

Eclipse Metals

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Eclipse Metals in "transformational" acquisition of world's largest historical cryolite mine with REE potential

Eclipse Metals Ltd (ASX:EPM) has entered a "transformational" agreement to acquire the Ivittuut Project in Greenland which is the world's largest and only source of naturally occurring cryolite - an extremely rare mineral in commercial quantities.

Cryolite is a rare mineral proven to act as a beneficial fluxing agent to reduce energy consumption in aluminium production.

Although the mineral has been found in other places, Ivittuut, in the country's southwest, is the only place where this mineral has been commercially extracted.

Shares have soared 70% in early trade to 3.2 cents, a new high of more than eight years.

Historical production

It was mined for 120 years before being closed in 1987 with production of 3.8 million tonnes of cryolite recorded by the Greenland Geology Survey Department (this is not a resource or reserve estimate equivalent).

There are indications of further cryolite mineralisation near surface and at depth from 1980's drilling and exploration.

In addition to cryolite, mine workings contain associated minerals including fluorite, siderite, quartz (high purity silica), rare earth elements (REE) and base metals although this is yet to be assessed.

"Transformational" acquisition

Eclipse Metals executive chairman Carl Popal said: "This transformational 100% acquisition has multi-facet commercial potential for Eclipse.

"Ivittuut is unique in so many ways; not only as the world's only cryolite mine with huge potential for multi-commodity deposits next to an historical port but also as a source of highly sought after heavy rare earth minerals.

"This is a global leap forward for the company to expand its interests with unique opportunities in the green energy metals and minerals sector."

He told Proactive that this was a unique situation that had the potential to encompass different commodities, including, high purity silica and heavy rare earths as well as cryolite, in mined and non-mined areas.

"This is a 100% acquisition with no partners and we intend to systematically explore the project which is within a mining-friendly jurisdiction with easy access to major North American and European markets."

Price: 0.021

Market Cap: \$29.71 m

1 Year Share Price Graph



Share Information

Code: EPM

Listing: ASX

52 week High Low
0.032 0.003

Sector: General mining & base metals

Website: www.eclipsemetals.com.au

Company Synopsis:

Eclipse Metals Ltd (ASX:EPM) is an exploration company focused on the Northern Territory and Queensland. The company has a portfolio of assets prospective for gold, manganese, base metals and uranium mineralisation.

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Ivittuut and the cryolite mine in 1960, showing working open-pit, mine infrastructure, ore and waste dumps and ship-loading facilities.

Extensive amount of core

The company is poised to begin work on this unique opportunity with a vision of firming up the potential and eventually developing producing mines on the tenement.

It plans to undertake systematic exploration using modern techniques to determine any economic or value-adding potential.

Historical mineral exploration included drilling about 19,000 metres of diamond drill core that is stored in a Greenland government facility.

This provides extensive material to be sampled and assayed and Eclipse will undertake a detailed re-logging and sampling with a view to preparation of a JORC Code 2012-compliant resource estimation by an independent resource geologist.

Further recent data will be sought whilst the company is working on the extensive geological and Global Information System (GIS) database over the project area and surrounding known mineralisation.

EPM will also assess the potential for REE outside the immediate Ivittuut mine area and over the Gronnedalaka carbonatite/REE prospect area.

"Well-positioned"

Popal said: "EPM is now well-positioned not only to deliver increasing value for our shareholders by being able to achieve cost-effective results from assay of the 19,000 metres of drill core presently in storage but also delineating short-term opportunities in the highly sought after REE sector.

"In the short run, having substantial high purity quartz (silica) still within the pit area puts the -company in a position to

potentially be a near-term supplier to the electronic, solar, optical and silicon metal industry. High purity quartz is a highly sought-after industrial mineral."



Satellite image of MEL2007-45 showing the Ivittuut and Gronnedal areas.

Carbonatite deposit

The chairman said: "Furthermore, the large tenement area covers Greenland's only known carbonatite deposit in close proximity to Gronnedal port. This deposit could provide an ideal product for neutralising acid mine and process water produced by other miners in the Greenlandic region.

"This fits well with the company's mission to excel in the commercialisation of metals and minerals demanded in the production of green energy and required by the industry in the reduction of pollutants.

"We have expanded the company's technical team and we are looking forward to working on exploration programs that will deliver results not only on Ivittuut but also on our existing Australian portfolio of uranium, gold, palladium, vanadium and manganese prospects."

The company's technical team is working on the data to schedule an exploration program for 2021 which will be announced in due course.

Consideration

The agreement with Cerium Pty Ltd and Rimbal Pty Ltd is pending shareholder approval and regulatory approvals from the Greenland Government.

Consideration	Timing of payment / issue of securities	Paid / Issued to Cerium	Paid / Issued to Third Parties
PHASE 1 – Initial Completion			
Cash	Initial Completion	\$50,000	N/A
Fully paid ordinary shares (Shares) in the issued capital of EPM	Initial Completion	200,000,000	12,000,000
PHASE 2 – Second Completion			
Cash	Second Completion	\$100,000	N/A
Shares	Second Completion	81,000,000	73,000,000
Options over Shares, each exercisable at \$0.015 on or before the date that is 3 years from the date of issue (1.5 cent Options) ¹	Second Completion	50,000,000	12,500,000
Options, each Option exercisable at \$0.05 on or before the date that is 5 years from the date of issue (5 cent Options) ²	Second Completion	20,000,000	12,500,000
PHASE 3 - 12 months after Second Completion			
1.5 cent Options	12 months after Second Completion	150,000,000	30,000,000
5 cent Options	12 months after Second Completion	130,000,000	30,000,000

Consideration for the Ivittuut project.

From second completion, the company will also grant to Cerium a 3.5% net profit royalty payable in relation to any mineral product recovered from the tenement and sold.

Another material term of the agreement is that, for so long as Cerium holds at least 19% of the total issued share capital of the company, Cerium will be entitled to nominate one director for appointment to the board.

Placement funds

To help fund the acquisition, commitments for a placement of 133,333,334 ordinary shares at a price of \$0.015 per share to raise \$2 million (before expenses) have been received.

The shares will be issued under the company's existing placement capacity pursuant to ASX Listing Rule 7.1A.

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