THIRD ANNUAL REPORT OVER THE LITCHFIELD NORTH URANIUM PROJECT

08/07/2012 to 07/07/2013

PINE CREEK MINERAL FIELD,
NORTHERN TERRITORY

Litchfield North Project
Exploration Licence: 27853

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DISTRIBUTION
1. Northern Territory Department of Minerals & Energy
2. Eclipse Metals Limited
PROJECT NAME: LITCHFIELD NORTH

TENEMENTS: Exploration Licences 27853

MINERAL FIELD: Pine Creek Orogen

LOCATION: PINE CREEK SD5208 1:250 000
Reynolds River 5071 1:100 000

COMMODITIES: Uranium-Gold-Base Metal
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1.0 LITCHFIELD NORTH PROJECT

1.1 Copyright Statement:

The owned information acquired by Eclipse Uranium Ltd includes all information under the previous work by Eclipse Uranium Ltd and work during reporting year sections. The rest of the information has been sourced from open reports and data through the Department of Mines and Energy. The Minister has authority to publish the copyrighted information accordingly.

2.0 INTRODUCTION

The Litchfield North tenement (EL27853) covers 187.26 km² of ground within the Palaeoproterozoic rocks of the Pine Creek Orogen. The project is potentially prospective for uranium, gold and base metals. The tenement is situated on the western portion of the Pine Creek Geosyncline.

During April 2013 consulting geologists Kastellco Geological Consultancy (“KGC”) conducted a review of existing historical exploration and geophysical data within the Northern Territory Geological Survey Database. This was conducted for over the Project area to identify any potential for uranium, gold and base metal.

Work during this term included literature searches and data base compilation. Open file company reports were obtained from the Northern Territory Geological Survey and a review of past exploration data and geological concepts undertaken.

The targeting was undertaken at a high level to identify areas of interest that stand out in the regional re-interpreted geophysical data. Historical prospects were reviewed to determine the effectiveness of the previous exploration and evaluate remaining potential within the Exploration Licence area.

Several magnetic and radiometric targets were identified which require further investigation by sourcing the depth of the magnetic anomalies with ground checks over the radiometric target areas as the interpreted geology indicates potential for delineating uranium-gold-base metal mineralisation.

3.0 LOCATION AND ACCESS

The Litchfield North project is located approximately 148 km south of Darwin. Access to the project is via long the Stuart Highway then along the Litchfield Park Road. The project consists of many tracks cross the EL running from north to south. The project comprises one Exploration Licence (EL 27853) which covers a total area of 187.26 km².

The dominate landform within the project area is the alluvial black soil plains of the Adelaide River. During the “Wet” and for several months afterwards there is no ground access over much of the tenement. Many perennial swamps and creeks limit access in the grasslands at any time of the year.

Rainfall is seasonal, associated mostly with the summer monsoon. Temperatures range from the summer average of 35 degrees celsius to a winter average minimum of 12 degrees Celsius.

4.0 TENEMENTS

The project is comprised of one granted exploration licence (EL) with the tenement details summarised in Table 1 and their locations are shown in Figures 1 and 2.
Table 1: Litchfield North Project - Tenement Summary

<table>
<thead>
<tr>
<th>Project</th>
<th>Tenement Number</th>
<th>Status</th>
<th>Current Area</th>
<th>Current Holder</th>
<th>Granted Date</th>
<th>Expenditure Covenant ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Litchfield North</td>
<td>EL27853</td>
<td>Granted</td>
<td>56</td>
<td>187.26 km²</td>
<td>08/07/2010</td>
<td>$30,000</td>
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</table>

5.0 REGIONAL GEOLOGY MINERALISATION

The tenement is situated on the Pine Creek Geosyncline and 98kms of the South Alligator River Uranium Field (SARUF). The SARUF is historically (initially discovery made in 1965) one of Australia’s richest uranium mining areas.

This major gold and uranium province is associated with minor base mineral occurrences. The areas are geologically idyllic to host unconformity and vein-style uranium deposits similar to mineralisation found at South Alligator River Valley in the 1950s. The Rum Jungle uranium field lies on the western side of the Pine Creek Inlier where Palaeoproterozoic low-grade greenschist facies metasediments are unconformably draped around two Archaean granitic basement complexes the Rum Jungle Complex to the north and the Waterhouse Complex to the south.
Uranium and base metal mineralisation is hosted by graphitic or chloritic pyritic phyllite of the Whites Formation at its contact with the underlying dolomite-magnesite of the Coomalie Dolomite. The Palaeoproterozoic sequence is locally unconformably overlain by hematite quartzite breccia (a palaeoregolith) and by late Palaeoproterozoic sandstone and conglomerate. The larger deposits (White's, Dyson's and Rum Jungle Creek South) as well as many of the smaller prospects show a spatial association with this unconformity.

The two basement complexes together with the Proterozoic rocks are displaced dextrally by 4 to 5 km along the regional Giant's Reef Fault, creating a wedge-shaped embayment of sedimentary rocks, juxtaposed against the Rum Jungle Complex in the south-eastern block. A broad mineral zoning trend has been noted. The Rum Jungle Area is well known for the polymetallic nature of its mineralisation and it is usual for uranium to occur in association with other base and precious metals.

Four of the uranium and base metal deposits are in the Embayment, namely: Dyson's (uranium) in the north-east, followed to the south-west by White's (uranium, copper, lead, cobalt, nickel), Intermediate (copper, uranium; immediately south-west of White's) and Brown's (lead, zinc, copper, cobalt, nickel; 1 km south-west of Intermediate). The Mount Burton (uranium, copper) and Mount Fitch (uranium, copper) deposits are peripheral to the Rum Jungle Complex 5 km west and 7 km north-west of White's. Rum Jungle Creek South (uranium) is 5 km south-west of White's.

Ore samples from White's deposit indicated that uraninite and pyrite mineralisation preceded a period of shearing, which was followed by the introduction of copper, cobalt and lead sulphides.

6.0 LOCAL GEOLOGY & MINERALISATION

The licence area encompasses three distinct interpreted units but is poorly outcropping. They include Early Proterozoic stratigraphic units: the Welltree Metamorphics, Wangi Basics and the Two Sister Granite, as well as an undifferentiated Cambrian unit.

The Welltree Metamorphics consists predominantly of quartz-feldspar-biotite gneiss, quartzitic gneiss and minor quartz-feldspar-muscovite gneiss. Garnet and sillimanite are common. It is considered (in part) an equivalent of the Burrell Creek Formation, and in this locality it has been intruded by the Wangi Basics and Two Granite.

The Wangi Basics form small isolated outcrops in the licence area, marked by a distinctive deep red silty soil. Although the outcrop is poor on the licence, the main rock type appears to be a dolerite.

The Two Sister Granite forms subcrop in the eastern portion of the licence. Surface expression of the granite consists of predominantly grey silty quartz rich sand and some cream to grey feldspar and quartz rubble rises associated with pegmatite veins.

The Cambrian unit also outcrops poorly on this licence. It consists of red soil covering weathered dolomitic siltstone.

7.0 PREVIOUS EXPLORATION

The Wilson Uranium Prospect is located at the most northern boundary of EL27853. From 1981 to 1982, AOG Minerals Ltd undertook drilling, surface magnetics, spectrometry, soil radon measurement and reconnaissance SIROTEM EM with core drilling, totaling 630 m drilled on targets within the anomaly area.
Radiometric anomalies and base metal anomalies, detected during the RAB drilling, are thought to due high background uranium and heavy metal values in pyritic carbonaceous schist forming part of the Welltree Schists, interpreted to be of Lower Proterozoic age. Strong magnetic anomalies, coincident with the radiometric anomalies are ascribed to pyrrhotite and possibly magnetite. The pyrrhotite is thought to be secondary to pyrite as a result of contact metamorphism by a later granitic intrusion.

The work has confirmed the presence of carbonaceous shale sedimentation in the Litchfield Province giving rise to carbonaceous-graphitic schists with high background base metal and uranium contents. The prospect occurs over a northerly length of about 1.5 km and a width of about 400 m. The highest values were 390 cps (90 ppm U) and 7,400 ppm Cu. The highest uranium and metal values in the drill holes occur near the water table, suggesting deposition from circulating groundwater by supergene processes.

From 1978 until 1982, under a joint venture between Urangesellschaft and Mobil Energy Minerals Australia and the Suttons Motors Group, exploration was undertaken in locating major deposits of the Alligator River type. Due to sparcity of outcrop, exploration methods relied heavily on geophysical techniques followed by sub-surface geochemical sampling.
The prospective target previously outlined comprised 4 linear conductive zones in three areas (one of these areas are located in the northern eastern portion of the current tenure area). Exploration activities included the use of ground EM and magnetic traversing to locate graphitic schist horizon within these target zones. This was followed up with 150 shallow RAB holes; totaling 2,466 m were drilled to bedrock across the conductors. The graphitic schist horizons were found to be thin and discontinuous and no significant uranium values were found to be associated with them. The work done to explore the graphitic schists was considered to be adequately tested of the potential of the unit and no further work was required, so the area was relinquished.

In 1990, Eupene Exploration commenced exploration of tantalum and tin (pegmatite hosted) within the central portion of the current exploration licence area. The AOG Final report identifies three drillholes: WD002, WD003 and WD004 which were drilled in subcropping Welltree Metamorphic stratigraphy. WD002 and WD003 identified pegmatite at 75m depth after drilling through predominantly quartz-feldspar schist.

An Urangesellschaft drillhole in the western portion of the licence (DDH 95L) did not identify any pegmatite after it was completed at 29.5m.

The most promising result for exploration, in regards to tin and tantalum, was identified in a drillhole near Horsehoe Billabong. The Urangesellschaft drillhole, DDH 57W, contained pegmatite throughout the hole, in particular the top 50 m.

From 1997 to 1998, Corporate Development Pty Ltd concentrated exploration in the northwestern portion of EL27853 focusing on tantalum/tin exploration. The work comprised searching records for relevant reports and attempting to obtain documentation. An RC drilling programme was then conducted on the Emu Creek ore body, partly to further define the limits of the ore zone and partly as a check of grades of mineralisation. The grades of tantalum/tin are quite low in terms of any further follow up.

8.0 ECLIPSE METALS LTD EXPLORATION

During April 2013 consulting geologists Kastellco Geological Consultancy ("KGC") conducted a review of existing historical exploration data within the Northern Territory Geological Survey Database. This was conducted for all the Project areas to identify any high potential gold, base metal and uranium exploration targets and resulted in the identification of several targets that warrant further work.

Work during this term included literature searches and data base compilation. Open file company reports were obtained from the Northern Territory Geological Survey and a review of past exploration data and geological concepts undertaken.

The targeting was undertaken at a high level to identify areas of interest that stand out in the regional re-interpreted geophysical data. Historical prospects were reviewed to determine the effectiveness of the previous exploration and evaluate remaining potential within the Exploration Licence area.

Through detail interpretation of airborne magnetic from the Northern Territory Geological Survey, the following radiometric anomalies were identified as shown in Table 2 and shows the uranium anomalies. There was 3 magnetic target anomalies identified, these may represent magnetic schist as per identified by previous exploration within the Welltree Metamorphics (represented in Figure 3). Drilling is the only means to verify.
Table 2: Radiometric Targets warranted for follow up exploration work over EL27853

<table>
<thead>
<tr>
<th>Tenure Number</th>
<th>Radiometric Anomalies</th>
<th>Strike Length of Anomaly</th>
<th>Width of Anomaly</th>
<th>Actual Geology</th>
<th>Interpreted Lithology</th>
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<tbody>
<tr>
<td>EL27853</td>
<td>1</td>
<td>1.70 km Max</td>
<td>0.73 km Max</td>
<td>Quaternary Sediments</td>
<td>Welltree Metamorphics</td>
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<tr>
<td>EL27853</td>
<td>2</td>
<td>3.18 km Max</td>
<td>2.08 km Max</td>
<td>Quaternary Sediments</td>
<td>Wangi Basics</td>
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<tr>
<td>EL27853</td>
<td>3</td>
<td>2.93 km Max</td>
<td>1.19 km Max</td>
<td>Quaternary Sediments</td>
<td>Welltree Metamorphics</td>
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<tr>
<td>EL27853</td>
<td>4</td>
<td>1.04 km Max</td>
<td>0.68 km Max</td>
<td>Quaternary Sediments</td>
<td>Welltree Metamorphics</td>
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<td>EL27853</td>
<td>5</td>
<td>3.27 km Max</td>
<td>0.78 km Max</td>
<td>Quaternary Sediments</td>
<td>Wangi Basics</td>
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<td>EL27853</td>
<td>6</td>
<td>1.32 km Max</td>
<td>0.80 km Max</td>
<td>Quaternary Sediments</td>
<td>Two Sisters Granite</td>
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<tr>
<td>EL27853</td>
<td>7</td>
<td>1.20 km Max</td>
<td>0.75 km Max</td>
<td>Litchfield Complex</td>
<td>Welltree Metamorphics</td>
</tr>
</tbody>
</table>

Figure 3: Litchfield North Project Areas showing Radiometric Target Anomalies
Table 3: Magnetic Targets warranted for follow up exploration work over EL27853

<table>
<thead>
<tr>
<th>Tenure Number</th>
<th>Magnetic Anomalies</th>
<th>Strike Length of Anomaly</th>
<th>Width of Anomaly</th>
<th>Actual Geology Lithology</th>
<th>Interpreted Lithology</th>
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<tbody>
<tr>
<td>EL27853</td>
<td>1</td>
<td>1.00 km Max</td>
<td>1.00 km Max</td>
<td>Litchfield Complex</td>
<td>Welltree Metamorphics</td>
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<tr>
<td>EL27853</td>
<td>2</td>
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<td>1.21 km Max</td>
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<td>Welltree Metamorphics</td>
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<td>EL27853</td>
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<td>1.46 km Max</td>
<td>0.84 km Max</td>
<td>Quaternary Sediments</td>
<td>Welltree Metamorphics</td>
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</tbody>
</table>

Figure 4: Litchfield North Project Areas showing Untested Exploration Targets

9.0 EXPLORATION POTENTIAL

EL 27853 represents a greenfields exploration play for principally uranium-gold-base metal deposits of varying genetic styles. The exploration concepts based on specific geological criteria considered as important for controlling the localisation and upgrading of uranium mineralisation.
Overall Summary

1. Conduct extensive rock chip and soil sampling over identified target generated uranium and magnetic targets areas.
2. Carry out PIMA (Portable Infrared Mineral Analyser) sandstone sampling over outcrops to delineate if any chlorite alteration is present, as it is closely associated with unconformity style uranium deposits).
3. Conduct a ground radiometric survey over elevated uranium areas outlined
4. Carries out ground radiometric survey traverses over the U anomalies generated with brief geological mapping.
5. Carry out detail and extensive soil/rock chip surface geochemical sampling programs out outline any potential high grade iron mineralization along strike of the Sherwin Ironstone Member