



ABN 85 142 366 541

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## **Annual Report**

**For the financial year ended 30 June 2019**

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## Corporate Directory

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### DIRECTORS

|                 |                        |
|-----------------|------------------------|
| Mr Rodney Dale  | Non-Executive Chairman |
| Mr Carl Popal   | Non-Executive Director |
| Mr Ibrar Idrees | Non-Executive Director |

### COMPANY SECRETARY

Ms Eryn Kestel

### REGISTERED OFFICE

Level 3, 1060 Hay Street  
West Perth WA 6005  
Ph.: +61 8 9480 0420  
Fax: +61 8 9321 0320

### PRINCIPAL PLACE OF BUSINESS

Level 3, 1060 Hay Street  
West Perth WA 6005  
Ph.: +61 8 9480 0420  
Fax: +61 8 9321 0320

### CONTACT DETAILS

Website: [www.eclipsemetals.com.au](http://www.eclipsemetals.com.au)  
Email: [info@eclipsemetals.com.au](mailto:info@eclipsemetals.com.au)

### AUDITORS

Stantons International  
Level 2, 1 Walker Avenue  
West Perth, Western Australia 6005

### SECURITIES EXCHANGE

Australian Securities Exchange  
Level 40, Central Park  
152-158 St George's Terrace  
Perth, Western Australia 6000

ASX Code: **EPM**

### SHARE REGISTRY

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross, Western Australia 6953  
Ph.: + 61 8 9315 2333  
Fax: + 61 8 9315 2233

### COUNTRY OF INCORPORATION

Australia

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## Directors' Report

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The directors of Eclipse Metals Limited ("Eclipse" or "the Company") submit herewith the annual report of the Company and its controlled entities ("Group") for the financial year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### 1. DIRECTORS

The names of the directors in office at any time during or since the end of financial year are:

|              |                        |                                                                                                 |
|--------------|------------------------|-------------------------------------------------------------------------------------------------|
| Rodney Dale  | Non-Executive Chairman | Appointed non-executive director 7 October 2013<br>Appointed non-executive chairman 29 May 2018 |
| Carl Popal   | Non-Executive Director | Appointed executive chairman 3 April 2014<br>Reverted to non-executive director 29 May 2018     |
| Ibrar Idrees | Non-Executive Director | Appointed 29 May 2018                                                                           |
| Craig Hall   | Non-Executive Director | Appointed 9 October 2015, resigned 6 August 2018                                                |

### 2. COMPANY SECRETARY

The following person held the position of company secretary at the date of this report:

|             |                           |
|-------------|---------------------------|
| Eryn Kestel | Appointed on 25 June 2014 |
|-------------|---------------------------|

### 3. PRINCIPAL ACTIVITY

The principal activity of the Group during the financial year was mineral exploration.

There were no significant changes in the nature of the Group's principal activity during the financial year.

### 4. OPERATING RESULTS

The Group reported a net loss of \$316,256 for the financial year ended 30 June 2019 (2018: loss of \$547,907).

### 5. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

### 6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year, there were no significant changes in the state of affairs of the Group other than those disclosed in the annual report.

### 7. AFTER BALANCE DATE EVENTS

There has not been any matter or circumstance that has arisen since the end of the reporting date and to the date of this report which significantly affects or may significantly affect the results of the operations of the Group.

### 8. ENVIRONMENTAL ISSUES

The Group's environmental obligations are regulated under both State and Federal Law. The Group has a policy of complying with its environmental performance obligations. Environmental matters related to drilling operations in Queensland have been addressed and dealt with.

## Directors' Report (cont'd)

### 9. REVIEW OF OPERATIONS

In the Northern Territory, Rio Tinto withdrew from earning an interest in the Devil's Elbow tenement in the Liverpool Project. An exploration program within a granted exploration licence in the northern Ngalia Basin has been carried out, commencing with gravity surveys which were successful in defining a multi-branch paleochannel system.

During the year to 30 June 2018, the Company suspended exploration activities on the Mary Valley manganese prospects in Queensland and complied with environmental rehabilitation requirements to control erosion on the Amamoor drill sites.

#### **NORTHERN TERRITORY: URANIUM TENEMENTS (refer Figures 3 and 4)**

##### **General**

Several non-core tenements were surrendered, and additional tenements were applied for in the Ngalia Basin region to cover known and potential paleochannel exploration targets.

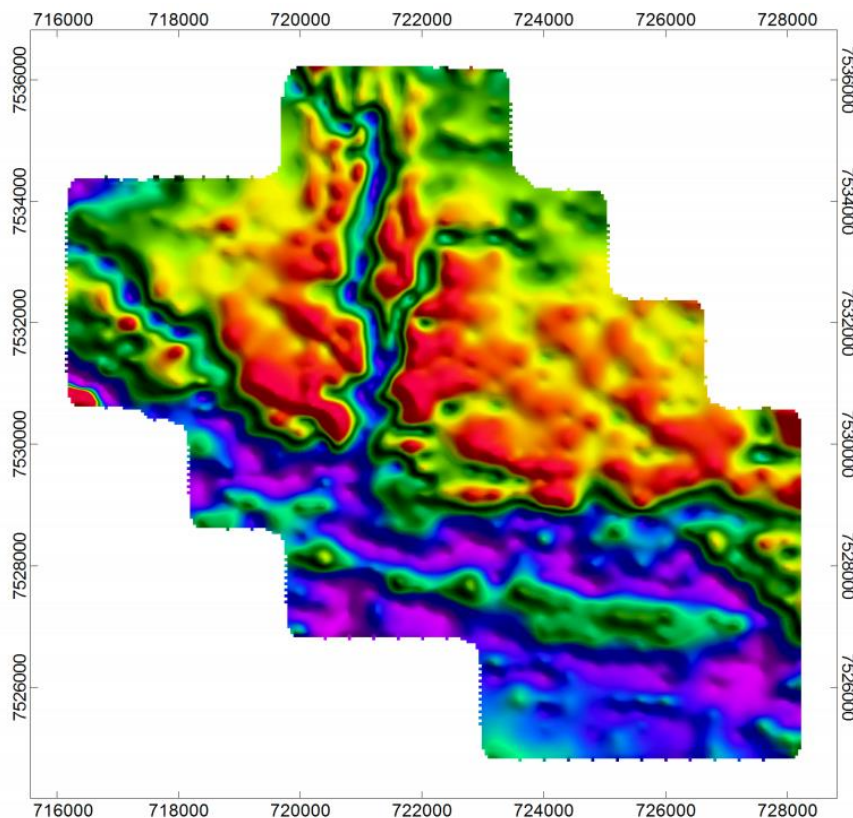
##### **Ngalia Basin EL 24808 "Cusack's Bore" (Granted) Exploration**

Early in 2019, the Company announced positive progress on the gravimetric survey commenced in late 2018 over the 85 km<sup>2</sup> EL24808. Nearly 1,300 gravity stations were recorded on an initial 400 m x 100 m grid and an area of interest measuring 6 km x 2 km was infilled to 200 m x 100 m spacing. Results from this survey were released to the market in March and April 2019.

The survey was conducted to identify targets for uranium mineralisation, including possible paleochannels, along the northern side of the Ngalia Basin in proximity to identified uranium and vanadium mineralisation within the Biglyi Project held by Energy Metals Ltd. (refer Figures 2 and 3).

Survey results highlighted features consistent with paleochannels (refer Figure 1), within the company's tenure. The Company is highly encouraged by the interpretation of a basement-incised multi-branch channel feature of some seven kilometres length, central to the tenement, which presents an obvious target for associated uranium and potentially vanadium mineralisation.

The Company is planning five lines of follow-up passive seismic collection to gain a better understanding of the profile of the channel, with the intent to accurately outline the complete paleochannel system for drill targeting at interpreted points of confluence for potentially high-grade uranium and associated-vanadium mineralisation. The company considers the depth to target is likely in the order of 60-150m from experience elsewhere in this basin and considers that such targets can be suitable for in-situ recovery (ISR) methodologies.



**Figure 1: First Vertical Derivative (vertical rate of change) Gravity contours over EL24808, modelled with basement at a nominal density of 2.67; with interpreted paleochannel features highlighted in second image.**

## Directors' Report (cont'd)

Encouraged by this development within EL24808, Eclipse has applied for four new EL's (ELA's 32077-080) over the northern-central half of the Ngalia Basin, where previous explorers had outlined 400km of Tertiary-age paleochannel system, and discovered anomalous uranium values while drilling a 15km long section of channel at the "Afghan Swan" prospect. These new applications are contiguous with four earlier applications by the company (ELA's 31499-502) from February 2017 over the southern half of the Ngalia Basin and Eclipse now holds a dominant exploration position over the uranium-rich and under-explored central portion. (refer Figure 4).

The Company is in the process of collecting all historical data on the new applications, systematically reviewing the potential for uranium targets in its Ngalia tenure and will progressively release updates of this data.

### Discussion of Ngalia Basin Potential:

Australia's sandstone-hosted uranium deposits occur in sedimentary basins of Carboniferous, Cretaceous and Tertiary age; these include some of Australia's largest and highest-grade uranium deposits. The conventional model for sandstone-hosted uranium deposits has proved robust and a predictive model leading to the discovery of many deposits in Australia. Australia's production of uranium from sandstone-hosted deposits is currently limited to two in-situ leach (ISR) operations in South Australia.

Australia remains highly prospective for the discovery of new paleochannel hosted uranium deposits. Geophysical gravity surveys have proved to be of great assistance in defining paleochannel systems that may host leachable uranium mineralisation in basins draining uranium-rich source rocks, such as the Ngalia Basin, which already has several significant uranium deposits outlined.

In 2010, Thundelarra Exploration (ASX:THX) outlined a maiden paleochannel discovery within the Ngalia Basin at its Afghan Swan prospect (ASX:THX 28th October 2010). After processing and interpretation of geological and geophysical data the company identified an ancient paleochannel system within the Lower Tertiary sequence, which it considered prospective for uranium mineralisation.

Subsequent drilling programs during 2010-12 intersected significant uranium mineralisation extending over about 15 kilometres of the paleochannel system at the Afghan Swan prospect, at depths of between 100-180m. THX drilled a total of 155 holes for 20,844 metres to test the area, concluding uranium mineralisation was typically restricted to the paleochannel. This prospect is the only part of the extensive paleochannel system within the Ngalia Basin Project area to be effectively drill-tested so far. THX noted the underlying Mt Eclipse Sandstone was clearly an excellent source rock for Tertiary reworking, hosting uranium in a highly leachable form –typically uraninite in porous rocks.

### EL Applications

Application for EL's 31499-31502 (Ngalia Basin) are currently scheduled by the Central Land Council (CLC) for discussions with Traditional Owners later in 2019. (refer Figures 2 and 4).

The Company's Liverpool group of five exploration licence applications, located 285km east of Darwin along the Ranger Fault, contains the Devil's Elbow prospect hosted in the world class Alligator Rivers Uranium Field. (refer Figures 2 and 3). Previous exploration of the Devil's Elbow uranium-gold-palladium prospect located within ELA 27584 has yielded surface samples with high grade uranium assays of 3.2%  $U_3O_8$ , 3.7%  $U_3O_8$ , 4.40%  $U_3O_8$  and 5.8%  $U_3O_8$ , with 38.1 g/t Au and 28.0 g/t Pd related to fractures in altered amygdaloidal basalt of the Nungbalgarri Volcanics (refer ASX:EPM announcements 9<sup>th</sup> February 2015 and 3<sup>rd</sup> March 2015).

## Directors' Report (cont'd)

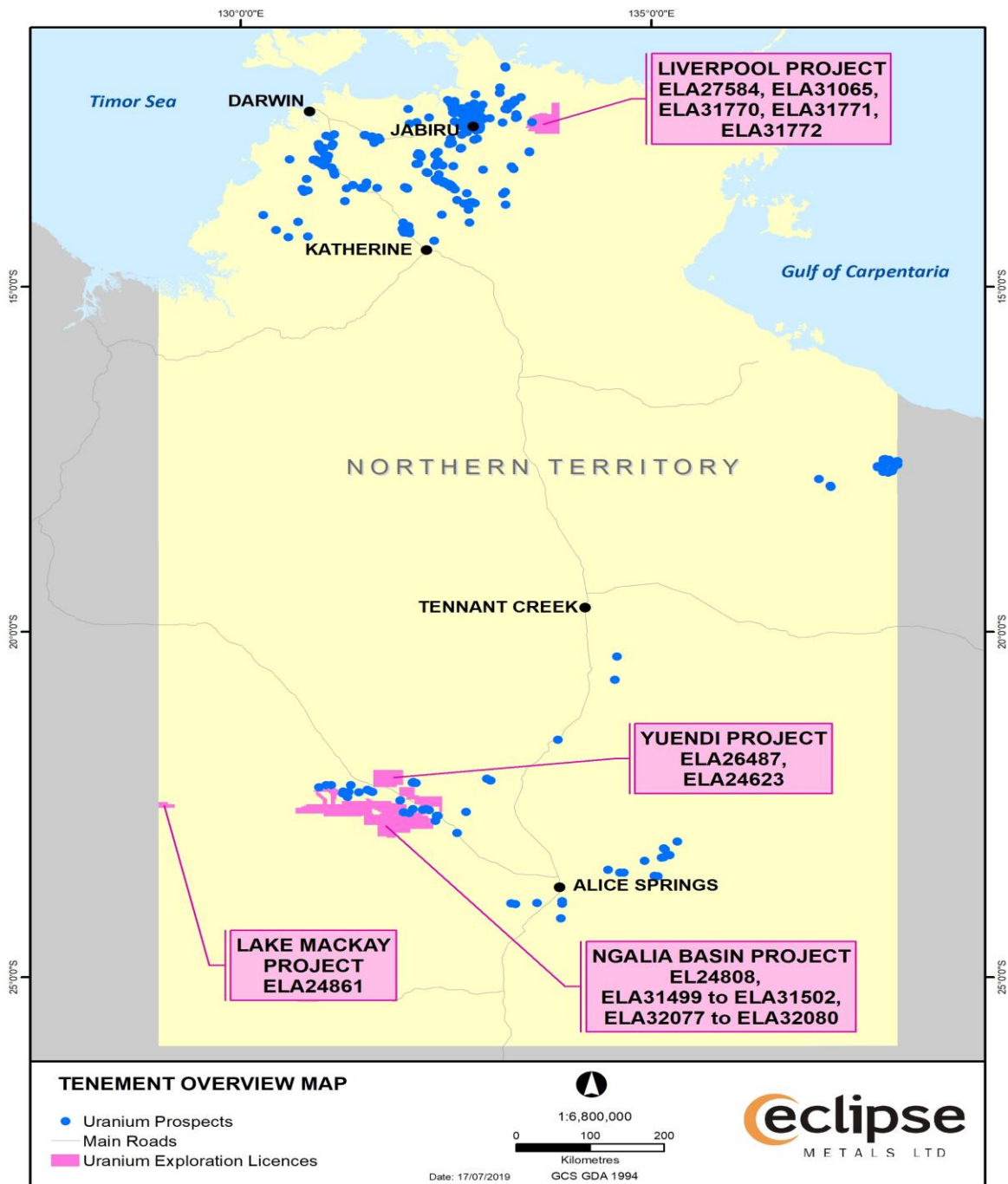


Figure 2: Eclipse NT Tenements Overview

The Company is engaged in discussions with the Northern Land Council in relation to scheduling native title meetings with the Traditional Land Owners over the Liverpool Uranium project tenements. Field activity at Devil's Elbow will focus on uranium, gold and palladium mineralisation, immediately upon grant to access. The Company is hopeful that it can gain access during the upcoming field season.

### Uranium Outlook

Despite the recent opaque nature of the uranium spot market price, demand for yellowcake overall is predicted to increase due to the large number of new nuclear power reactors currently being constructed and under expansion around the world. More countries are expanding into nuclear power as a clean energy source. Eclipse is well positioned to progress in the uranium exploration sector as it holds a highly prospective tenement portfolio in the Northern Territory, with particular emphasis on the encouraging high grade results from the Devil's Elbow prospect.

## Directors' Report (cont'd)

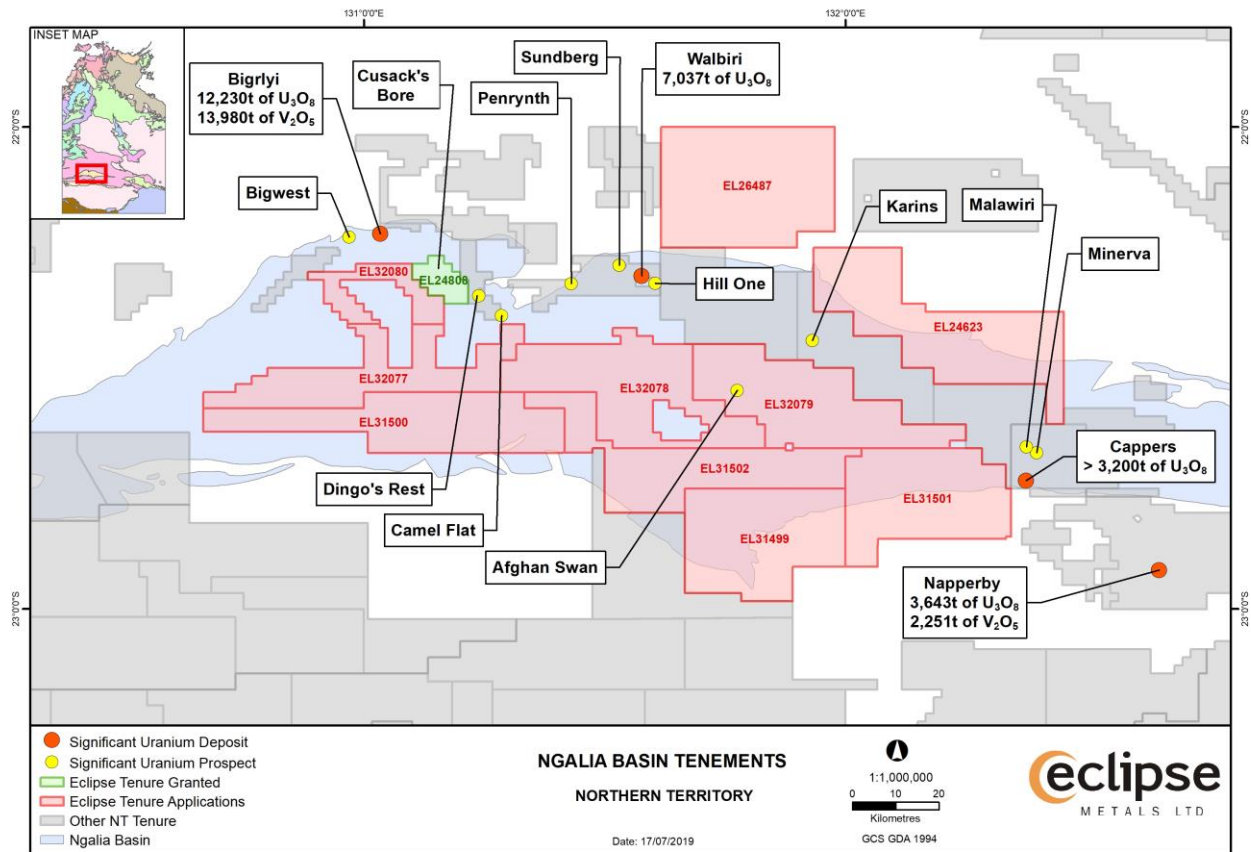


Figure 3: Eclipse Tenure- Ngalia Basin, NT, with significant Uranium prospects and deposits

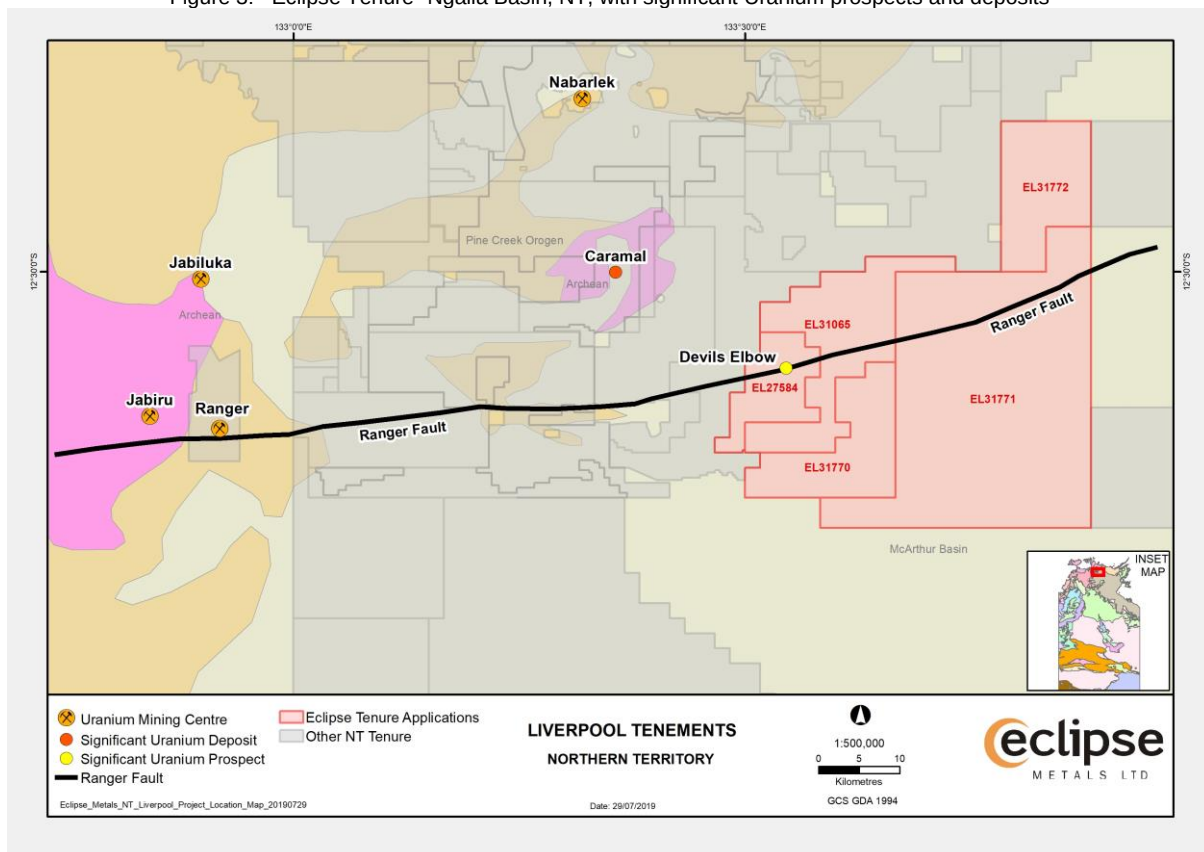


Figure 4: Eclipse Tenure- Liverpool Project, NT, with significant Uranium prospects and deposits



# Directors' Report (cont'd)

## MARY VALLEY MANGANESE PROJECT

### Discussion of Results

Eclipse Metals has previously announced sample analyses for selected core assayed from the reconnaissance diamond drilling program completed early in 2018 at the company's Mary Valley Manganese Project near Gympie in Queensland.

Best intersections from the Amamoor prospect include:

- **3.2m @ 59.8% MnO from 8.8m in Hole ADD006**
- **2.4m @ 26.3% MnO from 14.9m in Hole ADD007**

Interpretation of these results highlight the open nature of the high-grade mineralisation, and that multiple lodes exist in close proximity in at least one area at Amamoor, where the mineralisation presents as steeply-dipping, lenticular-shaped fault-controlled zones (refer Gravity map Cross Section, Figures 5 and 6).

Multielement sample analyses have identified a suite of elements that can be used to identify prospective lithologies and vector towards mineralised zones. These elements constitute a lithogeochemical tool-box for MnO exploration at Amamoor. This lithogeochemical tool-box contains the following six elements - As, Sb, Sc, Zr, Ti & Hf.

A prospective geochemical footprint at Amamoor would be depleted in Sc, Zr, Hf & Ti and enriched in As, Sb. The application and usefulness of the lithogeochemical tool-box built on the back of this report will only truly be understood when there is a larger sample population to work with.

A prospect scale soil sampling program could provide a sufficiently large data set to work with which could highlight future drill targets and aid in lithological mapping where there is no outcrop.

Hausmannite is the major to dominant MnO mineral identified in the petrological report. This finding is also supported by the lithogeochemical evaluation.

Further petrophysical and petrographic studies are advancing the company's understanding of the deposit. Data from last year's gravity survey is now being re-evaluated taking into account mineralisation intersected in the drilling program.

At the conclusion of the studies further drilling will be proposed at Amamoor, targeting high grade mineralisation down-dip and along strike from these shallow intersections.

Part of the recent evaluation work included petrographic, scanning electron microscope (SEM) and Xray Defraction (XRD) analysis of selected samples to identify mineral species and compositions. In the course of this work with independent consultants and the CSIRO, a new manganese mineral was identified and named after its location – Amamoorite.

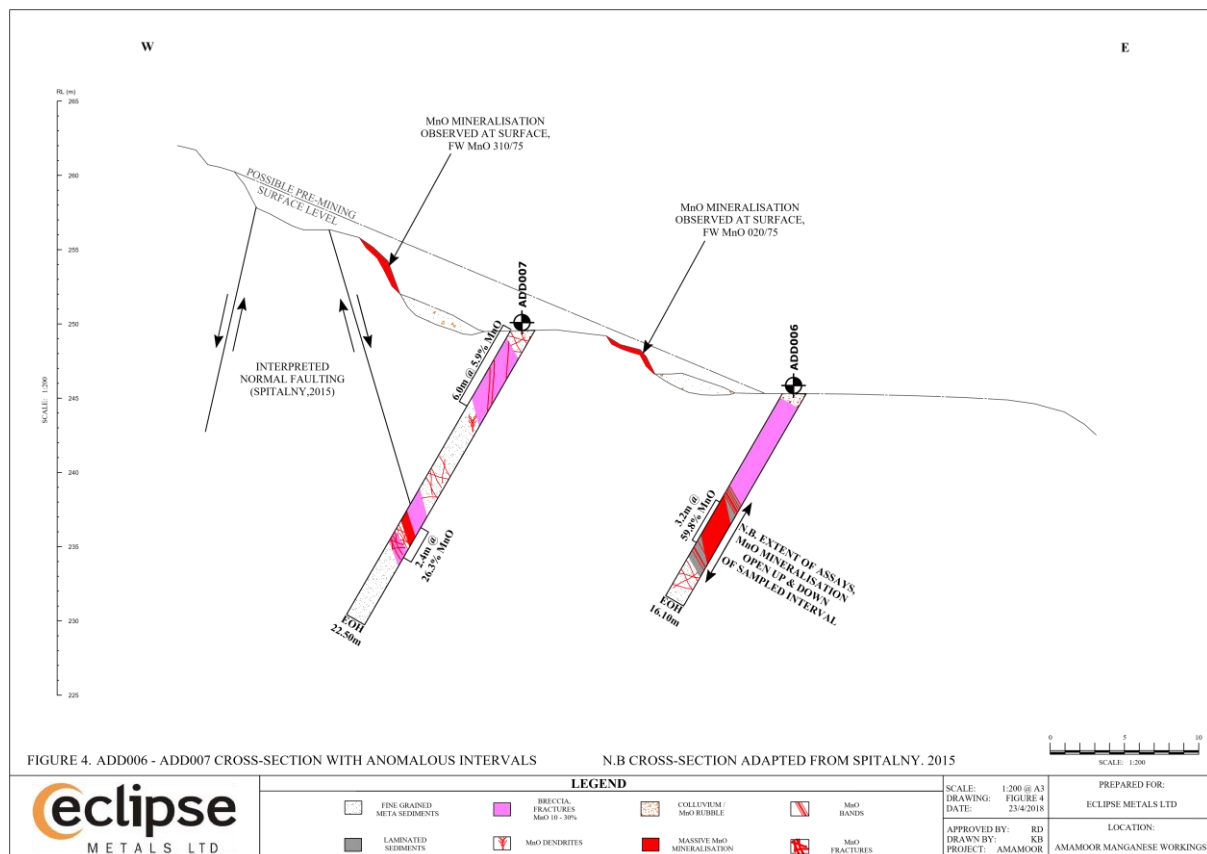


Figure 5. Cross section ADD006 and ADD007

## Directors' Report (cont'd)

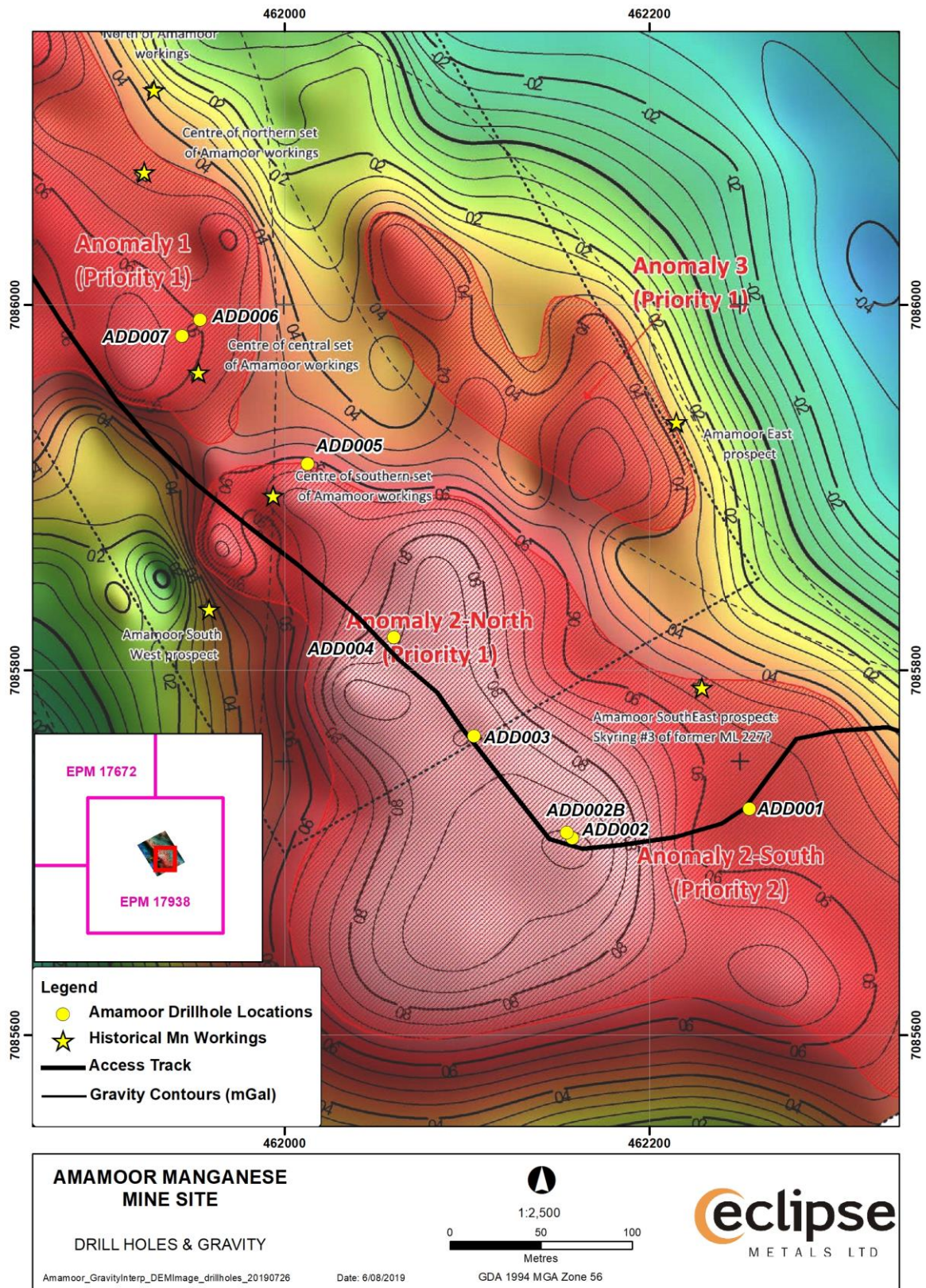


Figure 6. Amamoor Manganese prospect, gravity interpretation and drill holes

### Competent Person Statement

The information in this report that relates to Exploration Results together with any related assessments and interpretations is based on information compiled by Mr Rodney Dale FRMIT. Mr Dale is the non-executive Chairman 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.

## Directors' Report (cont'd)

### 10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The following is current as at the date of the report:

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mr Rodney Dale</b>                         | Non-Executive Chairman                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Qualifications                                | Fellowship Diploma in Geology Royal Melbourne Institute of Technology (FRMIT)<br>Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM)                                                                                                                                                                                                                                                                                                                                                  |
| Experience                                    | Mr Dale's experience over 56 years includes working in many parts of Australia, Indonesia and Africa on gold, base metal and industrial mineral exploration and mining. He has worked in and managed small gold mines in Western Australia. Since 1970, Mr Dale has been an independent geological consultant with two periods as a director of ASX listed companies. More recently, Mr Dale has been involved with assessment of iron ore projects in Australia, South America, India, China and Africa. |
| Interest in shares and options in the Company | Mr Dale holds 11,000,000 fully paid ordinary shares in the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Directorships held in other listed entities   | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Mr Carl Popal</b>                          | Non-Executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Qualifications                                | Bachelor of Business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Experience                                    | Mr Popal has managed several entities conducting international trading. He has 15 years' experience in business and property development and has managed various commercial dealings within a network of companies in various countries around the world including India, China and Malaysia.                                                                                                                                                                                                             |
| Interest in shares and options in the Company | Ghan Resources Pty Ltd, a company which Mr Popal was a director and is a shareholder, holds 45,529,696 fully paid ordinary shares.<br>Popal Enterprises Pty Ltd, a company which Mr Popal is a director, holds 3,558,137 fully paid ordinary shares.                                                                                                                                                                                                                                                      |
| Directorships held in other listed entities   | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Mr Ibrar Idrees</b>                        | Non-Executive Director – appointed 29 May 2018.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Qualifications                                | Bachelor of Commerce (major in Accounting & Finance).                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Experience                                    | Mr Idrees is a practising accountant with over 10 years' professional and corporate experience gained in a diverse range of industries in Australia and South Asia. Mr Idrees has worked in a variety of business development and financial positions in small and large companies in various industry types.                                                                                                                                                                                             |
| Interest in shares and options in the Company | Mr Idrees does not hold shares and options in the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Directorships held in other listed entities   | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Mr Craig Hall</b>                          | Non-Executive Director – resigned 6 August 2018.                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Qualifications                                | Bachelor of Science with Honours in Geology, a member of AusIMM, AIG and Geology Society of Australia.                                                                                                                                                                                                                                                                                                                                                                                                    |
| Experience                                    | Mr Hall is a geologist with nearly 30 years of minerals industry experience in exploration development and production roles in a range of commodities, principally precious and base metals. He has held a variety of senior positions with mid-tier and junior sector resource companies within Australia and overseas.                                                                                                                                                                                  |
| Interest in shares and options in the Company | Mr Hall does not hold shares and options in the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Directorships held in other listed entities   | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Ms Eryn Kestel</b>                         | Company Secretary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Qualifications                                | Bachelor of Business, Certified Practising Accountant (CPA).                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Experience                                    | Ms Kestel has an established career in accounting and business over the last 21 years and holds the position of company secretary for several ASX listed entities. Ms Kestel's areas of expertise are company secretary matters and company administration.                                                                                                                                                                                                                                               |

## Directors' Report (cont'd)

### 11. REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each key management person of Eclipse Metals Limited.

The information provided in this report has been audited as required by Section 308(3c) of the *Corporations Act 2001*.

The remuneration report is set out under the following main headings:

- A** Remuneration Policy
- B** Details of remuneration
- C** Equity-based compensation
- D** Employment contracts of directors
- E** Key management personnel shareholdings

#### **A Remuneration Policy**

The remuneration policy of Eclipse Metals Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Eclipse Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy, setting the terms and conditions for key management personnel, was developed and approved by the Board.
- All key management personnel are remunerated (based on factors such as length of service and experience).
- Key management personnel can be employed by the Group on a consultancy basis, upon Board approval, with remuneration and terms stipulated in individual consultancy agreements.
- The Board reviews key management personnel packages annually based on market practices, duties and accountability. Currently there is no link between remuneration and shareholder wealth or Group performance. The Board may, however, approve at its discretion, incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for their performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in employee share and option arrangements.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by key management personnel. Unlisted options are valued using the Black-Scholes methodology.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Board has not formally engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by directors or other key management personnel during the financial year.

#### **Remuneration Committee**

During the year ended 30 June 2019, the Group did not have a separately established nomination or remuneration committee. Considering the size of the Group, the number of directors and the Group's stages of development, the Board are of the view that these functions could be efficiently performed with full Board participation.

#### **Remuneration Structure**

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate and distinct.

#### **Key Management Personnel Remuneration Policy**

The Board's policy for determining the nature and amount of remuneration of key management for the Group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, and particular experience of the individual concerned. The contracts for service between the Group and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.



## Directors' Report (cont'd)

### 11. REMUNERATION REPORT (Audited) (cont'd)

#### Executive Director Remuneration

##### *Objective*

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- Reward executives for individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those shareholders; and
- Ensure total remuneration is competitive by market standards

Currently there is no link between remuneration and shareholder wealth or Group performance.

##### *Structure*

There are currently no executive directors.

#### Non-Executive Director Remuneration

##### *Objective*

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

##### *Structure*

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration of non-executive directors is reviewed annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Group. However, to align director's interests with shareholders' interests, the directors are encouraged to hold shares in the Company. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Non-executive directors may also be remunerated for additional specialised services performed at the request of the Board and reimbursed for reasonable expenses incurred by directors on company business.

#### **B Details of Remuneration**

##### **Key Management Personnel Remuneration**

The key management personnel of the Group are the directors and executives of Eclipse Metals Limited being:

|              |                        |                                                                                                 |
|--------------|------------------------|-------------------------------------------------------------------------------------------------|
| Rodney Dale  | Non-Executive Chairman | Appointed non-executive director 7 October 2013<br>Appointed non-executive chairman 29 May 2018 |
| Carl Popal   | Non-Executive Director | Appointed executive chairman 3 April 2014<br>Reverted to non-executive director 29 May 2018     |
| Ibrar Idrees | Non-Executive Director | Appointed 29 May 2018                                                                           |
| Craig Hall   | Non-Executive Director | Appointed 9 October 2015, resigned 6 August 2018                                                |

## Directors' Report (cont'd)

### 11. REMUNERATION REPORT (Audited) (cont'd)

Details of the nature and amount of emoluments of the key management personnel during the 2019 financial year are:

|                               |      | Short-term Benefits<br>Salary & Fees |                         |       | Equity Settled Share Based<br>Payments |        | Total   | % of<br>Remuneration<br>Received in<br>Equity |
|-------------------------------|------|--------------------------------------|-------------------------|-------|----------------------------------------|--------|---------|-----------------------------------------------|
|                               |      | Paid                                 | Unpaid salary<br>& Fees | Other | Options                                | Shares |         |                                               |
| Directors                     |      | \$                                   | \$                      | \$    | \$                                     | \$     | \$      |                                               |
| Carl Popal <sup>(i)</sup>     | 2019 | 25,000                               | 5,000                   | -     | -                                      | -      | 30,000  | -                                             |
|                               | 2018 | -                                    | 167,500                 | -     | -                                      | -      | 167,500 | -                                             |
| Rodney Dale <sup>(ii)</sup>   | 2019 | 41,893                               | -                       | -     | -                                      | -      | 41,893  | -                                             |
|                               | 2018 | 27,500                               | 3,333                   | -     | -                                      | -      | 30,833  | -                                             |
| Ibrar Idrees <sup>(iii)</sup> | 2019 | 12,000                               | -                       | -     | -                                      | -      | 12,000  | -                                             |
|                               | 2018 | -                                    | 1,000                   | -     | -                                      | -      | 1,000   | -                                             |
| Craig Hall <sup>(iv)</sup>    | 2019 | 22,100                               | 3,000                   | -     | -                                      | -      | 25,100  | -                                             |
|                               | 2018 | 11,000                               | 1,000                   | -     | -                                      | -      | 12,000  | -                                             |
| Total                         | 2019 | 100,993                              | 8,000                   | -     | -                                      | -      | 108,993 | -                                             |
|                               | 2018 | 38,500                               | 172,833                 | -     | -                                      | -      | 211,333 | -                                             |

- (i) During the year ended 30 June 2019, an amount of \$30,000 representing director fees (2018:2,500) was payable to Mr Popal as a non-executive director of the Company.
- (ii) During the year ended 30 June 2019, an amount of \$40,000 director fees (2018: \$30,833) and \$1,893 geologist fees (2018: \$7,900) was paid or payable to Aurum Holdings Pty Ltd, a company of which Mr Dale is a director.
- (iii) During the year ended 30 June 2019, an amount of \$12,000 representing director fees (2018:1,000) was paid to Mr Ibrar as a non-executive director of the Company.
- (iv) During the year ended 30 June 2019, an amount of \$2,500 (2018: \$12,000) director fees and \$22,600 geologist fees (2017: \$3,500) was paid or payable to Craig Hall. Mr Hall resigned on 6 August 2018.

#### C Equity-based compensation

##### Shares Granted as Part of Remuneration for Year Ended 30 June 2019

No shares or options were issued during the financial year ended 30 June 2019 (2018: Nil) to settle director fees.

#### D Employment Contracts of Directors

Remuneration and other terms of employment for executive directors are formalised in executive service agreements and non-executive directors are formalised in consultancy agreements with the Company.

Major provisions of directors' agreements relating to remuneration are set out below:

##### Mr Rodney Dale (Non-Executive Chairman)

The key terms and conditions of the agreement are as follows:

- Effective 1 June 2018, a fee of \$40,000 per annum (no GST applicable).
- The agreement may be terminated if Mr Dale gives notice of resignation, becomes disqualified, is prohibited by law from being or acting as director or is not re-elected to office by shareholders.

##### Mr Carl Popal (Non-Executive Director)

The key terms and conditions of the agreement are as follows:

- Effective 1 June 2018, a fee of \$30,000 per annum (no GST applicable).
- This agreement may be terminated if Mr Popal gives notice of resignation, becomes disqualified, is prohibited by law from being or acting as director or is not re-elected to office by shareholders.
- The agreement replaces any previous executive services agreement with Ghan Resources Pty Ltd with effect from 1 June 2018.

## Directors' Report (cont'd)

### 11. REMUNERATION REPORT (Audited) (cont'd)

#### Mr Ibrar Idrees (Non-Executive Director)

The key terms and conditions of the agreement are as follows:

- Remuneration of \$100 per hour for a minimum commitment of ten (10) hours per month to a total fee of \$12,000 (plus GST) per annum. Any additional work to the monthly ten hours is billed at month end at the rate of \$100 per hour.
- Term of agreement – commenced on 29 May 2018.
- Payment of termination of Agreement without cause – the balance of any part of the term remaining, subject to the requirements of ASX Listing Rule 10.19.

#### Non-executive director - Mr Craig Hall (appointed 9 October 2015)

The key terms and conditions of the agreement are as follows:

- Term of Agreement – The agreement commenced on 9 October 2015
- Remuneration of \$100 per hour for a minimum commitment of ten (10) hours per month to a total fee of \$12,000 plus GST per annum. Any additional work to the monthly ten (10) hours, an invoice is to be raised by Mr Hall and remitted to the Company at a fixed hourly rate of \$100.00 per hour
- Payment of termination of Agreement without cause – the balance of any part of the term remaining, subject to the requirements of ASX Listing rule 10.19.
- Craig Hall resigned on the 06<sup>th</sup> August 2018.

### Trading in the Group's securities by directors, officers and employees

The Board has adopted a policy in relation to dealings in the securities of the Group which applies to all directors and employees. Under the policy, the directors, officers and employees are prohibited from dealing in the Group's securities whilst in possession of price sensitive information and also prohibited from short term or "active" trading in the company's securities. The directors, officers and employees should also prevent dealing in the Group's securities during specific blackout periods. The company secretary or a director must be notified upon a trade occurring.

The policy is provided to all directors and employees. Compliance with it is reviewed on an ongoing basis in accordance with the Group's risk management systems.

### E Key management personnel shareholdings

The number of ordinary shares in Eclipse Metals Limited held by each KMP of the Group during the financial year is as follows.

|                 | Balance at Beginning of Year | Shares issued for director services in lieu of cash | Other changes during the year | Balance at End of Year or at the date of resignation |
|-----------------|------------------------------|-----------------------------------------------------|-------------------------------|------------------------------------------------------|
| Mr Rodney Dale  | 11,000,000                   | -                                                   | -                             | 11,000,000                                           |
| Mr Carl Popal   | 253,887,833                  | -                                                   | (204,800,000)                 | 49,087,833                                           |
| Mr Ibrar Idrees | -                            | -                                                   | -                             | -                                                    |
| Mr Craig Hall   | -                            | -                                                   | -                             | -                                                    |
|                 | <b>264,887,833</b>           | <b>-</b>                                            | <b>(204,800,000)</b>          | <b>60,087,833</b>                                    |

There are no options held by key management personnel of the Group during the financial year (2018: nil).

***This is the end of the audited Remuneration Report.***

### 12. OPTIONS

During the financial year, no ordinary shares have been issued as a result of the exercise of options. At the date of this report, there are no options to be exercised.

### 13. MEETINGS OF DIRECTORS

The number of directors' meetings held during the financial year and the numbers of meetings attended by each director were:

| Director     | Directors' Meetings       |                 |
|--------------|---------------------------|-----------------|
|              | Number eligible to attend | Number attended |
| Rodney Dale  | 3                         | 3               |
| Carl Popal   | 3                         | 3               |
| Ibrar Idrees | 3                         | 3               |

At 30 June 2019, 1,148,674,090 shares were on issue (2018: 1,148,674,090)

At 30 June 2019, no options were on issue (2018: Nil).

## Directors' Report (cont'd)

### 14. INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company took out a policy insuring the Directors and officers of the Company and its Controlled Entities against any liability in the course of their duties to the extent permitted by the Corporations Act 2001.

### 15. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

#### Auditor Independence

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 44.

#### Non-Audit Services

During the year ended 30 June 2019 there was no fees paid or payable for non-audit services provided by the entity's auditors, Stantons International.

### 16. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a part for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors:



Mr Rodney Dale  
**Non-Executive Chairman**  
Perth, 27 September 2019



# Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

|                                                                    | Notes | Consolidated<br>2019<br>\$ | 2018<br>\$       |
|--------------------------------------------------------------------|-------|----------------------------|------------------|
| <b>Continuing operations</b>                                       |       |                            |                  |
| Revenue and other income                                           | 4     | 59,693                     | 5,016            |
| Employee benefits expenses and director fees                       | 5     | (84,496)                   | (211,333)        |
| Consultancy expenses                                               | 5     | (73,775)                   | (155,581)        |
| Legal, management and tenement services                            | 5     | (72,250)                   | (64,490)         |
| Listing expenses                                                   |       | (22,378)                   | (29,271)         |
| Travel expenses                                                    |       | (1,754)                    | (26,132)         |
| Administration expenses                                            |       | (102,233)                  | (66,116)         |
| Finance expenses                                                   |       | (404)                      | -                |
| Impairment of Exploration Expenditure                              | 11    | (18,659)                   | -                |
| <b>Loss before income tax</b>                                      |       | <b>(316,256)</b>           | <b>(547,907)</b> |
| Income tax                                                         | 7     | -                          | -                |
| <b>Loss after tax from continuing operations</b>                   |       | <b>(316,256)</b>           | <b>(547,907)</b> |
| <b>Other comprehensive income</b>                                  |       |                            |                  |
| Items that will not be reclassified subsequently to profit or loss |       | -                          | -                |
| Items that may be reclassified subsequently to profit or loss      |       | -                          | -                |
| <b>Total comprehensive loss for the year</b>                       |       | <b>(316,256)</b>           | <b>(547,907)</b> |
| <b>Loss for the year attributable to:</b>                          |       |                            |                  |
| Owners of Eclipse Metals Limited                                   |       | (316,220)                  | (547,547)        |
| Non-controlling interests                                          |       | (36)                       | (360)            |
|                                                                    |       | <b>(316,256)</b>           | <b>(547,907)</b> |
| <b>Total comprehensive loss for the year attributable to:</b>      |       |                            |                  |
| Owners of Eclipse Metals Limited                                   |       | (316,220)                  | (547,547)        |
| Non-controlling interests                                          |       | (36)                       | (360)            |
|                                                                    |       | <b>(316,256)</b>           | <b>(547,907)</b> |
| <b>Loss per share (cents per share)</b>                            |       |                            |                  |
| Basic and diluted loss for the year                                | 16    | (0.03)                     | (0.05)           |

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

# Consolidated statement of financial position

As at 30 June 2019

|                                        | Notes | Consolidated<br>2019<br>\$ | 2018<br>\$       |
|----------------------------------------|-------|----------------------------|------------------|
| <b>ASSETS</b>                          |       |                            |                  |
| <b>Current assets</b>                  |       |                            |                  |
| Cash and cash equivalents              | 8     | 358,469                    | 687,894          |
| Trade and other receivables            | 9     | 14,205                     | 18,150           |
| Other assets                           | 10    | 3,248                      | 2,864            |
| <b>Total current assets</b>            |       | <b>375,922</b>             | <b>708,908</b>   |
| <b>Non-current assets</b>              |       |                            |                  |
| Exploration and evaluation expenditure | 11    | 2,418,542                  | 2,406,996        |
| <b>Total non-current assets</b>        |       | <b>2,418,542</b>           | <b>2,406,996</b> |
| <b>Total assets</b>                    |       | <b>2,794,464</b>           | <b>3,115,904</b> |
| <b>LIABILITIES</b>                     |       |                            |                  |
| <b>Current liabilities</b>             |       |                            |                  |
| Trade and other payables               | 13    | 486,971                    | 492,155          |
| <b>Total current liabilities</b>       |       | <b>486,971</b>             | <b>492,155</b>   |
| <b>Total liabilities</b>               |       | <b>486,971</b>             | <b>492,155</b>   |
| <b>Net assets</b>                      |       | <b>2,307,493</b>           | <b>2,623,749</b> |
| <b>EQUITY</b>                          |       |                            |                  |
| Issued capital                         | 14    | 25,470,011                 | 25,470,011       |
| Reserves                               | 15    | 38,950                     | 38,950           |
| Accumulated losses                     |       | (23,176,859)               | (22,860,639)     |
| Owners of Eclipse Metals Limited       |       | 2,332,102                  | 2,648,322        |
| Non-controlling interests              |       | (24,609)                   | (24,573)         |
| <b>Total equity</b>                    |       | <b>2,307,493</b>           | <b>2,623,749</b> |

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

## Consolidated statement of changes in equity

For the year ended 30 June 2019

|                                                              | Issued capital    | Reserves \$   | Accumulated losses  | Sub-total        | Non-controlling interests | Total equity     |
|--------------------------------------------------------------|-------------------|---------------|---------------------|------------------|---------------------------|------------------|
|                                                              | \$                |               | \$                  | \$               | \$                        | \$               |
| <b>Balance at 1 July 2017</b>                                | 25,411,849        | 38,950        | (22,313,092)        | 3,137,707        | (24,213)                  | 3,113,494        |
| Loss for the year                                            | -                 | -             | (547,547)           | (547,547)        | (360)                     | (547,907)        |
| Other comprehensive income                                   | -                 | -             | -                   | -                | -                         | -                |
| <b>Total comprehensive loss for the year</b>                 | -                 | -             | <b>(547,547)</b>    | <b>(547,547)</b> | <b>(360)</b>              | <b>(547,907)</b> |
| <b>Transactions with owners in their capacity as owners:</b> |                   |               |                     |                  |                           |                  |
| Shares issued during the year                                | 60,000            | -             | -                   | 60,000           | -                         | 60,000           |
| Share issue costs                                            | (1,838)           | -             | -                   | (1,838)          | -                         | (1,838)          |
| <b>Total transactions with owners</b>                        | <b>58,162</b>     | -             | -                   | <b>58,162</b>    | -                         | <b>58,162</b>    |
| <b>Balance at 30 June 2018</b>                               | <b>25,470,011</b> | <b>38,950</b> | <b>(22,860,639)</b> | <b>2,648,322</b> | <b>(24,573)</b>           | <b>2,623,749</b> |

|                                                              | Issued capital    | Reserves \$   | Accumulated losses  | Sub-total        | Non-controlling interests | Total equity     |
|--------------------------------------------------------------|-------------------|---------------|---------------------|------------------|---------------------------|------------------|
|                                                              | \$                |               | \$                  | \$               | \$                        | \$               |
| <b>Balance at 1 July 2018</b>                                | 25,470,011        | 38,950        | (22,860,639)        | 2,648,322        | (24,573)                  | 2,623,749        |
| Loss for the year                                            | -                 | -             | (316,220)           | (316,220)        | (36)                      | (316,256)        |
| Other comprehensive income                                   | -                 | -             | -                   | -                | -                         | -                |
| <b>Total comprehensive loss for the year</b>                 | -                 | -             | <b>(316,220)</b>    | <b>(316,220)</b> | <b>(36)</b>               | <b>(316,256)</b> |
| <b>Transactions with owners in their capacity as owners:</b> |                   |               |                     |                  |                           |                  |
| Shares issued during the year                                | -                 | -             | -                   | -                | -                         | -                |
| Share issue costs                                            | -                 | -             | -                   | -                | -                         | -                |
| <b>Total transactions with owners</b>                        | -                 | -             | -                   | -                | -                         | -                |
| <b>Balance at 30 June 2019</b>                               | <b>25,470,011</b> | <b>38,950</b> | <b>(23,176,859)</b> | <b>2,332,102</b> | <b>(24,609)</b>           | <b>2,307,493</b> |

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

# Consolidated statement of cash flows

For the year ended 30 June 2019

|                                                 | Notes | 2019<br>\$     | Consolidated<br>2018<br>\$ |
|-------------------------------------------------|-------|----------------|----------------------------|
| <b>Cash flows from operating activities</b>     |       |                |                            |
| Interest received                               |       | 2,035          | 5,016                      |
| Payments to suppliers and employees             |       | (358,913)      | (453,486)                  |
| RnD Refund                                      |       | 57,658         | -                          |
| Refund of tenement deposit                      |       | -              | -                          |
| <b>Net cash used in operating activities</b>    | 18    | (299,220)      | (448,470)                  |
| <b>Cash flows from investing activities</b>     |       |                |                            |
| Payments for exploration and evaluation         |       | (30,205)       | (118,196)                  |
| <b>Net cash used in investing activities</b>    |       | (30,205)       | (118,196)                  |
| <b>Cash flows from financing activities</b>     |       |                |                            |
| Proceeds from issue of shares                   |       | -              | -                          |
| Payment for share issue costs                   |       | -              | (1,838)                    |
| <b>Net cash (used by) financing activities</b>  |       | -              | (1,838)                    |
| Net (decrease) in cash and cash equivalents     |       | (329,425)      | (568,504)                  |
| Cash and cash equivalents at beginning of year  |       | 687,894        | 1,256,398                  |
| <b>Cash and cash equivalents at end of year</b> | 8     | <b>358,469</b> | <b>687,894</b>             |

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

# Notes to the consolidated financial statements

For the year ended 30 June 2019

## 1. CORPORATE INFORMATION

These consolidated financial statements and notes represent those of Eclipse Metals Limited ("Eclipse" or "the Company") and its controlled entities (the "Group").

The separate financial statements of the parent entity, Eclipse Metals Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 27<sup>th</sup> September 2019.

Eclipse Metals Limited is a public company incorporated in Western Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the directors' report.

## 2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations and comply with other requirements of the law.

Except for cash flow information, the consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies set out below have been applied consistently to all periods presented in the financial report except where stated.

### b) Going concern

The directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

In the past twelve (12) months the Group has continued its exploration programs. For the financial year ended 30 June 2019, the Group recorded a net loss of \$316,256 (2018: \$547,907), a net operating cash outflow of \$299,220 (2018: \$448,470) and a net working capital deficit of -\$111,049 (2018: surplus \$216,753).

This financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of Eclipse Metals Limited assets and the discharge of its liabilities in the normal course of business.

The Board considers that the Company is a going concern and anticipate in order to meet and progress its planned exploration expenditure further funding will be required within the next twelve (12) months and having prepared a cash flow budget of the Group's working capital requirements have already commenced planning to access additional funding.

The Directors regularly monitor the Group's cash position and on an on-going basis consider a number of strategic and operational plans to ensure that adequate funding continues to be available for the Group to meet its business objectives.

The following actions either singularly or in combination have been considered by the Board as a way to derive further funding for the Group:

- Alliance with multinational and reputable global companies together with institutional brokers for raising additional capital on market to fund the Group's ongoing exploration and development program whilst also providing working capital requirements;
- Consideration of Joint Venture and Farm-in offers as a sustainable approach in developing the company's projects while minimising shareholder dilution at low market price raising large sums of cash capital in the interim; and/or
- The successful commercial exploitation of the Group's mineral interests.

The Company has received confirmation that our major creditor who is owed an amount of \$315,000 as at 30 June 2019 has no intention on pressing for the outstanding amount. The latter is keen to stay as a major shareholder to act in the best interest of Eclipse Metals Limited to develop the Company's projects and increase shareholders value.

# Notes to the financial statements

For the year ended 30 June 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### b) Going concern (cont'd)

The Company has the ability to raise funds under the combined 25% placement facilities. At the date of preparing this Report the number of Shares to be issued and the price are still to be determined and will depend on such things as the status of the projects.

The Board regularly review new potential acquisitions in other mineral resources as a stand-alone to the current projects or as an addition.

Should the Group be unable to raise sufficient funds, it would consider selectively reducing administrative and exploration costs further.

In the event that the Company is unable to secure sources of funding, the Company may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in this report.

### c) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency. The functional currency of all the subsidiaries is the Australian Dollar.

### d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

#### Mineral exploration and evaluation

The Group has impaired exploration expenditure of \$18,659 at 30 June 2019 (2018: nil). Exploration expenditure are impaired in respect of tenements the Group relinquishes during the year and tenements on which the Group has no further exploration work planned or budgeted.

At 30 June 2019, the Group has capitalised exploration expenditure of \$2,418,542 (2018: \$2,406,996) on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

#### Deferred taxation

Potential future income tax benefits have not been brought to account at 30 June 2019 because the directors do not believe that it is appropriate to regard realisations of future income tax benefits.

### e) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Eclipse Metals Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided at Note 12.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

# Notes to the financial statements

For the year ended 30 June 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### g) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

### h) Financial instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs except for those carried 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss. Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

#### Classification and subsequent measurement

All financial assets are initially measured at fair value adjusted for transaction costs.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

#### *Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.



# Notes to the financial statements

For the year ended 30 June 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### h) Financial instruments (cont'd)

*Financial assets at fair value through other comprehensive income (Equity instruments)*

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

*Financial assets at fair value through profit or loss (FVPL)*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

#### Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

#### **Impairment**

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### **i) Impairment of assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

# Notes to the financial statements

For the year ended 30 June 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### j) Income tax

The income tax expense/ (income) for the year comprises current income tax expense/ (income) and deferred tax expense/ (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/ (assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when they relate to the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### l) Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying value is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, for example under an insurance contract, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# Notes to the financial statements

For the year ended 30 June 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### l) Provisions and employee leave benefits(cont'd)

#### Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

During the year ended 30 June 2019, the Company had no employees.

### m) Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### n) Trade and other payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

### o) Exploration and evaluation expenditure

Exploration and evaluation expenditure on areas of interest are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area of where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

### p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Group reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from the equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributed incremental costs (net of income taxes) is recognised directly in equity.

### q) Loss per share

#### *Basic loss per share*

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### *Diluted loss per share*

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no considerations in relation to dilutive potential ordinary shares.

# Notes to the financial statements

For the year ended 30 June 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### r) Equity-settled compensation

Share-based payments to directors are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

### s) Parent entity financial information

The financial information for the parent entity, Eclipse Metals Limited, disclosed in Note 23 has been prepared on the same basis as the financial statements for the Group, except as set out below.

#### Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment, if applicable, in the financial statements of the Company.

### t) Adoption of new and revised accounting standards

The Group has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* which became effective for financial reporting periods commencing on or after 1 January 2018.

#### **AASB 15 Revenue from contracts with customers**

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has applied the new Standard effective from 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

The adoption of AASB 15 does not have a significant impact on the Group as the Group does not currently have any revenue from customers.

#### **AASB 9 Financial Instruments**

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

As a result of adopting AASB 9 *Financial Instruments*, the Group has amended its financial instruments accounting policies to align with AASB 9. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

There were no financial instruments which the Group designated at fair value through profit or loss under AASB 139 that were subject to reclassification. The Board assessed the Group's financial assets and determined the application of AASB 9 does not result in a change in the classification of the Group's financial instruments.

The adoption of AASB 9 does not have a significant impact on the financial report.

# Notes to the financial statements

For the year ended 30 June 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (a) New and revised Accounting Standards for Application in Future Periods

- *AASB 16 Leases (applicable to annual reporting periods commencing on or after 1 January 2019)*

When effective, this Standard will replace the current accounting requirements applicable to leases in *AASB 117 Leases and related interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice. The main changes introduced by the new Standard are as follows:

- recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases to low value assets);
- depreciating the right-to-use assets in line with *AASB 116 Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application. The adoption of AASB 16 is not applicable until next financial year however the board has done a preliminary assessment and considered that this adoption does not have a significant impact on financial report.

## 3. SEGMENT INFORMATION

The directors have considered the requirements of *AASB 8 Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

Following the adoption of AASB 8, the identification of the Group's reportable segments has not changed. During the year, the Group considers that it has only operated within one segment, being mineral exploration within Australia.

The Group is domiciled in Australia, with all assets and operations located in Australia.

## 4. REVENUE AND OTHER INCOME

### Revenue

### Other income

Interest revenue  
R&D Refund  
Other

| Consolidated |       |
|--------------|-------|
| 2019         | 2018  |
| \$           | \$    |
| -            | -     |
| 2,035        | 5,016 |
| 57,658       | -     |
| -            | -     |
| 59,693       | 5,016 |
| 59,693       | 5,016 |

### Total revenue and other income

# Notes to the financial statements

For the year ended 30 June 2019

## 5. EXPENSES

### Employee benefits expenses and director fees

|                 |               |                |
|-----------------|---------------|----------------|
| Directors' fees | 84,496        | 211,333        |
|                 | <b>84,496</b> | <b>211,333</b> |

### Consultancy expenses

|                     |               |                |
|---------------------|---------------|----------------|
| Consulting fees     | 31,124        | 59,240         |
| Geological services | 42,651        | 96,341         |
|                     | <b>73,775</b> | <b>155,581</b> |

### Legal management and tenement services

|                            |               |               |
|----------------------------|---------------|---------------|
| Legal fees                 | -             | 1,980         |
| Other services             | 41,000        | 32,400        |
| Taxation and audit service | 31,250        | 30,110        |
|                            | <b>72,250</b> | <b>64,490</b> |

### Impairment

|                         |               |          |
|-------------------------|---------------|----------|
| Exploration expenditure | 18,659        | -        |
|                         | <b>18,659</b> | <b>-</b> |

## 6. AUDITORS' REMUNERATION

Remuneration of the auditor for:

|                                                                      |               |               |
|----------------------------------------------------------------------|---------------|---------------|
| Auditing and review of financial statements (Stantons International) | 31,250        | 30,110        |
|                                                                      | <b>31,250</b> | <b>30,110</b> |

# Notes to the financial statements

## For the year ended 30 June 2019

### 7. INCOME TAX

#### Numerical reconciliation of income tax expense to prima facie tax payable

|                                                                                 | 2019<br>\$ | 2018<br>\$ |
|---------------------------------------------------------------------------------|------------|------------|
| Loss from ordinary activities before income tax expense                         | (316,220)  | (547,907)  |
| Prima facie tax benefit on loss from ordinary activities at 27.5% (2018: 27.5%) | (86,961)   | (150,674)  |
| Tax effect of:                                                                  |            |            |
| - Adjustment of prior years income tax                                          | 501,794    | -          |
| - Non-deductible expenses                                                       | 27,938     | 94,431     |
| - Non-assessable income                                                         | (15,637)   | (120,696)  |
| Movement in deferred tax not recognised                                         | 427,134    | (176,939)  |

#### Unrecognised temporary differences

|                                                        |                  |                  |
|--------------------------------------------------------|------------------|------------------|
| <i>Deferred tax assets at 27.5% (2017: 27.5%)</i>      |                  |                  |
| Carry forward tax losses (operating)                   | 2,342,429        | 2,305,170        |
| Carry forward tax losses (capital)                     | -                | 469,114          |
| Temporary differences                                  | 101,588          | 93,586           |
| <i>Total deferred tax assets</i>                       | <i>2,444,017</i> | <i>2,867,870</i> |
| <i>Deferred tax liabilities at 27.5% (2017: 27.5%)</i> |                  |                  |
| Temporary differences                                  | 322,018          | 318,737          |
| <i>Total deferred tax liabilities</i>                  | <i>322,018</i>   | <i>318,737</i>   |
| <i>Net deferred tax asset not brought to account</i>   | <i>2,121,999</i> | <i>2,549,133</i> |

Potential future income tax benefits arising from tax losses have not been brought to account at 30 June 2019 because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as possible. These benefits will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

### 8. CASH AND CASH EQUIVALENTS

|                          |                |                |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | 358,469        | 687,894        |
|                          | <b>358,469</b> | <b>687,894</b> |

Cash at bank earns interest at floating rates based on daily bank deposit rates.

### 9. TRADE AND OTHER RECEIVABLES

|                                |               |               |
|--------------------------------|---------------|---------------|
| Other receivables (i)          | 3,752         | 7,697         |
| Office bond                    | 4,000         | 4,000         |
| Security deposit for tenements | 6,453         | 6,453         |
|                                | <b>14,205</b> | <b>18,150</b> |

(i) Other receivables are non-interest bearing and expected to be received in 90 days.

#### Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as trade and other receivables is considered to be the main source of the Group's exposure to credit risk.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counter party to the transaction.

## Notes to the financial statements

For the year ended 30 June 2019

### 9. TRADE AND OTHER RECEIVABLES (Cont'd)

Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

| Consolidated<br>2019 | Gross<br>amount<br>\$ | Past due and<br>impaired<br>\$ | Past due but not impaired<br>(days overdue) |               |               |           | Within initial<br>trade terms<br>\$ |
|----------------------|-----------------------|--------------------------------|---------------------------------------------|---------------|---------------|-----------|-------------------------------------|
|                      |                       |                                | <30<br>\$                                   | 31 – 60<br>\$ | 61 – 90<br>\$ | >90<br>\$ |                                     |
| Other receivables    | 3,752                 | -                              | -                                           | -             | -             | -         | 3,752                               |
| <b>Total</b>         | <b>3,752</b>          | <b>-</b>                       | <b>-</b>                                    | <b>-</b>      | <b>-</b>      | <b>-</b>  | <b>3,752</b>                        |

| Consolidated<br>2018 | Gross<br>amount<br>\$ | Past due and<br>impaired<br>\$ | Past due but not impaired<br>(days overdue) |               |               |           | Within initial<br>trade terms<br>\$ |
|----------------------|-----------------------|--------------------------------|---------------------------------------------|---------------|---------------|-----------|-------------------------------------|
|                      |                       |                                | <30<br>\$                                   | 31 – 60<br>\$ | 61 – 90<br>\$ | >90<br>\$ |                                     |
| Other receivables    | 7,697                 | -                              | -                                           | -             | -             | -         | 7,697                               |
| <b>Total</b>         | <b>7,697</b>          | <b>-</b>                       | <b>-</b>                                    | <b>-</b>      | <b>-</b>      | <b>-</b>  | <b>7,697</b>                        |

### 10. OTHER ASSETS

Prepayments

| Consolidated |              |
|--------------|--------------|
| 2019         | 2018         |
| \$           | \$           |
| 3,248        | 2,864        |
| <b>3,248</b> | <b>2,864</b> |

### 11. EXPLORATION AND EVALUATION EXPENDITURE

#### Tenement acquisition at cost

Balance at 1 July

Additions

Impairment

**Balance at 30 June**

| Consolidated     |                  |
|------------------|------------------|
| 2019             | 2018             |
| \$               | \$               |
| 2,406,996        | 2,228,800        |
| 30,205           | 178,196          |
| (18,659)         | -                |
| <b>2,418,542</b> | <b>2,406,996</b> |

There is uncertainty as to the recoverability of the deferred exploration and evaluation expenditure assets of Eclipse Metals Limited at their stated values. The recoverability of the deferred exploration and evaluation expenditure assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas.

### 12. CONTROLLED ENTITIES

#### Controlled entities consolidated

#### Subsidiaries of Eclipse Metals Ltd:

North Minerals Pty Ltd

Central Energy Pty Ltd

Whitvita Pty Limited

U308 Agencies Australia Pty Ltd

Walla Mines Pty Ltd (i)

Contour Resources Pty Ltd

| Country of<br>Incorporation | Percentage Owned (%)* |              |
|-----------------------------|-----------------------|--------------|
|                             | 30 June 2019          | 30 June 2018 |
| Australia                   | 100.00                | 100.00       |
| Australia                   | 100.00                | 100.00       |
| Australia                   | 100.00                | 100.00       |
| Australia                   | 100.00                | 100.00       |
| Australia                   | 87.17                 | 87.17        |
| Australia                   | 99.48                 | 99.48        |

\*Percentage of voting power is in proportion to ownership

(i) Direct and indirect percentage owned



## Notes to the financial statements

### For the year ended 30 June 2019

|                                     | Consolidated   |                |
|-------------------------------------|----------------|----------------|
|                                     | 2019           | 2018           |
|                                     | \$             | \$             |
| <b>13. TRADE AND OTHER PAYABLES</b> |                |                |
| <i>Unsecured liabilities</i>        |                |                |
| Trade payables                      | 151,820        | 151,842        |
| Accruals and other payables         | 335,151        | 340,313        |
|                                     | <b>486,971</b> | <b>492,155</b> |

These amounts arise from the usual operating activities of the Group and are carried at cost.

Trade payables are normally settled on 30 days terms. The amount of payables at balance date exceeding 90 days is \$147,530 (2018: \$146,643).

Amount in accruals include \$315,000 owed to a major creditor as at 30 June 2019 and the Company has received confirmation that the latter has no intention on pressing for the outstanding amount.

|                                       | Consolidated |            |
|---------------------------------------|--------------|------------|
|                                       | 2019         | 2018       |
|                                       | \$           | \$         |
| <b>14. ISSUED CAPITAL</b>             |              |            |
| Ordinary shares issued and fully paid | 25,470,011   | 25,470,011 |

#### a) Fully paid ordinary shares

|                                                  | Consolidated         |                   |
|--------------------------------------------------|----------------------|-------------------|
|                                                  | Number               | \$                |
| <b>Balance at 1 July 2017</b>                    | <b>1,143,674,090</b> | <b>25,411,849</b> |
| <i>Shares issued during the year</i>             |                      |                   |
| Issued in part satisfaction of drilling fees (i) | 5,000,000            | 60,000            |
| Share issue costs                                | -                    | (1,838)           |
| <b>Balance at 30 June 2018</b>                   | <b>1,148,674,090</b> | <b>25,470,011</b> |
| <b>Balance at 30 June 2019</b>                   | <b>1,148,674,090</b> | <b>25,470,011</b> |

(i) Shares having a total value of \$60,000 issued in lieu of drilling fees

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

#### b) Options

At 30 June 2019, the unissued ordinary shares of Eclipse Metals Ltd under option was nil (2018: nil).

|                                | Consolidated |
|--------------------------------|--------------|
|                                | Number       |
| <b>Movements</b>               |              |
| <b>Balance at 1 July 2018</b>  | -            |
| <b>Balance at 30 June 2019</b> | -            |

No person entitled to exercise these options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

#### Shares issued on exercise of options

There were no options exercised during the year ended 30 June 2019.

Since the end of the financial year, no ordinary shares have been issued as a result of the exercise of options.

# Notes to the financial statements

## For the year ended 30 June 2019

### 14. ISSUED CAPITAL (cont'd)

#### c) Capital Management

Management control the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

### 15. RESERVES

#### Nature and purpose of reserves

##### Share-based payment reserve

The share-based payment reserve records items recognised as expenses on valuation of director share options.

##### Other reserve

The other reserve records the impact on equity attributable to the owners of Eclipse Metals Ltd of transactions with non-controlling interests of subsidiaries where there is no change in control.

|                             | Consolidated  |               |
|-----------------------------|---------------|---------------|
|                             | 2019          | 2018          |
|                             | \$            | \$            |
| Share based payment reserve | 27,118        | 27,118        |
| Other reserve               | 11,832        | 11,832        |
|                             | <b>38,950</b> | <b>38,950</b> |

### 16. LOSS PER SHARE

|                                                                          | Consolidated     |                  |
|--------------------------------------------------------------------------|------------------|------------------|
|                                                                          | 2019             | 2018             |
|                                                                          | \$               | \$               |
| <b>Loss used in the calculation of basic and dilutive loss per share</b> |                  |                  |
| Loss for the year                                                        | (316,256)        | (547,907)        |
| Less: Gain/(Loss) attributable to non-controlling equity interest        | 36               | 360              |
| Loss used to calculate basic and dilutive loss per share                 | <b>(316,220)</b> | <b>(547,547)</b> |

#### **Loss per share**

|                                                    |        |        |
|----------------------------------------------------|--------|--------|
| Basic and diluted loss per share (cents per share) | (0.03) | (0.05) |
|----------------------------------------------------|--------|--------|

#### **Weighted average number of shares**

Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive loss per share.

|               |               |
|---------------|---------------|
| 1,148,674,090 | 1,145,276,830 |
|---------------|---------------|

# Notes to the financial statements

## For the year ended 30 June 2019

### 17. COMMITMENTS AND CONTINGENCIES

#### a) Exploration commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and meet the minimum expenditure requirements. These obligations are not provided for in the financial statement and are payable:

|                                 | Consolidated |         |
|---------------------------------|--------------|---------|
|                                 | 2019         | 2018    |
|                                 | \$           | \$      |
| - No later than 12 months       | 260,000      | 248,386 |
| - Between 12 months and 5 years | 288,000      | 170,532 |
| - Greater than 5 years          | -            | -       |
|                                 | 548,000      | 418,918 |

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require a review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

#### b) Contingencies

The group has no contingent assets or liabilities at the reporting date.

### 18. CASH FLOW INFORMATION

|                                                                                   | Consolidated     |                  |
|-----------------------------------------------------------------------------------|------------------|------------------|
|                                                                                   | 2019             | 2018             |
|                                                                                   | \$               | \$               |
| <b>Reconciliation of net loss after tax to the net cash flows from operations</b> |                  |                  |
| Loss for the year                                                                 | (316,256)        | (547,907)        |
| <i>Adjustments for:</i>                                                           |                  |                  |
| Shares issued in lieu of services                                                 | -                | -                |
| Impairment of exploration expenditure                                             | 18,659           | -                |
| <i>Movements in working capital:</i>                                              |                  |                  |
| Decrease in trade and other receivables                                           | 3,945            | 496              |
| (Increase)/decrease in prepayments                                                | (384)            | (285)            |
| Increase in trade and other payables                                              | (5,184)          | 99,226           |
| <b>Net cash used in operating activities</b>                                      | <b>(299,220)</b> | <b>(448,470)</b> |
| <b>Non-cash financing and investing activities</b>                                |                  |                  |
| <i>Shares and Options issued</i>                                                  |                  |                  |
| Drilling services provided settled through the issue of equity                    | -                | 60,000           |
|                                                                                   | -                | 60,000           |

### 19. SHARE-BASED PAYMENTS

The values of share-based payment transactions recognised during the year were as follows:

|                                         | Consolidated |        |
|-----------------------------------------|--------------|--------|
|                                         | 2019         | 2018   |
|                                         | \$           | \$     |
| Shares issued for drilling services (i) | -            | 60,000 |
|                                         | -            | 60,000 |

- (i) On 6 March 2018, 5,000,000 shares valued at \$60,000 were issued in lieu of drilling fees in relation exploration expenses incurred at the Mary Valley Project.

# Notes to the financial statements

## For the year ended 30 June 2019

### 20. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans. The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk (consisting of interest rate risk and market price risk).

The Board of directors is responsible for the monitoring and management of the financial risk exposures of the Group.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies at Note 2 are as follows:

|                                    | <b>Consolidated</b> |                |
|------------------------------------|---------------------|----------------|
|                                    | <b>2019</b>         | <b>2018</b>    |
|                                    | <b>\$</b>           | <b>\$</b>      |
| <b>Financial assets</b>            |                     |                |
| Cash and cash equivalents          | 358,469             | 687,894        |
| Trade and other receivables        | 14,205              | 18,150         |
| <b>Total financial assets</b>      | <b>372,674</b>      | <b>706,044</b> |
| <b>Financial liabilities</b>       |                     |                |
| Trade and other payables           | 486,971             | 492,155        |
| <b>Total financial liabilities</b> | <b>486,971</b>      | <b>492,155</b> |

#### a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

#### b) Credit risk exposures

Credit risk represents the loss that would be recognised if the counterparties default on their contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other Security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables is provided at Note 9. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 9.

Credit risk related to balances with banks and other financial institutions is managed by the Board. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-.

|                           | <b>Consolidated</b> |                |
|---------------------------|---------------------|----------------|
|                           | <b>2019</b>         | <b>2018</b>    |
|                           | <b>\$</b>           | <b>\$</b>      |
| Cash and cash equivalents |                     |                |
| AA- rated                 | 358,469             | 687,894        |
|                           | <b>358,469</b>      | <b>687,894</b> |

#### c) Market risk

##### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and short-term deposits. Since the Group does not have long-term debt obligations, the Group's exposure to this risk is minimal.

##### Market price risk

The Group has no available-for-sale-financial-assets and therefore has no exposure to market price risk.

##### Foreign currency risk

The Group has no foreign currency or foreign operations and therefore has no exposure to foreign currency risk.

# Notes to the financial statements

## For the year ended 30 June 2019

### 20. FINANCIAL INSTRUMENTS (Cont'd)

#### Sensitivity analysis

The following table illustrates sensitivities to the Group's exposure to changes in interest rates and equity prices.

These sensitivities assume that the movement in a particular variable is independent of other variables.

|                                            | Consolidated |              |
|--------------------------------------------|--------------|--------------|
|                                            | Profit<br>\$ | Equity<br>\$ |
| <b>Year ended 30 June 2019</b>             |              |              |
| +/-1% (100 basis points) in interest rates | +/-3,752     | +/-3,752     |
| <b>Year ended 30 June 2018</b>             |              |              |
| +/-1% (100 basis points) in interest rates | +/-6,879     | +/-6,879     |

#### d) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relation to its operational, investing, and financing activities;
- Obtaining funding from a variety of sources;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets; and
- Only investing surplus cash with major financial institutions.

The table below reflects the undiscounted contractual maturity analysis for financial liabilities.

#### Financial liability and financial asset maturity analysis

##### Consolidated

|                                                 | Within 1 year  |                | 1 to 5 years |      | Over 5 years |      | Total          |                |
|-------------------------------------------------|----------------|----------------|--------------|------|--------------|------|----------------|----------------|
|                                                 | 2019           | 2018           | 2019         | 2018 | 2019         | 2018 | 2019           | 2018           |
|                                                 | \$             | \$             | \$           | \$   | \$           | \$   | \$             | \$             |
| <b>Financial liabilities due for payment</b>    |                |                |              |      |              |      |                |                |
| Trade and other payables                        | 486,971        | 492,155        | -            | -    | -            | -    | 486,971        | 492,155        |
| Total expected outflows                         | <b>486,971</b> | <b>492,155</b> | -            | -    | -            | -    | <b>486,971</b> | <b>492,155</b> |
| <b>Financial assets – cash flows realisable</b> |                |                |              |      |              |      |                |                |
| Cash and cash equivalents                       | 358,469        | 687,894        | -            | -    | -            | -    | 358,469        | 687,894        |
| Trade and other receivables                     | 14,205         | 18,150         | -            | -    | -            | -    | 14,205         | 18,150         |
| Total anticipated inflows                       | <b>372,674</b> | <b>706,044</b> | -            | -    | -            | -    | <b>372,674</b> | <b>706,044</b> |
| Net inflow on financial instruments             | (114,297)      | 213,889        | -            | -    | -            | -    | (114,297)      | 213,889        |

#### e) Net fair value

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments recognised in the financial statements.

##### Consolidated

|                                    | Note | 2019            |                | 2018            |                |
|------------------------------------|------|-----------------|----------------|-----------------|----------------|
|                                    |      | Carrying Amount | Fair Value     | Carrying Amount | Fair Value     |
|                                    |      | \$              | \$             | \$              | \$             |
| <b>Financial assets</b>            |      |                 |                |                 |                |
| Cash and cash equivalents          | (i)  | 358,469         | 358,469        | 687,894         | 687,894        |
| Trade and other receivables        | (i)  | 14,205          | 14,205         | 18,150          | 18,150         |
| <b>Total financial assets</b>      |      | <b>372,674</b>  | <b>372,674</b> | <b>706,044</b>  | <b>706,044</b> |
| <b>Financial liabilities</b>       |      |                 |                |                 |                |
| Trade and other payables           | (i)  | 486,971         | 486,971        | 492,155         | 492,155        |
| <b>Total financial liabilities</b> |      | <b>486,971</b>  | <b>486,971</b> | <b>492,155</b>  | <b>492,155</b> |

# Notes to the financial statements

## For the year ended 30 June 2019

### 20. FINANCIAL INSTRUMENTS (Cont'd)

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value.

#### Financial instruments measured at fair value

The financial instruments recognised at fair value in the consolidated statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At 30 June 2019, no financial assets or liabilities are carried at fair value.

### 21. RELATED PARTY DISCLOSURE

#### a) The Group's main related parties are as follows:

##### Key management personnel

Any person(s) having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 22.

##### Other related parties

Other related parties include entities over which key management personnel have joint control.

#### b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

#### Expenses incurred – other related parties

|                            |                           |                     | Consolidated |         |
|----------------------------|---------------------------|---------------------|--------------|---------|
|                            |                           |                     | 2019         | 2018    |
|                            |                           |                     | \$           | \$      |
| <b>Director</b>            | <b>Entity</b>             | <b>Service</b>      |              |         |
| Carl Popal (Executive)     | Ghan Resources Pty Ltd    | Director Fees       | -            | 165,000 |
| Carl Popal (Non-Executive) | Popal Enterprises Pty Ltd | Director Fees       | 30,000       | 2,500   |
| Rod Dale                   | Aurum Holdings Pty Ltd    | Director Fees       | 40,000       | 30,833  |
| Rod Dale                   | Aurum Holdings Pty Ltd    | Geological services | 1,893        | 7,900   |
| Ibrar Idrees               | Ibrar Idrees              | Director Fees       | 12,000       | 1,000   |
| Craig Hall                 | Craig Hall                | Director Fees       | 2,500        | 12,000  |
| Craig Hall                 | Craig Hall                | Geological services | 22,600       | 3,500   |

### 22. KEY MANAGEMENT PERSONNEL DISCLOSURE

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows;

|                              | Consolidated   |                |
|------------------------------|----------------|----------------|
|                              | 2019           | 2018           |
|                              | \$             | \$             |
| Short-term employee benefits | 108,993        | 211,333        |
|                              | <b>108,993</b> | <b>211,333</b> |

# Notes to the financial statements

For the year ended 30 June 2019

## 22. KEY MANAGEMENT PERSONNEL DISCLOSURE (Cont'd)

### Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chairman and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

### Share-based payments

These amounts represent the expense related to the participation of KMP in equity settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

## 23. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting policies listed in Note 2.

|                                                                   | Company          |                  |
|-------------------------------------------------------------------|------------------|------------------|
|                                                                   | 2019             | 2018             |
|                                                                   | \$               | \$               |
| <b>Statement of financial position</b>                            |                  |                  |
| <i>Assets</i>                                                     |                  |                  |
| Current assets                                                    | 367,606          | 700,592          |
| Non-current assets                                                | 808,504          | 800,842          |
| <b>Total assets</b>                                               | <b>1,176,110</b> | <b>1,501,434</b> |
| <i>Liabilities</i>                                                |                  |                  |
| Current liabilities                                               | 481,969          | 487,155          |
| <b>Total liabilities</b>                                          | <b>481,969</b>   | <b>487,155</b>   |
| <b>Net assets</b>                                                 | <b>694,141</b>   | <b>1,014,279</b> |
| <i>Equity</i>                                                     |                  |                  |
| Issued capital                                                    | 25,470,011       | 25,470,011       |
| Accumulated losses                                                | (24,802,989)     | (24,482,851)     |
| Reserves                                                          | 27,119           | 27,119           |
| <b>Total equity</b>                                               | <b>694,141</b>   | <b>1,014,279</b> |
| <b>Statement of profit or loss and other comprehensive income</b> |                  |                  |
| Total loss for the year                                           | (320,138)        | (698,822)        |
| Other comprehensive income                                        | -                | -                |
| <b>Total comprehensive loss</b>                                   | <b>(320,138)</b> | <b>(698,822)</b> |

### Guarantees

Eclipse Metals Ltd has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

### Contingent liabilities

There are no contingent liabilities of the parent entity at the reporting date.

### Contractual commitments

All contractual commitments of the parent entity are included within Note 17.

## 24. SUBSEQUENT EVENTS

There has been no matter or circumstances that have arisen since the end of the reporting date and to the date of this report which significantly affects or may significantly affect the results of the operations of the Group.

## **Directors' Declaration**

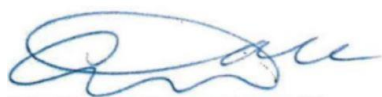
### **For the year ended 30 June 2019**

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the consolidated financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the consolidated financial statements;
- (c) in the directors' opinion, the consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group for the year ended 30 June 2019; and
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors



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Rodney Dale  
**Non-Executive Chairman**  
Perth, 27 September 2019



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECLIPSE METALS LIMITED**

### **Report on the Audit of the Financial Report**

#### ***Opinion***

We have audited the financial report of Eclipse Metals Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### ***Basis for Opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material Uncertainty Relating to Going Concern**

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 2(b) to the financial statements, the consolidated financial statements have been prepared on a going concern basis. At 30 June 2019, the Group had cash and cash equivalents of \$358,469 and incurred a loss after income tax of \$316,256.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further capital or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

## Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be Key Audit Matter to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | How the matter was addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b><i>Carrying Value of Exploration and Evaluation Assets</i></b></p> <p>As at 30 June 2019, Exploration and Evaluation Assets totalled \$2,418,542 (refer to Note 11 of the financial report).</p> <p>The carrying value of exploration and evaluation assets is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the capitalised expenditure (87% of total assets);</li> <li>• The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and</li> <li>• The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.</li> </ul> | <p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation;</li> <li>ii. Reviewing the directors' assessment of the carrying value of the capitalised exploration and evaluation costs, ensuring the veracity of the data presented and assessing management's consideration of potential impairment indicators, commodity prices and the stage of the Group's projects also against AASB 6;</li> <li>iii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in areas of interest and corroborated in discussions with management. The documents we evaluated included: <ul style="list-style-type: none"> <li>▪ Minutes of the board and management; and</li> <li>▪ Announcements made by the Group to the Australian Securities Exchange; and</li> </ul> </li> <li>iv. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.</li> </ol> |

### ***Other Information***

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of the Directors for the Financial Report***

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### ***Auditor's Responsibilities for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### ***Report on the Remuneration Report***

##### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 12 to 15 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Eclipse Metals Limited for the year ended 30 June 2019 complies with section 300A of the Corporations Act 2001.

##### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**

Director

West Perth, Western Australia

27 September 2019

27 September 2019

Board of Directors  
Eclipse Metals Limited  
Level 3,  
1060 Hay Street  
WEST PERTH WA 6005

Dear Directors

**RE: ECLIPSE METALS LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Eclipse Metals Limited.

As Audit Director for the audit of the financial statements of Eclipse Metals Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**



**Martin Michalik**  
Director

## Additional securities exchange information

Additional information required by the Australian Securities Exchange Ltd, and not shown elsewhere in this report is as follows. The information is current as at 11 September 2019

### (a) Distribution of equity securities

#### (i) Ordinary share capital

- 1,148,674,090 fully paid shares held by 1,041 shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

Analysis of numbers of equity security holders by size of holding are:

|                  | Number of Holders | Fully Paid Ordinary Shares |
|------------------|-------------------|----------------------------|
| 1 – 1,000        | 53                | 6,867                      |
| 1,001 – 5,000    | 5                 | 16,680                     |
| 5,001 – 10,000   | 95                | 929,932                    |
| 10,001 – 100,000 | 286               | 17,309,150                 |
| 100,001 and over | 602               | 1,130,411,461              |
|                  | <b>1,041</b>      | <b>1,148,674,090</b>       |

877 Shareholders are holding less than a marketable parcel

### (b) Twenty largest holders of quoted equity securities (fully paid ordinary shares)

|                                                      | Number held        | Percentage % |
|------------------------------------------------------|--------------------|--------------|
| Uranium Resources Pty Ltd                            | 204,800,000        | 17.83        |
| S & CJ Pty Ltd Falcon Gold Superannuation Fund A/c>  | 58,954,705         | 5.13         |
| Argala Nominees Pty Ltd <Argala Superfund A/c>       | 57,809,524         | 5.03         |
| Ghan Resources Pty Ltd                               | 45,529,696         | 3.96         |
| Damon Marco                                          | 44,909,694         | 3.91         |
| Rabie & Mara Vandermerwe <Rabi & Mara Superfund A/c> | 22,857,143         | 1.99         |
| Western Eagles Investment Pty Ltd                    | 21,000,000         | 1.83         |
| M & K Korkidas Pty Ltd <M&K Korkidas Superfund>      | 20,574,000         | 1.79         |
| Virginio Vigolo <VSV Family A/c>                     | 20,000,000         | 1.74         |
| Adrian Lippi <Deep Impact Fishing>                   | 17,000,000         | 1.48         |
| Rochelle Wykes <R Wykes Superfund A/c>               | 15,925,893         | 1.39         |
| Andrew Peter Proska                                  | 15,000,000         | 1.31         |
| Rochelle Wykes                                       | 11,000,000         | 0.96         |
| Giles Rodney Dale                                    | 11,000,000         | 0.96         |
| Woebegone Pty Ltd                                    | 10,000,000         | 0.87         |
| Cedric Bruce Armstrong                               | 10,000,000         | 0.87         |
| Justin Steven Zielinski                              | 8,883,332          | 0.77         |
| BW & LJ Buttsworth <Buttsworth Superfund A/c>        | 8,700,000          | 0.76         |
| Peter Marszal <Marszal Retirement Fund>              | 8,200,000          | 0.71         |
| Caroline Ma                                          | 8,000,000          | 0.70         |
|                                                      | <b>620,143,987</b> | <b>53.99</b> |

**(c) Substantial holders**

The substantial holder in the Company is set out below:

|                           | <b>Number<br/>held</b> | <b>Percentage<br/>%</b> |
|---------------------------|------------------------|-------------------------|
| <i>Ordinary shares</i>    |                        |                         |
| Uranium Resources Pty Ltd | 204,800,000            | 17.83                   |

**(d) Voting rights**

All ordinary shares carry one vote per share without restriction.

**(e) Business Objective**

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

# ECLIPSE METALS LTD TENEMENT INTERESTS - JUNE 2019

## Granted Tenements

| Tenement  | Project Name     | Commodity | Status  | State | Holder                           | Graticular Blocks |
|-----------|------------------|-----------|---------|-------|----------------------------------|-------------------|
| EL 24808  | Bigirlyi         | Uranium   | Granted | NT    | Eclipse Metals Ltd               | 27                |
| EPM 17672 | Mary Valley      | Manganese | Granted | QLD   | Walla Mines Pty Ltd <sup>1</sup> | 15                |
| EPM 17938 | Amamoor          | Manganese | Granted | QLD   | Walla Mines Pty Ltd <sup>1</sup> | 4                 |
| EPM 25698 | West Mary Valley | Manganese | Granted | QLD   | Eclipse Metals Ltd               | 5                 |

## Tenement Applications

| Tenement  | Project Name  | Status      | State | Current Legal Holder    |
|-----------|---------------|-------------|-------|-------------------------|
| EL 24623  | Yuendi        | Application | NT    | Cauldron Energy Limited |
| EL 24861  | Lake Mackay   | Application | NT    | Cauldron Energy Limited |
| EL 26487  | Yuendi        | Application | NT    | Whitvasta Pty Ltd       |
| EL 27584  | Devil's Elbow | Application | NT    | NORTH, Lee              |
| EL 31065  | Liverpool 1   | Application | NT    | Eclipse Metals Ltd      |
| EL31499   | Ngalia        | Application | NT    | Eclipse Metals Ltd      |
| EL 31500  | Ngalia        | Application | NT    | Eclipse Metals Ltd      |
| EL31501   | Ngalia        | Application | NT    | Eclipse Metals Ltd      |
| EL 31502  | Ngalia        | Application | NT    | Eclipse Metals Ltd      |
| ELA 31770 | Liverpool 2   | Application | NT    | Eclipse Metals Ltd      |
| ELA 31771 | Liverpool 3   | Application | NT    | Eclipse Metals Ltd      |
| EL 31772  | Liverpool 4   | Application | NT    | Eclipse Metals Ltd      |
| EL 32077  | Ngalia        | Application | NT    | Eclipse Metals Ltd      |
| EL 32078  | Ngalia        | Application | NT    | Eclipse Metals Ltd      |
| EL 32079  | Ngalia        | Application | NT    | Eclipse Metals Ltd      |
| EL 32080  | Ngalia        | Application | NT    | Eclipse Metals Ltd      |

<sup>1</sup> Walla Mines Pty Ltd is a wholly-owned subsidiary of Eclipse Metals Ltd

<sup>2</sup> Whitvasta Pty Ltd is a wholly-owned subsidiary of Eclipse Metals Ltd

<sup>3</sup> North Minerals Pty Ltd is a wholly-owned subsidiary of Eclipse Metals Ltd