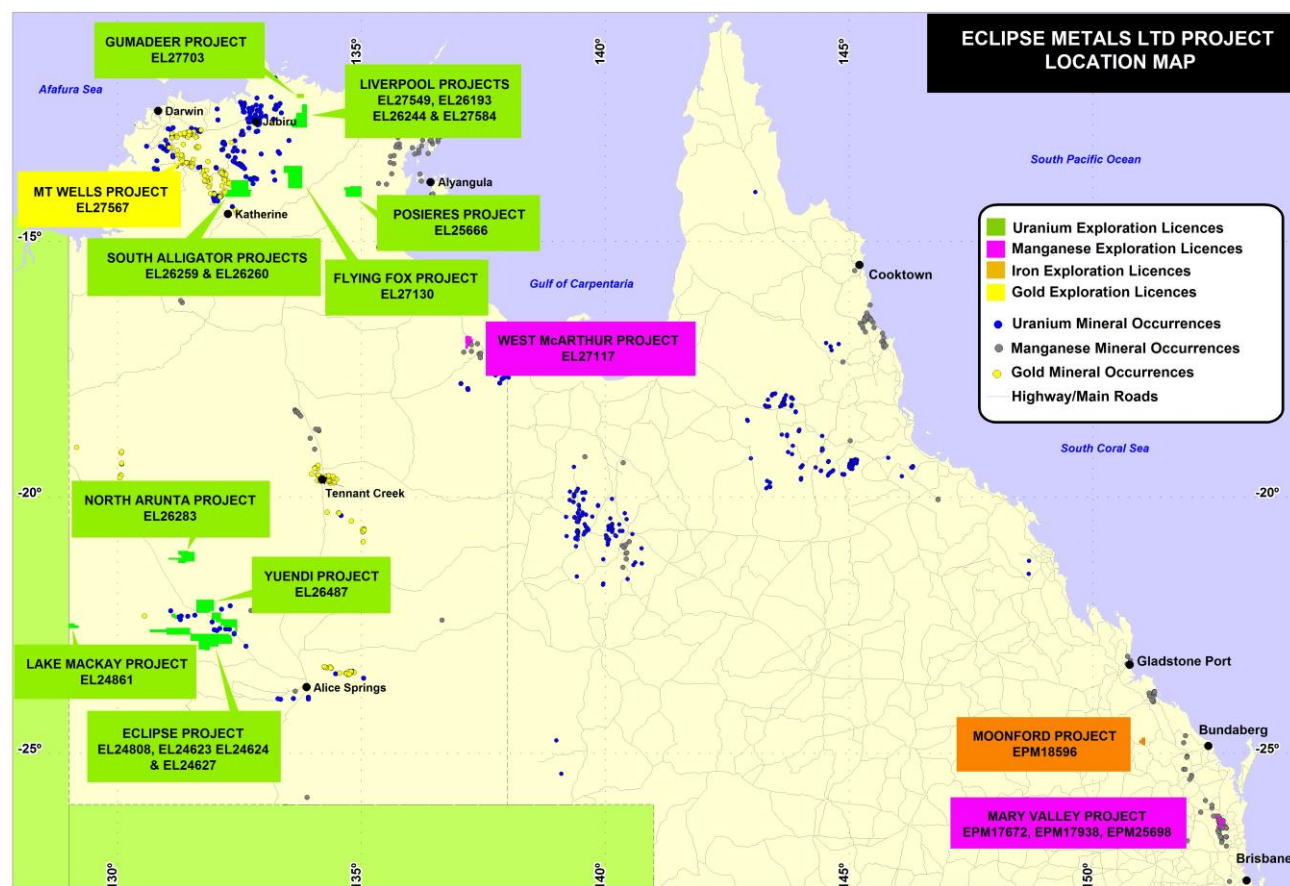


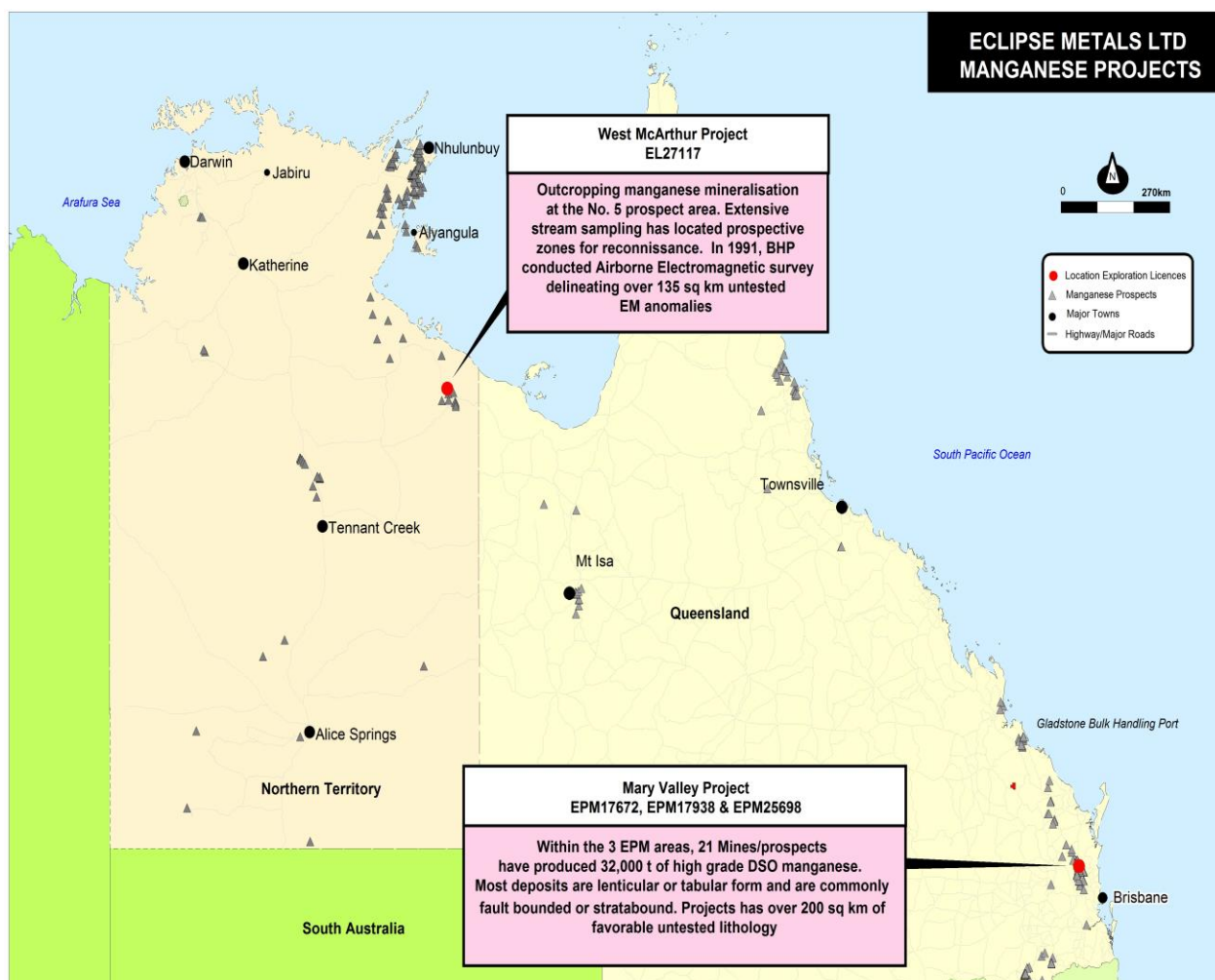
Figure 1: Eclipse Metals Ltd Projects Location Map

## MANGANESE AND IRON PROJECTS

### 9.1. MARY VALLEY MANGANESE PROJECT, QUEENSLAND

During the reporting period the Company 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 three granted Exploration Permit's, EPM 17672, EPM17938 and EPM 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 a 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 historically 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.



**Figure 2: Manganese Projects Location Map**

The second phase of exploration activities was completed and 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. The results of the exploration were included in the 2014 Annual Report released to ASX on the 26<sup>th</sup> September 2014.

Follow-up fieldwork early in 2015 included detailed geological mapping and sampling and resulted in definition of several highly prospective areas with potential to contain substantial resources of high grade manganese mineralisation.

### **Amamoor Manganese Mine**

#### **Geological Mapping and Sampling – February to March 2015**

Exploration activities prepared in January and conducted from February to March 2015 included the third phase of exploration over Mary Valley Manganese Project tenements as reported to the ASX on 17<sup>th</sup> and 26<sup>th</sup> March 2015. Rock chip sample assays confirmed shallow exploration targets beneath and adjacent to historic workings, specifically around the Amamoor and Upper Kandanga historical mine areas.



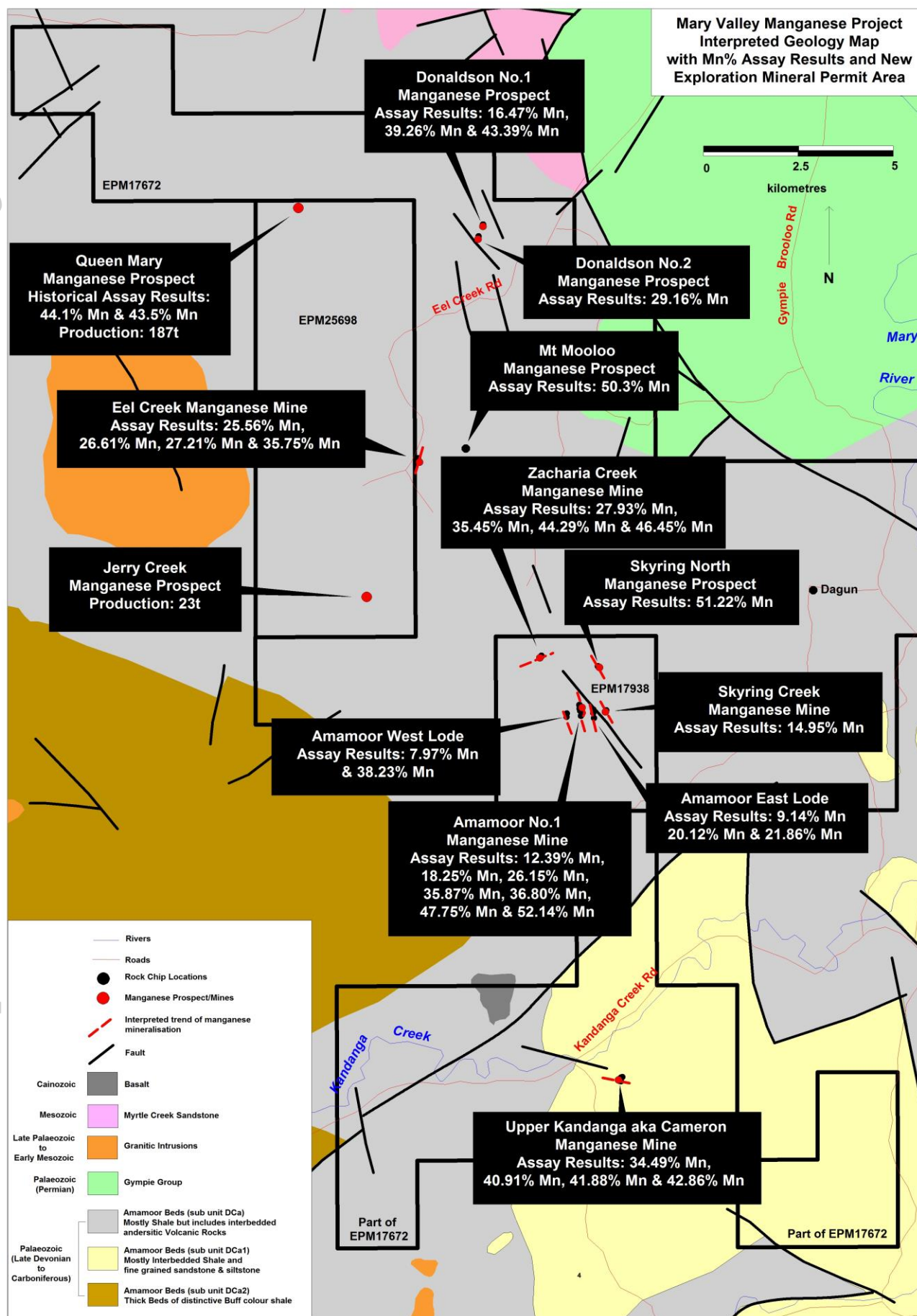


Figure 3: Regional Geology and Tenement Map with location of old workings visited and rock-chip sample assays



## Directors' Report (cont'd)

Highlights from the exploration programme over the Amamoor Mine Area include:

- Historical Amamoor manganese mine workings constitute a brownfields project with potential for readily mineable mineralisation on or near surface.
- 
- Shallow exploration targets beneath and adjacent to historic workings have potential to contain more than **37,000t of mineralisation** with grades up to **52% Mn** to a depth of less than 15m.
- 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 nearly **20,000t at up to 53% Mn between 1920 and 1960**.
- Mineralisation style shows similarities to the Woodie Woodie deposit in WA.
- First time that high grade manganese mineralisation has been geologically mapped and orientation determined.
- Historical ore and waste dumps will provide bulk samples and **may constitute an initial source of saleable "ore."**

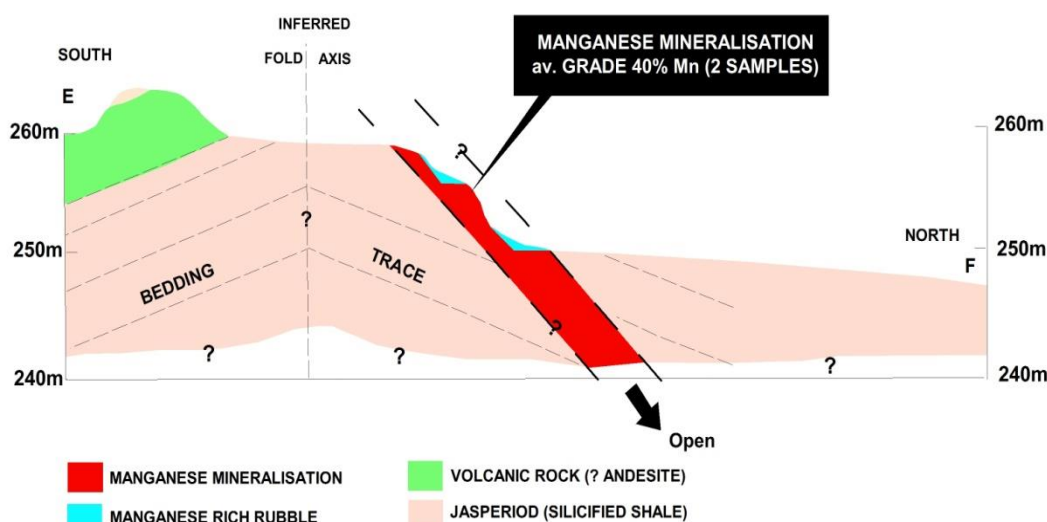
Exploration activities concentrated on three groups of workings over the main Amamoor prospect area referred to by the Company as the Northern Workings, Central Workings and Southern Workings. Each set of workings consists of a series of narrow, shallow excavations made sub-parallel to the ridge. These excavations enabled mining to follow the tabular lenses of manganese mineralisation down slope. Eclipse Metals has identified eight lenses of manganese mineralisation listed in the below table:-

**Comparison of the eight lenses of mineralisation**

Workings	Mineralised Lens	No. of Samples	Range % Mn	Mean % Mn	Mean % SiO <sub>2</sub>	Mean % Fe <sub>2</sub> O <sub>3</sub>	Mean % Al <sub>2</sub> O <sub>3</sub>	Mean % CaO	Mean % BaO
Northern	North No. 1	2	10.75 to <b>26.59</b>	18.53	33.35	7.75	9.94	12.26	0.29
Northern	North No. 2	2	16.54 to <b>26.14</b>	<b>21.34</b>	33.96	7.75	9.1	11.81	0.24
Central	Central No. 1	3	35.86 to <b>36.80</b>	<b>36.48</b>	22.02	6.12	6.51	7.57	0.99
Central	Central No. 2	2	6.88 to 8.86	7.87	42.72	9.91	15.22	9.51	0.57
Central	Central No. 3	2	29.32 to <b>52.14</b>	<b>40.73</b>	14.16	3.88	7.08	8.1	1.25
Central	Central No. 4	2	19.98 to <b>45.07</b>	<b>32.52</b>	22.19	4.88	8.46	8.12	2.76
Southern	Southern No. 1	4	17.68 to <b>34.68</b>	<b>23.53</b>	29.16	7.48	8.5	13.01	1.19
Southern	Southern No. 2	4	13.34 to <b>52.49</b>	<b>31.00</b>	22.82	5.11	7.21	7.91	4.16

The true orientation of lenses is discordant to bedding, with moderate dips (steeper than the slope of the ridge) towards the east. The orientation of each lens differs from others lenses. The mineralised lenses are fault-zones within which there has been variable replacement of jasperoid with manganese minerals. Historical ore-zones are those parts in which replacement proceeded toward completion.

**AMAMOOR MANGANESE MINE; CENTRAL WORKINGS  
CROSS SECTION E-F 1:500 scale**

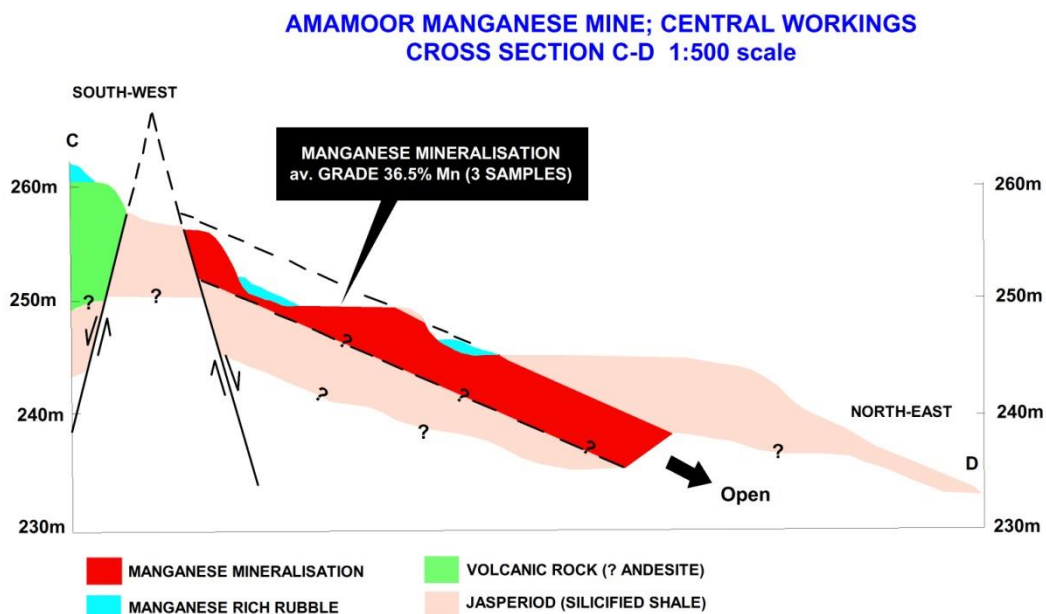


**Figure 4: Cross-section showing relationship between mineralisation and host rocks**

Grade of all samples collected from the workings range from 6.88% Mn to 52.49% Mn. The mineralisation style at the historical Amamoor workings is best classified as belonging to the Cuban-type subclass of volcanic-exhalative manganese deposits. This type of manganese

## Directors' Report (cont'd)

mineralisation has similarities to the Woodie Woodie deposit in the East Pilbara of WA, but is quite different from sedimentary-type manganese deposits such as Groote Island and deposits associated with banded iron formation.



The thickness and orientation of the lenses of manganese mineralisation in the Amamoor mine workings, along with historic evidence and likelihood that mineralisation is of the Cuban-type, supports the idea that mineralisation continues down-dip, below and beyond the present workings. In most cases, there is likely to be only 5 to 10m overburden.



**Photo 1: White sample bag at location from which sample PS070 (36.79% Mn) was collected.**  
**This sample was of remnant ore of the Central No.1 Lens, which dips toward the bottom-left of the image.**

Eclipse Metals exploration targets at the historical Amamoor Manganese Mine are the continuation of the North No.2 Lens, Central No.1 Lens, Central No.3 Lens and the South No.2 Lens.

## Directors' Report (cont'd)

Shallow excavations to a depth of 5m, enlarging some of the existing excavations, could enable extraction of about 2,450m<sup>3</sup> of "high-grade" (approx. 36% Mn) mineralisation from the Central and part of the Southern Workings and about 1,050m<sup>3</sup> of "low-grade" (approx. 21% Mn) mineralisation from the Northern Workings and part of the Southern Workings. Overall, volume of easily accessible manganese mineralisation is about 3,500m<sup>3</sup> at a likely overall grade of 25 to 32% Mn. The bulk density of this material will exceed 3t/m<sup>3</sup> so mass would exceed 10,000 tonnes.

### HISTORICAL MINE DUMPS

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 1,350m<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.

Material from the waste dumps, along with mineralised rock from the workings, were supplied to consultants for petrographic examination and petro-physical testing to determine the mineralogical and physical characteristics of the mineralisation and host rock. This will be an important part of the Company's investigation to determine exploration methods and processing requirements of mineralisation which may be mined from the Amamoor workings – (refer to report below). Historical ore and waste dumps will provide initial bulk samples and may constitute an initial source of saleable "ore."

#### Comparison of the Dumps

Dump Id	Dump Size	Number of Samples	Range % Mn	Mean % Mn
North	400-500	12	0.70 to <b>23.85</b>	11
South No.1	450	10	0.97 to <b>45.31</b>	16
South No.2	450	13	0.63 to <b>31.50</b>	12

A programme of 12 vertical diamond drill-holes is proposed to test the down-dip continuation of mineralisation below that which could be removed from excavations 5m deep. Assuming continuity of dimensions and grade, it is possible that an additional 7,900m<sup>3</sup> (more than 27,000 tonnes) of mineralised rock occurs within 50m of workings, to a depth of less than 15m from the surface.

Proposed drill collars/drill-targets are shown on the map - these drilling-targets are merely those parts of mineralised lenses that are closest to the workings and closest to surface. The mineralised lenses are interpreted to extend beyond the immediate conceptual target zone.

The most important apparent target is the continuation of the Central No.1 Lens for the following reasons:

1. This is the thickest lens; reportedly up to 6m thick. (Smith, 1959).
2. It appears to be of very consistent higher grade; mean about 36% Mn.
3. It continues (along plunge) with a shallow dip, such that there would be minimal overburden.
4. There is high confidence in the orientation and continuity of the lens, as the arrangement of workings and the location of remnant mineralisation provides reliable guidance.



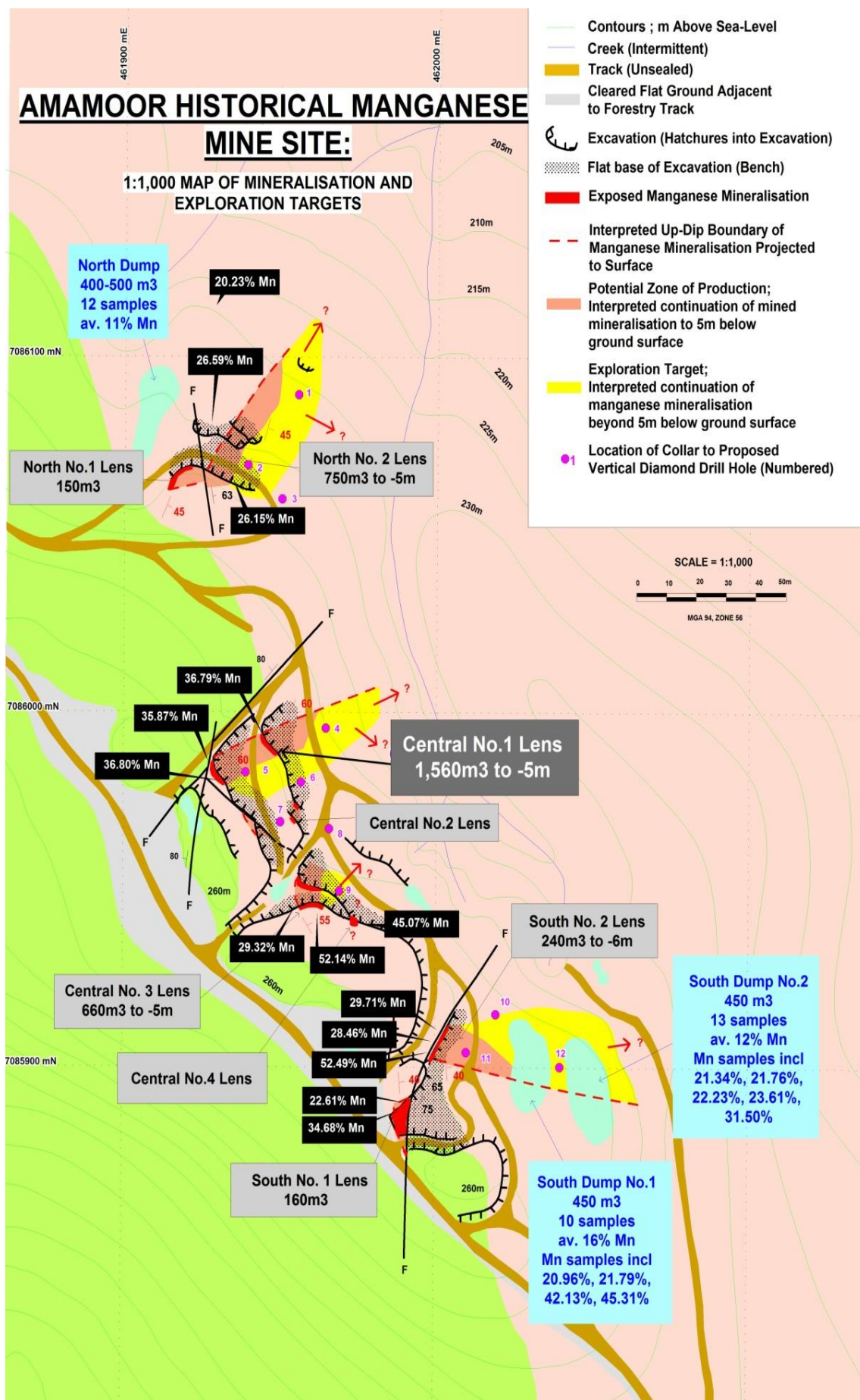


Figure 6: Interpreted Geology with Exploration Targets



## Directors' Report (cont'd)

### Upper Kandanga (aka Cameron) Manganese Mine

Exploration activities conducted from February to March 2015, included the third phase of exploration over Upper Kandanga prospect as reported to the ASX on the 1<sup>st</sup> April 2015, with rock chips sample assays confirming shallow exploration targets beneath and adjacent to historic workings.

Highlights from the exploration programme over the Upper Kandanga prospect area include:

- Recent rock-chip sampling yielding 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** or greater.
- 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.

The Upper Kandanga mine site, located about 6km west-southwest of the small town of Kandanga, was the second largest producer of manganese ore from the Mary Valley region. .

The historical mine-site is within a north-trending steep-sided gully bisected by the small intermittent creek that carved the gully. The main production workings are an open-pit about 50m long (oriented east-west) and about 20m wide (north-south). The pit-floor is obscured by water but assumed to be about 5 to 9m below encircling near-vertical walls as shown in the below photo.

Mining took place in three phases; 1918 – 1919, 1958 – 1960 and 1965 - 1966 which resulted in the production of about 7,930t of manganese ore; the exact amount is not certain. From 1918 and 1919, only 911t was produced at a grade of 44% Mn. Between 1958 to 1960, average ore grade was 46% manganese (Mn). The average grade of ore produced during the final production period (1965 – 1966) is uncertain, but it is likely to have exceeded 40% Mn as this was the lower grade limit of marketable ore at the time.



**Photo 2: The Upper Kandanga Mn Mine**

Eclipse' fieldwork has confirmed the high-grade of mineralisation in this 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**.

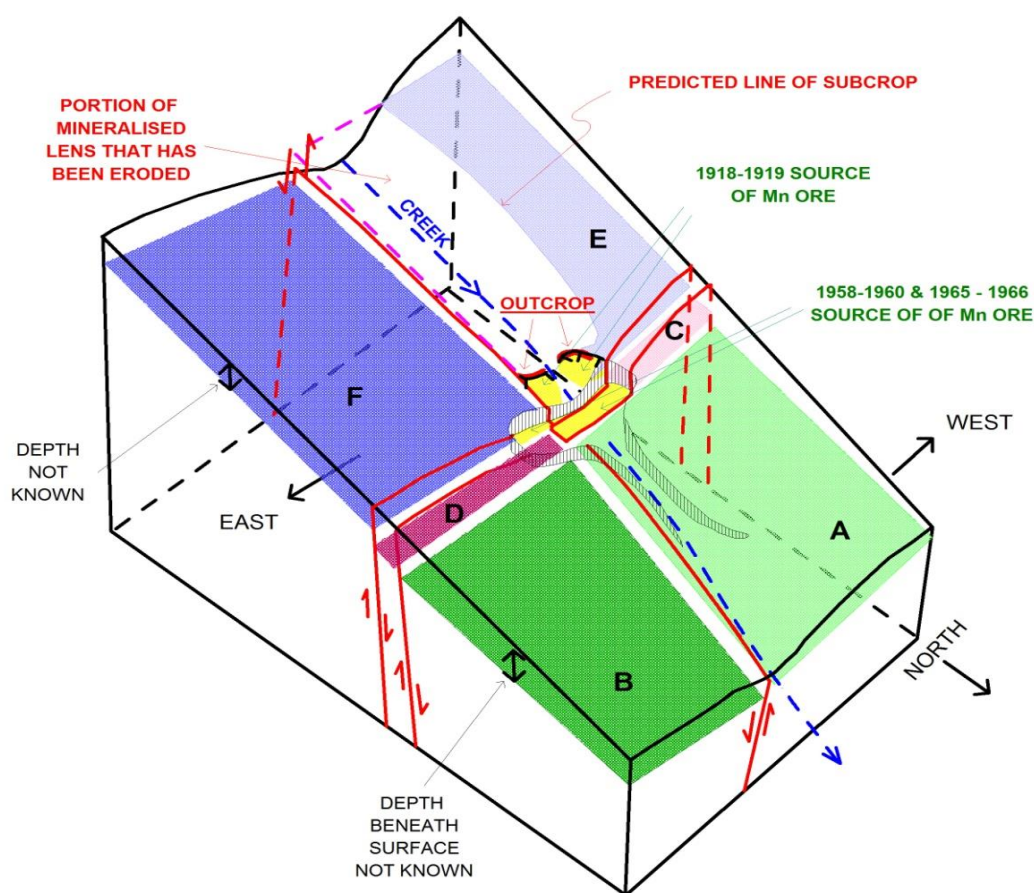
### Sample Assay results of Upper Kandanga Mn Mine samples

## Directors' Report (cont'd)

Sample Id	Year	Mn %	SiO <sub>2</sub> %	Fe <sub>2</sub> O <sub>3</sub> %	Al <sub>2</sub> O <sub>3</sub> %	CaO %	BaO %
PS039	2014	40.91	34.48	1.44	2.06	1.52	0.32
PS040	2014	41.88	33.1	0.77	1.34	1.28	0.12
PS041	2014	34.48	36.94	1.84	3.83	1.36	0.76
PS042	2014	42.85	25.55	2.24	2.59	1.23	0.14
PS114	2015	39.57	34.42	1.09	2.67	1.95	0.13
PS115	2015	15.46	68.97	1.47	2.96	0.75	0.15
PS116	2015	18.14	63.36	1.68	3.72	0.89	0.29
PS117	2015	40.64	28.17	0.98	2.01	0.41	0.16
PS118	2015	34.73	38.67	1.31	2.53	0.88	0.46
PS119	2015	35.24	36.88	2.03	0.28	1.6	0.28

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, fine-grained sandstone and chert within which it is interbedded. 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. The six sections of the mineralised lens identified at the historical Upper Kandanga Manganese Mine are referred to by Eclipse as sections A, B, C, D, E and F. (Part of section E is exposed adjacent to the workings). Historical production was from sections E, C and F. Sections A, B and D are not exposed within the workings.



**Figure 7: 3D Block model of mineralisation, Upper Kandanga Mn Mine**

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 a Cuban-type deposit (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



## Directors' Report (cont'd)

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. Refer Figure 5 for proposed drill sites and targets.

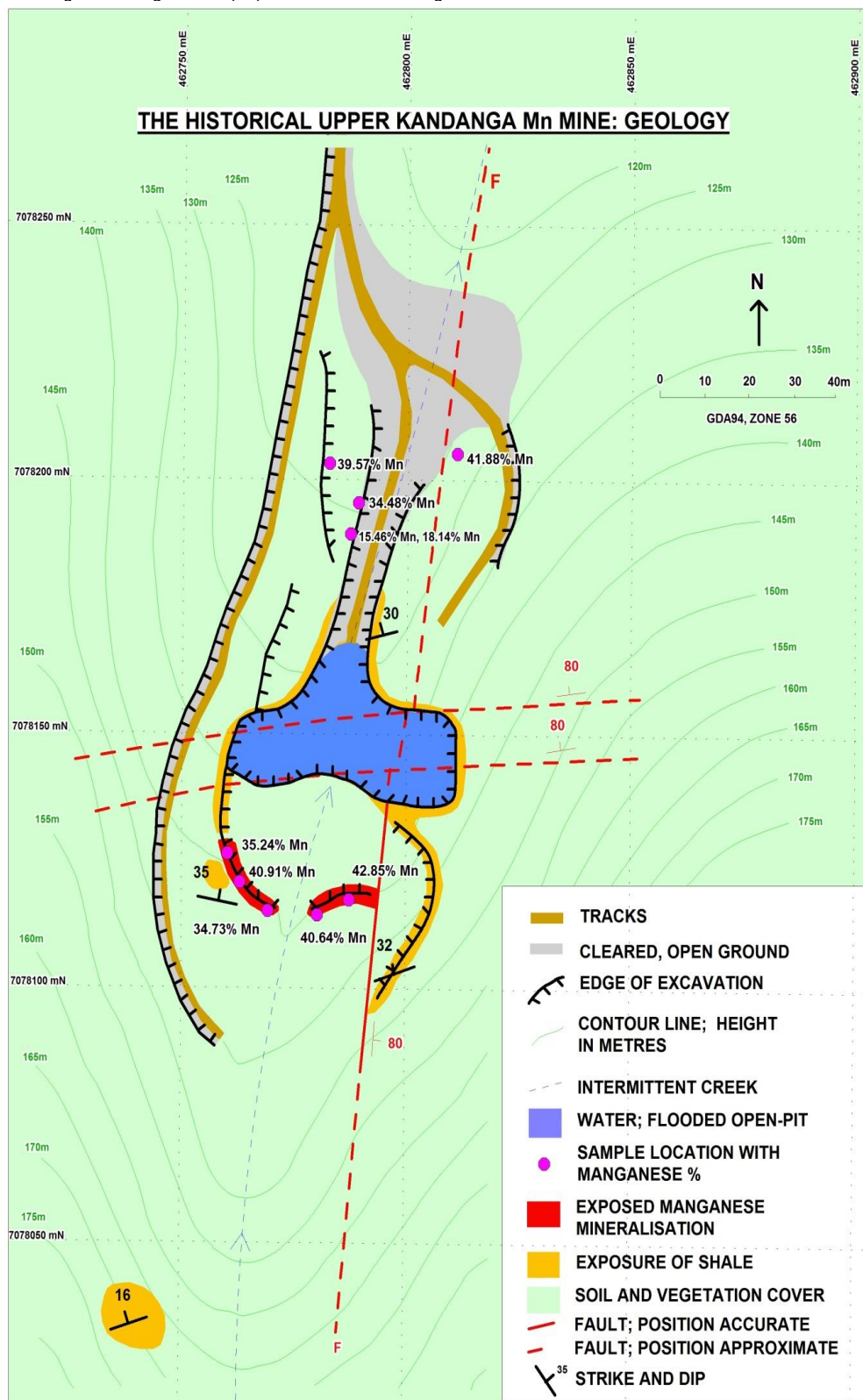
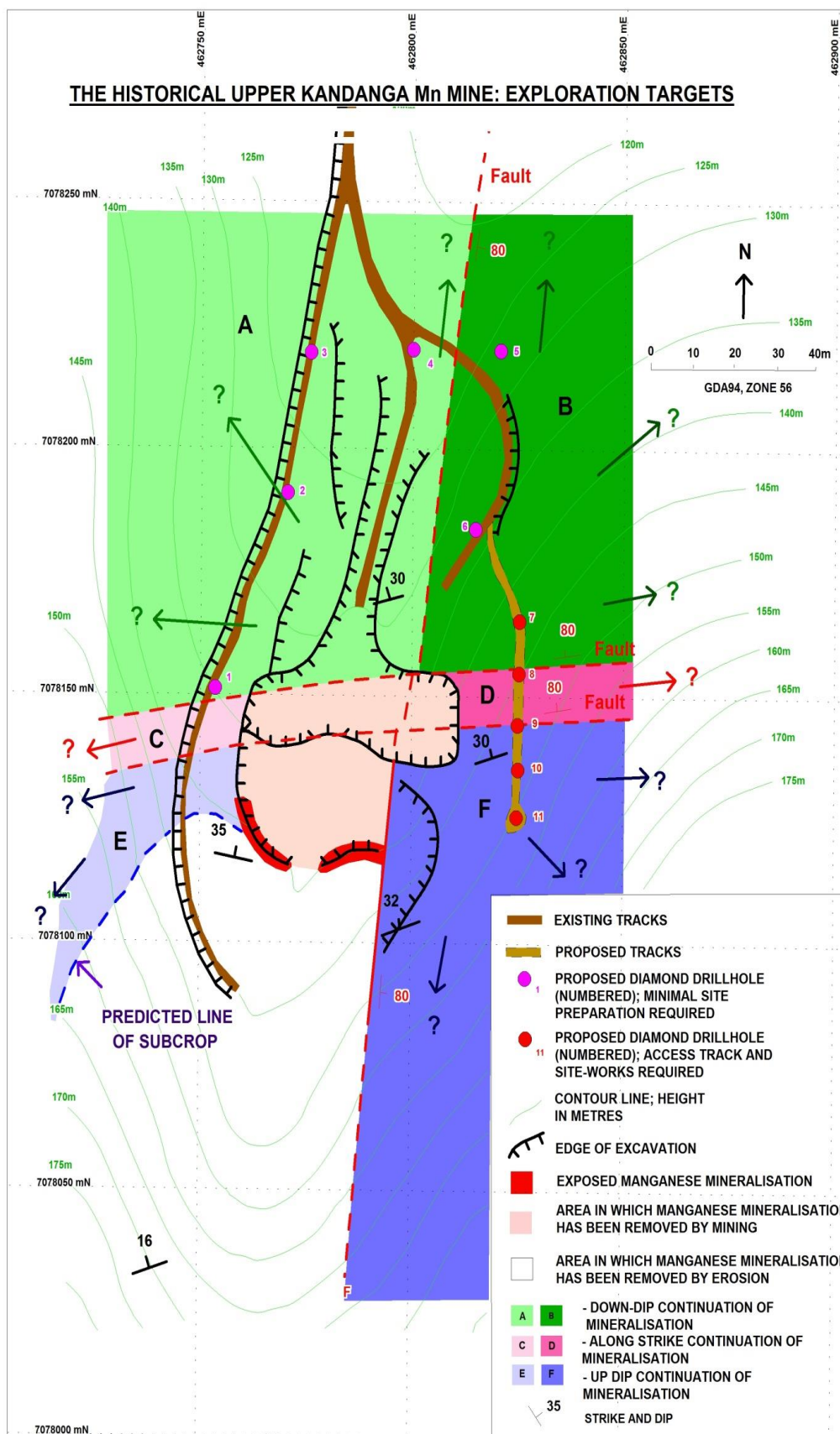


Figure 8: Geology sketch-map, Upper Kandanga Mn Mine, 2015





**Figure 9: Exploration Targets, Upper Kandanga Mn Mine**

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.

## Directors' Report (cont'd)

### Petrophysical and Petrological Studies

Further exploration activities were reported to ASX on 22<sup>nd</sup> May 2015, highlighting results from petrophysical testing which confirm that primary mineralisation continues at depth within the historical Amamoor and Upper Kandanga manganese mines.

Seven samples of rocks, representing mineralisation and barren host rocks, were submitted to Southern Geoscience Consultants for comprehensive petrophysical testing. An additional eight samples were tested for magnetic susceptibility and conductivity. Three of the samples subjected to comprehensive petrophysical testing were also sent to Townend Mineralogy Laboratory for petrological investigation (table below). These samples were selected to represent low to high grade manganese mineralisation from the Amamoor and Upper Kandanga historical mine areas.

#### Samples submitted for Petrophysical & Petrological investigation

Test Sample I.D	Description
PP04	Equivalent to PS055 (18.2% Mn) Northern Working Amamoor
PP05	Equivalent to PS060 ( 52.1% Mn) Central Workings Amamoor
PP07	Equivalent to PS039 (40.9% Mn) Upper Kandanga

#### Main findings of Petrophysical testing:

1. Mn mineralisation is significantly more magnetic than the surrounding country rocks.
2. Mn mineralisation is non-conductive, in contrast to the country rocks.
3. Mn mineralisation is significantly denser than the surrounding country rocks.

#### Implications for exploration:

1. Magnetic surveys, gravity surveys and I.P./resistivity surveys would be effective geophysical exploration methods. Both gravity and I.P./resistivity are ground-based methods and would present logistical difficulties and greater expense.
2. A low-level, close line-spaced air-borne magnetometer survey by fixed-wing aircraft is likely to be the most cost-effective initial method of remote sensing exploration.
3. Follow-up IP/resistivity surveys, which recognise robust contrasts between low to average and high grade Mn mineralisation, could be highly effective for mapping mineralised systems in areas indicated by the airborne magnetic survey.
4. That some Mn mineralisation is strongly magnetic will be of great assistance in evaluating the potential of some prospects such as Amamoor West, Skyring Creek and Eel Creek.

#### Main findings of Petrological investigation:

1. The mineralisation and host rocks have been metamorphosed which is evident from textures with well-developed triple-point intersections of grain boundaries and mineralogy (i.e. presence of garnet, piemontite, tephroite).
2. Mineralisation definitely pre-dates folding and metamorphism.
3. The mineralogy supports a Cuban classification as the style of mineralisation.
4. Most of the mineralisation consists of primary manganese minerals (e.g. hausmannite). Supergene manganese mineralisation is mostly present as amorphous material and comprises only a small proportion of the whole.
5. The compositional contrast between PP05 and PP07, i.e. dominant hausmannite vs dominant braunite, may indicate a difference between mineral compositions at different prospects (Amamoor vs Upper Kandanga) or may reflect different mineral composition related to grade - the observed mineralogy confirms many observations made by Oswald (1992).

#### Implications of Petrological investigation:

1. It appears that the exposed remnant mineralisation is mostly primary which is supported by field observations.
2. The Mn grade range of samples collected from the workings are likely to be representative of the grade of mineralisation continuing at depth at both Amamoor and Upper Kandanga.
3. Although hausmannite is essentially non-magnetic, it can be altered by hydrothermal fluids (addition of Fe) and become very magnetic; the strong magnetic response of some samples submitted to additional testing may be due to the presence of altered hausmannite. This characteristic can be exploited in future geophysical exploration.

## Directors' Report (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% Fe** (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 Coomalingah 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

### 9.4. URANIUM PROJECTS – NORTHERN TERRITORY

Eclipse Metals Ltd currently holds or is the applicant for exploration licenses over 11,665 km<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 and ranked according to their uranium potential and mineral prospectivity.

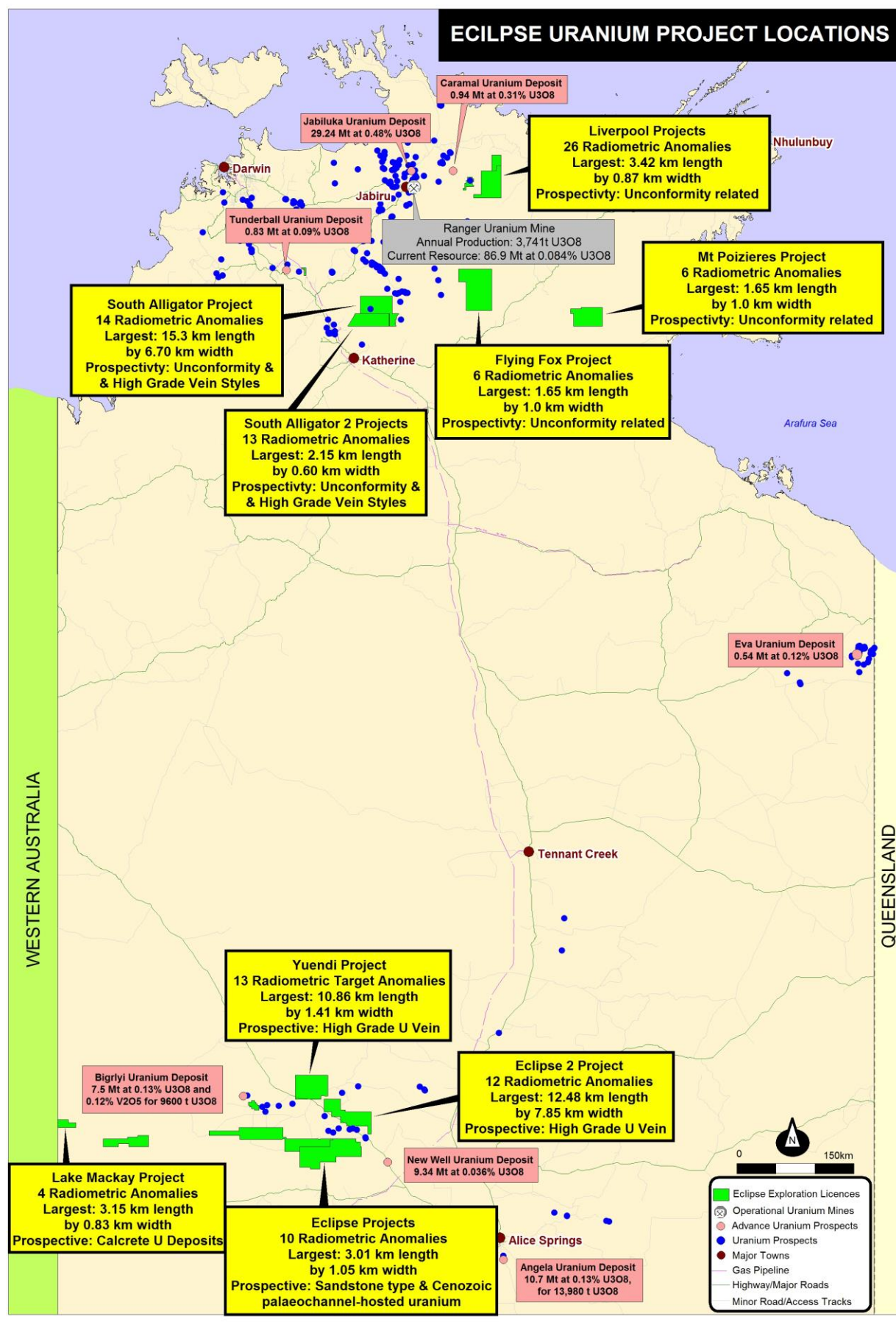


Figure 10: Eclipse Metals Uranium Project Location Map

i) WEST ARNHEM URANIUM LIVERPOOL PROJECTS, NT



## Directors' Report (cont'd)

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.



Figure 11: Google Image showing the location of Devil's Elbow in relation to World Class Uranium Deposits and current Uranium Operations

### Devil's Elbow Uranium-Gold-Palladium Project

In January 2015, the company carried out an extensive data review over the Liverpool uranium projects, specifically over the Devil's Elbow Project situated in the Northern Territory of Australia. The result of the review was reported to ASX on 9<sup>th</sup> February and 3<sup>rd</sup> March 2015, highlighting strong gravity and radiometric anomalies which remain poorly tested with further areas outlined as "standout" exploration targets.

The project lies approximately 285km 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>.

Highlights from the review include:

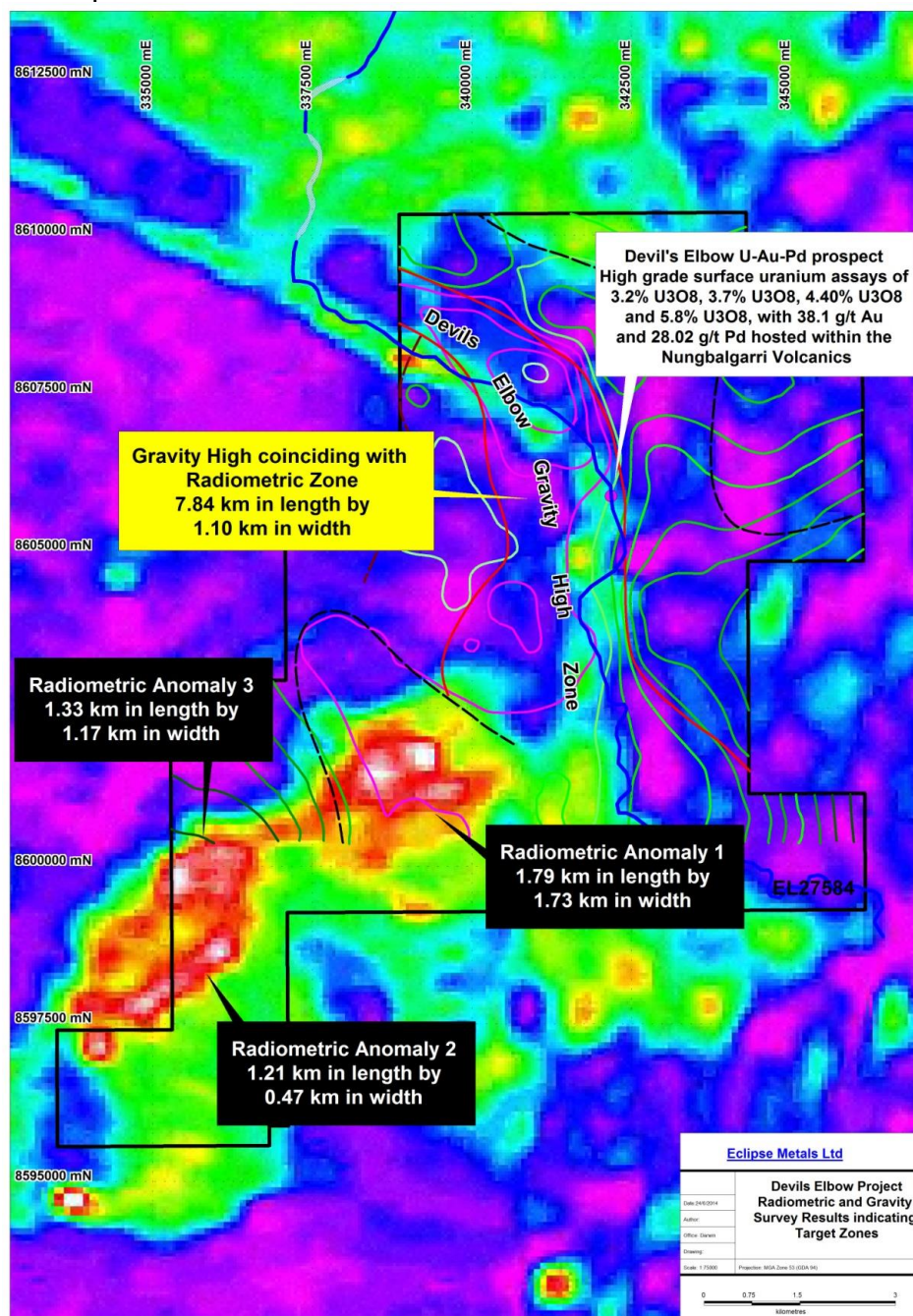
- Uranerz discovered the Devil's Elbow uranium-gold-palladium prospect, located within ELA27584, during a regional radiometric survey. Samples from shallow trenching yielded high grade uranium assays including 3.2% U<sub>3</sub>O<sub>8</sub>, 3.7% U<sub>3</sub>O<sub>8</sub>, 4.40% U<sub>3</sub>O<sub>8</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 were delineated north-north-west and south of the main uranium mineralised area with numerous untested radiometric anomalies to the south-west in the EL (hosted within the Nungbalgarri Volcanic Member) and in the central portion of the EL (hosted within the Oenpelli Dolerite) warranting further ground exploration.



## Directors' Report (cont'd)

- 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**.
- TEMPEST EM Survey has indicated several long zones of possible intense alteration along the Hogs Back and Ranger fault zones. The- structural significance of these high priority exploration targets is presently unknown.

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 highlighted the presence of significant uranium channel responses.**



**Figure 12: Untested Airborne Gravity and Radiometric Target Zones**

Most of the radiometric anomalies are located close to or are associated with the Nungbalgarri Volcanics. This unit is known to be regionally uranium enriched and known to host weak gold anomalies.

## Directors' Report (cont'd)

A pronounced gravity gradient zone through the central portion of the Exploration Licence may represent thick sequences of lower Proterozoic rocks within an overturned syncline which can produce such gravity highs. This remains to be tested and potentially represents a zone associated with uranium mineralisation. The Devil's Elbow prospect lies on the eastern flank of the anomalous gravity zone.

The area was recognised as anomalous from airborne radiometric surveys and subsequent follow-up geochemical sampling of the volcanic and ferricrete rocks. Uranium mineralisation hosted in fracture zones and breccias in the Nungbalgarri Volcanics was discovered in three main areas, namely Devil's Elbow; Terrace Anomaly and Ferricrete Anomaly with trench anomalies in the adjacent Goomadeer River, as shown in Figure 3.

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 (refer to Table 5 and Figure 3).

Nine percussion/diamond holes were drilled in the Devil's Elbow prospect; the best intersection in Hole KLD 7 assayed 942ppm U<sub>3</sub>O<sub>8</sub> over 5 metres from 116 metres depth. Holes KLD 19 and 20 were drilled to confirm this result. Weak uranium mineralisation was intersected in Hole 19 with assays of 444ppm U<sub>3</sub>O<sub>8</sub> over 0.2m from 33.2m and 844ppm U<sub>3</sub>O<sub>8</sub> over 0.1m from 36.7m. In Hole 20, intersections included 424ppm U<sub>3</sub>O<sub>8</sub> over 3m near surface and 387ppm U<sub>3</sub>O<sub>8</sub> over 3m from 3m within the Nungbalgarri Volcanics (Figure 3). Petrographic studies of the ore from Devil's Elbow identified uraninite as the primary ore with minor coffinite.

Structural mapping in conjunction with the drilling showed that the mineralisation is concentrated in small NNW-SSE and NE-SW trending structures, or redistributed into small patches of residual laterites. It is possible that similar structures may widen and be more open at the contact of the Nungbalgarri Volcanics and the Kombolgie Sandstone, offering a large dilation zone for uranium and precious metal mineralisation. The Nungbalgarri Volcanics and Lower Kombolgie Sandstone contact also appears to be anomalous on a regional scale.

The Terrace anomaly located at the northern end of the Devil's Elbow area is characterised by elevated radiometric values over an area of rubby 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. Uranerz interpreted the uranium enriched clays to represent the deeply weathered Nungbalgarri Volcanic Member, sub-cropping within part of the Ranger Fault system with rubby ferricrete forming over parts of the volcanics and now preserved within colluvium. 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.

From 2001 to 2007, Cameco Australia Pty Ltd conducted regional uranium exploration within the central part of ELA 27584, targeting uranium unconformity type deposits. Work carried out included regional airborne TEMPEST EM (electromagnetic) surveys, re-interpretation of historical airborne geophysics surveys, a detail radiometric survey, geological mapping, geochemical surveys and PIMA (Portable Infrared Mineral Analyzer) sampling.

Results of the airborne surveys presented below highlight significant uranium channel response from the airborne radiometric survey.



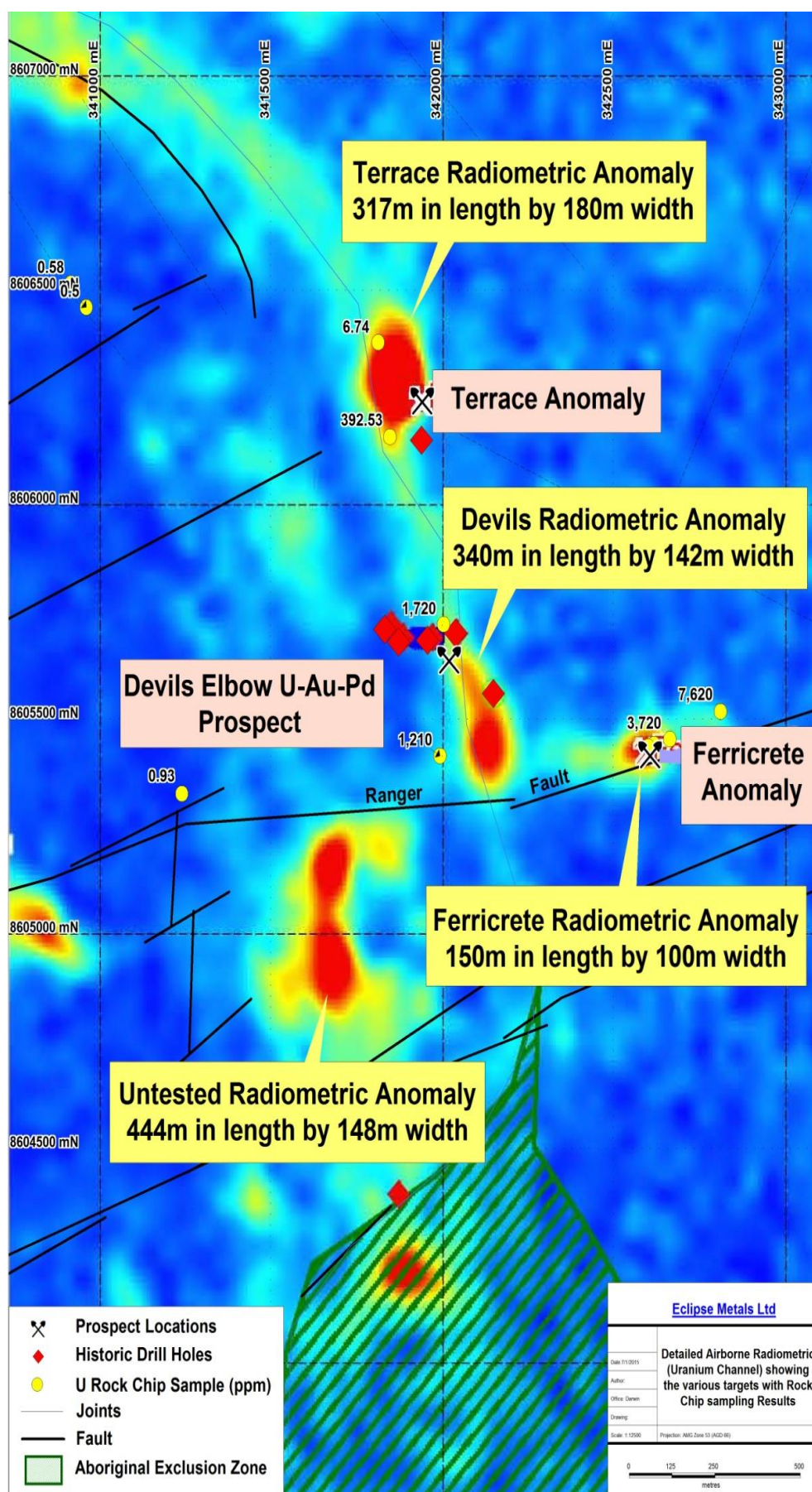


Figure 13: Exploration Summary Map showing airborne radiometric anomalies

### Devil's Elbow

## Directors' Report (cont'd)

Ground investigation of the Devil's Elbow area during 2002 found radioactive volcanic boulders with up to 24,100cps gamma total count, using an Urtec Minispec UG130 instrument, in the area of Trench 2 on the Goomadeer River. Presumably allochthonous boulders, moved during the trenching performed by Uranerz, exhibited green and yellow secondary uranium minerals, predominantly metatorbernite with subordinate autunite, found as a coating on fractures in quartz and disseminated in patches within the volcanic rock. Sample KL02C10023 and KL02C10235 collected from the radioactive volcanic boulders assayed **0.172% U** and **0.121% U**. The highest geochemical result obtained from the Devil's Elbow area was **3.30% U** with 92ppb Au, from ferruginous rubbly (basaltic?) float in a small creek draining the Ferricrete anomaly.

Two diamond drill holes were completed in 2003 and 2004 in the Devil's Elbow Prospect for a combined total of 730.7m (KLD101 and KLD104). Drilling of KLD104 in the western Devils Elbow area successfully verified the postulated geological cross-section and the existence of a westerly-tapering wedge of Mamadawerre Sandstone below the Oenpelli Dolerite. Broad intersections of Oenpelli Dolerite are cross-cut by narrow widely-spaced fractures and veins, with associated chlorite, sericite, leucoxene and K-feldspar alteration and elevated gamma radiation (average five times background with spikes up to 30 times background). The best analytical result for a composite geochemical sample was 112ppm U over 3m, while the best spot geochemical analysis is **638ppm U** with 46ppb Au.

Uranium-bearing fluids were clearly active in this area, but there appears to have been insufficient deformation and subsequent fluid-rock interaction to facilitate concentration of mineralisation. Two other drill-holes in this programme, KLD100 nor KLD101, failed to intersect the Ranger Fault which suggests a more likely scenario that north to north-northwest-trending cross-structures to the west of the Ferricrete anomaly, were of greater importance in localising mineralisation in the Nungbalgarri Volcanics.

### Ferricrete Anomaly

The Ferricrete Anomaly located within a fault splay of the Ranger Fault zone was sampled in various locations and returned high uranium values. In 2002, four ferricrete / ironstone samples, KL02C10026, KL02C10225 to 0227, collected from a gorge, returned uranium values of **0.762% U<sub>3</sub>O<sub>8</sub>**, **0.372% U<sub>3</sub>O<sub>8</sub>**, **0.364% U<sub>3</sub>O<sub>8</sub>**, and **0.362% U<sub>3</sub>O<sub>8</sub>** with associated elevated Au, As, Co, Ni, Pb, V and Zn. Lateritic clays beneath the sandy colluvium exhibit elevated radiometrics, with the highest total counts in excess of 15,500cps gamma (Refer to Figures 1 & 2).

The uranium anomalism is contained in partially ferruginised clays on the valley floor over a lateral extent of approximately 150m, with enriched uranium levels contained in ferricrete / ironstone float material. Uranerz interpreted the uranium enriched clays as representing the deeply weathered Nungbalgarri Volcanic Member sub-cropping within part of the Ranger Fault system. Samples of rubbly ferricrete formed over parts of the volcanics and now preserved within colluvium, returned assays up to **0.35% U<sub>3</sub>O<sub>8</sub>**. Samples from trenching across the valley floor returned assay results of up to **0.44% U<sub>3</sub>O<sub>8</sub>**, with anomalous gold assays associated with lateritic clays. Due to access difficulties, this area was not drill tested by Uranerz.

Exploration in the area was reduced after it was demonstrated that uranium mineralisation was concentrated in small, narrow NNW trending structures or localised within residual laterite. This structural target is important in localising mineralisation in the Nungbalgarri Volcanic Member. The Ferricrete Anomaly has not been drill tested and remains an exploration target.

### Terrace Anomaly

The Terrace anomaly located at the northern end of the Devil's Elbow area is characterised by elevated radiometrics over an area of rubbly volcanic and ferricrete material on the eastern slope of the main Goomadeer Valley. One sample of float ferricrete / ironstone material returned values of **3.7% U<sub>3</sub>O<sub>8</sub>**, 45ppb Th, 0.225% Pb and 36ppb Au.

The area is underlain by weathered and lateritised volcanics with low-grade uranium mineralisation with analyses of up to 70ppm U<sub>3</sub>O<sub>8</sub> recorded from a one-metre deep trench sample. Significantly, approximately 20 boulders of ferruginous sandstone float were identified as anomalous in uranium, with one boulder sample returning a highly anomalous value of **0.21% U<sub>3</sub>O<sub>8</sub>**. The boulders are located near a major southeast trending lineament. No sandstone anomalism was discovered in the adjacent outcrop indicating to Uranerz that hydrothermal fluid movements responsible for anomalism in the volcanics also passed through the sandstone in discrete post-sandstone structures that have since been eroded.

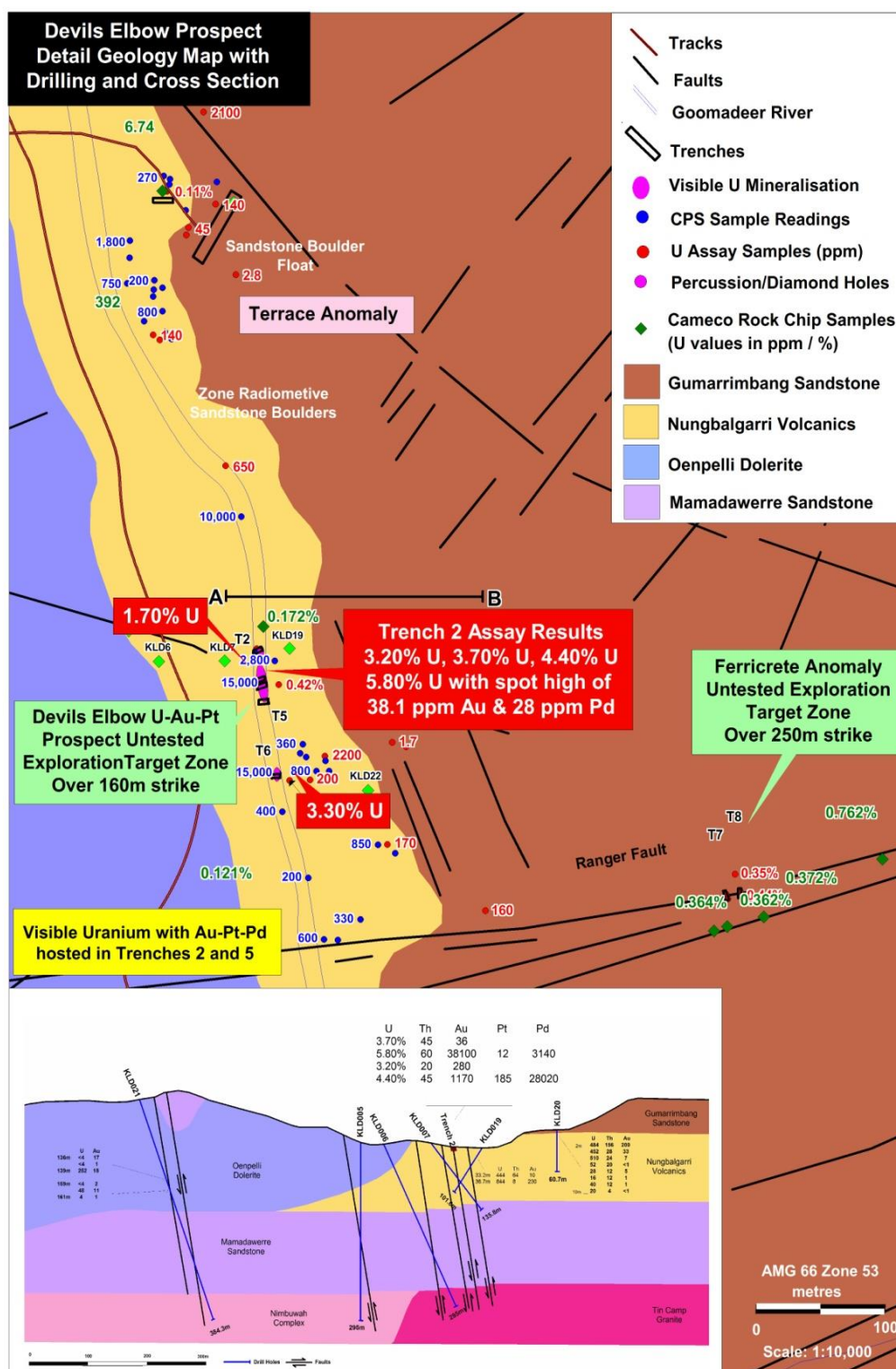


Figure 14: Detail Geology Map showing highlighting exploration results

### Rangaman Anomaly

During 2004, the Rangaman Prospect, which occurs proximal to the Ranger and Hogs Back Faults, was identified using airborne radiometrics. In 2005, drill-hole KLD0108R (total depth 307.7m) was collared into wet soft sandy sediments along a concealed section of the Ranger Fault, where a small TEMPEST anomaly was identified at the junction of the east-northeast-trending Ranger Fault splay and the northeast trending Hogs Back Fault (Figure 8). These two faults are represented on the TEMPEST EM elevation image as linear positive relief features 0.6 km wide. The initial geological interpretation of the TEMPEST data indicated either a belt of structurally uplifted basement or zone of intensification of alteration along the length of the fault zones. Drilling showed that the latter is not the case and did not provide any evidence for the former model. The zone where conductivity has a positive relief appears to occur within the lower part of the Mamadawerre Sandstone, suggesting it is the result of enhanced permeability. The area remains as a high priority drill target.



## Directors' Report (cont'd)

### TEMPEST Targets

One of the primary objectives for the TEMPEST EM survey was to identify conductors associated with structure since these could relate to clays, porosity or graphite indicative of alteration and/or fluid-rock interaction with potential to precipitate uranium. Conductors can be difficult to reliably identify but confidence can be enhanced in the context of known geology.

The 2002 airborne TEMPEST EM survey, flown over the western part of the project area, provided some significant insights into the geometry of the sandstone-basement unconformity. Careful comparison with geology has confirmed many of the known faults and allowed several new faults to be inferred. In addition, several conductive unconformity ridges (+/- troughs) appear to be associated with faults, which have not been previously observed in Arnhem Land. The structural significance and source of these features is presently unknown. Northerly and north-westerly trending faults bounding two regions in the northern part of the project area are considered prospective.

Furthermore, 13 targets have been identified which may warrant drill testing but should first be evaluated in the field. There are some indications that the TEMPEST data may be utilised to infer basement geology. In the first instance conductive features may be utilised to identify graphitic lithologies and in the second instance the conductive unconformity response over granite appears more diffuse and broad.

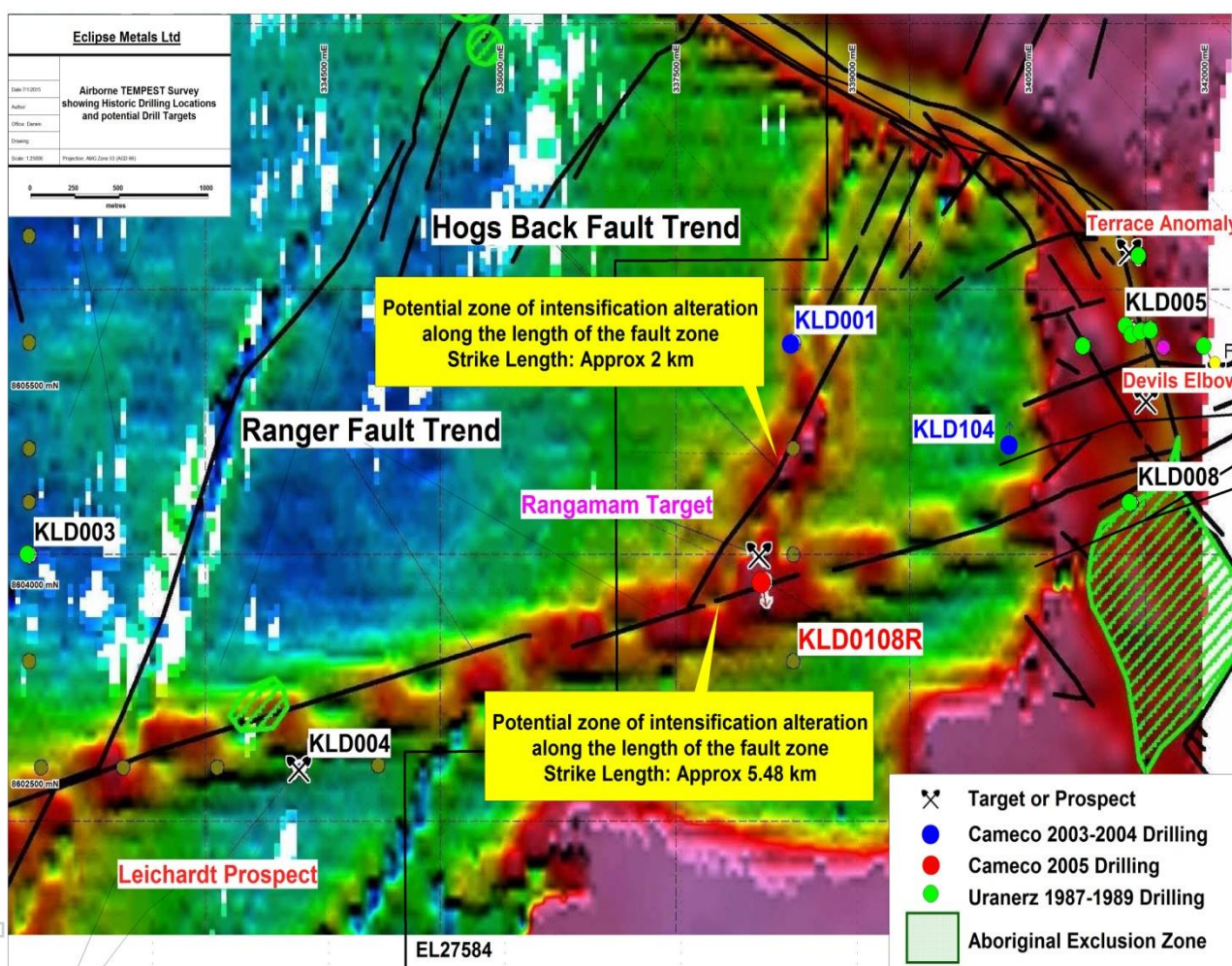


Figure 15: Aerial TEMPEST Survey Summary Map showing historic drill positions and target zones warranting follow-up

### Exploration Potential

Based on 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 9). Prospects delineated by previous exploration remain poorly tested within the tenement area and the surrounding zones around the Ranger Fault – Table 1. There also are abundant untested radiometric anomalies potentially hosting uranium mineralisation which have never been tested – refer to the table and figures below.

Based from the exploration work by previous explorers and the recent evaluation of exploration data made available to the company, two structural targets have been delineated which could hold structurally controlled uranium mineralisation including the Hogs Back and Ranger Fault Zones with 11.2km of untested strike. In the southern portion of the tenement there are strong untested radiometric anomalies with an area of 5km by 2km.

### Major ground exploration targets warranted for follow-up



## Directors' Report (cont'd)

Tenure No	Radiometric Anomalies	1st/2nd Order Classification	Strike Length of Anomaly	Width of Anomaly	Geological Unit
EL27584	1	1st Order	0.46 km	0.25 km	Oenpelli Dolerite
EL27584	2	1st Order	1.21 km	0.47 km	Nungbalgarri Volcanic Member
EL27584	3	1st Order	1.33 km	1.17 km	Nungbalgarri Volcanic Member
EL27584	4	1st Order	1.79 km	1.73 km	Mesozoic Sandstone
EL27584	5	1st Order	0.50 km	0.58 km	Nungbalgarri Volcanic Member
EL27584	6	2nd Order	4.93 km	0.58 km	Mamadawerre Sandstone

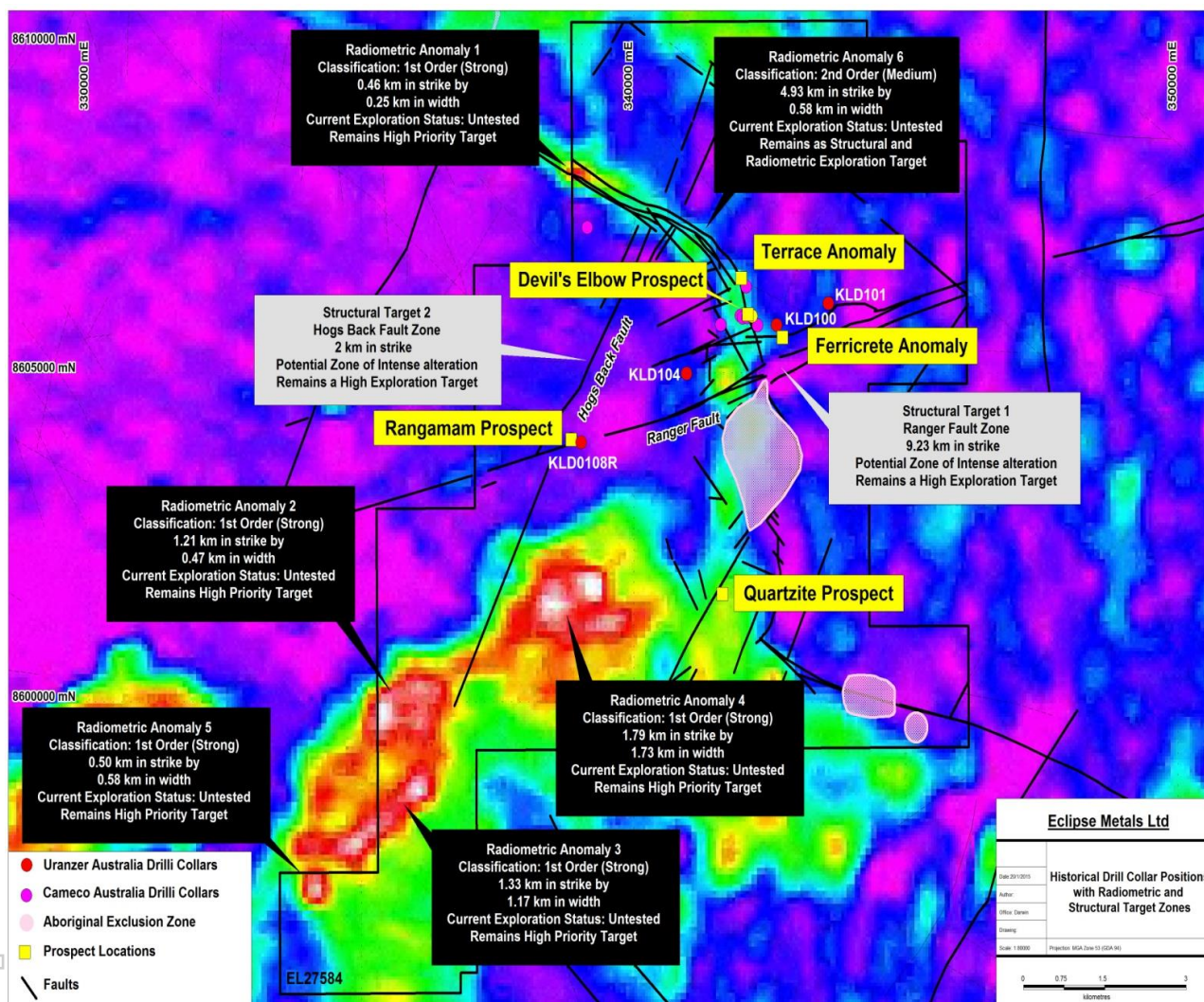


Figure 16: Historical Drill Collar Positions showing the various Radiometric and Structural Target Zones

### 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
Tenure Number	Radiometric Anomalies	Strike Length of Anomaly	Width of Anomaly	Actual Geology Lithology	Geological Model



## Directors' Report (cont'd)

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

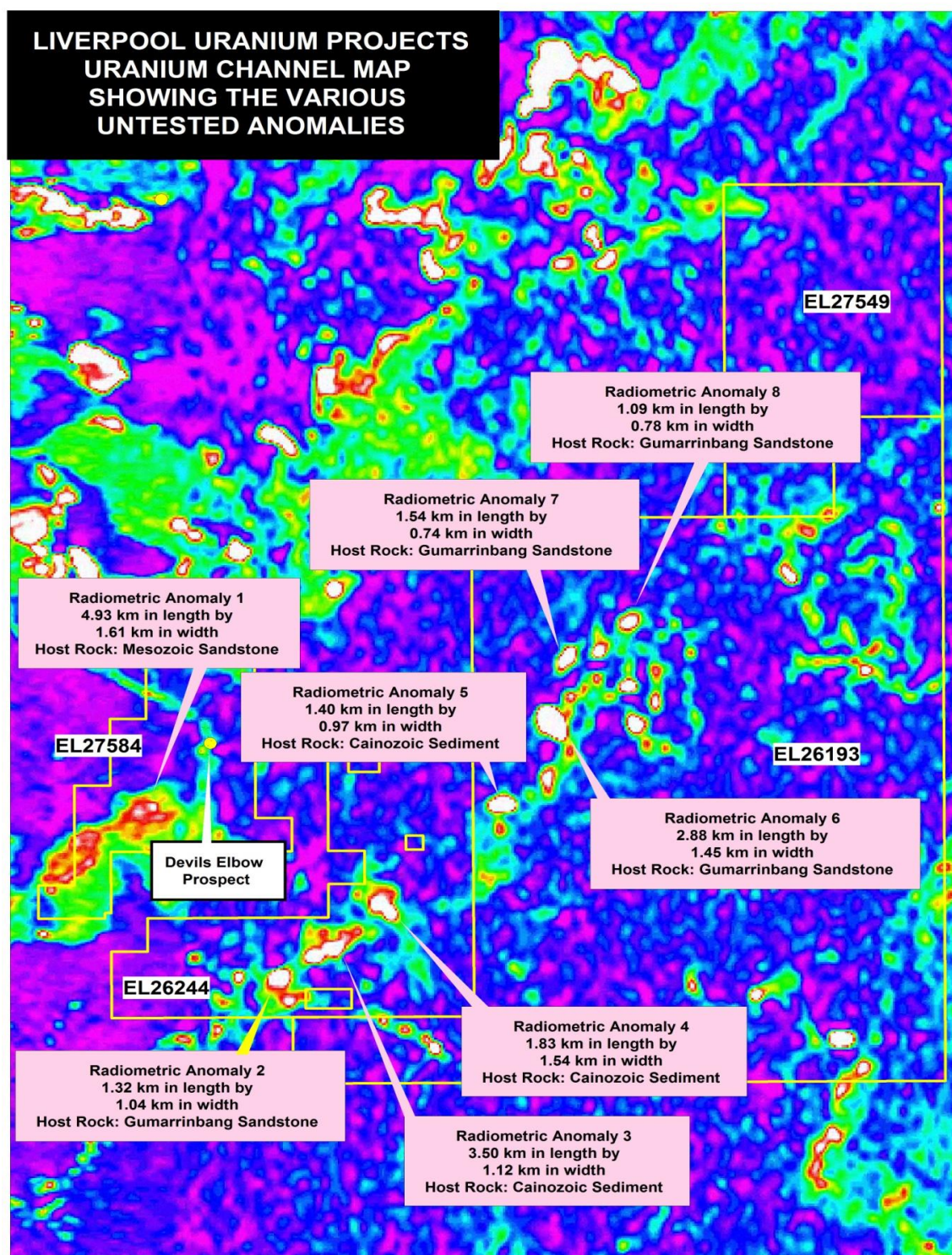


Figure 17: Liverpool Project Radiometric Targets Generated by Eclipse Metals from review of historical exploration data

(iii) ECLIPSE URANIUM PROJECT, NT



## Directors' Report (cont'd)

The Eclipse Uranium Project consists of one granted exploration licence and five exploration licence applications with a combined area of 3,993sqkm 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.

The first Native Title Meeting between Eclipse Metals Ltd and the Traditional owners are was completed on 20<sup>th</sup> August 2014 over ELA 24624 and ELA 24627 at Papunya Community north-west of Alice Springs. The purpose of the meeting was to seek approval for uranium exploration over Aboriginal Freehold Land from the Traditional owners through negotiations with the Central Land Council as their legal representatives.

Preliminary feedback from the Traditional Landowners is that approval to conduct uranium exploration can be granted once an Exploration Deed is signed between both parties. Currently the Central Land Council is drafting the agreement based on the agreed terms outlined by the Traditional Landowners.

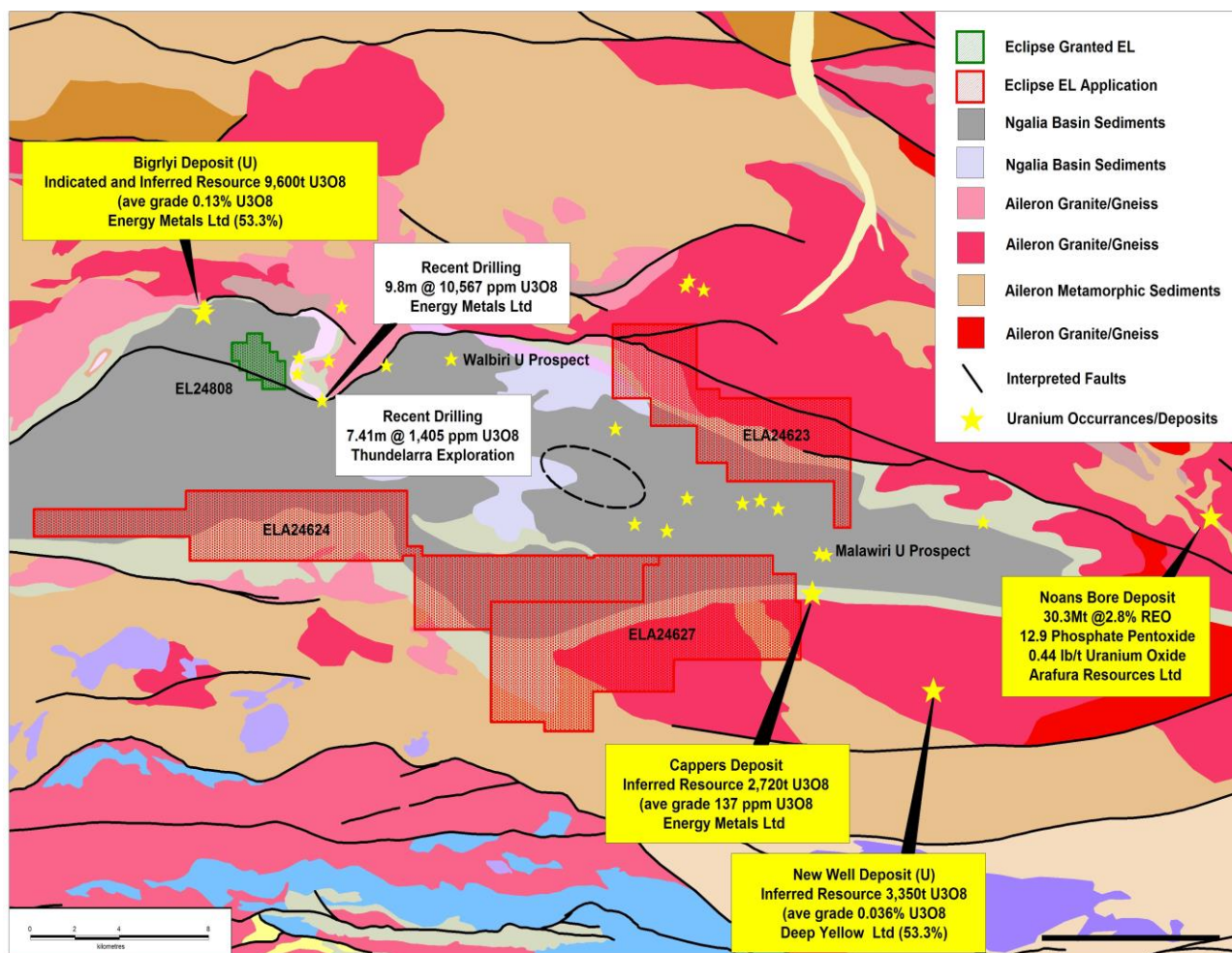


Figure 18: Eclipse Projects Areas showing Regional Geology with surrounding Uranium Prospects/Resources



## Directors' Report (cont'd)

### 10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY AND CHIEF FINANCIAL CONTROLLER

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

<b>Mr Carl Popal</b>	Executive Chairman
Qualifications	Bachelor of Business
Experience	Mr Popal has managed several entities conducting international trading. He has 14 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.
Interest in shares and options in the Company	Ghan Resources Pty Ltd, a company which Mr Popal is a director, holds 159,553,131 fully paid ordinary shares. Popal Enterprises Pty Ltd, a company which Mr Popal is a director, holds 7,705,425 fully paid ordinary shares.
Directorships held in other listed entities	Paynes Find Gold Limited
<b>Mr Pedro Kastellorizos</b>	Executive Director
Qualifications	Bachelor of Science
Experience	Mr Kastellorizos is a geologist with 18 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.
Interest in shares and options in the Company	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.
Directorships held in other listed entities	Genesis Resources Ltd Batavia Mining Limited Regency Mines Plc
<b>Mr Rodney Dale</b>	Non-Executive Director
Qualifications	Fellowship Diploma in Geology Royal Melbourne Institute of Technology (FRMIT) Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM)
Experience	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.
Interest in shares and options in the Company	Mr Dale holds 6,500,000 fully paid ordinary shares in the Company. Appendix 3Y 5 August 2015.
Directorships held in other listed entities	None
<b>Mr Justin Barton</b>	Non-Executive Director (Resigned 29 October 2014)
<b>Ms Eryn Kestel</b>	Company Secretary
Qualifications	Bachelor of Business, Certified Practising Accountant
Experience	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.

## 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 2015, 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 3 April 2014)
Rodney Dale	Non-Executive Director	(Appointed 7 October 2013)
Justin Barton	Non-Executive Director	(Appointed 29 November 2013, resigned 29 October 2014)
Pedro Kastellorizos	Executive Director	(Appointed 3 April 2014)
David Sanders	Director	(Appointed 19 March 2013, resigned 29 November 2013)

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 salary & Fees	Other	Options	Shares		
Directors		\$	\$	\$	\$	\$	\$	\$
Carl Popal <sup>(i)</sup>	2015	-	180,000	-	-	-	180,000	-
	2014	30,000	75,000	87,500	-	90,000	282,500	32
Rodney Dale <sup>(ii)</sup>	2015	30,000	-	-	-	-	30,000	-
	2014	5,000	10,000	-	-	7,500	22,500	33
Pedro Kastellorizos <sup>(iv)</sup>	2015	73,846	6,154	-	-	-	80,000	-
	2014	18,462	-	-	-	-	18,462	-
Justin Barton <sup>(iii)</sup>	2015	-	-	-	-	4,771	4,771	100
	2014	5,000	12,500	-	-	-	17,500	-
David Sanders	2015	-	-	-	-	-	-	-
	2014	-	11,250	-	-	20,822	32,072	65
Total	2015	103,846	186,154	-	-	4,771	294,771	1.6
	2014	58,462	108,750	87,500	-	118,322	373,034	31.7

## Directors' Report (cont'd)

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

- (i) During the year ended 30 June 2015 an amount of \$180,000 was paid or payable to Ghan Resources Pty Ltd, a company of which Mr Popal is a director.
- (ii) During the year ended 30 June 2015 an amount of \$30,000 directors fee (2014: \$22,500) and \$20,000 Geo Fees (2014: \$6,400) was paid or payable to Aurum Holdings Pty Ltd, a company of which Mr Dale is a director.
- (iii) During the year ended 30 June 2015, an amount of \$4,771 (2014: \$17,500) was paid to Coventina Holdings Pty Ltd, a company of which Mr Barton is a director. The amount in 2015 was paid through the issuance of shares after his resignation.
- (iv) During the year ended 30 June 2015, an amount of \$80,000 (2014: \$18,462) was paid or payable to Kastelco Geological Consultancy & Tenement Management Services a company of which Mr Kastellorizos is a director.
- (v) During the year ended 30 June 2015, an amount of \$ nil (2014: \$75,141) was paid to David Sanders.

#### C Equity-based compensation

##### Shares Granted as Part of Remuneration for Year Ended 30 June 2015

During the year ended 30 June 2015, fully paid ordinary shares were paid in lieu of cash to Mr Carl Popal, Mr Justin Barton and Mr Rodney Dale as settlement for a portion of unpaid director fees, relating to prior years unpaid fees. Mr Popal was paid \$87,500 in shares, Mr Barton was paid \$12,500 in shares and Mr Dale was paid \$7,500 in shares. These shares were issued at the prevailing share price at the date of issuance.

#### 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.

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 month 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 1 month 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 – a maximum of twelve weeks, 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 2013, and subject to his successful re-election by the shareholders of the company.
- Remuneration \$30,000 plus GST per annum, payable monthly to Mr Dale or nominee.
- No Termination Payment.

*Non-executive director - Mr Justin Barton (appointed 29 November 2013, Resigned 29 October 2014)*

- Term of Agreement – The agreement commenced on 29 November 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.
- 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 10.19.

## Directors' Report (cont'd)

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

#### 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	139,758,556	27,500,000	-	167,258,556
Mr P Kastellorizos	2,302,400	-	-	2,302,400
Mr R Dale	1,500,000	4,583,333	416,667	6,500,000
Mr J Barton (Resigned 29/10/2014)	-	-	-	-
	<b>143,560,956</b>	<b>32,083,333</b>	<b>416,667</b>	<b>176,060,956</b>

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	-	-	-	-
	<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 2015.

***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 2015.

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

## Directors' Report (cont'd)

### 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	6	6
Rod Dale	6	6
Pedro Kastellorizos	6	6
Justin Barton	2	2

### 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.

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

#### Auditor Independence

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 65.

#### Non-Audit Services

During the year ended 30 June 2015 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 2015

#### 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 18 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 2015

	Notes	Consolidated 2015 \$	2014 \$
<b>Continuing operations</b>			
Revenue and other income	4	72,865	92,377
Employee benefits expenses and director fees	5	(297,498)	(373,034)
Consultancy expenses	5	(38,854)	(71,773)
Legal tenement management services	5	(77,934)	(108,137)
Listing expenses		(42,870)	(36,484)
Travel expenses		(7,744)	(2,427)
Administration expenses		(87,599)	(100,924)
Impairment expenses	5	(1,620,910)	(222,072)
Finance expenses		-	16,280
<b>Loss before income tax</b>		<b>(2,100,544)</b>	<b>(806,194)</b>
Income tax	7	-	-
<b>Loss after tax from continuing operations</b>		<b>(2,100,544)</b>	<b>(806,194)</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>(2,100,544)</b>	<b>(806,194)</b>
<b>Net loss is attributable to:</b>			
Owners of Eclipse Metals Limited		(2,052,760)	(780,059)
Non-controlling interests		(47,784)	(26,135)
		<b>(2,100,544)</b>	<b>(806,194)</b>
<b>Total comprehensive loss is attributable to:</b>			
Owners of Eclipse Metals Limited		(2,052,760)	(780,059)
Non-controlling interests		(47,784)	(26,135)
		<b>(2,100,544)</b>	<b>(806,194)</b>
<b>Loss per share (cents per share)</b>			
Basic and diluted loss for the year	18	(0.34)	(0.14)

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 2015

	Notes	2015 \$	Consolidated 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	231,670	341,128
Trade and other receivables	9	31,941	116,730
Other financial assets	10	-	-
Other assets	11	2,600	2,838
<b>Total current assets</b>		<b>266,211</b>	<b>460,696</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure	12	2,531,290	4,059,182
<b>Total non-current assets</b>		<b>2,531,290</b>	<b>4,059,182</b>
<b>Total assets</b>		<b>2,797,501</b>	<b>4,519,878</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	514,430	498,088
<b>Total current liabilities</b>		<b>514,430</b>	<b>498,088</b>
<b>Total liabilities</b>		<b>514,430</b>	<b>498,088</b>
<b>Net assets</b>		<b>2,283,071</b>	<b>4,021,790</b>
<b>EQUITY</b>			
Issued capital	16	23,275,781	22,913,956
Reserves	17	38,950	38,950
Accumulated losses		(21,009,592)	(18,956,832)
Owners of Eclipse Metals Limited		2,305,139	3,996,074
Non-controlling interests		(22,068)	25,716
<b>Total equity</b>		<b>2,283,071</b>	<b>4,021,790</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 2015

	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>149,446</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>

	Issued capital	Share-based payment reserve	Other reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	22,913,956	27,118	11,832	(18,956,832)	3,996,074	25,716	4,021,790
Loss for the year	-	-	-	(2,052,760)	(2,052,760)	(47,784)	(2,100,544)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	<b>(2,052,760)</b>	<b>(2,052,760)</b>	<b>(47,784)</b>	<b>(2,100,544)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Shares issued during the year	363,750	-	-	-	363,750	-	363,750
Share issue costs	(1,925)	-	-	-	(1,925)	-	(1,925)
Transactions with non-controlling interests	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>361,825</b>	-	-	-	<b>361,825</b>	-	<b>361,825</b>
<b>Balance at 30 June 2015</b>	<b>23,275,781</b>	<b>27,118</b>	<b>11,832</b>	<b>(21,009,592)</b>	<b>2,305,139</b>	<b>(22,068)</b>	<b>2,283,071</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 2015

	Notes	2015 \$	Consolidated 2014 \$
<b>Cash flows from operating activities</b>			
Interest received		1,766	1,574
Payments to suppliers and employees		(315,467)	(395,027)
Grants – Research and Development		71,099	-
<b>Net cash used in operating activities</b>	20	(242,602)	(393,453)
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation		(209,931)	(163,282)
Proceeds from sale of tenements		-	125,000
Loans to other entities		-	(54,289)
Loans repaid by other entities		-	60,000
<b>Net cash used in investing activities</b>		(209,931)	(32,571)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		255,000	8,500
Payment for share issue costs		(1,925)	(3,131)
Proceeds from issue of shares		90,000	389,500
<b>Net cash provided by financing activities</b>		343,075	394,869
Net decrease in cash and cash equivalents		(109,458)	(31,155)
Cash and cash equivalents at beginning of year		341,128	372,283
<b>Cash and cash equivalents at end of year</b>	8	<b>231,670</b>	<b>341,128</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 2015 were authorised for issue in accordance with a resolution of the directors on 25 September 2015.

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 2015, the Group recorded a net loss of \$2,100,544 (2014: \$806,194), a net operating cash outflow of \$242,602 (2014: \$393,453) and a net working capital deficiency of \$248,219 (2014: \$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 (Middle Eastern) investors who have shown interest in the Company in light of recent positive negotiations towards uranium trading between India and Australia.

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

The Company is also in negotiations with an overseas European entity dealing in ferro-alloys and metals trading whereby any production from the Mary Valley Manganese project may comply with their requirements. The Company is in the process of evaluating the process and costing for a bulk sampling programme which could produce the required manganese ore from existing surface stockpiles.

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

The Board has recently evaluated an opportunity for the Company to proceed with a Non-Renounceable Rights Issue to existing Shareholder to raise up to \$1 million in the third or fourth quarter of the 2015 year.

# Notes to the financial statements

## For the year ended 30 June 2015

### 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 increase 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 \$1,737,823 at 30 June 2015 (2014: \$95,415). 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 2015, the Group has capitalised exploration expenditure of \$2,531,290 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 2015 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. 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 2015

### 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 2015

### 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.

# Notes to the financial statements

## For the year ended 30 June 2015

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

#### 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 2015

### 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 2015, 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 2015

### 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 2015

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

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

##### New standards and interpretations Adopted in 2014/15 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 July 2014.

- AASB 10, AASB 11 and AASB 127: Investment Entities;
- AASB 2013-3: Recoverable Amount Disclosures for non-Financial Assets;
- AASB 2013-4: Novation of Derivatives and Continuation of Hedge;
- AASB 2014-1: Amendments to Australian Accounting Standards;

#### Consolidated financial statements

##### Investment Entities – Amendments to AASB 10, AASB 11 and AASB 127

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under AASB 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under AASB 10.

##### AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This amendment has resulted in increased disclosures in the Group's financial statements

##### Offsetting Financial Assets and Financial Liabilities - Amendments to AASB 132

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements

##### AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated any of its derivatives during the current or prior periods.

##### Interpretation 21 Accounting for Levies

Interpretation 21 clarifies that an entity recognises a liability for a levy when the activity that triggers the payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for AASB Interpretation 21. This interpretation has no impact on the Group as it has applied the recognition principles under AASB 137 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of AASB Interpretation 21 in prior years.

##### AASB 2014-1 Amendments to Australian Accounting Standards

The adoption AASB 2014-1 has required additional disclosures in our segment note. Other than that, the adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

# Notes to the financial statements

## For the year ended 30 June 2015

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

#### 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 2018)

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.

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

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- *Other standards not yet applicable*

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transaction

# Notes to the financial statements

## For the year ended 30 June 2015

### 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.

### 4. REVENUE AND OTHER INCOME

#### Revenue

Consultancy fees

#### Other income

Interest revenue

Grant – Research & Development

Gain on sale of tenement

Other

**Total revenue and other income**

Consolidated	
2015	2014
\$	\$
-	-
-	-
1,766	1,574
71,099	-
-	68,471
-	22,332
72,865	92,377
<b>72,865</b>	<b>92,377</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

Traditional Owners Negotiation

#### Legal management and tenement services

Secretarial fees

Legal fees

Other services

Taxation and Audit Service

#### Impairment

Exploration expenditure

Available for sale financial assets

-	-
297,498	373,034
-	-
-	-
<b>297,498</b>	<b>373,034</b>
29,698	17,887
446	53,886
8,710	-
<b>38,854</b>	<b>71,773</b>
-	-
12,902	39,096
12,571	41,756
52,461	27,285
<b>77,934</b>	<b>108,137</b>
1,737,823	95,415
(116,913)	126,657
<b>1,620,910</b>	<b>222,072</b>



# Notes to the financial statements

## For the year ended 30 June 2015

### 6. AUDITORS' REMUNERATION

Remuneration of the auditor for:  
Auditing and review of financial statements (Stantons International)

	Consolidated	
	2015	2014
	\$	\$
	37,079	25,000
	<b>37,079</b>	<b>25,000</b>

### 7. INCOME TAX

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

Loss from ordinary activities before income tax expense (2,100,544) (806,194)

Prima facie tax benefit on loss from ordinary activities at 30% (2014: 30%) (630,163) (241,858)

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

- Non-deductible expenses 1,060 44,877

- Non-assessable income (21,859) -

- Net gain on sale of tenements - 16,959

- Exploration expenditure - (42,460)

- 40-880 deduction - (63,182)

- Permanent difference on consolidation - -

Movement in deferred tax not recognised 650,963 285,664

#### Unrecognised temporary differences

*Deferred tax assets (at 30%)*

Carry forward tax losses (operating) 1,984,445 1,855,423

Carry forward tax losses (capital) 511,760 511,760

Temporary differences 13,360 1,517,588

**Total deferred tax assets 2,509,565 3,884,771**

*Deferred tax liabilities (at 30%)*

Temporary differences 339,922 -

**Total deferred tax liabilities 339,922 -**

**Net deferred tax asset not brought to account 2,169,643 3,884,771**

Potential future income tax benefits arising from tax losses have not been brought to account at 30 June 2015 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	231,670	341,128
	<b>231,670</b>	<b>341,128</b>

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

## Notes to the financial statements

### For the year ended 30 June 2015

#### 9. TRADE AND OTHER RECEIVABLES

Other receivables (i)  
Rehabilitation bonds

Consolidated	
2015	2014
\$	\$
31,941	61,682
-	55,048
<b>31,941</b>	<b>116,730</b>

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

#### 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 2015	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	31,941	-	-	-	-	-	31,941
Rehabilitation bonds	-	-	-	-	-	-	-
<b>Total</b>	<b>31,941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,941</b>

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>

#### 10. OTHER FINANCIAL ASSETS

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

Loans to other parties<sup>1</sup>  
Less: provision

Consolidated	
2015	2014
\$	\$
9,744	126,657
(9,744)	(126,657)
<b>-</b>	<b>-</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.

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 \$0.005 in consideration for settling the debt of \$600,000 in full.

As at 30 June 2015 a total of \$116,913 has been received for issue of shares and 1,948,800 shares remain available to future investors with a value of \$9,744 which has been fully provided for.

# Notes to the financial statements

## For the year ended 30 June 2015

### 11. OTHER ASSETS

	Consolidated	
	2015	2014
	\$	\$
Prepayments	2,600	2,838
	<b>2,600</b>	<b>2,838</b>

### 12. EXPLORATION AND EVALUATION EXPENDITURE

#### Tenement acquisition at cost

Balance at 1 July 2014	4,059,182	4,047,844
Additions	209,931	163,282
Disposals	-	(56,529)
Impairment	(1,737,823)	(95,415)
<b>Balance at 30 June 2015</b>	<b>2,531,290</b>	<b>4,059,182</b>

During the financial year, several of the Group's least prospective tenements were relinquished or deemed not worthy of further exploration as a result of dim forecasts towards some commodity prices. 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>2014</u>		
EL 27702	Woolner	Granted
EL 25942	North Moiline	Granted
EL 27851	Litchfield South	Granted
EL 25201	Mt Tymns	Granted
EL 25943	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
<u>2015</u>		
EPM17810	Burdaberg	Granted
EL 7986	Moss Vale	Granted
ELA 26284	North Arunta	Application
ELA 26488	North Arunta	Application
ELA 26490	North Arunta	Application
ELA 26491	North Arunta	Application
ELA 26492	North Arunta	Application
ELA 26493	North Arunta	Application
ELA 26257	West Bachelor	Granted
ELA 26489	Mackay	Application

The Group was granted the following tenement during the year ended 30 June 2015:

<u>Tenement</u>	<u>Project</u>	<u>Status</u>
EPM 25698	West Mary Valley	Granted

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 2015

### 13. AVAILABLE FOR SALE FINANCIAL ASSETS

#### Financial assets

##### Listed investments, at fair value

Shares in listed corporations (i)

Consolidated	
2015	2014
\$	\$
-	-
-	-
-	-
-	-
-	-

##### 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 2015.
- (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 2015.
- (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 2015.

### 14. CONTROLLED ENTITIES

#### Controlled entities consolidated

	Country of Incorporation	Percentage Owned (%)*	
		30 June 2015	30 June 2014
<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

### 15. TRADE AND OTHER PAYABLES

#### Unsecured liabilities

Trade payables

Accruals and other payables

Consolidated	
2015	2014
\$	\$
299,275	277,450
215,155	220,638
<b>514,430</b>	<b>498,088</b>

These amounts arise from the usual operating activities of the Group and are carried at cost.

Trade payables are normally settled on 30 days terms. The amount of payables at balance date exceeding 90 days is \$172,777.



## Notes to the financial statements

### For the year ended 30 June 2015

#### 16. ISSUED CAPITAL

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

	Consolidated 2015	2014
Ordinary shares issued and fully paid (a)	22,427,702	22,065,877
Options issued (b)	848,079	848,079
	<b>23,275,781</b>	<b>22,913,956</b>

#### a) Fully paid ordinary shares

##### Balance at 1 July 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

##### Balance at 30 June 2014

*Shares issued during the year*

Issued on 8 December 2014 pursuant to AGM resolutions passed

Issued on 12 January 2015 pursuant to Capital Raising

Issued on 16 January 2015 pursuant to Capital Raising

Issued on 27 February 2015 pursuant to Capital raising

Issued on 6 June 2015 pursuant to Capital raising

Share issue costs

##### Balance at 30 June 2015

	Consolidated Number	\$
<b>Balance at 1 July 2013</b>	<b>525,592,824</b>	<b>21,916,431</b>
<i>Shares issued during the year</i>		
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>
<i>Shares issued during the year</i>		
Issued on 8 December 2014 pursuant to AGM resolutions passed	36,250,000	108,750
Issued on 12 January 2015 pursuant to Capital Raising	20,000,000	100,000
Issued on 16 January 2015 pursuant to Capital Raising	10,000,000	50,000
Issued on 27 February 2015 pursuant to Capital raising	8,000,000	40,000
Issued on 6 June 2015 pursuant to Capital raising	13,000,000	65,000
Share issue costs	-	(1,925)
<b>Balance at 30 June 2015</b>	<b>647,106,824</b>	<b>22,427,702</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 2015, 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 2013

*Movements during the year*

Expired on 31 May 2014

##### Balance at 30 June 2014

*Movements during the year*

##### Balance at 30 June 2015

	Consolidated Number	\$
<b>Balance at 1 July 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>
<i>Movements during the year</i>		
	-	-
<b>Balance at 30 June 2015</b>	<b>103,173,813</b>	<b>848,079</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 options exercised during the year ended 30 June 2015.

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

## Notes to the financial statements

### For the year ended 30 June 2015

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

##### 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	
	2015	2014
	\$	\$
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 2013</b>	<b>150,000</b>	<b>27,118</b>
Value of options issued to directors	-	-
<b>Balance at 30 June 2014</b>	<b>150,000</b>	<b>27,118</b>
Value of options issued to directors	-	-
<b>Balance at 30 June 2015(i)</b>	<b>150,000</b>	<b>27,118</b>

(i) 150,000 unlisted options exercisable at \$0.20 on or before 30 November 2015 held by Mr Emilio Pietro Del Fante.

##### Other Reserve Movements

	Number	\$
<b>Balance at 1 July 2013</b>	-	-
Recognised on acquisition of additional 3.1% of Contour Resources Pty Ltd	-	11,832
<b>Balance at 30 June 2014</b>	-	<b>11,832</b>
<b>Balance at 30 June 2015</b>	-	<b>11,832</b>

# Notes to the financial statements

## For the year ended 30 June 2015

### 18. LOSS PER SHARE

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

Loss for the year

Gain/(Loss) attributable to non-controlling equity interest

Loss used to calculate basic and dilutive loss per share

Consolidated	
2015	2014
\$	\$
(2,100,544)	(806,194)
(47,784)	(26,135)
(2,052,760)	(780,059)

#### Loss per share

Basic and diluted loss per share (cents per share)

(0.34)

(0.14)

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.

597,539,701

544,586,391

### 19. COMMITMENTS AND CONTINGENCIES

#### a) Exploration commitments

Exploration commitments for the Group's granted tenement licences total \$635,750 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

The group has no contingent assets or liabilities at the reporting date.

### 20. CASH FLOW INFORMATION

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

Net loss

(2,100,544)

(806,194)

Non cash flows included in operating loss:

Equity-settled liability gain

-

(2,357)

Share issued in lieu of services

26,913

131,600

Impairment

1,737,823

222,072

Reversal of impairment

(116,913)

24,495

Changes in assets and liabilities:

(Increase)/Decrease in trade and other receivables

84,789

14,477

(Increase)/Decrease in prepayments

238

495

Increase/(Decrease) in trade and other payables

125,092

21,959

Net cash used in operating activities

(242,602)

(393,453)

#### Non-cash financing and investing activities

Shares and Options issued

Corporate advisory services received settled through the issue of equity

-

6,686

Capital raising services received settled through the issue of equity

-

18,742

Services provided settled through the issue of equity

135,663

137,392

135,663

162,820

# Notes to the financial statements

## For the year ended 30 June 2015

### 21 SHARE-BASED PAYMENTS

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

	Consolidated	
	2015	2014
	\$	\$
Shares issued to directors in lieu of directors fees (i)	108,750	118,322
Shares issued for outstanding creditors	-	19,070
Shares issued for capital raising services received	-	18,742
Shares issued for corporate advisory services received	-	6,686
	<b>108,750</b>	<b>162,820</b>

- (i) On 15 December 2014, 36,250,000 shares having a value of \$108,750 in lieu of directors fees;

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

	Consolidated	
	Number	Weighted average exercise price
Options outstanding at 30 June 2014	150,000	\$0.20
<b>Options outstanding at 30 June 2015</b>	<b>150,000</b>	<b>\$0.20</b>

The contractual life of options outstanding at year end was 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.

### 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	
	2015	2014
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	231,670	341,128
Trade and other receivables	31,941	116,730
Other financial assets	-	-
<b>Total financial assets</b>	<b>263,611</b>	<b>457,858</b>
<b>Financial liabilities</b>		
Trade and other payables	514,430	498,088
<b>Total financial liabilities</b>	<b>514,430</b>	<b>498,088</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.



## Notes to the financial statements

### For the year ended 30 June 2015

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

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-.

	Consolidated	
	2015 \$	2014 \$
Cash and cash equivalents		
AA- rated	231,670	341,128
	<b>231,670</b>	<b>341,128</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.

	Consolidated	
	Profit \$	Equity \$
<b>Year ended 30 June 2015</b>		
+/-1% (100 basis points) in interest rates	+/- 2,317	+/- 2,317
<b>Year ended 30 June 2014</b>		
+/-1% (100 basis points) in interest rates	+/- 3,567	+/- 3,567

#### 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 2015

### 22 FINANCIAL INSTRUMENTS (cont'd)

#### Financial liability and financial asset maturity analysis

##### Consolidated

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>								
Trade and other payables	514,429	498,088	-	-	-	-	514,429	498,088
Total expected outflows	<b>514,429</b>	<b>498,088</b>	-	-	-	-	<b>514,429</b>	<b>498,088</b>
<b>Financial assets – cash flows realisable</b>								
Cash and cash equivalents	231,670	341,128	-	-	-	-	231,670	341,128
Trade and other receivables	31,941	116,730	-	-	-	-	31,941	116,730
Total anticipated inflows	<b>263,611</b>	<b>457,858</b>	-	-	-	-	<b>263,611</b>	<b>457,858</b>
Net inflow/(outflow) on financial instruments	(250,818)	(40,230)	-	-	-	-	(250,818)	(40,230)

#### 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	2015		2014	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	(i)	231,670	231,670	341,128	341,128
Trade and other receivables	(i)	31,941	31,941	116,730	116,730
<b>Total financial assets</b>		<b>263,611</b>	<b>263,611</b>	<b>457,858</b>	<b>457,858</b>
<b>Financial liabilities</b>					
Trade and other payables	(i)	514,430	514,430	498,088	498,088
<b>Total financial liabilities</b>		<b>514,430</b>	<b>514,430</b>	<b>498,088</b>	<b>498,088</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 2015

#### 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 \$0.005 in consideration for settling the debt amount in full. As at 30 June 2015, shares with a value of \$9,744 remained in trust.

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

			Consolidated	
			2015	2014
Director	Entity	Service	\$	\$
Carl Popal	Ghan Resources Pty Ltd	Director Fees	180,000	282,500
Rod Dale	Aurum Holdings Pty Ltd	Director Fees	30,000	22,500
Rod Dale	Aurum Holdings Pty Ltd	Geological services	20,000	6,400
Justin Barton	Coventina Holdings Pty Ltd	Director Fees	4,771	17,500
Pedro Kastellorizos	Kastellco	Director Fees	80,000	18,462
David Sanders	Bennett and Co Corporate and Commercial Law	Legal services	-	75,141

#### 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 2015.

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

	Consolidated	
	2015	2014
	\$	\$
Short-term employee benefits	290,000	254,712
Share-based payments	4,771	118,322
	<b>294,771</b>	<b>373,034</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.

# Notes to the financial statements

## For the year ended 30 June 2015

### 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.

	Company	
	2015	2014
	\$	\$
<b>Statement of financial position</b>		
<i>Assets</i>		
Current assets	243,618	415,838
Non-current assets	755,693	3,879,223
<b>Total assets</b>	<b>999,311</b>	<b>4,295,061</b>
<i>Liabilities</i>		
Current liabilities	509,429	382,214
<b>Total liabilities</b>	<b>509,429</b>	<b>382,214</b>
<b>Net assets</b>	<b>489,882</b>	<b>3,912,847</b>
<i>Equity</i>		
Issued capital	23,275,781	22,913,956
Accumulated losses	(22,813,018)	(19,028,228)
Reserves	27,119	27,119
<b>Total equity</b>	<b>489,882</b>	<b>3,912,847</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Total loss for the year	(3,769,789)	(643,129)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(3,769,789)</b>	<b>(643,129)</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

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

### 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.



## Directors' Declaration

### For the year ended 30 June 2015

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 2015 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 2015.



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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 2015, 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 Group 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.

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*.

*Auditor's 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 2015 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 Capitalised Exploration Expenses***

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

As referred to in Note 2(b) to the financial statements, the financial statements have been prepared on the going concern basis. At 30 June 2015 the Group had cash and cash equivalents of \$231,670, a net operating cash outflow of \$242,602 and net working capital deficiency of \$248,219. The Group had incurred a loss for the year ended 30 June 2015 of \$2,100,544. The ability of the Group to continue as a going concern and meet its planned exploration, administration, and other commitments is dependent upon the Group raising further working capital, and/or commencing profitable operations. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

The recoverability of the Group's carrying value of exploration and evaluation assets of \$2,531,290 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 Group is not successful in commercial exploitation and/or sale of the assets, the realisable value of the Group's assets may be significantly less than their current carrying values.

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 31 to 34 of the directors' report for the year ended 30 June 2015. 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

*Auditor's Opinion*

In our opinion the remuneration report of Eclipse Metals Limited for the year ended 30 June 2015 complies with section 300A of the Corporations Act 2001.

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

*Stantons International*

*[Signature]*

**Samir R Tirodkar**  
**Director**  
West Perth, Western Australia  
25 September 2015



25 September 2015

Board of Directors  
Eclipse Metals Limited  
Level 3  
1060 Hay Street  
WEST PERTH WA 6005

Dear Directors

**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 2015, 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 sincerely

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

**Samir R Tirodkar**  
**Director**

# Corporate Governance Statement

## Compliance with ASX Principles

ASX Principle	Corporate Governance Document	Aim of Corporate Governance Document	Compliant with ASX Principle	On Company Webpage
Principle 1	<i>Lay solid foundations for management and oversight</i>	Establishes the roles, responsibilities and segregation of functions of the Board and management, how their performance is monitored and evaluated.	Yes	Yes
		Establishes the principles to promote and encourage diversity at all levels within the Company.	Partly	Yes
Principle 2	<i>Structure the board to add value</i>	Establishes the roles and responsibilities of the Nomination Committee.	No	Yes
		Establishes the principles of director independence and defines the role of the Chairperson.	Partly	Yes
Principle 3	<i>Act ethically and responsibly</i>	Details the policies, procedures and guidelines to ensure that all those that work with the Company acts in a manner consistent with the principles of honesty, integrity, fairness and respect including being ethical.	Yes	Yes
		Establishes the obligations of each director with respect to conflicts of interest and the procedures to follow if a director has a conflict or a potential conflict is identified.	Yes	Yes
Principle 4	<i>Safeguard integrity in corporate reporting</i>	Establishes the roles and responsibilities of the Audit Committee	No	Yes
Principle 5	<i>Make timely and balanced disclosure</i>	Establishes principles to ensure timely disclosure of market sensitive information.	Yes	Yes
Principle 6	<i>Respect the rights of shareholders</i>	Establishes strategy for engaging and communicating with Shareholders - including an investor relations program and participation at meetings.	Yes	Yes
Principle 7	<i>Recognise and manage risk</i>	Establishes the role of a risk committee and the benefits of an internal audit function as part of the Company's risk management framework.	No	Yes
Principle 8	<i>Remunerate fairly and responsibly</i>	Establishes the roles and responsibilities of the Remuneration Committee.	No	Yes
		Establishes the prohibition of directors, management and employees from insider trading and from entering into arrangements limiting risk exposure to an element of their remuneration.	Yes	Yes



## Corporate Governance (cont'd)

<p><b>Principle 1:</b> <i>Lay solid foundations for management and oversight</i></p>
<p>Establish and disclose the respective roles and responsibilities of the board and management and how their performance is monitored and evaluated</p>
<p>1.1 The Company should disclose</p> <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of the board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management</li> </ul> <p><b>The Company's Board Charter (as per the Company's webpage) discloses the specific responsibilities of the Board and those delegated to the Executive Director.</b></p>
<p>1.2 The Company should</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director; and</li> <li>(b) provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director</li> </ul> <p><b>The Board, oversees the appointment, selection and induction process for directors. When a vacancy exists or there is need for particular skills, the Board determines the selection criteria based on the skills deemed necessary.</b></p> <p><b>The last appointment to the Board was April 2014 with the appointment of the Executive Director.</b></p> <p><b>The Board identifies potential candidates and are assessed by the Board against background, experience, professional skills, personal qualities and their availability to commit themselves to the Board's activities. The Board then appoints the most suitable candidate.</b></p> <p><b>Board candidates must stand for election at the next general meeting of shareholders.</b></p> <p><b>A profile of each director is disclosed in the Company's Annual Report and when directors are due for re-election, the Company discloses the information to Shareholders in the Notice of Meetings at which directors will be elected or re-elected in order for them to make an informed decision about the election/re-election of that director.</b></p>
<p>1.3 The Company should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> <p><b>New directors, who may be appointed to the Board, will be provided with a letter of appointment including their remuneration details together with copies of Company and Board policies, the Constitution and access to prior Board minutes and papers.</b></p> <p><b>New directors will also be advised of their confidentiality and disclosure obligations, share trading policy guidelines, indemnity and insurance arrangements.</b></p> <p><b>The Company has prepared formal letters of appointment for the existing directors of the Board.</b></p>
<p>1.4 The Company Secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p> <p><b>The Company Secretary reports directly to the Chairman and the Board.</b></p> <p><b>The Company Secretary has a direct line of communication with the Chairman and all Directors and is responsible for supporting the proper functioning of the Board which includes, but is not limited to, providing advice on governance and procedural issues, and the preparation of detailed Board papers and minutes.</b></p> <p><b>Each Director of the Company is able to communicate directly with the Company Secretary and vice versa.</b></p>
<p>1.5 The Company should:</p> <ul style="list-style-type: none"> <li>(a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them;</li> </ul>

## Corporate Governance (cont'd)

(b) Disclose that policy or a summary of it; and

(c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the Company's diversity policy and its progress towards achieving them, and either

- The respective proportions of men and women on the board, in senior executive positions and across the whole organization; or
- The most recent "Gender Equity Indicators" as defined in the Workplace Gender Equality Act

**The Company has established a policy on gender diversity in the boardroom and for senior management which provides a framework for new and existing diversity related initiatives and policies to be implemented and maintained. The Policy is available on the Company's webpage.**

**Given the stage of development of operations within Australia and the level of complexity of the Company's operations, it is not feasible at this time to mandate a fixed number of women at any given level within the organisation, so no measurable objectives are included.**

**The Company will establish measurable objectives for achieving gender diversity as and when its workforce reaches a size that justifies such a policy - as at 30 June 2015, the Company has no workforce, the Company instead outsourcing roles.**

**The current Financial Controller and Company Secretary are of the female gender and the three (3) board positions are currently occupied by males.**

1.6 The Company should

(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process

**The Company's Corporate Governance Policies includes a Performance Evaluation Process Policy which discloses the annual process for evaluating performance.**

**No formal performance evaluation for the Board or its members took place in the reporting period.**

1.7 The Company should

(a) Have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period on accordance with that process

**Given the current low level of complexity of the Company's operations, its management structure is flat with only the Board in place consisting of three (3) members and all other functions are currently outsourced to third party service providers.**

**If required, the evaluation of the performance of non-board members would be completed by the Chairman.**

**No formal performance evaluation of the Executive Director took place in the reporting period.**

## Corporate Governance (cont'd)

### Principle 2:

*Structure the board to add value*

The board should be of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

#### 2.1 The Company should

##### (a) Have a nomination committee

- With a least three (3) members, a majority of who are independent directors;
- Chaired by an independent director

And discloses:

- The charter of the committee;
- The members of the committee; and
- The number of times the committee met throughout the period and the individual attendance of the members at those meetings

##### (b) If the Company has no nomination committee, there must be disclosure of that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience independent and diversity to enable it to discharge its duties and responsibilities effectively.

**Due to the size and low level of complexity of operations within Australia, the Company has not established a nomination committee. The Board has decided that no efficiencies will be achieved by establishing a separate nomination committee.**

**The Board decides the selection of members of the Board and makes the necessary recommendations to Shareholders for election of Directors. In considering membership of the Board, directors take into account the appropriate skills and characteristics needed by the Board to maximize its effectiveness and the blend of skills, knowledge and experience for the present and future needs of the Company.**

**Each Board member is responsible for assessing the necessary competencies of Board members to add value to the Company, reviewing Board succession plans and evaluating the Board's performance.**

#### 2.2 The Company should have and disclose a board skills matrix of skills and diversity that the board currently has or is looking to achieve in its membership.

**The skills, experience and knowledge of each of the Directors is disclosed in the Company's 2015 Annual Report.**

#### 2.3 The Company should disclose:

- The names of the directors considered by the board to be independent;
- If a director has an interest, position, association or relationship that might cause doubts about the independence of a director but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and explanation of why the board is of that opinion; and
- The length of service of each director

**The Board has adopted a charter to give formal recognition to a detailed definition of independence. The Board currently comprises of only one (1) independent director.**

**The directors' status is disclosed in the Company's Annual Report.**

#### 2.4 A majority of the board should be independent directors

**The Board is currently made up of three (3) directors, with only one (1) of them being independent in terms of the relationships affecting Independent Status in Recommendation 2.3 of the Principles.**

**The Executive Chairman and Executive Director are not independent within the strict meaning as they are both employed in an executive capacity and the Chairman is a substantial shareholder.**

**The directors believe that there exists a strong incentive for all board members to carry out their directorial duties in an independent manner. The Board considers that this, combined with sufficient independence of view and variety of intellectual input between the directors to be satisfied with the ratio of independent and non-independent directors.**

## Corporate Governance (cont'd)

A determination with respect to independence is made by the board on an annual basis. In addition, the directors are required on an ongoing basis to disclose relevant personal interests and conflicts of interest which may in turn trigger a review of a director's independent status.

2.5 The chair of the board should be an independent director and, in particular should not be the same person as the CEO.

**The Chairman of the board is not independent but is not the CEO.**

The Chairman is responsible for the leadership and efficient performance of the board, to facilitate the effective contribution of all directors and promote respectful relations between the board and management. The Chairman's responsibilities are set out in more detail in the Board Charter.

**The Executive Director fulfils the CEO role ensuring the segregation of duties.**

2.6 The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

**Induction set out in written engagement letter and availability of Company Secretary to assist with the process for new Directors to familiarise themselves with the Company.**

**Professional Development requirements are addressed at the time of Chairman reviews or as circumstances require.**

## Corporate Governance (cont'd)

### Principle 3:

*Act ethically and responsibly*

The Company should act ethically and responsibly

3.1 The Company should:

- (a) Have a code of conduct for its directors, senior executives and employees; and
- (b) That disclose that code or a summary of it.

**A Directors and Executive Officers' Code of Conduct Policy, is in place and provides a framework for decisions and actions in relation to ethical conduct in employment.**



## Corporate Governance (cont'd)

### Principle 4:

#### *Safeguard integrity in corporate reporting*

The Company should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting

4.1 The Company should:

(a) Have an audit committee

- With a least three (3) members, all of whom are non-executive directors and the majority of who are independent directors;
- Chaired by an independent director who is not the chair of the board

And discloses:

- The charter of the committee;
- The relevant qualifications and experience of the members of the committee; and
- The number of times the committee met throughout the period and the individual attendance of the members at those meetings

(b) If the Company has no audit committee, there must be disclosure of that fact and the processes it employs to independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

**The directors do not consider that the Company's affairs are of such a size and complexity as to merit the establishment of a separate audit committee. Until this situation changes, the Board will carry out all audit committee functions.**

**The Board monitors the form and content of the Company's financial statements and maintains an overview of the Company's internal financial control and audit system and risk management systems.**

4.2 Before the board approves the financial statements for a financial period, it should receive from its CEO and CFO a declaration that, in their opinion the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and gives a true and fair view of the financial position and performance of the Company which has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

**On an annual basis the board receives a declaration from the Executive Director and Chief Financial Officer covering the matters set out in section 295A of the Corporations Act 2001.**

4.3 The external auditors are to attend the Company's AGM and are available to answer questions from shareholders relevant to the audit.

**The Company's Annual General Meeting is conducted in accordance with the Corporations Act and the Constitution of the Company.**

**The Company ensures that a representative from the external auditor attends the Annual General Meeting to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.**

**The Auditor's presence is made known to Shareholders during the Meeting and Shareholders are provided with an opportunity to put forward questions to the external auditor.**

## Corporate Governance (cont'd)

### Principle 5:

#### *Make timely and balanced disclosure*

The Company should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities

#### 5.1 The Company should

- (a) Have a written policy for complying with its Continuous disclosure obligations under the Listing Rules; and
- (b) Disclose that policy or a summary of it

**Compliance procedures, to ensure timely and balanced disclosure of information in line with the Recommendations, have been noted and adopted by the Company and a Continuous Disclosure Policy has been adopted.**

**The Policy is available on the Company's website.**

**The Company Secretary is charged with ensuring that any disclosure steps which need to be taken by the Company are brought before the Board for discussion and, subject to amendment, approved.**

**The Company Secretary is responsible for disclosures to the market, in addition to communicating with the ASX.**

## Corporate Governance (cont'd)

<b>Principle 6:</b>
<i>Respect the rights of shareholders</i>
The Company should respect the rights of its shareholders by providing them with appropriate information and facilities to allow them to exercise those rights effectively
6.1 The Company should provide information about itself and its governance to investors via its website.  The Company maintains a website and shareholders can find all recent information on the Company under various headings on the Company's website, including latest ASX releases, details of its projects and its Corporate Profile.  Shareholders may also request a copy of the Company's ASX recent releases.
6.2 The Company should design and implement an investor relations program to facilitate effective two-way communication with investors.  The Company has established a Shareholder Communications Policy which aims to ensure that shareholders are fully informed by communicating to them through <ul style="list-style-type: none"><li>• Continuous disclosure reporting to the ASX;</li><li>• Quarterly, half yearly and annual reports; and</li><li>• Media releases, copies of which are lodged with the ASX and place on the Company's website</li></ul>
6.3 The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders.  The Shareholder Communications Policy aims to ensure shareholder participation at all Annual and General Meetings that they are permitted to attend.
6.4 The Company should give shareholders the option to receive communications from and send communications to the Company and its share registry electronically.  Shareholders are given the option to receive information such as the Annual Report and Notice of Meeting in print or electronic form.

## Corporate Governance (cont'd)

### Principle 7:

#### *Recognise and manage risk*

The Company should establish a sound risk management framework and periodically review the effectiveness of that framework

7.1 The Company should:

- (a) Have a committee or committees to oversee risk, each of which
  - Has at least three (3) members, a majority of who are independent directors; and
  - Chaired by an independent director
 And discloses:
  - The charter of the committee;
  - The members of the committee; and
  - The number of times the committee met throughout the period and the individual attendance of the members at those meetings
- (b) If the Company has no risk committee or committees, that satisfy (a) above, disclose that fact and the processes it employs to oversee the Company's risk management framework.

**The Company has not established a committee to oversee risk.**

**The Company has a management policy in place for the identification and effective management of risk. The policy provides for the management of risk by the Board and management reporting to the Executive Director, being principally the risks involved in the Company's main business enterprise – mineral exploration.**

**The Directors have significant experience in and understanding of the industry in which the Company operates and the risks associated with public companies in mineral exploration to perform the functions associated with risk that would be performed by a committee established to oversee risk.**

7.2 The board or a Committee of the board should:

- (a) Review the Company's risk management framework at least annually to satisfy itself that, it continues to be sound; and
- (b) Discloses, in relation to each reporting period, whether such a review has been taken.

**Management has established a register of business risks, identified the material business risks affecting the Company and reviews at each Board Meeting to determine if an alternative course of action is required to be implemented to mitigate any risk, particularly financial risk, given the size and complexity of operations.**

**To the extent possible in a Company with a very small staff, internal controls are in place to mitigate against any material business risks.**

**Risks of a strategic, financial and operational nature (such as ability to raise capital to fund exploration, commodity price and currency fluctuations, adequate levels of insurance, contract documentation, maintaining tenements in good standing and meeting financial reporting and compliance obligations) are reviewed on a regular basis by the Board.**

**Potential operational risks involved in running the Company are managed by the Board. Due to the size of the Company, the Board does not consider it practical to establish a separate committee to focus on these issues.**

7.3 The Company should disclose:

- (a) If it has an internal audit function, how the function is structured and what role it performs; or
- (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

**The Company's affairs are of such a size and complexity as to not merit the establishment of an internal audit function.**

**An internal audit function will be established after the setup of the Audit and Risk Management Committee and in consultation with the external auditors as to when the Company is at the stage where such a function is warranted.**

7.4 The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.

## Corporate Governance (cont'd)

The Company recognises that it has exposure to economic, environmental and social sustainability risks which are managed through a series of internal and publicly available policies including but not limited to the Board Charter and the Code of Conduct.

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## Corporate Governance (cont'd)

### Principle 8

#### *Remunerate fairly and responsibly*

The Company should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for Shareholders.

#### 8.1 The Board should

(a) Have a remuneration committee which

- Has at least three (3) members, a majority of who are independent directors;
- Chaired by an independent director

And discloses:

- The charter of the committee;
- The members of the committee; and
- The number of times the committee met throughout the period and the individual attendance of the members at those meetings

(b) If the Company has no remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

**The Company does not have a separate remuneration committee due to its small size and limited number of employees. The full Board carries out the functions of a Remuneration Committee.**

**The Board on an annual basis reviews executive remuneration and incentive policies.**

**The Board also reviews and approves the audited remuneration report set out in the Directors' Report.**

**The Board, where necessary, consults external consultants and specialists.**

#### 8.2 The Company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

**The Board distinguishes the remuneration of non-executive directors from that of executive directors.**

**The Company's Constitution provides that the remuneration of non-executive directors is fixed and they do not participate in any incentive plans. And do not receive any retirement benefits. For information about non-executive director remuneration practice, reference can be made to the audited remuneration report set out in the Directors' Report.**

**The board is responsible for determining the remuneration of any director or senior executive without the participation of the concerned director or executive**

**Furthermore, the information provided in the Remuneration Report is audited as required by Section 308(3C) of the Corporations Act 2001.**

#### 8.3 The Company if it has an equity based remuneration scheme should

- (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) Disclose that policy or a summary of it

**The Company's policy on Dealing in Securities prohibits participants from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.**

**A copy of the Dealing Policy is on the Company's webpage.**

## 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 2015.

### (a) Distribution of equity securities

#### (i) Ordinary share capital

- 647,106,824 fully paid shares held by 614 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	3,303
1,001 – 5,000	5	18,180
5,001 – 10,000	120	1,185,470
10,001 – 100,000	163	9,508,828
100,001 and over	282	636,391,043
	614	647,106,824

361 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	159,553,131	24.66
S & CJ Pty Ltd <Falcon Gold Superannuation Fund A/c>	46,199,999	7.14
Moray Holdings Pty Ltd <Paul Byrne Family A/c>	25,000,000	3.86
Phillip Erceg <Argala Superannuation Fund A/c>	24,000,000	3.71
Cauldron Energy Ltd	17,942,723	2.77
Kasher Diamonds Corp Pty Ltd	12,379,003	1.91
Robert Watson	11,000,000	1.70
Rouchelle Wykes	10,800,001	1.67
Rochelle Wykes B + V <R Wykes Superannuation Fund A/c>	10,337,001	1.60
Wright Family Investment Pty Ltd <Wright Family A/c>	10,000,000	1.55
Gentry Investment Pty Ltd <Just Chris A/c>	8,100,000	1.25
Ma Caroline	8,000,000	1.24
Dylan Blackie	8,000,000	1.24
Adrian Lippi <Deep Impact Fishing>	8,000,000	1.24
Habibullah Totakhil	7,833,343	1.21
Popal Enterprise Pty Ltd	7,705,425	1.19
Jason De Silva <De Silva Discretionary A/c>	6,500,000	1.00
Rodney Dale	6,500,000	1.00
Nova Legal Pty Ltd	6,000,000	0.93
Aaron Parekh	6,000,000	0.93
	<b>399,850,626</b>	<b>61.80</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	159,553,131	24.66
S & CJ Pty Ltd <Falcon Gold Superannuation Fund A/c>	46,199,999	7.14
	<b>205,753,130</b>	<b>31.80</b>

### (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 2015</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%
EPM 17672	Mary Valley	Granted	55.61%
EPM 17938	Mary Valley	Granted	55.61%
EL 27117	West McArthur	Granted	55.61%
EPM25698	West Mary Valley	Granted	100%
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%
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 26489	Mackay	Application	100%
ELA 27130	Flying Fox	Application	100%
ELA 27549	Liverpool 3	Application	100%
ELA 27584	Devil's Elbow	Application	100%
ELA 27703	Gumadeer	Application	100%