



ABN 85 142 366 541
and its controlled entities

Annual Report

For the financial year ended 30 June 2022

Board of Directors

Mr Carl Popal	Executive Chairman
Mr Rodney Dale	Non-Executive Director
Mr Ibrar Idrees	Non-Executive Director
Dr Oliver Kreuzer	Non-Executive Director

Company Secretary

Mr Matthew Foy

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ASX Code: EPM

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COUNTRY OF INCORPORATION

Australia

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Chairman's Message

Dear Shareholders,

Welcome to the 2022 Annual Report for Eclipse Metals Limited (ASX: EPM) as we reflect on our achievements as a multi-commodity mineral explorer over the past 12 months. With a strong focus on exploring our Ivigtut project in southwestern Greenland, it is pleasing to see the progress we've made since acquisition and we are now on the cusp of our first drill program there, which is an exciting development.

Through our systematic and methodical approach of compiling and reviewing data and drill core from Ivigtut's 120-year mining history, and from previous work at the nearby Grønnedal carbonatite intrusive, which is also covered by the licence, we are gaining a better understanding of the multi-commodity development potential of this project. While it historically produced cryolite, our work to date has highlighted the prospectivity of both areas for precious, base and industrial metals as well as highly sought after light and heavy rare earth elements (REE), in particular dysprosium, neodymium and praseodymium as well as niobium.

Our access to historical drill hole data and core samples has assisted our understanding of the project, providing us with more information on what lies beneath Ivigtut's existing pit floor. The recently acquired European Space Agency Sentinel-2 data has identified numerous spectral anomalies over Ivigtut and Grønnedal that are historically unexplored.. Grab sampling at the project in November 2021 highlighted the multi-commodity nature, returning highly anomalous tungsten, lead, zinc and silver concentrations whilst also provided indications of lithium mineralisation. The latter is evidenced by elevated lithium concentrations up to 430ppm Li₂O and the presence of cryolithionite, a globally rare lithium-bearing fluoride mineral first described from Ivigtut. The REE mineralisation at Grønnedal is widespread at surface and of a complex ferrocarnatite nature that merits comprehensive geochemical and structural understanding.

In addition, a bulk sample from Ivigtut submitted for analysis returned strong results for high purity quartz, confirming its high silica, low impurity (99.9% SiO₂) nature. Further evaluation of the quartz body below the cryolite pit will be a primary aim of ours over the coming 12 months. In addition, we plan to prepare a maiden JORC-compliant resource estimate for the Ivigtut quartz body during the upcoming year.

With a green light from Greenland's Minerals Licences and Safety Authority for our 2022 field work program, we also plan to drill test the REE prospectivity at Grønnedal to gather further data on REE levels on this exciting prospect. We are also strengthening our relationship with St Andrews University in the United Kingdom as students undertake collaborative research on Ivigtut's mineralogical and petrological characterisation.

While our focus has been on Greenland over the past 12 months, we maintain a strong asset portfolio in Australia. We announced plans to divest our Northern Territory uranium assets to derive value from these assets since they no longer align with our strategic growth plan. We will keep Shareholders informed of our progress on this front during the upcoming months. We also continue to plan a development strategy for our Mary Valley manganese project in Queensland where we hope to gain approval for extracting a bulk sample to complete beneficiation testwork to produce a high-grade manganese product.

I take this opportunity to thank our Shareholders for their ongoing support over the past 12 months, in particular those who participated in our Rights Issue that raised more than \$380,000 and the recent placement of \$2,000,000 for our exploration efforts. This has enabled us to advance Ivigtut as much as possible using the data and information available to us and we look forward to accelerating our exploration and gaining a better understanding of the project's potential over the coming 12 months. I also thank my fellow Directors, including Dr Oliver Kreuzer who joined as a Non-Executive Director during the year, for providing the expertise and support to continue to progress our exploration plans, and our management team, staff and contractors for their valuable contributions.

Eclipse has built an exciting portfolio of projects which offer us a range of development options and we look forward to moving forward over the year ahead. I hope you will continue to share the journey with us.



Carl Popal
Executive Chairman

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 2022. 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:

Carl Popal	Executive Chairman	
Rodney Dale	Non-Executive Director	
Ibrar Idrees	Non-Executive Director	
Dr Oliver Kreuzer	Non-Executive Director	Appointed 15 December 2021

2. COMPANY SECRETARY

The following person held the position of company secretary during or since the end of the financial year:

Matthew Foy

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 \$1,318,746 for the financial year ended 30 June 2022 (2021: loss of \$629,089).

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

On 30 August 2022, the Company announced the completion of a \$2 million placement at a placement price of \$0.02 per share supported by a combination of existing and new investors. Subscribers of the placement will be offered one free attaching listed option exercisable at \$0.05 expiring on 17 September 2024. Placement proceeds will be applied to upcoming field activities as the Company prepares to mobilise contractors to begin a drilling program at the Grønnedal Rare Earth Elements (REE) prospects.

On 5 September 2022, the Company announced that it has issued and allotted a total of 103,130,435 fully paid ordinary shares in the capital of the Company.

On 9 September 2022, the Company lodged a prospectus to facilitate the secondary trading of 100,000,000 placement attaching options as well as 7,500,000 options issued to the lead manager of the placement. On 19 September 2022 the Company announced it had sought quotation of a total of 298,476,469 options exercisable at \$0.05 expiring 17 September 2024 to be quoted under the ASX ticker code "EPMOA" (**EPMOA Options**). A total of 190,976,469 EPMOA Options were previously issued pursuant to an entitlement issue prospectus dated 17 August 2021 (**Prospectus**). To achieve quotation of these options, it was necessary to apply to ASX for a waiver from ASX Listing Rule 6.23.4 which requires shareholder approval to change a term of an issued option. ASX granted the waiver on 16 September 2022. All other terms of those options as set out in the Prospectus remain unchanged.

Apart from the above, 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

Australian projects

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.

Greenland project

The Group's environmental obligations are regulated under the Ministry of Environment and Nature of Greenland. The Group has a policy of complying with its environmental performance obligations. Any environmental matters relation to exploration in Greenland will be addressed and dealt with as required.

9. CORONAVIRUS PANDEMIC

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

10. REVIEW OF OPERATIONS

Eclipse Metals Ltd ("Eclipse" or "the Company") is an Australian exploration company focused on exploring south-western Greenland, Northern Territory and Queensland for multi commodity mineralisation. Eclipse Metals Ltd has an impressive portfolio of assets prospective for cryolite, fluorite, siderite, quartz, REE, gold, platinum group metals, manganese, palladium, vanadium and uranium mineralisation.

Ivigtut (Ivittuut) Project – Greenland

Eclipse acquired the Ivigtut (aka Ivittuut) Project in southwestern Greenland in early 2021. Over a period of 120 years, between 1865 and 1985, the Ivigtut mine produced 3.8 million tonnes of high-grade cryolite for use in the aluminium industry from the world's largest known minable resource of naturally occurring cryolite.

Ivigtut has a power station, fuel supplies to service this station and local transport infrastructure to support mineral exploration. About 5.5km to the northeast of Ivigtut, the settlement of Kangilinnuit provides a heliport and an active wharf with associated infrastructure.

The Grønnedal carbonatite-syenite complex is less than 10km from Ivigtut and only 5km from the port of Grønnedal. This complex is one of the 12 larger Gardar Province alkaline intrusions and is recognised by the Geological Survey of Denmark and Greenland (GEUS) as one of the prime REE targets in Greenland along with Kvanefeld and Kringlerne (Tanbreez).

Eclipse commenced its initial fieldwork program on exploration licence MEL2007-45 in August 2021 following approval from Greenland's Mineral Licence and Safety Authority (MLSA).



Figure 1: Ivigtut Project Location Map – MEL 2007-45

Historic drill core

Eclipse collected representative samples from the Ivigtut mine tailings and low-grade waste dumps and at the Grønnedal carbonatite complex, which is also part of the licence. The Company was granted access to more than 19,000m of historical diamond drill core from the Ivigtut cryolite mine environ as well as from six diamond holes at Grønnedal with a combined length of 750m. These holes were drilled over 50 years ago to explore for deposits of magnetite (iron ore) which had developed in the contact area of later intrusive dolerite dykes within the Grønnedal carbonatite intrusive. Much of the core remains uncut and untested.

The drill core is stored in a Greenland Government facility in Kangerlussuaq (Søndre Strømfjord) approx. 320km north from the capital Nuuk. The core has been preliminarily examined by the Eclipse Greenland office administrator and a Consulting Geologist. The core was found to be in good condition and well catalogued, enabling Eclipse personnel to readily identify the drill holes of initial interest and collect samples from selected sections for analysis in Perth, WA.



Figure 2: Aerial image of Ivigtut mine from the 1960s

Rare Earth Elements Potential

Eclipse's initial interest was in the core drilled into the carbonatite intrusive, where historical exploration identified anomalous rare earth element (REE) content in dolerite dykes intruding the carbonatite.

The Company collected samples for preliminary testing and plans to cut and assay all the core utilising appropriate QA/QC protocols. An initial batch of samples of historical drill-core from the project was submitted to Perth-based laboratories for chemical and petrological evaluation.

In November 2021, laboratory analysis returned high-grade rare earth results and confirmed the project's potential to contain deposits of high-grade quartz, cryolite, siderite, sphalerite and carbonate material. The Australian laboratory used ME-MS81, ME-ICP06, and ME-XRF26 methods to identify multi-commodity mineralisation within the project area. Very low uranium values ranging from 0.7 to 24.3ppm were well below the Greenland Government legislated maximum of 100ppm.

Sample analysis from selected sections of drill core returned significant values for a range of heavy and light rare earth elements (HREE and LREE) in both the Ivigtut mine precinct and nearby Grønnedal carbonatite area. Core from the Ivigtut mine precinct which contained fluorite yielded a total REO (Rare Earth Oxides) value of 536.6 ppm. This was the first time that REE mineralisation has been confirmed within the Ivigtut mine sequence. Samples from Grønnedal carbonate returned values up to 22,695ppm total REO.

Directors' Report (Cont'd)

Samples from Grønnedal and Ivigtut returned significant analyses for niobium, tungsten (W) and strontium shown in Table 1 below.

Table 1: Significant analyses for Niobium, Tungsten (W) and Strontium

SAMPLE ID	Prospect Name	TOTAL REO	W	Nb	U	SrO	F
		ppm	ppm	ppm	ppm	%	%
IVT 21 - 1	Grønnedal-Ika	8,348	3	3670	24.3	1.77	0.391
IVT 21 - 2	Grønnedal-Ika	11,089	1	9.7	0.95	2.44	0.262
IVT 21 - 3	Grønnedal-Ika	22,694	2	64.7	2.45	5.67	0.476
IVT 21 - 4	Grønnedal-Ika	21,483	1	11.8	5.9	0.43	0.799
IVT 21 - 6	Ivigtut	43	3	0.4	0.13	0.01	53.1
IVT 21 - 8	Ivigtut	96	4	143	4.09	0.01	0.338
IVT 21 - 10	Ivigtut	207	7	0.8	0.28	0.02	16.6
IVT 21 - 11(1)	Ivigtut	536	1	4.2	0.36	0.01	0.502
IVT 21 - 11(2)	Ivigtut	17	15	0.5	<0.05	0.01	0.839
IVT 21 - 13	Ivigtut	72	1380	0.7	1.02	0.03	8.1
IVT 21 - 14	Ivigtut	77	1	0.6	0.14	0.04	12.2
IVT 21 - 15	Ivigtut	12	2290	0.2	0.4	<0.01	0.044
IVT 21 - 17	Ivigtut	1	3680	0.2	<0.05	<0.01	0.022
IVT 21 - 18	Ivigtut	21	7010	0.2	<0.05	<0.01	0.321
IVT 21 - 19	Ivigtut	5.37	3630	0.2	0.06	0.01	1.46
IVT 21 - 21	Ivigtut	43.03	37	922	1.27	<0.01	0.164
IVT 21 - 22(2)	Ivigtut	8.75	1	0.7	0.34	<0.01	0.078
IVT 21 - 23	Grønnedal-Ika	4,951.32	<1	7.5	0.7	2.01	0.074

Magnetite intersections were shown to be narrow and intermittent but recent sampling has returned very significant analyses for LREE and HREE. Historical sampling results also indicate relatively high europium values compared with other REE systems. Europium has been recognised throughout the carbonatite intrusion at several times greater concentration than average for rocks elsewhere in this part of Greenland and many times that normally expected in carbonatites. Europium is in extremely short supply around the world. Overall, the results confirmed excellent REE potential at the surface in Grønnedal (Table 2).

SAMPLE ID	LREE							HREE								TREO ppm	
	Y2O3 ppm	La2O3 ppm	CeO2 ppm	Pr2O3 ppm	Nd2O3 ppm	Sm2O3 ppm	Eu2O3 ppm	Gd2O3 ppm	Tb2O3 ppm	Dy2O3 ppm	Ho2O3 ppm	Er2O3 ppm	Tm2O3 ppm	Yb2O3 ppm	Lu2O3 ppm		
I21007	46.73	17.71	49.26	4.17	9	3.19	0.12	3.62	1.28	9.95	2.36	8.04	1.38	8.6	1.14	167	Ivigtut
I21009	0.51	0.23	0.61	0.09	0	0.06	0.02	0.06	0.02	0.13	0.03	0.1	0.02	0.16	0.02	2	
I21012	8.51	2.11	6.51	0.85	3	1.44	0.06	1.36	0.45	3.51	0.7	2.08	0.29	1.78	0.2	33	
G21010	406.4	1454	3575	443.5	1738	332.8	106.8	228.2	25.09	107.1	15.92	29.27	2.82	11.32	1.15	8477	Grønnedal-Ika
G21011	1097	115.3	425	49.74	149	69.34	2.62	79.76	32	277.7	71.02	273.3	53.22	376.9	53.9	3126	
G21014	715	3741	10220	1404	5039	850	259.4	538.3	58.7	233	30.58	48.37	3.93	14.97	1.69	23159	
G21016	1365	7072	21374	2809	9553	1855	539.6	1268	122	470.6	58.88	89.88	6.7	21.81	2.27	46608	
G21017	580.3	3167	8930	1143	4561	804.8	249	534.8	57.55	214.1	26.35	39.45	3.08	12.01	1.38	20324	
G21019	530.8	2615	6437	896.5	3488	597.2	188.2	410.3	43.39	169.3	21.71	33.39	2.6	10.11	1.14	15444	

Table 2: Summary of total rare earth oxide (TREO) results in ppm showing heavy REE (HREE) and light REE (LREE).

Silica samples

Samples from Ivigtut mine returned high grades of SiO₂ and further evaluation of the quartz body below the cryolite pit will be a primary aim of Eclipse's exploration. Samples from below the pit returned assays of 99.7%, 99.39%, 99.65% and 99.12% SiO₂.

Further samples from Ivigtut, collected with the view to better understanding the quartz body, returned high silica grades of up to 99.4% SiO₂. Eclipse reported later in the year. With dilute acid washing this was increased to 99.9% SiO₂.

Accurate analysis of quartz from below Ivigtut's historic pit determined it can be further purified with a simple acid wash process to substantially increase grade by removing impurities, potentially making it suitable for the high-tech semiconductor industry, further increasing the deposit value.

Directors' Report (Cont'd)

Of the historical drill holes, 18 intersected the body of the quartz in Domain 3. In 2012, only samples from two historical drill holes were analysed for quartz purity. Analytical data associated with each hole was digitally captured to form a database and formed the basis for 3D geological modelling¹. The high-grade quartz lies directly below the cryolite-fluorite and iron-zinc zones with the silica grade increasing below the iron-zinc zone in the northern portion of the pit (Figures 3 & 4). The zones with higher percentages of impurities coincide with the modelled zones of siderite (iron), sphalerite (zinc) and cryolite. Based on the data from the two holes which provided a total of 54 samples; 24 or 44% of the samples were higher than 98% in silica. A 95% silica cut-off represents 61% of the samples.

Geological domaining of the historic drill hole data defined a large (c. 220m-wide and 90m-thick) cylindrical body of quartz below the Ivigtut pit floor. The modelled quartz body represents in-situ mineralisation that could be accessed 5m to 10m below the central cryolite-fluorite zone. Immediately below the historic open pit, the quartz body thickens along an east-west axis

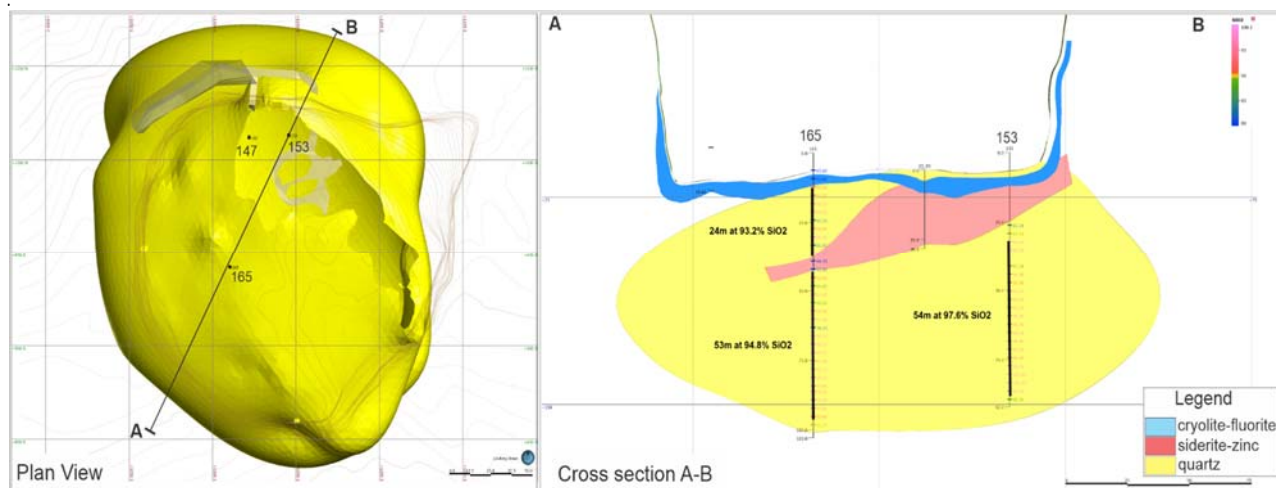


Figure 3: Plan view of the Ivigtut Pit showing Cross Section (A to B)

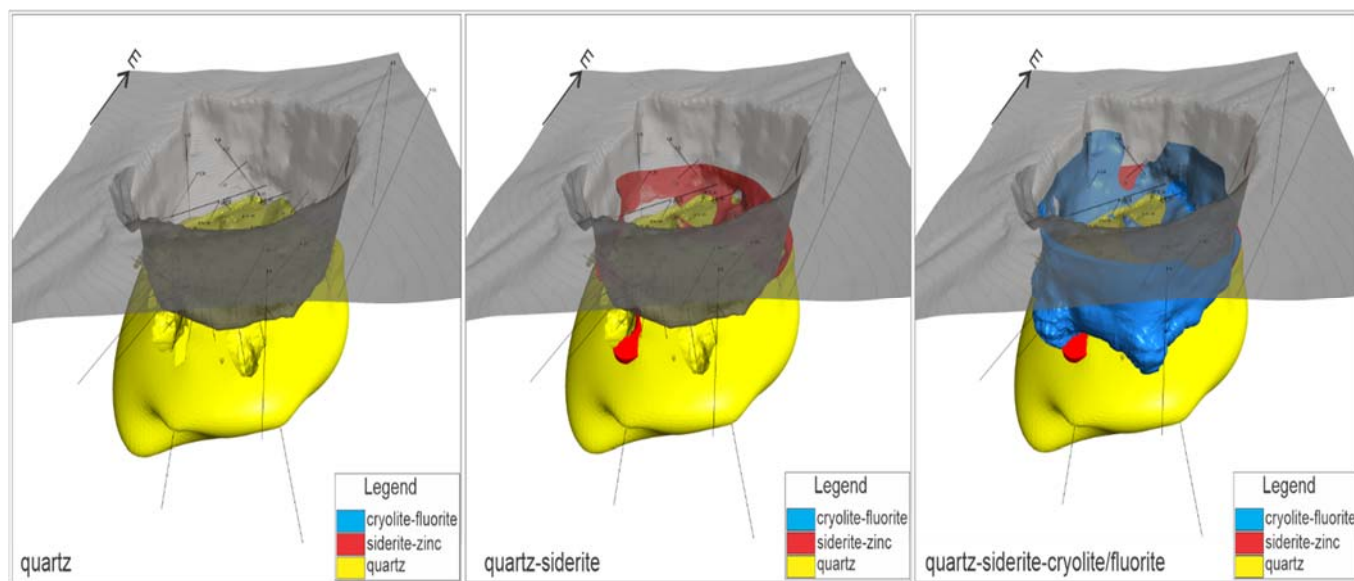


Figure 4: Oblique views of the Ivigtut Geological Model

Eclipse quartz bulk sample returned results confirming historical results reported by North Atlantic Mining Associates (GEUS report 23656).

Modelling of historical exploration data from the Ivigtut deposit indicates the presence of a large (c. 220mwide and 90m-thick) cylindrical body of in-situ high silica grade, low impurity quartz immediately below the pit floor as defined by historic drilling. The modelling, which supports an estimated exploration target of between 5.70 million tonnes and 5.94 million tonnes of quartz ranging between 90% and 95% silica² further confirms the Company's view of the significant economic potential to exploit this high silica grade quartz body.

Cautionary Statement: The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration work conducted to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared based on actual exploration results described in this report including historical drilling data and geological modelling.

Eclipse plans further exploration focused on quartz, with a view to preparing a maiden JORC 2012-compliant resource estimate for the quartz body at Ivigtut, expected in H2 CY2022.

¹ Refer to Eclipse Metals' ASX release dated 29 March 2021

² Refer to Eclipse Metals' ASX release dated 29 March 2021

Field activities

Eclipse completed a helicopter borne reconnaissance field program which included collection of samples from the Ivigtut mine dumps and Grønnedal carbonatite intrusive outcrops. Initial XRF field testing returned promising results for rare earth minerals.

Eclipse reported preliminary assay results from grab samples collected at Ivigtut in March 2022. These samples returned highly anomalous total rare earth oxide (TREO) together with niobium (Nb), tungsten (W), lead (Pb), zinc (Zn) and silver (Ag) concentrations, further confirming the polymetallic nature of the project. Laboratory analyses of two fluorite samples (I21007 and I21009) and one cryolite-fluorite-siderite sample (I21012) collected from the historic Ivigtut mine dumps returned:

- 22.20% fluorine, 8.60 g/t silver and 0.12% copper in sample I21007; and
- 26.00% fluorine, 165.00 g/t silver, 0.14% copper, 3.83% lead and 0.37% zinc in sample I21012.

Even though overall REE concentrations in samples I21007, I21009 and I21012, collected from the Ivigtut mine dumps are relatively low in TREO values, ranging from 2.26 to 161.44 ppm, the ratio of high demand heavy REE to light REE was encouraging.

Grab sampling at Grønnedal returned highly anomalous light and heavy REE assay values, including:

- 0.32% lanthanum, 0.83% cerium, >0.10% praseodymium, 0.43% neodymium, 0.07% samarium, 0.05% gadolinium and 0.06% yttrium (sample G21014).
- 0.60% lanthanum, >1% cerium, >0.10% praseodymium, 0.82% neodymium, >0.10% samarium, >0.10% gadolinium and 0.86% yttrium (sample G21016).
- 0.27% lanthanum, 0.73% cerium, 0.10% praseodymium, 0.39% neodymium, 0.07% samarium, 0.05% gadolinium and 0.05% yttrium (sample G21017).

A sample from a sulphide-bearing aplite (G21011) that cuts the carbonatite rocks returned:

- >0.25% niobium, 34.00 g/t silver, 0.96% lead, 0.15% copper, 0.16% tin, 200 ppm lithium and 4.40% fluorine.
- Anomalous heavy REE values such as 0.02% erbium, 0.03% ytterbium and 0.09% yttrium with overall anomalous TREO of 0.30%.

In the March quarter, interim laboratory assay results were received for nine grab samples from Ivigtut and Grønnedal collected during the helicopter assisted reconnaissance.

Several over-limit values returned from the first analytical run were further analysed by more accurate methods, results from which are included in the tables below. These results are applied to identifying the accurate ratio of the complete suite of REE to better identify the balance of Heavy Rare Earth (HREE) and Light Rare Earths (LREE). Samples from Grønnedal and Ivigtut returned highly anomalous total rare earth oxide (TREO), with additional by-products of niobium (Nb) in Grønnedal, and lead (Pb), copper (Cu), zinc (Zn) and silver (Ag) concentrations in Ivigtut (**Table 2 above and Table 3**), further confirming the polymetallic nature of the Company's Greenland project.

Ivigtut	TREO	Cu	Zn	Pb	Ag	Nb ₂ O ₅	SrO
Sample Id	ppm	ppm	ppm	ppm	ppm	ppm	ppm
I21007	167	1160	89	84	8.6	82	2588
I21009	2	1375	3710	3.83%	165	1	331
I21012	33	485	1315	1195	7.8	4	1132
Grønnedal	TREO	Cu	Zn	Pb	Ag	Nb ₂ O ₅	SrO
Sample Id	%	ppm	ppm	ppm	ppm	ppm	ppm
G21010	0.85	13	578	81	BD	31	5.13%
G21011	0.31	1500	409	0.96%	34	0.93%	1626
G21014	2.32	27	2480	134	<0.5	164	1910
G21016	4.66	5	1230	98	0.9	28	4075
G21017	2.03	26	1665	238	1.9	89	382
G21019	1.54	10	2350	52	0.5	29	1350

Table 3: Summary of REE, precious, base and other metal assay results. Note: Some assays converted from ppm to percentages.

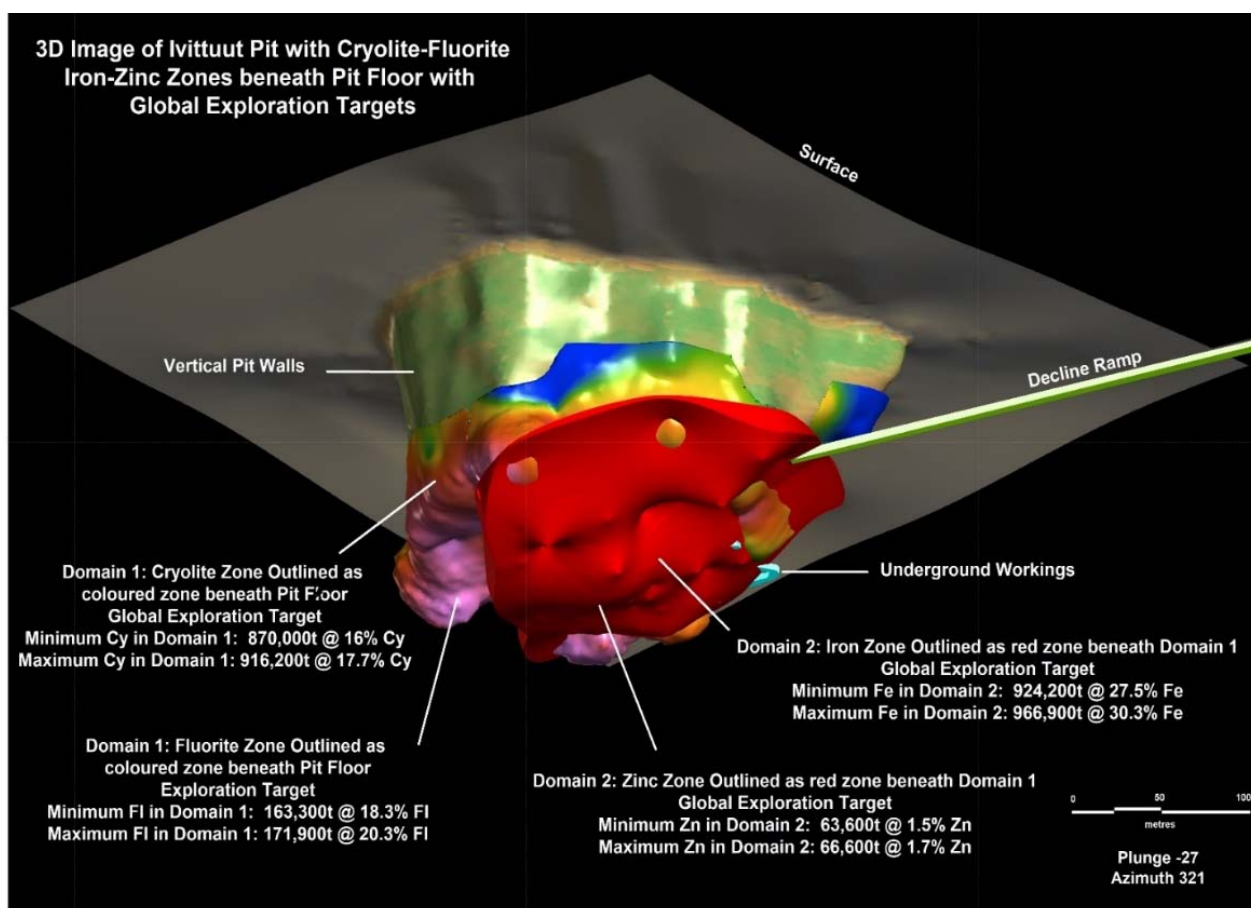


Figure 5: 3D oblique image showing interpreted Domains 1 & 2 including the declines and underground workings

Cautionary Statement: The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration work conducted to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared based on actual exploration results described in this report including historical drilling data and geological modelling.

Sample G21016 from Grønnedal returned a highly anomalous 4.66% TREO with 0.13% gadolinium oxide (Gd₂O₃), and by-product value of 3.3% barium oxide (BaO), whereas sample G21011 of a nearby aplitic vein is highly anomalous in niobium oxides with 0.93% Nb₂O₅ and elevated rubidium oxide, 0.07% Rb₂O and zircon oxide, 1.77% ZrO₂. The ratio of elements in the suite of HREE and LREE results combined with the presence of other scarce metals in Grønnedal represents unique carbonatite REE mineralisation, requiring further assessment.

These results highlight the potential for much of the mineralisation identified below the current pit floor to have economic value, thus enhancing potential economics for future re-development of this mine. Upcoming exploration will include evaluation of the granite and greisen wall-rocks of the pit for their REE and multi-element potential.

Directors' Report (Cont'd)

Anomalous lithium concentrations

In March, the Company announced elevated lithium concentrations up to 430ppm Li₂O from grab sampling at its Ivigtut project, which has never been explored for lithium.

Anomalous lithium concentrations at Ivigtut are known to be associated with cryolithionite, jarlite, muscovite, biotite and zinnwaldite. The Ivigtut samples reported in Table 4 represent cryolite-fluoritesiderite mine dump material with lithium most likely occurring in cryolithionite (Li₃Na₃Al₂F₁₂), a globally rare lithium-bearing fluoride mineral first described from Ivigtut. Further work is required to determine which mineral, or minerals, carry the anomalous lithium identified in an aplite dyke (sample G21011) cutting the Grønnedal carbonatite complex.

Sample Locality	Sample Number	Easting	Northing	Li ₂ O (ppm)	F (%)
		WGS84 UTM Zone 22		ME-ICP61*	F-ELE81a, ME-XRF15b*
Ivigtut	I21007	652,288	6,788,962	430.0	22.20
	I21009	652,288	6,788,962	108.0	26.00
	I21012	652,288	6,788,962	323.0	19.90
Grønnedal	G21010	658,919	6,791,227	21.5	0.45
	G21011	658,919	6,791,227	430.0	4.40
	G21014	658,846	6,791,343	21.5	0.89
	G21016	658,846	6,791,343	BD	0.32
	G21017	658,846	6,791,343	BD	0.24
	G21019	658,846	6,791,343	BD	0.26

Table 4. Grab sample assay and location data. Notes: BD = below detection. *Assay techniques. Fluorine (F) percentages are rounded to two decimal places.

The lithium assay results further highlighted the polymetallic character of the historic Ivigtut cryolite mine and adjacent Grønnedal carbonatite complex, offering the potential for defining REE, precious and base metal and industrial mineral resources in this highly mineralised project area.

Cryolithionite at Ivigtut is known to occur as crystals, up to 19cm-long, in massive cryolite and sideritecryolite, cryolite veins, and fluorite-cryolite breccia. In addition to Ivigtut, the type locality for this fluoride mineral, cryolithionite has also been reported from the Gasberg's topaz-cryolite mine in Russia and Zapot pegmatite near Hawthorne, Nevada (Pauly, 1986).

Magnetic modelling

The Company contracted a geophysical consultant to complete 3D inversion modelling of magnetic data relating to a semi-regional (200m-line spaced), helicopter DIGHEM survey conducted in 1995, centred on the Grønnedal complex, with survey parameters and data reprocessing described previously³.

This 3D unconstrained inversion of the magnetic data was undertaken to estimate the subsurface distribution of magnetite in the bedrock and gain a better understanding of the potential depth extent and geometry of the magnetic bodies. The modelling used the industry standard 3D UBC inversion code, a numerical algorithm developed by the University of British Columbia, which models the geophysical data into a potential rock volume that may be responsible for the observed magnetic measurements at surface. The algorithm works to minimise the difference between the observed data (i.e., the data measured by the survey) and the calculated data (i.e., the forward response of the 3D earth model) such that the model presents a valid solution based on the data collected.

In the case of the Grønnedal complex, the igneous rocks mapped at surface correlate with distinct magnetic anomalies identified in the modelling. In particular, the magnetic anomalies correlate with magnetite-bearing carbonatite, carbonatite breccia and younger olivine dolerite as mapped by previous explorers. The strongest magnetic anomalism, observed in the southern central Grønnedal complex, coincides with areas where grab samples of magnetite-bearing carbonatite and carbonatite breccia, collected by the Company in 2021, returned total REE (TREE) content of up to 34,468 ppm.

Key findings of the 3D inversion modelling included:

- Grønnedal complex comprises at least two (2) large and vertically extensive magnetic bodies that range in size from 1,200m × 600m to 2,700m × 1,000m and extend to >900m below surface.
- Peak RTP amplitude of the strongest magnetic response is 6,000 nT (nanotesla)
- The bodies have apparent pipe-like geometries.
- The northern body plunges moderately to steeply towards the south whilst the southern body is near-vertical.
- The northern and southern bodies appear to coalesce into a single body beyond 700m depth.
- Comparing the size of the magnetic response with the extent of the mapped carbonatite suggests there is a larger potential extent of magnetite-bearing carbonatite and carbonatite breccia in the subsurface than indicated by earlier mapping.

A cursory review of the electromagnetic (EM) data acquired as part of the 1995 DIGHEM survey including digitisation of probable EM bedrock conductors recorded by the survey contractor at the time of data delivery.

Directors' Report (Cont'd)

EM bedrock conductors cluster within the area of the strongest magnetic anomalism in the central portion of the Grønnedal complex. Two additional clusters of EM bedrock conductors are evident outside the Grønnedal complex and are recommended for field checking.

Eclipse's 3D modelling of airborne magnetic data over the Grønnedal complex provided new insights into the subsurface distribution of magnetic bedrock and possible architecture of this composite and structurally dismembered intrusive complex. Modelling revealed several vertically extensive magnetic bodies in the central portion of the Grønnedal complex that are up to 1,200m-long, 600m-wide, extend to >900m below surface and have a peak anomaly amplitude of 6000 nT. These pipe-like magnetic bodies are spatially coincident with historic ground magnetic anomalies (up to 20,000 nT) (Bondam, 1992) and probable EM bedrock conductors identified by a previous explorer.

Magnetic anomalism at Grønnedal is known to be caused by magnetite-bearing carbonatite, which was explored in the mid-1900s for its magnetite iron and niobium potential but not for REE. Drilling was limited to six angled diamond bore holes for a total downhole length of 750m (Bondam, 1992). As described by Halama et al. (2005), large amounts of magnetite occur where later mafic dykes cut the siderite-rich part of the carbonatite in the centre of the Grønnedal complex. This magnetite is exclusively secondary in origin and replaced primary siderite as a result of decarbonation and oxidation (i.e., contact metamorphism) in the vicinity of a series of mafic dykes that cut the Grønnedal complex.

It is likely that these secondary processes acted to scavenge and concentrate REE into the secondary magnetite. The magnetite is also mapped in the EM data with probable bedrock EM conductors clustering in the central part of the Grønnedal complex where the Company has sampled magnetite-rich carbonatite. Importantly, comparing the size of the magnetic response with the extend of the mapped carbonatite suggests there is a larger potential extent of carbonatite than indicated by the earlier mapping.

Satellite imagery analysis

In the June quarter, Eclipse presented the result from a recently completed satellite imagery analysis over Ivigtut. The geophysical consultant processed and analysed European Space Agency Sentinel-2 data remotely identify surface features relating to geology and mineralisation.

Satellite imagery analysis helped to identify numerous spectral anomalies indicative of hydrothermal alteration with associated iron oxides, sulphides and/or clays.

One of the most prominent anomalies is evident at the historic Ivigtut cryolite mine, which is marked by strong (80th percentile), spatially coincident jarosite index (indicative of the presence of sulphides); goethite index (indicative of the presence of iron oxides); and kaolinite index (indicative of the presence of clays) (refer to Figures 6a, 6b and 6c).

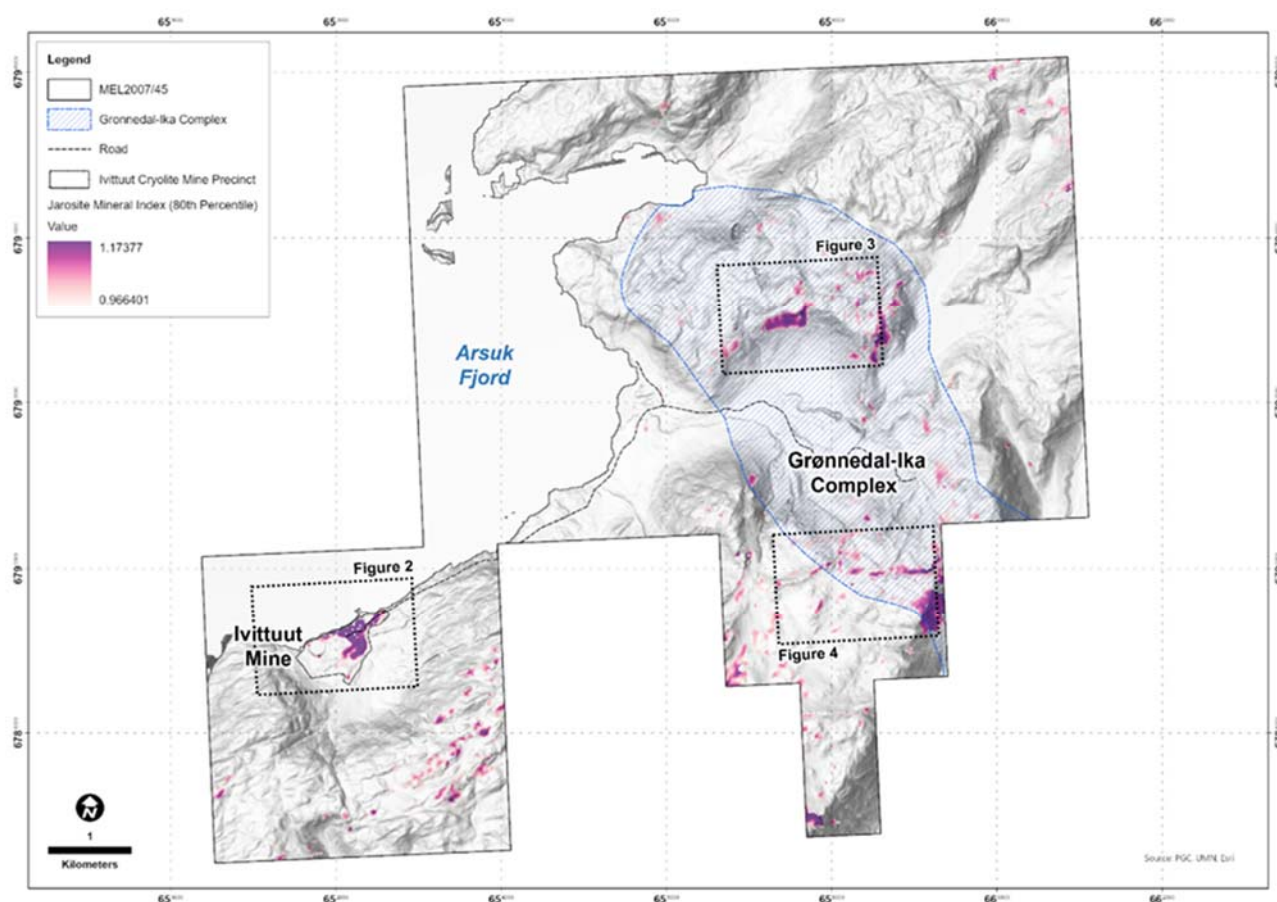


Figure 6a: Jarosite index map of Eclipse Metal's Ivigtut Project (MEL2007/45).

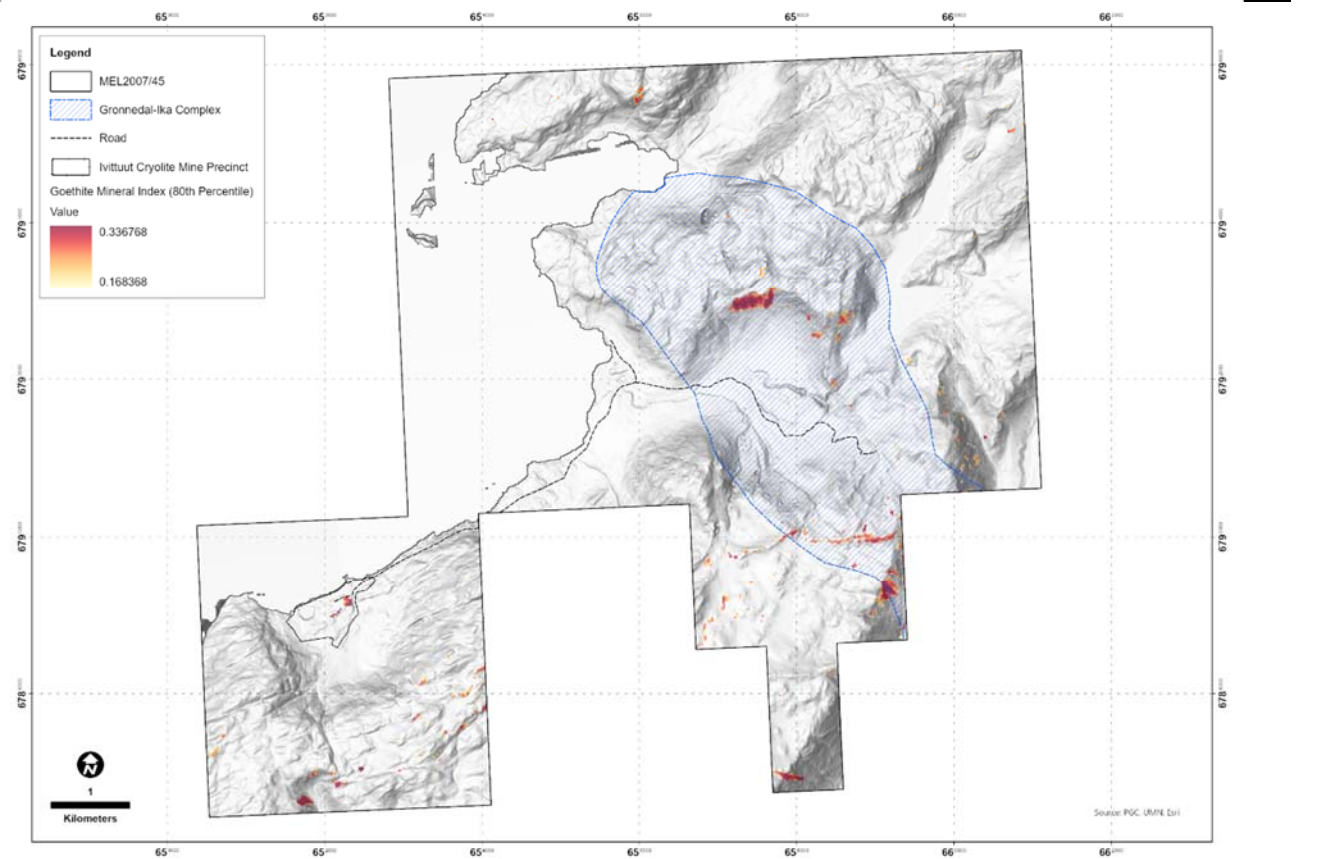


Figure 6b. Goethite index map of Eclipse Metal's *Ivigtut* Project.

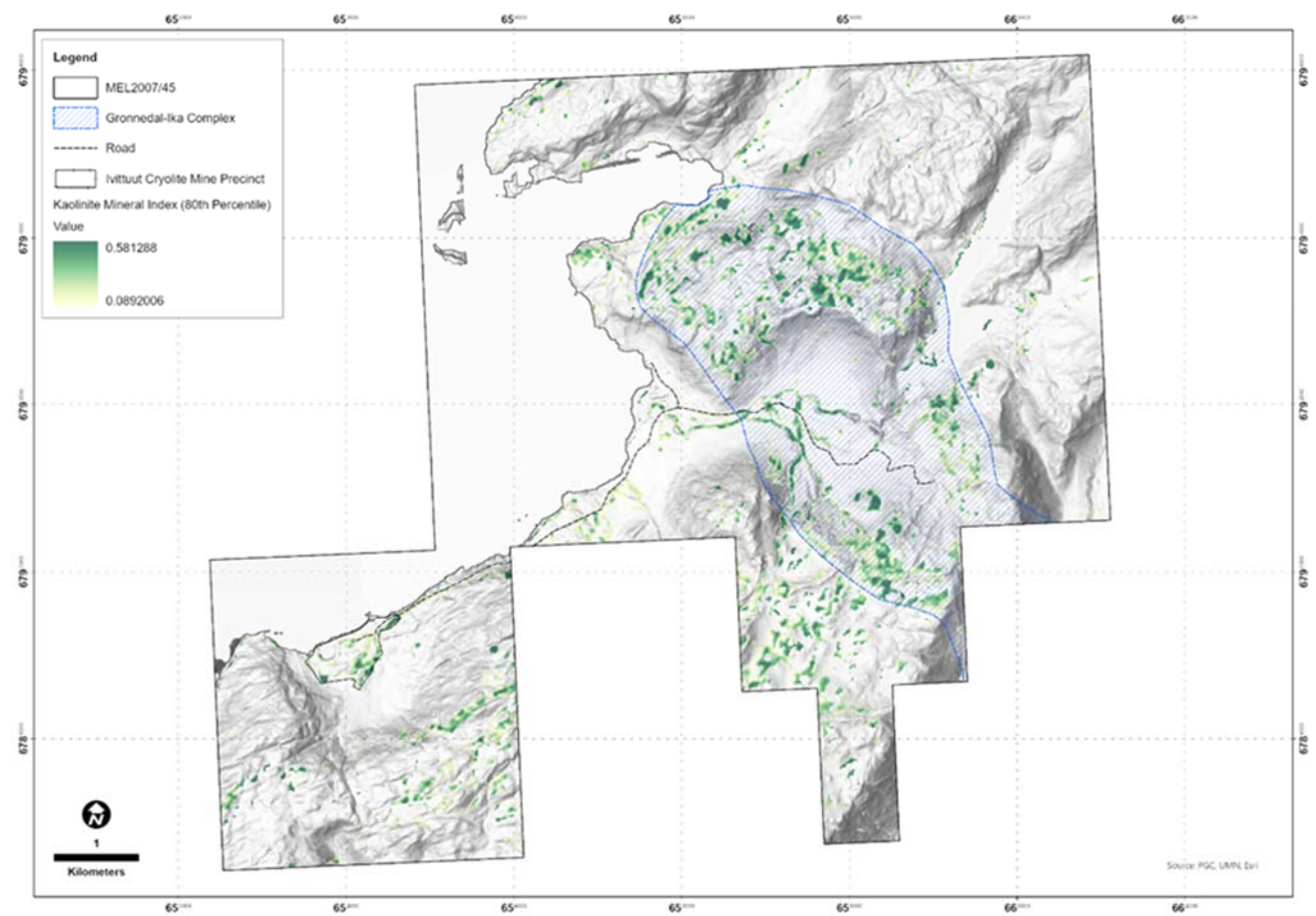


Figure 6c. Kaolinite index map of Eclipse Metal's *Ivigtut* Project

Directors' Report (Cont'd)

This anomalism envelops the entire area of historic waste dumps, which are known to contain mineralised rocks with up to 165.00 g/t silver, 0.15% copper, 3.83% lead and 0.37% zinc⁴.

Another prominent (80th percentile), spatially coincident jarosite, goethite and kaolinite index anomaly, approximately 700m long and up to 230m wide, was identified within the central-northern Grønnedal syenite-carbonatite complex. This anomaly is situated in a geological setting that is highly prospective for REE mineralisation as demonstrated by rock-chip sample assay results of up to approximately 3.45% total rare elements (TREE). The newly identified anomaly is yet to be field checked and sampled.

Next steps

Subject to COVID restrictions, the Company is planning further exploration activities to enable calculation of a JORC Code 2012 compliant resource estimate for the Ivigtut project at the earliest opportunity, targeting delivery in H2 CY22. Further analytical work is required for the quartz zones as previous explorers did not assay all quartz intersections for contaminants.

Numerous drill holes which intersected quartz mineralisation will be systematically split and analysed for contaminants to enable calculation of silica content as part of JORC 2012 compliant resource estimation work.

Post year-end in August 2022, Eclipse received approval from Greenland's Minerals License and Safety Authority (MLSA) for field activities at Ivigtut and Grønnedal during the 2022 field season.

The primary objective of this season's field work will be to facilitate better understand of the geochemistry of the identified target areas and gather further data on REE levels in the Grønnedal carbonatite and related geology.

Eclipse is preparing to mobilise contractors for exploration drilling program at Grønnedal to test rare earth element (REE) potential.

Liverpool Uranium Project – Northern Territory, Australia

The Devil's Elbow uranium-gold-palladium prospect in the Northern Territory is covered by EL27584, granted at the end of FY20. Adjacent to this exploration licence to the east, extensions of the Ranger Fault and related structures are covered by four exploration licence applications. Combined area of the tenements covering this prospective area is approximately 1,464km².

Eclipse's exploration program is aimed to focus on the area around the Devil's Elbow, Terrace and Ferricrete uranium prospects, concentrating on high priority areas defined by historical geochemical and radiometric anomalies centrally within EL27584 and relatively unexplored ground south of the Ranger Fault.

The Devil's Elbow prospect has strong similarities with the Jabiluka uranium and gold mine discovered in 1971, following up a low order anomaly from a ground radiometric survey. Jabiluka is located 20km north of the Ranger uranium mine, about 75km west of Devil's Elbow. At Jabiluka, uranium and gold mineralisation occurs in an altered member of the Cahill Formation, proximal to reverse faulting structures with similarities to the Devil's Elbow prospect.

⁴ Eclipse Metals ASX release dated 24 March 2022

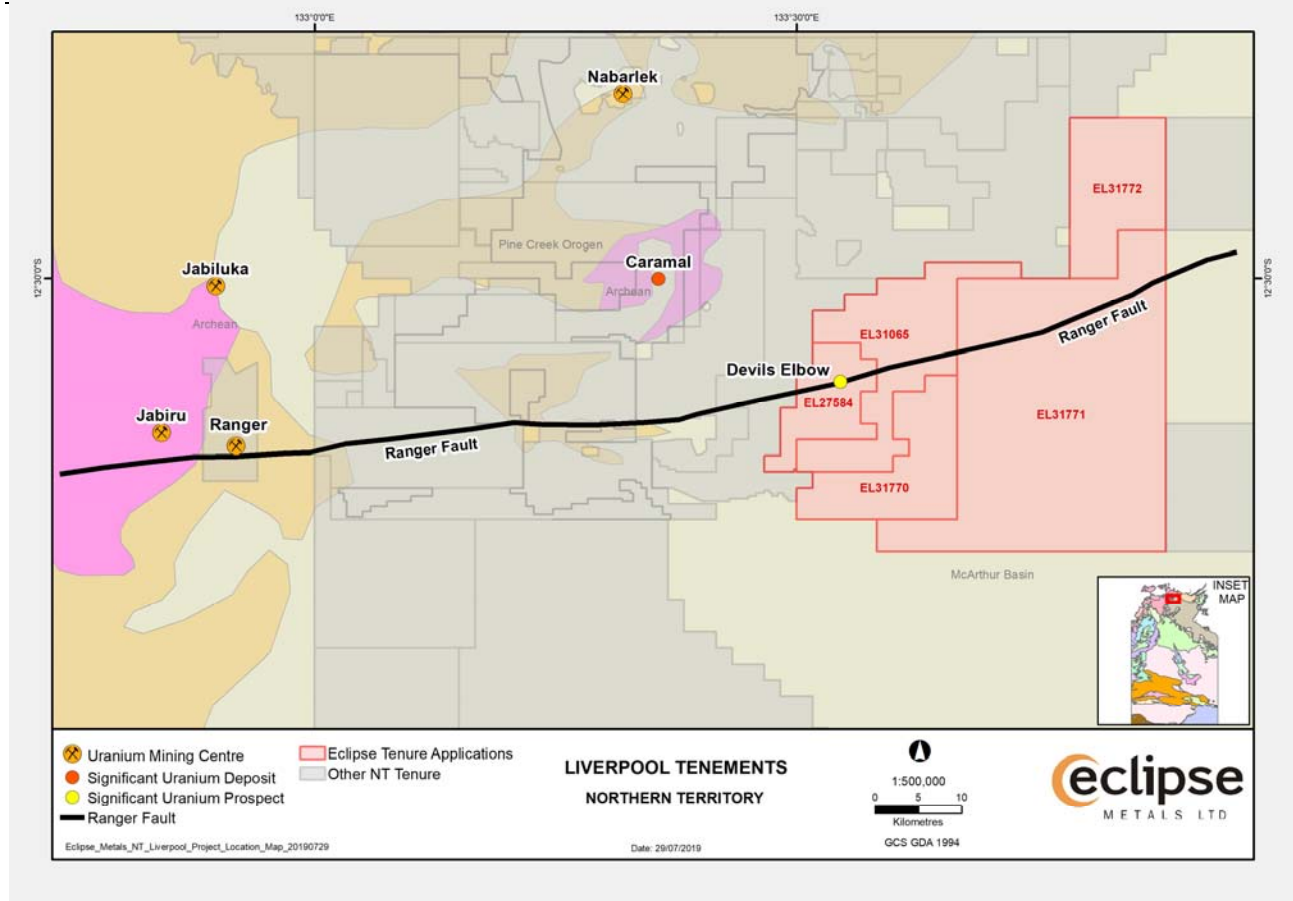


Figure 7. Devil's Elbow project within Liverpool Tenement Group

Ngalia Basin Uranium Project – Northern Territory, Australia

The Ngalia Basin is centred approximately 300km west-northwest from Alice Springs and is considered highly prospective for sandstone and paleochannel style uranium / vanadium mineralisation.

Eclipse holds two granted exploration licences and six exploration licence applications in the Ngalia Basin, with a combined area of approximately 7,550km² situated within this extensive uranium mineralized region. To the north, roll-front uranium mineralisation at Biglyi occurs in Devonian aged sandstones of the Ngalia Basin⁵ with Inferred and Indicated Resources of 9,570 tons of U₃O₈ at 1,283 ppm and 8,930 tons of V₂O₅ averaging 1197 ppm at 500 ppm U₃O₈ cut-off.

Other deposits within the Ngalia Basin include Cappers⁶ with an Inferred Resource of 3,200t of U₃O₈, averaging 145 ppm U at 100 ppm cut-off and Napperby⁷ with an Inferred Resource of 3,643 tons of U₃O₈ at 382 ppm U₃O₈ and 2,251 tons of V₂O₅ grading 236 ppm at 200 ppm U₃O₈ cut-off.

⁵ Refer Energy Metals Ltd (ASX:EME) announcement 28 June 2011

⁶ Refer Energy Metals Ltd (ASX:EME) announcement 16 April 2010

⁷ Refer Core Exploration Ltd (ASX:CXO) announced 12 October 2018

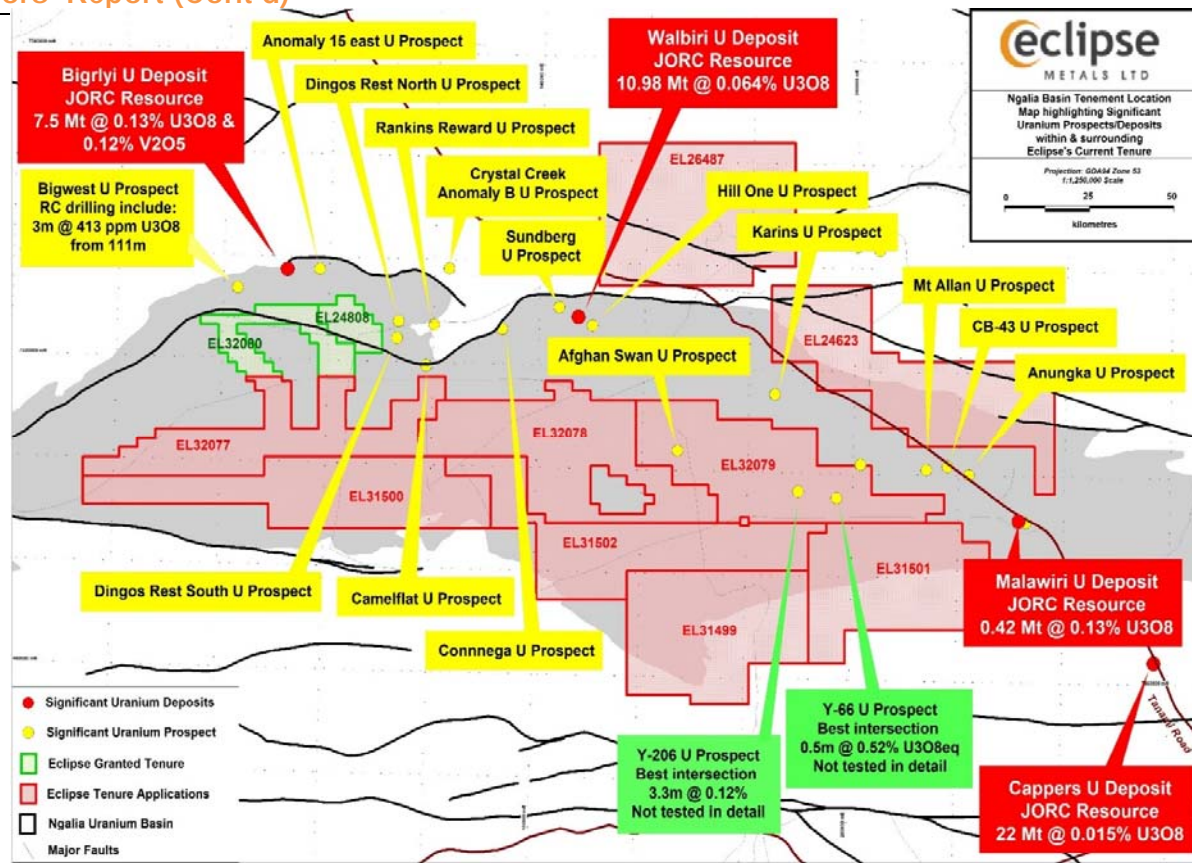


Figure 7: Eclipse Metals' Ngalia Exploration Licence Location Map

Mary Valley Manganese Project – Queensland

Eclipse Metals Ltd holds 31sqkm of manganese exploration terrain in south-eastern Queensland, in the Mary Valley district about 16km to the southwest of the regional centre of Gympie.

The largest mine on the tenements was at Amamoor No.1 Manganese Deposit (19,630t @ 51% Mn). The mine opened in 1920 and operated intermittently until 1961.

Nearly 32,000 tonnes of manganese ore has been mined from within the Mary Valley tenements, with manganese grades ranging from 42% to 51% Mn. Limits of the deposit have not been defined either along strike or at depth.

Historical assays have also indicated that the Mn, Fe, Si and P levels are all within direct shipping ore parameters which further confirm the economic potential for stand-alone mining operations within the Mary Valley manganese area.

Eclipse has applied for approval to collect a bulk sample of up to 50 tonnes of lower grade manganese mineralisation from old mine-dumps for metallurgical beneficiation testwork with a view to producing a shippable high-grade manganese product.

CORPORATE

Appointment of Non-Executive Director

Dr Oliver Kreuzer was appointed as an independent Non-Executive Director in December 2021.

Dr Kreuzer is a Registered Professional Geoscientist (MAIG RPGeo) and company director with a broad skill set in structural, generative and corporate geology honed during a 20+ year career in applied research and mineral exploration across a wide range of precious, base, energy and battery metals projects worldwide. His generative work laid the foundations to several new company floats, project acquisitions and new discoveries.

Academic Collaboration with Leading European Research Organisations

Eclipse announced a collaborative research program on mineralogical and petrological characterisation of the Ivigtut mine in Greenland with world-renowned REE specialists Professor Adrian Finch at the University of St Andrews, UK, and Associate Professor Henrik Friis at the Natural History Museum at the University of Oslo, Norway.

Research at Ivigtut will contribute to University of St Andrews' global PhD programme entitled *"The Search for Green Technology Metals – How Fluids Make or Break Critical Metal Deposits"*.

The planned research will focus on the impact of hydrothermal fluids on movement of elements in and out of critical metal deposits. With an increasing global focus on green technologies and a zero carbon future, the Company anticipates that this academic project will further its understanding of the genesis and controls on REE mineralisation in its Ivigtut mine with implications for its Grønnedal carbonatite project.

Post year end, in August 2022, Eclipse announced it had dispatched samples to St Andrews University for mineralogical assessment and academic analysis of its unique REE carbonatite properties.

Rights Issue

In September 2021, Eclipse undertook a non-renounceable entitlement issue of options (Offer). Under the Offer eligible shareholders were able to subscribe for one (1) Option for every ten (10) Shares held by those Shareholders registered as at as at Record Date at an issue price of \$0.002 per Option. The Company raised \$382,793 (before costs of the offer), being up to approximately 191,396,017 Options.

Release from Voluntary Escrow

In January 2022, 106,000,000 fully paid ordinary shares held by the vendors of the Ivigtut project were released from voluntary escrow.

In May 2022, ordinary shares and options held by the vendors of the Ivigtut project were released from voluntary escrow:

- 77,000,000 fully paid ordinary shares;
- 31,250,000 options exercisable at \$0.015 expiring 28 May 2024; and
- 16,250,000 options exercisable at \$0.05 expiring 28 May 2026.

Conversion of Performance Rights

In February 2022, 6,750,000 shares were issued from the conversion of class B Performance Rights as it has achieved the vesting hurdle of 30-day VWAP of \$0.05.

Divestment of Northern Territory Projects

In November, Eclipse announced the execution of a binding Heads of Agreement with Oz Yellow Uranium Limited (ACN 651 734 600) (Oz Yellow), whereby Eclipse conditionally agreed to sell its interests in certain Northern Territory tenements, its Ngalia Basin Uranium Prospects and the Liverpool Uranium Project (NT Projects) to Oz Yellow (Proposed Transaction).

In February 2022, the Company advised it had received notification from Oz Yellow that Petra Capital Pty Ltd terminated its mandate with Oz Yellow to act as sole lead manager, sole underwriter and sole book runner to its IPO.

In April 2022, Eclipse confirmed that it had amended the binding heads of agreement with Oz Yellow.

Eclipse's Board believes divestment of the NT Projects to be an extraordinary opportunity to maximise shareholder value in this long-held asset, whilst allowing the Company to focus its efforts on advancing its other projects, including its flagship Ivigtut Project in Greenland.

The Company and Oz Yellow have agreed to extend the date on which Oz Yellow may undertake the IPO and seek official ASX listing, both of which form conditions precedent to the Proposed Transaction, to 31 October 2022. In addition, following a review of the NT Projects in the context of current market conditions, the structure of the IPO and consequently the structure of the consideration payable to Eclipse under the Proposed Transaction has been revised.

Under the revised Proposed Transaction structure Oz Yellow will seek to raise between \$6 million and \$10 million (before costs) via its IPO. In addition, the consideration payable to Eclipse will comprise:

1. Fully paid ordinary shares in Oz Yellow which will equate to between 42% and 49% of Oz Yellow upon its listing on the ASX (depending on the amount raised under the IPO), of which a portion will be distributed in specie to Eclipse shareholders on a pro rata basis;
2. Unlisted options in Oz Yellow which will equate to between 28% and 32% of Oz Yellow (on a fully diluted basis) upon its listing on the ASX (depending on the amount raised under the IPO);
3. \$255,000 in cash plus a further cash payment of an amount equal to all expenditure costs to be incurred by Eclipse on the NT Projects until completion of the Proposed Transaction up to a maximum amount of \$250,000; and
4. A 2% NSR royalty.

The Proposed Transaction will create a new listed company, assisted by a dedicated board and management team, with its sole focus being on exploration and development of the NT Projects.

Directors' Report (Cont'd)

Competent Person Statement

The information in this report / ASX release that relates to Exploration Results and Exploration Targets is based on information compiled and reviewed by Mr. Rodney Dale, Non-Executive Director of Eclipse Metals Ltd. Mr. Dale holds a Fellowship Diploma in Geology from RMIT, is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and has sufficient experience relevant to the styles of mineralisation under consideration and to the activity being reported to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Dale consents to the inclusion in this report / ASX release of the matters based on information in the form and context in which it appears. Additionally, Mr Dale confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

Mining tenements held as at 30 June 2022 are listed below.

Granted Tenements

Tenement	Project Name	Commodity	Status	State	Holder	%	Graticular Blocks
MEL2007-45	Ivigtut Project	Cryolite & Rare Earths	Granted	Greenland	Eclipse Metals Limited Greenland	100	50km ²
EL 24808	Cusack's Bore	Uranium	Granted	NT	Eclipse Metals Ltd	100	27
EL 32080	North Ngalia	Uranium	Granted	NT	Eclipse Metals Ltd	100	63
EPM 17672	Mary Valley	Manganese	Granted	Qld	Walla Mines Pty Ltd ¹	100	7
EPM 17938	Amamoor	Manganese	Granted	Qld	Walla Mines Pty Ltd ¹	100	4
EL27584	Devil's Elbow	Uranium, Gold, Palladium	Granted	NT	North Minerals Pty Ltd ³	100	30

Tenement Applications

Tenement	Project Name	Commodity	Status	State	Holder	%	Graticular Blocks
ELA 24623	Eclipse	Cu, Uranium	Application	NT	Eclipse Metals Ltd	100	305
ELA 24861	Lake Mackay	Uranium	Application	NT	Eclipse Metals Ltd	100	50
ELA 26487	Yuendi	Cu, Uranium	Application	NT	Whitvasta Pty Ltd ²	100	320
ELA 31065	Liverpool 1	Uranium	Application	NT	Eclipse Metals Ltd	100	68
ELA 31499	Ngalia 1	Uranium	Application	NT	Eclipse Metals Ltd	100	249
ELA 31500	Ngalia 2	Uranium	Application	NT	Eclipse Metals Ltd	100	250
ELA 31501	Ngalia 3	Uranium	Application	NT	Eclipse Metals Ltd	100	250
ELA 31502	Ngalia 4	Uranium	Application	NT	Eclipse Metals Ltd	100	226
ELA 31770	Liverpool 2	Uranium	Application	NT	Eclipse Metals Ltd	100	50
ELA 31771	Liverpool 3	Uranium	Application	NT	Eclipse Metals Ltd	100	240
ELA 31772	Liverpool 4	Uranium	Application	NT	Eclipse Metals Ltd	100	51
ELA 32077	Central Ngalia	Uranium	Application	NT	Eclipse Metals Ltd	100	195
ELA 32078	Central Ngalia	Uranium	Application	NT	Eclipse Metals Ltd	100	248
ELA 32079	Central Ngalia	Uranium	Application	NT	Eclipse Metals Ltd	100	248

1. Walla Mines Pty Ltd is a subsidiary of Eclipse Metals Ltd
2. Whistvasta Pty Ltd is a subsidiary of Eclipse Metals Ltd
3. North Minerals Pty Ltd is a subsidiary of Eclipse Metals Ltd

11. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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

Mr Carl Popal	Executive Chairman
Qualifications	Bachelor of Business
Experience	Mr Popal has managed several entities conducting international trading. He has 25 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 is a director and shareholder, holds 45,529,696 fully paid ordinary shares and 4,552,970 unlisted options. Popal Enterprises Pty Ltd, a company which Mr Popal is a director, holds 3,558,137 fully paid ordinary shares and 355,814 unlisted options. AIJO Pty Ltd, a company which Mr Popal is a director, holds 2,500,000 fully paid ordinary shares and 9,500,000 performance rights in the Company.
Directorships held in other listed entities	None
Mr Rodney Dale	Non-Executive Director
Qualifications	Fellowship Diploma in Geology Royal Melbourne Institute of Technology (FRMIT) 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 8,000,000 fully paid ordinary shares and 700,000 unlisted options in the Company.
Directorships held in other listed entities	Mr Dale holds 4,000,000 performance rights in the Company. None
Mr Ibrar Idrees	Non-Executive Director – appointed 29 May 2018.
Qualifications	Bachelor of Commerce (major in Accounting & Finance).
Experience	Mr Idrees in a practising accountant with over 15 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 holds 4,000,000 performance rights in the Company. Advance Accounting and Business Advisory, a company of which Mr Idrees is a director holds 1,000,000 fully paid ordinary shares.
Directorships held in other listed entities	None
Dr Oliver Kreuzer	Non-Executive Director – appointed 15 December 2021
Qualifications	Dipl-Geol (Geology, Palaeontology and Mineralogy), PhD (Economic Geology), Registered Professional Geoscientist (MAIG RPGeo)
Experience	Dr Kreuzer has a broad skill set in structural, generative, and corporate geology honed during a 20+ year career in applied research and mineral exploration across a wide range of precious, base, energy and battery metals projects worldwide. His generative work laid the foundations to several new company floats, project acquisitions and new discoveries.
Interest in shares and options in the Company	Nil
Directorships held in other listed entities	92 Energy Limited (ASX:92E), NickelX limited (ASX:NKL)
Mr Matthew Foy	Company Secretary
Qualifications	BCom, GradDipAppFin, GradDipACG, SAFin, FGIA, FCG
Experience	Matthew is a Chartered Secretary with 15 years of experience facilitating governance and Board processes of ASX listed companies and was previously a Senior Adviser at the Australian Securities Exchange.
Interest in shares and options in the Company	Mr Foy holds 4,000,000 performance rights in the Company.

12. 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 2022, 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.

12. REMUNERATION REPORT (Audited) (cont'd)

Executive Director Remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration to 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

Executive directors are provided to the Group on a consultancy basis with remuneration and terms stipulated in individual consultancy agreements.

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:

Carl Popal	Executive Chairman	
Rodney Dale	Non-Executive Director	
Ibrar Idrees	Non-Executive Director	
Oliver Kreuzer	Non-Executive Director	Appointed 15 December 2021

12. REMUNERATION REPORT (Audited) (cont'd)

Details of the nature and amount of emoluments of the key management personnel during the 2022 financial year are:

		Short-term Benefits Salary & Fees			Equity Settled Share Based Payments	Total	% of Remuneration Received in Equity
		Paid	Unpaid salary & Fees	Other	Performance Rights		
Directors		\$	\$	\$	\$	\$	
Carl Popal ⁽ⁱ⁾	2022	270,000	-	-	83,760	353,760	24%
	2021	115,950	15,000	58,200	5,887	195,037	3%
Rodney Dale ⁽ⁱⁱ⁾	2022	46,350	3,000	5,700	34,841	89,891	39%
	2021	37,000	10,050	23,500	2,483	73,033	3%
Ibrar Idrees ⁽ⁱⁱⁱ⁾	2022	18,000	-	-	34,841	52,841	66%
	2021	14,500	-	-	2,483	16,983	15%
P Kastellorizos	2022	-	-	-	-	-	-
	2021	42,331	-	32,015	-	74,346	-
O Kreuzer ^(iv)	2022	23,333	-	14,550	-	37,883	-
	2021	-	-	-	-	-	-
Total	2022	357,683	3,000	20,250	153,442	534,375	29%
	2021	209,781	25,050	113,715	10,853	359,399	3%

- (i) During the year ended 30 June 2022, Carl Popal's fees was increased from \$180,000 to \$300,000 effective from October 2021. During the year ended 30 June 2021, consulting fee of \$58,200 was paid to Carl Popal.
- (ii) During the year ended 30 June 2022, an amount of \$49,350 director fees (2021: \$47,050) and \$5,700 geologist fees (2021: \$23,500) were paid or payable to Mr. Rod Dale. The total director fees included additional hours billed by Mr Dale which amounted to \$13,350 (2021: \$11,050).
- (iii) During the year ended 30 June 2022, an amount of \$18,000 representing director fees (2021: \$14,500) was paid to Mr Idrees as a non-executive director of the Company.
- (iv) During the year ended 30 June 2022, an amount of \$23,333 director fees (2021: Nil) and \$14,550 geologist fees (2021: Nil) was paid to O Kreuzer. Dr O Kreuzer was appointed 15 December 2021 as non-executive director of the company.
- (v) Mr P Kastellorizos resigned on 31st May 2021 as a director.

C Equity-based compensation

Shares Granted as Part of Remuneration for Year Ended 30 June 2022

Nil (2021: 22,000,000) shares were issued to directors as part of the long-term employee scheme. 4,500,000 class B performance rights issued to directors in 2021 vested during the financial year 2022 as it has achieved the vesting hurdle of 30-day VWAP of \$0.05.

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 Director)

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

- Remuneration of \$150 per hour for a minimum commitment of twenty (20) hours per month to a total fee of \$36,000 (no GST applicable) per annum. Any additional work to the monthly twenty hours is billed at month end at the rate of \$150 per hour.
- 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 (Executive Chairman)

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

- Effective 1 October 2021, a fee of \$300,000 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 Popal Enterprises Pty Ltd with effect from 1 October 2021.
- The fee under the previous agreements amounted to \$180,000 per annum with effect from 1 January 2021 and \$81,900 per annum before that.

12. REMUNERATION REPORT (Audited) (cont'd)

Mr Ibrar Idrees (Non-Executive Director)

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

- Remuneration of \$150 per hour for a minimum commitment of ten (10) hours per month to a total fee of \$18,000 (plus GST) per annum. Any additional work to the monthly ten hours is billed at month end at the rate of \$100 per hour. Previous fee was \$100 per hour for a minimum of ten hours per month.
- Term of agreement – Effective 1 February 2021.
- 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.

Dr Oliver Kreuzer (Non-Executive Director) - (Appointed 15 December 2021)

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

- Term of Agreement – Effective 15 December 2021
- Remuneration of \$40,000 per annum and additional consulting hourly rate (plus GST). Any additional work to the monthly fee is billed at month end at the rate of \$150 per hour.
- Payment of termination of Agreement without cause – the balance of any part of the term remaining, subject to requirements of ASX Listing rule 10.19.

Mr Pedro Kastellorizos (Non-executive director) - (Resigned May 2021)

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

- Term of Agreement – Effective 1 February 2021
- Remuneration of \$100,000 per annum and additional consulting day rate increased to \$1,000 (plus GST). Previous remuneration was at \$80 per hour for a minimum commitment of twenty (20) hours per month to a total fee of \$20,000 (plus GST) per annum. Any additional work to the monthly ten hours is billed at month end at the rate of \$70 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.

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	7,000,000	-	1,000,000	8,000,000
Mr Carl Popal	49,087,833	-	2,500,000	51,587,833
Mr Ibrar Idrees	-	-	1,000,000	1,000,000
Dr Oliver Kreuzer	-	-	-	-
	56,087,833	-	4,500,000	60,587,833

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

	Balance at Beginning of Year	Granted as part of Remuneration	Vested during the year	Balance at End of Year or at the date of resignation
Mr Rodney Dale	5,000,000	-	(1,000,000)	4,000,000
Mr Carl Popal	12,000,000	-	(2,500,000)	9,500,000
Mr Ibrar Idrees	5,000,000	-	(1,000,000)	4,000,000
Dr Oliver Kreuzer	-	-	-	-
	22,000,000	-	(4,500,000)	17,500,000

12. REMUNERATION REPORT (Audited) (cont'd)

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

	Balance at Beginning of Year	Purchased during the year	Exercised during the year	Balance at End of Year or at the date of resignation
Mr Rodney Dale	-	700,000	-	700,000
Mr Carl Popal	-	4,908,784	-	4,908,784
Mr Ibrar Idrees	-	-	-	-
Dr Oliver Kreuzer	-	-	-	-
	-	5,608,784	-	5,608,784

E Key management personnel shareholdings (Continued)

Performance Rights affecting Remuneration

The terms and conditions of Performance Rights affecting remuneration in the current or future reporting years are as follows:

2022	Grant Date	No of Performance Rights	Expiry date	Exercise price	Value at grant date ⁽ⁱ⁾	Number vested	Vested (%)	Value vested during the year	Max value yet to vest	Total Vested
Directors										
Carl Popal										
Tranche 1 ^{(iii)(a)}	26/05/21	4,500,000	04/06/24	-	0.02	Nil	-	\$30,082	\$57,041	32,958
Tranche 2 ^{(iii)(b)}	26/05/21	2,500,000	04/06/24	-	0.014	2,500,000	100%	\$33,896	-	35,015
Tranche 3 ^{(iv)(c)}	26/05/21	2,500,000	04/06/24	-	0.0123	Nil	-	\$10,256	\$19,447	11,237
Tranche 4 ^{(v)(d)}	26/05/21	2,500,000	04/06/24	-	0.0114	Nil	-	\$9,526	\$18,062	10,437
Ibrar Idrees										
Tranche 1 ^{(iii)(a)}	26/05/21	2,000,000	04/06/24	-	0.02	Nil	-	\$13,370	\$25,352	14,648
Tranche 2 ^{(iii)(b)}	26/05/21	1,000,000	04/06/24	-	0.014	1,000,000	100%	\$13,559	-	14,006
Tranche 3 ^{(iv)(c)}	26/05/21	1,000,000	04/06/24	-	0.0123	Nil	-	\$4,102	\$7,805	4,495
Tranche 4 ^{(v)(d)}	26/05/21	1,000,000	04/06/24	-	0.0114	Nil	-	\$3,810	\$7,226	4,175
Rod Dale										
Tranche 1 ^{(iii)(a)}	26/05/21	2,000,000	04/06/24	-	0.02	Nil	-	\$13,370	\$25,352	14,648
Tranche 2 ^{(iii)(b)}	26/05/21	1,000,000	04/06/24	-	0.014	1,000,000	100%	\$13,559	-	14,006
Tranche 3 ^{(iv)(c)}	26/05/21	1,000,000	04/06/24	-	0.0123	Nil	-	\$4,102	\$7,805	4,495
Tranche 4 ^{(v)(d)}	26/05/21	1,000,000	04/06/24	-	0.0114	Nil	-	\$3,810	\$7,225	4,175
		22,000,000		-	-	4,500,000	20.45%	153,442	175,315	164,295

(i) The value at grant date has been calculated in accordance with AASB 2 *Share based payments*.

(ii) The Performance Rights vest and become exercisable by the holder upon the Company:

- a. Announcing a minimum JORC code of compliant resource in any one of the following minerals:
 - (i) 2.8 mt @ 95% SiO₂
 - (ii) 150 kt @ 18% FI
 - (iii) 0.5 mt @ 16% Cy
 - (iv) 0.5 mt @ 25% Fe
 - (v) 50 kt @ 1.1 Zn
- b. Achieving a 30-day volume weighted average share price (VWAP) of \$0.05 or more. The performance shares vested in February 2022.
- c. Achieving a 30-day volume weighted average share price (VWAP) of \$0.08 or more.
- d. Achieving a 30-day volume weighted average share price (VWAP) of \$0.10 or more.

There are 5,608,784 options held by key management personnel of the Group during the financial year (2021: nil).

This is the end of the audited Remuneration Report.

13. OPTIONS AND PERFORMANCE RIGHTS

During the financial year, 419,548 ordinary shares have been issued as a result of the exercise of options (2021:NIL).

The unissued ordinary shares under performance rights at the date of this report was 25,250,000. The performance rights have nil exercise price and vest upon the fulfillment of the following conditions:

- a. Announcing a minimum JORC code of compliant resource in any one of the following minerals:
 - (i) 2.8 mt @ 95% SiO₂
 - (ii) 150 kt @ 18% Fl
 - (iii) 0.5 mt @ 16% Cy
 - (iv) 0.5 mt @ 25% Fe
 - (v) 50 kt @ 1.1 Zn
- b. Achieving a 30-day volume weighted average share price (VWAP) of \$0.08 or more.
- c. Achieving a 30-day volume weighted average share price (VWAP) of \$0.10 or more.

SHARE OPTIONS

Options to take up ordinary fully paid shares in the Company at the date of this report are as follows:

Number of Options	Listed/Unlisted	Grant Date	Exercise Price	Expiry Date
62,500,000	Unlisted	28 May 2021	\$0.015	28 May 2025
32,500,000	Unlisted	28 May 2021	\$0.050	28 May 2025
190,976,469	Unlisted	17 September 2021	\$0.050	17 September 2024
<u>285,976,469</u>				

14. 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

15. 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 for an amount of \$12,439 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.

16. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICESAuditor Independence

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 62.

Non-Audit Services

During the year ended 30 June 2022, \$3,850 was paid for non-audit services provided by the Stantons Corporate Finance Pty Ltd.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standards of independence for auditors imposed by the Corporations Act 2001.

17. 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 Carl Popal
Executive Chairman
Perth, 23 September 2022

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Notes	Consolidated 2022 \$	2021 \$
Continuing operations			
Revenue and other income	4	12,041	309
Write off of creditors	4	-	134,057
Directors' Fees	5	(360,683)	(234,831)
Share based payment expense	18	(223,682)	(14,930)
Consultancy expenses	5	(106,704)	(76,712)
Legal, management and tenement services	5	(148,073)	(165,867)
Listing expenses		(45,011)	(53,474)
Travel expenses		(88,084)	(15,198)
Administration expenses		(295,151)	(138,373)
Depreciation expenses	9	(18,422)	(1,558)
Finance expenses		(1,223)	(543)
Exploration expenditure		(43,754)	(61,969)
Loss before income tax		(1,318,746)	(629,089)
Income tax	7	-	-
Loss after tax from continuing operations		(1,318,746)	(629,089)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		(1,318,746)	(629,089)
Loss for the year attributable to:			
Owners of Eclipse Metals Limited		(1,318,710)	(629,056)
Non-controlling interests		(36)	(33)
		(1,318,746)	(629,089)
Total comprehensive loss for the year attributable to:			
Owners of Eclipse Metals Limited		(1,318,710)	(629,056)
Non-controlling interests		(36)	(33)
		(1,318,746)	(629,089)
Loss per share (cents per share)			
Basic and diluted loss for the year	15	(0.08)	(0.04)

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

Consolidated statement of financial position

As at 30 June 2022

	Notes	Consolidated 2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	659,753	1,808,695
Trade and other receivables	10	46,028	63,052
Right-of-use of asset	9	16,550	17,137
Prepayments		-	3,196
Total current assets		722,331	1,892,080
Non-current assets			
Exploration and evaluation expenditure	11	9,197,172	9,173,139
Total non-current assets		9,197,172	9,173,139
Total assets		9,919,503	11,065,219
LIABILITIES			
Current liabilities			
Trade and other payables	12	48,383	481,457
Lease Liability	9	16,550	17,173
Total current liabilities		64,933	498,630
Total liabilities		64,933	498,630
Net assets		9,854,570	10,566,589
EQUITY			
Issued capital	13	33,399,288	33,304,398
Reserves	14	1,923,717	1,411,880
Accumulated losses		(25,443,721)	(24,125,011)
Owners of Eclipse Metals Limited		9,879,284	10,591,267
Non-controlling interests		(24,714)	(24,678)
Total equity		9,854,570	10,566,589

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

Consolidated statement of changes in equity

For the year ended 30 June 2022

	Issued capital	Reserves \$	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	\$		\$	\$	\$	\$
Balance at 1 July 2020	26,459,147	38,950	(23,495,955)	3,002,142	(24,645)	2,977,497
Loss for the year	-	-	(629,056)	(629,056)	(33)	(629,089)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(629,056)	(629,056)	(33)	(629,089)
Transactions with owners in their capacity as owners:						
Shares issued during the year	6,988,000	-	-	6,988,000	-	6,988,000
Share issue costs	(142,749)	-	-	(142,749)	-	(142,749)
Share based payments	-	1,372,930	-	1,372,930	-	1,372,930
Balance at 30 June 2021	33,304,398	1,411,880	(24,125,011)	10,591,267	(24,678)	10,566,589

	Issued capital	Reserves \$	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	\$		\$	\$	\$	\$
Balance at 1 July 2021	33,304,398	1,411,880	(24,125,011)	10,591,267	(24,678)	10,566,589
Loss for the year	-	-	(1,318,710)	(1,318,710)	(36)	(1,318,746)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(1,318,710)	(1,318,710)	(36)	(1,318,746)
Transactions with owners in their capacity as owners:						
Shares issued during the year	20,977	-	-	20,977	-	20,977
Options – Right issue	-	382,793	-	382,793	-	382,793
Share issue costs	(20,725)	-	-	(20,725)	-	(20,725)
Share based payments	-	223,682	-	223,682	-	223,682
Transfer between equity accounts	94,638	(94,638)	-	-	-	-
Balance at 30 June 2022	33,399,288	1,923,717	(25,443,721)	9,879,284	(24,714)	9,854,570

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

Consolidated statement of cash flows

For the year ended 30 June 2022

	Notes	2022 \$	Consolidated 2021 \$
Cash flows from operating activities			
Interest received		205	309
Payments to suppliers and employees		(1,400,210)	(688,786)
Refund of tenement deposit		11,000	-
Interest paid		-	(544)
Net cash (used in) operating activities	17	<u>(1,389,005)</u>	<u>(689,021)</u>
Cash flows from investing activities			
Acquisition of Ivigtut project		-	(110,870)
Payments for acquisition of Ivigtut project	11	(100,000)	-
Payments for exploration and evaluation		(24,033)	(208,931)
Net cash (used in) investing activities		<u>(124,033)</u>	<u>(319,801)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	2,000,000
Proceeds from issue of options		382,793	-
Payment for share issue costs		(20,725)	(142,749)
Proceeds from exercise of options		20,977	-
Payment of lease liability		(18,949)	(1,594)
Net cash provided by financing activities		<u>364,096</u>	<u>1,855,657</u>
Net (decrease)/ increase in cash and cash equivalents		(1,148,942)	846,835
Cash and cash equivalents at beginning of year		1,808,695	961,860
Cash and cash equivalents at end of year	8	<u><u>659,753</u></u>	<u><u>1,808,695</u></u>

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

Notes to the consolidated financial statements

For the year ended 30 June 2022

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 2022 were authorised for issue in accordance with a resolution of the directors on 21 September 2022.

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 2022, the Group recorded a net loss of \$1,318,746 (2021: \$629,089), a net operating cash outflow of \$1,389,005 (2021: \$689,021) and a net working capital of \$657,398 (2021: \$1,393,450).

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 Group 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.

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.

Notes to the consolidated financial statements

For the year ended 30 June 2022

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

b) Going concern (cont'd)

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 Group is unable to secure sources of funding, the Group 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 except for Eclipse Metals Greenland which is the Danish Krone.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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 and Monte Carlo pricing model.

Mineral exploration and evaluation

The Group did not impair any exploration expenditure during the financial year 30 June 2022 (2021: 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 2022, the Group has capitalised exploration expenditure of \$9,197,172 (2021: \$9,173,139) 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 2022 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 22.

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.

Notes to the consolidated financial statements

For the year ended 30 June 2022

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

e) Principles of consolidation (cont'd)

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 consolidated statement of financial position and statement of comprehensive income.

f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank.

For the purposes of the consolidated 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 consolidated financial statements

For the year ended 30 June 2022

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 2019, 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 consolidated financial statements

For the year ended 30 June 2022

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 consolidated financial statements

For the year ended 30 June 2022

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 2022, the Company had no employees (2021: Nil).

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. The cost to acquire the area of interest is also capitalised. 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 consolidated financial statements

For the year ended 30 June 2022

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) Leases

Leases (the consolidated entity as lessee)

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

u) New and Amended Standards Adopted by the Group

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period.

AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021

The Group has applied AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021 this reporting period.

The amendment amends AASB 16 to extend by one year, the application of the practical expedient added to AASB 16 by AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and instead, to account for those rent concessions as if they were not lease modifications. The amendment has not had a material impact on the Group's financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2022

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

AASB 2020-8: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

The Group has applied AASB 2020-8 which amends various standards to help listed entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity:

- will not have to derecognise or adjust the carrying amount of financial statements for changes required by the reform but will instead update the effective interest rate to reflect the change to the alternative benchmark rate.
- will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates. The amendment has not had a material impact on the Group's financials.

New and Amended Accounting Policies Not Yet Adopted by the Group

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The Group plans on adopting the amendment for the reporting period ending 30 June 2023. The impact of the initial application is not yet known.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment amends the initial recognition exemption in AASB 112: Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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 two separately identifiable segments.

Following the adoption of AASB 8, the identification of the Group's reportable segments has changed as it acquired the Ivigtut project in Greenland. During the year, the Group considers that it has operated within two segment, being mineral exploration within Australia and exploration in Greenland.

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

Notes to the consolidated financial statements

For the year ended 30 June 2022

	Consolidated	
	2022	2021
	\$	\$
4. REVENUE AND OTHER INCOME		
Interest revenue	205	309
Realised foreign currency gain	836	-
Others	11,000	-
	12,041	309
Write off of creditors ¹	-	134,057
Total revenue and other income	12,041	134,366
1. In prior financial year, the Board has decided to write off legacy creditors which amounted to nil (2021: \$134,057).		
5. EXPENSES		
Employee benefits expenses and director fees		
Directors' fees	360,683	234,831
	360,683	234,831
Consultancy expenses		
Consulting fees	92,129	76,712
Geological services	14,575	-
	106,704	76,712
Legal, management and tenement services		
Legal fees	36,727	124,490
Other services	62,014	2,019
Taxation and audit fees	49,332	39,358
	148,073	165,867
6. AUDITOR'S REMUNERATION		
Remuneration of the auditor for:		
Auditing and review of financial statements (Stantons)	44,142	35,518
	44,142	35,518
Non audit services – Preparation of valuation report	3,850	1,800
	3,850	1,800

Notes to the consolidated financial statements

For the year ended 30 June 2022

	Consolidated	
	2022	2021
	\$	\$
7. INCOME TAX		
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from ordinary activities before income tax expense	(1,318,746)	(629,089)
Prima facie tax benefit on loss from ordinary activities at 25% (2021: 26%)	(329,687)	(163,563)
Tax effect of:		
- Adjustment of prior years income tax	-	-
- Non-deductible expenses	(118,953)	(15,728)
- Non- assessable income	-	-
Movement in deferred tax not recognised	(448,640)	(179,291)
Unrecognised temporary differences		
<i>Deferred tax assets at 25% (2021: 26%)</i>		
Carry forward tax losses (operating)	2,796,500	2,479,185
Carry forward foreign tax losses (operating)	38,379	2,494
Carry forward tax losses (capital)	-	-
Temporary differences	50,138	150,036
<i>Total deferred tax assets</i>	<u>2,885,017</u>	<u>2,631,715</u>
<i>Deferred tax liabilities at 25% (2021: 26%)</i>		
Temporary differences	342,335	350,609
<i>Total deferred tax liabilities</i>	<u>342,335</u>	<u>350,609</u>
<i>Net deferred tax asset not brought to account</i>	<u>2,542,682</u>	<u>2,281,106</u>

Potential future income tax benefits arising from tax losses have not been brought to account at 30 June 2022 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 on hand	659,753	1,808,695
	<u>659,753</u>	<u>1,808,695</u>

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

9. LEASES

The Group entered into a 12-month lease agreement for its Greenland office. The lease expired on 30th May 2022 and has been renewed to 30 June 2023.

a) Rights of use asset recognised in the consolidated statement of financial position for the year is as follows:

Right-of-use assets relates to leased Greenland office.

	\$
Balance at 1 July 2021	17,137
Additions during the year	18,053
Depreciation charge for the year	(18,422)
FX revaluation on lease	(218)
Balance at 30 June 2022	<u>16,550</u>
Balance at 1 July 2020	-
Right of use asset – Leased office	18,695
Amortisation charge for the year	(1,558)
Balance at 30 June 2021	<u>17,137</u>

Notes to the consolidated financial statements

For the year ended 30 June 2022

9. LEASES (Continued)

b) Lease liability

	\$
Balance at 1 July 2021	17,173
Repayment of liability	(18,949)
Liability on lease renewal	18,053
FX revaluation on liability	273
Balance at 30 June 2022	<u>16,550</u>
Balance at 1 July 2020	-
Lease liability	<u>17,173</u>
Balance at 30 June 2021	<u>17,173</u>

Total cash outflow from lease amounted to \$18,949 (2021:\$1,594) as at 30 June 2022.

10. TRADE AND OTHER RECEIVABLES

	Consolidated 2022 \$	2021 \$
Other receivables (i)	41,246	58,270
Office bond (ii)	4,782	4,782
Security deposit for tenements	-	-
	<u>46,028</u>	<u>63,052</u>

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

(ii) Office Bond relates to the deposit made for the Greenland office for \$4,782 (DK 22,500)

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.

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 2022	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31 – 60 \$	61 – 90 \$	>90 \$	
Other receivables	41,246	-	-	-	-	-	41,246
Total	41,246	-	-	-	-	-	41,246

Consolidated 2021	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31 – 60 \$	61 – 90 \$	>90 \$	
Other receivables	58,270	-	-	-	-	-	58,270
Total	58,270	-	-	-	-	-	58,270

Notes to the consolidated financial statements

For the year ended 30 June 2022

11. EXPLORATION AND EVALUATION EXPENDITURE

a) Exploration expenditure on all Eclipse Metals Limited projects/licences

		Consolidated	
		2022	2021
		\$	\$
Tenement acquisition at cost			
Balance at 1 July		9,173,139	2,464,830
Additions – Expenditure on Australian Tenements		24,033	131,292
Acquisition cost – Ivigtut	11(b)	-	6,561,416
Expenditure to acquire Ivigtut licences		-	15,601
Impairment		-	-
Balance at 30 June		9,197,172	9,173,139

b) Acquisition of Ivigtut

On 14 January 2021, Eclipse entered into an agreement to acquire the Ivigtut Project ("Ivigtut") in Greenland, the world's largest and only cryolite mine from which cryolite was historically produced.

The consideration paid/ to be paid to acquire the project is as follows:

	Cash Consideration	Value of Shares and Options	Total Acquisition cost
	\$	\$	\$
Initial Completion			
Cash Payment	50,000	-	50,000
Issue of 212M ⁴ shares @ \$0.009 ³	-	1,908,000	1,908,000
2nd Completion			
Cash Payment ¹	100,000	-	100,000
Issue of 154M ⁵ shares @ \$0.02 ³	-	3,080,000	3,080,000
Issue of 95M options ²	-	1,358,000	1,358,000
Total	150,000	6,346,000	6,496,000
Legal cost incurred to acquire the project	65,416	-	65,416
	215,416	6,346,000	6,561,416

1. Paid on the 7th of July 2021.

2. 62,500,000 Options exercisable at \$0.015 on or before 3 years from the date of issue; 32,500,000 Options exercisable at \$0.05 on or before 5 years from the date of issue. The options were valued using the black Scholes model using a grant date of 26 May 2021, risk free interest rate of 0.10% and share price of \$0.020 (Refer to note 13).

3. The fair value of the shares were measured by reference to the fair value of the equity instruments granted.

4. Of the 212 million shares, 106 million shares were in escrow until 14 January 2022 and 100 million shares were in escrow until 14 January 2023.

5. Of the 154 million shares, 77 million shares were in escrow until 28 May 2022 and 40.5 million shares were in escrow until 28 May 2023.

On the 14th January 2022, 106 million shares were released from escrow and on the 28th May 2022, 77 million shares were released from escrow as part of the agreement to acquire the Ivigtut project.

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

Notes to the consolidated financial statements

For the year ended 30 June 2022

12. TRADE AND OTHER PAYABLES

Unsecured liabilities

Trade payables

Accruals and other payables

Consolidated	
2022	2021
\$	\$
14,282	90,456
34,101	391,001
48,383	481,457

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

Trade payables are normally settled on 30 days terms. In prior year, the Group has written off payables which amounted \$134,057.

Amount in accruals in the current and previous financial years includes:

- 3,000 for accrued director fees of Mr Rod Dale (2021: \$25,050).
- Accrued fees owed to a related party in prior year which amounted to \$265,000 was settled during the year. The repayment has been approved by the Board.
- In prior year, the Group owed \$100,000 to Cerium Pty Ltd as part of the cost of acquiring the Ivigtut project. The amount has been settled in July 2021.

13. ISSUED CAPITAL

Ordinary shares issued and fully paid

Consolidated	
2022	2021
\$	\$
33,399,288	33,304,398

a) Fully paid ordinary shares

Balance at 1 July 2021

Options exercised⁽ⁱ⁾

Performance shares vested⁽ⁱⁱ⁾

Share issue costs

Balance at 30 June 2022

Consolidated	
Number	\$
1,913,956,865	33,304,398
419,548	20,977
6,750,000	94,638
-	(20,725)
1,921,126,413	33,399,288

(i) 419,548 Options @\$0.05 expiring 17-Sept-2024 were exercised on 12 Jan 2022.

(ii) 6,750,000 class B performance rights vested in February 2022 (achieving a 30-day volume weighted average share price (VWAP) of \$0.05 or more).

Balance at 1 July 2020

Shares issued during the year

Placement (@ 0.015)

Issue of shares in relation to Ivigtut acquisition⁽ⁱ⁾

Share issue costs

Balance at 30 June 2021

Consolidated	
Number	\$
1,414,623,531	26,459,147
133,333,334	2,000,000
366,000,000	4,988,000
-	(142,749)
1,913,956,865	33,304,398

(i) 212 million shares were issued on the 14 January 2021 of which 106 million shares were in escrow until 14 January 2022 and 100 million shares were in escrow until 14 January 2023. 154 million shares were issued on the 28 May 2021 of which 77 million shares were in escrow until 28 May 2022 and 40.5 million shares were in escrow until 28 May 2023.

On 14 January 2022, 106 million shares were released from escrow and on 28 May 2022, 77 million shares were released from escrow as part of the agreement to acquire Ivigtut project.

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 and Performance Rights

At 30 June 2022, the unlisted options outstanding of Eclipse Metals Ltd were 285,976,469 (2021: 95,000,000).

During the year, the company issued 191,396,017 options exercisable at \$0.05 expiring 3 years from the date of issue as part of a non-renounceable entitlement issue of options. 419,548 options @ \$0.05 expiring 17 September 2024 were exercised.

Notes to the consolidated financial statements

For the year ended 30 June 2022

13. ISSUED CAPITAL (Continued)

b) Options and Performance Rights (Continued)

		<u>Consolidated</u> <u>Number</u>
Movements		
Balance at 1 July 2021		95,000,000
Options issued during the year ¹		191,396,017
Options exercised @ \$0.05 expiring 17/09/24	13 (a)	(419,548)
Balance at 30 June 2022		<u>285,976,469</u>
		<u>Consolidated</u> <u>Number</u>
Movements		
Balance at 1 July 2020		-
Ivigtut Acquisition		62,500,000
Ivigtut Acquisition		32,500,000
Balance at 30 June 2021		<u>95,000,000</u>

¹In September 2021, the company undertook a non-renounceable entitlement issue of options (offer). Under the offer, eligible shareholders were able to subscribe for one (1) option for every ten (10) shares held by those shareholders registered as at record date at an issue price of \$0.002 per option. The Company raised \$382,793 (before costs) from the offer from issuing 191,396,017 options.

During FY21, the company issued 62,500,000 Options exercisable at \$0.015 on or before 3 years from the date of issue and 32,500,000 Options exercisable at \$0.05 on or before 5 years from the date of issue as part of Ivigtut acquisition. These options vested immediately. The fair value of these options which amounted to \$1,358,000 have been capitalised as acquisition cost of Ivigtut (Note 11b).

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.

During the year ended 30 June 2022, Nil (2021:32 million) performance rights were issued to directors and consultants.

The terms and conditions of Performance Rights affecting remuneration in the current or future reporting years are as follows:

2022	Grant Date ⁽ⁱ⁾	No of Performance Rights	Expiry date	Exercise price	Value at grant date ¹	Number vested	Vested (%)	Value vested during the year	Max value yet to vest
Tranche 1 ^(a)	26/05/21	8,625,000	04/06/24	NIL	0.02	-	-	\$57,658	\$109,329
Tranche 2 ^(b)	26/05/21	4,625,000	04/06/24	NIL	0.014	4,625,000	100%	\$62,707	-
Tranche 3 ^(c)	26/05/21	4,625,000	04/06/24	NIL	0.0123	-	-	\$18,974	\$35,977
Tranche 4 ^(d)	26/05/21	4,625,000	04/06/24	NIL	0.0114	-	-	\$17,622	\$33,415
Tranche 1 ^(a)	31/05/21	2,000,000	04/06/24	NIL	0.02	-	-	\$13,370	\$25,534
Tranche 2 ^(b)	31/05/21	1,000,000	04/06/24	NIL	0.014	1,000,000	100%	\$13,575	-
Tranche 3 ^(c)	31/05/21	1,000,000	04/06/24	NIL	0.0121	-	-	\$4,054	\$7,742
Tranche 4 ^(d)	31/05/21	1,000,000	04/06/24	NIL	0.0112	-	-	\$3,739	\$7,141
Tranche 1 ^(a)	01/06/21	1,125,000	04/06/24	NIL	0.02	-	-	\$7,521	\$14,384
Tranche 2 ^(b)	01/06/21	1,125,000	04/06/24	NIL	0.0141	1,125,000	100%	\$15,482	-
Tranche 3 ^(c)	01/06/21	1,125,000	04/06/24	NIL	0.0124	-	-	\$4,659	\$8,911
Tranche 4 ^(d)	01/06/21	1,125,000	04/06/24	NIL	0.0115	-	-	\$4,321	\$8,268
		32,000,000			-	6,750,000	21%	\$223,682	250,701

The Performance Rights vest and become exercisable by the holder upon the Company:

(a) Announcing a minimum JORC code of compliant resource in any one of the following minerals:

(i) 2.8 mt @ 95% SiO₂;

(ii) 150 kt @ 18% Fl;

(iii) 0.5 mt @ 16% Cy;

(iv) 0.5 mt @ 25% Fe;

(v) 50 kt @ 1.1 Zn.

(b) Achieving a 30-day volume weighted average share price (VWAP) of \$0.05 or more. The Performance rights vested in October 2021 and were exercised in February 2022

(c) Achieving a 30-day volume weighted average share price (VWAP) of \$0.08 or more.

(d) Achieving a 30-day volume weighted average share price (VWAP) of \$0.10 or more.

Notes to the consolidated financial statements

For the year ended 30 June 2022

13. ISSUED CAPITAL (Continued)

b) Options and Performance Rights (Continued)

2021	Grant Date ⁽ⁱ⁾	No of Performance Rights	Expiry date	Exercise price	Value at grant date ¹	Number vested	Vested (%)	Value vested during the year	Max value yet to vest
Tranche 1 ^{(ii)(a)}	26/05/21	8,625,000	04/06/24	NIL	0.02	-	-	\$5,514	\$166,986
Tranche 2 ^{(ii)(b)}	26/05/21	4,625,000	04/06/24	NIL	0.014	-	-	\$2,071	\$62,709
Tranche 3 ^{(ii)(c)}	26/05/21	4,625,000	04/06/24	NIL	0.0123	-	-	\$1,814	\$54,951
Tranche 4 ^{(ii)(d)}	26/05/21	4,625,000	04/06/24	NIL	0.0114	-	-	\$1,685	\$51,038
Tranche 1 ^{(ii)(a)}	31/05/21	2,000,000	04/06/24	NIL	0.02	-	-	\$1,096	\$38,904
Tranche 2 ^{(ii)(b)}	31/05/21	1,000,000	04/06/24	NIL	0.014	-	-	\$382	\$13,575
Tranche 3 ^{(ii)(c)}	31/05/21	1,000,000	04/06/24	NIL	0.0121	-	-	\$332	\$11,796
Tranche 4 ^{(ii)(d)}	31/05/21	1,000,000	04/06/24	NIL	0.0112	-	-	\$307	\$10,879
Tranche 1 ^{(ii)(a)}	01/06/21	1,125,000	04/06/24	NIL	0.02	-	-	\$596	\$21,904
Tranche 2 ^{(ii)(b)}	01/06/21	1,125,000	04/06/24	NIL	0.0141	-	-	\$421	\$15,481
Tranche 3 ^{(ii)(c)}	01/06/21	1,125,000	04/06/24	NIL	0.0124	-	-	\$369	\$13,570
Tranche 4 ^{(ii)(d)}	01/06/21	1,125,000	04/06/24	NIL	0.0115	-	-	\$343	\$12,590
		32,000,000				-	-	\$14,930	\$474,383

(i) The value at grant date has been calculated in accordance with AASB 2 Share based payments.

(ii) The Performance Rights vest and become exercisable by the holder upon the Company:

(a) Announcing a minimum JORC code of compliant resource in any one of the following minerals:

(i) 2.8 mt @ 95% SiO₂;

(ii) 150 kt @ 18% Fl;

(iii) 0.5 mt @ 16% Cy;

(iv) 0.5 mt @ 25% Fe;

(v) 50 kt @ 1.1 Zn.

(b) Achieving a 30-day volume weighted average share price (VWAP) of \$0.05 or more.

(c) Achieving a 30-day volume weighted average share price (VWAP) of \$0.08 or more.

(d) Achieving a 30-day volume weighted average share price (VWAP) of \$0.10 or more.

There are 5,608,784 unlisted options held by key management personnel of the Group during the financial year (2021: nil). Further details on options and performance rights are disclosed in Note 18.

Shares issued on exercise of options and performance rights

- 419,548 options @ \$0.05 expiring 17 September 2024 were exercised during the financial year.
- 6,750,000 performance shares were vested and issued during the financial year.

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

c) Capital Management

Management controls 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.

Notes to the consolidated financial statements

For the year ended 30 June 2022

14. RESERVES

Nature and purpose of reserves

Share-based payment reserve

The share-based payment reserve includes the share-based payment and option issued.

Share based payment records items recognised as expenses on valuation of director and consultants' performance rights received. It also includes options issued during the year to directors, consultants or shareholders.

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	
		2022	2021
		\$	\$
Share based payment reserve ¹		1,911,885	1,400,048
Other reserve		11,832	11,832
		1,923,717	1,411,880
Ivigtut			
Movement in reserves			
Opening Balance		1,400,048	27,118
Ivigtut acquisition- options issued	11(b)	-	1,358,000
Share base payment – Performance rights	18	223,682	14,930
Rights issue of Options	13(b)	382,793	-
Transfer between equity accounts		(94,638)	-
		1,911,885	1,400,048

15. LOSS PER SHARE

		Consolidated	
		2022	2021
		\$	\$
Loss used in the calculation of basic and dilutive loss per share			
Total comprehensive loss for the year		(1,318,746)	(629,089)
Add: Loss attributable to non-controlling equity interest		36	33
Loss used to calculate basic and dilutive loss per share		(1,318,710)	(629,056)
Weighted average number of shares			
Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share.		1,611,989,573	1,492,266,233
Loss per share			
Basic and diluted loss per share (cents per share)		(0.08)	(0.04)

There is no dilution of shares due to options and performance rights as the potential ordinary shares are anti-dilutive, therefore not included in the calculation of diluted loss per share.

Notes to the consolidated financial statements

For the year ended 30 June 2022

16. 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	
	2022	2021
	\$	\$
- No later than 12 months	676,000	676,000
- Between 12 months and 5 years	-	-
- Greater than 5 years	-	-
	676,000	676,000

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.

17. CASH FLOW INFORMATION

	Consolidated	
	2022	2021
	\$	\$
Reconciliation of net loss after tax to the net cash flows from operations		
Loss for the year	(1,318,746)	(629,089)
<i>Adjustments for:</i>		
Write off of legacy creditors	-	(134,057)
Depreciation	18,422	1,558
Share based payment expense	223,682	14,930
Foreign exchange	(309)	-
<i>Movements in working capital:</i>		
Decrease/ (increase) in trade and other receivables	17,024	(35,651)
Decrease/ (increase) in prepayments	3,996	(688)
(Decrease)/increase in trade and other payables	(333,074)	93,976
Net cash (used in) operating activities	(1,389,005)	(689,021)
Non-cash financing and investing activities		
<i>Shares and Options issued</i>		
Placement Fee, Administrative and consultancy services	-	-
Options issued to acquire Ivigut	-	1,358,000
Deferred cash consideration to acquire Ivigut	-	100,000
	-	1,458,000

18. SHARE-BASED PAYMENTS

	Consolidated	
	2022	2021
	\$	\$
The values of share-based payment transactions recognised during the year were as follows:		
Performance shares issued to directors and consultants	223,682	14,930
	223,682	14,930

a) Performance Rights

There were no performance rights issued in the financial year ended 30 June 2022. 6,750,000 class B performance rights were vested and exercised in the financial year ended 30 June 2022. It has total vested amount of \$94,638 and has been reclassified to equity. \$223,682 being the vesting amount for performance rights issued in the financial year 2021 was recorded as share based payment in the financial year 2022.

Notes to the consolidated financial statements

For the year ended 30 June 2022

18. SHARE-BASED PAYMENTS (Continued)

During the financial year ended 30 June 2021, 32 million performance rights were issued to directors and consultants (Refer to Note 13). The following table sets out the assumptions made in determining the fair value of the performance rights granted during the year ended 30 June 2021.

Date Granted	Number Granted	Expected Volatility	Risk free Interest Rate	Weighted Ave. Life of performance rights	Exercise Price	VWAP hurdle	Share Price at Grant Date	Fair Value of Performance Rights	Amount Vested FY21	Amount Vested FY22
		%	%	Years			Cents	Cents		
Tranche 1 ^{a)}										
26 May 2021	8,625,00	110	0.1001	3.02	NIL	NIL	0.02	0.02	\$5,514	\$57,658
31 May 2021	2,000,00	110	0.095	3.02	NIL	NIL	0.02	0.02	\$1,096	\$13,370
01 June	1,125,00	110	0.090	3.02	NIL	NIL	0.02	0.02	\$596	\$7,521
Tranche 2 ^{c)}										
26 May 2021	4,625,00	110	0.1001	3.02	NIL	0.05	0.02	0.014	\$2,071	\$62,707
31 May 2021	1,000,00	110	0.095	3.02	NIL	0.05	0.02	0.014	\$382	\$13,575
01 June	1,125,00	110	0.090	3.02	NIL	0.05	0.02	0.014	\$421	\$15,482
Tranche 3 ^{b)}										
26 May 2021	4,625,00	110	0.1001	3.02	NIL	0.08	0.02	0.0123	\$1,814	\$18,974
31 May 2021	1,000,00	110	0.095	3.02	NIL	0.08	0.02	0.0121	\$332	\$4,054
01 June	1,125,00	110	0.090	3.02	NIL	0.08	0.02	0.0124	\$369	\$4,659
Tranche 4 ^{b)}										
26 May 2021	4,625,00	110	0.1001	3.02	NIL	0.10	0.02	0.0114	\$1,685	\$17,622
31 May 2021	1,000,00	110	0.095	3.02	NIL	0.10	0.02	0.0112	\$307	\$3,739
01 June	1,125,00	110	0.090	3.02	NIL	0.10	0.02	0.0115	\$343	\$4,321
Total	32,000,0								14,930	223,682

a) The first tranche of the performance rights was valued at the grant date using the Black Scholes valuation model.

b) Tranches 2,3 and 4 of the performance rights was valued at grant date using the Monte Carlo valuation model.

c) Total amount vested in tranche 2 of \$94,638 has been reclassified to equity.

b) Options issued during the financial year

Rights Issue of \$382,792

On 15 September 2021, Eclipse undertook a non-renounceable entitlement issue of options (**Offer**). Under the Offer eligible shareholders were able to subscribe for one (1) Option for every ten (10) Shares held by those Shareholders registered as at as at Record Date at an issue price of \$0.002 per Option. The Company raised \$382,793 (before costs of the offer), being up to approximately 191,396,017 Options.

c) Options issued in prior year

During the year ended 30 June 2021, the Company issued 62,500,000 Options exercisable at \$0.015 on or before 3 years from the date of issue and 32,500,000 Options exercisable at \$0.05 on or before 5 years from the date of issue as part of Ivigtut acquisition. These options vested immediately. The fair value of these options which amounted to \$1,358,000 have been capitalised as acquisition cost of Ivigtut.

Date Granted	Number Granted	Expiry Date	Expected Volatility	Risk free Interest Rate	Exercise Price	Share Price at Grant Date	Fair Value of Options
			%	%		Cents	Cents
26 May 2021	62,500,000	26 May 2024	110	0.10	\$0.015	0.02	0.0145
26 May 2021	32,500,000	26 May 2026	110	0.10	\$0.05	0.02	0.0139

The weighted average life of outstanding option is 3.69 years and the weighted average price of option is \$0.027.

Notes to the consolidated financial statements

For the year ended 30 June 2022

19. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, trade and other receivable and payable. 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:

	Consolidated	
	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	659,753	1,808,695
Trade and other receivables	46,028	63,052
Total financial assets	705,781	1,871,747
Financial liabilities		
Trade and other payables	48,383	481,457
Lease Liability	16,550	17,173
Total financial liabilities	64,933	498,630

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 10. 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 10.

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-.

	Consolidated	
	2022	2021
	\$	\$
Cash and cash equivalents		
AA- rated	659,753	1,808,695
	659,753	1,808,695

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 financial assets or liabilities exposed to market price risk.

Foreign currency risk

The Group has minimal foreign currency risk as there is no significant transaction in foreign currency.

Notes to the consolidated financial statements

For the year ended 30 June 2022

19. FINANCIAL INSTRUMENTS (Continued)

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 \$	Equity \$
Year ended 30 June 2022		
+/-1% (100 basis points) in interest rates	+/-13,663	+/-13,663
Year ended 30 June 2021		
+/-1% (100 basis points) in interest rates	+/-13,382	+/-13,382

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	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	48,383	481,457	-	-	-	-	48,383	481,457
Lease Liability	16,550	17,173	-	-	-	-	16,550	17,173
Total expected outflows	64,933	498,630	-	-	-	-	64,933	498,630
Financial assets – cash flows realisable								
Cash and cash equivalents	659,753	1,808,695	-	-	-	-	659,753	1,808,695
Trade and other receivables	46,028	63,052	-	-	-	-	46,028	63,052
Total anticipated inflows	705,781	1,871,747	-	-	-	-	705,781	1,871,747
Net inflow on financial instruments	640,848	1,373,117	-	-	-	-	640,848	1,373,117

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 consolidated financial statements.

Consolidated

	Note	2022		2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	659,753	659,753	1,808,695	1,808,695
Trade and other receivables	(i)	46,028	46,028	63,052	63,052
Total financial assets		705,781	705,781	1,871,747	1,871,747
Financial liabilities					
Trade and other payables	(i)	48,383	48,383	481,457	481,457
Lease Liability		16,550	16,550	17,173	17,173
Total financial liabilities		64,933	64,933	498,630	498,630

Notes to the consolidated financial statements

For the year ended 30 June 2022

19. FINANCIAL INSTRUMENTS (Continued)

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 and lease liability 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 2022, no other financial assets or liabilities are carried at fair value (2021: Nil), other than those short-term instruments disclosed above.

20. 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 21.

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	
			2022	2021
Director	Entity	Service	\$	\$
Carl Popal (Executive)	Popal Enterprises Pty Ltd	Director Fees	270,000	130,950
Carl Popal	Popal Enterprises Pty Ltd	Consulting Fees	-	58,200
Rod Dale	G R Dale	Director Fees	49,350	47,050
Rod Dale	G R Dale	Geological services	5,700	23,500
Ibrar Idrees	Advanced Accounting Services Pty Ltd	Director Fees	18,000	14,500
Oliver Kreuzer	CGSG Corporate Geoscience Group	Director Fees	23,333	-
Oliver Kreuzer	CGSG Corporate Geoscience Group	Consulting Fees	14,550	-
Pedro Kastellorizos	Pedro Kastellorizos	Director Fees	-	42,331
Pedro Kastellorizos	Pedro Kastellorizos	Geological services	-	32,015

Other payables

An amount of \$265,000 was owed to Ghan Resources Pty Ltd, a Company of which Mr Popal is a director has been settled on the 5th of April 2022. The repayment was approved by the Board.

Notes to the consolidated financial statements

For the year ended 30 June 2022

21. 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 2022.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	Consolidated	
	2022	2021
	\$	\$
Short-term employee benefits	380,933	348,546
Share based payment – Performance rights	153,442	10,853
	534,375	359,399

Short-term employee benefits

These amounts include fees and benefits paid to the 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.

22. CONTROLLED ENTITIES

Controlled entities consolidated

		Percentage Owned (%) *	
	Country of Incorporation	30 June 2022	30 June 2021
Subsidiaries of Eclipse Metals Ltd:			
North Minerals Pty Ltd	Australia	100.00	100.00
Central Energy Pty Ltd	Australia	100.00	100.00
Whitvista Pty Limited	Australia	100.00	100.00
U308 Agencies Australia Pty Ltd	Australia	100.00	100.00
Walla Mines Pty Ltd ⁽ⁱ⁾	Australia	87.17	87.17
Contour Resources Pty Ltd	Australia	99.48	99.48
Eclipse Greenland ⁽ⁱⁱ⁾	Greenland	100.00	100.00

*Percentage of voting power is in proportion to ownership

(i) Direct and indirect percentage owned

(ii) Incorporated on 29 Jan 2021.

Notes to the consolidated financial statements

For the year ended 30 June 2022

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	
	2022	2021
	\$	\$
Statement of financial position		
<i>Assets</i>		
Current assets	692,684	1,861,842
Non-current assets	7,592,760	7,431,400
Total assets	8,285,444	9,293,242
<i>Liabilities</i>		
Current liabilities	43,395	476,456
Total liabilities	43,395	476,456
Net assets	8,242,049	8,816,786
<i>Equity</i>		
Issued capital	33,399,288	33,304,398
Accumulated losses	(27,069,124)	(25,887,660)
Reserves	1,911,885	1,400,048
Total equity	8,242,049	8,816,786
Statement of profit or loss and other comprehensive income		
Total loss for the year	(1,181,464)	(738,344)
Other comprehensive income	-	-
Total comprehensive loss	(1,181,464)	(738,344)

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 16.

24. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

In the year ended 30 June 2022, the Group operated its mineral exploration and evaluation into 2 separate geographical segments which is Australia and Greenland.

The group is domiciled in Australia. Segment expenses are allocated based on the country in which the expense is incurred. Segment assets are allocation to countries based on where the assets are located.

No operating revenue was derived during the year (2021: nil).

Notes to the consolidated financial statements

For the year ended 30 June 2022

24. SEGMENT INFORMATION (Continued)

	Australia \$	Greenland \$	Consolidated \$
Year Ended 30 June 2022			
Other revenue/income	11,845	196	12,041
Total segment revenue	11,845	196	12,041
Segment result from continuing operations before tax	(1,174,825)	(143,921)	(1,318,746)
As at 30 June 2022			
Segment assets	3,321,156	6,598,347	9,919,503
Segment liabilities	(48,383)	(16,550)	(64,933)
Year Ended 30 June 2021			
Other revenue/income	134,366	-	134,366
Total segment revenue	134,366	-	134,366
Segment result from continuing operations before tax	(619,497)	(9,592)	(629,089)
As at 30 June 2021			
Segment assets	4,466,284	6,598,935	11,065,219
Segment liabilities	(481,457)	(17,173)	(498,630)

25. SUBSEQUENT EVENTS

On 30 August 2022, the Company announced the completion of a \$2 million placement at a placement price of \$0.02 per share supported by a combination of existing and new investors. Subscribers of the placement will be offered one free attaching listed option exercisable at \$0.05 expiring on 17 September 2024. Placement proceeds will be applied to upcoming field activities as the Company prepares to mobilise contractors to begin a drilling program at the Grønnedal Rare Earth Elements (REE) prospects.

On 5 September 2022, the Company announced that it has issued and allotted a total of 103,130,435 fully paid ordinary shares in the capital of the Company.

On 9 September 2022, the Company lodged a prospectus to facilitate the secondary trading of 100,000,000 placement attaching options as well as 7,500,000 options issued to the lead manager of the placement. On 19 September 2022 the Company announced it had sought quotation of a total of 298,476,469 options exercisable at \$0.05 expiring 17 September 2024 to be quoted under the ASX ticker code "EPMOA" (EPMOA Options). A total of 190,976,469 EPMOA Options were previously issued pursuant to an entitlement issue prospectus dated 17 August 2021 (Prospectus). To achieve quotation of these options, it was necessary to apply to ASX for a waiver from ASX Listing Rule 6.23.4 which requires shareholder approval to change a term of an issued option. ASX granted the waiver on 16 September 2022. All other terms of those options as set out in the Prospectus remain unchanged.

Apart from the above, 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.

Notes to the consolidated financial statements

For the year ended 30 June 2022

Directors' Declaration

For the year ended 30 June 2022

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Group 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 2022; 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



Carl Popal
Executive Chairman
Perth, 23 September 2022

**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 2022, the consolidated statement of profit or loss and other 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 2022 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 in Relation to Going Concern

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

As referred to in Note 2(b) to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. For the financial year ended 30 June 2022, the Group incurred a loss for the year after income tax of \$1,318,746 and net cash outflows from operating activities of \$1,389,005. As at 30 June 2022, the Group had cash and cash equivalents of \$659,753. These balances indicate a material uncertainty in relation to going concern.

The ability of the Group to continue as a going concern and meet its on-going operational and capital requirements is subject to the Group being successful in raising funds. If the Group is unable to obtain sufficient funding, 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.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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. The matter noted below was 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 this matter.

Key Audit Matter	How the matter was addressed in the audit
<p><i>Carrying Value of Capitalised Exploration and Evaluation Assets</i></p> <p>As disclosed in Note 11 to the consolidated financial statements, the carrying value of the capitalised exploration and evaluation expenditure as at 30 June 2022 totaled \$9,197,172.</p> <p>We have identified the carrying value of capitalised exploration and evaluation expenditure as a key audit matter due to:</p> <ul style="list-style-type: none"> the significance of the capitalised exploration expenditure representing 92.7% of total assets; 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 the assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure. 	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> Assessed 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; Reviewed the Board's assessment of the carrying value of the capitalised exploration and evaluation expenditure 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 in accordance with AASB 6; Evaluated the Group's 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"> Minutes of the board and management; and Announcements made by the Group to the Australian Securities Exchange; and Evaluated the adequacy of disclosures in the consolidated financial statements in accordance with the relevant accounting standards.

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 2022, 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 on pages 21 to 25 included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Eclipse Metals Limited for the year ended 30 June 2022 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
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
23 September 2022

23 September 2022

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 2022, 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
(An Authorised Audit Company)



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 2022

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 7 September 2022.

(a) Distribution of equity securities

(i) Ordinary share capital

- 2,024,256,848 fully paid shares held by 2,337 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:

Holding Ranges	Holders	Total Units	% IC
1 – 1,000	84	9,890	0.00%
1,001 – 5,000	14	35,600	0.00%
5,001 – 10,000	168	1,593,173	0.08%
10,001 – 100,000	1,019	49,303,648	2.44%
100,001 and over	1,052	1,973,314,537	97.48%
Totals	2,337	2,024,256,848	100.00%

Based on the closing share price on 7 September 2022, 466 Shareholders are holding less than a marketable parcel amounting to 0.25% of Issued Capital.

(ii) Unquoted securities

	Options ex 1.5¢ exp 28/5/2024		Options ex 5.0¢ exp 28/5/2026	
Holding Ranges	Holders	% IC	Holders	% IC
1 – 1,000	0	0.00%	0	0.00%
1,001 – 5,000	0	0.00%	0	0.00%
5,001 – 10,000	0	0.00%	0	0.00%
10,001 – 100,000	0	0.00%	0	0.00%
100,001 and over	2	100.00%	2	100.00%
Totals	2	100.00%	2	100.00%

	Options ex 5.0¢ exp 17/9/2024		Class A Performance Rights	
Holding Ranges	Holders	% IC	Holders	% IC
1 – 1,000	9	0.00%	0	0.00%
1,001 – 5,000	129	0.23%	0	0.00%
5,001 – 10,000	93	0.41%	0	0.00%
10,001 – 100,000	332	7.03%	0	0.00%
100,001 and over	149	92.33%	7	100.00%
Totals	712	100.00%	7	100.00%

	Class B Performance Rights		Class C Performance Rights	
Holding Ranges	Holders	% IC	Holders	% IC
1 – 1,000	0	0.00%	0	0.00%
1,001 – 5,000	0	0.00%	0	0.00%
5,001 – 10,000	0	0.00%	0	0.00%
10,001 – 100,000	0	0.00%	0	0.00%
100,001 and over	7	100.00%	7	100.00%
Totals	7	100.00%	7	100.00%

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

Rank	Holder Name	Number Held	% IC
1	CERIUM PTY LTD	281,000,000	13.88%
2	URANIUM RESOURCES PTY LTD	204,800,000	10.12%
3	MR HARRY VUI KHIUN LEE	95,078,417	4.70%
4	CITICORP NOMINEES PTY LIMITED	72,577,142	3.59%
5	ARGALA NOM P/L <ARGALA S/F A/C>	62,440,000	3.08%
6	S & CJ PTY LTD <FALCON GOLD SUPER FUND A/C>	46,628,302	2.30%
7	GHAN RESOURCES PTY LTD	45,529,696	2.25%
8	BNP PARIBAS NOMS PTY LTD <DRP>	43,966,744	2.17%
9	MS CHUNYAN NIU	32,005,232	1.58%
10	MR VIRGINIO VIGOLO & MRS SUSAN MICHELLE VIGOLO <VSV FAMILY A/C>	30,509,760	1.51%
11	MR YONG ONN CHU	30,000,000	1.48%
12	MS ROUCHELLE WYKES & MRS VERA WYKES <R WYKES SUPER FUND A/C>	20,275,000	1.00%
13	MR RABIE JOHANNES VANDERMERWE & MRS MARA VANDERMERWE <RABIE & MARA SUPER FUND A/C>	20,000,000	0.99%
14	MR PETER JAMES DAVIDSON	17,500,000	0.86%
15	MR ADRIAN MATHEW LIPPI <DOUBLE IMPACT FISHING A/C>	17,000,000	0.84%
16	MR LEWIS BEALE & MRS JOANNE BEALE <LJ BEALE SUPER FUND A/C>	16,070,000	0.79%
17	MR MICHAEL JOHN MATTHIESSEN	15,005,205	0.74%
18	MR MERVYN JOHN ASHMAN	14,200,000	0.70%
19	MR PETER MARSZAL & MRS DEBBIE MARSZAL <MARSZAL RETIREMENT FUND A/C>	12,000,000	0.59%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,209,000	0.55%
Total		1,087,794,498	53.74%
Balance of register		936,462,350	46.26%
Total issued capital - fully paid ordinary shares		<u>2,024,256,848</u>	<u>100.00%</u>

(c) Substantial holders

The substantial holder in the Company as per forms lodged with ASX are set out below:

	Number held	Percentage %
<i>Ordinary shares</i>		
Cerium Pty Ltd	281,000,000	13.88%
Uranium Resources Pty Ltd	204,800,000	10.12%

(d) Unquoted Securities

As at 7 September 2022 the following convertible securities over un-issued shares were on issue:

- 62,500,000 Options ex 1.5¢ exp 28/5/2024
- 32,500,000 Options ex 5.0¢ exp 28/5/2026
- 190,976,469 Options ex 5.0¢ exp 17/9/2024
- 11,750,000 Class A Performance Rights
- 6,750,000 Class C Performance Rights
- 6,750,000 Class D Performance Rights

(e) Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 7 September 2022 the following classes of unquoted securities had holders with greater than 20% of the class on issue

Options ex 1.5¢ exp 28/5/2024

- Cerium Pty Ltd – 50,000,000 (80.00%)
- Aeon Bank Pty Ltd – 12,500,000 (20.00%)

Options ex 5.0¢ exp 28/5/2026

- Cerium Pty Ltd – 20,000,000 (61.54%)
- Aeon Bank Pty Ltd – 12,500,000 (38.46%)

Class A Performance Rights - AIJO Pty Ltd <AIJO Family A/C> - 4,500,000 (38.30%) Class C Performance Rights - AIJO Pty Ltd <AIJO Family A/C> - 2,500,000 (37.04%) Class D Performance Rights - AIJO Pty Ltd <AIJO Family A/C> - 2,500,000 (37.04%)	
(f)	Voting rights
All ordinary shares carry one vote per share without restriction.	
(g)	Securities Subject to Escrow
As at 8 September 2022 the following securities were subject to voluntary escrow: - 100,000,000 ordinary shares escrowed until 14/01/2023 - 40,500,000 ordinary shares escrowed until 28/05/2023 - 25,000,000 unquoted options exercisable at 1.5¢ expiring 28/05/2024 escrowed until 28/05/2023 - 10,000,000 unquoted options exercisable at 5.0¢ expiring 28/05/2026 escrowed until 28/05/2023	

Corporate Governance

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: <https://www.eclipsemetals.com.au/corporate/corporate-governance/>