TOTAL RELINQUISHMENT REPORT OVER THE WEST BATCHELOR IRON-URANIUM PROJECT

29 APRIL 2009 to 07 APRIL 2015

PINE CREEK MINERAL FIELD,
NORTHERN TERRITORY

West Batchelor Project
Exploration Licence: 26257

BY

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DISTRIBUTION

1. Northern Territory Department of Minerals & Energy
2. Eclipse Metals Limited
PROJECT NAME: WEST BATEHOR

TENEMENTS: Exploration Licences 26257

MINERAL FIELD: Pine Creek Mineral Field

LOCATION: PINE CREEK SE5302 1:250 000
Reynolds River 5071 1:100 000

COMMODITIES: Iron Ore, Gold, Uranium and Tin
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1.0 WEST BATCHLOR 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 West Batchelor tenement (EL26257) covers 1,047km² of ground within the Palaeoproterozoic rocks of the Pine Creek Orogen near to the Rum Jungle Mineral Field. The project is prospective for iron ore, uranium, gold and base metals. The tenement is situated on the western portion of the Pine Creek Geosyncline and intersects part of the Daly and Birrinbindu Basins.

The tenement was granted to Whitvista Pty Ltd on 29 April 2009 and on 18 January 2012 Eclipse Uranium became the owners of Whitvista through the acquisition of Central Energy Ltd.

During April 2014 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 over the Project area to identify any potential for base metal/uranium. The results identified of 2 major iron targets that warrant further work immediately.

The tenement lies within Litchfield National Park which is a zoned allowing for both exploration and recreation.

Based on the review, it was recommended the exploration licence area was to be relinquished upon the collapse of the iron prices around the world and the location of the Project located within the Litchfield National Park. The board of Directors have concluded if any mineral resources would be delineated within the National Park, it would be deemed too difficult to access mineral leases and permitting required for extraction.

The company will focus on more prospective areas within their other Northern Territory Exploration Licence areas.

3.0 LOCATION AND ACCESS

The West Batchelor project is located approximately 61 km south of Darwin and 174 km north-west of Katherine in the Northern Territory. The project comprises one Exploration Licence (EL 26257) which covers a total area of 205.21 km². The area can be reached via the Adelaide River Township which is 5 km away.

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: West Bachelor Project - Tenement Summary

<table>
<thead>
<tr>
<th>Project</th>
<th>Tenement Number</th>
<th>Status</th>
<th>Current Area Blocks</th>
<th>Current Holder</th>
<th>Granted Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Batchelor</td>
<td>EL26257</td>
<td>Granted</td>
<td>62</td>
<td>205.21 km²</td>
<td>29/04/2009</td>
</tr>
</tbody>
</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 palaeo-regolith) 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.

Mineragraphic studies on 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.

The Rum Jungle mineral field contains historic uranium mines and current uranium resources at Mt. Fitch. In particular four deposits were mined in the Rum Jungle uranium field Dyson's, White's, Mount Burton and Rum Jungle Creek South, two of which also produced copper. Rum Jungle Mineral field contains basin fill sediments overlying an Achaean Granite Dome basement.
The area is prospective for U, Cu, Co, Ni, Pb, Zn, Au, Magnesite and Phosphate and has been actively mined since 1950.

There are a variety of mineralisation styles and a series of significant deposits including:

- Woodcutters- carbonaceous shale and Rum Jungle Dome, Zn-Pb-Ag sulphide mineralisation within a N trending fault structure offsetting the Woodcutters fold.
- Embayment Area- contains four main deposits hosted in the Whites Formation at or close to the contact with the Coomalie Dolostone. Dysons (U Only), Whites (U-Cu-Co), Intermediate (Cu-Co) and Browns (Pb-Cu-Co-Ni-Zn).
- SW waterhouse Dome margin has associated U and Cu mineralisation including SE Kylie and Riverside Prospects.
- Sundance is an Au deposit mined from 1986 and 1993 and produced 5300 oz gold. Mineralisation is vertical pipe like structures in Coomalie Dolostone which widen near surface for mushroom like structures.
- Winchester- Magnestite deposit with indicated resources of 12.2Mt @ 43% MgO within Coomalie Dolostone.
- Geolsec – the largest deposit in the Geolsec Formation. Contains up to 30% P₂O₅. Phosphate is present within haematitic siltstone beds in Fluorapatite.

Located 170km east of West Batchelor, the Alligator Rivers Uranium Fields (ARUF) has historically produced around 320,000 tonnes of uranium. The West Batchelor tenement’s geology includes the uranium-rich granites of the Nanambu Complex.

West Batchelor shares a contiguous boundary with Territory Uranium Company Ltd’s (TUC) Daly River Energy Prospect, where in June last year, TUC reported that it would test three significant uranium, gold and multi-element anomalies over an 8km structural corridor. Within this corridor, new airborne electromagnetic data gave rise to the interpretation that the uranium prospective unconformity is close to surface under a sequence of cover rocks that may have masked mineralisation.

6.0 LOCAL GEOLOGY & MINERALISATION

The tenement is situated on the western section of the Pine Creek Geosyncline and comprises parts of the Daly and Birrinbindu Basins. Geologically, the area is identified as ideally suited to host unconformity and vein-style uranium deposits.

Previous exploration in the 1980s had identified several areas with high levels of uranium mineralisation. The geology if largely comprised of the Burrell Creek Formation of the Finniss River Group. The Burrell Creek Formation comprises greywackes, phyllites and schists and is described as brown to grey-green, thickly bedded to massive, fine to coarse feldspathic metagreywacke with graded bedding in places and minor lenses of volcanolithic pebble conglomerate; brown to grey, laminated phyllite, slate and mudstone. This formation is prospective for vein hosted uranium and gold and polymetallic veins.

The Depot Creek Sandstone of the Tolmer Group is a sandstone and conglomerate sedimentary rock described as pink quartz sandstone with quartz pebble conglomerate lenses with a shallow marine environment of deposition. There is a small lens of the Stray Creek Sandstone, also from the Tolmer Group, conformably overlying the Depot Creek Sandstone. It is described as a quartz arenite, flaggy, micaceous and ripple marked.
The giant’s reef fault then cuts through this sequence in a north east trending structure. This structure cuts through the Rum Jungle Mineralisation and continues all the way to west Australia. A second fault trending in the same direction is also located further east. To the north and east of the tenement there are small areas of the Two Sisters.

Figure 1: West Batchelor Project – Regional Geology Map showing the various mineral occurrences within and surrounding areas
7.0 PREVIOUS EXPLORATION

In just over a century the deposits of the following mineral have been discovered and mined in and around the Batchelor area: tin, copper, gold, nickel, lead, tantalite, and uranium. The most significant of these ventures was the Rum Jungle Uranium mine (discovered in 1949).

In the ensuing years a number of uranium mines commenced production around Rum Jungle, producing 4,200 tonnes of uranium. An undeveloped resource of between 5,000-7,000 tonnes of uranium also exists at the Mount Fitch deposit currently operated by Compass Resources. Major uranium discoveries were then made further east in the Alligator Rivers areas in the 1960's and 1970's when Ranger, Naborlek, Koongarra and Jabiluka were found containing around 300,000 tonnes of uranium.

The Rum Jungle Creek South orebody (3kms west of Batchelor) was discovered in 1960 by Territory Enterprises. It was mined 1961-63 to depth of 67m, with the relatively high-grade ore (0.37% U). The Daly River Copper Mine commenced in 1884 with operations continuing sporadically until 1918. Total recorded production is about 5,000 of 20% copper ore from shaft and an open cut. About 1,000t of similar material was produced from other nearby copper deposits, most notably, Wheeldanks.

The region has been explored for gold over a century since the first discoveries at the Finniss River in 1865 and at Tumbling Waters in 1868. These first discovered occurrences were uneconomic. In 1870, a hole dug for the construction of the overland telegraph line at Yam Creek yielded alluvial gravel containing coarse gold. This led to many significant discoveries and by 1881; mining activity was widespread throughout the central Pine Creek Orogen. All major gold mines in the region were discovered by the turn of the century. A substantial quantity of gold was produced in the period 1884-1915, with a peak in 1891-95.

The total gold production from Pine Creek till the end of 1998, excluding minor recent alluvial operations, amounts to 115.35 tons of gold. Pine Creek includes nearly half the gold occurrences of the NT. Modern gold exploration commenced in 1980 when increase prices and improved mining and metallurgical technology boosted exploration. This resulted in systematic geological mapping, geochemical surveys and drilling mostly around previously known occurrences.

New ore bodies were discovered at Batman, Goodall, Moline Dam, Glencoe, Rustlers Roost, Sundance and Toms Gully. Several ‘vein-type’ uranium deposits in the central and southern Pine Creek Geosyncline are located outside known fields. Most of these occurrences were discovered during the first phase of uranium exploration during the early 1950's. Adelaide River, George Creek and Fleur de Lys were among some of the earliest uranium mining operations in the NT, but were not large enough to attract much interest when compared to the Rum Jungle Mineral Field and Alligator River deposits. are was processed at Rum Jungle and a total of 19.7 t of U3O8 was produced from vein type deposits.

West Batchelor shares a contiguous boundary with Territory Uranium Company Ltd's (TUC) Daly River Energy Prospect. Territory’s exploration programs have reported uranium significant findings; including best result of 1.5kg/t (1500ppm) U over 0.3kg/t (300ppm) U3O8 and results are interpreted to overlie an unconformity type system.

The Mt Tolmer iron deposits have previously been inspected by P.G Dunn (1962) had recommended that further exploration was warranted. The rocks of the area consist of steeply dipping siltstone and slate of the Burrell Creek Formation, unconformably overlain by sub-horizontal ferruginous sandstone of the Depot Creek Sandstone Formation. The slates are intruded by numerous small quartz and
pegmatite veins, some of which are tin-bearing and the slopes below the iron ore deposit contains a number of old workings, comprising costeans, small open cuts and shallow shafts.

The iron ore in this area appear to have been developed in three different environments. The west part of the main deposit is a steeply dipping tabular or lenticular body, apparently emplaced within the Burrell Creek Formation, although its contacts with the latter are entirely obscured by larger ironstone bounders and scree.

The eastern extension of this deposit, on the other hand, is flat-lying body occurring at the unconformity between the slates and the ferruginous sandstone, while the two small isolated occurrences to the west and north of the main deposit are developed entirely within ferruginous sandstone, probably minor shear zones.

All these occurrences consist of two main types of material:

1. Dense, fine grained hematite showing concretionary structures in some part and slicken-siding in others
2. Strongly cellular material generally composed of a mixture of hematite and limonite and usually containing a small admixture of sand grains.

In places, the texture of the cellular material resembles a gossan, and minor amounts of secondary copper minerals were observed in few specimens. Composite chip samples of the two types were collected from the western portion of the main deposit and forwarded to the Australian Mineral Development Labs in Adelaide for assaying:

<table>
<thead>
<tr>
<th>Type of Material</th>
<th>Total Iron %</th>
<th>Phosphorus %</th>
<th>Copper %</th>
<th>Sulphur %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 1: Dense Hematite</td>
<td>61.8</td>
<td>0.19</td>
<td>0.0058</td>
<td>0.015</td>
</tr>
<tr>
<td>Type 2: Cellular Material</td>
<td>56.7</td>
<td>0.15</td>
<td>0.0046</td>
<td>0.025</td>
</tr>
</tbody>
</table>

Both types of material are present in all of the three types of environment listed above. The proportions vary widely from point to point within each of the occurrences, but the cellular type of material is always predominant.

The total reserves within the deposit cannot be assessed from the available information, as its downhill limits are largely obscured by ironstone boulders and heavy scree, while the possible northerly and north-westerly extensions of both the steeply dipping and the flat lying portions of the main deposit are obscured by the overlying sandstone.

The exposed portion of the steeply dipping body, which makes up the western part of the main deposit, may have a vertical extent of slightly more than 15.2 metres and an average width of the same order, while the flat-lying portion-including that part which overlies and grades into steeply dipping body may have an average vertical thickness of 3 metres and maximum width of 152 metres in a north-east direction. In both cases, the extent in a northerly or north-westerly direction, underneath the ferruginous sandstone, is completely unknown.

From the exposure occurrences, it’s clear that considerable redistribution of material has occurred and at least some of this must be related to weathering at the present surface. By analogy with hematite maybe expected to have resulted in surface enrichment, so that the average iron content of the whole deposits is likely to be lower than that of the surface material. On the other hand, it will also probably have lower phosphorus content.
The Table Top Iron Prospect is a deposit of laterite development beneath part of the surface of a plateau formed by flat-lying Upper Proterozoic quartz sandstone (Depot Creek Sandstone). The prospect is situated approx 13.7 km north east of the Mount Tolmer Iron Ore Prospect.

The Plateau surface underlain by the weathering profile which contains the laterite forming the prospect covers an area of 103 km².

In 1970, 16 auger holes were drilled and sampled (no map is currently present within report) in which density separation beneficiation test were carried out by the NT Administration Mines Branch at Mt Wells Battery. The surface drilling indicates the following:

1. Thickness of more than 1.5 metres of laterite is forecast beneath 13 to 26 sq km of the plateau surface.
2. The laterite is up to 6 metres thick.
3. The laterite contains 20 to 40% Fe and 0.07% to 0.26% P – the bulk of the laterite appears to contain 20-30% Fe.
4. Estimation of laterite contains 20 million tons of material per 1.5 vertical metres.
5. The bulk of the iron present in the laterite appears to be hematite.
6. Iron oxides occur as concretions and fragments up to 2 mm in diameter and within a fine grained matrix and cement.
The beneficiation tests at the Mt Wells Battery were performed on material crushed to -0.4mm with the bulk of the material crushed to -0.2mm. In view of the grain size of the iron material in the laterite, the samples were not crushed finely enough to liberate most of the iron minerals. Through density separation of Wildly Tables following by disliming in cyclones upgraded the iron content of the sample from 29.6% Fe to 41.4% Fe with phosphorus content of the concentrate was 0.21%.

“LC Quartz rich” was the only sample which appeared susceptible to gravity treatment. The minus ¼ plus 100 mesh fraction gave a heavy mineral product containing 92.6% of the iron at a grade of 54.03 (see in Table 2). Recovery of iron was good up to ½ however grade was low at 44.48% Fe indicating incomplete liberation. Higher grades than 54% Fe could most likely be obtained by crushing finer than ¼ however sample TT -1 indicated only slight improvement in recovery for no significant change in grade on reducing the sample size distribution from minus 1/4 plus 100 mesh to minus 28 plus 200 mesh.

<table>
<thead>
<tr>
<th>Sample</th>
<th>Minus 1/4 +100 Sinks</th>
<th>Minus 1/4 +100 Floats</th>
<th>-100</th>
<th>Head</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Wt %</td>
<td>Fe %</td>
<td>% Dist of Fe</td>
<td>Wt %</td>
</tr>
<tr>
<td>LC Quartz Rich</td>
<td>30.9</td>
<td>54.03</td>
<td>92.60</td>
<td>59.9</td>
</tr>
<tr>
<td>TT-1</td>
<td>68.3</td>
<td>44.43</td>
<td>74.10</td>
<td>21.6</td>
</tr>
<tr>
<td>TT-4</td>
<td>72</td>
<td>35.10</td>
<td>77.60</td>
<td>19.8</td>
</tr>
<tr>
<td>MS-4</td>
<td>54.9</td>
<td>40.65</td>
<td>63.60</td>
<td>9.4</td>
</tr>
<tr>
<td>BT-E</td>
<td>45.4</td>
<td>47.93</td>
<td>76.40</td>
<td>33.9</td>
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<tr>
<td>RJ N-1</td>
<td>65</td>
<td>31.05</td>
<td>71.30</td>
<td>13</td>
</tr>
</tbody>
</table>

The beneficiation of the ore samples by magnetic means appears feasible. Sample RJN yielded 34.6% Fe of the iron at a grade better than 60% Fe (Refer to Table 3). Iron recovery in this test is possible low due to overgrinding of the ore (80% minus 300 mesh) causing losses due to the difficulty of recovering fine particles by magnetic separation. Low grade in the magnetic fractions (particularly in the primary magnetics) is due to the difficulty of washing out the physically entrapped fine non-magnetic material. The tertiary magnetic fraction most likely contains a high percentage of non-magnetic material which would have been trapped in the magnetic fraction of the original separation at 960 gauss. With a coarser grind on iron recovery of 50 to 60% at a plus 60% Fe grade would be expected.

<table>
<thead>
<tr>
<th>Product</th>
<th>Flux Strength</th>
<th>Wt %</th>
<th>Fe %</th>
<th>% Dist of Fe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Magnetics</td>
<td>720</td>
<td>8.5</td>
<td>58.6</td>
<td>16.6</td>
</tr>
<tr>
<td>Secondary Magnetics</td>
<td>860</td>
<td>8.4</td>
<td>64.65</td>
<td>18</td>
</tr>
<tr>
<td>Tertiary Magnetics</td>
<td>960</td>
<td>47.1</td>
<td>28.04</td>
<td>43.8</td>
</tr>
<tr>
<td>Non Magnetics</td>
<td>36</td>
<td>18.07</td>
<td>21.6</td>
<td></td>
</tr>
<tr>
<td>Feed</td>
<td>100</td>
<td>30.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8.0 ECLIPSE METALS LTD EXPLORATION DURING TENURE

In March 2010, GPX Surveys commenced a fixed wing airborne magnetic and radiometric survey for Whitvista Pty Ltd over the West Batchelor project area in the Northern Territory. The survey area was approximately 10 km southwest of Batchelor. The survey was flown using a Cessna 210 fixed wing aircraft with registration VH-TIJ.

Figure 2: West Batchelor Project – Total Magnetic Image
Figure 3: West Batchelor Project – Total Magnetic Intensity Map
Figure 4: West Batchelor Project – TMI Reduced to Pole Map
This area is still retained under the current Exploration Licence area. On the 18th January 2012 Eclipse became owners and operators of the West Batchelor Project through the acquisition of Central Energy Pty Ltd. Since the acquisition of the tenement Eclipse has completed a risk management plan for the Pine Creek Project (including EL26257) which has been approved by NT Worksafe.

Eclipse has also commenced a project review of the area to generate preliminary target areas (Figure 2) and collected all historical open files available for review. A regional database is also being constructed for the Pine Creek Project Area to aid with target generation.

An independent consultant has also been commissioned to provide further targets and review all available data for the tenements. Targets can then be refined to allow field programs to be designed.

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 over the Project area to identify any potential for base metal /uranium. The results identified of 2 major iron targets that warrant further work immediately.

The tenement lies within Litchfield National Park which is a zoned allowing for both exploration and recreation. As such, once targets have been generated, they will be refined against zonation and permissible exploration activities before programs are designed to investigate target areas.

9.0 CONCLUSION

There has been little previous exploration for iron ore within EL26257 – this project represents a greenfields exploration play for principally iron and potentially uranium deposits of varying genetic styles.

Overall Summary

1. Conduct extensive rock chip and soil sampling over identified target generated iron and magnetic targets areas.
2. Conduct a ground radiometric survey over elevated uranium areas outlined
3. Carries out ground radiometric survey traverses over the U anomalies generated with brief geological mapping.
4. Detailed regional structural interpretation with strong emphasis on the identification of untested mineralised structural trends (ie anticline situated in the western portion of the Exploration Licence area)

Over the Mt Tolmer and the Table Top Iron Prospect projects should include a brief ground reconnaissance field trip (one day) to confirm the presence of the prospect and to collect around 20-30 rock chip samples along with photos to indicate the overall iron content from surface. Also a few samples should be collected for petrophysics studies to determine the best ground survey to potentially map out the iron ore orebody along strike and depth. This will determine the drill depth of any future programmes along with the number of drill holes to delineate the true extent of the iron mineralisation.

The second stage of exploration over the Table Top Iron Prospect should include bulkMetallurgical studies. Since the metallurgical work was completed in 1970, the technology has advanced to a high degree. Eclipse should consider conducting a detail metallurgical test work to determine if gravity or magnetic separation would be the best way to potential treat the near surface iron mineralisation. If the work is positive, then Stage 3 should be implemented. Third stage will include reconnaissance auger drilling will determine the true extent of the iron mineralisation over a large area. Based on the
shallow nature of the iron mineralisation, a large amount of auger holes can determine the volume of iron laterite material.

Based on the review, it was recommended the exploration licence area was to be relinquished upon the collapse of the iron prices around the world and the location of the Project been within the Litchfield National Park. The board of Directors has concluded if any mineral resources would be delineated within the National Park, it would be deemed too difficult to access mineral leases and permitting. The company will focus on more prospective areas within their other Northern Territory Exploration Licence areas.

10.0 REFERENCE


Lally, J H 2002 Stratigraphy, Structure and Mineralisation, Rum Jungle Mineral Field, Northern Territory. NTGS


