



**ABN 85 142 366 541
and its controlled entities**

Annual Report

For the financial year ended 30 June 2023

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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West Perth, Western Australia 6005

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Level 40, Central Park
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Perth, Western Australia 6000

ASX Code: **EPM**

SHARE REGISTRY

Automic Group
Level 5, 191 St Georges Terrace
Perth, Western Australia 6000

COUNTRY OF INCORPORATION

Australia

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Chairman's Message

Dear Shareholders,

I am pleased to present the 2023 Annual Report for Eclipse Metals Limited (ASX: EPM) (FSE:9EU) as we reflect on our achievements as a multi-commodity mineral explorer during a uniquely challenging year – a period of profound global changes in the critical mineral and REE industry. Whilst the company is listed in the small-cap arena, it has encountered global attention for its diverse portfolio of strategic critical mineral and REE assets in an ever-changing geopolitical environment with global sanctions and demands for securing long-term supplies of resources for electrification in the green revolution. Our recent exploration drilling delineated high-grade REE results at the Grønnedal REE prospect in Greenland which has placed Eclipse as a frontline player in the REE and critical mineral revolution required for progress.

As a small company, we are poised to compete successfully in a consolidating global financial industry encountering economic headwinds in the markets and significant regulatory global changes while developing the Greenlandic multicommodity project located in a tier-1 location for Europe and the Americas. Earlier in the calendar year, Eclipse was listed on the German Frankfurt Exchange and accepted into the European Raw Materials Alliance (ERMA) partner network. The European listing and partnership with the ERMA is a critical step for Eclipse to engage with and garner support from European stakeholders to facilitate development of the Ivigtût project.

With a strong focus on exploring our project in southwestern Greenland, it is encouraging to see continuous progress showing the hallmarks of a potentially viable critical mineral project. As geopolitics has created a cold war in hot places and a hot war in cold places around the world, critical minerals have played a pivotal role. Market sentiment in understanding the real value of viable assets is in asymmetry indicating signals toward de-dollarization and the growth in BRICS economies. This asymmetry has created a trajectory favorable to Eclipse's portfolio of critical mineral assets providing investment value through real minerals and metals that is yet to be realized by general market traders.

Eclipse has built an exciting portfolio of critical mineral projects that offer a range of development options. Our systematic and methodical approach in dealing with environmental, social, and governance (ESG) in planning to rejuvenate historical mines and waste dumps is in line with green mining development standards. This is further supported by the potential use of hydropower together with utilizing the available historical data and drill core from Ivigtût's 120-year mining history. We are further pleased to know that our Greenlandic assets are in an enriched mineralised system with little to no uranium values which are well below the government-legislated levels.

Initial results from shallow trenches at Grønnedal were highly significant for Eclipse as they indicate multiple near-surface targets that remain open at depth and along strike. Our previous geophysical assessment confirmed the deep-seated nature of the host to this REE mineralisation, pointing towards a substantial target.

Sample assay results from shallow drill-holes at Grønnedal confirm the REE-rich nature of the carbonatite body and indicate the presence of several promising targets from surface which remain open at depth and along strike.

The prospective nature of REEs at both Grønnedal and Ivigtût aligns with our strategic goal of developing the project as an asset to be a world-class player in metals and minerals crucial for the green energy industry. Eclipse is dedicated to actively exploring the Grønnedal prospect as well as the nearby historical Ivigtût pit throughout the course of 2023.

As the world's hunger for greener energy is compounding, our Australian uranium exploration portfolio in the Northern Territory is kept in good standing to take advantage of developing trends in the uranium sector. Capitalising on positive trends in uranium investment will be a significant step forward for our strategy that will allow the Company to focus its resources, both financial and technical, on key assets in Greenland and Australia.

As the projects in our portfolio continue to advance, it is important that we ensure our resources are committed to the projects we believe will have the best chance of returning value to the Company and its shareholders.

Our strategic goal remains to become a prominent player in the supply of critical metals and minerals for the green energy industry.

Eclipse has built an exciting portfolio of projects which offers us a range of development options in multiple highly demanded commodities and we look forward to moving forward over the year ahead. I look forward to continuing to share this growth journey with you.



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 2023. 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 |

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 \$2,529,236 for the financial year ended 30 June 2023 (2022: net loss of \$1,318,746).

5. DIVIDENDS PAID OR RECOMMENDED

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

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

7. AFTER BALANCE DATE EVENTS

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

8. ENVIRONMENTAL ISSUES

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. REVIEW OF OPERATIONS

Eclipse Metals Ltd ("Eclipse" or "the Company") is an Australian exploration company focused on exploring in 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 mineral exploration licence MEL2007-45 in Greenland in January 2021. The project area hosts the historic Ivigtût cryolite mine and undeveloped mineral resources. For 120 years, between 1865 and 1985, the Ivigtût 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 (Figures 1 & 2).

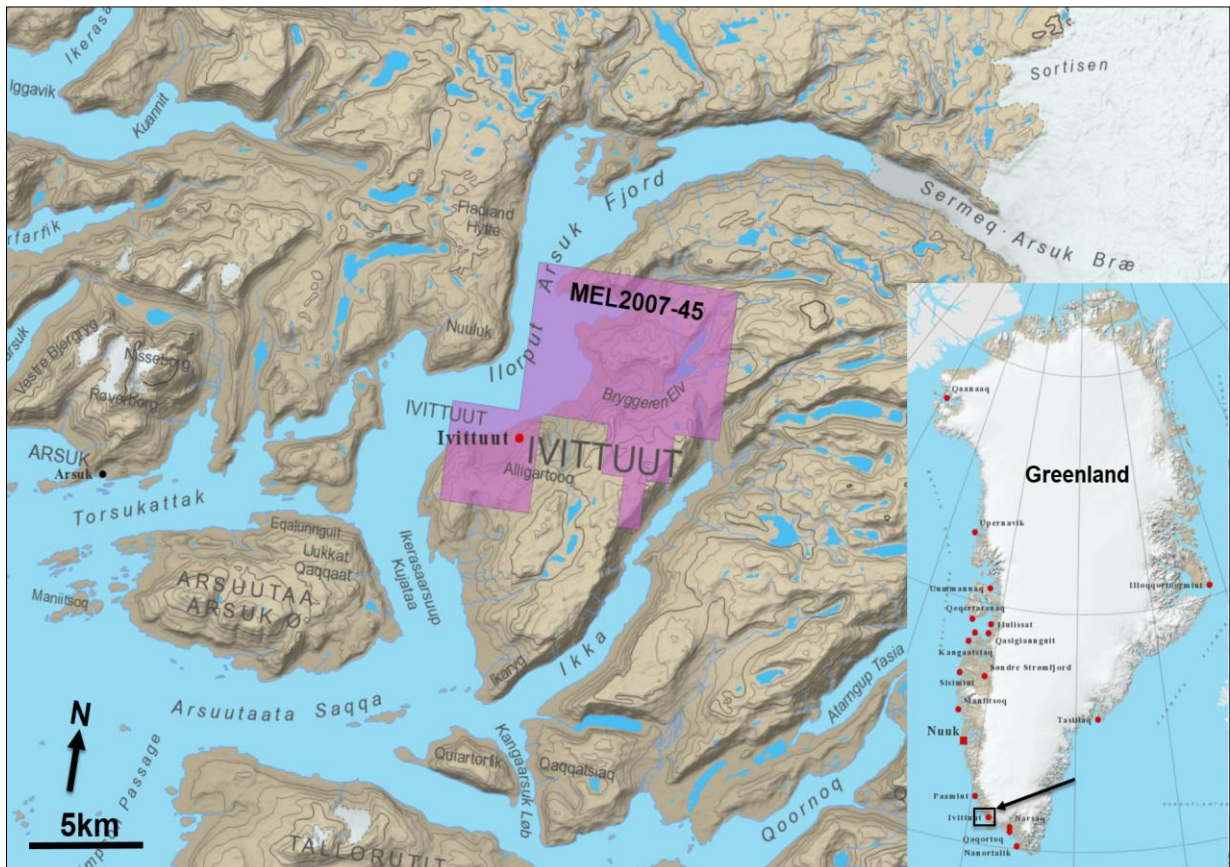


Figure 1: Ivigtut Project Location Map

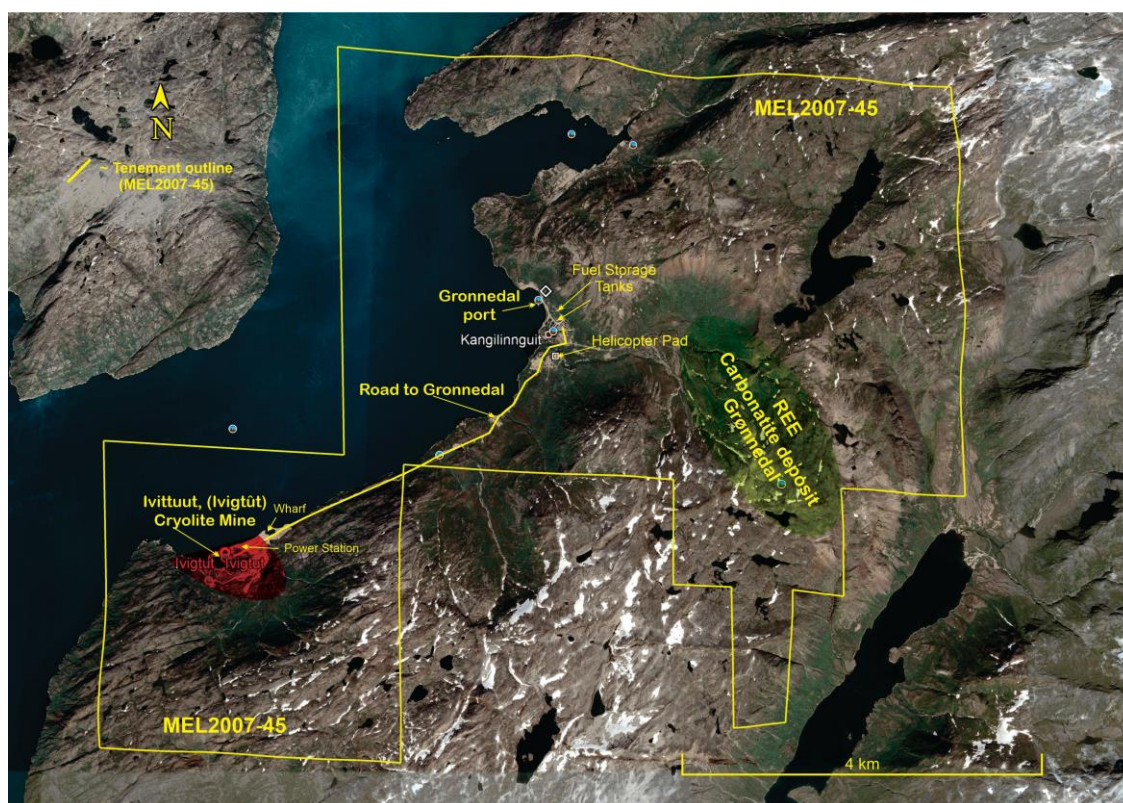


Figure 2: Ivigtût Project Tenement Map – MEL 2007- 45 – located on the coast of Arsuk Fjord in southwestern Greenland.

Ivigtût is located in southwestern Greenland and has a power station and fuel supplies to service this station and local road infrastructure to support mineral exploration. About 5.5km to the northeast of Ivigtût, the settlement of Kangilinnuit provides a heliport and an active wharf with infrastructure.

The Grønnedal carbonatite complex is less than 10km from Ivigtût and only 5km from the port of Kangilinnuit. This complex ranks amongst the larger alkaline intrusions of the Gardar Igneous Province in Greenland and is recognised by GEUS as one of the prime REE targets in the country, along with Kvanefeld and Kringlerne (also referred to as Tanbreez) (Paulick et al., 2015).

Assay results from grab samples collected in 2022 show the various styles of REE mineralisation at Grønnedal and Ivigtût ranging from light to heavy REE. Their respective geological host environments are testament to a complex intrusive history with multiple episodes of REE enrichment (refer ASX release 24 March 2022). Previous tenement holders concentrated on exploring and mining the Ivigtût cryolite deposit. Eclipse is the first company to test the REE and multi-element potential at both Grønnedal and Ivigtût.

Maiden drilling program

In October 2022, Eclipse commenced a maiden program of drilling and trenching on its Ivigtût and Grønnedal projects. The percussion drilling program was designed to follow-up REE targets and obtain samples from the mine wall rocks.

In addition to drilling, the Company undertook a surface sampling program in areas of interest defined by remote sensing surveys and in proximity of the historical mine precinct. Findings from geophysical inversion modelling and satellite imagery analysis have provided Eclipse with many targets for field checking and sampling to be conducted where possible during the current exploration program (refer ASX release 13 June 2022 for further details). Surface samples from the Grønnedal prospect, collected during a previous site visit, have been sent to St Andrews University for technical analysis.

Investigations around the Ivigtût mine site included sampling of remnant waste dumps to assess cryolite, fluorite and base metal content and outcrop areas to assess REE and lithium prospectivity. Executive Chairman, Carl Popal, joined the Greenlandic drilling contractor and geologist on site to oversee and report on the program as it progresses.

In November 2022, Eclipse successfully completed its maiden percussion drilling and trench sampling program at the historic Ivigtût mine site and Grønnedal carbonatite complex (see ASX announcement 28 November 2022).

Drilling results

Drill hole sample assay results for this work were received in August 2023. These assay results, together with previous geological and geophysical assessments indicate that REE mineralisation at Grønnedal is widespread and deep-seated. With recent approval of the 2023 Grønnedal diamond drilling program, the company is poised to conduct deeper testing and a more comprehensive assessment of the REE potential.

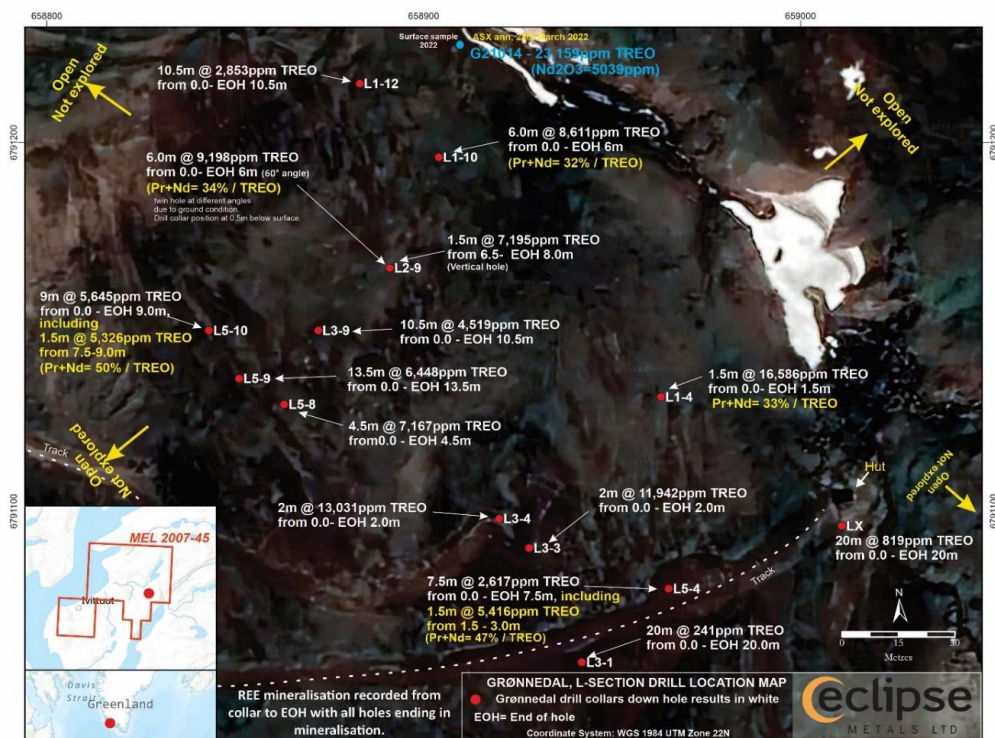


Figure 3: Grønnedal drilling results from the 'lower section' with REO mineralisation intersected in all drill holes

Results relate to 27 shallow percussion drill holes completed at Grønnedal, where all drill holes encountered REE mineralisation from surface to end of hole. Eclipse's maiden drilling program at Grønnedal has provided a better understanding of the geology and geochemistry of the ground. The holes were generally drilled to blade refusal, within limitation of the drill rig to handle the ground conditions. A maximum depth of 22m was achieved in some locations. The drilling program was completed in October 2022 with samples shipped from Greenland to Australia for laboratory assessment.

Laboratory results for the initial over-limit values of Neodymium (Nd) (+1,000ppm) for drillhole samples have now been received following further testing using appropriate methods.

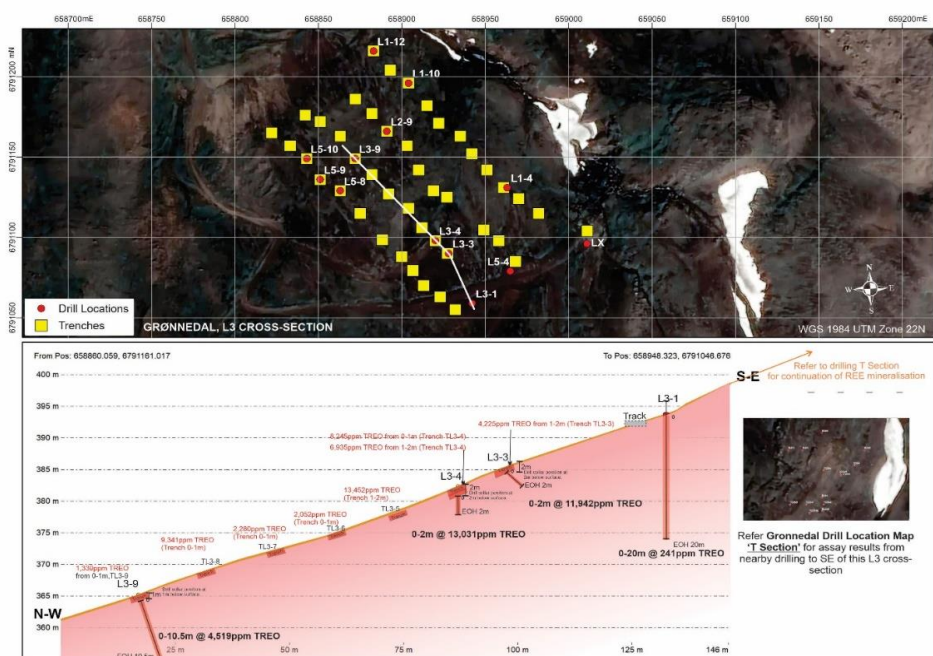


Figure 4: Grønnedal cross section L3-1 to L3-9 showing drilling and trenching results in the 'lower section'

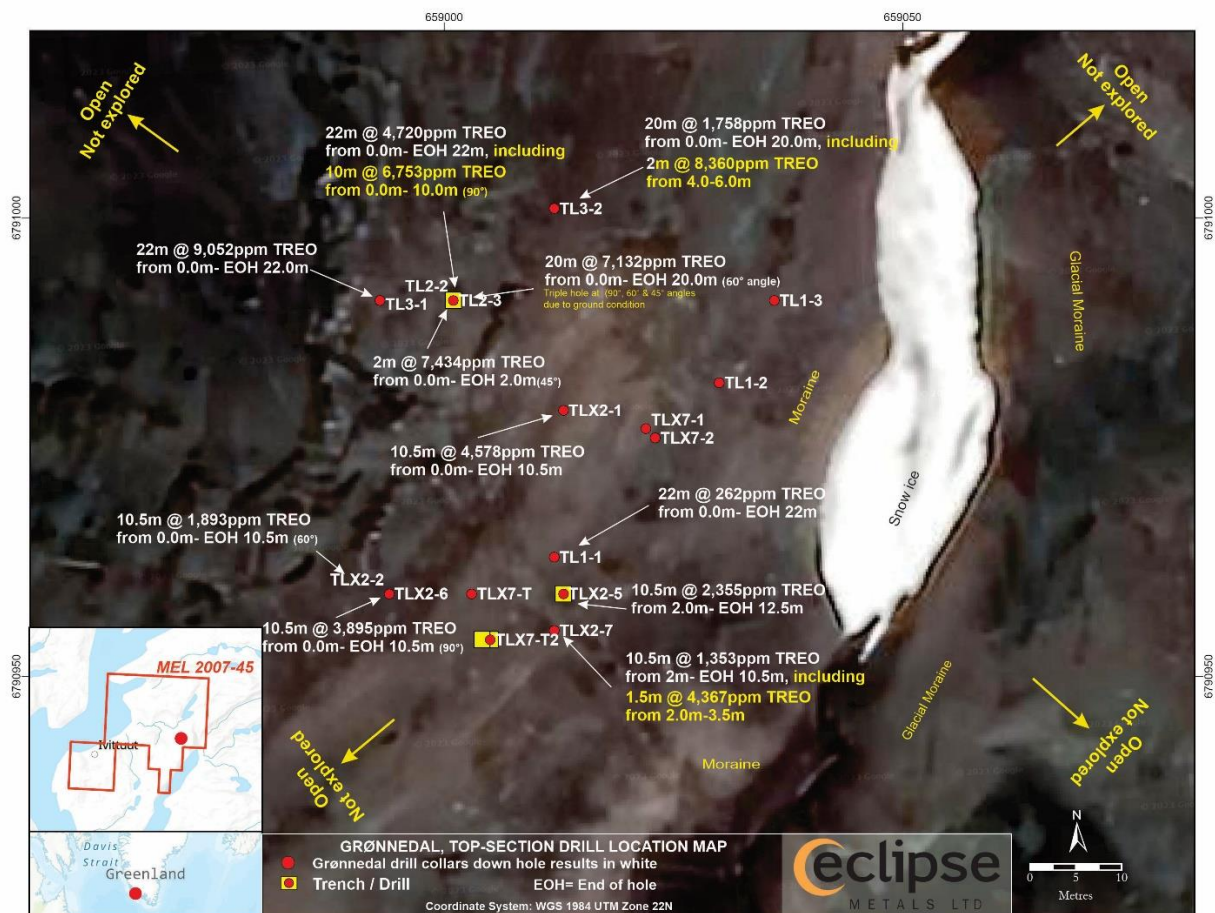
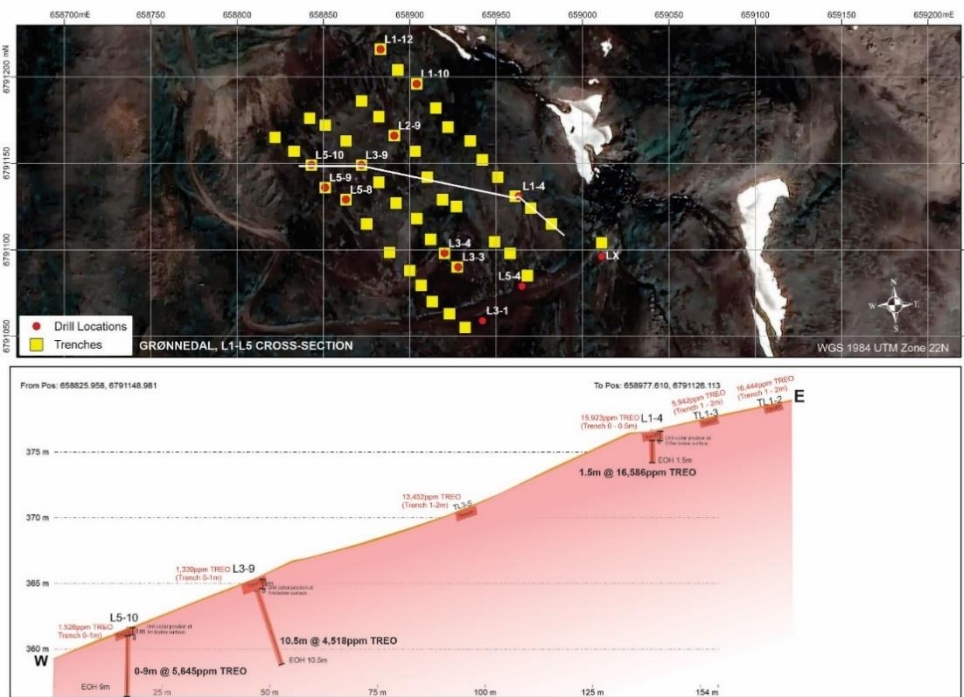


Figure 6: Grønnedal drilling results in 'top section' with REO mineralisation in all drillholes.

Note: Drill hole ID TL2-1, TL2-2 and TL2-3 were drilled from the same collar location at different angles due to difficult ground conditions.

Directors' Report (Cont'd)

Analytical values for drill samples from the lower section of the Grønnedal carbonatite prospect indicate a substantial increase in the Nd + Pr ratio compared to the top section drilling results. In the lower section Nd values in the carbonate impregnated rocks are higher than the top section Nd values in carbonatite breccia. Drilling and trenching at Grønnedal identified this material within part of a widespread dolerite dyke system intruding the carbonatite. Analysis of historical geological and geophysical work has indicated that the dolerite dykes are laterally extensive and deep-seated.

Further to recent trenching results, the drill sample results are confirmation of a higher proportion of commercially more valuable magnetic REE, such as Neodymium (Nd) within the total basket of REE. Whereas sample R27766 in drill hole L5-10 over 1.5 metres returned Nd in a ratio of 46% with and Nd + Pr oxide value of 50% of TREO, sample IDR27829, in drill hole L1-4 returned a value of 16,585ppm TREO from 0.5m-2m with Nd ratio of 27% and 407ppm gadolinium oxide (Gd₂O₃) with 6.42% heavy rare earth (HREE). The laboratory assay results from Grønnedal recorded uranium values which are well below the Greenland Government's recently legislated maximum of 100ppm.

All drill holes ended in mineralisation, indicating depth potential below the deepest intersection of 22m.

The trends associated with distribution of the REE are complex, indicating enrichment at depth through leaching and precipitation below the surface. The results portray the concept of weathering effects from the surface. The diagram below shows calcium carbonate (CaCO₃) leaching in rainwater from the surface via fault systems with CaCO₃ precipitating in the cold sea water as the famous Ikka Columns, located outside the tenement boundary.

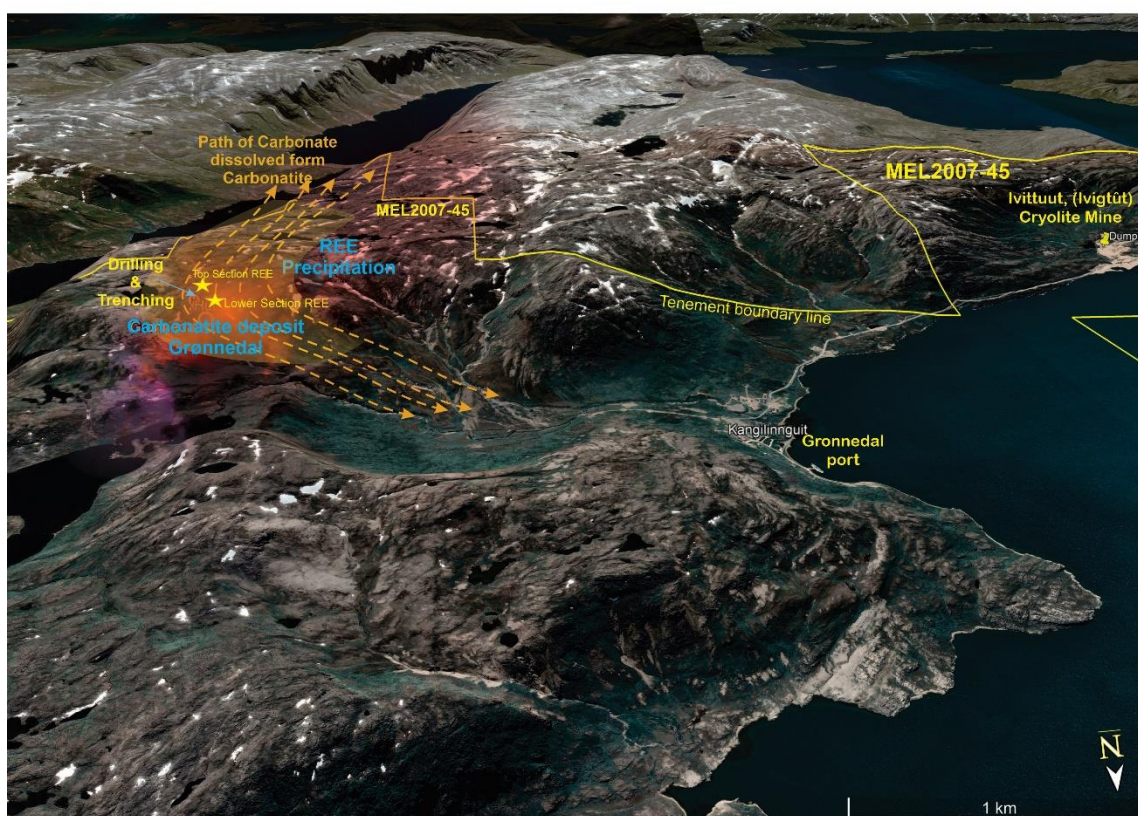


Figure 7: Grønnedal prospect exploration area and the concept of leaching carbonatite dissolved from CaCO₃ and the REE precipitation on top of the hill

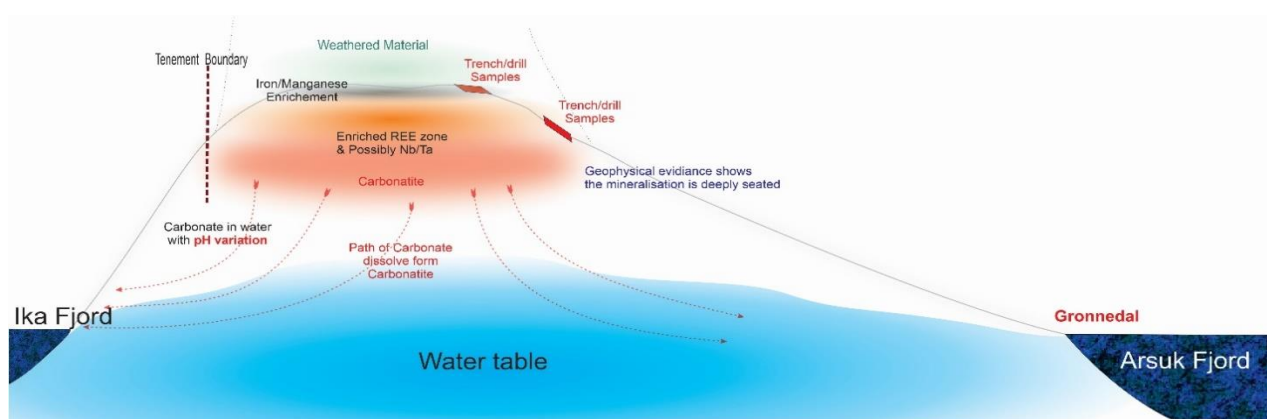


Figure 8: Conceptual illustration of the REE precipitation with carbonatite leaching CaCO₃ into the water table between the two fjords, concentrating remaining REE.

Directors' Report (Cont'd)

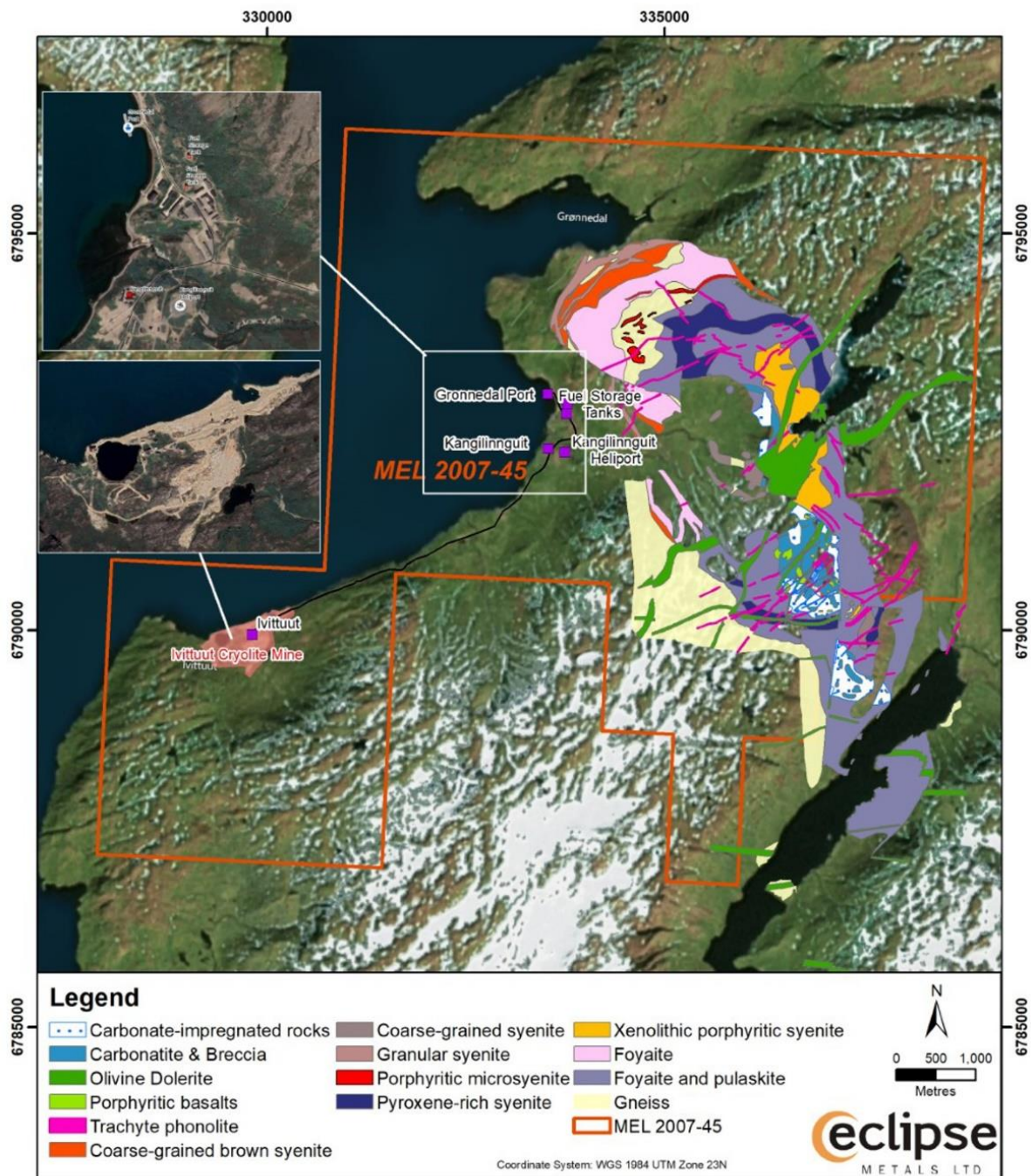
Discussion of drilling results

Overall, analysis of the Grønnedal trench samples in the carbonate-impregnated formation demonstrated unusual patterns for Pr/La and Nd/Ce ratios compared with other REE-mineralised carbonatite complexes such as Mountain Pass (California) and Mt Weld (Western Australia).

Lower La and Ce content measured by pXRF, has been confirmed by laboratory assay results across the Grønnedal complex or a significant part thereof indicating that REE mineralisation at Grønnedal contains a higher proportion of the commercially more valuable magnetic REE, Pr and Nd. The latter are often termed the 'magnet feed' REE which are critical elements for high-performance magnets in high demand from the automotive sector and for wind turbines.

More specifically, pXRF readings and laboratory assay results recorded thus far show a relatively large proportion of Pr and Nd, comprising up to 55% of the measured 4REE. Laboratory results also show a relatively large proportion of Pr and Nd comprising up to 60% of TREO in Trench L3 – 8 and 50% in drill results L5-10 for an interval of 1.5m from 8.5m-10m depth.

Such a difference in composition for the project could have positive implications for the so-called "basket price". The basket price is described as the sum of the proportions of individual REOs in the product multiplied by the price of the individual REOs.



Directors' Report (Cont'd)

GRØNNEDAL CARBONATITE

Promising Mineralogical Results at Grønnedal REE Prospect

In June 2023, promising results were received in relation to Eclipse's mineralogical determinations and percussion drilling program for its Grønnedal prospect.

Ongoing mineralogical assessment of pink-orange mineralised material found over a wide area (1.5km x 3 km) in Grønnedal, including scanning electron microscope (SEM) examination at CSIRO, has identified composite ferro-carbonate minerals containing elevated medium to heavy REE.



Figure 10: Grønnedal surface sample shows pink/orange REE mineral. Figure 11: 2022 Maiden drilling and sampling program at Ivigtut multicommodity Project
Visually estimated to comprise of ~25% pink-orange material and 75% iron oxides and oxidised carbonatite.

Cautionary Statement

Visual estimates of mineral abundance should never be considered a proxy or substitute for laboratory analyses where concentrations or grades are the factor of principal economic interest. Visual estimates also potentially provide no information regarding impurities or deleterious physical properties relevant to valuations.

Previous ambiguous mineralogical determination attempts could not name the pink/orange coloured minerals containing these REEs with anomalous Pr, Nd and Dy content. Precise mineralogical identification is essential in processing REE and is an important step in prefeasibility studies.

The pink-orange coloured minerals were first submitted by Eclipse for mineralogical determinations in 2021, which initial assessment determined that there is a possible combination of several minerals. During 2022, an XRD assessment was conducted by the St Andrews University School of Earth Science which identified possible bastnasite and proposed further thorough assessment to identify the precise composite nature of the minerals (ASX release 1 November 2022).

Previous laboratory and pXRF assay results from Grønnedal rock chip samples using polished thin sections (ASX release 17 November 2021) and now Scanning Electron Microscopy (SEM) have confirmed the presence of rare earth minerals in three of the four rock samples examined at CSIRO. SEM/EDS (SEM with Energy Dispersive X-ray Spectroscopy) analysis of one sample returned chemistry corresponding to the rare earth minerals Parisite and Ancyrite. These two minerals were distinguished by the difference in CaO values showing a composite mineral structure containing REEs with elevated Pr, Nd and Dy values.

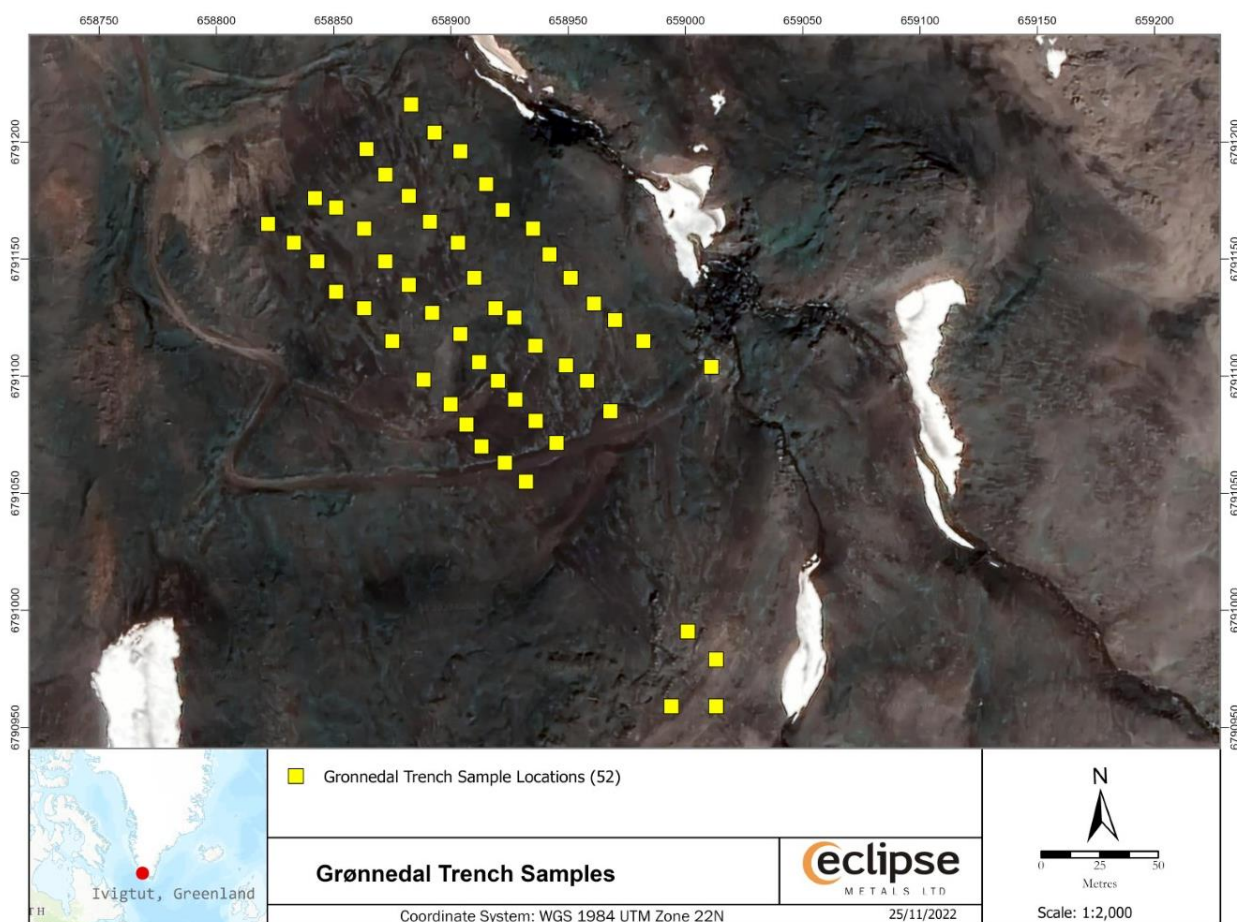


Figure 12: Grønnedal trenching area marked in yellow.

Drilling and trenching at Grønnedal identified this material within part of a widespread dolerite dyke system intruding the carbonatite. Analysis of historical geological and geophysical work has indicated that the dolerite dykes are deep-seated.

Grønnedal Trenching Results Confirm Neodymium-Rich REE Mineralisation

In July 2023, the Company announced the assay results from 52 trenches completed at Grønnedal in October 2022. Trench sample assays confirm high neodymium oxide (Nd₂O₅) ratios of up to 56% of total rare earth oxides (TREO) with an average of 31%. Pr+Nd assay results account for 60% of calculated TREO, indicating that the Grønnedal mineralisation is enriched in the more valuable REE of Pr and Nd.

- Best assay results from Grønnedal trenching program included:
 - L1-2: 1.0m @ 16,444 ppm TREO from 1.0-2.0m (Nd₂O₅ ratio = 26%);
 - L1-4: 0.5m @ 15,923 ppm TREO from 0.0-0.5m (Nd₂O₅ ratio = 27%);
 - L2-11: 0.5m @ 10,571 ppm TREO from 0.0-0.5m (Nd₂O₅ ratio = 29%);
 - L2-3: 2.0m @ 12,911 ppm TREO from 1.0-2.0m (Nd₂O₅ ratio = 27%);
 - L3-8: 1.0m @ 9,341ppm TREO from 0.0-1.0m (Nd₂O₅ ratio = 56%);
 - L3-5: 1.0m @ 13,452 ppm TREO from 1.0-2.0m (Nd₂O₅ ratio = 36%);
 - L5-11: 1.5m @ 11,630ppm TREO from 0.0-1.5m (Nd₂O₅ ratio = 30%); and
 - L5-12: 0.5m @ 6,317ppm TREO from 0.0-0.5m (Nd₂O₅ ratio = 45%).

Laboratory results for the over-limit values (+1,000ppm) for 28 out of 52 (C. 54%) trench samples have now been received following further testing using appropriate methods.



Figure 13: Grønnedal trench sample results in the lower section with REO mineralisation in all trenches. Note that, to date, only a small fraction of this prospect has been explored and that the system is open in all directions.

Drilling and trenching at Grønnedal identified this material within part of a widespread dolerite dyke system intruding the carbonatite. Analysis of historical geological and geophysical work has indicated that the dolerite dykes are laterally extensive and deep-seated (refer to ASX announcement dated 19 May 2022). There are three types of Gardar intrusions at the Ivigtût multi-commodity project:

- A) Late-stage, mainly carbonatite dykes.
- B) The Grønnedal alkaline intrusion with its associated carbonatites.
- C) The Ivigtût cryolite pipe (adjoining Bunka Breccia).

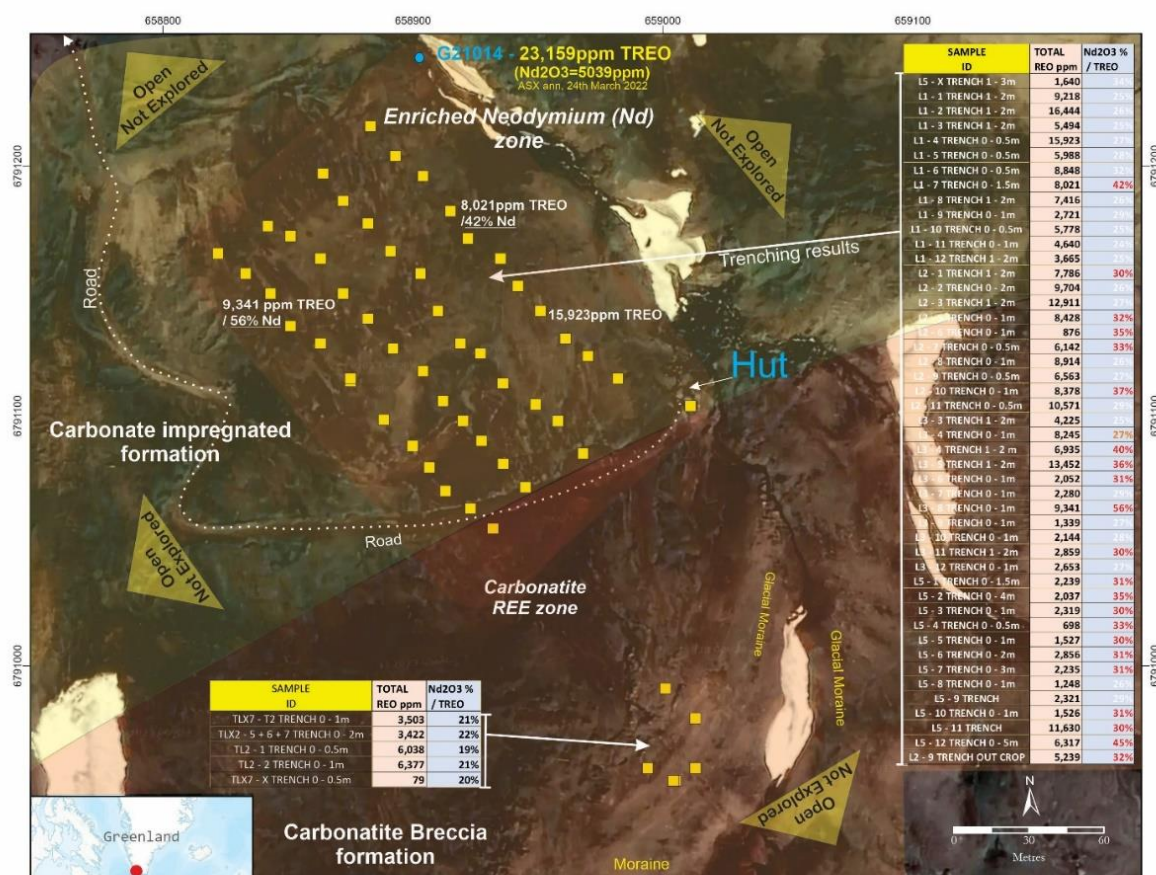


Figure 14: Conceptual overlapping styles of carbonate impregnated formations and carbonatite breccia formation within the carbonatite REE mineralisation.

Drill sample analysis using a portable XRF analyzer (pXRF) on five 1.5m composite samples from drillhole L3- 9, returned an intersection average of 7.5m @ 0.8% La₂O₃+Ce₂O₃+Pr₂O₃+Nd₂O₃ (4REO), with praseodymium (Pr)/lanthanum (La) and neodymium (Nd)/cerium (Ce) ratios of about 1:2, plus base metal values of 0.49% Zn+Pb+Ni (Refer ASX announcement 28 November 2022).

Importantly, the pXRF readings suggest that Pr and Nd are significantly enriched in drillhole L3-9 compared to La and Ce, an observation that is consistent with academic studies as well as laboratory results received previously (Refer ASX announcement 28 November 2022).

Previous laboratory and pXRF assay results from Grønnedal rock chip samples

- On 17th November 2021, the Company reported pXRF results indicating potentially significant rare- earth element content. Subsequent laboratory results from samples tested by pXRF confirmed significant 4REE (La+Ce+Pr+Nd) (reported on 9 March 2022).
- On 22nd November 2021, Eclipse reported laboratory assays from historical Grønnedal drill core sample IVT 21-4, which yielded 2.1% TREO, including 0.12% Pr₂O₃ and 0.46% Zn.
- On 9th March 2022, the Company reported highly anomalous heavy REE laboratory assay results for six rock chip samples (G21010, G21011, G21014, G21016, G21017 and G21019), demonstrating that the Grønnedal carbonatite complex is – at least in part – enriched in Pr and Nd.
- On 24th March 2022, Eclipse reported the final laboratory assay results for the above samples with G21016 having returned 4.66% TREO, 0.13% Gd₂O₃ and 3.3% BaO, and sample G21011, collected from an aplite cutting the Grønnedal complex, returned analyses of 0.93% Nb₂O₅, 0.07% Rb₂O and 1.77% ZrO₂.

Overall, analysis of the Grønnedal rock chip samples demonstrated unusual patterns for Pr/La and Nd/Ce ratios compared with other REE-mineralised carbonatite complexes such as Mountain Pass (California) and Mt Weld (Western Australia).

Lower La and Ce content measured by pXRF, if confirmed by laboratory assay results across the Grønnedal complex or a significant part thereof, would indicate that REE mineralisation at Grønnedal contains a higher proportion of the commercially more valuable magnetic REE, Pr and Nd. The latter are often termed the 'magnet feed' REE which are critical elements for high-performance magnets in high demand from the automotive sector and for wind turbines.

More specifically, pXRF readings and laboratory assay results recorded thus far show a relatively large proportion of Pr and Nd, comprising up to 55% of the measured 4REE.

Directors' Report (Cont'd)

This can be compared with other rare earth deposits:

- i. Grønnedal Pr+Nd: 55% of the measured 4REE (La+Ce+Pr+Nd)
- ii. Mountain Pass* Pr+Nd: 17% of the measured 4REE (La+Ce+Pr+Nd)
- iii. Mount Weld CLD* Pr+Nd: 25% of the measured 4REE (La+Ce+Pr+Nd)

* Reference: Technology Metals Research, TMR (2015)

Such a difference in composition for the project could have positive implications for the so-called "basket price". The basket price is described as the sum of proportions of individual REOs in the product multiplied by the price of the individual REOs.

Mineralised Waste Dump Sampling

Eclipse bulk sampled five mineralised waste dumps (ROM size) from the Ivigtût historical cryolite mine to assess the mineral and chemical content. These dumps contain a substantial volume of mineralised material that may be suitable for processing to recover saleable products. Previous laboratory assessments have indicated the polymetallic nature of mineralisation in the pit from which the large volume of mineralised waste was produced, as shown in earlier laboratory results.

- The Company's previous surface sample I21012 provided encouraging results of 165g/t Ag, 0.15% Cu, 3.83% Pb and 0.37% Zn (ASX Announcement dated 24 March 2022).
- Laboratory assessment of historical drill core sample IVT 21 - 11(1) returned 9.86% Zn (ASX Announcement dated 22 November 2021).

In addition to drilling, the Company undertook a surface sampling program in areas of interest defined by remote sensing surveys and in proximity of the historical mine precinct. Findings from geophysical inversion modelling and satellite imagery analysis have provided Eclipse with many targets for field checking and sampling to be conducted where possible during the current and future exploration programs (refer ASX release 13 June 2022 for further details). Surface samples from the Grønnedal prospect, collected during a previous site visit, have already been sent to St Andrews University for technical analysis.



Directors' Report (Cont'd)

Earlier laboratory results for samples from the mineralised waste dumps returned relatively low TREO values, ranging from 2.26 to 161.44ppm, however the ratio of high-demand heavy to light REE is considered to be very encouraging. Chemical and petrological assessment of the bulk samples in Australia will provide the Company with data to estimate commercial potential in the waste dumps.

Eclipse is considering a Ground Penetrating Radar (GPR) survey for the Ivigtût precinct to assist with an assessment of the potential volume of mineralised waste material. By calculating the size of the open pit and access tunnels and subtracting the cryolite concentrate that has been exported, it can be estimated that up to 3Mt of ROM waste was deposited in the dumps as well as for landfill purposes during a century of mining. There has been no comprehensive commercial assessment for other critical metals.

Pursuant to the Greenlandic Mineral Resources Act (No. 7 of 7 December 2009) (the Mineral Resources Act), and later amendments, mineral resources companies must prepare a SIA and EIA in connection with developing mineral projects. The European consultancy was appointed to conduct this work and a first draft scoping document covering the SIA and EIA are prepared for preliminary review and action in due course.

Eclipse Executive Chairman Carl Popal said work to be completed by a consultancy would be vital in progressing the Company's development of Ivigtût project and preparing a 'white paper' required for obtaining a mining licence from MLSA.

The estimated timeframe for the completion and submission of these reports is usually two to three years. Eclipse expects that this timeframe will be reduced with the benefit of existing documents and reports held by the Company, which will contribute to form part of the scoping phase for the Social Impact Assessment undertaken by Eclipse.

Sampling of Historic Ivigtût Drill Core confirms Polymetallic Mineralisation

In April 2023, Eclipse gained access to historic drill core from Exploration Drillhole A (Hole A) (Figure 16), which was drilled vertically into the centre of the Ivigtût multi-commodity deposit in Greenland in 1948.

Examination of Hole A by Eclipse has served to visually corroborate reports of mineralisation remaining under the present Ivigtût pit floor (Bondam, 1991). The assessment has also served to substantiate significant grades of zinc in a previously identified southwest-dipping tabular body (Domain 2) located directly beneath Domain 1 of the mined cryolite-fluorite body (Figures 17 and 18) (ref ASX announcement dated 10th March 2021).

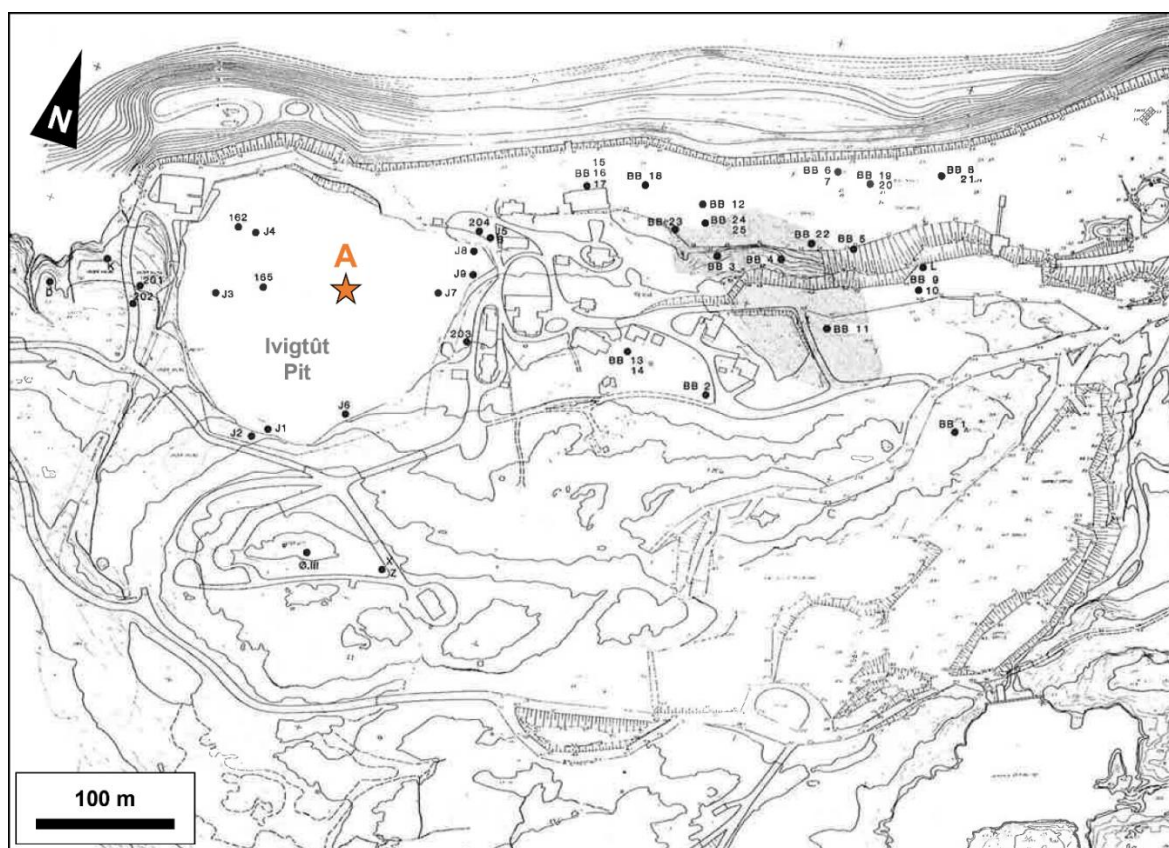


Figure 16: Location of Exploration Drillhole A, which was drilled vertically from the bottom of the pit (54.00m below sea level) into the centre of the Ivigtût multi-commodity deposit in 1948.

Spot measurements taken with a portable X-ray fluorescence analyser (pXRF) returned promising zinc and niobium results from certain downhole intervals of Hole A, along with highly anomalous spot values of lead, copper, gold, silver, bismuth, tin and tungsten (Figure 19). Whilst zinc (results ranging from 0.3% to 18.2% Zn), copper (0.04% to 1.7% Cu) and lead (0.05% to 7.7% Pb) are known from the historic Ivigtût drillhole assay data (ref ASX announcement dated 10th March 2021), the presence of niobium as well as gold, silver, bismuth, tin and tungsten warrant further investigation.

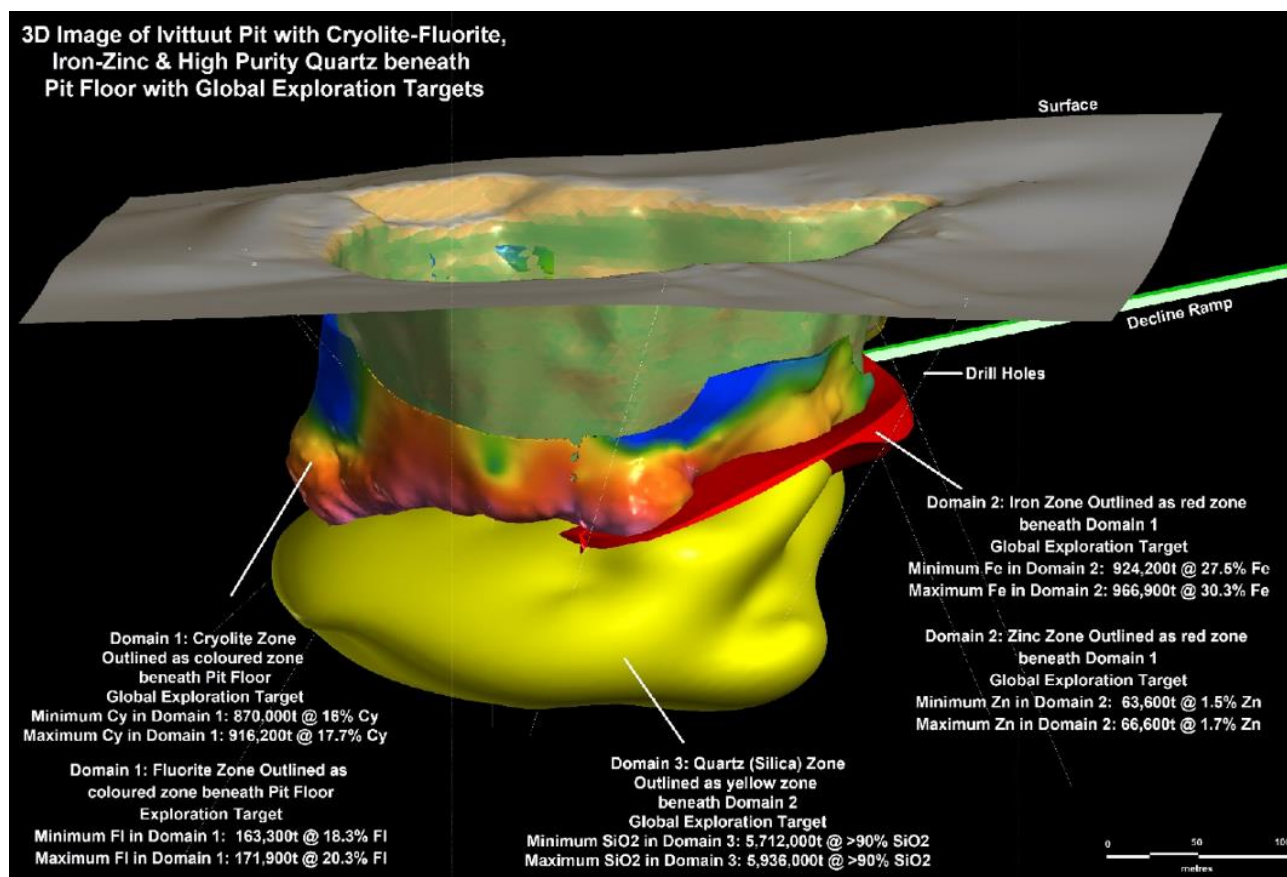


Figure 17: 3D oblique image showing modelled metallogenic domains D1, D2 and D3 below the Ivigtût pit floor. Also shown is the decline, which leads to the historic underground workings (ref ASX announcement dated 29th March 2021). Cautionary Statement: The potential quantity and grade of the Exploration Targets 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.

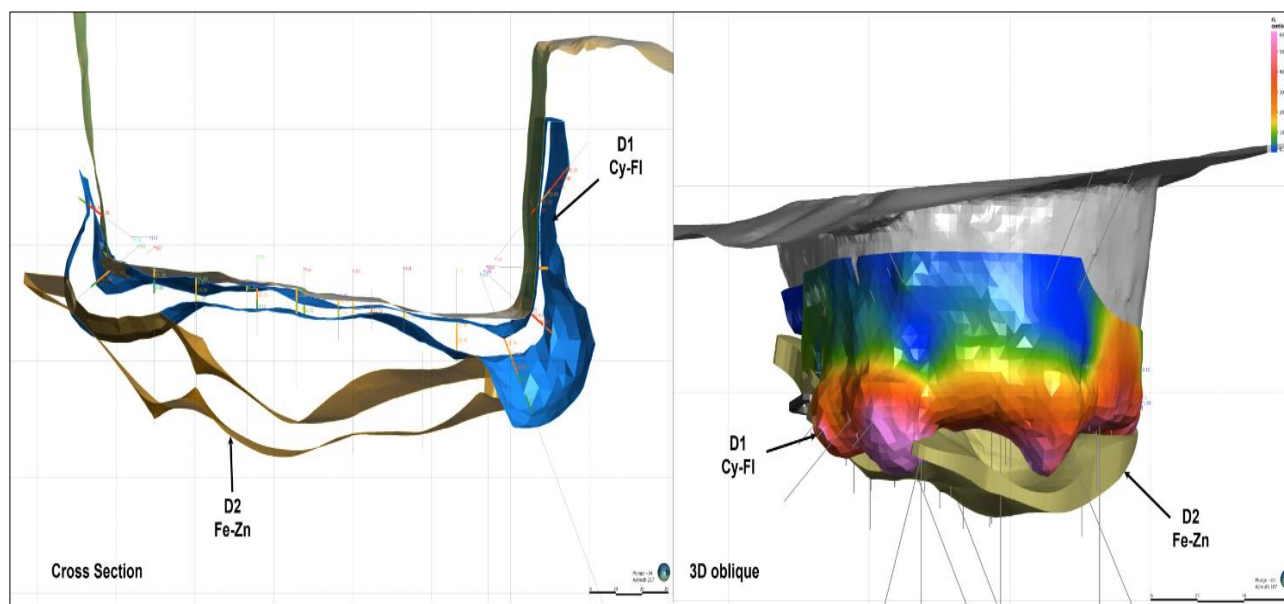


Figure 18: Cross section and 3D view of metallogenic domains D1 (cryolite and fluorite) and D2 (iron and zinc) (ref ASX announcement dated 10th March 2021).

Directors' Report (Cont'd)

Historic Exploration Background

Drillhole A (Hole A) Hole A, a diamond drillhole drilled vertically from near the centre of the Ivigtût pit floor (Figure 16), was collared 54.00m below sea level and drilled a total length of 502.62 m. The hole was completed in 1948.

The main aim of Hole A was to locate additional cryolite zones below the 1948 pit floor, as cryolite was the focus of previous mining at Ivigtût.

The historic drill core from Hole A is held by the University of Copenhagen, Denmark, and available for visual, non-destructive inspection.

Metallogenic domains of the Ivigtût multi-commodity deposit

The Ivigtût deposit can be broadly divided into three metallogenic domains (Figures 17 and 18) (ref ASX announcements dated 10th March 2021 and 29th March 2021):

Domain 1 (D1) (cryolite and fluorite) is a circular feature measuring approximately 200m in diameter, developed immediately below the base and lower edges of the open pit. Immediately below the open pit this domain averages 6m, ranging between 4m and 25m true thickness. At the lower corners of the pit the domain bulges out to a thickness of up to 30m.

Domain 2 (D2) (iron and zinc) is an essentially flat to shallow southwest-dipping tabular body located directly beneath D1. Under the central part of the pit the vertical separation between D1 and D2 is approximately 25m. Towards the pit perimeter, the two zones intersect. Zinc mineralisation within D2 is considered to have a very close association with occurrence of siderite (iron carbonate).

Historical drilling campaigns only assayed for base metals to a limited extent with little work focusing on potential zinc mineralised lodes. Some of the drilling has yielded high grade base metal values such as 1.7% Cu, 18.2% Zn and 7.7% Pb (ref ASX announcement dated 10th March 2021) hosted within the iron (siderite) mineralised lode. There is evidence of limited historic underground extraction below the northern part of the pit. These workings appear to have focused on a zone of higher-grade zinc below D1. Most of the zinc mineralisation is hosted within >30% Fe-rich zones and remains largely untested.

Domain 3 (D3) (quartz) lies directly below the cryolite-fluorite and iron-zinc zones. It forms a flat roughly circular intrusive body 220m in diameter with a thickness of approximately 90m comprising of high-grade quartz.

Inspection of Hole A

Logging of the upper portion of Hole A, from 0m to 221m down hole, identified several distinct zones (Figure 19), including cryolite, siderite, zinc, greisen, quartz and zinc-copper zones, which are broadly consistent with the previously identified and modelled domains D1 (cryolite and fluorite) and D2 (iron and zinc) and D3 (quartz) (ref ASX announcements dated 10th March 2021 and 29th March 2021).

The zinc-rich mineralisation intersected in Hole A (Figures 19 to 21) corresponds to D2 with the upper zone from 27.15m being 12.7m thick, and lower iron-zinc-copper zone from 86.2 m being 3.7 m thick. The iron-zinc zones are separated by a 49.7 m thick interval of quartz.

The upper iron-zinc zone (Figure 20) is comprised of quartz, siderite, sphalerite and marmatite (a black, iron rich variety of sphalerite). Spot pXRF measurements also detected trace concentrations of copper and gold.

The lower iron-zinc-copper zone has many similarities with that of the upper zinc zone but the marmatite of the lower zone is intergrown with chalcopyrite, galena and pyrite (Figure 21). Spot pXRF measurements detected appreciable levels of copper, gold and silver.

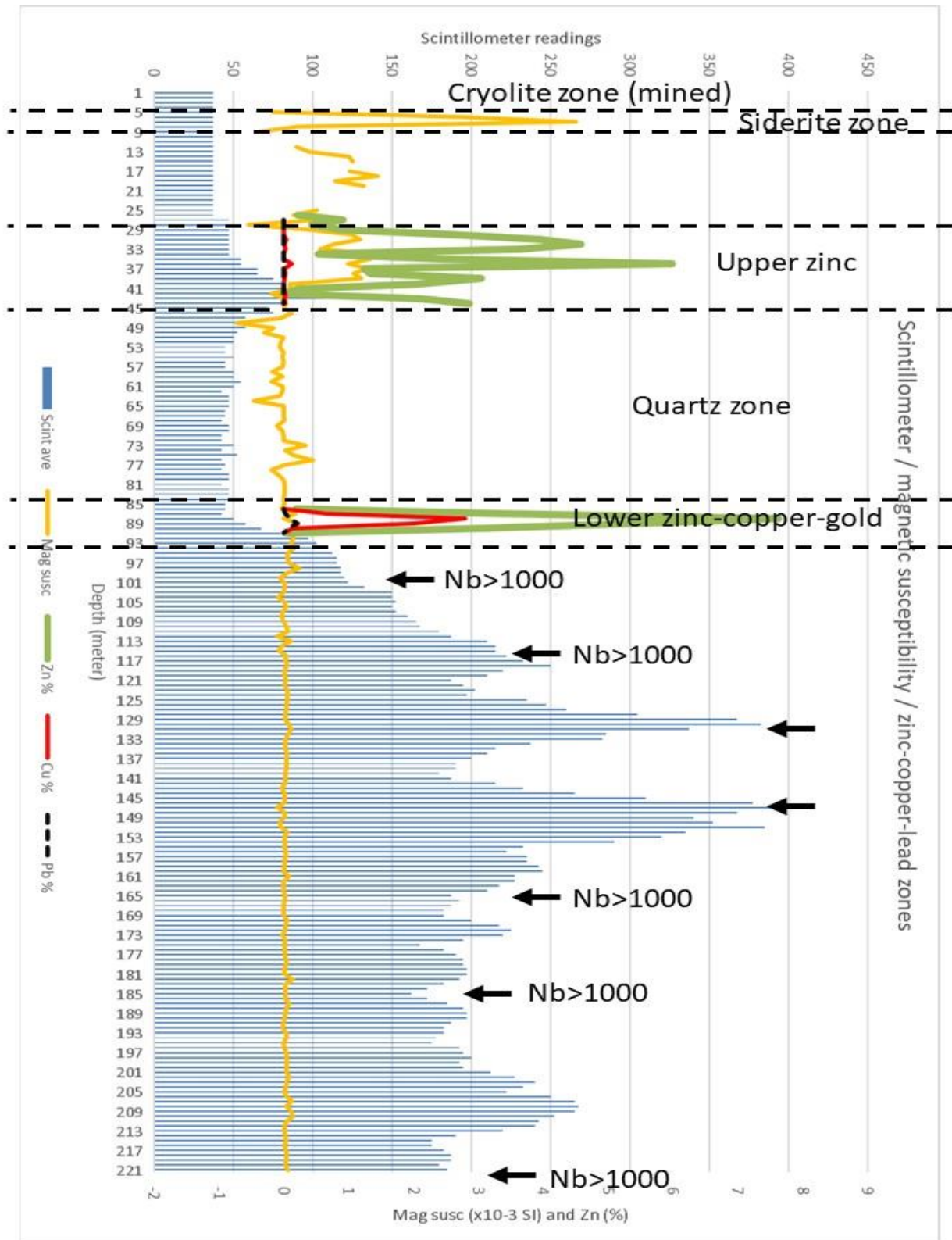


Figure 19: Downhole log for the upper 221 m of Hole A showing scintillometer, magnetic susceptibility and generalised zinc (Zn), copper (Cu), lead (Pb) and niobium (Nb) pXRF readings.

Ivigtût mine dump samples collected by Eclipse, which returned assay results of up to 165.00 g/t silver, 0.14% copper, 3.83% lead and 0.37% zinc (sample I21012; ref ASX announcements dated 10th March 2021), further corroborate the multi-commodity potential of the Ivigtût deposit and clearly demonstrate the need to better understand the distribution of these metals within the deposit, and whether some of these metals could represent economically viable by-products.



Directors' Report (Cont'd)

Analysis of the historic drill core by pXRF has also detected elevated niobium in the greisen body underlying the lower iron- zinc-copper zone. The greisen is known to be enriched in REE, niobium, tin, tantalum, and tungsten (ref ASX announcement dated 24th March 2022).

Collaboration with University of Delaware on Greenland research

In March 2023, Eclipse announced it had signed a Memorandum of Understanding (MOU) with the Minerals, Materials and Society Program at the University of Delaware, USA (University) to work collaboratively in efforts to research potential avenues for regional sustainable development and diversification of the economy in the proximity of Eclipse's Ivigtût Project in Southwest Greenland.

The University is focused on regional economic development of the Ivigtût project areas, and has received funding from the US government's National Science Foundation. This research is part of a larger project on redevelopment of legacy energy and mineral sites in the Arctic for a just and sustainable transition that recognises greater access to the region due to changing climate.

Eclipse will provide the University with access to project data and research as well as engage with stakeholders for the purpose of potential commercial development of all resources in the area.

Eclipse expects that the research being conducted by the University will assist in providing a framework for, and will potentially contribute to, the Social Impact Assessment (SIA).

Academic studies:

The Company collaborated with academic universities to fast-track research studies into the environmental and social impact of the project area. In early July, a team of six scholars from three European universities visited the project site for ten days to conduct various studies and sample the area. The company requested a specific assignment from two prominent academics, Professor Adrian Finch from the University of St Andrews and Professor Henrik Friis from the University of Oslo, for a better understanding of the Lithium and Gallium potentials in the Ivittuut environment. The professors further explored the potential of Gallium and Lithium which had been delineated in surface sample laboratory results.

The Company announced anomalous Lithium concentration in the Greenlandic project area on 23 March 2022 and on 24 March 2022, the Company's sampling results from the project area identified the potential of a multicommodity polymetallic pit environment within Ivittuut. Eclipse's bulk sampling was targeting industrial minerals and metals in Ivittuut waste dump and delineated Gallium values of above 70ppm in sample I21007. The bulk samples also delineated cryolithionite ($\text{Li}_3\text{Na}_3\text{Al}_2\text{F}_{12}$), a globally rare lithium-bearing fluoride mineral first described from Ivigtût.

Eclipse joins European Raw Materials Alliance

Eclipse was accepted into the European Raw Materials Alliance (ERMA) partner network in March 2023. The partnership with the ERMA is a critical step for Eclipse to engage with and garner support from European stakeholders, in order to further develop the Ivigtût project.

Formed in 2020, the ERMA aims to make Europe economically more resilient by diversifying its supply chains, creating jobs, attracting investments to the raw materials value chain, fostering innovation, training young talent, and contributing to the best enabling framework for raw materials and the Circular Economy worldwide.

ERMA provides support to other Greenland mining projects, including Bluejay Mining's Dundas Ilmenite Project and Greenland Resources' Malmberg Molybdenum Project.

Joining the ERMA is the latest step for Eclipse Metals as it strengthens its engagement with European stakeholders following recently commenced trading on the Frankfurt and TradeGate exchanges in Germany and its engagement of a European based investor relations and corporate advisor. Membership will allow Eclipse to participate in ERMA's development strategy for critical minerals and metals.

Eclipse's Ivigtût project aligns with ERMA's objectives to diversify critical raw material supply chains, with the project hosting rare earth elements, base metals and industrial minerals such as high grade quartz and offers an important development opportunity.

The Company's vision for its project in Southwest Greenland is to understand and harness the unique geology of the area and rejuvenate the historical mine site, targeting the project's polymetallic and REE mineralisation to supply industrial and critical minerals to global markets. Being part of the ERMA network will be beneficial throughout all stages of exploration and mining in the area.

ERMA addresses the challenge of securing sustainable access to raw materials, advanced materials, and industrial processing know-how. ERMA covers the full range of elements and minerals required by Europe's green and digital transitions, from critical raw materials to base metals and industrial minerals.

In addition to investing in infrastructure and capacity building within the EU, the Alliance supports activities aimed at securing a sustainable supply of raw and advanced materials for the EU's industrial ecosystems that support the transition to a green and digital economy.

Major mining companies including Rio Tinto, Anglo American and Lynas Corporation are also part of ERMA's partner network, along with many exploration and development companies.

Approval for program of work

The Company compiled submissions for a program of work that included diamond drilling to be completed in the upcoming field seasons. The program of work also includes water sampling from the pit environment as a requirement for dewatering the pit and to suffice for impact assessment. In addition, a trenching and wet saw cutting of the dykes surrounding the pit environment is proposed for future work in order to better understand the breccia outcrop which are known to contain rare earth elements (REE).

Environmental and Social Impact Studies

In April 2023, Eclipse completed scoping phase reports of Social and Environmental Impact Assessments for its Ivigtût project, with the assistance of Danish consultancy, COWI. Eclipse submitted the reports to Greenland's Mineral Licence and Safety Authority (MLSA) to progress permitting for the Ivigtût project.

The scoping phase of the Environmental and Social Impact Assessments aims to identify potential environmental, social, and socioeconomic issues related to the project. This study is essential to the pre-consultation and early involvement of the various stakeholders in the Greenland project.

Data for each of the studies will be collected through published literary reviews, sampling and fieldwork, surveying, local knowledge, data entry, analysis and reporting. Results and findings of these studies will be used to form part of the final assessments, which are required as part of the application to the MLSA for a mining licence in Greenland.

The Environmental Impact Assessment (EIA) will focus on pollution, impacts to flora and fauna, local use, and determining the chemical composition and acid generating potential of ore, waste rock, tailings, and other products, including process chemicals. Ecological toxicity tests will also be carried out as part of the environmental scoping study.

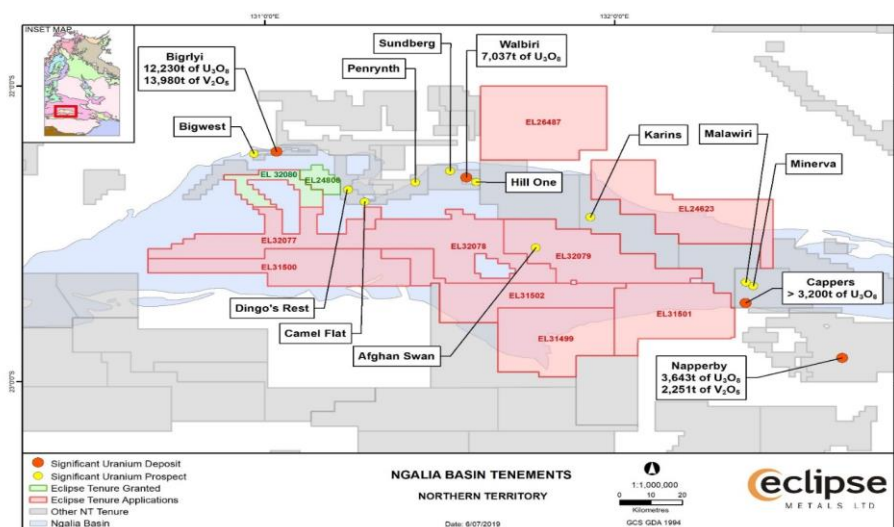
The Social Impact Assessment (SIA) will run in parallel with the EIA and will present and analyze information about the social, economic, and health conditions in Greenland. It will construct a baseline of socio-economic data, including monitoring changes in communities that may be affected by the project components. As part of the study, the Company will interact with affected residents and communities during data collection to exchange information on project activities and allow stakeholders to provide feedback about relevant issues to include in the baseline.

NGALIA BASIN URANIUM PROJECT – NORTHERN TERRITORY

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 (Figure 22), with a combined area of approximately 7,550km² situated within this extensive uranium mineralised region. To the north roll-front uranium mineralisation at Bigirlyi occurs in Devonian aged sandstones of the Ngalia Basin¹ with Inferred and Indicated Resources of 9,570t of U₃O₈ at 1,283ppm and 8,930t of V₂O₅ averaging 1197ppm at 500ppm U₃O₈ cut-off. Other deposits within the Ngalia Basin include Cappers² with an Inferred Resource of 3,200t of U₃O₈, averaging 145ppm U at 100ppm cut-off and Napperby³ with an Inferred Resource of 3,643t of U₃O₈ at 382ppm U₃O₈ and 2,251t of V₂O₅ grading 236ppm at 200ppm U₃O₈ cut-off.

The Company has been liaising closely with Central Land Council (CLC) in further progressing tenements in the Northern Territory. The company is also in discussions with the CLC regarding agreements and applications for Mines Management plans in Northern Territory, which has now been completed for tenements EL2480 & EL32080.



¹ Refer Energy Metals Ltd (ASX:EME) announcement 28 June 2011

² Refer Energy Metals Ltd (ASX:EME) announcement 16 April 2010

³ Refer Core Exploration Ltd (ASX:CXO) announced 12 October 2018

LIVERPOOL URANIUM PROJECT – NORTHERN TERRITORY

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.

Eclipse has commenced the ethnographic survey of ELAs 31065 and 31770 within the Liverpool group of tenements located in the Alligator Rivers Uranium province in the Northern Territory with the assistance of Northern Land Council (NLC). The survey assesses Aboriginal sacred sites as part of further negotiations with the traditional landowners as we progress toward granting these tenements. The surveys were completed in late Q2 of the financial year. Based on the outcome of the surveys, the company is discussing with NLC to conclude on any of the sacred sites that would need to be noted in the Aboriginal Land Rights Agreement (ALRA) with the terms due to be agreed on with NLC and negotiated with the traditional landowners during the 2023 calendar year.

BUSINESS RISK

Risk of failure in exploration and development

Payment of compensation is ordinarily necessary to acquire participating interests. Also, surveying and exploratory drilling expenses (exploration expenses) become necessary at the time of exploration activities for the purpose of discovering resources. When resources are discovered, it is necessary to further invest in substantial development expenses according to various conditions, including the size of the recoverable reserves and development costs.

There is, however, no guarantee of discovering resources on a scale that makes development and production feasible. The probability of such discoveries is considerably low despite various technological advances in recent years, and even when resources are discovered the scale of the reserves does not necessarily make commercial production feasible. For this reason, the Group assess the impairment of its capitalised exploration cost on a regular basis.

Overseas Business Activities and Country Risk (Geopolitical Risk)

The Group engages in exploration activities in Greenland. The success of the Group's operation depends on the political stability in those countries and the availability of qualified and skilled workforce to support our operations.

While the operations of the Group in Greenland is currently stable, a change in the government may result in changes to the foreign investment laws and these assets could have an adverse effect on the Group's operational results.

To manage this risk, the Group ensures that all significant transactions in these countries are supported by robust contracts between the company and third parties. We have a system in place for parent company level to continuously check the country risk management before any significant investment is made.

CORPORATE

Completion of \$2M placement

In August 2022, Eclipse Metals announced it had received firm commitments from sophisticated investors to raise \$2 million before costs via a placement (Placement) of 100 million shares at an issue price of \$0.02 per share (Placement Shares).

Subscribers to the Placement were offered one (1) free attaching option exercisable at \$0.05 expiring 17 September 2024 (Placement Options) for each subscribed Placement Share.

Allotment of the Placement Shares occurred in September 2022. Eclipse is using funds raised from the Placement for drilling campaigns in Greenland.

Ignite Equity Pty Ltd (Ignite) managed the Placement. Ignite is a boutique corporate advisory firm specialising in funding and acting as corner investor for small-cap ASX listed companies.

A total of 100,000,000 Placement Shares were issued pursuant to the Company's existing Listing Rule 7.1A placement capacity. In addition, the 100 million attaching listed options and 7.5 million listed Broker Options were issued pursuant to Listing Rule 7.1.

Shares issued in lieu of services

Directors' Report (Cont'd)

The Company issued 4,521,935 shares to its suppliers in lieu of marketing services and 2,411,445 shares in lieu of drilling services provided.

Quotation of Options

As indicated at the time of Placement, the Company proceeded to seek approval for the quotation of the Placement Options. The process necessitated application 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 the options as set out in the Prospectus remain unchanged. A total of 298,476,469 options exercisable at \$0.05 expiring 17 September 2024 are quoted under the ASX ticker code "EPMOA".

On 18 November 2022, the Company issued 180,000,000 options exercisable at \$0.015 on or before 3 years from the date of issue and 160,000,000 options exercisable at \$0.05 on or before 5 years from the date of issue as part of Ivittuut acquisition.

European Exchange Listing

The Company commenced trading on Frankfurt Stock Exchange and the German Tradegate Exchange under the ticker [FSE: 9EU]. Accordingly, Eclipse appointed Frankfurt-based DGWA (Deutsche Gesellschaft für Wertpapieranalyse GmbH), the German Institute for Asset and Equity Allocation and Valuation as its investor relations and corporate advisor in Europe. Frankfurt Stock Exchange is the largest of Germany's trading exchanges and the second largest stock exchange in Europe. Tradegate is a fully regulated German trading exchange, 60% owned by Deutsche Börse AG, one of Europe's largest exchanges. The exchange facilitates trading in over 10,000 securities from around the world. It is the primary exchange for retail share trading for large German and French banks such as Deutsche Bank, Commerzbank and BNP and many of the European online brokers such as Trade Republic.

Release from Escrow

The following securities were released from voluntary escrow on 14 January 2023:

| Security | Restriction period ended |
|--|--------------------------|
| 100,000,000 Fully paid ordinary shares | 14 January 2023 |

The following securities will be released from voluntary escrow on 28 May 2023:

| Security | Restriction period ended |
|---|--------------------------|
| 40,500,000 Fully paid ordinary shares | 28 May 2023 |
| 25,000,000 Unquoted options exercisable at 1.5c and expiring 28/05/2024 | 28 May 2023 |
| 10,000,000 Unquoted options exercisable at 5.0c and expiring 28/05/2026 | 28 May 2023 |

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 2023 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 | 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 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 26487 | Yuendi | Cu, Uranium | Application | NT | Whitvista 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. Whistvista Pty Ltd is a subsidiary of Eclipse Metals Ltd
3. North Minerals Pty Ltd is a subsidiary of Eclipse Metals Ltd

10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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

Mr Carl Popal

Qualifications
Experience

Executive Chairman

Bachelor of Business

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

Qualifications

Experience

Non-Executive Director

Fellowship Diploma in Geology Royal Melbourne Institute of Technology (FRMIT)

Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM)

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.

Mr Dale holds 4,000,000 performance rights in the Company.

Directorships held in other listed entities

None

Mr Ibrar Idrees

Qualifications

Experience

Interest in shares and options in the Company

Directorships held in other listed entities

Non-Executive Director

Bachelor of Commerce (major in Accounting & Finance).

Mr Idrees is 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.

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.

None

Dr Oliver Kreuzer

Qualifications

Experience

Interest in shares and options in the Company

Directorships held in other listed entities

Non-Executive Director

Dipl-Geol (Geology, Palaeontology and Mineralogy), PhD (Economic Geology), Registered Professional Geoscientist (MAIG RPGeo)

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 new company floats, project acquisitions and discoveries.

Nil

92 Energy Limited (ASX:92E), NickelX Limited (ASX:NKL), Patriot Lithium Limited (ASX:PAT)

Mr Matthew Foy

Qualifications

Experience

Interest in shares and options in the Company

Company Secretary

BCom, GradDipAppFin, GradDipACG, SAFin, FGIA, FCG

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.

Mr Foy holds 4,000,000 performance rights in the Company.

11. REMUNERATION REPORT (Audited)

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

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

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

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

A Remuneration Policy

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

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

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

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

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

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

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

Remuneration Committee

During the year ended 30 June 2023, 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.

11. 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 (KMP) 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 |

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

Details of the nature and amount of emoluments of the key management personnel during the 2023 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⁾ | 2023 | 300,000 | - | 51,300 | 49,864 | 401,164 | 12% |
| | 2022 | 270,000 | - | - | 83,760 | 353,760 | 24% |
| Rodney Dale ⁽ⁱⁱ⁾ | 2023 | 36,000 | - | 14,850 | 21,282 | 72,132 | 30% |
| | 2022 | 46,350 | 3,000 | 5,700 | 34,841 | 89,891 | 39% |
| Ibrar Idrees ⁽ⁱⁱⁱ⁾ | 2023 | 18,000 | - | - | 21,282 | 39,282 | 54% |
| | 2022 | 18,000 | - | - | 34,841 | 52,841 | 66% |
| Oliver Kreuzer ^(iv) | 2023 | 38,333 | - | 3,900 | - | 42,233 | - |
| | 2022 | 23,333 | - | 14,550 | - | 37,883 | - |
| Total | 2023 | 392,333 | - | 70,050 | 92,428 | 554,811 | 17% |
| | 2022 | 357,683 | 3,000 | 20,250 | 153,442 | 534,375 | 29% |

- (i) During the year ended 30 June 2023, an amount of \$300,000 representing director fees (2022:\$270,000) was paid to Mr Popal as an executive director of the Company. Superannuation of an amount of \$51,300 was accrued for Mr Popal as at 30 June 2023.
- (ii) During the year ended 30 June 2023, an amount of \$36,000 director fees (2022: \$49,350) and \$14,850 geologist fees (2022: \$5,700) were paid or payable to Mr. Dale. There is no additional director hours billed by Mr Dale in the financial year 2023 (2022: \$13,350).
- (iii) During the year ended 30 June 2023, an amount of \$18,000 representing director fees (2022:\$18,000) was paid to Mr Idrees as a non-executive director of the Company.
- (iv) During the year ended 30 June 2023, an amount of \$38,333 director fees (2022: \$23,333) and \$3,900 geologist fees (2022: \$14,550) was paid to Dr Kreuzer.

C Equity-based compensation

Shares Granted as Part of Remuneration for Year Ended 30 June 2023

Nil (2022: Nil) shares were issued to directors as part of the long-term employee scheme. Nil performance shares (2022:4,500,000 class B) were vested during the financial year 2023.

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)

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.

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 | 8,000,000 | - | - | 8,000,000 |
| Mr Carl Popal | 51,587,833 | - | - | 51,587,833 |
| Mr Ibrar Idrees | 1,000,000 | - | - | 1,000,000 |
| Dr Oliver Kreuzer | - | - | - | - |
| | 60,587,833 | - | - | 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 | 4,000,000 | - | - | 4,000,000 |
| Mr Carl Popal | 9,500,000 | - | - | 9,500,000 |
| Mr Ibrar Idrees | 4,000,000 | - | - | 4,000,000 |
| Dr Oliver Kreuzer | - | - | - | - |
| | 17,500,000 | - | - | 17,500,000 |

E Key management personnel shareholdings (Continued)

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 |

Performance Rights affecting Remuneration

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

| 2023 | 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 ^{(ii)(a)} | 26/05/21 | 4,500,000 | 04/06/24 | - | 0.02 | Nil | - | \$30,082 | \$26,960 | \$63,040 |
| Tranche 2 ^{(ii)(b)} | 26/05/21 | 2,500,000 | 04/06/24 | - | 0.014 | 2,500,000 | 100% | - | - | \$35,015 |
| Tranche 3 ^{(ii)(c)} | 26/05/21 | 2,500,000 | 04/06/24 | - | 0.0123 | Nil | - | \$10,256 | \$9,256 | \$21,494 |
| Tranche 4 ^{(ii)(d)} | 26/05/21 | 2,500,000 | 04/06/24 | - | 0.0114 | Nil | - | \$9,526 | \$8,537 | \$19,963 |
| | | | | | | | | | | |
| Ibrar Idrees | | | | | | | | | | |
| Tranche 1 ^{(ii)(a)} | 26/05/21 | 2,000,000 | 04/06/24 | - | 0.02 | Nil | - | \$13,370 | \$11,981 | \$28,019 |
| Tranche 2 ^{(ii)(b)} | 26/05/21 | 1,000,000 | 04/06/24 | - | 0.014 | 1,000,000 | 100% | - | - | \$14,006 |
| Tranche 3 ^{(ii)(c)} | 26/05/21 | 1,000,000 | 04/06/24 | - | 0.0123 | Nil | - | \$4,102 | \$3,703 | \$8,597 |
| Tranche 4 ^{(ii)(d)} | 26/05/21 | 1,000,000 | 04/06/24 | - | 0.0114 | Nil | - | \$3,810 | \$3,416 | \$7,984 |
| | | | | | | | | | | |
| Rod Dale | | | | | | | | | | |
| Tranche 1 ^{(ii)(a)} | 26/05/21 | 2,000,000 | 04/06/24 | - | 0.02 | Nil | - | \$13,370 | \$11,981 | \$28,019 |
| Tranche 2 ^{(ii)(b)} | 26/05/21 | 1,000,000 | 04/06/24 | - | 0.014 | 1,000,000 | 100% | - | - | \$14,006 |
| Tranche 3 ^{(ii)(c)} | 26/05/21 | 1,000,000 | 04/06/24 | - | 0.0123 | Nil | - | \$4,102 | \$3,703 | \$8,597 |
| Tranche 4 ^{(ii)(d)} | 26/05/21 | 1,000,000 | 04/06/24 | - | 0.0114 | Nil | - | \$3,810 | \$3,416 | \$7,984 |
| | | | | | | | | | | |
| | | 22,000,000 | | - | - | 4,500,000 | 20.45% | 92,428 | 82,953 | 256,724 |

(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 (2022: 5,608,784).

This is the end of the audited Remuneration Report.

13. OPTIONS AND PERFORMANCE RIGHTS

During the financial year, Nil ordinary shares have been issued as a result of the exercise of options (2022: 419,548).

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 2024 |
| 32,500,000 | Unlisted | 28 May 2021 | \$0.050 | 28 May 2026 |
| 298,476,469 | Listed | 19 Sept 2022 | \$0.050 | 19 Sept 2024 |
| 180,000,000 | Unlisted | 18 Nov 2022 | \$0.015 | 18 Nov 2025 |
| 160,000,000 | Unlisted | 18 Nov 2022 | \$0.050 | 18 Nov 2027 |
| <u>733,476,469</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 |
| Oliver Kreuzer | 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 \$6,567 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 2023 has been received and can be found on page 63.

Non-Audit Services

During the year ended 30 June 2023, NIL (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, 19 September 2023

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

| | Notes | Consolidated 2023 \$ | 2022 \$ |
|--|-------|----------------------------|--------------------|
| Continuing operations | | | |
| Revenue and other income | 4 | 12,573 | 12,041 |
| Directors' fees | 5 | (443,633) | (360,683) |
| Share-based payment expense | 18 | (131,850) | (223,682) |
| Consultancy expenses | 5 | (185,692) | (106,704) |
| Legal, management and tenement services | 5 | (116,585) | (148,073) |
| Listing expenses | | (74,990) | (45,011) |
| Travel expenses | | (45,366) | (88,084) |
| Administration expenses | | (286,721) | (295,151) |
| Depreciation expenses | 9 | (17,457) | (18,422) |
| Finance expenses | | (899) | (1,223) |
| Exploration expenditure | | (169,698) | (43,754) |
| Write-off of tenement EL17672 | | (1,068,918) | - |
| Loss before income tax | | (2,529,236) | (1,318,746) |
| Income tax | 7 | - | - |
| Loss after tax from continuing operations | | (2,529,236) | (1,318,746) |
| 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 | | (2,529,236) | (1,318,746) |
| Loss for the year attributable to: | | | |
| Owners of Eclipse Metals Limited | | (2,496,803) | (1,318,710) |
| Non-controlling interests | | (32,433) | (36) |
| | | (2,529,236) | (1,318,746) |
| Total comprehensive loss for the year attributable to: | | | |
| Owners of Eclipse Metals Limited | | (2,496,803) | (1,318,710) |
| Non-controlling interests | | (32,433) | (36) |
| | | (2,529,236) | (1,318,746) |
| Loss per share (cents per share) | | | |
| Basic and diluted loss for the year | 15 | (0.13) | (0.08) |

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 2023

| | Notes | Consolidated 2023 \$ | 2022 \$ |
|--|-------|----------------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 8 | 879,591 | 659,753 |
| Trade and other receivables | 10 | 33,387 | 46,028 |
| Right-of-use of asset | 9 | - | 16,550 |
| Prepayments | | 32,890 | - |
| Total current assets | | 945,868 | 722,331 |
| Non-current assets | | | |
| Exploration and evaluation expenditure | 11 | 12,420,937 | 9,197,172 |
| Total non-current assets | | 12,420,937 | 9,197,172 |
| Total assets | | 13,366,805 | 9,919,503 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 177,900 | 48,383 |
| Lease liability | 9 | - | 16,550 |
| Total current liabilities | | 177,900 | 64,933 |
| Total liabilities | | 177,900 | 64,933 |
| Net assets | | 13,188,905 | 9,854,570 |
| EQUITY | | | |
| Issued capital | 13 | 35,376,643 | 33,399,288 |
| Reserves | 14 | 5,809,933 | 1,923,717 |
| Accumulated losses | | (27,940,524) | (25,443,721) |
| Owners of Eclipse Metals Limited | | 13,246,052 | 9,879,284 |
| Non-controlling interests | | (57,147) | (24,714) |
| Total equity | | 13,188,905 | 9,854,570 |

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 2023

| | 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 |

| | Issued capital | Reserves | Accumulated losses | Sub-total | Non-controlling interests | Total equity |
|--|-------------------|------------------|---------------------|--------------------|---------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2022 | 33,399,288 | 1,923,717 | (25,443,721) | 9,879,284 | (24,714) | 9,854,570 |
| Loss for the year | - | - | (2,496,803) | (2,496,803) | (32,433) | (2,529,236) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive loss for the year | - | - | (2,496,803) | (2,496,803) | (32,433) | (2,529,236) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Shares issued during the year | 2,000,000 | - | - | 2,000,000 | - | 2,000,000 |
| Options – Right issue | - | 3,679,366 | - | 3,679,366 | - | 3,679,366 |
| Share issue costs | (173,733) | 75,000 | - | (98,733) | - | (98,733) |
| Share-based payments | 151,088 | 131,850 | - | 282,938 | - | 282,938 |
| Balance at 30 June 2023 | 35,376,643 | 5,809,933 | (27,940,524) | 13,246,052 | (57,147) | 13,188,905 |

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 2023

| | Notes | 2023 \$ | Consolidated 2022 \$ |
|--|-------|-----------------------|----------------------------|
| Cash flows from operating activities | | | |
| Interest received | | 11,790 | 205 |
| Payments to suppliers and employees | | (1,113,823) | (1,400,210) |
| Refund of tenement deposit | | - | 11,000 |
| Net cash (used in) operating activities | 17 | <u>(1,102,033)</u> | <u>(1,389,005)</u> |
| Cash flows from investing activities | | | |
| Payments for acquisition of Ivigtut project | 11 | - | (100,000) |
| Payments for exploration and evaluation | | (562,676) | (24,033) |
| Net cash (used in) investing activities | | <u>(562,676)</u> | <u>(124,033)</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 | | (98,733) | (20,725) |
| Proceeds from exercise of options | | - | 20,977 |
| Payment of lease liability | | (16,720) | (18,949) |
| Net cash provided by financing activities | | <u>1,884,547</u> | <u>364,096</u> |
| Net increase / (decrease) in cash and cash equivalents | | 219,838 | (1,148,942) |
| Cash and cash equivalents at beginning of year | | 659,753 | 1,808,695 |
| Cash and cash equivalents at end of year | 8 | <u>879,591</u> | <u>659,753</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 2023

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 2023 were authorised for issue in accordance with a resolution of the directors on 19 September 2023.

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 consolidated 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 2023, the Group recorded a net loss of \$2,529,236 (2022: \$1,318,746), a net operating cash outflow of \$1,102,033 (2022: \$1,389,005) and a net working capital of \$767,968 (2022: \$657,398).

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 2023

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.

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 has written-off \$1,068,918 of exploration expenditure during the financial year 30 June 2023 (2022: Nil). Exploration expenditure are impaired or written-off 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 2023, the Group has capitalised exploration expenditure of \$12,420,937 (2022: \$9,197,172) 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 2023 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 2023

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 2023

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 2023

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 2023

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 2023, the Company had no employees (2022: 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 2023

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

The Entity adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.

AASB 2020-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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

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 along with the adoption of AASB2022-6. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure. 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 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.

AASB 2021-7b & c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7b makes various editorial corrections to AASB 17 Insurance Contracts which applies to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. AASB 2021-7c defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018. The Group plans on adopting the amendments for the reporting periods ending 30 June 2024 and 30 June 2026. The impact of initial application is not yet known.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes editorial corrections to the following standards: AASB 7, AASB 116, AASB 124, AASB 128, AASB 134 and AASB as well as to AASB Practice Statement 2. It also formally repeals superseded and redundant Australian Accounting Standards as set out in Schedules 1 and 2 to the Standard.

The Group plans on adopting the amendments for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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 segments, 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.

4. REVENUE AND OTHER INCOME

| | Consolidated 2023 \$ | 2022 \$ |
|---------------------------------------|----------------------------|---------------|
| Interest revenue | 11,790 | 205 |
| Realised foreign currency gain | - | 836 |
| Others | 783 | 11,000 |
| Total revenue and other income | 12,573 | 12,041 |

5. EXPENSES

| | | |
|---|----------------|----------------|
| Employee benefits expenses and directors' fees | | |
| Directors' fees | 443,633 | 360,683 |
| | 443,633 | 360,683 |
| Consultancy expenses | | |
| Consulting fees | 153,487 | 92,129 |
| Geological services | 32,205 | 14,575 |
| | 185,692 | 106,704 |
| Legal, management and tenement services | | |
| Legal fees | 20,420 | 36,727 |
| Other services | 41,395 | 62,014 |
| Taxation and audit fees | 54,770 | 49,332 |
| | 116,585 | 148,073 |

6. AUDITOR'S REMUNERATION

| | | |
|--|---------------|---------------|
| Remuneration of the auditor for: | | |
| Auditing and review of financial statements (Stantons) | 47,020 | 44,142 |
| | 47,020 | 44,142 |
| Non audit services – Preparation of valuation report | - | 3,850 |
| | - | 3,850 |

Notes to the consolidated financial statements

For the year ended 30 June 2023

7. INCOME TAX

Numerical reconciliation of income tax expense to prima facie tax payable

| | 2023 \$ | 2022 \$ |
|---|-------------|-------------|
| Loss from ordinary activities before income tax expense | (2,529,236) | (1,318,746) |
| Prima facie tax benefit on loss from ordinary activities at 25% (2022: 25%) | (632,309) | (329,687) |
| Tax effect of: | | |
| - Adjustment of prior years income tax | - | - |
| - Non-deductible expenses | 271,247 | (118,953) |
| - Non-assessable income | - | - |
| Movement in deferred tax not recognised | (361,062) | (448,640) |

Unrecognised temporary differences

| | | |
|---|------------------|------------------|
| <i>Deferred tax assets at 25% (2022: 25%)</i> | | |
| Carry forward tax losses (operating) | 3,157,562 | 2,796,500 |
| Carry forward foreign tax losses (operating) | 62,988 | 38,379 |
| Carry forward tax losses (capital) | - | - |
| Temporary differences | 98,252 | 50,138 |
| <i>Total deferred tax assets</i> | <i>3,318,802</i> | <i>2,885,017</i> |

Deferred tax liabilities at 25% (2022: 25%)

| | | |
|---------------------------------------|------------------|------------------|
| Temporary differences | (453,056) | (342,335) |
| <i>Total deferred tax liabilities</i> | <i>(453,056)</i> | <i>(342,335)</i> |

| | | |
|--|------------------|------------------|
| <i>Net deferred tax asset not brought to account</i> | <i>2,865,746</i> | <i>2,542,682</i> |
|--|------------------|------------------|

Potential future income tax benefits arising from tax losses have not been brought to account at 30 June 2023 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 | 879,591 | 659,753 |
| | <u>879,591</u> | <u>659,753</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 31st May 2023 and has not been renewed.

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 2022 | 16,550 |
| Additions during the year | - |
| Depreciation charge for the year | (17,457) |
| FX revaluation on lease | 907 |
| Balance at 30 June 2023 | <u>-</u> |
| 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> |

Notes to the consolidated financial statements

For the year ended 30 June 2023

9. LEASES (Continued)

b) Lease liability

| | |
|--------------------------------|---------------|
| | \$ |
| Balance at 1 July 2022 | 16,550 |
| Repayment of liability | (16,720) |
| Liability on lease renewal | - |
| FX revaluation on liability | 170 |
| Balance at 30 June 2023 | - |
| 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 | 16,550 |

Total cash outflow from lease amounted to \$16,720 (2022:\$18,949) as at 30 June 2023.

10. TRADE AND OTHER RECEIVABLES

| | Consolidated 2023 | 2022 |
|--------------------------------|----------------------|---------------|
| | \$ | \$ |
| Other receivables (i) | 28,605 | 41,246 |
| Office bond (ii) | 4,782 | 4,782 |
| Security deposit for tenements | - | - |
| | 33,387 | 46,028 |

(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 2023 | 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 | 28,605 | - | - | - | - | - | 28,605 |
| Total | 28,605 | - | - | - | - | - | 28,605 |

| 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 |

Notes to the consolidated financial statements

For the year ended 30 June 2023

11. EXPLORATION AND EVALUATION EXPENDITURE

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

| | | Consolidated | |
|---|-------|-------------------|------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Tenement acquisition at cost | | | |
| Balance at 1 July | | 9,197,172 | 9,173,139 |
| Additions – Expenditure on Australian Tenements | | 19,393 | 24,033 |
| Acquisition cost – Ivigtut | 11(b) | 3,679,366 | - |
| Expenditure on the Ivigtut project | 11(d) | 593,924 | - |
| Write-off | 11(c) | (1,068,918) | - |
| Balance at 30 June | | 12,420,937 | 9,197,172 |

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 |
| 3rd Completion | | | |
| Issue of 180M options ⁶ | - | 2,101,173 | 2,101,173 |
| Issue of 160M options ⁶ | - | 1,578,193 | 1,578,193 |
| Total | 150,000 | 10,025,366 | 10,175,366 |
| Legal cost incurred to acquire the project | 65,416 | - | 65,416 |
| | 215,416 | 10,025,366 | 10,240,782 |

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.

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. As at reporting date, the 212 million shares were released from escrow as part of the agreement.

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. As at reporting date, 154 million shares were released from escrow as part of the agreement to acquire the Ivigtut project.

6. On 18 November 2022, Eclipse has issued to the vendors the following unlisted options as additional consideration (Phase 3 consideration options) pursuant to the agreement between Eclipse and the Ivigtut vendors. The Phase 3 Consideration options were subject to shareholders approval and was approved on 9 November 2022. The fair value of these options which amounted to \$3,679,366 have been capitalised as acquisition cost of Ivigtut.

- 180,000,000 options exercisable at \$0.015 expiring 18/11/2025
- 160,000,000 options exercisable at \$0.05 expiring 18/11/2027

These options were valued using the Black-Scholes valuation model. Details of the options issued are disclosed in the Note 18 to the consolidated financial statements.

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 2023

11. EXPLORATION AND EVALUATION EXPENDITURE (Continued)

(c) Write off EL 17672

During the year, the Group relinquished tenement EL17672. The capitalised amount of \$1,068,918 has been written-off during the year.

(d) Expenditure on Ivitgut project

The Group issued 2,411,445 ordinary shares in lieu of drilling services provided by a supplier in relation to the Ivitgut project. The value of these shares of \$50,641 have been capitalised as exploration and evaluation asset (Note 13).

12. TRADE AND OTHER PAYABLES

Unsecured liabilities

Trade payables

Accruals and other payables

| Consolidated | |
|----------------|---------------|
| 2023 | 2022 |
| \$ | \$ |
| 95,100 | 14,282 |
| 82,800 | 34,101 |
| 177,900 | 48,383 |

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.

Amount in accruals in the current year includes:

- Accrued superannuation for Mr Carl Popal \$51,300 (2022: Nil).

13. ISSUED CAPITAL

Ordinary shares issued and fully paid

| Consolidated | |
|--------------|------------|
| 2023 | 2022 |
| \$ | \$ |
| 35,376,643 | 33,399,288 |

a) Fully paid ordinary shares

Balance at 1 July 2022

Placement @ \$0.02

Shares issued in lieu of services ^{2,3,4}

Share issue costs¹

Balance at 30 June 2023

| Consolidated | |
|----------------------|------------------------|
| Number | \$ |
| 1,921,126,413 | 33,399,288 |
| 100,000,000 | 2,000,000 |
| 6,933,380 | 151,088 |
| - | (173,733) ¹ |
| 2,028,059,793 | 35,376,643 |

¹Included in the share issue costs is the value of listed options issued to the lead manager of \$75,000.

²The Group issued 2,034,783 fully ordinary paid shares to a supplier in lieu of marketing services for a period of 15 months commencing 24 August 2022. The value of the service was \$47,000. \$15,015 of this amount was recognised as prepayment and the remainder of \$31,985 have been recognised as marketing expense included in total administration expenses.

³The Group issued 2,411,445 ordinary shares in lieu of drilling services provided by a supplier in relation to the Ivitgut project. The value of these shares \$50,641 have been capitalised as exploration and evaluation asset (Note 11).

⁴The Group issued 2,487,152 fully paid ordinary shares to suppliers in lieu of marketing services. The value of \$53,447 have been recognised as marketing expenses included in total administration expenses.

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 |
| 18(a) 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).

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 2023, the unlisted options outstanding of Eclipse Metals Ltd were 435,000,000 (2022: 285,976,469).

During the year, the Group issued 180,000,000 options exercisable at \$0.015 expiring 3 years from date of issue and 160,000,000 options exercisable at \$0.05 expiring 5 years from the date of issue as part of the settlement of the Ivitgut acquisition.

Notes to the consolidated financial statements

For the year ended 30 June 2023

13. ISSUED CAPITAL (Continued)

b) Options and Performance Rights (Continued)

| | Consolidated |
|---|---------------------|
| | Number |
| Movements | |
| Balance at 1 July 2022 | 285,976,469 |
| Unlisted Options issued during the year | 340,000,000 |
| Unlisted options reclassified as Listed | (190,976,469) |
| Balance at 30 June 2023 | 435,000,000 |

| | Consolidated |
|--|---------------------|
| | Number |
| 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 | (419,548) |
| Balance at 30 June 2022 | 285,976,469 |

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.

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 2023, Nil (2022:Nil) 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:

| 2023 | Grant Date | 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 | \$51,671 |
| Tranche 2 ^(b) | 26/05/21 | 4,625,000 | 04/06/24 | NIL | 0.014 | 4,625,000 | 100% | - | - |
| Tranche 3 ^(c) | 26/05/21 | 4,625,000 | 04/06/24 | NIL | 0.0123 | - | - | \$18,974 | \$17,003 |
| Tranche 4 ^(d) | 26/05/21 | 4,625,000 | 04/06/24 | NIL | 0.0114 | - | - | \$17,622 | \$15,793 |
| Tranche 1 ^(a) | 31/05/21 | 2,000,000 | 04/06/24 | NIL | 0.02 | - | - | \$13,370 | \$12,164 |
| Tranche 2 ^(b) | 31/05/21 | 1,000,000 | 04/06/24 | NIL | 0.014 | 1,000,000 | 100% | - | - |
| Tranche 3 ^(c) | 31/05/21 | 1,000,000 | 04/06/24 | NIL | 0.0121 | - | - | \$4,054 | \$3,688 |
| Tranche 4 ^(d) | 31/05/21 | 1,000,000 | 04/06/24 | NIL | 0.0112 | - | - | \$3,721 | \$3,420 |
| Tranche 1 ^(a) | 01/06/21 | 1,125,000 | 04/06/24 | NIL | 0.02 | - | - | \$7,521 | \$6,863 |
| Tranche 2 ^(b) | 01/06/21 | 1,125,000 | 04/06/24 | NIL | 0.0141 | 1,125,000 | 100% | - | - |
| Tranche 3 ^(c) | 01/06/21 | 1,125,000 | 04/06/24 | NIL | 0.0124 | - | - | \$4,609 | \$4,302 |
| Tranche 4 ^(d) | 01/06/21 | 1,125,000 | 04/06/24 | NIL | 0.0115 | - | - | \$4,321 | \$3,947 |
| | | 32,000,000 | | | - | 6,750,000 | 21% | \$131,850 | 118,851 |

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 2023

13. ISSUED CAPITAL (Continued)

b) Options and Performance Rights (Continued)

| 2022 | Grant Date | No. of Performance Rights | Expiry date | Exercise price | Value at grant date | 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% 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 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.

There are 5,608,784 unlisted options held by key management personnel of the Group during the financial year (2022: 5,608,784). Further details on options and performance rights are disclosed in Note 18.

Shares issued on exercise of options and performance rights

- Nil options (2022:419,548) were exercised during the financial year.
- Nil performance shares (2022:6,750,000) 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 2023

14. RESERVES

Nature and purpose of reserves

Share-based payment reserve

The share-based payment reserve includes the share-based payments, option issued and performance shares.

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 | |
|--|-------|------------------|------------------|
| | | 2023 \$ | 2022 \$ |
| Share-based payment reserve | | 5,798,101 | 1,911,885 |
| Other reserve | | 11,832 | 11,832 |
| | | 5,809,933 | 1,923,717 |
| Movement in reserves | | | |
| Opening Balance | | 1,911,885 | 1,400,048 |
| Ivigtut acquisition- options issued | 11(b) | 3,679,366 | - |
| Capital raising cost – Options issued to brokers | 13(a) | 75,000 | - |
| Share base payment – Performance rights | 18 | 131,850 | 223,682 |
| Rights issue of Options | 18 | - | 382,793 |
| Transfer between equity accounts | | - | (94,638) |
| | | 5,798,101 | 1,911,885 |

15. LOSS PER SHARE

| | | Consolidated | |
|--|--|--------------------|--------------------|
| | | 2023 \$ | 2022 \$ |
| Loss used in the calculation of basic and dilutive loss per share | | | |
| Total comprehensive loss for the year | | (2,529,236) | (1,318,746) |
| Less: Loss attributable to non-controlling equity interest | | 32,433 | 36 |
| Loss used to calculate basic and dilutive loss per share | | (2,496,803) | (1,318,710) |
| Weighted average number of shares | | | |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share. | | 1,917,044,723 | 1,611,989,573 |
| Loss per share | | | |
| Basic and diluted loss per share (cents per share) | | (0.13) | (0.08) |

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 2023

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 | |
|---------------------------------|--------------|---------|
| | 2023 | 2022 |
| | \$ | \$ |
| - No later than 12 months | 360,000 | 676,000 |
| - Between 12 months and 5 years | - | - |
| - Greater than 5 years | - | - |
| | 360,000 | 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 | |
|---|--------------------|--------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Reconciliation of net loss after tax to the net cash flows from operations | | |
| Loss for the year | (2,529,236) | (1,318,746) |
| <i>Adjustments for:</i> | | |
| Write-off of tenement EPM17672 | 1,068,918 | - |
| Depreciation | 17,457 | 18,422 |
| Share based payment expense | 131,850 | 223,682 |
| Shares issued in lieu of services – administration expenses | 85,432 | - |
| Foreign exchange | (737) | (309) |
| <i>Movements in working capital:</i> | | |
| Decrease/ (increase) in trade and other receivables | 12,641 | 17,024 |
| (Increase) / Decrease in prepayments | (17,875) | 3,996 |
| (Decrease)/Increase in trade and other payables | 129,517 | (333,074) |
| Net cash (used in) operating activities | (1,102,033) | (1,389,005) |
| Non-cash financing and investing activities | | |
| <i>Shares and Options issued</i> | | |
| Shares issued in lieu of marketing services | 100,447 | - |
| Shares issued in lieu of drilling services | 50,641 | - |
| | 151,088 | - |

18. SHARE-BASED PAYMENTS

| | Consolidated | |
|--|--------------|---------|
| | 2023 | 2022 |
| | \$ | \$ |
| The values of share-based payment transactions recognised during the year were as follows: | | |
| Performance shares issued to directors and consultants | 131,850 | 223,682 |
| Shares issued in lieu of services provided (Note 13(a)) | 151,088 | - |
| | 282,938 | 223,682 |

a) Performance Rights

There were no performance rights issued in the financial year ended 30 June 2023. No performance rights were vested and converted into shares during the financial year ended 30 June 2023 (2022:6,750,000). During the financial year ended 30 June 2023, share-based payment recognised for performance rights amounted to \$131,850 (2022: \$223,682).

Notes to the consolidated financial statements

For the year ended 30 June 2023

18. SHARE-BASED PAYMENTS (Continued)

b) Options issued during the financial year

(i) Issue of options to brokers

On 19 September 2022, the Company issued 7,500,000 listed options to the lead manager based on the amount raised during the placement. The Company valued the listed options during the year for an amount of \$75,000.

(ii) Free attaching options

On 5 September 2022, the Company issued 100,000,000 free attaching options to subscribers of the placement which raised \$2 million before costs. These options were valued at NIL.

(iii) Issue of options to Ivittut vendors

On 18 November 2022, the Company issued 180,000,000 options exercisable at \$0.015 on or before 3 years from the date of issue and 160,000,000 options exercisable at \$0.05 on or before 5 years from the date of issue as part of Ivittut acquisition. These options vested immediately. The fair value of these options which amounted to \$3,679,366 have been capitalised as acquisition cost of Ivittut.

| Date Granted | Number Granted | Expiry Date | Expected Volatility | Risk free Interest Rate | Exercise Price | Share Price at Grant Date | Fair Value of Options |
|--------------|----------------|-------------|---------------------|-------------------------|----------------|---------------------------|-----------------------|
| | | | % | % | | \$ | \$ |
| 18 Nov 2022 | 180,000,000 | 18 Nov 2025 | 89.82 | 0.03 | \$0.015 | 0.019 | 0.01167 |
| 18 Nov 2022 | 160,000,000 | 18 Nov 2027 | 89.82 | 0.03 | \$0.05 | 0.019 | 0.00986 |

The weighted average life of outstanding option is 3.94 years and the weighted average price of option is \$0.031

c) Options issued in prior year

Rights Issue of \$382,793

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. Of these options, 419,548 had been exercised.

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 | |
|------------------------------------|----------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Financial assets | | |
| Cash and cash equivalents | 879,591 | 659,753 |
| Trade and other receivables | 33,387 | 46,028 |
| Total financial assets | 912,978 | 705,781 |
| Financial liabilities | | |
| Trade and other payables | 177,900 | 48,383 |
| Lease liability | - | 16,550 |
| Total financial liabilities | 177,900 | 64,933 |

Notes to the consolidated financial statements

For the year ended 30 June 2023

19. FINANCIAL INSTRUMENTS (Continued)

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 consolidated 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 | |
|---------------------------|---------------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Cash and cash equivalents | | |
| AA- rated | 879,591 | 659,753 |
| | 879,591 | 659,753 |

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.

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 2023 | | |
| +/-1% (100 basis points) in interest rates | +/-12,891 | +/-12,891 |
| Year ended 30 June 2022 | | |
| +/-1% (100 basis points) in interest rates | +/-13,663 | +/-13,663 |

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.

Notes to the consolidated financial statements

For the year ended 30 June 2023

19. FINANCIAL INSTRUMENTS (Continued)

Financial liability and financial asset maturity analysis

Consolidated

| | Within 1 year | | 1 to 5 years | | Over 5 years | | Total | |
|---|----------------|----------------|--------------|----------|--------------|----------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial liabilities due for payment | | | | | | | | |
| Trade and other payables | 177,900 | 48,383 | - | - | - | - | 177,900 | 48,383 |
| Lease liability | - | 16,550 | - | - | - | - | - | 16,550 |
| Total expected outflows | 177,900 | 64,933 | - | - | - | - | 177,900 | 64,933 |
| Financial assets – cash flows realisable | | | | | | | | |
| Cash and cash equivalents | 879,591 | 659,753 | - | - | - | - | 879,591 | 659,753 |
| Trade and other receivables | 33,387 | 46,028 | - | - | - | - | 33,387 | 46,028 |
| Total anticipated inflows | 912,978 | 705,781 | - | - | - | - | 912,978 | 705,781 |
| Net inflow on financial instruments | 735,078 | 640,848 | - | - | - | - | 735,078 | 640,848 |

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 | 2023 | | 2022 | |
|------------------------------------|------|-----------------|----------------|-----------------|----------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Cash and cash equivalents | (i) | 879,591 | 879,591 | 659,753 | 659,753 |
| Trade and other receivables | (i) | 33,387 | 33,387 | 46,028 | 46,028 |
| Total financial assets | | 912,978 | 917,978 | 705,781 | 705,781 |
| Financial liabilities | | | | | |
| Trade and other payables | (i) | 177,900 | 177,900 | 48,383 | 48,383 |
| Lease liability | | - | - | 16,550 | 16,550 |
| Total financial liabilities | | 177,900 | 177,900 | 64,933 | 64,933 |

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 2023, no other financial assets or liabilities are carried at fair value (2022: Nil), other than those short-term instruments disclosed above.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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.

Related party payments were as follows:

| Director | Entity | Service | Consolidated | |
|---------------------------|--------------------------------------|--|--------------|------------|
| | | | 2023 \$ | 2022 \$ |
| Carl Popal (Executive) | Popal Enterprises Pty Ltd | Director Fees | 150,000 | 270,000 |
| Carl Popal | Bullion Ventures Pty Ltd | Director Fees | 150,000 | - |
| Carl Popal | Bullion Ventures Pty Ltd | Corporate advisory services ¹ | 78,000 | - |
| Rod Dale | G R Dale | Director Fees | 36,000 | 49,350 |
| Rod Dale | G R Dale | Geological services | 14,850 | 5,700 |
| Ibrar Idrees | Advanced Accounting Services Pty Ltd | Director Fees | 18,000 | 18,000 |
| Oliver Kreuzer | CGSG Corporate Geoscience Group | Director Fees | 38,333 | 23,333 |
| Oliver Kreuzer | CGSG Corporate Geoscience Group | Consulting Fees | 3,900 | 14,550 |

1. Bullion Ventures, a Company of which Carl Popal is a director of, has been appointed to provide Corporate Advisory Services (Corporate advisory, Accounting services and Administration services) to the Group as from January 2023.

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 2023.

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

| | Consolidated | |
|--|----------------|----------------|
| | 2023 \$ | 2022 \$ |
| Short-term employee benefits | 462,383 | 380,933 |
| Share-based payment – Performance rights | 92,428 | 153,442 |
| | 554,811 | 534,375 |

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.

Notes to the consolidated financial statements

For the year ended 30 June 2023

22. CONTROLLED ENTITIES

Controlled entities consolidated

| | | Percentage Owned (%) * | |
|--|--------------------------|------------------------|--------------|
| | Country of Incorporation | 30 June 2023 | 30 June 2022 |
| 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 Ltd | 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.

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 | |
|---|--------------------|--------------------|
| | 2023 \$ | 2022 \$ |
| Statement of financial position | | |
| <i>Assets</i> | | |
| Current assets | 932,768 | 692,684 |
| Non-current assets | 11,964,490 | 7,592,760 |
| Total assets | 12,897,258 | 8,285,444 |
| <i>Liabilities</i> | | |
| Current liabilities | 172,900 | 43,395 |
| Total liabilities | 172,900 | 43,395 |
| Net assets | 12,724,358 | 8,242,049 |
| <i>Equity</i> | | |
| Issued capital | 35,376,643 | 33,399,288 |
| Accumulated losses | (28,450,386) | (27,069,124) |
| Reserves | 5,798,101 | 1,911,885 |
| Total equity | 12,724,358 | 8,242,049 |
| Statement of profit or loss and other comprehensive income | | |
| Total loss for the year | (1,381,262) | (1,181,464) |
| Other comprehensive income | - | - |
| Total comprehensive loss | (1,381,262) | (1,181,464) |

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.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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 2023, 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 (2022: nil).

| | Australia \$ | Greenland \$ | Consolidated \$ |
|--|-----------------|-----------------|--------------------|
| Year ended 30 June 2023 | | | |
| Other revenue/income | 11,838 | 735 | 12,573 |
| Total segment revenue | 11,838 | 735 | 12,573 |
| Segment result from continuing operations before tax | (2,430,796) | (98,440) | (2,529,236) |
| As at 30 June 2023 | | | |
| Segment assets | 2,495,168 | 10,811,637 | 13,366,805 |
| Segment liabilities | (177,900) | - | (177,900) |
| 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) |

25. SUBSEQUENT EVENTS

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

Directors' Declaration

For the year ended 30 June 2023

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 2023; 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, 19 September 2023



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19 September 2023

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 2023, 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

**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 2023, 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 consolidated 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 2023 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this audit report.

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

Material Uncertainty Relating to Going Concern

We draw attention to Note 2(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of \$2,529,236 and had a net cash outflow from operations of \$1,102,033 during the financial year ended 30 June 2023. These events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified with respect to 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. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters | How the matters were addressed in the audit |
|---|---|
| <p><i>Carrying Value of Exploration and Evaluation Assets</i></p> <p>As at 30 June 2023, Exploration and Evaluation Assets totalled \$12,420,937 (refer to Note 11 of the financial report).</p> <p>The carrying value of exploration and evaluation assets is a key audit matter due to:</p> <ul style="list-style-type: none"> the significance of the expenditure capitalised representing 93% of total assets; the level of judgment required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>; and the greater level of audit effort to evaluate the Group's application of the requirement of AASB 6 and assessment of impairment indicators which involved management judgment. | <p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> Assessing the management's determination of its areas of interest to ensure consistency with the definition in AASB 6; Assessing the Group's accounting policy for compliance with AASB 6; Agreeing, on a sample basis, the capitalised exploration and evaluation expenditure incurred during the year to supporting documentation and assessing that these expenditures incurred in accordance with the Group's accounting policy and the requirements of AASB 6; Obtaining evidence that the Group has valid rights to explore the areas represented by the capitalised exploration and evaluation expenditure; Evaluating that there had been no indicators of impairment during the current period with reference to the requirements of AASB6; and Assessing the appropriateness of the disclosures in Note 11 to the consolidated financial statements. |

Key Audit Matters
How the matters were addressed in the audit
Measurement of Share-based Payments

The Company has the following share-based payment transactions for the financial year ended 30 June 2023:

- (i) 6,933,380 fully paid ordinary shares were issued in lieu of marketing and drilling services. The total fair value of shares issued amounted to \$151,088 (refer to Note 13(a)).
- (ii) 7,500,000 listed options were granted to the lead manager based on the amount of capital raised during the year. The fair value of the listed options of \$75,000 was recognised as capital raising costs.
- (iii) 180,000,000 unlisted options exercisable at \$0.015 on or before 3 years from the date of issue and 160,000,000 options exercisable at \$0.05 on or before 5 years from the date of issue were granted as part of the Ivvittut acquisition. The fair value of these options which amounted to \$3,679,366 have been capitalised as acquisition costs of Ivvittut (refer to Note 11).

During the financial year ended 30 June 2023, the Company has also recognised a share-based payment expense of \$131,850 for the vesting of performance rights issued in the prior year.

The Group awarded share-based payments in the form of options and performance rights. The awards vest subject to the achievement of certain vesting conditions.

Measurement of share-based payments was a key audit matter due to the complex and judgmental estimates used in determining the fair value of the share-based payments.

Inter alia, our audit procedures included the following:

- i. Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;
- ii. Assessing the assumptions used in the Group's valuation of share options being the share price of the underlying equity, interest rate, volatility, dividend yield, time to maturity (expected life) and grant date;
- iii. Assessing the allocation of the share-based payment expense over the relevant vesting period; and
- iv. Assessing the appropriateness of the disclosures in Note 18 to the consolidated financial statements.

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 2023 but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements

regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 32 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Eclipse Metals Limited for the year ended 30 June 2023 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
Director

West Perth, Western Australia
19 September 2023

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 9 August 2023.

(a) Distribution of equity securities

(i) Ordinary share capital (ASX:EPM)

- 2,028,059,793 fully paid shares held by 2,266 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 |
|--|--------------|----------------------|----------------|
| above 0 up to and including 1,000 | 88 | 9,341 | 0.00% |
| above 1,000 up to and including 5,000 | 14 | 37,199 | 0.00% |
| above 5,000 up to and including 10,000 | 153 | 1,456,000 | 0.07% |
| above 10,000 up to and including 100,000 | 978 | 48,346,808 | 2.38% |
| above 100,000 | 1,033 | 1,978,210,445 | 97.54% |
| Totals | 2,266 | 2,028,059,793 | 100.00% |

Based on the closing share price on 9 August 2023, 564 Shareholders are holding less than a marketable parcel amounting to 0.38% of Issued Capital.

(ii) Listed Options (ASX:EPMOA)

| Holding Ranges | Holders | Total Units | % IC |
|--|------------|--------------------|----------------|
| above 0 up to and including 1,000 | 11 | 5,737 | 0.00% |
| above 1,000 up to and including 5,000 | 129 | 444,186 | 0.15% |
| above 5,000 up to and including 10,000 | 93 | 790,664 | 0.26% |
| above 10,000 up to and including 100,000 | 329 | 13,511,407 | 4.53% |
| above 100,000 | 200 | 283,724,475 | 95.06% |
| Totals | 762 | 298,476,469 | 100.00% |

(iii) 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 18/11/2027 | | Options ex 1.5¢ exp 18/11/2025 | |
|------------------|--------------------------------|----------------|--------------------------------|----------------|
| 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% |

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

| | Class D Performance Rights | |
|------------------|----------------------------|----------|
| Holding Ranges | Holders | Holders |
| 1 – 1,000 | 0 | 0 |
| 1,001 – 5,000 | 0 | 0 |
| 5,001 – 10,000 | 0 | 0 |
| 10,001 – 100,000 | 0 | 0 |
| 100,001 and over | 7 | 7 |
| Totals | 7 | 7 |

(b) Twenty largest holders of quoted equity securities (fully paid ordinary shares) as at 9 August 2023

| 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) Twenty largest holders of quoted options (ASX: EPMOA) as at 9 August 2023

| Rank | Holder Name | Number Held | % IC |
|------|----------------|-------------|-------|
| 1 | CERIUM PTY LTD | 29,600,000 | 9.92% |
| 2 | MS CHUNYAN NIU | 22,507,500 | 7.54% |

| Rank | Holder Name | Number Held | % IC |
|----------------------------|--|---------------------------|-----------------------|
| 3 | WESTERN EAGLES INVESTMENT PTY LTD | 22,480,000 | 7.53% |
| 4 | M & K KORKIDAS PTY LTD <M & K KORKIDAS PTY LTD A/C> | 19,200,000 | 6.43% |
| 5 | MISS MAYDA LUONG | 9,835,754 | 3.30% |
| 6 | S & CJ PTY LTD <FALCON GOLD SUPER FUND A/C> | 9,215,000 | 3.09% |
| 7 | ARGALA NOM P/L <ARGALA S/F A/C> | 8,347,620 | 2.80% |
| 8 | MISS VANJA BOSATLIJA <DZERID FAMILY A/C> | 7,900,000 | 2.65% |
| 9 | IGNITE EQUITY PTY LTD | 7,500,000 | 2.51% |
| 10 | KEVIN YAPHON SANJOTO | 5,500,000 | 1.84% |
| 11 | MR VIRGINIO VIGOLO & MRS SUSAN MICHELLE VIGOLO <VSV FAMILY A/C> | 5,050,976 | 1.69% |
| 12 | DYMAX CONSULTANTS PTY LTD <DYMAX DIRECTORS S/FUND A/C> | 5,000,000 | 1.68% |
| 13 | UNIVERSAL MINING SERVICES PTY LTD | 5,000,000 | 1.68% |
| 14 | GHAN RESOURCES PTY LTD | 4,552,970 | 1.53% |
| 15 | MR RABIE JOHANNES VANDERMERWE & MRS MARA VANDERMERWE <RABIE & MARA SUPER FUND A/C> | 3,685,715 | 1.23% |
| 16 | CITICORP NOMINEES PTY LIMITED | 3,564,185 | 1.19% |
| 17 | MR DANIEL CHRISTOPHER BARWICK | 3,285,866 | 1.10% |
| 18 | GENTRY INVESTMENTS PTY LIMITED <JUST CHRIS A/C> | 3,170,000 | 1.06% |
| 19 | MR LUAN HIEN HA | 3,150,200 | 1.06% |
| 20 | SULIMAN RAWI | 3,000,000 | 1.01% |
| Total | | 181,545,786 | 60.82% |
| Balance of register | | 116,930,683 | 39.18% |
| Total issued EPMOA | | <u>298,476,469</u> | <u>100.00%</u> |

(d) 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 | 13.86% |
| Uranium Resources Pty Ltd | 204,800,000 | 10.10% |

(e) Unquoted Securities

As at 9 August 2023 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
- 180,000,000 Options ex 1.5¢ exp 28/5/2024
- 160,000,000 Options ex 5.0¢ exp 18/11/2027
- 11,750,000 Class A Performance Rights
- 6,750,000 Class C Performance Rights
- 6,750,000 Class D Performance Rights

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

As at 9 August 2023 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%)

Options ex 1.5¢ exp 18/11/2025

- Cerium Pty Ltd – 150,000,000 (83.33%)

Options ex 5.0¢ exp 18/11/2027

- Cerium Pty Ltd – 130,000,000 (81.25%)

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%)

(g) Voting rights

All ordinary shares carry one vote per share without restriction.

(h) Securities Subject to Escrow

As at 9 August 2023 the following securities were subject to voluntary escrow:

- 75,000,000 unquoted options exercisable at 1.5¢ expiring 18/11/2025 escrowed until 18/11/2027
- 75,000,000 unquoted options exercisable at 1.5¢ expiring 18/11/2025 escrowed until 18/11/2026
- 65,000,000 unquoted options exercisable at 1.5¢ expiring 18/11/2025 escrowed until 18/11/2026
- 65,000,000 unquoted options exercisable at 1.5¢ expiring 18/11/2025 escrowed until 18/11/2027

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/>