

Quarterly Activities Report and Appendix 5B

For the Quarter ending 30th June 2016

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

HIGHLIGHTS:

Operations

- Progress on Farm-in and JV due diligence to conclude terms for farm-in / joint venture on part of Liverpool uranium project tenements, with major multi-national mining company
- Prospectivity review of central Australian tenements commenced
- Completed review of geophysical exploration methods to assist with planning exploration programmes on Mary Valley manganese deposits

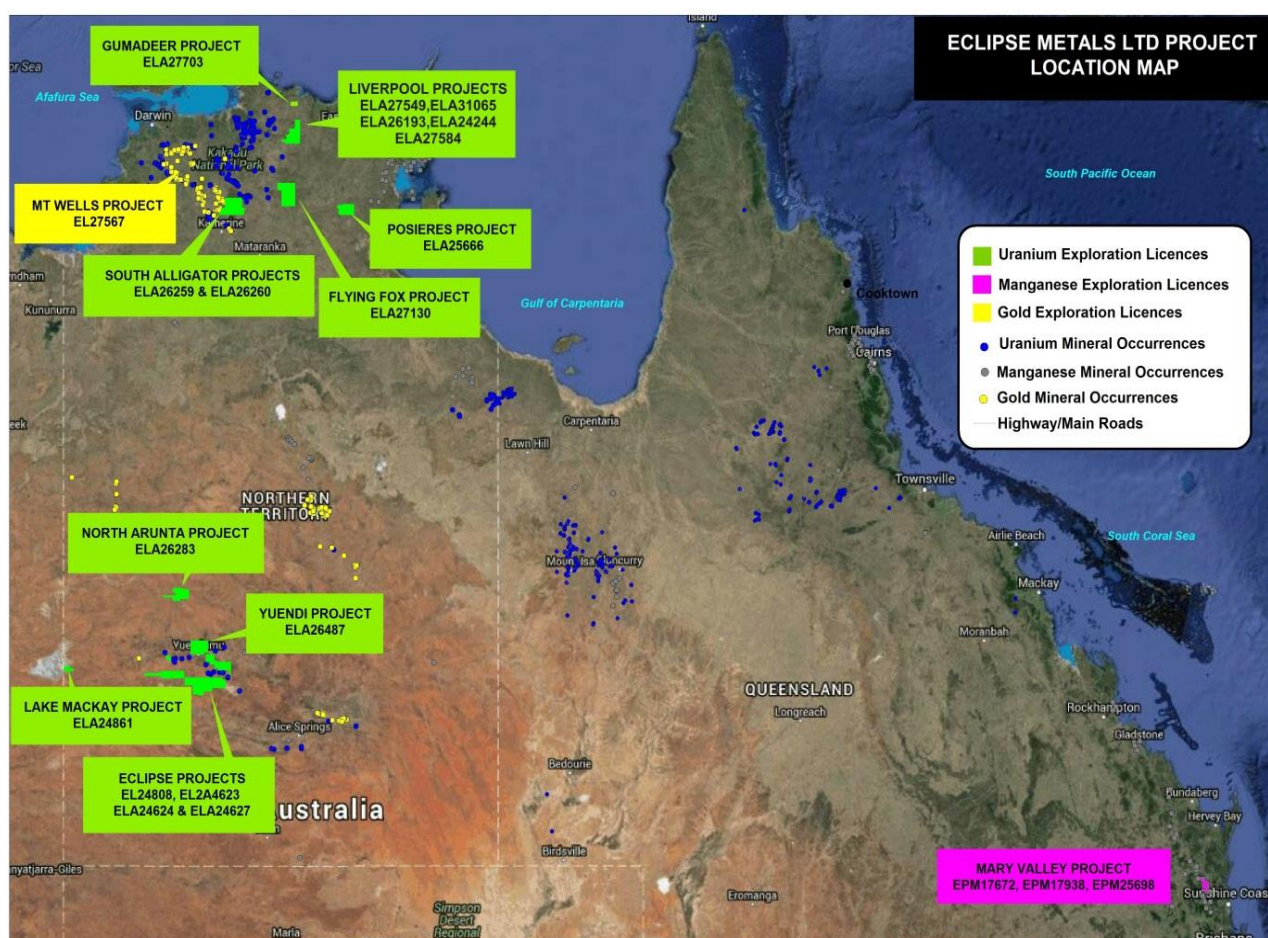


Figure 1 – Eclipse Metals tenements in Northern Territory and Queensland

Activity during the Quarter**NT Uranium (Liverpool Project)**

On 9th June, the Company announced that it has agreed in-principle terms to a binding farm-in / joint venture agreement (the Agreement) with a major multi-national mining and exploration company on one of its Northern Territory Liverpool Project uranium tenements, in the world class Alligator Rivers uranium field.

The Liverpool Project covers a group of five tenements with a combined area of 1,239sqkm wholly situated in West Arnhem Land. The Company's Liverpool project area is in the sought after Alligator Rivers Uranium field neighbouring senior uranium explorers such as Rio Tinto and Cameco Australia. (refer Figure 3).

The project tenements are centred approximately 285km east of Darwin (Figure 1), hosted in the McArthur Basin within the 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% U₃O₈. The McArthur Basin is host to numerous uranium deposits including the Ranger and Jabiluka Uranium Mines. Large uranium deposits in the Alligator Rivers Uranium Field account for 96% of past uranium production in the Northern Territory. As well as uranium, these deposits may contain economic quantities of gold, platinum and palladium (e.g. Jabiluka, Coronation Hill).

Based on historical exploration findings the Company is encouraged with the prospectivity of its proposed JV tenement. 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.

The Company has been actively seeking reputable JV partners that recognise the full potential of the Eclipse Liverpool Projects tenements. Prospects delineated in earlier exploration remain poorly tested within the tenement area and the surrounding zones around the Ranger Fault – Table 1. There are also abundant radiometric anomalies potentially hosting uranium mineralisation which have never been tested – (Table 1, Figure 2).

Table 1: Liverpool Project Radiometric Targets Generated by Eclipse Metals from review of historical exploration data

Tenure Number	Radiometric Anomalies	Strike Length of Anomaly	Width of Anomaly	Actual Geology Lithology	Geological Model
EL27584	1	4.9km Max	1.6km Max	Mesozoic Sandstone	Unconformity Style- Structural Control
EL26244	2	1.3km Max	1.0km Max	Gumarrimbang Sandstone	Unconformity Style
EL26244	3	3.5km Max	1.1km Max	Cainozoic Sediments	Unconformity Style
EL26244	4	1.8km Max	1.5km Max	Cainozoic Sediments	Unconformity Style
EL26193	5	1.4km Max	1.0km Max	Cainozoic Sediments	Unconformity Style
EL26193	6	2.9km Max	1.5km Max	Gumarrimbang Sandstone	Unconformity Style
EL26193	7	1.5km Max	0.7km Max	Gumarrimbang Sandstone	Unconformity Style
EL26193	8	1.1km Max	0.8km Max	Gumarrimbang Sandstone	Unconformity Style

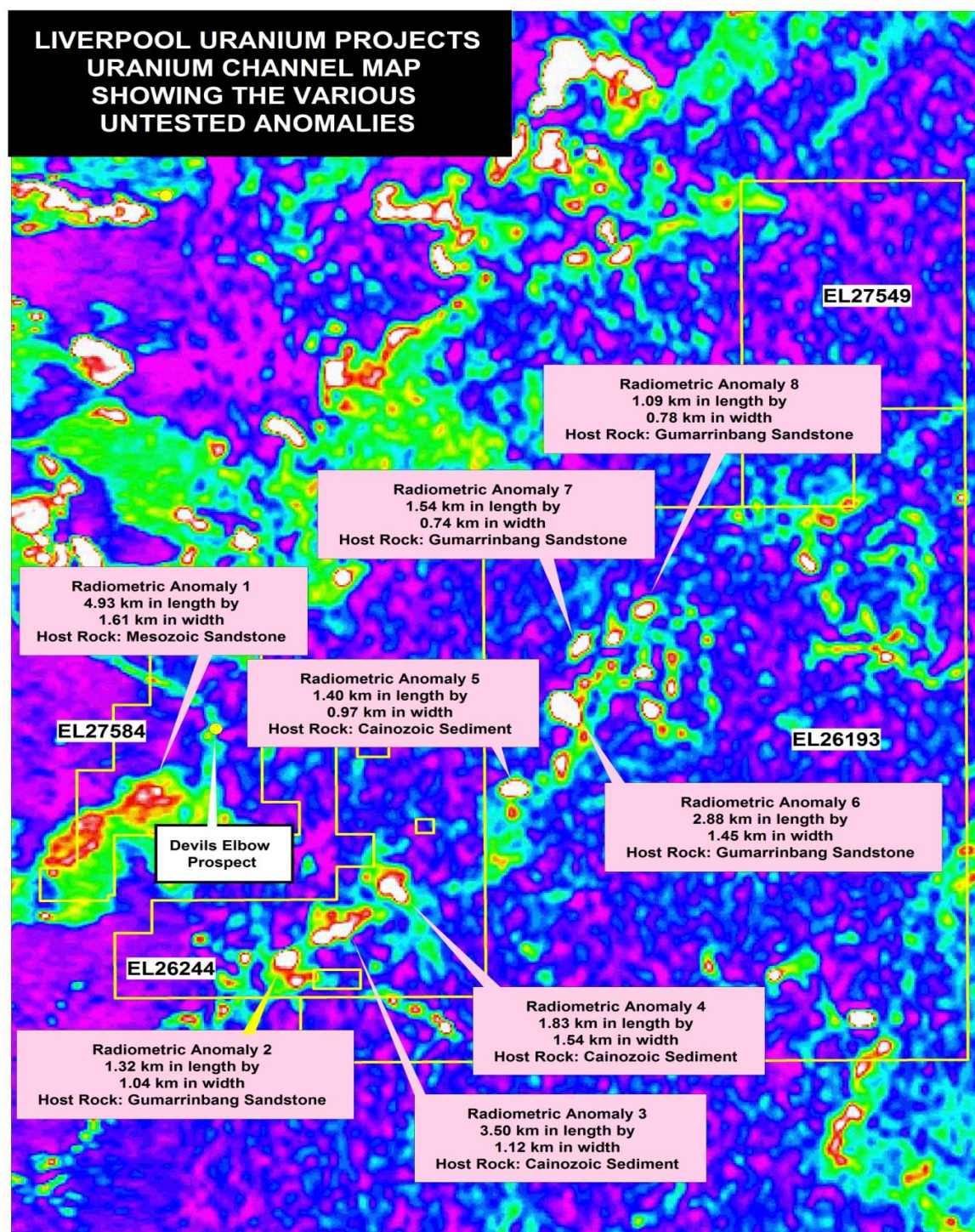


Figure 2: Liverpool Uranium Project Areas showing Radiometric Target Anomalies warranting follow-up

NT Uranium (Central Australian Project)

The company has commenced a prospectivity review of tenure held in Central Australia, where it holds seven tenements, six of which are applications awaiting grant. The company intends to progress applications to grant according to prospectivity rankings where possible, and will plan suitable work programs to commence as soon as practicable after grant.

Queensland – Mary Valley Manganese Project

A study for the application of existing and recently developed geophysical procedures has been completed, and the company is considering proposals to assist with mapping and drilling manganese deposits in the Mary Valley project tenements.

On completion of further geological evaluation and geophysical surveys, the Company is planning to conduct market research and bulk sample collection with a view to progressing development of a manganese mining operation.

The Company is maintaining its tenement holdings by cooperation with the Queensland Department of Natural Resources and Mines and Department of the Environment.

ECLIPSE METALS TENEMENT INTERESTS

Granted Tenements

Tenement	Project Name	Commodity	Status	State	Beneficial Holder	Gratic Blk
EL 24808	Bigirlyi	Uranium	Granted	NT	Eclipse Metals Ltd	27
EL 27567	Mt Wells	Gold, Base-metals	Granted	NT	Eclipse Metals Ltd	5
EPM 17672	Mary Valley	Manganese	Granted	Qld	Eclipse Metals Ltd	54
EPM 17938	Amamoor	Manganese	Granted	Qld	Eclipse Metals Ltd	4
EPM 25698	West Mary Valley	Manganese	Granted	Qld	Eclipse Metals Ltd	10

Tenement Applications

Tenement	Project Name	Commodity	Status	State	Beneficial Holder	Gratic Blk
ELA 24623	Eclipse	Uranium	Application	NT	Eclipse Metals Ltd	305
ELA 24624	Eclipse	Uranium	Application	NT	Eclipse Metals Ltd	476
ELA 24627	Eclipse	Uranium	Application	NT	Eclipse Metals Ltd	500
ELA 24861	Lake Mackay	Uranium	Application	NT	Eclipse Metals Ltd	50
ELA 25666	Mt Pozieres	Uranium	Application	NT	Eclipse Metals Ltd	229
ELA 26193	Liverpool 1	Uranium	Application	NT	Eclipse Metals Ltd	240
ELA 26244	Liverpool 2	Uranium	Application	NT	Eclipse Metals Ltd	50
ELA 26259	South Alligator 1	Uranium	Application	NT	Eclipse Metals Ltd	202
ELA 26260	South Alligator 2	Uranium	Application	NT	Eclipse Metals Ltd	274
ELA 26283	Mt Theo	Uranium	Application	NT	Eclipse Metals Ltd	260
ELA 26487	Yuendi	Copper, Uranium	Application	NT	Eclipse Metals Ltd	320
ELA 27130	Flying Fox	Uranium	Application	NT	Eclipse Metals Ltd	482
ELA 27549	Liverpool 3	Uranium	Application	NT	Eclipse Metals Ltd	51
ELA 27584	Devil's Elbow	Uranium	Application	NT	Eclipse Metals Ltd	30
ELA 27703	Gumadeer	Uranium	Application	NT	Eclipse Metals Ltd	3
ELA 31065	Liverpool 4	Uranium	Application	NT	Eclipse Metals Ltd	68

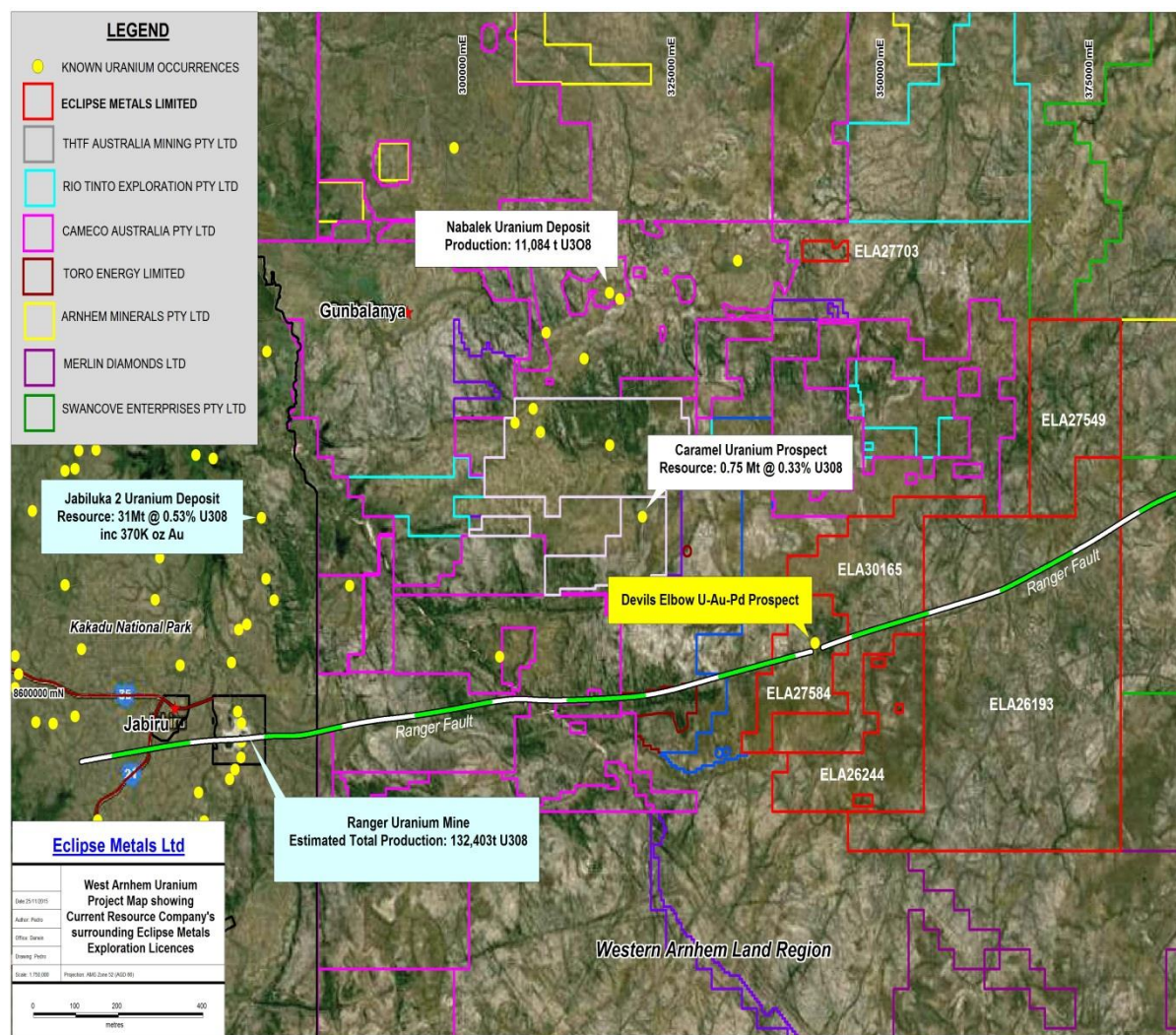


Figure 3. West Arnhem Land Uranium Activity Map

Corporate Activity

The Company has been actively seeking JV partners as a strategic approach in developing its mineral exploration projects.

The Board has resolved to proceed with the terms of JV and Farm-In agreement with a multi-national mining and exploration company on one of its uranium projects.

This approach in progressing development of the Company's uranium portfolio is designed to deliver maximum future value will minimise dilution for shareholders and represents a unique solution for the Company to progress a number of its projects.

About Eclipse Metals Ltd:

Eclipse Metals Ltd is an Australian exploration company focused on exploring the Northern Territory and Queensland for multi commodity mineralisation. The company has an impressive portfolio of assets prospective for uranium, gold, manganese, iron ore, and base metals. Eclipse Metals holds a portfolio of over 11,300km² in over 20 exploration licence areas in the Northern Territory and Queensland. The Company's mission is to increase Shareholder wealth through capital growth and ultimately, dividends. Eclipse plans to achieve this goal by exploring for and developing viable mineral deposits to generate mining or joint venture income.

Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Eclipse Metals Limited

ABN

85 142 366 541

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(35)	(79)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(48)	(298)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (Refund of security deposit of EL7986)	10	10
Net Operating Cash Flows		(72)	(366)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects ¹	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (refundable deposit)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(72)	(366)

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(72)	(366)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. ¹	80	570
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue cost)	-	(4)
1.20	Other (R&D refund)	-	-
	Net financing cash flows	80	566
	Net increase (decrease) in cash held	8	200
1.20	Cash at beginning of quarter/year to date	423	231
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	431	431

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	12
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

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

N/A

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

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	50
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	431	423
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	431	423

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginni ng of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

6.3 Interests in mining tenements at end of the quarter

Location	Project Name	Tenement #	Ownership	Titleholder
Northern Territory	Mt Wells	EL 27567	100%	Eclipse Metals Ltd
Northern Territory	Eclipse	EL 24808	100%	Eclipse Metals Ltd
Queensland	Mary Valley	EPM 17672	55.61%	Walla Mines Pty Ltd
Queensland	Mary Valley / Amamoor	EPM 17938	55.61%	Walla Mines Pty Ltd
Queensland	West Mary Valley	EPM25698	100%	Walla Mines Pty Ltd
Northern Territory	Eclipse	ELA 24623	100%	Eclipse Metals Ltd
Northern Territory	Eclipse	ELA 24624	100%	Eclipse Metals Ltd
Northern Territory	Eclipse	ELA 24627	100%	Eclipse Metals Ltd
Northern Territory	Lake Mackay	ELA 24861	100%	Eclipse Metals Ltd
Northern Territory	Mt Poizieres	ELA 25666	100%	Eclipse Metals Ltd
Northern Territory	Liverpool 1	ELA 26193	100%	Eclipse Metals Ltd
Northern Territory	Liverpool 2	ELA 26244	100%	Eclipse Metals Ltd
Northern Territory	South Alligator 1	ELA 26259	100%	Eclipse Metals Ltd
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Northern Territory	Flying Fox	ELA 27130	100%	Eclipse Metals Ltd
Northern Territory	Liverpool 3	ELA 27549	100%	Eclipse Metals Ltd
Northern Territory	Devil's Elbow	ELA 27584	100%	Eclipse Metals Ltd
Northern Territory	Gumadeer	ELA 27703	100%	Eclipse Metals Ltd
Northern Territory	Liverpool 4	ELA 31065	100%	Eclipse Metals Ltd

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	964,616,948	964,616,948		

Mining exploration entity and oil and gas exploration entity quarterly report

7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	103,023,813	-	Exercise price 6 cents	Expiry date 30/11/16
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

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

Sign here:

Date: 29 July 2016

Print name: **Eryn Kestel**
Company Secretary

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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