On 19 August 2016, Eclipse Metals Ltd (ASX:EPM) (Eclipse or the Company) and its wholly owned subsidiary, North Minerals Pty Limited (North) executed a Farm-In / Joint Venture Agreement (the Agreement) with Rio Tinto Exploration Pty Ltd (Rio Tinto), a wholly owned subsidiary of Rio Tinto Limited (ASX RIO). The Agreement is to acquire an interest in one of the Company’s Northern Territory Liverpool Uranium Project tenements, in the world class Alligator Rivers Uranium Field (Figure 1).

The Agreement provides for Rio Tinto to have the right of first refusal over the Company’s other tenements in the Northern Territory.

Terms of the Agreement

Under the Agreement, Rio Tinto has the right to farm into Exploration License Application 27584, containing the Devil’s Elbow prospect (Figure 2) and can earn up to a 90% interest by incurring expenditure in stages from the date of executing the agreement as outlined below:

- Rio Tinto must spend a minimum of $250,000 on exploration and will separately fund costs associated with achieving land access through the Northern Land Council and tenement grant.

- Stage 1: Rio Tinto completes $1.5 million sole-funded exploration within 3 years to earn an initial 65% joint venture interest.

- Stage 2: Rio Tinto may then elect to earn a 75% joint venture interest by spending an additional $2.0 million over a further 3 year period.

- At the end of Stage 2, Eclipse may elect to contribute pro rata to expenditure and maintain a 25% joint venture interest.

- Stage 3: In the event that Eclipse elects not to contribute, then Rio Tinto may elect to sole fund a further $1.5 million expenditure over 2 years to earn a 90% joint venture interest.
Upon Rio Tinto earning a 90% interest, Eclipse may elect to maintain a contributing 10% interest or sell its interest to Rio Tinto at Fair Market Value.

Mr. Carl Popal, Executive Chairman of Eclipse, welcomed the agreement with Rio Tinto, stating:

“Eclipse welcomes this arrangement with Rio Tinto as a strong vindication of our belief in the prospectively of the Liverpool Project generally. The arrangements with Rio Tinto will mean that standout exploration targets will be given first-class technical assessment by one of the world’s largest and most successful mining and exploration companies.

We continue to seek the best results for the Eclipse shareholders and believe that this Farm-in and Joint Venture arrangement significantly enhances the prospects of identifying and developing economically viable mineral deposits at the Liverpool Project.

An additional favourable factor in the Agreement is that it contains a Right of First Refusal (ROFR) in favour of Rio Tinto over various other Eclipse uranium tenements in the Northern Territory which have been identified as being of interest.”

Figure 1. Liverpool Project location map and Devil’s Elbow detail
Figure 2. Eclipse Uranium Project Location Map in Northern Territory

Background
The Liverpool Uranium project lies approximately 285km east of Darwin, hosted within the world class Alligator Rivers Uranium Field. The Devil's Elbow Prospect within ELA 27584, is situated approximately 24km east-southeast
of Cameco’s Caramel Uranium resource; 41km southeast of the former Nabarlek Uranium Mine and some 68km east of the current Ranger Uranium Mine. The Ranger Mine lies on the Ranger Fault which also passes through all the Eclipse Liverpool Project tenements.

In 1987 and 1989, Uranerz Australia Pty Ltd conducted regional uranium exploration within the central part of ELA 27584, targeting uranium unconformity type deposits. 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% U3O8, 3.7% U3O8, 4.40% U3O8 and 5.8% U3O8, with 38.1g/t Au and 28.02g/t Pd, related to fractures within altered amygdaoidal basalt of the Nungbalgarri Volcanics. (refer to detailed ASX JORC 2012 announcement “Results from Devil’s Elbow Uranium Prospect Data Review” released on 9 February 2015 and available at http://eclipseuranium.com.au). Pursuant to ASX listing rule 5.23.2, Eclipse confirms that it is not aware of any new information or data that materially affects the information in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Between 2006 and 2008, Cameco Australia Pty Ltd conducted regional uranium exploration within the current area of ELA 30165, targeting “unconformity style” uranium deposits, the nearby economic deposits at Ranger, Jabiluka, Koongarra and Nabarlek serving as exploration models.

Work carried out included general geological reconnaissance and a helicopter-supported surface sampling program targeting a number of illite and tourmaline alteration anomalies associated with a northeast-trending fault zone identified by an airborne Hyperspectral survey (Hymap) flown in 2006.

Cameco identified two types of mineralisation-related alteration haloes similar to Athabasca Basin (Canada) unconformity-style deposits that are currently used in the exploration models in Northern Australia, with anomalous illite, chlorite, dravite and hematite alteration. Interpretation of the HyMap data generated several anomalies for further investigation.

Carl Popal  
Executive Chairman

FOR FURTHER INFORMATION:

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Rod Dale  
Non-executive Director  
Eclipse Metals Limited

Competent Person Statements

The information in this report that relates to Exploration Results together with any related assessments and interpretations is based on information compiled by Mr Pedro Kastellorizos, a previous Executive Director and Mr Giles Rodney (Rod) Dale. 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 which he has undertaken 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 Rod Dale 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.

Mr Dale, currently holds the position of Non-Executive Director, and holds securities in the Company.
ABOUT ECLIPSE METALS LTD:

Figure 3. Eclipse Metals Ltd tenement interests in Northern Territory and Queensland

Eclipse Metals Ltd is an exploration company focused on multi-commodity exploration in the Northern Territory and Queensland. Projects held by Eclipse are prospective for mineralisation styles which may host a suite of commodities including; gold, uranium, industrial minerals and base metals.

Eclipse holds applications for and granted exploration tenements in 21 locations with a cumulative area of approximately 11,100km² within several highly prospective provinces, near to some world class uranium deposits such as the Rum Jungle Mineral Field, Alligator Rivers Region and the newly emerging Ngalia Basin.

Through its subsidiary Walla Mines Pty Ltd, Eclipse Metals holds tenements in Queensland containing deposits of some 167,000 tonnes of manganese mineralisation at grades up to 52% Mn. All deposits are open at depth and along strike.

The Company’s projects include the following:
- Mt Wells Gold Project, NT
- West Arnhem, Eclipse, North Arunta and South Alligator Project
- Yuendi Copper Project
- Mary Valley Manganese Project, Queensland

With a series of projects located in geologically favourable areas, many with known mineral occurrences on the tenements, and significant developed projects nearby, there is considerable potential to discover significant mineralisation. Using modern and innovative exploration techniques Eclipse is systematically exploring project tenements for new areas of mineralisation.

The Company has a well-qualified board and management team with considerable experience across many commodity types and a track record of developing and bringing projects to the capital markets.

END.