



4 November 2015

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## Notification Under Section 708AA(2)(F) for a Non Renounceable Rights Issue

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Eclipse Metals Limited (**the Company**) refers to the ASX Announcement on 4 November 2015 regarding the non-renounceable rights issue (**Rights Issue**) of one (1) New Share for every two (2) existing shares held at the record date of 10 November 2015 (**Record Date**).

New Shares under the Rights Issue will be offered at 0.25 cents per Share. The maximum number of New Shares which may be issued under the Rights Issue is 323,553,412 to raise approximately \$808,884 (before expenses, based on the current capital structure of the Company).

An offer document will be mailed to eligible shareholders on 13 November 2015, together with personalised entitlement and acceptance forms.

### Notice under Section 708AA of the Corporations Act 2001

The Company hereby notifies ASX under paragraph 708AA (2) (f) of the Corporations Act 2001 (Cth) (**Act**) that:

- (a) the Company will offer the Shares for issue without disclosure to investors under Part 6D.2 of the Act;
- (b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Act;
- (c) as at the date of this notice the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company;
- (d) as at the date of this notice the Company has complied with section 674 of the Act;
- (e) as at the date of this notice there is no information of the type referred to in sections 708AA(8) and 708AA(9) of the Act :
  - (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
  - (ii) that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
    - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
    - (B) the rights and liabilities attaching to the Shares; and
- (f) the potential effect the Rights Issue will have on the control of the Company, and the consequences of that effect, is set out below:

It is not possible to exactly predict the effect of the Rights Issue on the control of the Company. However, a Director of the Company, Mr Carl Popal intends to take up his Entitlement under the Offer. Mr Popal (and his associated entities) currently hold a 25.85% interest in the Company. Accordingly, Mr Popal's participation in the Offer (to the extent of his Entitlement) has the potential to affect the control of the Company as Mr Popal intends to

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### AUSTRALIAN BUSINESS NUMBER

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subscribe to the Offer. The actual effect on control will depend on the level of subscription by Eligible Shareholders pursuant to the Offer and the extent to which the Directors allocate any Shortfall Shares.

An outline of the most likely scenarios is as follows:

- (i) If all Eligible Shareholders take up their Entitlement for New Shares under the Rights Issue, the Rights Issue will have no effect on the control of the Company.
- (ii) In the more likely event that all Eligible Shareholders do not participate in the Rights Issue, any Eligible Shareholder that fails to take up their Entitlement for New Shares under the Rights Issue will have their percentage holding in the Company diluted by those other Eligible Shareholders who take up some, all or more than their Entitlement, under the Shortfall, as follows:
  - (A) To the extent that any shortfall remains after Eligible Shareholders take up their Entitlement (**Shortfall**), the Directors (at their discretion) may offer any Shortfall to other investors in accordance with the ASX Listing Rules and Corporations Act.

The Company does not anticipate that the placement of the Shortfall by the Directors will have any material effect on the control of the Company, and does not expect there to be any consequences for shareholders other than a normal dilutionary effect in respect of shareholders who do not accept their Entitlement.

- (B) To the extent that Shortfall is available per (A) above, and the Directors are unable to place any or all of the Shortfall, the potential effect of control that may arise as a result of Mr Popal taking up his Entitlement is as follows:

Event	Total
Shares held prior to the Offer <sup>1</sup>	167,258,556
% holding prior to the Offer	25.85%
% holding following the Offer assuming 75% of New Shares subscribed under the Offer <sup>2</sup>	32.40%
% holding following the Offer assuming 50% of New Shares subscribed under the Offer <sup>2</sup>	30.35%
% holding following the Offer assuming 25% of New Shares subscribed under the Offer <sup>2</sup>	28.17%
Maximum number of new Shares which may be issued pursuant to Mr Popal's Entitlement	83,629,278
Maximum % holding following the Offer assuming no New Shares subscribed under the Offer <sup>2</sup>	34.33%

1. Of this amount, 159,553,131 are held by Ghan Resources Pty Ltd and 7,705,425 are held by Popal Enterprise Pty Ltd.
2. Assumes Mr Popal takes up his full Entitlement and no Shortfall is placed.

**Eryn Kestel**  
Company Secretary