RELINQUISHMENT REPORT MT WELLS GOLD PROJECT

PINE CREEK MINERAL FIELD
NORTHERN TERRITORY

Mt Wells Project
Exploration Licence: 27567
Period covering 16/04/2010 – 15/03/2016

BY

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August 2016

DISTRIBUTION

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

TENEMENTS: Exploration Licences 27567

MINERAL FIELD: Pine Creek Mineral Field

LOCATION: PINE CREEK SD5208 1:250 000
Pine Creek 5270 1:100 000

COMMODITIES: Gold and Base Metals
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1.0 MT WELLS PROJECT - COPYRIGHT STATEMENT:

The owned information acquired by Eclipse Uranium Ltd includes all information under the previous work by Eclipse Uranium Ltd and investigations during the reporting year. 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 Mt Wells project is located approximately 140 km southeast from Darwin in Northern Territory, reached via the Stuart Highway from Darwin.

This report describes the results of literature research and target generation based on re-interpretation of magnetic/radiometric data carried out during the fifth year of the Licence.

EL27567 covers ground within the Palaeoproterozoic rocks of the Pine Creek Orogen near to the South Alligator River Uranium Field and is prospective for gold and base metals. The tenement is also relatively near to the Rum Jungle mineral field which is highly prospective for uranium mineralisation in conjunction with base metals. The tenement was granted to Whitvista Pty Ltd on 16th April 2010 and on 18th January 2012 Eclipse Uranium (subsequently Eclipse Metals Ltd) became the owner of Whitvista through the acquisition of Central Energy Ltd.

On 17th June 2013, 40% of the tenement was relinquished based on selection of more favourable geochemical and magnetic targets. This tenement represents a green-fields exploration play for principally gold and base metal deposits and potentially uranium of varying genetic styles. The exploration concepts are based on specific geological criteria considered as important for controlling the localisation and upgrading of gold mineralisation hosted with structural controlled features.

No exploration work has been conducted over the exploration licence during this year based on financial constrains to the company. The company has commenced negotiations with interested parties for a potential JV over the project.

On 15th March 2016 EL27567 was reduced to 2 blocks in size from 5 blocks.

3.0 LOCATION AND ACCESS

Eclipse’s Mount Wells Project is located approximately 140km southeast of Darwin and 110km northwest of Katherine in the Northern Territory. The licence is comprised of nine blocks with an area of 29.99 km² (Figure 1). Access to the tenement is gained by using the Stuart Highway from Darwin before taking the road along the Alice Springs - Darwin railway to Burrundie and then the road to Mt Wells. It appears that all roads to the tenement are sealed (Figure 1).

Rainfall is seasonal, associated mostly with the summer monsoon. Temperatures range from the summer average of 35°C to a winter average minimum of 12°C.
4.0 TENEMENT

The project consists of one granted exploration licence, EL27567, as detailed in Table 1, and shown in Figure 1.

Table 1: Mt Wells 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>Mt Wells</td>
<td>EL27567</td>
<td>Granted</td>
<td>2 blocks</td>
<td>6.68 km²</td>
<td>Whitvista 100%</td>
<td>16/04/2010</td>
</tr>
</tbody>
</table>

Figure 1 – Tenement location map

5.0 GEOLOGY

The Mt Wells Project is located approx 27 km NNW from Pine Creek in the NT. The Spring Hill Gold Project is located 500 metres due south of the southern boundary of EL27567. Historically, high-grade lodes at Spring Hill were mined intermittently between 1880 and 1966. More recently the Spring Hill project area has been the subject of extensive exploration, which
outlined gold mineralisation in a group of near surface deposits that were estimated in 2003 to contain an Indicated Resource of 10Mt at 1.4g/t for 450,000 oz of gold (Project is controlled by Thor Mining Ltd ASX:THR).

There is potential to discover further gold resources within the project. A number of gold targets have been located and a proposed EM-IP geophysical exploration is likely to locate others.

Extensive work has been completed within the EL as it has been subject to historic through to modern day exploration back in the late 1990’s. Highly favourable lithologies are present such as the Mt Bonnie Formation which has hosted high grade gold and base metals deposits within the Pine Creek Geosyncline.

![Figure 2](Figure2.png)

**Figure 2 – current area of EL 27567 held as graticular blocks SD521365H and SD521365O**

### 6.0 PREVIOUS EXPLORATION

The bulk of the historic works completed included stream sampling with a total of 68 samples being taken and a maximum value of 10.6 ppb Au recorded by Acacia Resources. Soil sampling was completed and a maximum value of 267 ppb Au was encountered, vacuum drilling in a follow-up program also intersected low grade Au values.
Western Gulf Oil and Mining Ltd (Shields, 1989) completed exploration over the tenement for gold from 1987. In the first year a sample was taken which assayed 0.96g/t gold but the value was never matched in further sampling programs or over the rest of the tenement and the licence was surrendered in 1989.

In 1991, Rosequartz Mining NL became owners of the tenement in the area and completed field programs comprising drainage geochemical sampling and geological reconnaissance. Gold values of up to 3.1ppb were recorded and base metals including 17 ppm Cu, 21 ppm Pb and 32 ppm Zn, none of which were considered anomalous. In the following field season mapping and rock chipping was completed by the company and whilst results from the Burrell Creek Formation came back as largely negative there were anomalous values associated with breccia samples from the granite contact. A maximum value of 0.16 ppm Au was recorded and a further program to target this area was designed but yielded poor results (Rosequartz Mining NL, 1993).

Territory Goldfields NL acquired land in the area in 1993 and completed field work including regional soil sampling, with the highest value of 3 ppb Au and stream sediment sampling which returned 0.5 ppb Au (Socic, J 1996).

It appears that no drilling has been carried out in the area. Stream samples appear to have generally focussed on Watt’s creek. Rock chip samples have targeted quartz veins and gossanous material as well as the contact aureole of the granite intrusion to the area which appeared to contain brecciated material.

7.0 EXPLORATION 2012-2015

On the 18th January 2012 Eclipse became owners and operators of the Mount Wells 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 EL27567) 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 facilitate 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 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 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.
8.0 EXPLORATION 2015-2016

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.

9.0 RELINQUISHMENT

With the Mt Wells project (EL27567) due for reduction, but the surrounding prospectivity relatively well known to the incoming management, a decision a decision was made to retain areas of more cover and less outcrop. The company holds the retained area as more prospective than areas that are easily mapped. A conscious view to downgrade blocks intersected by the Adelaide-Darwin railway reserve was also applied, resulting in the relinquishment previously applied for.

On the 15th March 2016, an application for renewal of the tenement was lodged, along with an application to reduce the tenement to 2 blocks, based upon more favorable geochemical and magnetic targets within Exploration Licence area. EL 27567 represents a green-fields exploration play for principally gold-base metal deposits and potentially uranium of varying genetic styles. The exploration concepts are based on specific geological criteria considered as important for controlling the localisation and upgrading of gold mineralisation hosted with structural controlled features.
10.0 REFERENCE


