

THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION.

# Bidder's Statement

IN RELATION TO A RECOMMENDED OFFER BY

**ECHO RESOURCES LIMITED**  
(ACN 108 513 113)

TO ACQUIRE ALL OF YOUR ORDINARY SHARES IN

**METALIKO RESOURCES LIMITED**  
(ACN 120 974 567)

THE DIRECTORS OF METALIKO UNANIMOUSLY RECOMMEND  
YOU

## ACCEPT THE OFFER

OF 1 ECHO SHARE FOR EVERY 2.5 METALIKO SHARES YOU  
OWN IN THE ABSENCE OF A SUPERIOR PROPOSAL.

THE OFFER IS DATED 11 NOVEMBER 2016 AND WILL CLOSE AT 5:00PM (WST) ON  
12 DECEMBER 2016, UNLESS EXTENDED OR WITHDRAWN.

TO ACCEPT ECHO'S OFFER, SIMPLY COMPLETE THE ENCLOSED ACCEPTANCE  
FORM AND RETURN IT IN THE ENVELOPE PROVIDED.

LEGAL ADVISER

**STEINEPREIS PAGANIN**  
Lawyers & Consultants 

## IMPORTANT INFORMATION

### Bidder's Statement

This document is a bidder's statement dated 4 November 2016 issued by Echo Resources Limited (ACN 108 513 113) (**Echo**) under Part 6.5 of the Corporations Act in relation to an off-market offer by Echo to acquire all of the Shares on issue in Metaliko Resources Limited (ACN 120 974 567) (**Metaliko**) and sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 4 November 2016. Neither ASIC nor any of its officers take any responsibility for the contents of this Bidder's Statement.

### Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 11 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning as in the Corporations Act.

### Investments risks

There are a number of risks that may have a material impact on the value of the Offer, the future performance of the Merged Entity and the value of Echo Shares. These are described in Section 8 of this Bidder's Statement.

### Foreign jurisdictions

Metaliko Shareholders should note that the consideration under the Offer involves the issue of Echo Shares. The Offer is subject to disclosure requirements in Australia which are different from those applicable in other countries.

Subject to the paragraphs below, Metaliko Shareholders who are citizens or residents of a jurisdiction other than, or whose addresses in Metaliko's register of Shareholders is a place outside Australia or its external territories, New Zealand and Hong Kong will not be entitled to receive Echo Shares on acceptance of the Offer (unless Echo determines otherwise). Instead, those Ineligible Foreign Shareholders who accept the Offer will be paid a cash amount calculated in accordance with Section 9.17 of this Bidder's Statement. This Bidder's Statement does not constitute an offer to issue or sell, or the soliciting of an offer to buy, any Echo Shares referred to in this Bidder's Statement in any jurisdiction in which the offer or issue of such Echo Shares would be unlawful.

In particular, Echo Shares have not been, and will not be, registered under the *Securities Act 1933* of the United States of America (**Securities Act**) and may not be offered or sold in the United States or to, or for the account or benefit of, a US person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws.

The information in this Bidder's Statement has been prepared to comply with the applicable requirements of the securities laws of Australia.

This Offer does not, and does not intend to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Bidder's Statement.

No action has been taken to register or qualify the Offer, or the Echo Shares, or otherwise permit a public offering of the Echo Shares, in any jurisdiction outside of Australia.

## **New Zealand**

In making the Offer available to Metaliko Shareholders with registered addresses in New Zealand, Echo is relying on an exemption contained in the *New Zealand Securities Act (Overseas Companies) Exemption Notice 2013* in relation to prospectus and investment statement requirements in New Zealand. This Bidder's Statement may not contain all the information that a bidder's statement or prospectus under New Zealand law is required to contain.

## **Hong Kong**

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document which is or contains an invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this document or any advertisement, invitation or document relating to the Offer, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

Copies of this document may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this document, or any offer or an invitation in respect of these securities, to the public in Hong Kong. The document is for the exclusive use of Metaliko Shareholders in connection with the Offer, and no steps have been taken to register or seek authorisation for the issue of this document in Hong Kong. Only the person to whom a copy of this document has been issued may take action in response to this document. The Offer is personal to the person to whom this document has been delivered, and an acquisition or subscription for securities under the Offer will only be accepted from such person.

This document is confidential to the person to whom it is addressed and no person to whom a copy of this document is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this document to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Offer by the person to whom this document is addressed.

## **Disclaimer as to forward looking statements**

This Bidder's Statement includes forward-looking statements that have been based on Echo's current expectations and predictions about future events including Echo's intentions (which include those set out in Section 6). These forward-looking statements are, however, only predictions and are subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Echo, Metaliko and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 8.

None of Echo, its officers, employees or any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of

fulfilment of any forward looking statements, events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on these statements.

### **Value of Echo Shares**

As you are being offered Echo Shares as consideration for your Metaliko Shares, the implied value of the Offer will vary with the market price of Echo Shares. Further information on the implied value of the Offer is contained in this document.

In addition, all references to the implied value of the Offer are subject to the effects of rounding.

### **Disclaimer as to Metaliko and Echo information**

The information on Metaliko and Metaliko's securities contained in this Bidder's Statement has been prepared by Echo using only publicly available information.

The information in this Bidder's Statement concerning Metaliko and the assets and liabilities, financial position and performance, profits and losses and prospects of Metaliko has not been independently verified by Echo.

Accordingly Echo does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Echo Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Metaliko, has also been prepared using publicly available information. Accordingly, information in relation to the Echo Group is subject to the foregoing disclaimer to that extent. Further information relating to Metaliko's business may be included in Metaliko's Target's Statement which Metaliko must provide to its shareholders in response to this Bidder's Statement.

### **Investment advice**

This Bidder's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of each Metaliko Shareholder (or any other person). Accordingly, you are encouraged to seek your own professional advice before making a decision as to whether or not to accept the Offer.

### **Privacy**

Echo has collected your information from the registers of Metaliko for the purposes of making the Offer and administering, if accepted, your acceptance of the Offer. Echo and its share registry may use your personal information in the course of making and implementing the Offer. Echo and its share registry may also disclose your personal information to their Related Bodies Corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by Echo, please contact Echo at the address set out in the Key Contacts Section.

### **Internet sites**

Echo and Metaliko each maintain internet sites. The URL location for Echo is [www.echoresources.com.au](http://www.echoresources.com.au) and for Metaliko is [www.metaliko.com.au](http://www.metaliko.com.au). Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in this Bidder's Statement is for information purposes only.

## **Estimates and assumptions**

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by Echo's management. Management estimates reflect and are based on views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

## **Effect of rounding**

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

## **Currencies**

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$" or "cents" are to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Echo or Metaliko in respect of which different exchange rates may have been, or may be, used.

## **Maps and diagrams**

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

## **Queries**

You should contact professional financial advisor if you are unsure about how to deal with this Bidder's Statement.

If you have any enquires about the Offer, please contact Echo on +61 (08) 9389 8726 or your professional financial advisor.

## CHAIRMAN'S LETTER

4 November 2016

Dear Metaliko Shareholders,

### **RECOMMENDED OFF-MARKET TAKEOVER BID FOR METALIKO RESOURCES LIMITED**

On 29 September 2016, Echo Resources Limited (**Echo**) announced its intention to make an off-market takeover offer for all the shares in Metaliko Resources Limited (**Metaliko**). On behalf of the directors of Echo, I am pleased to provide you with this Bidder's Statement detailing Echo's offer to acquire your Metaliko Shares.

**By accepting Echo's offer you will, subject to the terms and conditions of the offer, receive 1 Echo Share for every 2.5 Metaliko Shares held as at the Record Date (Offer).**

The terms and conditions of the Offer are explained further in Annexure A to this Bidder's Statement.

**The Directors of Metaliko unanimously recommend that Metaliko Shareholders accept the Offer in the absence of a Superior Proposal.**

Once completed (and assuming Echo holds a relevant interest in at least 90% of all Metaliko Shares on issue and moves to compulsory acquisition), the merger will create a strong emerging gold exploration company with potential for near term production and positive cashflow with excellent exploration upside in one of the premier Australian gold provinces.

### **The Offer provides a premium for your Metaliko Shares**

The recommended Offer represents a premium of approximately:

- 24% to the last closing price on the ASX of Metaliko Shares of \$0.071 on 27 September 2016<sup>1</sup>; and
- 38% to the 20-day volume weighted average market price (VWAP) of Metaliko Shares on the ASX of \$0.066 to 27 September<sup>2</sup>.

Based on Echo's last closing share price of \$0.22 on the ASX on 27 September 2016, the Offer values Metaliko at approximately \$38.9 million or \$0.088 per Metaliko Share (on a fully diluted basis)<sup>3</sup>.

Based on Echo's last closing share price of \$0.24 on the ASX on 3 November 2016, the last trading date of Echo before the date of this Bidder's Statement, the Offer values Metaliko at approximately \$42.4m, or \$0.096 per Metaliko Share (on a fully diluted basis). This represents a premium of approximately 18.5% to the 10-day VWAP of Metaliko on the ASX of \$0.081 to 3 November 2016.

---

<sup>1</sup> Based on the last closing share price of \$0.22 on the ASX of Echo Shares on 27 September 2016, the last trading date of Echo and Metaliko before the Announcement Date.

<sup>2</sup> Based on the 20-day VWAP of Echo Shares on ASX of \$0.226 to 27 September 2016.

<sup>3</sup> Based on Metaliko having a total of 441,614,328 Shares on issue on a fully diluted basis. The Directors note that the implied value of Metaliko based on the Offer will fluctuate depending on the prevailing trading price of Echo Shares. The Merged Entity's share price may rise or fall based on market conditions and the Merged Entity's financial and operational performance. If the Merged Entity's share price falls, the value of the Echo Shares received by Metaliko Shareholders that accept the Offer will decline in value.

If Echo acquires at least 90% of all Metaliko Shares, it intends to proceed with compulsory acquisition of the remaining Metaliko Shares and de-list Metaliko from the ASX.

A number of Metaliko Shareholders holding in aggregate approximately 56% of Metaliko Shares have indicated that they intend to accept the Offer in the absence of a Superior Proposal within 10 Business Days of Echo Shareholders approving, for the purposes of ASX Listing Rule 10.1, the issue of Echo Shares to Mr Michael Ruane and his Associates under the Offer. Refer to Section 9.8 for details in relation to the upcoming Annual General Meeting of Echo at which this approval is being sought. A list of the Metaliko Shareholders that have indicated that they intend to accept the Offer, in the absence of a Superior Proposal, is set out in Section 9.6.

### **Participate in benefits under the Offer**

Merging Metaliko and Echo:

- provides potential for a rapid and modest-cost pathway to production for Echo's Julius Gold Project by utilising Metaliko's 2 Mtpa Bronzewing processing facility;
- potentially allows the Julius Gold Project to be brought into production as soon as mid 2017;
- the Echo Julius Scoping Study base case has indicated that the Julius stage 1 and 2 open pit would generate an EBITDA of \$47m (A\$1,600/oz Au) via toll treatment (the high case indicated EBITDA of \$54m with A\$1,700/oz Au) <sup>4</sup>. Utilising the Bronzewing mill may increase the EBITDA;
- will give the combined company a contiguous tenement holding along 130km of the Yandal greenstone belt which represents the largest contiguous land holding between the operating Darlot and Jundee gold mines; and
- the merger provides exposure to high quality mineral resources and additional highly prospective tenements.

I encourage you to read this important document carefully, including the risk factors set out in Section 8. The Offer is open for your acceptance until 5:00pm (WST) on 12 December 2016, unless extended. If you wish to accept the Offer, you should follow the instructions on the relevant Acceptance Form enclosed.

If you have any questions about the Offer, please contact Echo on +61 (08) 9389 8726, or your professional financial advisor.

Yours sincerely

**Mr Barry Bolitho**  
**Chairman**  
**ECHO RESOURCES LIMITED**

---

<sup>4</sup> Refer Julius Scoping Study – released by Echo to ASX 21 June 2016. All material assumptions underpinning the production targets and forecast financial information derived from the production targets set out in the announcement of 21 June 2016 continue to apply and have not materially changed. Echo has concluded it has a reasonable basis for providing these forward looking statements. The Scoping Study is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or provide assurance of an economic development case at this stage, or to provide certainty that conclusions of the Scoping Study will be realised. There is low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

## KEY DATES\*

Announcement of Offer	29 September 2016
Date of this Bidder's Statement	4 November 2016
Date this Bidder's Statement is lodged with ASIC	4 November 2016
Date of Offer	11 November 2016
Offer Closes (unless otherwise extended)	5:00pm (WST) on 12 December 2016

\*All dates and times are subject to change in accordance with applicable regulatory requirements.

## KEY CONTACTS

### Echo Resources Limited

159 Stirling Highway  
Nedlands  
PERTH WA 6009  
Phone: +61 (08) 9389 8726

### Current Directors

Barry Bolitho – Non-Executive Chairman  
Simon Coxhell – Executive Director and Chief Executive Officer  
Anthony McIntosh – Non-Executive Director

### Proposed Directors\*

Robin Dean – Proposed Non-Executive Director  
Mark Hanlon – Proposed Non-Executive Director

### Company Secretary

Kate Stoney

**ASX Code:** EAR

### Website

[www.echoresources.com.au](http://www.echoresources.com.au)

### Legal advisers

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### Share registry\*

Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands  
PERTH WA 6009

### Sale Nominee\*

BW Equities Pty Ltd  
Level 25  
360 Collins Street  
MELBOURNE VIC 3000

### Auditor\*

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco  
PERTH WA 6008

\* This person or entity has not been involved in the preparation of this Bidder's Statement. Its name is included for information purposes only.



## CONTENTS

1.	INVESTMENT OVERVIEW .....	10
2.	WHY YOU SHOULD ACCEPT THE OFFER .....	18
3.	PROFILE OF ECHO RESOURCES LIMITED .....	23
4.	PROFILE OF METALIKO RESOURCES LIMITED .....	34
5.	MERGED ENTITY .....	40
6.	INTENTIONS OF ECHO RESOURCES LIMITED .....	46
7.	AUSTRALIAN TAX CONSIDERATIONS .....	49
8.	RISK FACTORS .....	53
9.	ADDITIONAL INFORMATION .....	62
10.	AUTHORISATION .....	74
11.	DEFINITIONS AND INTERPRETATION .....	75
	ANNEXURE A – TERMS OF OFFER.....	82
	ANNEXURE B – METALIKO PRESCRIBED OCCURRENCES .....	96
	ANNEXURE C – ECHO’S ASX ANNOUNCEMENTS .....	98
	ANNEXURE D – METALIKO’S ASX ANNOUNCEMENTS.....	99

## 1. INVESTMENT OVERVIEW

The information in this Section is intended to provide an overview of Echo, the Offer that Echo is making for your Metaliko Shares and the risks you should consider.

**The information in this Section 1 is not intended to be comprehensive and should be read in conjunction with the detailed information contained in this Bidder's Statement.**

You should read this Bidder's Statement in its entirety and the separate Target's Statement from Metaliko before deciding how to deal with your Metaliko Shares. The detailed terms of the Offer are set out in Annexure A.

The information in this Section 1 is set out by way of response to a series of questions. Each answer has, where appropriate, cross-references to other questions in this summary and other parts of this Bidder's Statement, including the Annexures that contain more information that you might find useful or relevant.

**Part A** of this Investment Overview deals with the Offer. **Part B** deals with Echo, its business and assets and Echo securities. **Part C** deals with risks relating to the Offer. **Part D** deals with other relevant questions.

If you have any questions about the Offer, please contact Echo on +61 (08) 9389 8726.

### PART A – OVERVIEW OF THE OFFER

No.	Question	Answer	Further Information
1.	<b>What is Echo offering to buy?</b>	Echo is offering to buy all Metaliko Shares on the terms set out in this Bidder's Statement.  You may only accept the Offer in respect of all (but not some) of the Metaliko Shares held by you.	Annexure A contains the full terms of the Offer and the Conditions. The answers to questions 4 to 7 in Part A and in Parts C and D explain other aspects of the Offer.
2.	<b>What choices do I have?</b>	The Directors of Metaliko recommend that you <b>ACCEPT</b> the Offer in the absence of a Superior Proposal, however, you have the choice to:  (a) <b>ACCEPT</b> the Offer for all of your Metaliko Shares in accordance with the Acceptance Form;  (b) sell your Metaliko Shares, which may be at a higher or lower price than the Offer Consideration; or  (c) do nothing if you wish to reject the Offer.	
3.	<b>How do I accept the Offer?</b>	You may accept the Offer by completing the Acceptance Form in accordance with the instructions on it and returning it to an address on the Acceptance Form.  The Acceptance Form will only	Sections 1.4 and 1.5 of Annexure A provide further information on how to accept the Offer.

No.	Question	Answer	Further Information
		give rise to a valid acceptance if it is received in sufficient time to be processed before the end of the Offer Period (which for CHES Holdings, means sufficient time to enable Echo to instruct your Controlling Participant to initiate acceptance on your behalf).	
4.	How long will the Offer remain open?	The Offer opens on <b>11 November 2016</b> . Unless withdrawn or extended in accordance with the Corporations Act, the Offer is scheduled to close at 5:00pm (WST) on <b>12 December 2016</b> .	The Key Dates Section provides an indicative timetable for the Offer.
5.	What will you receive if you accept the Offer?	<p>If you are an Eligible Shareholder (being a Metaliko Shareholder as at the Record Date who is a citizen or resident of a jurisdiction other than or, with a registered address outside, Australia or its external territories, New Zealand or Hong Kong) and accept the Offer, subject to satisfaction or waiver of the Conditions, you will be issued <b>1 Echo Share for every 2.5 Metaliko Shares</b> held by you on the Record Date.</p> <p>If you accept the Offer and you are an Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder, you will not be entitled to receive Echo Shares as consideration for your Metaliko Shares. In these circumstances, the Echo Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Echo Shares on your behalf and remit the net proceeds to you in Australian dollars. As at the date of this Bidder's Statement, Echo proposes to appoint BW Equities Pty Ltd (AFSL: 389353) as the Sale Nominee, subject to ASIC approval.</p>	<p>Annexure A contains full terms of the Offer and the Conditions.</p> <p>Sections 9.17 and 9.18 and Section 1.8 of Annexure A of this Bidder's Statement provide further information.</p>
6.	Why should I accept the Offer?	The Echo Directors believe there are a number of reasons Metaliko Shareholders should accept the Offer, which are set out in Section 2 of this Bidder's Statement. These reasons include that you will gain the benefit of exposure to a highly credentialed board and management team and become a shareholder of a strong emerging gold exploration company with potential for near term production and the ability to capitalise on a	Section 2 of this Bidder's Statement provides further information in respect of the highlights of the Offer.

No.	Question	Answer	Further Information
		near-term cashflow.	
7.	<b>What is the value of the Offer?</b>	<p>The implied value of Metaliko under the Offer as at last closing share price prior to the Announcement Date was approximately \$38.9 million or 8.8 cents per Metaliko Share (on a fully diluted basis)<sup>5</sup>.</p> <p>Based on Echo's closing price of \$0.24 cents on 3 November 2016 (being the last trading before the date of this Bidder's Statement), the implied value for Metaliko is approximately \$42.4 million or 9.6 cents per Metaliko Share (on a fully diluted basis).</p> <p>The value of the Offer may change as a consequence of changes in the market price of Echo Shares on ASX.</p>	<p>Section 2.3 of this Bidder's Statement provides further information in respect of the implied value of the Offer.</p> <p>The answers to questions in Parts B and C of this Bidder's Statement contain more information about Echo, its business and assets and the risks that may apply to a shareholding in Echo.</p> <p>Section 2 of this Bidder's Statement contains the view of Echo Directors as to why they think you should accept the Offer.</p>

#### PART B – OVERVIEW OF ECHO

No.	Question	Answer	Further Information
1.	<b>Who is Echo?</b>	Echo is an Australian incorporated company listed on the Official List of the ASX (ASX Code: EAR).	Sections 3, 6 and 8 of this Bidder's Statement contain more information about Echo's assets, financial position, details of Echo securities currently on issue and the risks that may apply to Echo.
2.	<b>Will my new Echo Shares be listed on ASX?</b>	Within 7 days of the date of this Bidder's Statement, Echo will apply to the ASX for quotation of the new Echo Shares on the ASX. Quotation of the new Echo Shares depends on ASX exercising its discretion to admit them to quotation on ASX. Echo is already admitted to the Official List of ASX and Echo Shares in the same class as the new Echo Shares being offered are already quoted.	Section 3.11 of this Bidder's Statement contains more information in relation to the admission of the Echo Shares to the Official List of ASX.
3.	<b>What rights and liabilities will attach to my new Echo Shares?</b>	The new Echo Shares issued under the Offer will be issued fully paid and will from the time of issue rank equally with existing Echo Shares.	Section 3.12 of this Bidder's Statement contains more information about the rights and liabilities attaching to Echo Shares.

---

<sup>5</sup> Based on the closing share price of Echo Shares of 22 cents on 27 September 2016, the last trading day prior to the Announcement Date.

No.	Question	Answer	Further Information
4.	Who are the Echo Directors and Proposed Directors and what experience do they have?	<p>The Directors of Echo are:</p> <p>(a) Barry Bolitho – Non-Executive Chairman;</p> <p>(b) Simon Coxhell – Chief Executive Officer; and</p> <p>(c) Anthony McIntosh – Non-Executive Director.</p> <p>If Echo acquires a Relevant Interest in more than 80% of Metaliko and the Offer becomes unconditional, it is intended that Robin Dean and Mark Hanlon will be appointed as non-executive directors of Echo.</p>	Section 3.3 of this Bidder's Statement contains further information in relation to the expertise of the Echo Directors and Proposed Directors.
5.	Do the current Echo Directors and Proposed Directors of Echo have any potential conflicts of interest in relation to the Offer or Metaliko?	<p>None of the current Echo Directors have an interest in Metaliko securities.</p> <p>As at the date of this Bidder's Statement, Mr Robin Dean, a proposed director of Echo, currently holds 250,000 Metaliko Shares and Mr Mark Hanlon, a proposed director of Echo, currently holds 2,000,000 Metaliko Shares.</p>	Sections 9.13 and 9.14 of this Bidder's Statement contains further information in relation to the Offer and the shareholdings Echo Directors and the Proposed Directors have in Metaliko and their potential conflicts of interest.
6.	Do the Echo Directors and Proposed Directors have any interest in Echo securities?	<p>The Echo Directors (and their Associates) currently have the following interests in Echo securities:</p> <p>(a) Anthony McIntosh: 5,371,393 Echo Shares and 1,250,000 Echo Options;</p> <p>(b) Simon Coxhell: 80,000 Echo Shares and 3,000,000 Echo Options; and</p> <p>(c) Barry Bolitho: 3,300,000 Echo Shares and 1,500,000 Echo Options.</p> <p>As at the date of this Bidder's Statement, Mr Mark Hanlon, a proposed Director of Echo, holds 1,450,000 Echo Shares.</p>	Section 9.13 of this Bidder's Statement contains further information.

#### PART C – OVERVIEW OF RISKS

No.	Question	Answer	Further information
1.	Are there risks if I accept the Offer?	<p>Yes, if you are an Eligible Shareholder, you accept the Offer, and it becomes unconditional or the Conditions are satisfied or waived, you will be issued new Echo Shares and Echo will acquire your Metaliko Shares. There are risks in holding Echo Shares.</p> <p>You are already exposed to some of these risks, to varying degrees, as</p>	See Section 8 of this Bidder's Statement which contains further details in respect of each of the risks.

No.	Question	Answer	Further information
		<p>a result of you holding Metaliko Shares.</p> <p>Section 8 of this Bidder's Statement provides a summary of these risks. Specifically it deals with:</p> <ul style="list-style-type: none"> <li>(a) risks relating to the Offer;</li> <li>(b) risks that relate to Echo and Metaliko (to which you are already exposed) as the Merged Entity; and</li> <li>(c) general and industry risks (to which you are already exposed).</li> </ul>	
2.	<b>Are there any risks in respect of the Offer not proceeding?</b>	<p>In the event that the Offer does not proceed for reasons including due to a Superior Proposal, Metaliko being in material breach of the Bid Implementation Agreement, change in recommendation in response to a Competing Transaction or breach of exclusivity obligations (among others) Metaliko may be required to pay Echo a sum of \$250,000 as a compensating amount for the costs incurred by Echo in respect of the Offer.</p>	<p>See Section 9.7.2 for further details in respect of reimbursement payable in respect of termination of the Bid Implementation Agreement.</p>

#### PART D – OTHER RELEVANT QUESTIONS

No.	Question	Answer	Further information
1.	<b>Can the Offer Period be extended?</b>	<p>Yes, the Offer Period can be extended at Echo's election, up to a maximum Offer Period of 12 months. Metaliko Shareholders will receive written notice of any extension, and the extension will be announced to ASX.</p>	<p>Section 1.2 of Annexure A of this Bidder's Statement contains more information as to the circumstances in which the Offer Period can be extended.</p>
2.	<b>Can I accept the Offer for part of my holding?</b>	<p>No, you must accept the Offer for all of your holding.</p>	<p>Please refer to Section 1.1 of Annexure A of this Bidder's Statement.</p>
3.	<b>If I accept the Offer can I withdraw my acceptance?</b>	<p>Generally no. You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Offer, Echo varies the Offer in a way that postpones for more than 1 month the time that Echo has to meet its obligations under the Offer (for example, if Echo extends the Offer for more than 1 month while the Offer remains subject to any of the Conditions).</p>	<p>Section 1.6 of Annexure A of this Bidder's Statement contains more information as to the limited circumstances in which you may be able to withdraw your acceptance.</p>

No.	Question	Answer	Further information
4.	<b>When will you receive the Offer Consideration?</b>	<p>If you accept the Offer and the Offer is declared unconditional or all Conditions are satisfied or waived, Echo will issue you Echo Shares as consideration for your Metaliko Shares on or before the earlier of:</p> <p>(a) 1 month after you have validly accepted the Offer or the contract resulting from its acceptance becomes unconditional or the Conditions are satisfied or waived (whichever is later); and</p> <p>(b) 21 days after the end of the Offer Period.</p>	Section 1.7 of Annexure A of this Bidder's Statement contains more information as to when your new Echo Shares will be issued to you.
5.	<b>Will I need to pay any transaction costs if I accept the Offer?</b>	If your Metaliko Shares are registered in an Issuer Sponsored Holding in your name and you deliver a duly executed Acceptance Form to Echo, you will not incur any brokerage in connection with your acceptance of the Offer.	Section 2.9 of this Bidder's Statement contains further information.
6.	<b>What happens if I do not accept the Offer?</b>	<p>Subject to the explanation below, you will remain a shareholder of Metaliko and will not receive the Offer Consideration.</p> <p>If you do not accept the Offer and Echo acquires a Relevant Interest in at least 90% of Metaliko Shares during or at the end of the Offer Period and the other Conditions of the Offer are satisfied or waived, Echo intends to proceed to compulsorily acquire the outstanding Metaliko Shares. If your Metaliko Shares are compulsory acquired by Echo, it will be on the same terms (including the Offer Consideration for each Metaliko Share acquired) as the Offer.</p> <p>If the Offer becomes or is declared unconditional or the Conditions are satisfied or waived but Echo does not become entitled to compulsorily acquire your Metaliko Shares under the Corporations Act, unless you sell your Metaliko Shares, you will remain a shareholder in Metaliko.</p> <p>In these circumstances and, depending on the number of Metaliko Shares acquired by Echo, you may be a minority Metaliko</p>	Section 6 of this Bidder's Statement provides more information regarding Echo's intentions if it acquires a Relevant Interest in at least 90% of the Metaliko Shares during or at the end of the Offer Period.

No.	Question	Answer	Further information
		Shareholder.	
7.	<b>Are there conditions to the Offer?</b>	<p>The Offer is subject to the Conditions set out in Section 1.9 of Annexure A and include:</p> <ul style="list-style-type: none"> <li>(a) Echo acquiring an interest in at least 90% of all Metaliko Shares on issue at the end of the Offer Period (at any time prior to Echo obtaining a Relevant Interest in at least 80% of Metaliko Shares this condition can only be waived with the consent of Metaliko);</li> <li>(b) that no Metaliko Prescribed Occurrences occurs; and</li> <li>(c) that no Metaliko Material Adverse Change occurs.</li> </ul> <p>As at the date of this Bidder's Statement, Echo is not aware of any act, omission, event or fact that would result in any of the Conditions to the Offer being triggered (or not being satisfied, as appropriate).</p>	Section 1.9 of Annexure A to this Bidder's Statement sets out the Conditions in full.
8.	<b>What if the Conditions are not satisfied or waived?</b>	If the Offer closes and the Conditions are not satisfied or waived, the Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your Metaliko Shares (unless you otherwise sell them). Echo will announce whether the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.	Sections 1.9 to 1.11 of Annexure A to this Bidder's Statement sets out further information.
9.	<b>What are the tax implications of accepting the Offer?</b>	A general summary of the major Australian tax consequences for Metaliko Shareholders who accept the Offer is set out in Section 7 of this Bidder's Statement. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. Metaliko Shareholders should seek their own taxation advice in relation to the Offer.	Section 7 of this Bidder's Statement set out further information.
10.	<b>Can I sell my Metaliko Shares on market?</b>	Yes, however, once you accept the Offer you will not be permitted to sell your Metaliko Shares on market, accept any other offer or otherwise deal with your Metaliko Shares. If you have already	Annexure A to this Bidder's Statement sets out further information.



No.	Question	Answer	Further information
		accepted the Offer, you will be unable to settle any subsequent sale of your Metaliko Shares, subject to you withdrawing your acceptance.	
11.	<b>What happens if Echo improves the Offer Consideration?</b>	If Echo improves the Offer Consideration, all the Metaliko Shareholders who accept the Offer (whether or not they have accepted the Offer before or after such improvement) will be entitled to the benefit of the improved Offer Consideration, should the Offer become or be declared unconditional.	Annexure A to this Bidder's Statement sets out further information.
12.	<b>Where should I go if I need more information?</b>	If you have any questions in relation to the Offer or how to accept it, or you have lost your Acceptance Form and require a replacement, please call +61 (08) 9389 8726.	

---

## 2. WHY YOU SHOULD ACCEPT THE OFFER

Echo Directors believe you should accept the Offer for the following reasons.

1. The Directors of Metaliko unanimously recommend that Metaliko Shareholders accept the Offer, in the absence of a Superior Proposal
2. The Merged Entity will create a strong emerging gold exploration company with potential for near term production and positive cashflow with excellent exploration upside in one of the premier Australian gold provinces
3. The Offer provides a premium to the price of Metaliko Shares in the period prior to the Announcement Date
4. The Merged Entity will have a strong board and management team that can deliver the strategy and growth going forward
5. You may be eligible to receive capital gains tax relief in Australia if Echo achieves ownership of more than 80% of Metaliko Shares
6. Metaliko's Share price may fall if the Offer is not successful
7. As at the date of this Bidder's Statement no Superior Proposal exists
8. Certain Metaliko Shareholders have indicated an intention to accept the Offer in the absence of a Superior Proposal
9. No duty or brokerage will be payable by Metaliko Shareholders
10. There are implications of being a minority shareholder of Metaliko if you do not accept the Offer

The above is only a headline summary of some of the reasons why you should accept the Offer. Each of the reasons is explained below.

If you wish to accept this Offer, you must return the signed Acceptance Form by **5:00pm (Perth time) on 12 December 2016** (unless the Offer is extended or withdrawn).

### 2.1 Unanimous recommendation from Metaliko's Directors

The Directors of Metaliko's have unanimously recommended that Metaliko Shareholders accept the Offer, in the absence of a Superior Proposal.

Each Metaliko Director who holds Metaliko Shares intends to accept, or procure the acceptance of, the Offer in respect of any Metaliko Shares that they own or control, in the absence of a Superior Proposal within 10 Business Days of Echo Shareholders approving, for the purposes of ASX Listing Rule 10.1, the issue of Echo Shares to Mr Michael Ruane and his Associates under the Offer.

If you are an Eligible Shareholder and you accept the Offer made to you and that Offer becomes or is declared unconditional or the Conditions are satisfied or waived, you will receive the Offer Consideration, being 1 Echo Share for every 2.5 Metaliko Shares you hold.

As at the date of this Bidder's Statement, Echo is not aware of any Superior Proposal having been received by Metaliko and Metaliko has not made Echo aware of any party having made an intention to make such a proposal.

## 2.2 Creation of a strong emerging gold exploration company

If the Offer is successful, Eligible Shareholders who accept the Offer will become part of a substantial gold business pursuing a rapid and modest-cost pathway to production through the combination of established mineral resources at the Julius Gold Project and the 2 Mtpa Bronzewing processing facility.

In addition to continuing to have exposure to the future upside associated with the Julius Gold Project through owning shares in the Merged Entity, Metaliko Shareholders will gain exposure to a number of benefits of the Merged Entity, including:

- (a) global gold mineral resources (JORC 2004 and JORC 2012) of in excess of 800,000 ounces<sup>6</sup> with substantial exploration and resource conversion potential;
- (b) a contiguous tenement holding along 130km of the Yandal greenstone belt which represents the largest contiguous land holding between the operating Darlot and Jundee gold mines;
- (c) the Merged Entity's enlarged size and balance sheet are expected to improve access to future development funding at a lower cost than what Metaliko could achieve on its own and provide the Merged Entity with the flexibility to support near term project funding and accelerate exploration and development activities;
- (d) a simplified single ownership structure and operational management of assets currently owned by Metaliko. This is expected to allow for the acceleration of exploration and development of the Julius Gold Project; and
- (e) the Merged Entity may receive increased coverage from equity research analysts, benefit from greater relevance and interest from institutional investors and increased access to a wider range of investors. This may result in a market re-rating of the Merged Entity that is superior to the market ratings of Echo and Metaliko as stand-alone companies.

## 2.3 Premium on Metaliko Shares

Under the Offer, Eligible Shareholders are being offered 1 Echo Share for every 2.5 Metaliko Shares held as at the Record Date. The Offer represents a premium of:

- (a) 24% to the last closing price on the ASX of Metaliko Shares of 7.1 cents on 27 September 2016<sup>7</sup>; and
- (b) 38% premium to the 20-day VWAP of Metaliko Shares to the Announcement Date<sup>8</sup>.

---

<sup>6</sup> See Appendix 1 of Echo's ASX announcement dated 29 September 2016 for full details of mineral resource estimates

<sup>7</sup> Based on Echo's last closing share price of 22 cents on the ASX on 27 September 2016, the last trading date of Echo and Metaliko before the Announcement Date.

<sup>8</sup> Based on the 20-day VWAP of Echo Shares on ASX of 22.6 cents and the 20-day VWAP of Metaliko Shares of 6.6 cents to 27 September 2016.

Based on Echo's last closing share price of \$0.22 on the ASX on 27 September 2016, the Offer values Metaliko at approximately \$38.9 million or \$0.088 per Metaliko Share (on a fully diluted basis)<sup>9</sup>.

Based on Echo's last closing price of \$0.24 on the ASX on 3 November 2016 the last trading date of Echo Shares before the date of this Bidder's Statement, the Offer values Metaliko at approximately \$42.4 million, or \$0.096 per Metaliko Share. This represents a premium of approximately 18.5% to the 10-day VWAP of Metaliko on the ASX of \$0.081 to 3 November 2016.

The price of Echo Shares and Metaliko Shares may rise or fall during the Bid Period. You should note that continued fluctuations in the price of Echo Shares will continue to favourably or adversely impact the implied value of the Offer.

## **2.4 Strong board and management team of the Merged Entity**

The board and management team of the Merged Entity are highly credentialed and experienced with delivering operational excellence, and is proposed to be expanded with the appointment of Robin Dean and Mark Hanlon as Non-Executive Directors. Further details on the current Echo Directors and the Proposed Directors are set out in to Section 3.3.

By accepting the Offer, Eligible Shareholders will become a shareholder in the Merged Entity which will benefit from a high quality management team and business model.

## **2.5 Potential eligibility for capital gains tax relief in Australia**

Provided Echo achieves ownership of more than 80% of the issued Metaliko Shares, Eligible Shareholders may be entitled to scrip for scrip relief from capital gains tax on the Echo Shares they receive under the Offer. Such rollover relief, if available, will allow those Eligible Shareholders to disregard any capital gain in whole or in part, that would otherwise arise in respect of the disposal of their Metaliko Shares by way of acceptance of the Offer. However, Metaliko Shareholders may be subject to capital gains tax as a result of a later taxable event (such as a disposal) happening to the Echo Shares received as consideration under the Offer. Please refer to Section 7 of this Bidder's Statement for more information. You should consult a qualified tax adviser for further taxation advice.

## **2.6 Metaliko's share price may fall if the Offer is not successful**

Echo believes that if the Offer does not succeed, and if there are subsequently no other alternative offers or proposals for Metaliko Shares, the trading price of Metaliko Shares may fall and Metaliko Shares may trade below the implied value of the Offer Consideration.

---

<sup>9</sup> Based on Metaliko having a total of 441,614,328 Shares on issue on a fully diluted basis. The Directors note that the implied value of Metaliko based on the Offer will fluctuate depending on the prevailing trading price of Echo Shares. The Merged Entity's share price may rise or fall based on market conditions and the Merged Entity's financial and operational performance. If the Merged Entity's share price falls, the value of the Echo Shares received by Metaliko Shareholders that accept the Offer will decline in value.

In such circumstances, the current market conditions may make it challenging for Metaliko to raise equity funding, and any equity raising is likely to be dilutive to the existing Metaliko Shareholders who do not participate in that raising.

## **2.7 No Superior Proposal**

The Offer is the only offer available for your Metaliko Shares as at the date of this Bidder's Statement. Echo is not aware of any other party intending to make an offer for Metaliko Shares which is superior to the Offer and Metaliko has not made Echo aware of any party having made an intention to make such a proposal.

## **2.8 Support from major Metaliko Shareholders**

A number of Metaliko Shareholders holding in aggregate approximately 56% of Metaliko Shares have indicated that they intend to accept the Offer in the absence of a Superior Proposal within 10 Business Days of Echo's shareholders approving, for the purposes of ASX Listing Rule 10.1, the issue of Echo Shares to Mr Michael Ruane and his Associates under the Offer. Refer to Section 9.8 for details in relation to the upcoming Annual General Meeting of Echo. A list of the Metaliko Shareholders that have indicated that they intend to accept the Offer, in the absence of a Superior Proposal, is set out in Section 9.6.

## **2.9 No duty or brokerage**

If your Metaliko Shares are registered in an Issuer Sponsored Holding in your name and you deliver a duly executed Acceptance Form to Echo, you will not incur any brokerage in connection with your acceptance of the Offer.

If your Metaliko Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Metaliko Shares are registered in the name of a broker, bank custodian or other nominee, you will not be obliged to pay duty by accepting the Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

If you are an Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder, brokerage will be payable in respect of the Echo Shares sold by the Sale Nominee and these costs will be deducted from the proceeds of sale that will be provided to you.

## **2.10 Implications of remaining as a minority shareholder of Metaliko**

You will be/remain a minority shareholder in Metaliko, in circumstances where:

- (a) Echo receives acceptances under the Offer for some but not all Metaliko Shares on issue at the end of the Offer Period resulting in Echo holding less than a 90% relevant interest in the voting shares of Metaliko. However, a condition of the Offer is that the level of acceptance must result in Echo obtaining a Relevant Interest in at least 90% of all Metaliko Shares. Echo reserves the right to free the Offer from the 90% minimum acceptance Condition save that, under the Bid Implementation Agreement, this Condition cannot be waived by Echo, where Echo has a Relevant Interest of less than 80% of Metaliko Shares, without the prior written consent of Metaliko;
- (b) the Offer Period closes and the Offer is unconditional or the Conditions are satisfied or waived at the time; and

(c) you do not accept the Offer in respect of your Metaliko Shares.

In the above circumstances, the market for Metaliko Shares may become less liquid or active affecting your ability to dispose of your Metaliko Shares should you wish to do so.

---

### 3. PROFILE OF ECHO RESOURCES LIMITED

#### 3.1 Overview of Echo

Echo is a mineral exploration company with a principal focus on gold in the Yandal gold province of Western Australia. The Yandal gold province is among Australia's largest goldfields, hosting several multi-million ounce gold deposits, including those at Jundee and Darlot.

Echo holds a tenement package in the Yandal gold province covering an area of 915km<sup>2</sup> (**Yandal Gold Project**). The Yandal Gold Project is located in the northern part of the Eastern Goldfields and hosts the Julius Gold Project as well as multiple highly prospective targets.

Echo's primary focus is to progress the Julius Gold Project towards near term production. The Julius Gold Project is located approximately 450km north of Kalgoorlie and 70 km east of Wiluna and in proximity to the Bronzewing gold processing facility.

#### 3.2 Corporate information

Echo is an Australian public company limited by shares that was incorporated on 25 March 2004. Echo was admitted to the official list of the ASX on 9 May 2006.

#### 3.3 Directors and Proposed Directors of Echo

Details of the responsibilities and experience of the Echo Directors (as at the date of this Bidder's Statement) are set out in Echo's 2016 Annual Financial Report, a copy of which is available on request or from Echo's website [www.echoresources.com.au](http://www.echoresources.com.au).

A summary of the Echo Board, as at the date of this Bidder's Statement, and the Proposed Directors, Robin Dean and Mark Hanlon, is set out below.

##### ***Barry Bolitho - Non-Executive Chairman***

Mr Bolitho has over 40 years' experience as a mining professional. He has been responsible for the commissioning and management of a number of gold mining operations, both in Western Australia and internationally. He is a qualified Metallurgist with a Bachelor of Applied Science and Diploma of Applied Chemistry and has gained extensive experience in the executive management of resource based companies with particular emphasis in exploration, operations, project management, administration and corporate development. He has been an executive and non-executive director of a number of ASX and TSX listed resource companies over a long period and has worked closely with financiers, brokers and analysts.

##### ***Simon Coxhell – Executive Director and Chief Executive Officer***

Simon is a geologist with 30 years of diverse experience encompassing all aspects of the resource sector including exploration, resource development, metallurgical considerations and mining. In addition, exposure to capital markets, fund raising and significant corporate experience over the last 15 years in senior executive appointments

### ***Anthony McIntosh - Non-Executive Director***

Anthony holds a Bachelor of Commerce Degree from Bond University and manages a portfolio of investments including both listed and unlisted companies, as well as rural, residential and commercial properties. Anthony holds board positions with listed and unlisted companies and brings to Echo marketing, investor relations and strategic planning skills, as well as a network of stockbroking and investment fund manager supporters.

### ***Robin Dean - Proposed Non-Executive Director***

Mr Dean holds a Bachelor of Economics degree from the University of Western Australia and has over 30 years' experience in banking, project finance and commodity hedging. Mr Dean has been CEO of a number of Public Companies including St Barbara Mines Limited and Structural Monitoring Systems Limited. He has been instrumental in the funding and development of numerous mining projects throughout Australia. Mr Dean is currently a director of Metaliko Resources Limited.

### ***Mark Hanlon - Proposed Non-Executive Director***

Mr Hanlon has substantial experience in the resources and resource services sectors as well as experience in commercial and merchant banking. He has most recently been the Finance Director of ENK plc and previously held CFO or equivalent positions with listed companies Century Drilling, Rusina Mining Limited and International Contract Manufacturing Limited. Mark is currently a director of Copper Strike Limited and Red River Resources Limited. He holds a Bachelor of Business in Finance and Accounting and a Master of Business in Banking and Finance.

## **3.4 Overview of Echo's projects**

### **3.4.1 Julius Gold Project**

The Julius Gold Project is located 450km north of Kalgoorlie and proximate to the Bronzewing (70km north), Jundee (55km) and Wiluna (70km) gold mines.

Exploration drilling was undertaken between 2007 and 2015 and resulted in a maiden JORC 2012 Mineral Resource estimate for the Julius Gold Project that was announced to the ASX on 8 April 2016. Details are provided in the table below.

JORC Category	Cut-off Grade (g/t Au)	Tonnes	Grade (g/t Au)	Ounces Au
Indicated Resource	1.0	1.7Mt	2.31	125,513
Inferred Resource	1.0	1.3Mt	1.78	72,108
<b>Total Mineral Resource</b>	<b>1.0</b>	<b>3.0Mt</b>	<b>2.08</b>	<b>197,621</b>

In June 2016, Echo released the results of the Julius Gold Project Scoping Study (**Scoping Study**) which demonstrated the Project has attractive economic outcomes based on a toll treatment basis with upside potential through optimised mining and alternative treatment scenarios.

Using a base case of AU\$1,600/oz, the Scoping Study suggested the mining of a total of approximately 875,600t @ 2.6 g/t Au via open pit for the production of



68,740 ounces of gold at an estimated operating cost of \$921/ounce. Capital costs for this approach were estimated at \$2.9 million with Life of Mine (LOM) EBITDA of \$47 million<sup>10</sup>.

### Key Scoping Study Project Economics

	Low Case	Base Case	High Case
Gold Price (A\$1:US\$0.75)	\$1,500/oz (US\$1,125/oz)	\$1,600/oz (US\$1,200/oz)	\$1,700/oz (US\$1,275/oz)
Resources Mined <sup>1</sup>	►	875,600t @ 2.6g/t	◄
Life of Mine (LOM) <sup>2</sup>	►	<2 years	◄
LOM Strip Ratio	►	4.6:1	◄
LOM Gold Production <sup>1</sup>	►	68,740oz	◄
Capital Cost (pre-cash flow) <sup>3</sup>	►	\$2.9 million	◄
LOM Revenue	\$103 million	\$110 million	\$117 million
All-in Sustaining Costs (AISC)	►	A\$921/oz	◄
LOM EBITDA	\$40 million	\$47 million	\$54 million

#### Notes:

1. The Mineral Resources underpinning the above production target have been prepared by a Competent Person or Persons in accordance with the requirements of the JORC (2012) Code. Refer to ASX Announcement dated 7 April 2016. Recoveries through the toll treatment mill are assumed to be 93%.
2. Assumes reasonable available capacity at the toll treatment facility yet to be finalised.

Following completion of the Scoping Study, Echo immediately commenced work on a Bankable Feasibility Study (BFS).

As part of ongoing Project studies and efforts to grow Echo's resource base a significant amount of drilling has been completed over the past several months. This drilling has targeted increased definition of the existing mineral resource estimate as well as step out drilling to expand the known occurrences.

Results from the program, which included over 8,000m of drilling, were released to the ASX on 22 August, 16 September and 26 October 2016. The database is currently being compiled to incorporate all of the drilling completed in the past six months and enable a new mineral resource estimate and block model to be created by an independent expert. Following this, critical components of the BFS including pit optimisation, design and scheduling will be conducted with completion expected by the end of 2016.

---

<sup>10</sup> Refer Julius Scoping Study – released by Echo to ASX 21 June 2016. All material assumptions underpinning the production targets and forecast financial information derived from the production targets set out in the announcement of 21 June 2016 continue to apply and have not materially changed. Echo has concluded it has a reasonable basis for providing these forward looking statements.

Echo anticipates it will deliver a final BFS by first quarter 2017, with the aim of achieving first production by mid-2017.

### **3.4.2 Zaphod Gold Prospect**

The Zaphod gold prospect is located approximately 80 kilometres due south of Echo's Julius Gold Project and 10 kilometres south of the Bronzewing Gold Plant in the Yandal Gold Belt of WA.

Previous rock chip sampling at the prospect returned a number of high grade gold results from surface rock chips. The mineralised quartz veins at Zaphod occur within a package of sheared and carbonated mafic rocks which outcrop through a window of the surrounding ferruginous laterite. Up to three individual quartz veins of 0.25-1.0 metre of thickness have been observed generally striking in a north-west trend and dipping to the east-north-east. Both milky quartz veins and iron rich quartz veins are present.

Assay results from the first pass drilling included a number of significant high grade results with follow up drilling required to better ascertain the prospectivity of the prospect.

### **3.4.3 Disclaimers**

This Section 3.4 contains references to Mineral Resource estimates, all of which have been cross referenced to previous market announcements made by Echo. Echo confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The Scoping Study referred to in this Section 3.4 is based on lower-level technical and economic assessments and is insufficient to support estimation of Ore Reserves, or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. Further, Echo cautions that there is no certainty that the forecast financial information derived from production targets will be realised.

## **3.5 Competent Person's Statements**

The information in this Bidder's Statement relating to Echo's exploration activities and exploration potential at Julius is based on information compiled by Mr Simon Coxhell, a Director of Echo Resources Limited, who is a member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Coxhell consents to the inclusion in the Bidder's Statement of the matters based on the information in the form and context in which it appears.

The information in this Bidder's Statement relating to the Julius Gold Deposit Mineral Resource estimation is based on information compiled by Mr Steve Hyland, a consultant of Echo Resources Limited, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Hyland has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for

Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Hyland consents to the inclusion in the Bidder's Statement of the matters based on the information in the form and context in which it appears.

### 3.6 Capital structure

The capital structure of Echo as at the date of this Bidder's Statement is as follows:

Securities		Number
<b>Shares</b>		
Current Echo Shares		173,818,808
<b>TOTAL</b>		<b>173,818,808</b>
<b>Options</b>		
Current Echo Options		5,750,000 <sup>1</sup>
<b>TOTAL</b>		<b>5,750,000</b>

**Notes:**

1. Unlisted options exercisable at \$0.275 on or before 28 August 2019.

### 3.7 Summary historical financial information

#### 3.7.1 Basis of presentation of historical financial information

The historical financial information below relates to Echo and its Subsidiaries on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and has been extracted from the audited consolidated financial reports of Echo (including the notes therein) for the years ending 30 June 2014, 30 June 2015 and 30 June 2016. Copies of these annual reports are available at [www.echoresources.com.au](http://www.echoresources.com.au) and also the ASX website.

The historical financial information in respect of Echo has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards, and in accordance with the accounting policies, as set out in the financial reports of Echo for the full year ended 30 June 2014, 30 June 2015 and 30 June 2016.

BDO Audit (WA) Pty Ltd's Independent Auditor's Report on Echo's Annual Financial Report for the years ending 30 June 2014 and 30 June 2015 contained an emphasis of matter statement in respect of a material uncertainty regarding the Group's continuation as a going concern.

BDO Audit (WA) Pty Ltd's Independent Auditor's Report on Echo's Annual Financial Report for the year ended 30 June 2016 was unqualified and did not have an emphasis of matter statement.

The past performance of Echo is not a guarantee of future performance.

### 3.7.2 Echo consolidated statement of financial position

As at \$'000	30 June 2014 Audited	30 June 2015 Audited	30 June 2016 Audited
<b>Current Assets</b>			
Cash and cash equivalents	638,614	1,543,423	3,440,121
Trade and other receivables	236,634	53,195	76,667
<b>Total Current Assets</b>	<b>875,248</b>	<b>1,596,618</b>	<b>3,516,788</b>
<b>Non-Current Assets</b>			
Other financial assets	25,000	22,500	54,964
Property, plant and equipment	63,662	62,768	59,809
<b>Total Non-Current Assets</b>	<b>88,662</b>	<b>85,268</b>	<b>114,773</b>
<b>Total Assets</b>	<b>963,910</b>	<b>1,681,886</b>	<b>3,631,561</b>
<b>Current Liabilities</b>			
Trade and other payables	855,326	859,616	435,831
<b>Total Current Liabilities</b>	<b>855,326</b>	<b>859,616</b>	<b>435,831</b>
<b>Total Liabilities</b>	<b>855,326</b>	<b>859,616</b>	<b>435,831</b>
<b>Net Assets</b>	<b>108,584</b>	<b>822,270</b>	<b>3,195,730</b>
<b>Equity</b>			
Issued capital	10,377,346	12,468,107	16,355,744
Reserves	266,442	266,442	266,442
Accumulated losses	(10,535,204)	(11,912,279)	(13,426,456)
<b>Total Equity</b>	<b>108,584</b>	<b>822,270</b>	<b>3,195,730</b>

### 3.7.3 Echo Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended \$'000	30 June 2014 Audited	30 June 2015 Audited	30 June 2016 Audited
<b>Revenue</b>			
Revenue from continuing operations	40,769	9,725	14,009
Other income	185,781	-	167,170
<b>Expenses</b>			
Exploration and evaluation expenses	(655,883)	(623,913)	(767,606)
Employee expenses	(404,881)	(309,342)	(187,967)
Occupancy expenses	(46,042)	(48,797)	(77,876)
Other expenses	(244,063)	(404,748)	(661,907)
<b>Loss before income tax expense</b>	<b>(1,124,319)</b>	<b>(1,377,075)</b>	<b>(1,514,177)</b>
Income tax	-	-	-
<b>Loss after tax from continuing operations</b>	<b>(1,124,319)</b>	<b>(1,377,075)</b>	<b>(1,514,177)</b>
<b>Total comprehensive loss for the year</b>	<b>(1,124,319)</b>	<b>(1,377,075)</b>	<b>(1,514,177)</b>
<b>Total comprehensive loss for the attributable to Members</b>	<b>(1,124,319)</b>	<b>(1,377,075)</b>	<b>(1,514,177)</b>
Basic and diluted loss per share (cents per share)	(1.18)	(0.70)	(0.53)

### 3.8 Echo forecast information

Echo's future financial performance is dependent on a range of factors, many of which are beyond Echo's control. Accordingly, the Echo Directors have concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable Australian law, policy and market practice.

Further information is available on Echo's financial performance from its financial reports. Copies of these reports are available from Echo's website [www.echoresources.com.au](http://www.echoresources.com.au).

### 3.9 Corporate governance

The Echo Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations.

Details on Echo's corporate governance procedures, policies and practices will be provided at [www.echoresources.com.au](http://www.echoresources.com.au).

### 3.10 Recent performance of Echo Shares

Set out below is a table showing relevant trading prices of Echo Shares on ASX:

Comparative trading period	Price of Echo Shares
Highest trading price on ASX in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	20 cents
Lowest trading price on ASX in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	28 cents
Closing trading price on ASX on the last trading day before the date Echo announced the Offer	22 cents
Last available closing sale price of Echo Shares on ASX prior to the date this Bidder's Statement was lodged with ASIC	24 cents
20-day volume weighted average price of Echo Shares before the Announcement Date	22.6 cents

### 3.11 Quotation of Offer Consideration

Echo Shares are admitted to trading on the Official List of ASX. Echo will lodge an application for admission to quotation of the Echo Shares comprising the Offer Consideration to trading on ASX. Quotation will not be automatic and will depend upon ASX exercising its discretion. Nothing in this Bidder's Statement is to be taken to state or imply that the Echo Shares issued as Offer Consideration will be quoted on ASX. However, quotation is expected in the ordinary course as Echo is already admitted to the Official List of ASX.

As Echo is listed on ASX, Echo's actions and activities are subject to the ASX Listing Rules.

### 3.12 Rights and liabilities of Echo Shares

The Echo Shares offered to Eligible Shareholders under the Offer are fully paid ordinary shares in the capital of Echo, and from the date of their issue will rank equally with existing Echo Shares and will have the same rights and liabilities attaching to them.

Set out below is a summary of the significant rights and liabilities attaching to Echo Shares. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of Echo. Eligible Shareholders should seek their own advice when trying to establish their rights in specific circumstances.

Full details of the rights attaching to Echo Shares are set out in the constitution of Echo, a copy of which is available for inspection at Echo's registered office during normal business hours.

Heading	Description of the right or liability
<b>Voting rights</b>	Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders, each shareholder entitled to vote may vote in person or by proxy, attorney or representative. On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote. On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).
<b>General meeting and notices</b>	Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of Echo. Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the constitution of Echo.
<b>Dividend rights</b>	Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the Echo Directors may declare a final dividend out of profits in accordance with the Corporations Act and may resolve to pay any dividend they think appropriate. Subject to the rights of persons (if any) entitled to shares with special rights as to dividends, all dividends are to be declared and paid according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares, in accordance with Part 2H.5 of Chapter 2H of the Corporations Act. Interest may not be paid by Echo in respect of any dividend, whether final or interim.
<b>Variation of class rights</b>	If Echo issues different classes of Echo Shares, or divides issued Echo Shares into different classes, the rights attached to Echo Shares in any class may (subject to sections 246B to 246E of the Corporations Act) be varied or cancelled with the written consent of the holders of a majority of the issued Echo Shares of the affected class or by ordinary resolution passed at a meeting of the holders of the Echo Shares of the affected class.
<b>Transfer of Echo Shares</b>	Generally, Echo Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.
<b>Winding up</b>	If Echo is wound up, and a surplus remains, it must be distributed among the parties entitled to it in proportion to the number of shares held by them, irrespective of the amount paid up on the shares. A member who is in arrears in payment of a call on a share, but whose share has not been forfeited, is not entitled to participate in the distribution until it has paid the amount owing in respect of the call.

### 3.13 Substantial shareholders of Echo

As at 27 October 2016 the top 20 Shareholders of Echo were:

Rank	Echo Shareholder	Number of Echo Shares	% of Echo <sup>1</sup>
1	Dr Ernst Alfred Kohler	16,033,804	9.2%
2	Kesli Chemicals Pty Ltd	11,990,474	6.9%
3	Gasmere Pty Ltd	8,353,888	4.8%
4	Dr Ernst Alfred Kohler	7,498,659	4.3%
5	Merrill Lynch (Australia)	7,058,900	4.1%
6	J P Morgan Nominees Australia	6,215,377	3.6%
7	NKG Nominees Pty Ltd	5,818,126	3.3%
8	Mutual Trust Pty Ltd	5,756,008	3.3%
9	Citicorp Nominees Pty Limited	5,166,857	3.0%
10	Mr Francis Ambrose Kennedy	4,860,000	2.8%
11	Kitara Investments Pty Ltd	4,031,443	2.3%
12	Novac International Pty Ltd	3,791,869	2.2%
13	Odina Pty Ltd	3,679,366	2.1%
14	Bolitho Mining Company Pty Ltd	3,300,000	1.9%
15	Mr Carlo Chiodo	2,950,000	1.7%
16	NRGY Pty Ltd	2,864,236	1.6%
17	ABN Amro Clearing Sydney	2,693,977	1.5%
18	Wymond Investments Pty Ltd	2,000,000	1.2%
19	Mr Nicolas Robert Gyngell	1,843,395	1.1%
20	Taurus Corporate Services Pty Ltd	1,740,000	1.0%

**Notes:**

- Actual voting power may differ from that shown above as there is no obligation to publicly disclose voting power of less than 5% or changes in voting power of less than 1%.

As at the date of this Bidder's Statement, so far as is known to Echo based on publicly available information, the following persons are substantial shareholders of Echo:

Echo Shareholder	Number of Echo Shares	% of Echo issued share capital
Ernst Alfred Kohler	24,423,084	14.05%
Michael Ruane and associated entities	11,990,474	6.90%
Nicholas Robert Gyngell	10,525,757	6.06%

**Notes:**

- Actual voting power may differ from that shown above as there is no obligation to publicly disclose changes in voting power of less than 1%.



The Echo Directors currently have a Relevant Interest in 8,751,393 Echo Shares, being approximately 5.03% of the total number of Echo Shares on issue. Mark Hanlon, a proposed director of Echo holds 1,450,000 Echo Shares, being approximately 0.83% of the total number of Echo Shares on issue. The individual Relevant Interests held by each Echo Director (and proposed directors) are as set out in Section 9.13.

### **3.14 Terms of Echo Options**

As at the date of this Bidder's Statement, Echo has 5,750,000 unlisted Echo Options on issue which may be exercised for \$0.275 each on or before 5:00pm (WST) on 28 August 2019. Full terms of the Echo Options are set out in Echo's notice of meeting announced on 26 July 2016 and approved by Echo Shareholders at the general meeting held on 29 August 2016.

### **3.15 Employee share option plan**

At the upcoming annual general meeting of Echo scheduled to be held on 11 November 2016, Echo is proposing to adopt an employee share option plan. A summary of the material terms of the employee share option plan is set out in the notice of annual general meeting announced on the ASX on 11 October 2016.

### **3.16 Dividend history**

Echo has not previously paid, and does not currently pay, dividends.

### **3.17 Further information**

Echo is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Echo is subject to the ASX Listing Rules which require continuous disclosure of any information Echo has concerning itself that a reasonable person would expect to have a material effect on the price or value of its securities, subject to limited exceptions.

ASX maintains files containing publicly disclosed information about all listed companies. Echo's file is available for inspection at ASX during normal business hours.

Echo is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Echo may be obtained from, or inspected at, an ASIC office.

A list of the announcements Echo has lodged with ASX since 3 October 2016 is set out in Annexure C to this Bidder's Statement.

A substantial amount of information about Echo is available in electronic form from [www.echoresources.com.au](http://www.echoresources.com.au) and on the ASX website.

## 4. PROFILE OF METALIKO RESOURCES LIMITED

### 4.1 Disclaimer

This overview of Metaliko and all financial information concerning Metaliko contained in this Bidder's Statement has been prepared by Echo using publicly available information.

The information in this Bidder's Statement concerning Metaliko has not been independently verified. Echo does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Metaliko is not considered to be comprehensive.

### 4.2 Overview of Metaliko

Metaliko is a mineral exploration and development company which has been listed on the ASX since 6 October 2010. Its core asset is its Yandal Gold Project in the North Eastern Goldfields region of Western Australia, which includes the 2 MTPA Bronzewing milling/CIP gold recovery facility, a 200+ person accommodation village, associated production infrastructure, tenements and contained gold resources.

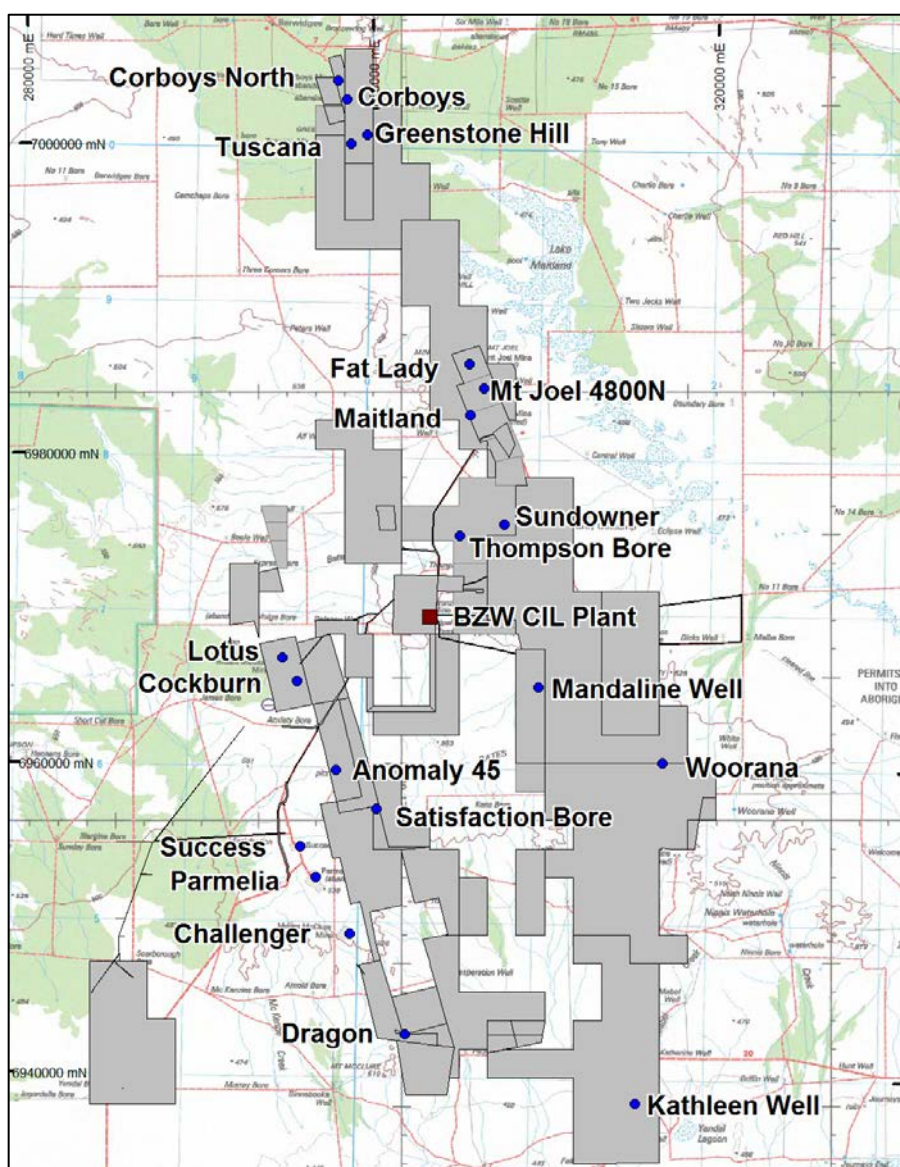


Figure 1: Metaliko's Yandal Tenements and Prospects

### **4.3 Metaliko Projects**

#### **4.3.1 Bronzewing Project**

Until the 1980's, little exploration had taken place in the Yandal greenstone belt. Small scale prospector workings existed at Old Bronzewing, Sundowner, Maitland and Corboys but total gold production was less than 17,000 ounces of which 16,000 ounces reportedly came from the Corboys Prospect.

Production commenced on the Mt McClure line in 1992 and Bronzewing Central and Discovery open pits in 1994. Production from the mines to 2004 totalled some three million ounces.

Following two unsuccessful mining campaigns by View Resources Ltd (2004-09) and Navigator Resources Ltd, Metaliko acquired the Bronzewing Project in June 2014. Since acquisition, Metaliko has conducted over 13,000 metres of drilling and numerous soil sampling and reconnaissance surveys. It has also maintained the plant and associated infrastructure on a full time basis in preparation for recommissioning.

Prior to acquisition of the Bronzewing Project, Metaliko had significant tenement holdings in the Kalgoorlie region of Western Australia. Except for the Anthill Project, these tenements were divested in early 2016 allowing Metaliko to focus on the Yandal/Bronzewing Project.

Metaliko's exploration activities at Bronzewing focussed primarily on the Corboys Prospect with back up drilling on nine other prospects where previous drilling had intersected encouraging gold mineralisation.

#### **4.3.2 Corboys Project**

Drilling by Metaliko in the period 2015-16 resulted in a significant upgrade to the Corboys resource and JORC status. On 23 August 2016, Metaliko announced to the ASX an updated JORC (2012) compliant gold mineral resource of 2.14Mt at 1.82 g/t for 126,000 ounces Au (lower cut of 1g/t) comprising Indicated Resources of 1.67 Mt @ 1.80 g/t Au and Inferred Resources of 0.47 Mt @ 1.91 g/t Au.

#### **4.3.3 Cockburn Gold Deposit**

The Cockburn gold deposit forms part of the Mt McClure gold deposits west of Bronzewing. Mining at Cockburn commenced in 1992. Since that time the Cockburn deposit has produced 7,053,817 tonnes of ore grading 1.71 g/t for 276,553 ounces Au in three separate campaigns.

Metaliko announced on 1 September 2016 that an independent review of the Cockburn resource model and exploration data had been completed which produced an updated optimal block model (OBM) and gold mineral resource.

#### **4.3.4 Other Metaliko Projects**

Metaliko's Yandal tenement holdings include several prospects where significant gold mineralisation has been outlined including Mt Joel Woorana, Fat Lady and Katherine Well.

#### 4.4 Metaliko Board of Directors

As at the date of this Bidder's Statement, the directors of Metaliko are:

- (a) Mr Peter Hunt - Non-Executive Chairman;
- (b) Mr Michael Ruane - Executive Director;
- (c) Mr Robin Dean - Non-Executive Director; and
- (d) Mr Geoff Baker - Non-Executive Director.

#### 4.5 Information about Metaliko securities

Based on material lodged by Metaliko with ASX, as at the date of this Bidder's Statement, Metaliko's issued securities consists of 441,614,328 fully paid ordinary shares.

#### 4.6 Substantial shareholders of Metaliko

As at the date of this Bidder's Statement, so far as is known to Echo based on publicly available information, the following persons are substantial shareholders of Metaliko:

Metaliko Shareholder	Number of Metaliko Shares	% of Metaliko issued share capital <sup>1</sup>
Michael Ruane and associated entities	133,757,304	30.29%
Brispot Nominees Pty Ltd	34,103,298	7.72%
Citicorp Nominees Pty Ltd	27,659,285	6.26%
ASF Resources (WA) Pty Ltd	25,726,000	5.83%

**Notes:**

1. Actual voting power may differ from that shown above as there is no obligation to publicly disclose changes in voting power of less than 1%.

#### 4.7 Summary historical financial information

##### 4.7.1 Basis of presentation of historical financial information

The historical financial information below relates to Metaliko and its Subsidiaries on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and has been extracted from the audited consolidated financial report of Metaliko (including the notes therein) for the years ending 30 June 2014 and 30 June 2015 and 30 June 2016. Copies of these reports are available at [www.metaliko.com.au](http://www.metaliko.com.au) and also the ASX website.

The historical financial information in respect of Metaliko has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards, and in accordance with the accounting policies, as set out in the financial reports of Metaliko for the full year ended 30 June 2014, 30 June 2015 and 30 June 2016.

The past performance of Metaliko is not a guarantee of future performance.

#### 4.7.2 Metaliko consolidated statement of financial position

As at \$'000	30 June 2014 Audited	30 June 2015 Audited	30 June 2016 Audited
<b>Current Assets</b>			
Cash and cash equivalents	60,118	1,161,396	838,508
Trade and other receivables	196,873	230,162	99,191
Inventories			
Other current assets	554,423	277,735	252,327
<b>Total Current Assets</b>	<b>811,414</b>	<b>1,669,293</b>	<b>1,190,026</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	2,972,194	2,368,457	1,895,328
Capitalised exploration and evaluation expenditure	6,741,936	7,543,735	6,404,850
Other assets	25,000	-	500,000
<b>Total Non-Current Assets</b>	<b>9,739,130</b>	<b>9,912,192</b>	<b>8,800,178</b>
<b>Total Assets</b>	<b>10,550,544</b>	<b>11,581,485</b>	<b>9,990,204</b>
<b>Current Liabilities</b>			
Trade and other payables	283,109	692,073	334,900
Borrowings	3,558,860	393,662	-
<b>Total Current Liabilities</b>	<b>3,841,969</b>	<b>1,085,735</b>	<b>334,900</b>
<b>Non-Current Liabilities</b>			
Provisions			
Interest bearing liabilities			
<b>Total Non-Current Liabilities</b>			
<b>Total Liabilities</b>	<b>3,841,969</b>	<b>1,085,735</b>	<b>334,900</b>
<b>Net Assets</b>	<b>6,708,575</b>	<b>10,495,750</b>	<b>9,655,304</b>
<b>Equity</b>			
Issued capital	10,360,943	16,438,027	19,431,590
Reserves	1,477,861	1,477,861	1,477,861
Accumulated losses	(5,130,229)	(7,420,138)	(11,254,147)
Equity attributable to owners of the parent			
Non-controlling interests			
<b>Total Equity</b>	<b>6,708,575</b>	<b>10,495,750</b>	<b>9,655,304</b>

#### 4.7.3 Metaliko Statement of Profit or Loss and other Comprehensive Income

For the year ended \$'000	30 June 2014 Audited	30 June 2015 Audited	30 June 2016 Audited
<b>Revenue</b>			
Revenue from ordinary activities	24,342	36,518	25,338
Net increase in fair value on financial assets at fair value through profit or loss	-	-	125,000
Other income	46,360	256,645	173,161
<b>Expenses</b>			
Depreciation	(9,442)	(603,737)	(481,445)
Capitalised exploration and evaluation expenditure written off	(29,000)	(1,492,455)	(2,121,344)
Administration expenses	(73,519)	(123,101)	(113,365)
Consultant expenses and professional costs	(72,287)	(99,484)	(119,088)
Employee and contractors expenses	(192,897)	(214,410)	(265,561)
Occupancy expenses	(40,772)	(43,244)	(44,383)
Travel expenses	(411)	(2,443)	(331)
Interest expense	()	-	(36,906)
Investor relations and marketing expenses	(3,589)	(4,198)	(4,738)
Loss on disposal of mining tenements	-	-	(970,347)
Other expenses	(950)	-	-
<b>Loss before income tax expense</b>	<b>(352,165)</b>	<b>(2,289,909)</b>	<b>(3,834,009)</b>
Income tax benefit	-	-	-
<b>Loss after tax from continuing operations</b>	<b>(352,165)</b>	<b>(2,289,909)</b>	<b>(3,834,009)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss	-	-	-
Exchange differences on translation of foreign operations	-	-	-
<b>Other comprehensive loss for the year, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>	<b>(352,165)</b>	<b>(2,289,909)</b>	<b>(3,834,009)</b>
Basic and diluted loss per share (cents per share)	(0.4)	(0.8)	(0.9)

#### **4.8 Further information on Metaliko**

Metaliko is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Metaliko is subject to the ASX Listing Rules which require continuous disclosure of any information Metaliko has concerning itself that a reasonable person would expect to have a material effect on the price or value of its securities, subject to limited exceptions.

ASX maintains files containing publicly disclosed information about all listed companies. Metaliko's file is available for inspection at ASX during normal business hours.

Metaliko is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Metaliko may be obtained from, or inspected at, an ASIC office.

A list of the announcements Metaliko has lodged with ASX since 30 September 2016 is set out in Annexure D to this Bidder's Statement.

A substantial amount of information about Metaliko is available in electronic form from [www.metaliko.com.au](http://www.metaliko.com.au) and on the ASX website.

---

## **5. MERGED ENTITY**

### **5.1 Approach**

This Section 5 provides an overview of the Merged Entity assuming the successful completion of the Offer, in the various scenarios following the Offer, and the effect of the Offer on Echo and Metaliko.

### **5.2 Disclaimer regarding Metaliko and the Merged Entity information**

In preparing the information relating to Metaliko and the Merged Entity contained in this Bidder's Statement, Echo has relied on publicly available information relating to Metaliko and this has not been independently verified by Echo or the Echo Directors. Risks may exist in relation to Metaliko (which may affect the Merged Entity) of which Echo is unaware. If any material risks are known to the directors of Metaliko, they must be disclosed in the Target's Statement to be issued by Metaliko.

Accordingly, subject to any applicable laws, Echo makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

### **5.3 Profile of the Merged Entity**

If the Offer is successful, Eligible Shareholders will each receive 1 Echo Share for every 2.5 Metaliko Shares held by them on the Record Date. After the Bid Period, if Echo becomes entitled to compulsorily acquire outstanding Metaliko Shares in accordance with Part 6A.1 of the Corporations Act, it intends to proceed with the compulsory acquisition of those shares and all of Echo's Shareholders (including Metaliko Shareholders who have received Echo Shares pursuant to the Offer) will be shareholders in the Merged Entity.

### **5.4 Effect of completion of the Offer**

Upon completion of the Offer, the Merged Entity will be a strong emerging gold exploration company with potential for near term production, greater market capitalisation, financial capacity for project expansion and development, will achieve a strengthening and simplification of the current management arrangements and should achieve cost savings by reducing corporate overheads.

### **5.5 Effect on the assets and operations of the Merged Entity**

The Merged Entity will create a substantial gold business pursuing a rapid and modest-cost pathway to production through the combination of established mineral resources at Echo's Julius Gold Project and the large-scale Bronzewing processing facility.

### **5.6 Effect of the Offer on the company's corporate and capital structure**

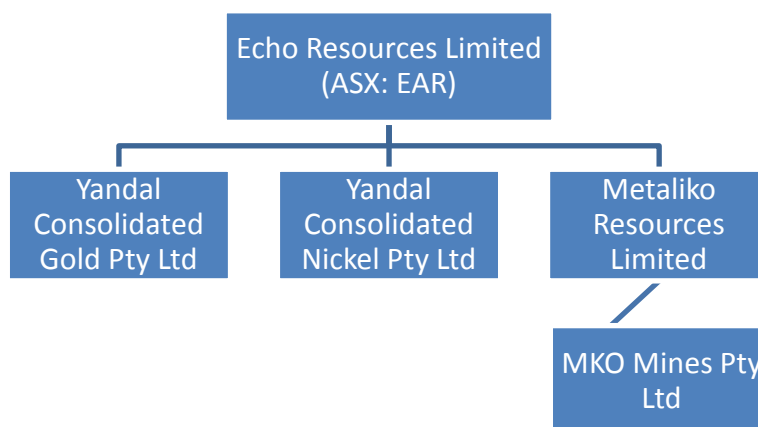
Following Completion of the Offer, the Merged Entity is expected to have the following key attributes:

- (a) it will be a strong emerging gold exploration company with potential for near term production and the ability capitalise on a near-term cashflow generating opportunity;
- (b) enhanced scale and market relevance, including greater exposure to a global and expanding retail and institutional investor base giving greater funding flexibility; and



- (c) a strong board and management team with significant depth of technical and corporate expertise.

Following completion of the Offer, the Merged Entity Group structure will be as set out below:



## 5.7 Effect of the Offer on the Merged Entity capital structure

Under the Offer, Echo is offering to issue Echo Shares to Eligible Shareholders.

The effect of the Offer on the capital structure of Echo on a post-completion basis is set out in the below table:

Securities	Number
<b>Shares</b>	
Current Echo Shares <sup>1</sup>	173,818,808
Echo Shares issued pursuant to the Offer <sup>2</sup>	176,645,731
<b>TOTAL</b>	<b>350,464,539</b>
<b>Options</b>	
Unlisted options exercisable at \$0.275 exercisable on or before 28 August 2019	5,750,000
Unlisted Options exercisable at \$0.275 exercisable on or before 30 years from date of issue <sup>3</sup>	5,000,000
<b>TOTAL</b>	<b>10,750,000</b>

### Notes

- The rights attaching to the Echo Shares are summarised in Section 3.12 of this Bidder's Statement and based on Echo's constitution.
- Assuming a 100% take up under the Offer, that all Metaliko Shareholders are Eligible Shareholders and that no Echo Options are exercised or other Echo Shares are issued.
- Echo has agreed to issue BW Equities Pty Ltd or its nominee these Options by way of a success fee on completion of the Offer for the provision of corporate advisory services to Echo. Please refer to Section 9.11 for full terms of the Options.

## 5.8 Substantial Shareholders

The substantial holders of Echo as at the date of this Bidder's Statement and following completion of the Offer, so far as is known to Echo based on publicly available information, are as follows:

Substantial Holder	Echo Shares Pre-Takeover	Pre-Takeover %	Echo Shares Post-Takeover	Post-Takeover %
Michael Ruane and associated entities	11,990,474	6.90%	65,493,396 <sup>1</sup>	18.69%
Ernst Alfred Kohler	24,423,084	14.05%	24,423,084	6.97%
ASF Resources (WA) Pty Ltd	-	-	18,000,000	5.14%

### Notes

1. Michael Ruane and his associated entities currently hold 133,757,304 Metaliko Shares and will be issued 53,502,922 Echo Shares as consideration under the Offer.

The above table assumes that Echo acquires all Metaliko Shares, all Metaliko Shareholders are Eligible Shareholders and no Echo Options are exercised or Echo Shares are issued. The above table does not take into account rounding.

## 5.9 Offer Consideration

Under the Offer, accepting Eligible Shareholders will be issued 1 Echo Share for every 2.5 Metaliko Shares held, implying a theoretical value of 8.8 cents per Metaliko Share based on the last traded price for Echo Shares prior to the announcement of Echo's intention to make the Offer (22 cents on 27 September 2016).

Based on the number of Metaliko Shares on issue on the day before the date of this Bidder's Statement, the maximum number of Echo Shares which would be required to be issued under the Offer if every Metaliko Shareholder accepted the Offer and was an Eligible Shareholder is 176,645,731 Echo Shares (subject to rounding).

## 5.10 Basis for preparation of the audited pro forma consolidated statement of financial position of the Merged Entity

The unaudited pro forma consolidated statement of financial position of the Merged Entity has been prepared in connection with the proposed acquisition of Metaliko by Echo. The unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and gives effect to the acquisition by Echo pursuant to the assumptions described in Section 5.12 and gives effect to the transaction by Echo as if it had occurred as of 30 June 2016.

The unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been achieved if the transaction had been completed on the dates or for the periods presented, nor do they purport to project the results of operations or the financial position of the consolidated entities for any future period or as of any future date. The unaudited pro forma consolidated statement of financial position does not reflect any special items such as integration costs or operating synergies that may be incurred or achieved as a result of the acquisition.

The unaudited pro forma adjustments and allocations of the purchase price for the proposed acquisition of Metaliko are based on a preliminary determination that the fair value of net assets acquired will be allocated to the exploration and evaluation assets. The final purchase price allocation will be completed after the transaction is complete.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS).

In preparing the Merged Entity unaudited pro forma consolidated statement of financial position in accordance with IFRS, the following historical information was used:

- (a) audited Echo 30 June 2016 consolidated statement of financial position (refer Section 3.7.2); and
- (b) audited Metaliko 30 June 2016 consolidated statement of financial position (refer section 4.7.2).

In preparing the unaudited pro forma consolidated statement of financial position no alignment has been made between the accounting policies of Metaliko and Echo. The Directors of Echo are not aware of any material differences which would arise on such an alignment.

#### 5.11 Merged Entity 30 June 2016 pro forma consolidated statement of financial position

	Unaudited
As at 30 June 2016 \$'000	Merged Entity Pro Forma
<b>Current Assets</b>	
Cash and cash equivalents	4,635,029 <sup>1,2</sup>
Trade and other receivables	175,858
Other current assets	252,327
<b>Total Current Assets</b>	<b>5,063,214</b>
<b>Non-Current Assets</b>	
Property, plant and equipment	1,955,137
Capitalised exploration and evaluation expenditure costs	35,596,607 <sup>4,5</sup>
Other assets	54,964 <sup>2</sup>
<b>Total Non-Current Assets</b>	<b>37,606,708</b>
<b>Total Assets</b>	<b>42,669,922</b>
<b>Current Liabilities</b>	
Trade and other payables	770,731
Provisions	-
<b>Total Current Liabilities</b>	<b>770,731</b>

	Unaudited
As at 30 June 2016 \$'000	Merged Entity Pro Forma
<b>Total Liabilities</b>	<b>770,731</b>
<b>Net Assets</b>	<b>41,899,191</b>
<b>Equity</b>	
Issued capital	55,029,205 <sup>1,3</sup>
Reserves	266,442 <sup>4</sup>
Accumulated losses	(13,426,456)
<b>Total Equity</b>	<b>41,899,191</b>

**Pro-Forma Adjustment Notes:**

1. On 14 October 2016 Echo entered into a material purchase arrangement on (refer to 3B Announcement on 14 October 2016) acquiring tenements in exchange for 1,000,000 fully paid shares in Echo and a cash payment of \$135,000.
2. Post year end Metaliko sold listed shares in Intermin Resources Limited for a total cash consideration of \$500,000.
3. Elimination of Metaliko issued capital and the issue of 176,645,731 Echo Shares at \$0.22 per Echo Share under the offer less estimated costs in relation to the Offer of \$158,600 (refer to section 9.12.3).
4. Write-off of Metaliko Reserves and capitalised exploration expenditure.
5. The difference between the purchase price and the net assets acquired has been allocated to exploration costs.
6. The unaudited pro-forma consolidated financial of financial position for the Merged Entity assumes that the accounting treatment of the takeover is as an asset acquisition due to Echo's deemed future control of Metaliko, that Metaliko does not constitute a business and that the takeover will not result in a reverse acquisition, as well as the successful acquisition of 100% of the Metaliko shares by Echo.
7. The fair value of the net assets of Metaliko to be acquired will ultimately be determined at the date of closing of the transaction. Therefore, it is likely that the fair value of the assets and liabilities acquired will vary from those shown above and the differences may be material.

## 5.12 Effect of transaction on the unaudited pro forma statement of financial position

The unaudited pro forma consolidated statement of financial position incorporates the following pro forma assumptions in relation to Echo's proposed acquisition of Metaliko.

The pro forma adjustment reflects:

- (a) the issue of 176,645,731 Echo Shares at \$0.22 per Echo Share under the Offer;
- (b) the estimated merger costs of \$[insert] include in cash costs (legal, taxation, accounting and financial advisors); and

- (c) the difference between the purchase price and the net assets acquired has been allocated to property, plant and equipment.

#### **5.13 Outlook for the Merged Entity**

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to the Merged Entity.

Echo has given careful consideration as to whether there is a reasonable basis to produce reliable and meaningful forecast financial information for the Merged Entity. However, the Echo Directors have concluded that as at the date of this Bidder's Statement, it would be misleading to provide forecast financial information for the Merged Entity.

#### **5.14 Dividends**

Given the funding requirements for the exploration and potential development of the Julius Gold Project, Echo expects that dividends are unlikely to be available from the Merged Entity for the immediately foreseeable future.

---

## **6. INTENTIONS OF ECHO RESOURCES LIMITED**

### **6.1 Introduction**

The intentions of Echo in relation to Metaliko are set out in this Section of the Bidder's Statement. Those intentions have been formed on the basis of facts and information concerning Metaliko, and the general business environment, which are known at the time of preparing this Bidder's Statement. Final decisions will only be reached by Echo in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intention only and may vary as new information becomes available or circumstances change.

### **6.2 Disclosure Regarding Forward-Looking Statements**

This Bidder's Statement includes forward-looking statements that have been based on Echo's current expectations and predictions about future events including Echo's intentions (which include those set out in this Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Echo, Metaliko and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in this Bidder's Statement (including those set out in Section 8).

None of Echo, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.

### **6.3 Rationale for the Offer**

Echo believes (based on the information currently available to it) that there are a number of key strategic and financial benefits that will arise from the successful acquisition of Metaliko by Echo. These include:

- (a) a substantial gold business pursuing a rapid and modest-cost pathway to production through the combination of established mineral resources at the Julius gold deposit and the 2 Mtpa Bronzewing processing facility;
- (b) global gold mineral resources (JORC 2004 and JORC 2012) of in excess of 800,000 ounces with substantial exploration and resource conversion potential;
- (c) Metaliko's Shareholders will retain exposure to Metaliko's assets via their shareholding in Echo;
- (d) a contiguous tenement holding along 130km of the Yandal greenstone belt which represents the largest contiguous land holding between the operating Darlot and Jundee gold mines;
- (e) the Merged Entity's enlarged size and balance sheet are expected to improve access to future development funding at a lower cost than what Metaliko could achieve on its own and provide the Merged Entity

with the flexibility to support near term project funding and accelerate exploration and development activities;

- (f) a simplified single ownership structure and operational management of assets currently owned by Metaliko. This is expected to allow for the acceleration of exploration and development of the Julius Gold Project; and
- (g) the Merged Entity may receive increased coverage from equity research analysts, benefit from greater relevance and interest from institutional investors and increased access to a wider range of investors. This may result in a market re-rating of the Merged Entity that is superior to the market ratings of Echo and Metaliko as stand-alone companies.

## **6.4 Echo's Intentions Regarding Metaliko**

### **6.4.1 Overview**

Subject to the below, it is the present intention of Echo, on the basis of the information concerning Metaliko which is known to Echo and the existing circumstances affecting the business of Metaliko, that:

- (a) the business of Metaliko will otherwise be continued in substantially the same manner as it is presently being conducted;
- (b) no other major changes will be made to the business of Metaliko; and
- (c) the present employees of Metaliko will otherwise continue to be employed by Metaliko. Where there is duplication the fair and equitable solution as per the current employee agreements will be decided in consultation with the Metaliko Board. As a result of implementing Echo's intentions set out in this section 6, however, it is possible that certain operational functions will become redundant. While some redundancies may occur as a result, the incidence, extent and timing of such actions cannot be predicted in advance. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements. Further, as a Merged Entity, the business may require additional resources with specific skills which will be assessed against future requirements.

The current intentions of Echo may change in light of material facts and circumstances at the relevant time.

Following a period of review the value accretive treatment of the assets not central to the strategy of near term production will be presented to the Echo board to assess and determine the future treatment of those assets. Echo will also continue to assess its size and composition as the activities of Echo change.

### **6.4.2 Intentions upon Acquisition of 90% or More of Metaliko**

If as a result of the Offer, Echo becomes entitled to compulsorily acquire outstanding Metaliko Shares in accordance with Part 6A.1 of the Corporations Act, it intends to proceed with the compulsory acquisition of those shares.

Echo then intends to undertake the steps outlined in Section 6.4.1 above and delist Metaliko from the ASX, subject to the required regulatory approvals.

#### **6.4.3 Intentions upon Gaining Control but Less Than 90% of Metaliko**

Echo may waive the satisfaction of the Conditions in its sole discretion, other than the 90% minimum acceptance condition, which cannot be waived by Echo, where Echo has a Relevant Interest of less than 80% of Metaliko Shares, without the prior written consent of Metaliko.

Echo has not decided at this stage whether it will free the Offer from the 90% minimum acceptance Condition (in the event it acquires at least an 80% Relevant Interest in Metaliko Shares or if Echo acquires less than 80% of Metaliko Shares and Metaliko consents to Echo waiving the 90% minimum acceptance condition) or any other Condition.

If, following the close of the Offer, Metaliko becomes a controlled entity, but not a wholly owned subsidiary of Echo, Echo presently intends, subject to the following, and to the extent possible, and appropriate, to implement the objectives and goals mentioned in Section 6.4.1 above.

The extent to which Echo will be able to implement these intentions will be subject to:

- (a) the Corporations Act and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests; and
- (b) the legal obligation of the directors of Metaliko to act for proper purposes and in the best interests of Metaliko shareholders as a whole.

Having regard to this and in particular the possible requirements of minority shareholder approval, it is possible that Echo may not be able to implement some of these intentions.

#### **6.4.4 Intentions if Echo does not Acquire Effective Control of Metaliko**

Subject to Echo acquiring at least an 80% Relevant Interest in Metaliko Shares (or otherwise with the consent of Metaliko), Echo reserves its right to declare the Offer free from the 90% minimum acceptance Condition (or any other Condition) to the Offer. However, Echo has not decided at this stage whether it will free the Offer from the 90% minimum acceptance Condition (or any other Condition).

If the waiver occurs, and Echo does not acquire effective control of Metaliko, Echo intends, subject to the Corporations Act and the ASX Listing Rules, to implement the process outlined in 6.4.1 above to the extent possible.



---

## 7. AUSTRALIAN TAX CONSIDERATIONS

The following summary is a general overview of the Australian income tax consequences for Metaliko Shareholders who accept the Offer and dispose of their Metaliko Shares to Echo in accordance with the Offer. The comments set out below are relevant only to those Metaliko Shareholders who are residents of Australia for tax purposes and hold their Metaliko Shares on capital account.

Certain Metaliko Shareholders (such as those engaged in a business of share trading or investment, those who acquired their Metaliko Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, persons who are temporary residents or non-residents for Australian tax purposes or persons who acquired their Metaliko Shares in respect of their employment with Metaliko) will or may be subject to special or different tax consequences particular to their circumstances. Such Metaliko Shareholders should seek independent taxation advice regarding the disposal of Metaliko Shares based on their specific circumstances.

The summary is based on taxation law and practice in effect at the date of the Offer. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia, nor does it consider any specific facts or circumstances that may apply to particular Metaliko Shareholders. Further, it does not deal with the taxation consequences of disposing of Metaliko Shares which may have been issued under an employee share scheme, which may be subject to specific tax provisions.

Given the complexity of the taxation legislation, Metaliko Shareholders should seek independent taxation advice regarding the tax consequences of disposing of Metaliko Shares given the particular circumstances which apply to them.

### 7.1 Metaliko Shareholders holding Metaliko Shares on capital account

Acceptance of the Offer is likely to involve a disposal by a Metaliko Shareholder of their Metaliko Shares for CGT purposes.

An Australian-resident Metaliko Shareholder may make a capital gain where the capital proceeds from the exchange are more than the cost base of their Metaliko Shares. Alternatively, a Metaliko Shareholder may make a capital loss where the capital proceeds are less than the cost base of those shares.

The capital proceeds that a Metaliko Shareholder will be taken to have received in respect of the disposal of their Metaliko Shares will generally be the market value of Echo Shares on the date of acceptance of the Offer. Metaliko Shareholders will be responsible for keeping their own records with respect to the price at which Echo Shares are traded on the date that they accept the Offer.

The cost base of Metaliko Shares will generally be the cost at which they were acquired including any incidental costs of acquisition together with any additional cost base elements.

In broad terms, the Australian income tax consequences for Metaliko Shareholders who hold their Metaliko Shares **on capital account** and who accept the Offer will depend on whether or not 'scrip for scrip' capital gains tax rollover relief (**rollover relief**) is available and, if available, an election is made to apply it. The following discussion considers the general Australian income tax consequences for Metaliko Shareholders where:

- (a) rollover relief is available and is elected; and
- (b) rollover relief is not available or is not elected.

## **7.2 Acceptance of the Offer where rollover relief is available and is elected**

Australian-resident Eligible Shareholders may be entitled to rollover relief in respect of the consideration referable to Echo Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to Eligible Shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant the Offer and provided certain qualifying conditions are satisfied.

In broad terms, these qualifying conditions include the requirement that Echo must make an offer to all shareholders in Metaliko to acquire their voting shares on substantially the same terms and Echo must become the owner of at least 80% of the voting shares in Metaliko as a consequence of the Offer.

If the qualifying conditions are satisfied and an Eligible Shareholder elects for rollover relief to apply, the rollover relief is available. However, if Echo does not acquire 80% of the voting shares in Metaliko pursuant to the Offer, then the rollover relief will not be available.

The effect of the rollover relief is that the CGT event for Eligible Shareholders (and therefore their respective capital gains) will be deferred until they dispose of some or all of their Echo Shares in the future.

The CGT cost base of the new Echo Shares acquired in the exchange is determined by reasonably attributing to it the CGT cost base of the Metaliko Shares for which a rollover was obtained. For example, the CGT cost base for 2.5 Metaliko Shares will be apportioned for every 1 Echo Share received. Further, the Eligible Shareholders will be taken to acquire their Echo Shares at the time they originally acquired their Metaliko Shares (for the purpose of determining any entitlement to a CGT discount (discussed further below) on an otherwise assessable capital gain in relation to a subsequent dealing in their new Echo Shares).

As discussed above, rollover relief will only be available if the qualifying conditions are satisfied and Eligible Shareholders elect for it to apply. Further, rollover relief is not available if Eligible Shareholders realise a capital loss on the disposal of their Metaliko Shares.

Rollover relief does not apply automatically and Eligible Shareholders must make an election to apply it. The election to utilise rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared although it may be prudent (though not required) to keep a written record of that election with your tax records.

Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, Metaliko Shareholders should seek independent taxation advice regarding their particular circumstances.

## **7.3 Acceptance of the Offer where rollover relief is not available or is not elected**

If Metaliko Shareholders do not elect to obtain rollover relief (or if it is not available), they will need to calculate whether they make a capital gain or capital loss on the disposal of their shares in Metaliko. As discussed above, this will involve a calculation of their cost base and capital proceeds for their shares in Metaliko.

Where the amount of capital proceeds received by a Metaliko Shareholder in respect of the disposal of their Metaliko Shares is greater than the cost base of those Metaliko Shares, then the shareholder should realise a capital gain for Australian CGT purposes.

Where the amount of capital proceeds received by a Metaliko Shareholder in respect of the disposal of their Metaliko Shares is less than the reduced cost base (broadly the cost of acquiring the shares, not including certain incidental costs of ownership) of those Metaliko Shares, then the Metaliko Shareholder should realise a capital loss for Australian CGT purposes.

Where it is expected that a capital gain will result, if a Metaliko Shareholder does not elect to apply the rollover relief, or that relief is not available, then individuals, complying superannuation funds and trusts, may be eligible for the CGT discount. Companies that hold shares in Metaliko are not eligible for the CGT discount.

Specifically, where Metaliko Shares have been held for at least 12 months (not including the day of acquisition and the day of disposal) before their disposal, a Metaliko Shareholder who is an individual, a complying superannuation entity or the trustee of a trust should be able to reduce the capital gain arising from the disposal of Metaliko Shares by the CGT discount (see below).

Subject to the Metaliko Shareholder having any available capital losses from previous income years or net capital losses in the tax year in which they dispose of their Metaliko shares, where the CGT discount is available, eligible Metaliko Shareholders which are individuals or trustees of trusts (excluding complying superannuation entities) will reduce the capital gain arising on the disposal of Metaliko Shares by one-half. For individuals, this reduced gain should be assessed at the Metaliko Shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains and whether the beneficiaries of such trust distributions may be eligible to receive a CGT discount on any net capital gain distributed.

Where Metaliko Shares are held by a complying superannuation entity, subject to the Metaliko Shareholder having any available capital losses from previous income years or net capital losses in the tax year in which they dispose of their Metaliko shares, and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any available capital losses from previous income years or net capital losses or in the tax year in which they dispose of their Metaliko shares. Metaliko Shareholders having any capital losses from previous income years or net capital losses in the tax year in which they dispose of their Metaliko Shares should seek independent advice in relation to the potential availability of the CGT discount.

#### **7.4 Metaliko Shareholders who are companies will not be entitled to the CGT discount**

Companies are not entitled to the CGT discount. The capital gain or capital loss will be calculated with reference to the capital proceeds less the cost base or reduced cost base of the shares. Where a company realises a capital gain, it may be eligible to reduce that gain with capital losses from previous income years, net capital losses in the tax year in which they dispose of their Metaliko shares or revenue losses (subject to satisfying certain tax loss integrity measures). We recommend that companies seek advice from their professional tax advisor in relation to the availability and deductibility of any tax losses.

#### **7.5 GST**

GST should not apply to the disposal of Metaliko Shares under the Offer, the issue of Echo Shares under the Offer, or any subsequent disposal of Echo Shares.

Metaliko Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs (e.g. accounting advisors' costs) associated with acquiring or disposing of securities in Echo or Metaliko. Metaliko Shareholders should seek their own tax advice in this respect.

---

## **8. RISK FACTORS**

### **8.1 Overview**

If the Offer becomes unconditional or the Conditions are satisfied or waived, Metaliko Shareholders who accept the Offer will become Echo Shareholders. In those circumstances, Metaliko Shareholders will:

- (a) continue to be exposed to the risks associated with the investment in Metaliko as a result of their indirect interest in Metaliko through Echo;
- (b) be exposed to the risks which are specific to an investment in Echo; and
- (c) be exposed to additional risks relating to the Offer and the Merged Entity.

These risks are explained below. Metaliko Shareholders should read this Bidder's Statement carefully and consult their professional advisors before deciding whether to accept the Offer. By accepting the Offer, Metaliko Shareholders will be investing in Echo.

The business activities of Echo and the Merged Entity are subject to various risks that may impact on the future performance of Echo and the Merged Entity. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Echo and the Merged Entity and cannot be mitigated.

Accordingly, an investment in the Merged Entity carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following risks set out below. The risks are general only and do not take into account your individual objectives, financial situation or needs. You should carefully consider the following risk factors, as well as other information provided by Echo, and consult your professional advisers before deciding whether to accept the Offer.

### **8.2 Risks Relating to the Offer**

#### **8.2.1 Conditions of the Offer**

As described in Section 1.9 of Annexure A of the Bidder's Statement, the Offer is subject to a number of Conditions.

Subject to any statutory withdrawal rights that may be available (see Section 1.6 of Annexure A of the Bidder's Statement), Metaliko Shareholders who accept the Offer whilst it still remains conditional will no longer be able to trade their Metaliko Shares on the ASX or withdraw their acceptance of the Offer. Metaliko Shareholders should be aware that the market price of Metaliko Shares may exceed the implied price under the Offer during the Offer Period.

For those Metaliko Shareholders who accept the Offer and the Conditions remain unsatisfied at the end of the Offer Period and are not otherwise waived by Echo, there is no obligation on Echo to issue Echo Shares to you as consideration for your Metaliko Shares. In those circumstances, any acceptances of the Offer will be void and you would then be free to deal with your Metaliko Shares.

### **8.2.2 Limited withdrawal rights**

As described in Section 1.6 of Annexure A of the Bidder's Statement, Metaliko Shareholders may only withdraw their acceptance of the Offer in limited circumstances. Otherwise, Metaliko Shareholders will be unable to withdraw their acceptances, even if the value of the Echo Shares to be issued to Metaliko Shareholders as consideration varies from the date of their acceptance.

### **8.2.3 Issue of Echo Shares as consideration**

Eligible Shareholders are being offered specific quantities of Echo Shares as consideration under the Offer. As a result, the value of the consideration will fluctuate depending upon the market value of Echo Shares at any given time.

Furthermore, some of the holders of Metaliko Shares that receive Echo Shares as consideration under the Offer may not intend to continue to hold those Echo Shares and may wish to sell them on ASX. There is a risk that if a significant number of holders of Metaliko Shares seek to dispose of their Echo Shares, this may adversely impact the price of Echo Shares.

Accordingly, the market value of the Echo Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer. This may result in the value of the consideration to Metaliko Shareholders increasing as well as decreasing.

### **8.2.4 Rollover relief**

A condition of the Offer is that the level of acceptance must result in Echo obtaining a Relevant Interest in at least 90% of all Metaliko Shares. Echo reserves the right to free the Offer from the 90% minimum acceptance Condition save that, under the Bid Implementation Agreement, this Condition cannot be waived by Echo, where Echo has a Relevant Interest of less than 80% of Metaliko Shares, without the prior written consent of Metaliko.

If Echo does not acquire a Relevant Interest in at least 80% of Metaliko Shares, and Metaliko consents to Echo waiving the 90% minimum acceptance condition CGT rollover relief will not be available to Metaliko Shareholders. Refer to Section 7 above for further details.

### **8.2.5 Acquisition of less than 90% of Metaliko Shares**

If Echo decides to waive the 90% minimum acceptance Condition, it is possible that Echo could acquire a Relevant Interest of less than 90% of Metaliko Shares on issue under the Offer. The existence of a minority interest in Metaliko may have an impact on the operations of the Merged Entity, although this impact will depend upon the ultimate level of Metaliko ownership acquired by Echo. However, a condition of the Offer is that the level of acceptance must result in Echo obtaining a Relevant Interest in at least 90% of all Metaliko Shares. Echo reserves the right to free the Offer from the 90% minimum acceptance Condition save that, under the Bid Implementation Agreement, this Condition cannot be waived by Echo, where Echo has a Relevant Interest of less than 80% of Metaliko Shares, without the prior written consent of Metaliko.

### **8.2.6 Duty and Government Charges**

Duty and other government charges may be payable by Echo in relation to the Offer. The amount of these duties and charges may be material.

### 8.2.7 Dilution Risk

The consideration for the Offer is the Offer Consideration set out on the front page of this Bidder's Statement. If the Offer is completed, there will be a dilution for current Echo Shareholders as a result of the Offer Consideration being issued.

## 8.3 Risks relating to the Merged Entity

This Section 8.3 sets out risks that are specific to Echo and Metaliko as the Merged Entity.

### 8.3.1 Buy back Right

As disclosed to the ASX in Echo's IPO prospectus dated 10 April 2006, as part of Echo's acquisition of 100% of the Red Lake Tenements (which includes the Julius Gold Project) from Newmont Yandal Operations Pty Ltd (**Yandal**) and its associated companies in 2006, it was agreed that, for a period of 20 years from the sale completion date, Yandal has a buy back right should a gold discovery containing in aggregate inferred mineral resources of at least 2 million ounces of gold be identified within the Red Lake Tenements (**Buy Back Resource**) as follows:

- (a) if Echo announces that it has made a discovery within the Red Lake Tenements that contains at least a Buy Back Resource, Yandal has a 6 month option from the announcement to buy-back an interest in an area encompassed by a circle with a 10km diameter centred on the discovery (**Resource Area**); and
- (b) if Echo announces, or Yandal believes that, a discovery containing aggregate inferred mineral resources of at least 1.5 million ounces of gold has been defined within the Red Lake Tenements, and Yandal believes there are reasonable prospects that a Buy Back Resource can be defined within 12 months of the discovery, Yandal may elect to sole fund up to 12 months of exploration within the Resource Area for that discovery. If a Buy Back Resource is identified within the 12 month period, Yandal has a 6 month option to buy back an interest in the Resource Area.

If Echo has not commenced mining in the relevant Resource Area at the time of the buy back, Yandal may acquire a 60% joint venture interest in consideration for paying an amount calculated in accordance with a multiple of exploration expenditure. If Echo has commenced mining the Resource Area, Yandal may acquire a 75% joint venture interest in the Resource Area in consideration for paying a multiple of exploration expenditure, development and mining capital expenditure.

### 8.3.2 Royalties

Echo and Metaliko's tenements are subject to existing third party royalties. In addition, Metaliko owes royalties to third parties on certain ore treated at the Bronzewing mill. In the event ore from Echo's tenements is processed at the Bronzewing mill, Metaliko must pay a 1% royalty on that ore to Mark Creasy, and may be required to pay other royalties under its other existing third party royalties, which will reduce the economic return to the Merged Entity from the processing of that ore.

By an agreement made 30 September 2005 between Echo and Yandal known as the Red Lake Royalty Deed, Echo agreed to pay Yandal a net smelter royalty of 1.5% in respect of all minerals produced from the Red Lake Tenements.

In respect of E53/970, the royalty is 0.5% (pursuant to the Longreach Well Royalty Deed) and Echo is obliged to pay the vendor of E53/970, Sabre Resources Limited, a royalty of 1.0% of the gross proceeds of gold produced.

### **8.3.3 Exploration and mining**

The mineral exploration licences comprising the Merged Entity's projects are at exploration and feasibility study stage, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that future exploration of these licences, or any other mineral licences that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Merged Entity may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Merged Entity.

The success of the Merged Entity will also depend upon its ability to maintain title to the mineral exploration licences comprising the Julius Gold Project and obtaining all required approvals for its contemplated activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Merged Entity's projects, a reduction in the cash reserves of the Merged Entity and possible relinquishment of one or more of the mineral exploration licences comprising the projects.

### **8.3.4 Development and mining**

The Merged Entity's projects are at an exploration and feasibility study stage. Ultimate and continuous success of activities is dependent on a number of factors including:

- (a) the discovery and/or acquisition of economically recoverable Ore Reserves;
- (b) access to adequate capital to fund and develop its projects;
- (c) construction of efficient development and production infrastructure within capital expenditure budgets;
- (d) securing and maintaining title to interests;
- (e) obtaining regulatory consents and approvals necessary for the conduct of mineral exploration, development and production; and
- (f) retention of appropriately skilled and experienced employees, contractors and consultants.

The Merged Entity's operations may be delayed or prevented as a result of factors including weather conditions, mechanical difficulties or a shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with construction, extraction and production activities, unexpected shortages or increase in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding.



The Merged Entity's operations may be curtailed or disrupted by a number of risks beyond its control such as environmental hazards, industrial accidents and disputes, technical failures, unusual or unexpected geological conditions, adverse weather conditions, fires, explosions and other accidents.

The Merged Entity's operations may be adversely affected by higher than anticipated ore treatment costs, worse than anticipated metallurgical conditions, fluctuations in metal prices or lack of availability of treatment plant capacity.

The occurrence of any of these circumstances could result in Echo not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Merged Entity's financial and operational performance.

Possible future development of mining operations at any of the Merged Entity's projects are also subject to numerous risks. No assurance can be given that the Merged Entity will achieve commercial viability through development of any of its projects.

In addition, for development projects, reserves, resources and stockpiles are based on estimates of grade, volume and tonnage. The accuracy and precision of these estimates will depend upon drill spacing and other information such as continuity, geology, rock density, metallurgical characteristics, mining dilution and costs which evolve as the mine moves through different parts of the ore body.

### **8.3.5 Commodity price volatility**

The revenue that the Merged Group may derive through the sale of commodities exposes the potential income of the Merged Entity to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors that would be beyond the control of the Merged Entity. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

If exploration is successful, a substantial source of revenue and operating cash flow of the Merged Entity may be derived from the sale of gold from the Julius Gold Project. Gold prices have been and will continue to be subject to fluctuation as a result of a number of factors which would be beyond the control of the Merged Entity, including demand for the product, prices agreed by the world's largest producers with their customers, production costs and capacities of other suppliers of gold, the level of competition between producers and end-users of the product. If realised product prices fall, the business, results of operations, financial condition and prospects of the Merged Entity could be materially adversely affected.

Future material price declines in the market value of the commodities to be supplied by the Merged Entity could cause the continued development of, and eventually the commercial production from, the Merged Entity's projects to be uneconomic. Depending on the price of these commodities, the Merged Entity could be forced to discontinue production or development and may lose its interest in, or be forced to sell, some of its properties. There is no assurance that, even as commercial quantities of the commodities are produced, a profitable market will exist for them.

### **8.3.6 Operating costs**

The strong commodity cycle over recent years and the large number of projects being developed in the resources industry has led to increased demand for, and worldwide shortages in, skilled personnel, contractors, materials, equipment, spare parts and supplies that are required as critical inputs to those existing projects and planned developments. Such shortages may increase the costs of its operations, as a result of inputs becoming more expensive. Furthermore, the Merged Entity's input costs may be affected by changes in market conditions, government policies, exchange rates and inflation rates, which can be unpredictable and outside its control. There can be no assurance that the Merged Entity's present and future projects will continue to have access to adequate power and water supplies in the future or that the prices of such utilities will remain affordable. Any resulting increase in costs or production delays could have a material adverse effect on its business, results of operations, financial condition and prospects and result in the shutdown of an operation.

### **8.3.7 Approvals, permits and licences**

The Merged Entity's operations will be dependent on certain government permits, approvals and licenses for each of its projects, including environmental and health and safety approvals. The Merged Entity's ability to carry on its business will therefore be subject to its ability to obtain, and various governments' willingness to renew and not revoke, such rights. If the Merged Entity is not able to obtain or renew such rights, or such rights are revoked, this may have a material and adverse impact on its business, results of operation, financial condition and prospects.

### **8.3.8 Land and resource tenure**

The Merged Entity may lose title to, or interests in, its mineral exploration licences if the conditions to which those mineral exploration licences are subject are not satisfied or if insufficient funds are available to meet expenditure commitments.

In the jurisdictions in which the Merged Entity will operate, both the conduct of operations and the steps involved in acquiring interests will involve compliance with numerous procedures and formalities. It is not always possible to comply with, or obtain waivers from, all such requirements and it is not always clear whether requirements have been properly completed, or that it is possible or practical to obtain evidence of compliance.

In particular, mineral exploration licences are subject to expenditure and work commitments which must be complied with in order to keep the mineral exploration licences in good standing. In certain circumstances, these commitments may be varied at the discretion of the relevant mining authority. Failure to meet these commitments could lead to forfeiture of the mineral exploration licence.

Where tenement expenditures and work commitments or other regulatory requirements are not complied with, regulatory exemptions may need to be applied for within specified periods. Should exemptions not be applied for in time, or are applied for in time but are not ultimately granted, fines may be payable to avoid the mineral exploration licences being forfeited or, in extreme cases, the mineral exploration licences may be forfeited.

Further, it is possible that mineral exploration licences in which the Merged Entity will have an interest in may be subject to a native title claim. If native title rights do exist in respect of a mineral exploration licences, the ability of the Merged

Entity to gain access to that mineral exploration licence may be adversely affected.

#### **8.3.9 Resources and reserves estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans that may, in turn, adversely affect the Merged Entity's operations.

#### **8.3.10 Environmental risks**

The operations and proposed activities of the Merged Entity are subject to extensive environmental regulation in Australia and all other jurisdictions in which the Merged Entity will operate. As with most exploration projects and mining operations, the Merged Entity's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is Echo's intention that the Merged Entity will conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Merged Entity's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Merged Entity for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Merged Entity's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals may result in the delay to anticipated exploration programmes or mining activities.

The Department of Mines and Petroleum in Western Australia from time to time reviews the environmental bonds that are placed on tenements. Echo is not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Merged Entity.

#### **8.3.11 Future funding**

Future funding may be required by the Merged Entity to support its proposed activities. There can be no assurance that such funding will be available on satisfactory terms or at all. The Merged Entity's capital requirements will depend on numerous factors. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Merged Entity is unable to secure additional financing

as needed, it may be required to reduce the scope of its operations. There is however, no guarantee that the Merged Entity will be able to secure any additional funding or be able to secure funding on terms favourable to the Merged Entity.

Further, loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Merged Entity may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Merged Entity would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by Merged Entity or default under a finance lease could also result in the loss of assets.

#### **8.3.12 Ability to attract personnel**

The Merged Entity's success depends, in part, on its ability to identify, attract, motivate and retain additional suitably qualified management. The Merged Entity does not carry key management insurance and the loss of any of its senior management or key employees could significantly impact its operations. Competition for suitably qualified staff is strong. The inability to access and retain the services of a sufficient number of qualified staff could be disruptive to the Merged Entity's development efforts or business development and could materially adversely affect its prospects.

#### **8.3.13 Contractors**

Part of the Merged Entity's commercial practice will involve sub-contracting various services. Although sub-contracted services will be supervised by the Merged Entity's employees, such arrangements with contractors carry with them risks associated with the possibility that the contractors may (i) have economic or other interests or goals that are inconsistent with the Merged Entity's, (ii) take actions contrary to the Merged Entity's instructions or requests, or (iii) be unable or unwilling to fulfil their obligations. There can be no assurance the Merged Entity will not experience problems with respect to its contractors in the future or that it will be able to find replacement contractors on similar terms in the event that contractors do not perform as the Merged Entity expects and this may materially and adversely affect its business, results of operations, financial condition and prospects.

#### **8.3.14 Safety Risks and Industrial Accidents**

Some of the Merged Entity's operations will be carried out under potentially hazardous conditions. Liabilities might arise in the future as a result of accidents, fatalities or other workforce related misfortunes, some of which may be beyond the Merged Entity's control. Any such events could lead to significant expenditure by the Merged Entity in respect of compensation claims or payments, fines or penalties for failure to comply with health and safety laws or regulations, and insurance may be unavailable or prohibitively expensive. The occurrence of accidents could delay production, increase production costs and result in liability and adverse publicity for the Merged Entity. These factors could have a material adverse effect on the Merged Entity's business, results of operations, financial condition and prospects.

#### **8.3.15 Integration risks**

There is a risk that integration of the businesses of Echo and Metaliko may take longer than expected and that the potential efficiencies and benefits of the Merged Entity may be less than anticipated. Potential risks include differences in

management culture, inability to achieve synergies, cost savings and tax advantages and the loss of key personnel. Whilst Echo anticipates that value will be added through the Offer, there is a risk that the full benefits may only be realised in part, or not at all.

#### **8.3.16 Related party limitations if Echo does not acquire more than 90% of Metaliko Shares**

If the Offer goes unconditional and Echo does not acquire more than a 90% interest in Metaliko Shares on issue at the end of the Offer Period, then the related party provisions of the Corporations Act (and the ASX Listing Rules) will apply to the two companies which may limit activities between the companies or increase regulatory compliance for undertaking certain activities between the companies.

#### **8.3.17 Economic risk and external market factors**

Factors such as, but not limited to, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Merged Entity's prospects, operating costs, profit margins and share price. These factors would be beyond the control of the Merged Entity and Echo cannot, to any degree of certainty, predict how they will impact on the Merged Entity.

#### **8.3.18 Litigation risk**

Litigation risks relating to the Merged Entity include contractual claims, employee claims, regulatory disputes, joint venture claims and disputes and the costs associated with such claims and disputes. There is a risk that material or costly disputes could arise which may have a material adverse effect on the financial performance and position of the Merged Entity.

#### **8.3.19 War and terrorist attacks**

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of the Merged Entity.

---

**9. ADDITIONAL INFORMATION**

**9.1 Echo's interest in Metaliko Shares**

As at the date of this Bidder's Statement and the day before the first Offer will be sent, Echo does not hold any interest in Metaliko Shares.

**9.2 Acquisitions of Metaliko Shares by Echo and its Associates**

**9.2.1 Previous 4 months**

Neither Echo nor any Associate of Echo has provided, or agreed to provide, consideration for Metaliko Shares under any purchase or agreement during the period beginning 4 months before the date of this Bidder's Statement ending on the day immediately before the date of this Bidder's Statement.

**9.2.2 Period before Offer**

Neither Echo nor any Associate of Echo has provided, or agreed to provide, consideration for Metaliko Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

**9.3 No escalation agreements**

Neither Echo nor any Associate of Echo has entered into any escalation agreement that is prohibited by Section 622 of the Corporations Act.

**9.4 Collateral benefits**

**9.4.1 Previous 4 months**

During the period beginning 4 months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement, neither Echo nor any Associate of Echo gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (a) accept the Offer; or
- (b) dispose of their Metaliko Shares,

and which is not offered to all holders of Metaliko Shares under the Offer.

**9.4.2 Period before Offer**

During the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer, neither Echo nor any Associate of Echo gave, or offered or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (a) accept the Offer; or
- (b) dispose of their Metaliko Shares,

and which is not offered to all holders of Metaliko Shares under the Offer.

## 9.5 Disclosure of Information

Due to the fact that Echo is offering Echo Shares as consideration for the acquisition of Metaliko Shares under the Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Echo Shares under Sections 710 to 713 of the Corporations Act.

As a company whose shares are quoted on ASX, Echo is subject to regular disclosure requirements. In particular, Echo is required to disclose information concerning its finances, activities and performance. This disclosure is available on Echo's website as well as on the ASX website (ASX Code: EAR).

Please refer to Section 3.9 for further details in relation to Echo's corporate governance policies.

## 9.6 Metaliko Shareholder's Intention to Accept the Offer

On 29 September 2016, Echo and Metaliko jointly announced that they had entered into the Bid Implementation Agreement, and that Metaliko had been provided with letters of intention from the following Metaliko Shareholders to accept the Offer, in the absence of a Superior Proposal, within 10 Business Days of Echo Shareholders approving, for the purposes of ASX Listing Rule 10.1, the issue of Echo Shares to Mr Michael Ruane and his Associates under the Offer.

<b>Metaliko Shareholders</b>	<b>MKO Shares</b>	<b>% of MKO</b>
Kesli Chemicals Pty Ltd <Ruane Super Fund Account>	66,288,529	15.01%
Tyson Resources Pty Ltd	63,069,093	14.28%
Harbour Capital Management Limited, f/b/o Harbour Asia Opportunity Master Fund	39,700,000	8.99%
ASF Resources (WA) Pty Ltd	25,726,000	5.83%
Regal Funds Management	10,500,000	2.38%
Bill Brooks Pty Ltd <Bill Brooks Super Fund A/c>	9,586,330	2.17%
Gasmere Pty Ltd	7,329,779	1.66%
Sisu Pty Ltd	6,686,672	1.51%
Natjo Nominees Pty Ltd	4,657,125	1.05%
Michael Ruane	4,399,682	1.00%
Carlo Chiodo	3,100,000	0.70%
Hawthorn Grove Investments Pty Ltd	3,000,000	0.68%
Shomron Pty Ltd	2,000,000	0.45%
Taurus Corporate Services Pty Ltd	900,000	0.20%
Hunt Corporate Investments Pty Ltd	350,000	0.08%
<b>TOTAL</b>	<b>247,293,210</b>	<b>56.00%</b>

These Metaliko Shareholders have consented to the disclosure of the letter of intention in this Bidder's Statement and have not withdrawn that consent before the date of this Bidder's Statement.

## 9.7 Bid implementation Agreement

On 28 September 2016, Metaliko and Echo entered into the Bid Implementation Agreement pursuant to which Echo agreed to make a conditional off-market Offer for all Metaliko Shares.

A full copy of the Bid Implementation Agreement was lodged with the ASX on 29 September 2016 and can be obtained from Echo's website (at <http://www.echoresources.com.au>) or Echo's profile on the ASX's website (at [www.asx.com.au](http://www.asx.com.au)).

### 9.7.1 Exclusivity Arrangements

The Bid Implementation Agreement contains certain exclusivity arrangements in favour of Echo. These arrangements are set out in full in clause 7 of the Bid Implementation Agreement. In summary, Metaliko has agreed to the following exclusivity arrangements:

- (a) **Cease discussions** - Metaliko has represented that it is not currently in any discussions or negotiations in respect of any Competing Transaction, and has ceased any discussions or negotiations to the extent they were on foot prior to 28 September 2016;
- (b) **No shop** - during the Exclusivity Period, Metaliko must not, and must ensure that none of its representatives, solicits, invites, encourages or initiates any enquiries, negotiations or discussions, or communicates any intention to do any of those things with a view to obtaining any offer, proposal or expression of interest in relation to a Competing Transaction;
- (c) **No talk** - during the Exclusivity Period, both Echo and Metaliko must not, and must ensure that their representatives do not enter into or participate in any discussions or negotiations regarding or which could be reasonably expected to lead to a Competing Transaction;
- (d) **Notification of approaches** - during the Exclusivity Period, Metaliko and Echo must immediately notify the other in writing if it or any of its Representatives:
  - (i) receives any approach with respect to any Competing Transaction;
  - (ii) receives any request for information relating to it or its businesses or operations in connection with or for the purposes of a current or future Competing Transaction; or
  - (iii) provides any information relating to it or any of its businesses or operations to any person in connection with or for the purposes of a current or future Competing Transaction.

including all material details relating to the proposed Competing Transaction (except the identity of the proposed acquirer), unless the fiduciary out exception applies; and

- (e) **Exceptions to no-talk** – Sections 9.7.1(c) and 9.7.1(d) above do not apply to the extent that they restrict a party or its Board from taking or refusing to take any action with respect to a bona fide Competing Transaction provided that the Metaliko Board or the Echo Board (as applicable) has determined in good faith and acting reasonably that the Competing



Transaction is bona fide and could lead to or become a Superior Proposal and failing to respond to it would be reasonably likely to constitute a breach of the fiduciary or statutory duties of the Metaliko Board (the **fiduciary out exception**).

#### **9.7.2 Compensation Payment**

Metaliko and Echo agree to pay to the other party the amount of \$250,000 (**Compensating Amount**) on the occurrence of certain events following the Announcement Date at the fault of such party, including material breach of the Bid Implementation Agreement (not remedied), the Offer failing to proceed because of a Superior Proposal, the directors of either party withdrawing their recommendation or recommending a Competing Transaction and termination as a result of a prescribed occurrence.

#### **9.7.3 Conduct of business**

The Bid Implementation Agreement sets out the obligations of Metaliko and Echo from the date of the Bid Implementation Agreement until the End Date in relation to the conduct of their business.

Amongst other things:

- (a) Metaliko and Echo must conduct their business in the ordinary and proper course in substantially the same manner as previously conducted and regularly consult with the other party on the manner of conduct of its business including on any matter that may have an adverse impact on the integration of the business of Echo and Metaliko following implementation of the Offer; and
- (b) other than with the approval of the other party, each party must, during the Exclusivity Period, undertake a number of activities, including to:
  - (i) maintain the conditions of its business and assets in accordance with the ordinary course of its business;
  - (ii) keep available the services of its officers and employees;
  - (iii) use reasonable endeavours to preserve its relationships with customers, suppliers, licensors, licensees, joint venturers and others with whom it has business dealings; and
  - (iv) use reasonable endeavours to obtain the consent of any persons who have rights in respect of any Material Contracts to which any member of the Metaliko Group or Echo Group (as applicable) is a party.

#### **9.7.4 Board changes**

- (a) As soon as practicable after the Offer becomes unconditional and Echo acquires a Relevant Interest in excess of 80% of Metaliko Shares, Metaliko must take all actions necessary to reconstitute its Board to be the same as the Echo Board (following reconstitution of the Echo Board under clause 9.7.4(b)).
- (b) Immediately after the Offer becomes unconditional and Echo acquires a Relevant Interest in excess of 80% of the Metaliko Shares, Echo shall appoint two nominees of Metaliko, being Mr Robin Dean and Mr Mark

Hanlon, as Non-Executive Directors to the Echo Board, subject only to receiving a consent to act, such that the Echo Board will be comprised of the two Metaliko nominees and the three Echo Board members as at the date of the Bid Implementation Agreement.

#### **9.7.5 Termination**

Either Echo or Metaliko may terminate the Bid Implementation Agreement by notice to the other at any time in the following instances:

- (a) the other party is in material breach of the Bid Implementation Agreement (including a material breach of a representation or warranty given by it) and (if capable of remedy) has failed to remedy the breach within five business days of written notice from the first party notifying the other party of the breach;
- (b) any court or regulatory authority (including the Takeovers Panel) has issued any final and non-appealable order, decree or ruling or taken other action which permanently restrains or otherwise prohibits the Offer;
- (c) Echo withdraws the Offer for any reason or the Offer lapses;
- (d) the other party or any of their Subsidiaries becomes insolvent; or
- (e) if the terminating party has become liable to pay a Compensating Amount to the other party in accordance with the Bid Implementation Agreement and has paid the Compensating Amount.

Echo may also terminate the Bid Implementation Agreement by written notice to Metaliko if a Superior Proposal is made or publicly announced for Metaliko by a third party, any director of Metaliko withdraws or modifies their recommendation of the Offer, a person (other than Echo or its associates) has a Relevant Interest in more than 20% of Metaliko Shares on issue or a Metaliko Material Adverse Change or a Metaliko Prescribed Occurrence occurs.

Metaliko may also terminate the Bid Implementation Agreement by written notice to Echo if a Superior Proposal is made or publicly announced for Echo by a third party, any director of Echo does not recommend Echo Shareholders approving the issue of Echo Shares under the Offer in consideration for the acquisition of Metaliko Shares held by Mr Michael Ruane (and his associates) for the purposes of ASX Listing Rule 10.1 (or having recommended it, withdraws or adversely modifies their recommendation), a Echo Material Adverse Change or a Echo Prescribed Occurrence occurs or an independent expert (if commissioned) does not conclude that the Offer is fair and reasonable to Metaliko Shareholders.

#### **9.8 Shareholder approval under ASX Listing Rule 10.1**

Mr Michael Ruane is the current managing director of Metaliko and, together with his Associates, currently holds 133,757,304 Metaliko Shares with an aggregate voting interest of 30.29%.

Mr Ruane is also a former director of Echo who resigned on 30 May 2016. As this occurred within the last 6 months, he is deemed to be a related party of Echo for the purposes of the ASX Listing Rules and section 228 of the Corporations Act.

As such, the acquisition of Metaliko Shares from Mr Ruane and his Associates, and the issue of Echo Shares in consideration for that acquisition, will require Shareholder approval under ASX Listing Rule 10.1.

Approval for the acquisition of Metaliko Shares from Mr Ruane and his Associates, and the issue of Echo Shares in consideration for that acquisition will be put to Echo Shareholders at Echo's annual general meeting scheduled to be held on 11 November 2016.

## **9.9 Sale Nominee Mandate**

Echo has entered into a mandate with BW Equities Pty Ltd (AFSL: 389353) to act as the Sale Nominee for those Echo Shares that are accepted under the Offer by Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders. BW Equities Pty Ltd will be paid a brokerage fee of 4% of the gross proceeds of the sale of those Echo Shares for its services.

## **9.10 Corporate Advisory Mandate**

Echo has entered into a mandate with BW Equities Pty Ltd (AFSL: 389353) to act as corporate advisor to Echo pursuant to the Offer. On successful completion of the Offer, BW Equities Pty Ltd will be issued 5,000,000 unlisted Options exercisable at \$0.275 exercisable on or before 3 years from the date of issue. Please refer to a summary of the terms of the unlisted Options at Section 9.11.

## **9.11 Terms of Options to be issued to BW Equities Pty Ltd**

### **(a) Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

### **(b) Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.275 (**Exercise Price**).

### **(c) Expiry Date**

Each Option will expire at 5:00 pm (WST) on 3 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

### **(d) Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

### **(e) Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

**9.12 Interests and benefits relating to the Offer**

**9.12.1 Interests**

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (a) director or proposed director of Echo;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
- (c) promoter of Echo,

(together, the **Interested Persons**) holds or has held at any time during the last two (2) years before the date of this Bidder's Statement, any interest in:

- (d) the formation or promotion of Echo;
- (e) any property acquired or proposed to be acquired by Echo in connection with its formation or promotion or the offer of Echo Shares under the Offer; or
- (f) the offer of Echo Shares under the Offer.

**9.12.2 Disclosure of fees and benefits received by certain persons**

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (a) to a Director or proposed director of Echo to induce them to become, or to qualify as, a director of Echo (other than director's fees and remuneration in the ordinary course); or
- (b) for services provided by an Interested Person in connection with the formation or promotion of Echo or the offer of Echo Shares under the Offer.

Steinepreis Paganin has acted as the Australian legal advisors to Echo in relation to the Offer. Echo estimates it will pay Steinepreis Paganin \$100,000 (excluding GST) for these services.

Advanced Share Registry Limited has acted as the share registry to Echo in relation to the Offer. Echo estimates that it will pay Advanced Share Registry Limited \$8,200 (excluding GST) for these services.

BW Equities Pty Ltd (ACN 146 642 462) (AFSL: 389353) will, subject to receipt of ASIC approval, act as Sale Nominee in relation to the Offer. Echo estimates that it will pay BW Equities Pty Ltd a brokerage fee of 4% for these services.

BW Equities Pty Ltd (ACN 146 642 462) (AFSL: 389353) has acted as corporate advisor to Echo pursuant to the Offer. On successful completion of the Offer, BW Equities Pty Ltd will be issued 5,000,000 unlisted Options exercisable at \$0.275 exercisable on or before 3 years from the date of issue. Please refer to a summary of the terms of the unlisted Options at Section 9.11.

### 9.12.3 Expenses of the Offer

The total amount of cash that Echo may become obliged to pay to satisfy all expenses incurred by Echo and relating to the Offer will be provided from Echo's existing cash balances.

Echo estimates it will incur fees for services provided in connection with the Offer, including for legal, taxation, financial advisors, share register and ASX and other professional fees, and advisory fees payable by Metaliko and Echo if the Offer becomes unconditional, in the amount of approximately \$158,600 (excluding GST).

	\$
ASIC	2,350
ASX listing fees for new Echo Shares	39,550
Legal	100,000
Accounting	2,500
Investor and Public Relations	6,000
Share Registry, Printing and Mailing	8,200
<b>TOTAL</b>	<b>\$158,600</b>

Note, on successful completion of the Offer, BW Equities Pty Ltd will be issued 5,000,000 unlisted Options exercisable at \$0.275 exercisable on or before 3 years from the date of issue.

### 9.13 Disclosure of interests of Directors and the Proposed Directors

The directors and proposed new directors of Echo have the following interests in Echo securities as at the date of this Bidder's Statement.

Director	Shares	Options
Barry Bolitho	3,300,000	1,500,000 <sup>1</sup>
Simon Coxhell	80,000	3,000,000 <sup>1</sup>
Anthony McIntosh	5,371,393	1,250,000 <sup>1</sup>
Robin Dean <sup>2</sup>	80,000 <sup>3</sup>	-
Mark Hanlon <sup>2</sup>	1,450,000	-

**Notes:**

1. Unlisted options exercisable at \$0.275 expiring on or before 28 August 2019.
2. Proposed directors of Echo.
3. To be issued to Mr Dean under the Offer in consideration for his Metaliko Shares.

The Echo Directors do not have any interest (either held directly or held by their Associates) in any Metaliko securities as at the date of this Bidder's Statement.

As at the date of this Bidder's Statement, Mr Robin Dean, a proposed director of Echo holds 250,000 Metaliko Shares and Mr Mark Hanlon, a proposed director of Echo holds 2,000,000 Metaliko Shares.

#### 9.14 Fees and benefits of Directors and the Proposed Directors

The constitution of Echo provides that the Echo Directors may be paid for their services as Echo Directors a sum not exceeding such fixed sum per annum as may be determined by Echo in general meeting, to be divided among the Echo Directors as determined by the Echo Board or in equal shares. The remuneration (inclusive of superannuation, fees and equity) of the Echo Directors for the last two financial years and the current financial year is as follows:

Director	Remuneration for financial year ended 30 June 2015	Remuneration for financial year ended 30 June 2016	Remuneration for financial year ending 30 June 2017 (proposed)
Barry Bolitho	-	\$10,000	\$60,000
Simon Coxhell	-	\$95,037	\$240,000
Anthony McIntosh	\$35,000	\$42,326	\$45,000

The Bid Implementation Agreement provides that if the Offer becomes unconditional and Echo acquires more than 80% of the Metaliko Shares, that Mr Mark Hanlon and Mr Robin Dean will be appointed as Non-Executive Directors of Echo. The parties are yet to finalise the terms of Mr Hanlon's and Mr Dean's proposed employment with Echo.

Echo Directors are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of Echo and other miscellaneous expenses.

The remuneration of Echo Directors is reviewed annually by Echo. The figures for the 2017 Financial Year are current as at the date of this Bidder's Statement.

#### **9.15 Meeting requested under Section 249D**

As announced on the ASX on 18 October 2016 and subsequently on 3 November 2016, Echo has received a shareholder requisition notice under Section 249D of the Corporations Act from Mr Ernst Kohler, a substantial shareholder and former Managing Director of Echo (**Requisition Notice**). In response to this Requisition Notice, Echo has convened a general meeting to be held on 14 December 2016 to consider resolutions to remove Echo's Chairman, Mr Barry Bolitho, as a director, and to appoint Mr Kohler.

As announced on the ASX on 3 November 2016, Echo has commenced legal proceedings against Mr Kohler for the return of company property believed to be in Mr Kohler's possession from his time as a director of Echo. These proceedings have now been formally served on Mr Kohler.

#### **9.16 Material litigation**

Echo is not a party to any material litigation and is not involved in any material disputes.

#### **9.17 Ineligible Foreign Shareholders**

Metaliko Shareholders who are Ineligible Foreign Shareholders will not be entitled to receive Echo Shares as consideration for their Metaliko Shares pursuant to the Offer.

A Metaliko Shareholder is an Ineligible Foreign Shareholder for the purposes of the Offer if they are a citizen or resident of a jurisdiction, or their address as shown in the register of members of Metaliko is, outside of Australia and its external territories, New Zealand and Hong Kong. However, such a person will not be an Ineligible Foreign Shareholder if Echo determines that it is lawful and not unduly onerous or impracticable to issue Echo Shares to such a Metaliko Shareholder on acceptance of the Offer and it is lawful for the Metaliko Shareholder to participate in the Offer in such circumstances in the relevant jurisdiction. It is your sole responsibility to satisfy yourself that you are permitted by any law of a country other than Australia applicable to you to accept the Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents. Refer to Section 1.8 of Annexure A for further information.

The Echo Shares which would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Sale Nominee approved by ASIC, who will sell these shares. The net proceeds of the sale of such shares will then be remitted to the relevant Ineligible Foreign Shareholders.

#### **9.18 Unmarketable Parcel Shareholders**

Echo Shares will not be issued as part of the Offer Consideration to Unmarketable Parcel Shareholders who accept the Offer. Instead, the Echo Shares which would otherwise have been issued to Unmarketable Parcel Shareholders will be issued to the Sale Nominee who will sell those Echo Shares and pay the net proceeds of such sale to Unmarketable Parcel Shareholders.

Unmarketable Parcel Shareholders are those Metaliko Shareholders who, if they accept the Offer, would be issued Echo Shares that would not constitute a Marketable Parcel within the meaning of the ASX Operating Rules Procedures.



## **9.19 Status of Conditions**

The conditions of the Offer are set out in Section 1.9 of Annexure A. Echo will use all reasonable endeavours to ensure the Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

As at the date of this Bidder's Statement, Echo is not aware of any events which would result in a breach or inability to satisfy the Conditions.

Echo will give a notice of the status of the Conditions in accordance with the Corporations Act on 5 December 2016 (subject to extension if the Offer Period is extended).

## **9.20 Consents**

Chapter 6 of the Corporations Act imposes a liability regime on Echo, the Echo Directors, the persons named in the Bidder's Statement with their consent as Proposed Directors, persons named in the Bidder's Statement with their consent having made a statement in the Bidder's Statement and persons involved in a contravention in relation to the Bidder's Statement, with regard to misleading and deceptive statements made in the Bidder's Statement. Although Echo bears primary responsibility for the Bidder's Statement, the other parties involved in the preparation of the Bidder's Statement can also be responsible for certain statements made in it.

Each of the parties referred to in this Section 9.20:

- (a) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section 9.20; and
- (b) has not caused or authorised the issue of this Bidder's Statement.

Steinepreis Paganin as legal advisors to Echo in relation to the Offer has consented to being named in this Bidder's Statement and has not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC.

Advanced Share Registry Ltd has acted as the share registry to Echo in relation to the Offer and has not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC.

Mr Simon Coxhell and Mr Steve Hyland as the competent persons have all consented to being named in this Bidder's Statement and for the inclusion of those statements given by them in the form and context in which they are provided and have not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC.

BDO Audit (WA) Pty Ltd has consented to being named in this Bidder's Statement and to the inclusion of audited Echo financial statements being included in this Bidder's Statement and has not withdrawn such consent prior to the lodgement of this Bidder's Statement.

BW Equities Pty Ltd as Sale Nominee and corporate advisor to Echo has consented to being named in this Bidder's Statement and has not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC.

As permitted by ASIC Class Order 13/521, this Bidder's Statement includes statements which are made in, or based on statements made in, documents

lodged with ASIC or on the company announcement platform of ASX. Under that Class Order, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these reports or statements free of charge, please contact Echo on +61 (08) 9389 8726.

As permitted by ASIC Corporations (Consent to Statements) Instrument 2016/72, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication, as well as ASX share price trading information sourced from ASX without its consent.

**9.21 Other material information**

There is no other information that is material to the making of a decision by a holder of Metaliko Shares whether or not to accept the Offer that is known to Echo and which has not previously been disclosed to Metaliko Shareholders other than as is contained elsewhere in this Bidder's Statement.

**9.22 Expiry date**

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

**9.23 Date for determining holders**

For the purposes of Section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

**9.24 ASIC modifications and exemptions, ASX waivers**

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Echo, in relation to the operation of Chapter 6 of the Corporations Act. Echo may rely on this "Class Order" relief. Further, Echo has not been granted any waivers from ASX in relation to the Offer.

---

**10. AUTHORISATION**

This Bidder's Statement is dated 4 November 2016 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of Echo.

Each Director and the Proposed Directors have consented, and as at the date of this Bidder's Statement has not withdrawn his consent, to the lodgement of this Bidder's Statement with the ASIC.

---

**Signed for and on behalf of  
Echo Resources Limited  
Mr Barry Bolitho  
Chairman**

---

## 11. DEFINITIONS AND INTERPRETATION

### 11.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

**\$** or **Dollar** means Australian dollars.

**Acceptance Form** means the form of acceptance and transfer for the Offer accompanying this Bidder's Statement or alternatively any acceptance form sent to a Metaliko Shareholder by Echo's share registry in relation to the Offer, as the context requires.

**Announcement Date** means 29 September 2016, being the date the Offer was announced on ASX.

**Associate** has the meaning given in chapter 6 of the Corporations Act.

**ACCC** means the Australian Competition and Consumer Commission.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).

**ASX Listing Rules** or **Listing Rules** means the official listing rules of ASX, as amended from time to time.

**ASX Operating Rules** means the operating rules of the ASX in force from time to time.

**ASX Operating Rules Procedures** means the procedures of the ASX Operating Rules.

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS subregisters.

**Bid Implementation Agreement** means the bid implementation agreement between Echo and Metaliko dated 28 September 2016.

**Bid Period** has the meaning given to that term in the Corporations Act.

**Bidder's Statement** means this document including the Annexures.

**Board** or **Echo Board** means the board of directors of Echo.

**Business Day** means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.

**CGT** means capital gains tax as defined in the Australian *Income Tax Assessment Act 1997* (Cth).

**CHESS** means ASX's Clearing House Electronic Subregister System.

**CHESS Holding** means a number of Metaliko Shares which are registered on Metaliko's share register being a register administered by the ASX Settlement and which records uncertified holdings of shares.

**Competing Transaction** means a transaction or proposed transaction notified to the Metaliko Board which, if completed substantially in accordance with its terms, would mean a person (other than Echo or its Related Bodies Corporate) would:

- (a) directly or indirectly, acquire an interest or relevant interest in or become the holder of:
  - (i) 20% or more of all Metaliko Shares; or
  - (ii) all or a substantial part of the business conducted by Metaliko, including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;
- (b) acquire control of Metaliko, within the meaning of section 50AA of the Corporations Act; or
- (c) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with Metaliko.

**Conditions** means the conditions to the Offer as set out in Section 1.9 of Annexure A to this Bidder's Statement.

**Controlling Participant** means a Participant who is designated as the controlling participant for shares or other security in a CHESS Holding in accordance with the ASX Settlement Rules.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** or **Echo Director** means a director of Echo as at the date of this Bidder's Statement.

**Echo Board** means the board of directors of Echo.

**Echo Director** means a member of the Echo Board.

**Echo Group** means Echo and its Related Bodies Corporate.

**Eligible Shareholder** means every Metaliko Shareholder as at the Record Date that is not an Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder.

**Echo** means Echo Resources Limited (ACN 009 795 046) or the Merged Entity as the context requires.

**Echo Option** means an option to acquire an Echo Share.

**Echo Share** means a fully paid ordinary share in the capital of Echo.

**Echo Shareholder** means a holder of an Echo Share.

**End Date** means the earliest of:

- (a) date of termination of the Bid Implementation Agreement in accordance with its terms; and
- (b) 31 January 2017 or such later date as the parties agree.

**Exclusivity Period** means the period commencing on 28 September 2016 and ending on the End Date.

**FY16** means the financial year ended 30 June 2016.

**HIN** means Holder Identification Number and has the same meaning as in the ASX Settlement Operating Rules.

**Ineligible Foreign Shareholder** means a Metaliko Shareholder:

- (a) who is a citizen or resident of a jurisdiction other than residents of Australia and its external territories, New Zealand or Hong Kong; or
- (b) whose address shown in the Register is a place outside Australia and its external territories, New Zealand and Hong Kong,

unless Echo determines that:

- (a) it is lawful and not unduly onerous or unduly impracticable to issue that Metaliko Shareholder with Echo Shares on completion of the Offer; and
- (b) it is lawful for that Metaliko Shareholder to participate in the Offer by the law of the relevant place outside Australia and its external territories, New Zealand, and Hong Kong.

**Issuer Sponsored Holdings** means the holding of Metaliko Shares on the Metaliko issuer sponsored subregister.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia.

**Julius Gold Project** means the Julius gold project as detailed in Section 3.4.1.

**Marketable Parcel** has the meaning given to it in the ASX Operating Rules Procedures which, among other things, includes a parcel of shares, the value of which is not less than A\$500.

**Material Contract** means:

- (a) in the case of the Metaliko Group:
  - (i) any agreement between Metaliko and Bullseye Mining Ltd in respect of the Bronzewing mill;
  - (ii) any royalty arrangements in favour of Franco-Nevada Australia Pty Ltd or its Representatives in relation to Metaliko mining tenements or the Bronzewing mill; and
  - (iii) a contract or commitment requiring total payments in excess of \$250,000; and
- (b) in the case of the Echo Group, a contract or commitment requiring total payments in excess of \$250,000.

**Merged Entity** means Echo and its subsidiaries following the acquisition by Echo of all, or a portion, of Metaliko Shares on issue.

**Metaliko** means Metaliko Resources Limited (ACN 120 974 567).

**Metaliko Board** means the board of directors of Metaliko.

**Metaliko Group** means Metaliko and its Related Bodies Corporate.

**Metaliko Group Entity** means any member of the Metaliko Group.

**Metaliko Material Adverse Change** means any act, omission, event, change, matter or circumstance occurring, or being discovered or becoming public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which:

- (a) has diminished, or could reasonably be expected to diminish the net assets of the Metaliko Group by \$2 million or more;
- (b) has or could reasonably be expected to have a materially adverse effect on the:
  - (i) assets, liabilities, financial position, performance, profitability or prospects of the Metaliko Group; or
  - (iii) status or terms of (or rights attaching to) any material approvals from government authority applicable to the Metaliko Group,

including without limitation any person accelerating or adversely modifying the performance of any material obligations of Metaliko or any of its Subsidiaries under any material agreements, contracts or other legal arrangements,

but does not include:

- (a) those events or circumstances envisaged by the Bid Implementation Agreement or required to be done or procured by Metaliko pursuant to the Bid Implementation Agreement;
- (b) those events or circumstances relating to changes in business conditions affecting the industry in which Metaliko and Echo operate;
- (c) an event, circumstance, matter or information that is fairly disclosed, or that is reasonably apparent on its face as potentially to flow from the event, occurrence, matter or information that is fairly disclosed, in information provided by Metaliko to Echo or its Representatives, or is otherwise known to Echo or its Representatives on or prior to the date of the Bid Implementation Agreement or otherwise disclosed in public filings by Metaliko with ASIC or provided to ASX on or prior to the date of the Bid Implementation Agreement; or
- (d) the portion of any event, matter, change or circumstances which is as a consequence of losses, expenses, damages or other costs covered by insurance which Metaliko's insurers have agreed to pay.

**Metaliko Prescribed Occurrence** means any of the events listed in Annexure B.

**Metaliko Share** means a fully paid ordinary share in the capital of Metaliko.

**Metaliko Shareholders** means all persons who hold Metaliko Shares.

**Offer** means the off market takeover offer by Echo of 1 Echo Share for every 2.5 Metaliko Shares on the terms and conditions set out in this Bidder's Statement.

**Offer Consideration** means 1 Echo Share for every 2.5 Metaliko Shares.

**Offer Period** means the period during which the Offer is open for acceptance.

**Official List** means the official list of entities that ASX has admitted and not removed.

**Participant** means an entity admitted to participate in CHESS under rules 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.

**Perth Time** means Perth (Western Australia) Standard Time.

**Proposed Directors** means Mr Robin Dean and Mr Mark Hanlon as proposed directors of Echo.

**Public Authority** means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

**Record Date** means the date set by Echo under Section 633(2) of the Corporations Act, being 5:00pm (Perth Time) on 4 November 2016.

**Regulatory Authority** includes:

- (a) ASX, ACCC and ASIC;
- (b) a government or governmental, semi-governmental or judicial entity or authority;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and

any regulatory organisation established under statute.

**Representatives** of a party includes:

- (a) a Related Bodies Corporate of the party; and
- (b) each of the officers and advisers of the party or any of its Related Bodies Corporate.

**Related Bodies Corporate** has the meaning given to that term in the Corporations Act.

**Relevant Interest** has the meaning given in Section 9 of the Corporations Act.

**Rights** means all accreditations, benefits and rights attaching to or arising from Metaliko Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by Metaliko).

**Sale Nominee** means the nominee to be approved by ASIC for the sale of Metaliko Shares held by the Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders.

**Section** means a section of this Bidder's Statement.

**SRN** means Securityholder Reference Number.

**Subsidiaries** has the meaning given to it in the Corporations Act.

**Superior Proposal** means a Competing Transaction which is, in the determination of the Metaliko Board or the Echo Board (as applicable) acting reasonably and in good faith:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and
- (b) more favourable to the Metaliko Shareholders or the Echo Shareholders (as applicable) than the offer, taking into account all terms and conditions of the Competing Transaction.

**Subsidiaries** has the meaning given in the Corporations Act.

**Takeovers Panel** means the Takeovers Panel established under section 171 of the *Australian Securities and Investments Commission Act 2001* (Cth).

**Unmarketable Parcel** means a parcel of Echo Shares that does not constitute a Marketable Parcel.

**Unmarketable Parcel Shareholder** means a Metaliko Shareholder to whom, if they accept the Offer, Echo Shares would be issued which would not constitute a Marketable Parcel.

**VWAP** means the volume weighted average price of trading in the relevant shares on the ASX and the Chi-X Market, excluding trades which are not made in the ordinary course of trade, including block trades (including special crossings), large portfolio trades, permitted trades during the pre-trading hours period, crossings made during the closing phase, permitted trades during the post-trading hours period, out of hours trades, overnight crossings, overseas trades, exchange traded option exercises and any other trades agree on the parties (acting reasonably) to exclude on the basis that they are not representative of the general price at which Shares are trading on the ASX or the Chi-X Market.

## 11.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Perth (Western Australian) time, unless otherwise stated;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a Section is to a Section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;



- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to you is to a person to whom the Offer is made; and
- (o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

---

## ANNEXURE A – TERMS OF OFFER

---

The Offer and any contract resulting from acceptance of the Offer is subject to fulfilment of the following conditions:

### 1.1 General terms

- (a) Echo offers to acquire all of your Metaliko Shares, together with all Rights attached to them, on the following terms and conditions set out in this Annexure A. The Offer relates to Metaliko Shares that exist or will exist as at the Record Date.
- (b) The Offer Consideration being offered by Echo for the acquisition of all of your Metaliko Shares is 1 Echo Share for every 2.5 Metaliko Shares you own, subject to the terms and conditions set out in this Offer. You may only accept the Offer for all of your Metaliko Shares.
- (c) If you become entitled to a fraction of an Echo Share under the Offer, the number of Echo Shares will be rounded up to the nearest whole Echo Share.
- (d) If you are an Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder at the time the Offer is made to you then you will not receive Echo Shares, instead, you will be paid a cash amount calculated under Section 1.8 of this Annexure A.
- (e) The Echo Shares to be issued pursuant to this Offer will be fully paid and, from their date of issue, rank equally in all respects with existing Echo Shares currently on issue.
- (f) By accepting this Offer, you undertake to transfer to Echo not only the Metaliko Shares to which this Offer relates but also all Rights attached to those Metaliko Shares.
- (g) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Metaliko Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. If, for the purposes of accepting, you require additional copies of this Bidder's statement and the Acceptance Form, please call +61 (08) 9389 8726 to request those additional copies.
- (h) If your Metaliko Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (i) The rights and obligations of the Echo Shares to be issued under the Offer are summarised in Section 3.12 of the Bidder's Statement.
- (j) The Offer is dated 11 November 2016.

### 1.2 Offer Period

- (a) Unless withdrawn, this Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 5:00pm (WST) on the later of:

- (i) 12 December 2016; or
  - (ii) any date to which the Offer Period is extended, in accordance with the Corporations Act.
- (b) Echo reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
- (i) the Offer is varied to improve the consideration offered; or
  - (ii) Echo's voting power in Metaliko increases to more than 50%,
- then the Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with Section 624(2) of the Corporations Act.

### **1.3 Who may accept**

- (a) An Offer in this form and bearing the same date is being made to each person registered as a holder of Metaliko Shares on Metaliko's register of members at 5:00pm (Perth Time) on the Record Date.
- (b) A person who:
- (i) is able, during the Offer Period, to give good title to a parcel of Metaliko Shares; and
  - (ii) has not already accepted this Offer which relates to those Metaliko Shares,
- may accept as if an offer from Echo on terms identical with this Offer had been made to that person in relation to those Metaliko Shares.
- (c) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of your Metaliko Shares, then:
- (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Metaliko Shares;
  - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Metaliko Shares you hold to which the Offer relates; and
  - (iii) this Offer will be deemed to have been withdrawn immediately at that time.
- (d) This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC).

### **1.4 How to accept this Offer**

- (a) You may accept this Offer at any time during the Offer Period.

(b) Issuer Sponsored Holdings

If you hold your Metaliko Shares in an Issuer Sponsored Holding (your SRN starts with I), to accept the Offer you must:

- (i) complete and sign the enclosed Acceptance Form in accordance with the instructions on it; and
- (ii) return the completed Acceptance Form, and all other documents required by the instructions on the Acceptance Form, so that they are received before the end of the Offer Period at the address specified on the Acceptance Form.

(c) CHESS Holdings

If your Metaliko Shares are in a CHESS Holding (your HIN starts with X) and you are not a Participant, to accept the Offer in respect of Metaliko Shares you must either:

- (i) instruct your Controlling Participant (this is normally the stockbroker through whom you bought your Metaliko Shares or ordinarily acquires shares on the ASX) to initiate the acceptance on your behalf under rule 14.14 of the ASX Settlement Operating Rules in respect of your Metaliko Shares, before the end of the Offer Period; or
- (ii) authorise Echo to instruct your Controlling Participant on your behalf to initiate acceptance of the Offer in accordance with rule 14.14 of the ASX Settlement Operating Rules in respect of your Metaliko Shares, by completing, signing and returning the accompanying Acceptance Form in accordance with the instructions on it (together with all documents required by the instructions on the Acceptance Form), at the address specified in the Acceptance Form or directly to your Controlling Participant in sufficient time for it to be processed before the end of the Offer Period.

If you are a Participant, you may yourself initiate acceptance under rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

If your Metaliko Shares are in a CHESS Holding, you must comply with any other applicable ASX Settlement Operating Rules.

(d) To accept this Offer for Metaliko Shares held in your name, you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (ii) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.

(e) Acceptance Form and Other Documents

- (i) The Acceptance Form forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer.
- (ii) For your acceptance to be valid you must ensure that your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) are posted or delivered in sufficient time for it to be received by Echo at the address shown on the Acceptance Form before the end of the Offer Period.
- (iii) The postage and transmission of the Acceptance Form and other documents is at your own risk.
- (iv) When accepting the Offer, you must also forward for inspection:
  - (A) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
  - (B) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Metaliko Shareholder, the relevant grant of probate or letters of administration.

## 1.5 Validity of acceptances

- (a) Subject to this Section 1.5 of this Annexure A, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in Section 1.4 of this Annexure A.
- (b) Echo may, in its sole discretion, at any time deem any Acceptance Form it receives to be a valid acceptance in respect of your Metaliko Shares even if a requirement for acceptance has not been complied with.
- (c) Echo may at any time in its sole discretion:
  - (i) treat the receipt by it of an Acceptance Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with and without further communication to you; and
  - (ii) where you have satisfied the requirements for acceptance in respect of only some of your Metaliko Shares, treat the acceptance as a valid acceptance in respect of all of your Metaliko Shares.
- (d) In respect of any part of an acceptance treated by it as valid, Echo will provide you with the relevant consideration in accordance with Section 1.7(a) of this Annexure A, and the exercise of Echo's rights under this Section 1.5 of this Annexure A will be conclusive and only evidenced by its so doing. The provision of the Offer Consideration may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Echo.

## 1.6 The effect of acceptance

- (a) Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Offer or otherwise dispose of your Metaliko Shares, except as follows:
  - (i) if, by the time specified in Section 1.6(b) of this Annexure A, the Conditions have not all been fulfilled or freed, the Offer will automatically terminate and your Metaliko Shares will be returned to you; or
  - (ii) if the Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when Echo has to meet its obligations to provide the Offer Consideration, and, at the time, the Offer is subject to one or more of the Conditions, you may be able to withdraw your acceptance in accordance with Section 650E of the Corporations Act and a notice will be sent to you at this time explaining your rights in this regard.
- (b) The relevant time for the purposes of Section 1.6(a) is at the end of the Offer Period.
- (c) By signing and returning the Acceptance Form in accordance with Section 1.4 of this Annexure A or pursuant to Section 1.5 of this Annexure A and subject to all Conditions to the Offer being fulfilled or freed, you will be deemed to have:
  - (i) accepted the Offer and, subject to the Conditions being fulfilled or waived, agreed to transfer to Echo all of your Metaliko Shares and all of the Rights attached to those Metaliko Shares (regardless of the number of Metaliko Shares specified in the Acceptance Form);
  - (ii) authorised Echo (or any of its officers or agents) to alter or complete the Acceptance Form on your behalf by correcting any errors in or omissions from the Acceptance Form as may be necessary:
    - (A) to make the Acceptance Form an effective acceptance of this Offer; and/or
    - (B) to enable registration of the transfer to Echo of your Metaliko Shares;
  - (iii) irrevocably authorised and directed Metaliko to pay to Echo or to account to Echo for all Rights which arise or accrue after the date of this Offer in respect of your Metaliko Shares (subject to Echo accounting to you for any Rights received if this Offer is withdrawn or lapses);
  - (iv) represented and warranted to Echo that:
    - (A) at the time of acceptance and the time that transfer of your Metaliko Shares (including all Rights) to Echo is registered, Echo will acquire good title to and

- beneficial ownership of all of your Metaliko Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other adverse interests of any nature and free from restrictions on transfer or any nature;
- (B) you have paid Metaliko all amounts which are due in respect of your Metaliko Shares;
  - (C) all of your Metaliko Shares are fully paid; and
  - (D) you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership of your Metaliko Shares (together with all Rights attached to them) to Echo;
- (v) unless you are an Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder, agreed to accept the Echo Shares to which you become entitled by accepting this Offer subject to the constitution and the terms of issue of the Echo Shares and to have authorised Echo to place your name on its register of shareholders as the holder of the Echo Shares issued to you under the Offer;
  - (vi) acknowledged and agreed that if you are an Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder, Echo will arrange for any Echo Shares otherwise issuable to you to be issued and sold, and the net proceeds (less any transaction costs) to be remitted to you, as described in Section 1.8 of this Annexure A;
  - (vii) represented and warranted to Echo that the making by Echo to you, and your acceptance, of this Offer is lawful under any foreign law which applies to you, to the making of this Offer, and to your acceptance of this Offer;
  - (viii) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, appointed (and agreed not to revoke that appointment) Echo and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney to exercise all your powers and rights in relation to your Metaliko Shares, including, without limitation powers and rights to:
    - (A) attend and vote (in person and by proxy or body corporate representative) in respect of your Metaliko Shares at any and all meetings of shareholders of Metaliko;
    - (B) requisition or join with other holders of Metaliko Shares in requisitioning and/or convening a meeting of the members of Metaliko;
    - (C) demand a poll for any vote to be taken at any meeting of Metaliko Shareholders;

- (D) propose or second any resolutions to be considered at any, and all meetings of Metaliko Shareholders;
- (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Echo as a proxy in respect of all or any of your Metaliko Shares and a transfer form for your Metaliko Shares), proxies, consents, agreements and resolutions relating to your Metaliko Shares;
- (F) request Metaliko to register in the name of Echo or its nominee your Metaliko Shares which you hold on any register of Metaliko; and
- (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of Echo as the beneficial owner and intended registered holder of your Metaliko Shares in respect of which you have accepted this Offer and to have further agreed to do all such acts, matters and things that Echo may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the constitution of Metaliko) if requested by Echo. This appointment is irrevocable and terminates upon registration of a transfer to Echo or your Metaliko Shares;

- (ix) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, agreed not to vote in person at any general meeting of Metaliko or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on Echo and the directors, secretaries and other officers of Echo by Section 1.6(c)(viii) of this Annexure A;
- (x) irrevocably authorised Echo to notify Metaliko on your behalf that your place of address for the purposes of serving notices upon you in respect of your Metaliko Shares is the address specified by Echo in the notification;
- (xi) agreed to indemnify Echo in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your Metaliko Shares to Echo being registered by Metaliko without production of your HIN or SRN for your Metaliko Shares;
- (xii) irrevocably authorised Echo (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer your Metaliko Shares to Echo's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer;
- (xiii) agreed to do all such acts, matters and things that Echo may require to give effect to the matters the subject of this Section 1.6 (including the execution of a written form of proxy to the



same effect as this Section 1.6 which complies in all respects with the requirements of the constitution of Metaliko) if requested by Echo;

- (xiv) represented and warranted to Echo that, unless you have notified it in accordance with Section 1.1(g) of this Annexure A, your Metaliko Shares do not consist of a separate parcel of shares; and
  - (xv) agreed, subject to the Conditions being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Echo may consider necessary or desirable to convey your Metaliko Shares registered in your name and Rights to Echo.
- (d) The representations, warranties, undertakings and authorities referred to in this Section 1.6 of this Annexure A will (unless otherwise stated) remain in force after you receive the consideration for your Metaliko Shares and after Echo becomes registered as the holder of them.

## **1.7 Provision of Offer Consideration**

- (a) Subject to the terms of this Offer and the Corporations Act, Echo will provide the consideration for your Metaliko Shares on or before the earlier of:
- (i) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after this Offer becomes unconditional (whichever is later); and
  - (ii) 21 days after the end of the Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled under the Offer, regardless of any delay in providing the consideration or any extension of the Offer.
- (c) If you are an Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder and you have accepted the Offer, you will receive your share of the proceeds from the sale of the Metaliko Shares in accordance with Section 1.8 of this Annexure A.
- (d) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
- (i) if that document is given with your acceptance, Echo will provide the consideration in accordance with Section 1.7(a) of this Annexure A;
  - (ii) if that document is given after your acceptance and before the end of the Offer Period while this Offer is subject to a defeating condition, Echo will provide the consideration by the end of whichever of the following periods ends earlier:
    - (A) within one month after this Offer become unconditional; or
    - (B) 21 days after the end of the Offer Period;

- (iii) if that document is given after the Offer Period while this Offer is not subject to a defeating condition, Echo will provide the consideration due to you on or before the earlier of:
  - (A) one month after that document is given to Echo; and
  - (B) 21 days after the end of the Offer Period; and
- (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Echo will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event of circumstances referred to in Section 652C(1) or (2) of the Corporations Act, Echo will provide the consideration for you within 21 days after the Offer becomes unconditional.
- (e) Subject to Sections 1.8 and 1.9 of this Annexure A, the obligation of Echo to issue any Echo Shares to which you are entitled under the Offer will be satisfied by:
  - (i) entering your name on the register of members of Echo; and
  - (ii) dispatching or procuring the dispatch to you by pre-paid post to your address specified in your Acceptance Form, a confirmation of the issue of Echo Shares in your name. If your Metaliko Shares are held in a joint name, a confirmation of the issue of new Echo Shares will be issued in the name of, to the holder whose name appears first in your Acceptance Form.
- (f) If, at the time you accept this Offer, any authority or clearance of the Australian Department of Foreign Affairs and Trade or of the Australian Taxation Office is required for you to receive any consideration under this Offer, or you are resident in, or a resident of, a place to which, or you are a person to whom:
  - (i) the Autonomous Sanctions Regulations 2011 (Cth);
  - (ii) the Charter of the United Nations (Sanctions – Al-Qaida) Regulations 2008 (Cth);
  - (iii) the Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth); or
  - (iv) any law or regulation would make it unlawful for Echo to provide consideration for your Metaliko Shares,

applies, then acceptance of the Offer will not create or transfer to you any right (contractual or contingent) to receive the Offer Consideration unless all requisite authorities or clearances have been obtained in favour of Echo.

## **1.8 Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders**

- (a) If you are an Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder, you will not be entitled to receive Echo Shares as the consideration for accepting the Offer, and Echo will:

- (i) arrange for the issue to the Sale Nominee approved by ASIC of the number of Echo Shares to which you and all other Ineligible Foreign Shareholders or Unmarketable Parcel Shareholders would have been entitled but for Section 1.1(d) of this Annexure A and the equivalent provision of each other offer under the Offer;
- (ii) cause the Echo Shares so issued to be offered for sale by the Sale Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
- (iii) cause the Sale Nominee to pay to you the amount ascertained in accordance with the following formula (calculated on an average basis so that all Ineligible Foreign Shareholders or Unmarketable Parcel Shareholders who accept the Offer receive the same proceeds per Metaliko Share, subject to rounding):

$$\frac{\text{Net Proceeds of Sale} \times \text{YS}}{\text{TS}}$$

Where:

**Net Proceeds of Sale** is the amount received by the Sale Nominee upon the sale of an Echo Share under this Section 1.8 of this Annexure A, less the expenses of the sale (brokerage, duty and other selling costs, taxes and charges);

**YS** is the number of Echo Shares which would, but for Sections 1.8(a) and 1.1(d) of this Annexure A, have been issued to you; and

**TS** is the total number of Echo Shares issued to the Sale Nominee under this Section 1.8 of this Annexure A in respect of all Ineligible Foreign Shareholders or Unmarketable Parcel Shareholders.

- (b) You will be paid your share of the proceeds of the sale of Echo Shares by the Sale Nominee in Australian currency.
- (c) Payment will be made by cheque payable in Australian Dollars and drawn on an Australian bank branch posted to you at your risk by airmail as soon as practicable and in any event within the period required by the Corporations Act to your address as specified in your Acceptance Form.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of Echo Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

## 1.9 Conditions of the Offer

The Offer, and any contract resulting from the acceptance of the Offer, are subject to the following conditions:

- (a) **(90% minimum acceptance condition):** at the end of the Offer Period, Echo and its Associates have a Relevant Interest in more than 90% (by number) of all of the Metaliko Shares both on an undiluted and on a fully diluted basis.
- (p) **(No Regulatory Action):** that between the Announcement Date and the end of the Offer Period:
  - (i) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority; and
  - (ii) no application is made to any Regulatory Authority (other than by any member of the Echo Group), or action or investigation is announced, threatened or commenced by a Regulatory Authority,

in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:

  - (iii) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Echo in respect of Metaliko and the Metaliko Shares to be acquired under the Offer; or
  - (iv) requires the divestiture by Echo of any Metaliko Shares, or the divestiture of any assets of Metaliko or its Related Bodies Corporate, Echo or its Related Bodies Corporate or otherwise;
- (b) **(No Metaliko Material Adverse Changes):** there not occurring a Metaliko Material Adverse Change during the Offer Period.
- (c) **(No material acquisitions, disposals or new commitments):** except for any proposed transaction publicly announced by Metaliko before the Announcement Date or disclosed in writing to Echo or its Representatives prior to the Announcement Date, or as required or permitted by the Bid Implementation Agreement, or with the prior approval of Echo (which approval must not be unreasonably withheld or delayed), none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:
  - (i) a member of the Metaliko Group acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$250,000 or makes an announcement in relation to such an acquisition, offer or agreement;
  - (ii) a member of the Metaliko Group disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than \$250,000 or makes an announcement in relation to such a disposition, offer or agreement;

- (iii) a member of the Metaliko Group enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, farm-in agreement, management agreement or commitment which would require expenditure, or the foregoing of revenue, by Metaliko and/or its Subsidiaries of an amount which is, in aggregate, more than \$250,000 other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement; and
  - (iv) a member of the Metaliko Group materially varies, amends, or modifies any Material Contract.
- (d) **(No material litigation)** there is no litigation, claim, action or proceeding pending or in progress or threatened against or relating to any member of the Metaliko Group during the Offer Period that does or is reasonably likely to constitute a Metaliko Material Adverse Change.
- (e) **(No Metaliko Prescribed Occurrences)**: there not occurring a Metaliko Prescribed Occurrence during the Offer Period.
- (e) **(No change of control rights)**: after the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which Metaliko or any Subsidiary of Metaliko is a party, or by or to which Metaliko or any Subsidiary of Metaliko or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of Metaliko or Metaliko and its Subsidiaries taken as a whole, in:
  - (i) any monies borrowed by Metaliko or any Subsidiary of Metaliko being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
  - (ii) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
  - (iii) the interest of Metaliko or any Subsidiary of Metaliko in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
  - (iv) the business of Metaliko or any Subsidiary of Metaliko with any other person being adversely affected,

as a result of the acquisition of Metaliko Shares by Echo except for any rights under any provision of any agreement or other instrument disclosed in writing to Echo or its Representatives prior to the Announcement Date.
- (f) **(Non-existence of certain rights)**: that no person has any right (whether subject to conditions or not) as a result of Echo acquiring Metaliko Shares to:
  - (i) acquire, or require Metaliko or a Subsidiary of Metaliko to dispose of, or offer to dispose of, any material asset of Metaliko or a Subsidiary of Metaliko; or

- (ii) terminate or vary or exercise any right under any Material Contract with Metaliko or a Subsidiary of Metaliko,

except for any rights under any provision of any agreement or other instrument disclosed in writing to Echo or its Representatives or otherwise publicly announced by Metaliko prior to execution of the Bid Implementation Agreement; and

- (g) **(Shareholder Approval)**: that Echo Shareholders approve the issue of Echo Shares under the Offer in consideration for the acquisition of Metaliko Shares held by Mr Michael Ruane and his Associates for the purposes of Listing Rule 10.1.

The above conditions are conditions subsequent and do not prevent a contract resulting from acceptance of the Offer from coming into effect but any breach or non-fulfilment of them entitles Echo to rescind any contracts resulting from acceptance of the Offer.

#### **1.10 Freeing the Offer of Conditions**

Subject to clause 1.10(b), Echo may free this Offer, and any contract resulting from its acceptance, from all or any of the Conditions by giving notice to Metaliko and to the ASX declaring the Offer to be free from the relevant Condition or Conditions specified in accordance with Section 650F of the Corporations Act. This notice may be given not less than 7 days before the end of the Offer Period.

- (a) If, at the end of the Offer Period, the Conditions have not been fulfilled and Echo has not declared the Offer (or it has not become) free from those Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.
- (b) Subject to the provisions of the Corporations Act, Echo alone will be entitled to the benefit of the Conditions and any breach or non-fulfilment thereof may be relied upon only by Echo.

#### **1.11 Notice of status of Conditions**

So that Metaliko Shareholders know the status of the Conditions, the Corporations Act prescribes the notice of the status of the conditions must be given towards the end of the Offer Period.

The date for giving the notice required by Section 630(1) of the Corporations Act is **5 December 2016**, subject to extension in accordance with 630(2) if the Offer Period is extended.

#### **1.12 Quotation**

- (a) An application will be made within 7 days after the start of the Bid Period to ASX for the granting of official quotation of the Echo Shares to be issued in accordance with the Offer. However, official quotation is not granted automatically on application.
- (b) Pursuant to the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for official quotation by ASX (as the circumstances require) of the Echo Shares to be issued pursuant to the Offer is granted no later than 7 days after the end of the Bid Period. If this condition is not fulfilled, all

contracts resulting from the acceptance of the Offer will be automatically void.

### **1.13 Withdrawal of Offer**

Echo may withdraw this Offer at any time before you accept it, but only with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC). If ASIC gives such consent, Echo will give notice of the withdrawal to the ASX and to Metaliko and comply with any other conditions imposed by ASIC.

If, at the time this Offer is withdrawn, all the Conditions have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.

If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in Section 1.9 of this Annexure A, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).

A withdrawal pursuant to this Section 1.13 of this Annexure A will be deemed to take effect:

- (a) if the withdrawal is not subject to conditions imposed by ASIC, on the date after the date on which that consent in writing is given by ASIC; or
- (b) if the withdrawal is subject to conditions imposed by ASIC, on the date after the date on which those conditions are satisfied.

### **1.14 Variation**

Echo may vary this Offer in accordance the Corporations Act. If Echo subsequently increases the Offer Consideration, all Eligible Shareholders (regardless of whether they have accepted the Offer before the Offer Consideration is increased) will receive the increased consideration provided the Offer is or becomes unconditional.

### **1.15 Duty or other costs**

- (a) All costs and expenses of the preparation, dispatch and circulation of this Offer and any duty payable in respect of the transfers will be paid by Echo.
- (b) As long as your Metaliko Shares are registered in your name and you deliver them directly to Echo, you will not incur any brokerage in connection with your acceptance of this Offer.

### **1.16 Governing law**

This Offer and any contract that results from your acceptance of this Offer is governed by the laws in force in Western Australia.

### **1.17 Date of Offer**

This Offer is dated 11 November 2016.

---

## ANNEXURE B – METALIKO PRESCRIBED OCCURRENCES

---

Each of the following is a **Metaliko Prescribed Occurrence**:

- (a) **(Conversion)**: Metaliko or any Subsidiary converts all or any of its shares into a larger or smaller number of shares.
- (b) **(Reduction of share capital)**: Metaliko or any Subsidiary resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
- (c) **(Buy-back)**: Metaliko or any Subsidiary:
  - (i) enters into a buy-back agreement; or
  - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act.
- (d) **(Distribution)**: Metaliko or any Subsidiary makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
- (e) **(Issuing or granting shares or options)**: Metaliko or any of its Subsidiaries:
  - (i) issues shares;
  - (ii) grants an option over its shares; or
  - (iii) agrees to make such an issue or grant such an option,without the prior written consent of Echo (in its sole and absolute discretion).
- (f) **(Securities or other instruments)**: Metaliko or any of its Subsidiaries issues or agrees to issue securities or other instruments convertible into Metaliko Shares or debt securities to a person outside the Metaliko Group.
- (g) **(Constitution)**: Metaliko or any of its Subsidiaries adopts a new constitution or modifies or repeals its constitution or a provision of it.
- (h) **(Financial Indebtedness)**: Metaliko or any of its Subsidiaries incurs any financial indebtedness or issues any debt securities, other than in the ordinary course of business.
- (i) **(Acquisitions, disposals or tenders)**: Metaliko or any of its Subsidiaries:
  - (i) acquires or disposes of;
  - (ii) agrees to acquire or dispose of;
  - (iii) offers, proposes, announces a bid or tenders for,any business, assets, entity or undertaking the value of which exceeds \$250,000 without the prior written consent of Echo, such consent not to be unreasonably withheld.
- (j) **(Encumbrances)**: other than in the ordinary course of business and consistent with past practice Metaliko or any of its Subsidiaries creates, or agrees to



create, any Encumbrance over the whole or a substantial part of its business or property.

- (k) **(Employment arrangements):** other than in the ordinary course of business and consistent with past practice Metaliko or any of its Subsidiaries:
  - (i) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;
  - (ii) accelerates the rights of any of its directors or employees to compensation or benefits or any kind (including under any Metaliko executive or employee share plans); or
  - (iii) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of the Bid Implementation Agreement).
- (l) **(Commitments and settlements):** other than in the ordinary course of business and consistent with past practice Metaliko or any of its Subsidiaries, without the prior written approval of Echo (not to be unreasonably withheld):
  - (i) enters into any contract or commitment involving revenue or expenditure of more than \$250,000 over the term of the contract or commitment;
  - (ii) terminates or amends in a material manner any contract material to the conduct of the Metaliko Group's business or which involves revenue or expenditure of more than \$250,000 over the term of the contract;
  - (iii) waives any material third party default; or
  - (iv) accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$250,000 less than the full compensation due to Metaliko or a Subsidiary of Metaliko).
- (m) **(Insolvency):** Metaliko or any of its Related Bodies Corporate becomes Insolvent.

---

**ANNEXURE C – ECHO'S ASX ANNOUNCEMENTS**

---

Echo has lodged the following announcements with ASX since 3 October 2016:

Date	Announcement
03/11/2016	General Meeting of Shareholders
27/10/2016	Quarterly Activities Report
27/10/2016	Quarterly Cashflow Report
26/10/2016	Further Excellent Results North of Julius
21/10/2016	Echo Strengthens Executive Team – Appointment of COO
20/10/2016	Change in Substantial Holding
9/10/2016	Cleansing Notice
18/10/2016	Notice under Section 249D of the Corporations Act
18/10/2016	Appendix 3B
11/10/2016	Notice of Meeting and Independent Experts Report
11/10/2016	Independent Expert Deems EAR-MKO Merger Fair and Reasonable
10/10/2016	Roadshow Presentation - Echo to acquire Metaliko

---

## ANNEXURE D – METALIKO’S ASX ANNOUNCEMENTS

---

Metaliko has lodged the following announcements with ASX since 30 September 2016:

Date	Announcement
02/11/2016	Resignation of Directors
02/11/2016	Change in Substantial Holding
28/10/2016	September 2016 Quarterly Cashflow Report
28/10/2016	September 2016 Quarterly Activities Report
19/10/2016	Notice of Annual General Meeting/Proxy Form
11/10/2016	EAR: Independent Expert Deems Merger Fair and Reasonable
10/10/2016	EAR: Roadshow Presentation - Echo to acquire Metaliko
05/10/2016	Becoming a Substantial Holder
30/09/2016	Appendix 4G