

Quarterly Activities Report and Appendix 5B

For the Quarter ending 30 September 2017

HIGHLIGHTS

- **Permitting for drill testing of Mary Valley manganese prospects being finalized**
 - **Drilling to commence December quarter**
-

QUEENSLAND - MARY VALLEY MANGANESE PROJECT

During the quarter, Eclipse Metals Limited (**Eclipse or the Company**) progressed planning and permitting procedures for drill testing of the Amamoor and Eel Creek manganese prospects in the Mary Valley Project, Queensland (Figure 2). The aim of this program is to gain better understanding of the extent of manganese mineralisation, its mineralogy and grade distribution.

On completion of permitting, the Company will initiate preparation of drill sites and logistic support for a diamond drilling programme to be conducted before the end of 2017.

Definition of targets is based on a combined analysis of geological and geophysical data, particularly results from gravimetric surveys conducted earlier in 2017.

On-site checking of anomalous geophysical gravity survey results determined that there are significant extensions to known mineralisation, in particular at Amamoor and Eel Creek which prospects are now considered high priority drill targets (refer ASX releases dated 15 March and 8 June 2017)

Metallurgical characterisation of the sample concentrates determined that most of these products appear to be suitable for ferroalloy smelting. In particular, sample MVEC01 represents effectively DSO with an in-situ grade above 40% Mn. Concentrate phosphorous contents are all acceptably low, being below the 0.2% limit generally imposed. The iron contents are low, but this can be compensated for in ferroalloy smelters by adding iron ore to the furnace feed mix or by blending with high iron ores.

FUTURE EXPLORATION

Eclipse will continue its exploration of other prospects such as Skyring Creek, Skyring North and Donaldsons, which, in addition to the Amamoor and Eel Creek prospects, appear to have potential to contain significant quantities of manganese mineralisation.

Other manganese prospects will be progressively evaluated.

The Company is assessing new technology that may be suitable for quick extensional exploration of the manganiferous horizons at depth.

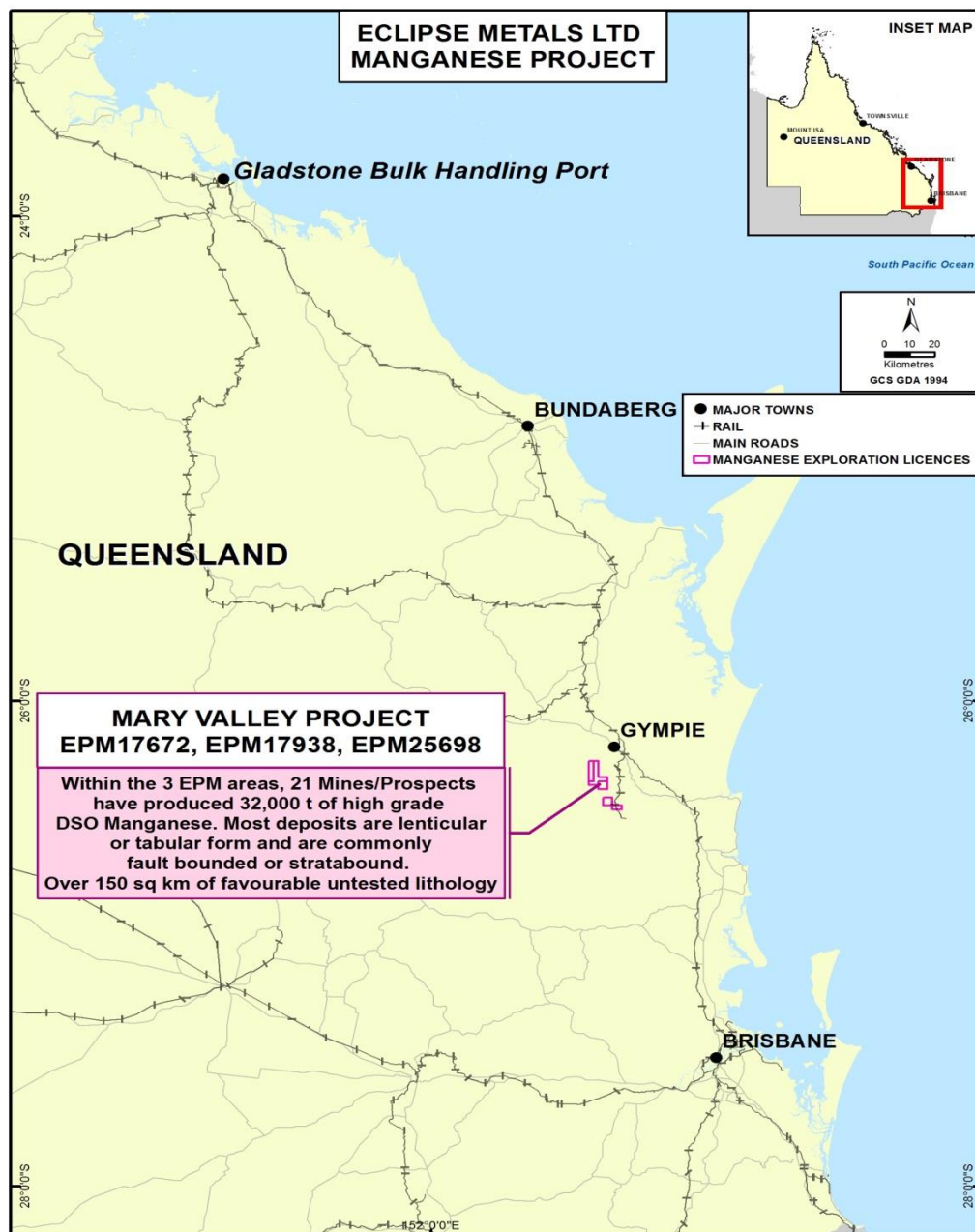


Figure 1 Location Plan for Eclipse's Mary Valley Manganese Project

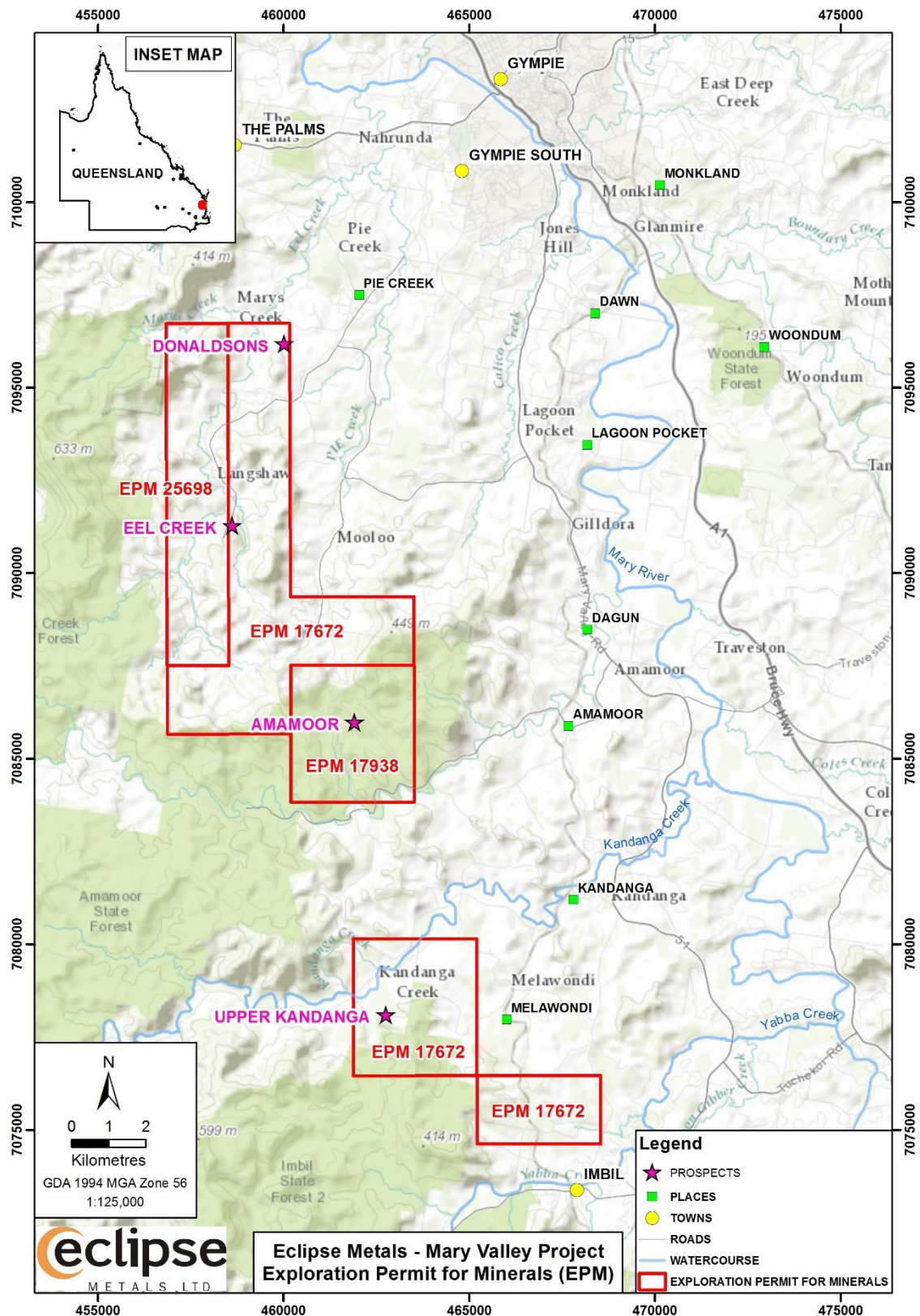


Figure 2. Mary Valley Tenement Map (updated)

NORTHERN TERRITORY: DEVILS ELBOW- RIO TINTO FARM-IN / JV ELA 27584

Under the farm-in and joint venture arrangement with Eclipse, Rio Tinto Exploration (RTX) is continuing to pursue an arrangement with the Northern Land Council (NLC) for a site anthropological survey to determine consent and non-consent areas by Traditional Owners to facilitate the application procedure.

RTX is hoping to conduct this site survey before the end of the 2017 field season prior to the commencement of the wet season in the Northern Territory. Following the results of the site survey a final meeting will be planned with the NLC Executive for endorsement of these areas by Traditional Owners.

NORTHERN TERRITORY: OTHER TENEMENTS

Eclipse commissioned a gravity and passive seismic survey on EL24808 in the Ngalia Basin during the quarter. The tenure of this tenement has been extended for an additional two (2) years. Applications were made to the Central Land Council (CLC) under Consent to Negotiate provisions for ELA31499-502.

TENEMENT INTERESTS (refer Figures 2, 3)**Granted Tenements**

Tenement	Project Name	Commodity	Status	State	Beneficial Holder	Graticular Blocks
EL 24808	Bigirlyi	Uranium	Granted	NT	Eclipse Metals Ltd	27
EPM 17672	Mary Valley	Manganese	Granted	Qld	Eclipse Metals Ltd	15
EPM 17938	Amamoor	Manganese	Granted	Qld	Eclipse Metals Ltd	4
EPM 25698	West Mary Valley	Manganese	Granted	Qld	Eclipse Metals Ltd	5

Tenement Applications

Tenement	Project Name	Commodity	Status	State	Beneficial Holder	Graticular Blocks
ELA 24623	Eclipse	Uranium	Application	NT	Eclipse Metals Ltd	305
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 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
ELA 31499	Ngalia 1	Uranium	Application	NT	Eclipse Metals Ltd	249
ELA 31500	Ngalia 2	Uranium	Application	NT	Eclipse Metals Ltd	250
ELA 31501	Ngalia 3	Uranium	Application	NT	Eclipse Metals Ltd	250
ELA 31502	Ngalia 4	Uranium	Application	NT	Eclipse Metals Ltd	226

Mining Tenements Acquired and Disposed during the September 2017 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the September 2017 Quarter

100% Devil's Elbow Liverpool project

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the September 2017 Quarter

Nil

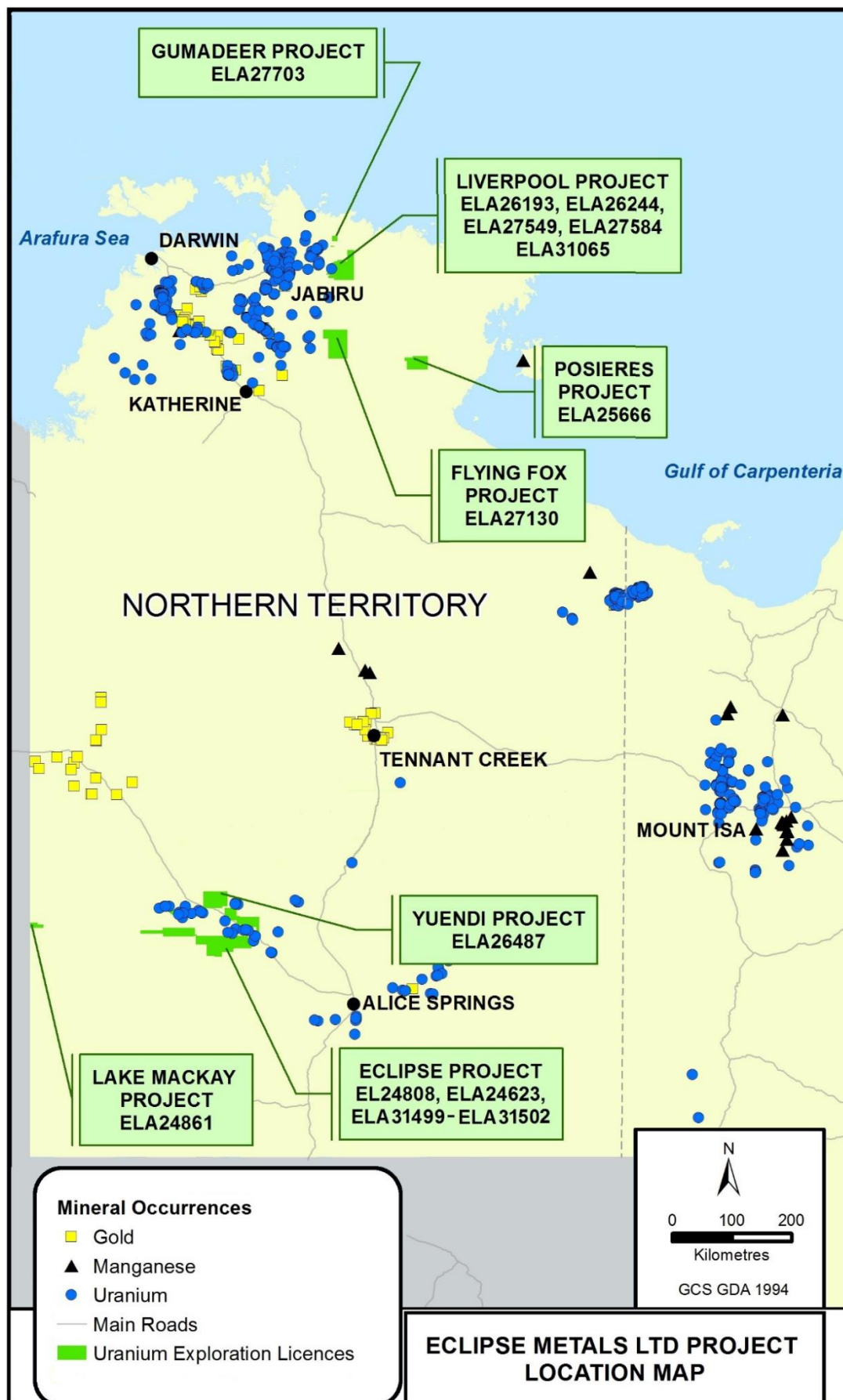


Figure 3. Northern Territory Tenement Map (updated)

Competent Persons Statement

The information contained in this quarterly report that relates to Exploration Results together with any related assessments and interpretations is based upon and fairly represents the information and supporting documentation prepared by Mr Rodney Dale, FRMIT, FAusIMM a Non-Executive Director of Eclipse Metals Limited.

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 Dale has verified the data disclosed in this release and consents to the inclusion in this release of the matters based on the information in the form and context in which it appears.

For further information please contact:

Carl Popal - Executive Chairman
T: +61 8 9480 0420

Rod Dale - Non-Executive Director
T: +61 8 9480 0420

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, 01/05/13, 01/09/16

Name of entity

ECLIPSE METALS LIMITED

ABN

85 142 366 541

Quarter ended ("current quarter")

Sept 17

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(51)	(51)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(99)	(99)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (BAS Refund)	6	6
1.9 Net cash from / (used in) operating activities	(142)	(142)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,256	1,256
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(142)	(142)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,114	1,114

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,114	1,256
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,114	1,256

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

40

-

Director fees and geological fees for services provided

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	250
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	95
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	345

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

Date: 31 October 2017

Print name: **Carl Popal**
Director

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.