



CORPORATE GOVERNANCE

The Board of Directors of Eclipse Uranium Ltd ("**Eclipse**" or "**the Company**") is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of Eclipse on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

CORPORATE GOVERNANCE DISCLOSURES

The Board and management are committed to corporate governance and to the extent that they are applicable to the Company have followed the "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the Australian Securities Exchange ("ASX") Corporate Governance Council.

In summary, Eclipse departs from the Guidelines in three (3) key areas:

- The Company does not have a separate Nomination Committee; this is a departure from Recommendation 2.4. The full Board has the skills and experience to attend to the matters normally attended to by a Nomination Committee;
- The Company currently does not have a separate Audit Committee; this is a departure from Recommendation 4.1. The Company is of a size and a level of current activity that enables the full Board to be able to attend to the matters normally attended to by the Audit Committee; and
- Finally the Company does not have a separate Remuneration Committee; this is a departure from Recommendation 8.1. The full Board attends to the matters normally attended to by a Remuneration Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

ROLE OF THE BOARD

The key responsibilities of the Board include:

- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;

- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately. Further, approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the company has adopted, and that the Company's practice is consistent with, a number of guidelines, being:
 - Directors and Executive Officers Code of Conduct;
 - Dealings in Securities; and
 - Reporting and Dealing with Unethical Practices.
- Reporting to and advising shareholders.

STRUCTURE OF THE BOARD

Directors of Eclipse are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.

An independent director is a non-executive director (i.e. is not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a director after ceasing to hold any such employment;
- is not a principal or employee of a professional adviser to the Company or its subsidiaries whose billings exceed a material amount of the adviser's total revenue;
- is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company are a material amount of the supplier's total revenue. A significant customer is one whose amounts payable to the Company are a material amount of the customer's total operating costs;
- has no material contractual relationship with the Company or its subsidiaries other than as a director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

In accordance with the definition of independence above, the following directors of Eclipse are considered to be independent:

| Name | Position |
|-------------|------------------------|
| B Smith | Non-Executive Chairman |
| P Del Fante | Non-Executive Director |

There are procedures in place, agreed by the Board, to enable the Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each director is as follows:

| Name | Term |
|-------------|--|
| B Smith | No Contract |
| M Fogarty | Managing Directors Contract – 3 years from ASX listing |
| P Del Fante | No contract |

When a Board vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the Board will document the process behind a recommendation for a candidate or panel of candidates with the appropriate expertise. Normally this would be completed by the Remuneration and Nomination Committee but in the absence of this Committee; the recommendation will be made by the Board.

The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Remuneration and Nomination Committee

The Board has not established a formal Remuneration and Nomination Committee. The full Board attends to the matters normally attended to by a Remuneration and Nomination Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

For full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits to Non-Executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves.

Audit and Risk Management Committee

The Board has not established an Audit and Risk Management Committee. The full Board attends to the matters normally attended to by such a Committee.

The Board acknowledges that when the size and nature of the Company warrants an Audit and Risk Management Committee that the Committee will operate under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of key performance indicators.

The Board will delegate responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Management Committee.

The Company's Policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Audit and Risk Management Committee. The auditors have a policy of rotating the audit partner at least every 5 years.

RISK MANAGEMENT

The Board recognises that the identification and management of risk, including calculated risk taking, is an essential part of creating long term shareholder value.

The identification and management of risk by the Board will continue to be monitored.

The Board must satisfy itself, on a regular basis, that risk management and internal control systems for the Company have been fully developed and implemented.

The Company has identified specific risk management areas being strategic, operational and compliance. The Board reviews these specific risk management areas and other risks faced by the Company on a regular basis due to the potential impact of the global financial crisis.

A detailed risk identification matrix has been prepared by the Company Secretary with input from the Board. High and very high risk issues are reported to the Board. The Company Secretary and the Managing Director have been delegated the responsibility for ensuring the Company complies with its regulatory obligations until such time as the Company appoints a CFO or equivalent.

The Managing Director also provide written assurance to the Board on an annual basis that to the best of their knowledge and belief, the declaration provided by them in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The assurances from the Managing Director can only be reasonable rather than absolute due to factors such as the need for judgement and possible weaknesses in control procedures.

Any material changes in the Company's circumstances are released to the ASX and included on the Company's website.

BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Essential Corporate Governance Principles as outlined by the ASX and the Corporate Governance Council. The Company has complied with the Corporate Governance Best Practice Recommendations except as identified below.

| <i>Corporate Governance Policy</i> | <i>Action taken and reasons if not adopted</i> |
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| <p><i>Lay solid foundation for management and oversight</i></p> <p><i>Principle 1: Recognise and publish the respective roles and responsibilities of the board and management</i></p> <p>1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.</p> <p>1.2 Disclose the process for evaluating the performance of senior executives.</p> <p>1.3 Provide the information indicated in 'Guide to reporting on Principle 1'.</p> | <p>Adopted</p> <p>The Company's Corporate Governance Policies includes a Board Charter, which discloses the specific responsibilities of the Board.</p> <p>The Board monitors the performance of the MD and other Board members including measuring actual performance against planned performance. The Company has no senior management presently.</p> <p>The Company will provide details of any departures from Principle 1 in its Annual Report.</p> |
| <p><i>Structure the board to add value</i></p> <p><i>Principle 2: Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties</i></p> <p>2.1 <i>A majority of the Board should be independent.</i></p> <p>2.2 <i>The chairperson should be an independent director.</i></p> <p>2.3 <i>The roles of chairperson and Managing Director should not be exercised by the same individual.</i></p> | <p>Adopted except as follows:</p> <p><i>Two (2) of the three (3) current Directors are independent.</i></p> <p><i>The Chairman has an interest by way of options in Eclipse however this is immaterial.</i></p> <p><i>The roles of the Chairperson and the</i></p> |

| Corporate Governance Policy | Action taken and reasons if not adopted |
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| 2.4 The Board should establish a Nomination Committee. | <p>MD are exercised by the different persons.</p> <p>The Company is not of a size to justify having a Nomination Committee. The full Board have the skills and experience to deal with matters typically dealt with by such a Committee.</p> |
| 2.5 Disclose the process for evaluating the performance of the board, its committees and the individual directors. | The Board has adopted a policy to assist of evaluating Board performance. |
| 2.6 Provide the information indicated in 'Guide to reporting on Principle 2'. | The Company will provide details of any departures from Principle 2 in its Annual Report. |
| <p>Actively promote ethical and responsible decision-making</p> <p><i>Principle 3: Promote ethical and responsible decision-making</i></p> | Adopted |
| 3.1 Establish a code of conduct and disclose the code or a summary of the code as to: | The Company's Corporate Governance Policies include a Code of Conduct Policy, which provides a framework for decisions and actions in relation to ethical conduct in employment. |
| 3.1.1 the practices necessary to maintain confidence in the Company's integrity | |
| 3.1.2 the practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders | |
| 3.1.3 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices. | |
| 3.2 Establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy. | The Company's Corporate Governance Policies includes Dealing in Securities Policy which provides comprehensive guidelines on trading in the Company's securities. |
| 3.3 Provide the information indicated in 'Guide to Reporting on Principle 3'. | The Company will provide details of any departures from Principle 3 in its Annual Report. |
| <p>Safeguard integrity in financial reporting</p> <p><i>Principle 4: Establish a structure to independently verify and safeguard integrity in financial reporting</i></p> | Adopted except as follows: |
| 4.1 The Board should establish an Audit Committee. | <p>The Company is not of a size or scale of activity to justify having a separate Audit Committee. Matters typically dealt with by such a Committee are dealt with by the full Board.</p> |
| Corporate Governance Policy | Action taken and reasons if not adopted |

| <i>Corporate Governance Policy</i> | <i>Action taken and reasons if not adopted</i> |
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| <p>4.2 Structure the Audit Committee so that it consists of:</p> <ul style="list-style-type: none"> ▪ Only non-executive directors ▪ A majority of independent directors ▪ An independent chairperson who is not the chairperson of the Board ▪ At least three members. | Not Applicable as an Audit Committee has not been established |
| <p>4.3 The Audit Committee should have a formal operating Charter.</p> | When established, the Audit and Risk Committee will operate under a formal Charter. |
| <p>4.4 Provide the information indicated in the 'Guide to reporting on Principle 4'.</p> | The Company will provide details of any departures from Principle 4 in its Annual Report. |
| <p>Promote timely and balanced disclosure <i>Principle 5: Make timely and balanced disclosure of all material matters concerning the company</i></p> | Adopted |
| <p>5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.</p> | The Company has a Continuous Disclosure Policy which is designed to ensure compliance with the ASX Listing Rules requirements on disclosure and to ensure accountability at a board level for compliance and factual presentation of the Company's financial position. |
| <p>5.2 Provide the information indicated in the 'Guide to reporting on Principle 5'.</p> | The Company will provide details of any departures from Principle 5 in its Annual Report. |
| <p>Respect the rights of shareholders <i>Principle 6: Respect the rights of shareholders and facilitate the effective exercise of those rights</i></p> | Adopted |
| <p>6.1 Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose the policy or a summary of the policy</p> | The Company's Corporate Governance Policies includes a Shareholder Communications Policy which aims to ensure that the shareholders are informed of all material developments affecting the Company's state of affairs. |
| <p>6.2 Provide the information indicated in the 'Guide to reporting on Principle 6'.</p> | The Company will provide details of any departures from Principle 6 in its Annual Report. |
| <p>Corporate Governance Policy</p> | Action taken and reasons if not adopted |
| <p>Recognise and manage risk <i>Principle 7: Establish a sound system of risk oversight and management and internal control</i></p> | Adopted |

| <i>Corporate Governance Policy</i> | <i>Action taken and reasons if not adopted</i> |
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| 7.1 The Board or appropriate Board committee should establish policies on risk oversight and management. | The Company's Corporate Governance Policies includes a Risk Management Policy which aims to ensure that all material business risks are identified and mitigated. The Board identifies the Company's "risk profile" and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal controls. |
| 7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. | The Board has delegated the responsibility of designing and implementing the continuous risk management and internal control systems to the Company Secretary in the absence of the MD. The relevant reports are also prepared and tabled for Board consideration. |
| 7.3 The Board should disclose whether it has received assurance from the managing director (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks. | The Board seeks, at the appropriate times, the relevant assurances from the individuals appointed to perform the role of MD. |
| 7.3 Provide the information indicated in the 'Guide to reporting on Principle 7'. | The Company will provide details of any departures from Principle 7 in its Annual Report. |
| <i>Remunerate fairly and responsibly</i> | Adopted except as follows: |
| <i>Principle 8: Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined</i> | |
| 8.1 <i>The Board should establish a remuneration committee</i> | <i>The Company is not of a size to justify having a separate Remuneration Committee.</i> |
| | <i>Matters typically dealt with by this Committee are dealt with by the full Board as they have the skills and experience to make such decisions.</i> |

| <i>Corporate Governance Policy</i> | <i>Action taken and reasons if not adopted</i> |
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| <p>8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executives</p> | <p>The Board distinguishes the structure of non-executive Director's remuneration from that of executive Directors.</p> <p>The Board currently comprises of two (2) Non-Executive Directors and one (1) Executive Director.</p> <p>The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum by a general meeting of Shareholders.</p> |
| <p>8.3 Provide the information indicated in the 'Guide to reporting on Principle 8'.</p> | <p>The Board is responsible for determining the remuneration of any non-executive Director from that of executive Directors.</p> <p>The Company will provide details of any departures from Principle 7 in its Annual Report.</p> |

Further information on the Corporate Governance Policies that have been adopted by the Company can be referenced at the Company's website: www.eclipseuranium.com.au