

26 November 2012

Mr Sebastian Bednarczyk
ASX Compliance
By Email: sebastian.bednarczyk@asx.com.au

Dear Sebastian


Eclipse Metals Limited (Company)

I refer to your letter of 22 November 2012 to the Company, and set out the Company's response using the same numbering as your letter:

- 1 This is not the case, and the following other factors should be taken into account in assessing the Company's position:
 - 1.1 The Appendix 5B referred to in your letter estimated the Company's cash outflow for the current quarter at \$150,000.
 - 1.2 In the current quarter the Company has received payment of interest and the underwriting fee due to it in relation to its loan to Dourado Resources Limited and its underwriting of that company's Share Purchase Plan. Subject to shareholder approval at the Annual General Meeting of Dourado Resources Limited to be held on 30 November 2012, the Company will also be issued 12,929,390 shares in Dourado Resources Limited (with a current market value of approximately \$940,000). Whilst the Company does not currently intend to dispose of these shares when they are issued, if required they could be utilised to supplement the Company's cash position.
 - 1.3 The Company has been offered a working capital facility of up to \$2,000,000 and is currently considering the terms of this offer.
 - 1.4 The Company has lent approximately \$700,000 to Klondyke Resources Limited which is due for repayment on 30 November 2012. The Company has received a request for an extension of that loan and is currently considering that request, including whether to require the payment of any fee or accrued interest in consideration of the request for extension.
 - 1.5 The Company is seeking approval at its Annual General Meeting on 30 November 2012 for an equity capital raising.
- 2 As set out at 1.1 above the Company has estimated its cash outflow for the current quarter as \$150,000. The steps the Company has taken to ensure it has sufficient funds in order to continue its operations at that rate are set out in the answer to question 1 above.

- 3 The steps the Company has taken and is proposing to take to enable it to continue to meet its business objectives have been set out in detail in its Notice of General Meeting for the Extraordinary General Meeting held in June 2012 and in its Notice of Annual General Meeting for the Annual General Meeting to be held on 30 November 2012.
- 4 The Company can confirm that it is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.
- 5 The Company notes the following in respect of the Company's compliance with Listing Rule 12.2 with reference to the note to that Listing Rule:
- 5.1 As at 30 June 2012 the Company had total assets of \$16,320,986 and net assets of \$16,149,703, and its total liabilities were only \$171,283. The Company is also seeking approval at its Annual General Meeting on 30 November 2012 for a significant change to the scale of its activities. If the change is approved the Company's net assets will also increase significantly as the transaction the subject of the significant change is a scrip acquisition.
- 5.2 As noted in the answer to question 1 above, the Company expects to have access to substantial funds to meet its commitments going forward and also expects to have available marketable securities with a significant market value which can be sold if required.

Yours sincerely



Peter Del Fante
Managing Director



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22 November 2012

Robert Marusco
Company Secretary
Eclipse Metals Limited
309 Pier Street
PERTH WA 6000

By email: robert.marusco@nkh.com.au

Dear Robert

Eclipse Metals Limited ("Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 30 September 2012, released to ASX Limited ("ASX") on 31 October 2012 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$243,000.
3. Cash at end of quarter of \$11,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number +61 8 9221 2020** or **email**. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **half an hour before market open (i.e. 6.30 am WST) on Monday, 26 November 2012**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Sebastian Bednarczyk
Senior Adviser, Listings (Perth)