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Mount Douglas Project

EL 27930

Annual Report for the Year Ending 28th October 2011.

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Summary.

This report details the exploration activities carried out over EL 27930, the Mount Douglas Project in the Northern Territory, during the period 29th October 2010 to 28th October 2011.

On 17th February 2011 Eclipse Uranium Limited acquired the Mount Douglas Project upon its successful listing with the ASX. Since this date the company has focused predominantly on collecting background data for the project which includes open file reports, geophysical and geological data from the Northern Territory Geological Survey. This data has been used for project review and target generation.

A field trip to the project area was planned with the purposed of understanding the logistical requirements of exploration on the project, geological mapping and sampling, where appropriate, and meeting the landowners to establish good working relations. This was completed In July 2011.

It has recently been determined that this tenement will need to be re-granted to Eclipse as there has been a problem with the initial grant of the tenement. Eclipse currently awaits further information from the Titles Department.

1.0 Introduction.

The Mount Douglas Project comprises Exploration Licence EL 27930 and covers 24.5 km^2 of Proterozoic rocks of the Alligator River Mineral Field, approximately 100km south-east of Darwin. The project is prospective for uranium mineralisation, polymetallic base metal veins and low sulphide Au Veins.

2.0 Location, Access and Tenure.

Eclipse Uranium Limited's Point Stuart Project area is located 100km south-east of Darwin in the Northern Territory. Access to the area is provided by the sealed Arnhem Highway from Darwin before using the unsealed track south which turns off just before the Mary River crosses the highway. (Fig. 1)

The subject of this report, Exploration Licence EL 27930, covers 24.5 km^2 and is found on the Mary River 5272 (1:100) map sheet, published in 1983.

Table 1.Mount Douglas Project Tenement Details.

Licence	Holder	Date Granted	Expiry Date	Area km^2	Expenditure Covenant
EL27930	Eclipse Uranium Ltd 100%	29/10/2010	05/10/2016	24.5	$7,000

3.0 Regional Geology.

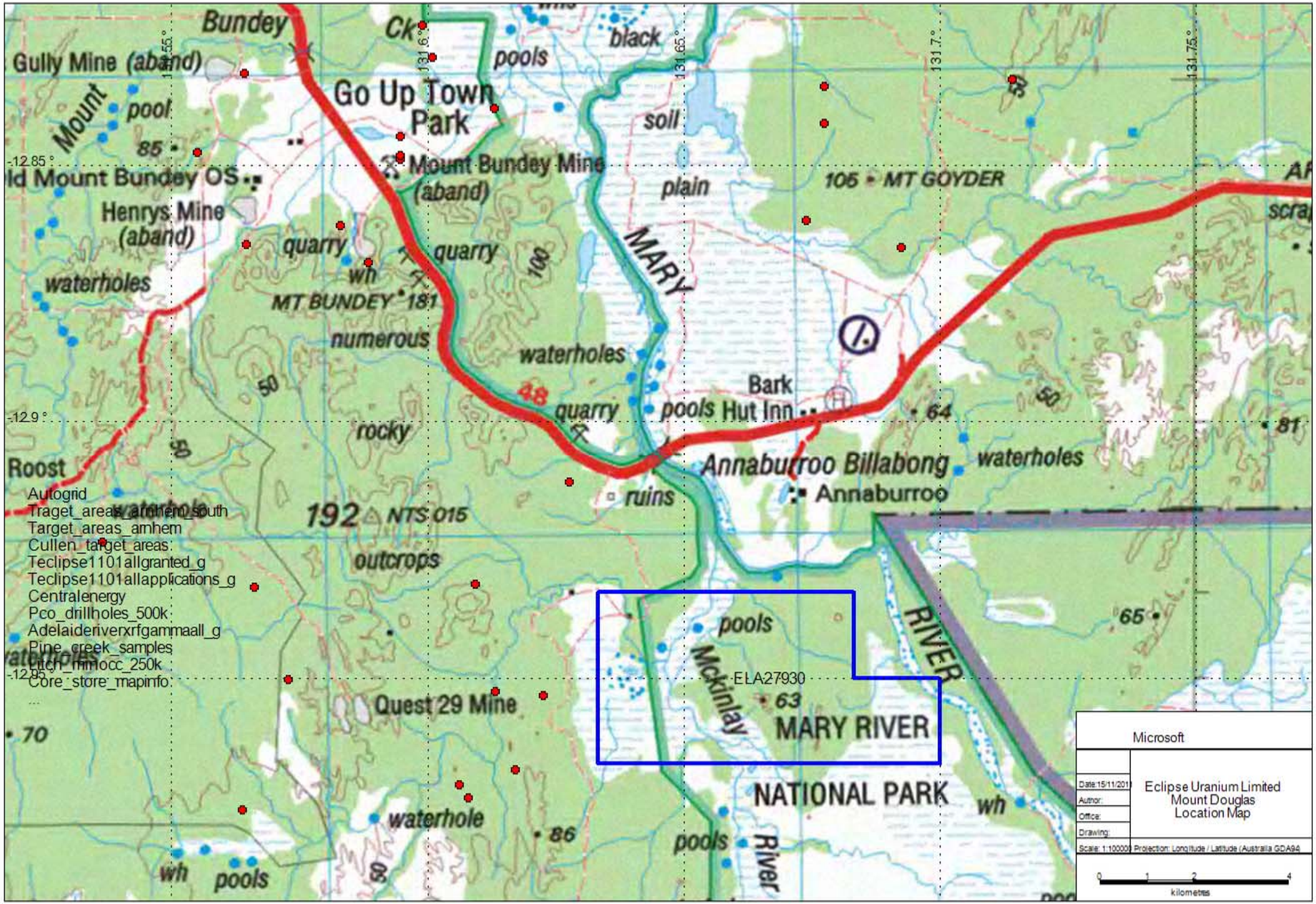
The tenement is situated on the eastern side of the Pine Creek Geosyncline, a group of Palaeo-Proterozoic sediments and metamorphic rocks which have undergone deformation and are known to host gold, base metal and uranium mineralization.

The age of the sequence varies from early Palaeo-Proterozoic to almost Meso-proterozoic (1800 million years ago to 2100 million years ago) of the Pine Creek region. The Pine Creek sequence is known to contain sandstones, siltstones and shales of the Kombolgie formation and the Mt Partridge Group as well as schists and igneous rocks of the older basement group. Some of the younger mudstones, shales and siltstones of the Palaeozoic and Mesozoic platform cover rocks are occasionally seen as scattered outcrops lying unconformably above the Proterozoic rocks.

The current Quaternary drainage basin of the Mary River and McKinley River causes the clays and alluvial sediments associated with this drainage having a masking effect on the underlying Proterozoic geology.

These sediments have not been tested for mineral content but they are a suitable environment to contain heavy minerals, base metals, uranium, gold and possibly rare earths. Areas between the two river floodplains are higher in elevation and there are scattered outcrops of the sedimentary Tertiary cover as well as basement rocks of the Proterozoic Pine Creek Geosyncline. These Proterozoic sediments, intrusives and volcanics and their associated unconformities are known to be suitable host sites for uranium mineralization (Taylor, 2009).

Within the Mount Bundy Mineral Field there are the following prospects all within the Proterozoic Koolpin Formation; Quest 44 a lead and zinc tabular skarn, Quest 30 a polymetallic base metal vein hosted prospect and Quest 29 a low sulphide vein with precious metals including gold, silver and copper.


Bundey
Ck
Gully Mine (aband)
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pool
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Go Up Town Park
pools
black
soil
plain
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Henrys Mine (aband)
quarry
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MT BUNDEY 181
numerous
waterholes
MARY
105 MT GOYDER
Bark Hut Inn
pools
quarry
rocky
Roost
Annaburroo Billabong
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192 NTS 015
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Quest 29 Mine
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63
MARY RIVER
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Pco_drillholes_500k
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Pine_creek_samples
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Location Map
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kilometres

4.0 Project Geology.

The geology of the tenement largely contains Quaternary unconsolicated material most likely associated with the river systems on the tenement. Historical field work on the tenement has indicated that these are Quaternary and recent fluviatile and lacustrine clays, silts and mixed facies associated with the Mary River and McKinley River catchments. This water system drains a large area of hinterland to the south, with the sediment provenance mainly from the Pine Creek Geosyncline rocks.

The laterite profile may be a good provenance for uranium and base metal enrichment within the groundwater or hydrologic circulation. The laterite profile is variously developed in the northern area and is resistant to erosion, creating low-lying mounds or rises as remnants of the once extensive oxidation (Taylor, 2009).

The underlying geology of the tenement is mapped to be the Proterozoic Koolpin Formation which is folded with the Gerowie Tuff. This geological scenario has proven prospective for both precious and base metals to the west of the tenement with the Quest prospects mentioned above. A mapped fold axis, by the NT Geological Survey, is present on the tenement running directly north and there are three mapped dykes or veins trending north, northeast and north west. The fold axis elsewhere appear to be concurrent with the known mineralisation prospects.

The geology of the tenement is illustrated in Figure 2. The tenement lies to the south east of a large complex structural feature and contains a north west trending linear structure which cross cuts this and the tenement.

5.0 Previous exploration.

During the period 1973 to 1977, Geopeko explored for gold, base metals and uranium over a large area in the region (EL142), part of which encompassed Eclipse's licence EL27930. The Quest 30 Prospect was situated about 3km to the west of Eclipse's Mount Douglas tenement (EL27930) and south of the Mt Bundey Complex. Here, a 400m long zone of lead and copper anomaly was found to coincide with a transition zone within in the Craig Creek Member of the Golden Dyke Formation. Siliceous ironstone bands with 'spongy quartz gossan' are present in shears along this zone. Ryan & Tandon, 1973) Follow up investigation, in 1974, failed to produce results of economic value from the Golden Dyke Formation and Craig Creek Member. (Twist, 1974b)

In 1974, Geopeko reported lead and uranium anomalies from rock chip samples taken within EL142. The best uranium result was 96ppm. The uranium was concentrated at the base of 'ferricrete' and was thought to be coming from groundwater but the source remained unknown. (Twist, 1974a) The locations of these rock chip samples are, as yet, undetermined.

In 1976, Geopeko drilled one diamond hole with a final depth of 259.59 metres (core interval 30.5m - 259.59m) at Quest 30, approximately 2.5km west of EL27930. A detailed log and results for Cu, Pb, Zn, Ni, Bi and Ag are given. Highest results were 260ppm Cu, 370ppm Pb, 2800ppm Zn, 1030ppm Ni and 4ppm Bi and 2.5ppm Ag.

The log describes a layered sequence of carbonaceous shales and chloritic rocks with some porphyritic intrusive rocks. Sulphide mineralization in veins and blebs and carbonate veining is common. (Twist, 1976b)

During 1979-1983, joint venture partners, Pan D'or Mining, Aquitaine Australia Minerals and Jimberlana Mineral, explored EL1653 and EL 2068 for base metals and uranium. Regional surveys and intensive ground based work resulted in the discovery of numerous occurrences of anomalous mineralisation within the Koolpin Formation and numerous veins exhibiting erratic high grade mineralisation. These occurrences fell into three broad groups

A. Slight concentrations of uranium in altered Koolpin sediments,
B. High grade shear-bound concentrations of uranium, base metals, silver and gold,
C. Slight, apparently stratabound, base metal concentration within iron-indurated siltstone and chert horizons of the Koolpin Formation.

The joint venture partners applied for Mineral claims over these anomalies, most of which occur just to the west of Eclipse's EL27930. (Treasurer, 1983) It was considered that these surface anomalies may indicate more extensive subsurface mineralisation. (Treasurer, 1980c)

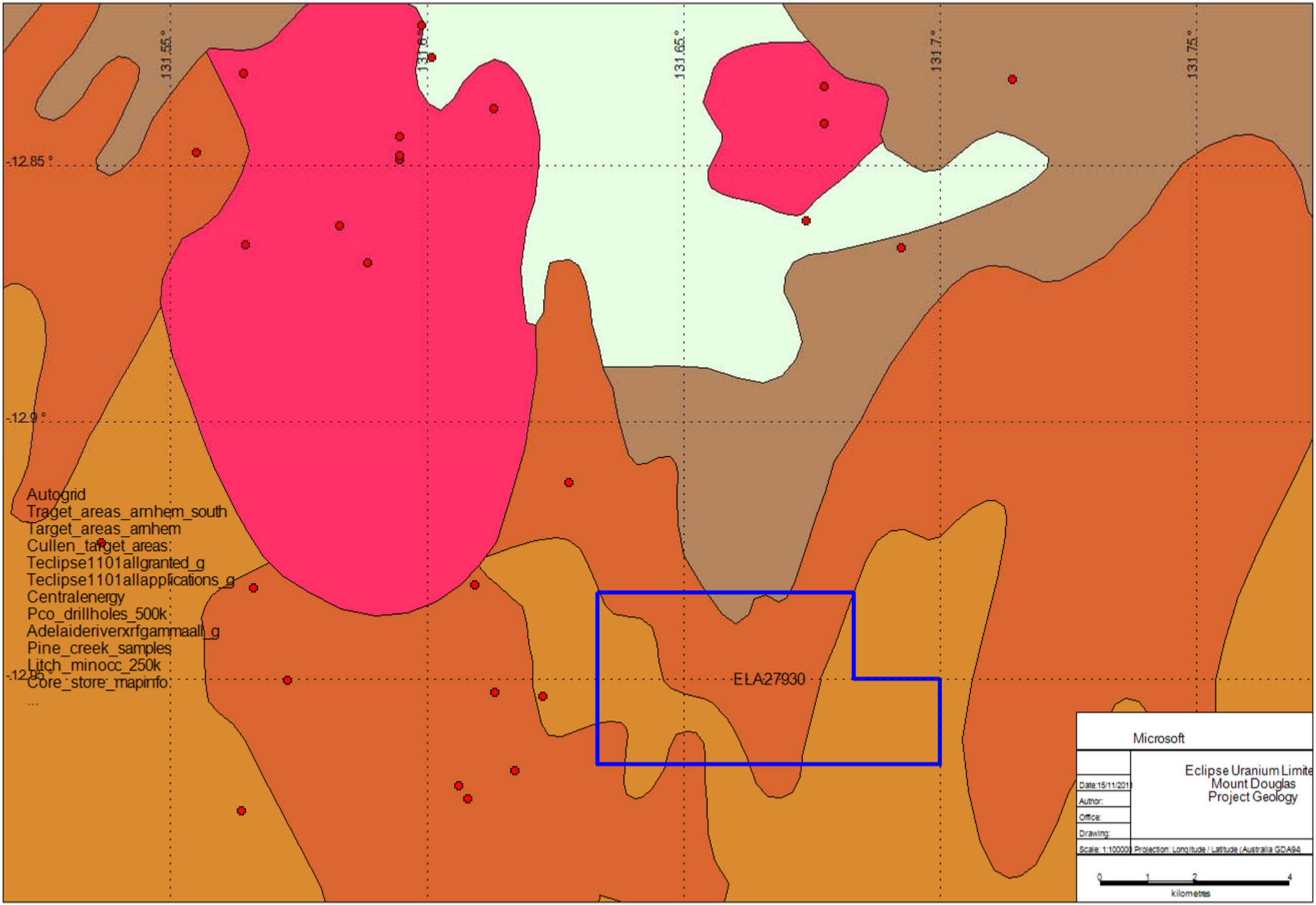
During the mid 1980's Orridge and Shields panned for gold in the area covered by EL 3671. The area was considered prospective for stratabound gold mineralisation associated with the iron rich sediments of the Koolpin and Mount Bonnie Formations or associated with coarse grained sediments in the 'cores' of anticlines. Anomalies were identified from historical exploration by Geopeko and the Pan D'or Mining, Aquitaine Australia Minerals and Jimberlana Minerals joint venture. Mapping, sampling, stream geochemistry and panning were carried out over these anomalies, but no gold was panned. (Shields & Orridge, 1986)

Newmont Australia Ltd explored EL5008 and EL6364 for gold and base metals during the late 1980's. 17 gold anomalies were identified to the west of Eclipse's current EL27930. 3 were drill tested, and the others were been followed up by rock chip and-or soil sampling and detailed mapping, but no economic mineralisation was found. (Thomson & Pearson, 1990)

Sons of Gwalia conducted a geochemical survey over breccia quartz stockwork and granitoid intrusion on EL7804 during the early 1990's. The surveyed area is within EL27930. Low order base metal anomalism was highlighted by soil geochemistry and rock chip sampling. (Brigden, 1992)

Normandy/Poseidon Exploration explored for diamonds, gold and base metals over EL7352 during the 1990's. Exploration for diamonds using drainage, loam and rock sampling, airborne and ground magnetic and drilling identified a number of lamprophyre dykes, two of which appear to be covered by Eclipse's EL27930. (Abbott, 1995)

During 2004-7, NT Gold explored EL9729 using a metal detector to locate gold nuggets, largely without success. Outcrops of radioactive and highly ferruginous quartz breccia with 'pale yellow inclusions', (possibly saleeite) were located in the north east of EL9729 (within the current EL27930). Rockchip assays were taken and indicated possibilities for uranium and base metals. Results included 22.5ppm U (sample 92932), 1430ppm Pb (sample 92926) and 565ppm Zn (sample 92920). (Manhire, 2007)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6.0 Work Completed.

On 17th February 2011 after their successful listing on the ASX Eclipse Uranium Limited became the owners and operators of EL27701. Work completed on the tenement comprises collation of historical open file reports and geological data. This was utilised with reprocessed open file geophysical data for project review and target generation.

A field trip was completed with the purpose of geological mapping and sampling where appropriate, understanding the logistical requirements of any future programs and establishing good relations with the land owners. Eclipse was advised by the Department of Parks and Wildlife that it would not be given permission to access the tenement. As such Eclipse just determined the best access for the tenement whilst driving past with actually accessing the tenement. As part of a program for all of the pine creek tenements historic data is being compiled and entered into a database.

Whilst in Darwin Eclipse had a meeting with Jerry Whitfield, Director of Titles, and it was determined that there was some question over the validity of the grant of the Point Stuart Licence. At this point Eclipse stated that it would not be spending extra money on the tenement until this was resolved and would instead focus on other tenements in the Pine Creek Region. A follow up conversation on 15 September 2011 with Mr Whitfield indicated that there will be a need to be a re-grant of this tenement. As such Eclipse has submitted an expenditure report but will treat this expenditure as you would an exploration licence application and use it against the new first year expenditure once the licence has been re-granted.

7.0 Conclusions and Recommendations.

Eclipse considers that the prospect is prospective for vein hosted base metals and precious metals within the Koolplin Formation. The region is considered prospective not only for precious metals but also Uranium and REE. A couple of possible radiometric anomalies which have been identified on the tenement.

The area requires further sampling and mapping to allow accurate target generation. This would also allow the ground truthing and refinement of targets generated with GIS. Eclipse will await further correspondence regarding the re-grant of the tenement once this is received exploration will recommence on the tenement.

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