



## **ASX ANNOUNCEMENT**

### **Target's Statement Off-Market takeover bid by Echo Resources Ltd 4 November 2016**

In accordance with the Corporations Act 2001 (Cth), we enclose a copy of Target's Statement dated 4 November 2016 prepared by Metaliko Resources Ltd (ACN 120 974 567) (Metaliko) in relation to the off-market takeover bid by Echo Resources Ltd (ASX: EAR) for all of the fully paid ordinary shares in Metaliko.

The Directors of Metaliko unanimously recommend, in the absence of a Superior Proposal, that Metaliko shareholders accept the Offer from Echo Resources Ltd.

The Target's Statement has today been lodged with the Australian Securities and Investments Commission and sent to Echo Resources Ltd.

**For further information, please contact:**

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# TARGET'S STATEMENT

by

**METALIKO RESOURCES LIMITED**  
ACN 120 974 567

in relation to the offer by

**ECHO RESOURCES LIMITED**  
ACN 108 513 113

**TO ACQUIRE YOUR SHARES IN  
METALIKO RESOURCES LIMITED**

**Metaliko's Directors Unanimously Recommend  
That You**

# ACCEPT

**Echo's Offer  
In the absence of a superior proposal**

**THIS IS AN IMPORTANT DOCUMENT**

If you do not understand it or are in doubt as to how to act, you should consult your lawyer, accountant, stockbroker or financial adviser immediately.

## **IMPORTANT INFORMATION**

This is an important document. If you do not understand it or are in doubt as to how to act, you should consult your lawyer, accountant, stockbroker or financial adviser immediately.

### ***Nature of this document***

This Target's Statement is dated 4 November 2016 and is given under section 638 of the Corporations Act by Metaliko in response to the Bidder's Statement dated 4 November 2016 and served on Metaliko by Echo on that date.

### ***ASIC Disclaimer***

A copy of this Target's Statement has been lodged with the Australian Securities and Investments Commission. Neither the Australian Securities and Investments Commission nor any of its officers take any responsibility for the content of this Target's Statement.

### ***No account of personal circumstances***

The recommendations of the Metaliko Directors obtained in this Target's Statement do not take into account the individual investment objectives, financial situation or particular needs of each Metaliko Shareholder. You may wish to seek independent professional advice before making a decision as to whether to accept or not to accept the Offer.

### ***Defined terms***

Various defined terms are used in this Target's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 8 of this Target's Statement, words and phrases in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

### ***Bidder's Statement***

The information on Echo, Echo's securities and the Echo Group contained in this Target's Statement has been prepared by Metaliko using publicly available information.

The information in this Target's Statement concerning Echo and the assets and liabilities, financial position and performance, profits and losses and prospects of the Echo Group, has not been independently verified by Metaliko. Accordingly Metaliko does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

### ***Competent Person Statements***

The information in this Target's Statement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr David O'Farrell, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr O'Farrell is a consultant to Metaliko. Mr O'Farrell has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 O'Farrell consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

Metaliko advises that resource parameters for the Cockburn Deposit (2016) in this Target's Statement are based on information compiled by Mr Simon Coxhell of CoxsRocks (also a director of Echo). Mr Coxhell is a Member of the Australasian Institute of Mining and Metallurgy and is a consultant to Metaliko. This information was prepared and disclosed under the JORC Code 2012. Mr Coxhell has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity

being undertaken 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 this Target's Statement of the matters based on his information in the form and context in which it appears.

Metaliko advises that resource parameters for the Corboys Deposit (2016) in this Target's Statement are based on information compiled by Mr Andrew James Hawker, a Competent Person who is Member or Fellow of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Hawker is the Principal Geologist employed by HGS Australia. Mr Hawker has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Hawker consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

Metaliko advises that resource parameters for the Anthill Gold Project in this Target's Statement are based on information compiled by Mr Phil Jankowski, who was at the relevant time employed full time by SRK Consulting and a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Jankowski has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jankowski consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

## Table of Contents

Clause	Page No
1.2	Summary of the Share Offer ..... 3
1.3	Directors' Recommendation ..... 3
1.4	Directors' intentions in relation to the Offer ..... 5
1.5	Further Developments ..... 6
<b>2.</b>	<b>Important Information for Shareholders to Consider ..... 7</b>
2.1	Overview of Metaliko..... 7
2.2	History of Metaliko ..... 7
2.3	Metaliko's Projects..... 7
2.4	The Offer ..... 14
2.5	Value of the Offer ..... 14
2.6	Minority ownership consequences..... 14
2.7	Echo Risks..... 15
2.8	Dividend issues for Metaliko Shareholders ..... 15
2.9	Other alternatives to the Offer ..... 15
2.10	Metaliko's Share price absent the Offer..... 15
2.11	Taxation consequences of a change in control in Metaliko ..... 15
2.12	Treatment of Metaliko Shareholders who are overseas resident or have a small holding..... 16
2.13	Company announcements ..... 16
<b>3.</b>	<b>Your Choices as a Metaliko Shareholder ..... 17</b>
<b>4.</b>	<b>Key Features of Echo's Offer ..... 19</b>
4.1	Consideration payment to Shareholders who accept the Offer ..... 19
4.2	Conditions to the Offer ..... 19
4.3	Conditions of the Offer satisfied ..... 21
4.4	Circumstances which may affect conditions ..... 21
4.5	Notice of Status of Conditions ..... 21
4.6	Offer Period..... 22
4.7	Extension of the Offer Period ..... 22
4.8	Withdrawal of Offer ..... 22
4.9	Effect of acceptance..... 22
4.10	Your ability to withdraw your acceptance ..... 22
4.11	When you will receive your consideration if you accept the Offer ..... 23
4.12	Effect of improvement in consideration on Shareholders who have accepted the Offer..... 23
4.13	Lapse of Offer..... 23
4.14	Compulsory acquisition..... 23
<b>5.</b>	<b>Information Relating to the Directors ..... 24</b>
5.1	Directors' interests in Metaliko and Echo Securities ..... 24
5.2	Directors' intentions with respect to their own Metaliko Shares..... 24
5.3	Transactions in Metaliko and Echo Securities ..... 24
5.4	No benefits to Directors..... 24
5.5	Other agreements or arrangements with Metaliko Directors..... 24
5.6	Interests of Metaliko Directors in contracts with Echo ..... 24
<b>6.</b>	<b>Other Material Information ..... 25</b>
6.1	Taxation implications ..... 25

## Table of Contents

Clause	Page No
6.2	Effect of takeover on Metaliko's material contracts ..... 25
6.3	Compensation Amount..... 25
6.4	Material litigation ..... 26
6.5	Issued capital ..... 26
6.6	Substantial Shareholders ..... 26
6.11	Consents..... 26
6.12	No other material information ..... 27
<b>7.</b>	<b>Authorisation ..... 28</b>
<b>8.</b>	<b>Glossary and Interpretation..... 29</b>
8.1	Glossary..... 29
8.2	Interpretation ..... 32
	<b>Schedule 1 Metaliko Prescribed Occurrences..... 33</b>

## KEY POINTS

Echo is offering 1 Echo Share for every 2.5 of your Metaliko Shares.

Metaliko's Directors consider that Echo's Offer for your Metaliko Shares is fair and reasonable and recommend that, in the absence of a superior offer, you **ACCEPT** the Offer.

Echo's Offer is subject to a number of conditions (see section 4.2 of this Target's Statement), including:

a minimum acceptance condition that Echo receive acceptance of the Offer in respect of 90% of the Metaliko Shares; and

Echo Shareholders approving the issue of Echo Shares under the Offer in consideration for the acquisition of Metaliko Shares held by Dr Michael Ruane and his related entities for the purposes of Listing Rule 10.1.

Unless extended or withdrawn beforehand, Echo's Offer will expire on 12 December 2016.

Each of Metaliko's Directors intend, in the absence of a superior offer, to accept the Offer for all of the Metaliko Shares in which they have a relevant interest within 10 business days of the Echo Shareholder Approval Condition being satisfied.

## IMPORTANT DATES

Date of Echo's Bidder's Statement	4 November 2016
Date of this Target's Statement	4 November 2016
Date of Echo's Offer	11 November 2016
Date of Echo Shareholder Meeting	11 November 2016
Close of Echo's Offer Period (unless extended or withdrawn)	5pm (Perth, Western Australia Time) on 12 December 2016

# Letter from the Board of Metaliko

4 November 2016

Dear Shareholder

On 29 September 2016, Echo Resources Limited announced a takeover bid for Metaliko Resources Limited. This Target's Statement is made in response to Echo's Bidder's Statement also dated 4 November 2016.

Echo's Offer valued a Metaliko Share at \$0.088 based on the closing price for Echo Shares on ASX on 27 September 2016 (being the last trading day prior to the Offer being announced), representing a premium of approximately 24% to the closing price for Metaliko Shares on ASX on 27 September 2016 (being the last trading before the Offer was announced). During the Offer Period the price for Echo Shares may change and Shareholders can obtain Echo's Share price (ASX code:EAR) on ASX website ([www.asx.com.au](http://www.asx.com.au)).

The Board of Metaliko have made the unanimous decision to recommend the Offer, in the absence of a superior offer. The recommendation is based on a number of factors, including the following:

- (a) The Offer represents a significant premium to Metaliko's recent trading value prior to announcement of the Offer.
- (b) The Offer provides Metaliko Shareholders with significant growth opportunities by providing lower capital and operating costs than if either was to undertake these activities alone.
- (c) The combined assets will provide greater access to project funding.
- (d) Complimentary board and management team to deliver Echo strategy and exploit growth opportunities.
- (e) Enhanced market liquidity.
- (f) Potential access to capital gains tax relief.

When assessing whether to accept the Offer you should be aware that the Offer is subject to a number of conditions, which are in section 4.2 of this Target's Statement. Echo must by 5 December 2016 (or a later day as determined by the Corporations Act if the Offer Period is extended) give a notice on the status of those conditions.

You should also consider the taxation implications of the Offer which are in section 6.1 of this Target's Statement.

To accept the Offer you should carefully follow the instructions in the Bidder's Statement and complete the Acceptance Form enclosed with the Bidder's Statement. The Offer is due to close at 5pm (Perth, Western Australia Time) on 12 December 2016.

If you have any questions in relation to your position as a Shareholder I encourage you to seek either financial or legal advice without delay or contact Metaliko on +61 8 9386 9527.

**Dr Michael Ruane**  
Managing Director



## 1.2 Summary of the Share Offer

The consideration being offered by Echo under the Offer is 1 new Echo Share for every 2.5 Metaliko Shares you own.

The Offer is subject to a number of conditions which are summarised in section 4.2 of this Target's Statement.

Based on the closing price of Echo Shares on ASX on 3 November 2016 (being the last trading day prior to this Target's Statement) of \$0.24, the value of the scrip consideration is \$0.096 per Metaliko Share.

## 1.3 Directors' Recommendation

Your Directors unanimously recommend that, in the absence of a superior offer, you accept Echo's Offer for your Metaliko Shares.

In making this recommendation, your Directors have considered the merits of Echo's Offer and weighed up the factors for and against acceptance.

In making their decision, Shareholders should:

- (a) read the Bidder's Statement and this Target's Statement in full; and
- (b) consider the future prospects of Echo and Metaliko as a merged entity compared to the future prospects of Metaliko (as a separate entity).

**The key considerations in favour of accepting the Offer are:**

- (a) Premium to Metaliko Shareholders

The price being offered by Echo values a Metaliko Share at \$0.088, based on the closing price of Echo Shares on the last trading day prior to the Offer being announced (27 September 2016), representing an attractive premium of approximately 24% to the closing price for Metaliko Shares on ASX on 27 September 2016 of \$0.071, being the last trading day prior to the Offer being announced. Metaliko's Directors are not aware of any transactions in Metaliko Shares which may have had the effect of inflating these premiums.

- (b) Significant growth opportunities

The proposed Merger of Echo and Metaliko will provide for lower capital and operating costs than for either entity alone, it will also lead to control by a single entity of a very large landholding in the highly prospective Yandal greenstone belt in Western Australia. Exploration effort in this region has been very limited over the past 20 years and the merger parties believe that a sustained exploration effort in the area is likely to result in substantial gold discoveries which could underpin profitable gold production from the Merged entity over a considerable time frame.

- (c) Greater access to project funding

As a result of accepting the Takeover Offer and it becoming unconditional, Metaliko Shareholders will become shareholders of Echo. With the early development potential arising from the Merger, Echo will have greater opportunities to raise further funds to

accelerate the development of all the Merged Entity's projects including Julius, Corboys and Cockburn.

- (d) Complementary board and management team to deliver Echo strategy and exploit growth opportunities.

Metaliko has a Board and operational staff who are very familiar with the Yandal region. Under the Merger it is proposed that Mr Robin Dean a current Director will become a Director of Echo. Mr Mark Hanlon will also become a Director of the Merged entity as a nominee of Metaliko. Mark has many years' experience in the resources and mine development sectors and we believe he will be a valuable member of the new Echo team.

- (e) Enhanced market liquidity.

Metaliko's market capitalisation prior to the announcement of the Offer was \$31,354,617<sup>1</sup> compared with the Merged Entity which would have a market capitalisation of approximately \$77,102,199<sup>2</sup>. The Merged Entity will provide Metaliko Shareholders with a more liquid investment, which is especially valuable in the context of global market conditions.

- (f) Access to capital gains tax relief.

Metaliko Shareholders may have access to scrip for scrip rollover relief, in which case they will not incur capital gains tax (**CGT**) as a result of accepting the Takeover Offer. If, as a result of the Takeover Offer, Echo becomes the holder of 80% or more of the voting shares in Metaliko, Metaliko Shareholders who would otherwise make a capital gain from the disposal of their Metaliko Shares pursuant to the Takeover Offer may be able to choose to obtain full scrip for scrip rollover relief. If scrip for scrip rollover relief is available and is chosen by Metaliko Shareholders who would otherwise have made a capital gain on the disposal of their Metaliko Shares under the Takeover Offer, all of the capital gain from the disposal may be disregarded. 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 Takeover Offer. Please refer to section 6.1 of this Target's Statement for more information.

- (g) The price of Metaliko Shares may fall if the Echo bid does not succeed

If Echo's Offer lapses (for example, because the minimum acceptance condition is not achieved), it is possible that the market price and trading volumes of Metaliko Shares will fall, at least in the short term, to levels at which they were trading before the announcement of the Offer.

- (h) Metaliko Directors are unaware of a superior offer

The Directors of Metaliko are not aware of any superior offer that may be made to Shareholders.

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<sup>1</sup> Metaliko Shares are valued at \$0.071 each which was the closing price of Metaliko Shares on 27 September 2016, being the last trading day prior to announcement of the Offer.

<sup>2</sup> Presented on an undiluted basis (ie, assuming that no Echo Options are exercised). For the purpose of calculating market capitalisation, Echo securities are valued at \$0.22 each which was the closing price of Echo Shares on 27 September 2016, being the last trading day prior to announcement of the Offer. The total number of securities is 350,464,539 comprising 173,818,808 existing securities in Echo and a further 176,645,731 shares in Echo representing the approximate number of Echo Shares that will be issued under the Offer assuming 100% acceptance (subject to change for rounding).

- (i) No brokerage

Shareholders will not incur any brokerage or other transaction costs in accepting the Offer.

**The key considerations in favour of not accepting the Offer are as follows:**

- (a) Reduced exposure to exploration potential of Metaliko assets

Metaliko has significant development potential and upside in its own right with its current exploration holdings, defined ore resources and ownership of the Bronzewing Mill. If the Merger proceeds, Metaliko shareholders will be diluted in terms of ownership and upside in respect of these assets. However, this has to be weighed against the dilution that would occur in any event as Metaliko raises funds to develop as an independent company. Currently, Metaliko only has limited working capital.

- (b) Inability to accept a superior offer if one were to emerge

Except in the limited circumstances provided for in the Corporations Act, accepting Echo's Offer will preclude Shareholders from accepting a superior bid from a third party, should one emerge during the Offer Period. At the date of this Target's Statement, Metaliko's Directors are not aware of a proposal by anyone to make a superior bid.

Accepting the Offer would also preclude a Shareholder from selling their Metaliko Shares on market.

Accepting Echo's Offer will not, however, deny a Shareholder the benefit of any superior price offered by Echo which, under the Corporations Act, is required to be extended to all Shareholders, including those who have already accepted Echo's Offer. At the date of this Target's Statement, Echo has given no indication that it intends to increase its Offer price.

- (c) Taxation consequences

See section 6.1 of this Target's Statement for an overview of the tax consequences for accepting the Offer, particularly if Echo waives the minimum acceptance condition but does not become entitled to at least 80% of all Metaliko Shares.

- (d) Echo Share prices may fall more than Metaliko Shares

Shareholders are being offered Echo Shares for their Metaliko Shares at a fixed ratio regardless of the price each trades at. If Shareholders accept the Offer they are subject to any fall in Echo's Share price, even if the Echo Share price falls by a greater percentage than the Metaliko Share price. In the 4 months prior to the date of this Target's Statement, Echo has traded on ASX as low as \$0.20 per Echo Share.

#### **1.4 Directors' intentions in relation to the Offer**

Each Metaliko Director who has a relevant interest in Metaliko Shares presently intends, in the absence of a superior offer, to accept the Offer in respect of those Metaliko Shares within 10 business days of the Echo Shareholder Approval Condition being satisfied. The interests of each Metaliko Director in Metaliko Shares are in section 5.1 of this Target's Statement.

## **1.5 Further Developments**

Should there be any developments during the Offer Period (for example, the emergence of a superior offer from Echo or another bidder) which would alter the Directors' recommendations in relation to Echo's Offer, Shareholders will be notified through a supplementary Target's Statement.

## 2. Important Information for Shareholders to Consider

### 2.1 Overview of Metaliko

Metaliko is an ASX-listed mineral exploration company. The principal focus of Metaliko is Yandal Gold Project in the North Eastern Goldfields region of Western Australia.

### 2.2 History of Metaliko

Metaliko was incorporated in 2006 for the purpose of acquiring a portfolio of exploration properties in Western Australia and elsewhere which could host commercially significant mineral deposits. Metaliko has been listed on ASX since 6 October 2010.

### 2.3 Metaliko's Projects

Metaliko's 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.

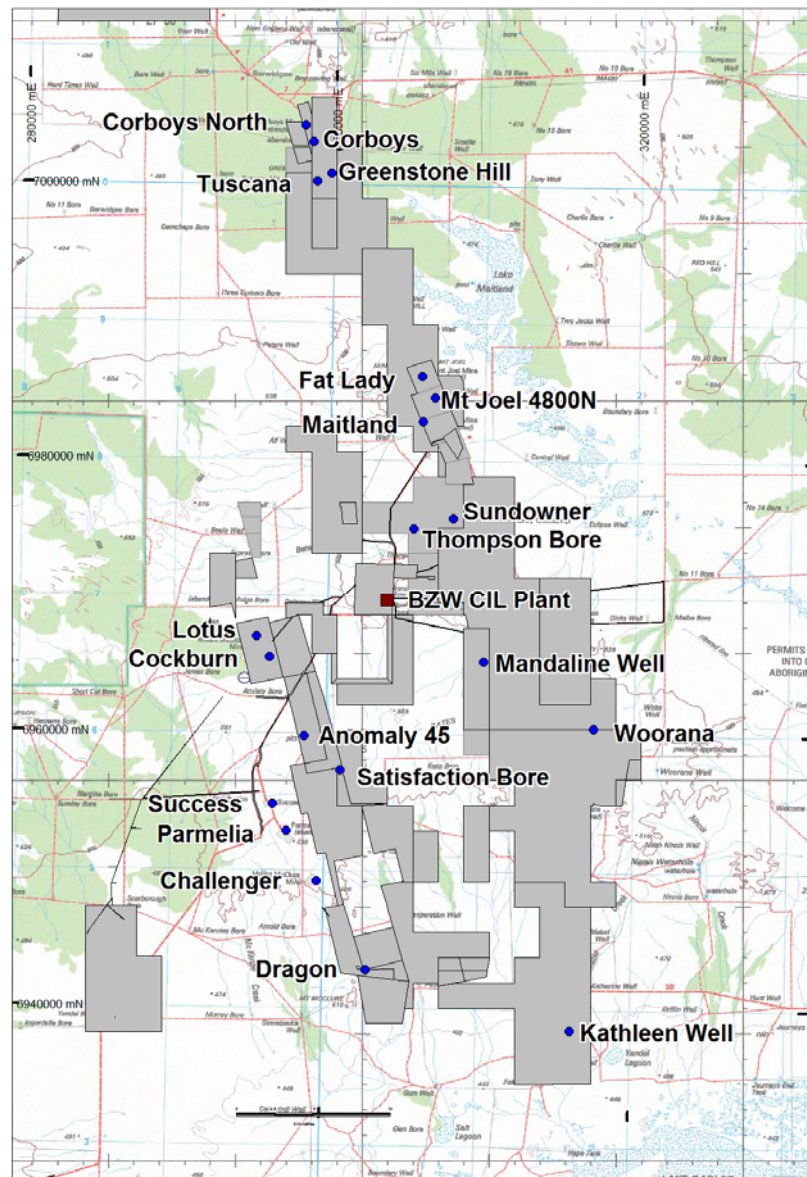


Figure 1: Metaliko's Yandal Tenements and Prospects

## **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 the 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 (2009-2013), 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 held the plant and associated infrastructure on a full time care and maintenance basis in preparation for recommissioning.

Prior to the 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 have focussed primarily on the Corboys Prospect area with back up drilling on nine other prospects where previous drilling had intersected encouraging gold mineralisation.

## **Corboys Prospect**

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 released an updated JORC (2012) compliant gold resource of 2.14Mt at 1.82 g/t for 126,000 ounces Au (lower cut of 1g/t). The resource comprised:

<b>Indicated Resources</b>	<b>1.67 Mt @ 1.80 g/t Au</b>
<b>Inferred Resources</b>	<b>0.47 Mt @ 1.91 g/t Au</b>

The resource is open along strike and at depth. Multiple lodes occur at Corboys and potential for expansion of the resource base appears highly probable.

For further details please refer to the Metaliko ASX release of 23 August 2016. Metaliko is not aware of any new information or data that materially affects the information included in that ASX release, and Metaliko confirms that all material assumptions and technical parameters underpinning the resource estimates in that release continue to apply and have not materially changed.

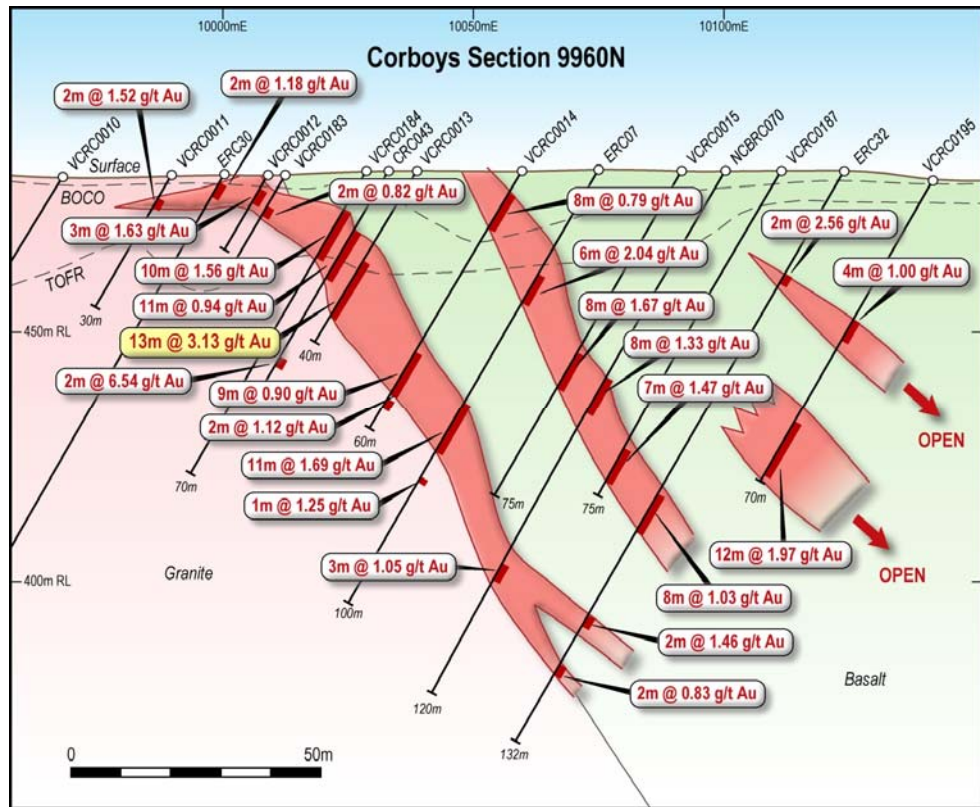


Figure 2: Typical Corboys cross section showing multiple lodes open at depth.

### Cockburn Gold Deposit

The Cockburn gold deposit is one of the Mt McClure gold deposits 8km 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.

Table 1: Production records for the Cockburn Gold Deposit from 1996-2013

Period	Company	Tonnes	Grade (g/t)	Ounces (Au)
June 1996 - March 2001	ARL/Arimco	4,374,054	1.91	268,201
April 2007 - January 2008	View Resources (Calista UG)	118,964	2.18	8,352
June 2011 - March 2013	Navigator Resources	2,560,799	1.35	111,198
		<b>7,053,817</b>	<b>1.71</b>	<b>276,553</b>

Metaliko recently commissioned an independent review of the Cockburn resource model and exploration data which produced an updated ore block model and gold resource. The block model based on a bulk mining scenario and 0.9 g/t Au lower cutoff resulted in a resource estimate of 5,593,500 tonnes grading 1.94 g/t for 349,185 ounces Au. See Table 2.

The block model encompasses near surface mineralisation to the north and south of the Cockburn pit and to a maximum vertical depth of 370m. The current pit floor is about 120m deep. The bulk of the Resource is contained in the Calista and Orelia shoots that are located beneath the open cut and plunge south. Navigator Resources Ltd planned to mine the Orelia and Cumberland ore via a 240m deep pit. Much of the Calista resource remains as most of the ore mined underground was derived from development drives with only minor stoping. There are no remaining portals or access to the underground, the Calista pit has since been partially backfilled. For further information please refer to MKO ASX release of 1 September 2016. Metaliko is not aware of any new information or data that materially affects the information



included in that ASX release, and Metaliko confirms that all material assumptions and technical parameters underpinning the resource estimates in that release continue to apply and have not materially changed.

**Table 2: Metaliko's Cockburn 2016 Mineral Resource Estimate**

Location	Indicated		Inferred		Total		Oz Au
	Tonnes	20 g/t Au cut grade	Tonnes	20 g/t Au cut grade	Tonnes	20 g/t Au cut grade	
Previously Mined (1996-2013)	2,600,000	2.05	3,830,000	1.44	6,430,000	1.69	(349,400)
Between Mined surface and 2011 FPD <sup>16</sup>	1,270,500	2.41	1,231,000	1.48	2,501,500	1.95	156,846
Beneath and along strike from FPD <sup>16</sup>	992,000	2.41	2,100,000	1.71	3,092,000	1.93	192,338
<b>Total Insitu Resource</b>	<b>2,262,500</b>	<b>2.41</b>	<b>3,331,000</b>	<b>1.48</b>	<b>5,593,500</b>	<b>1.94</b>	<b>349,185</b>

(Cockburn comprises three separate lode systems – Cumberland, Orelia and Calista)



**Figure 3: Cockburn image showing location of sections, Orelia and Cumberland ore zone**

### Cockburn Deeps Resource

In 2002, Newmont Australia Ltd completed a detailed Pre-Feasibility Study for mining of the Cockburn underground mineralisation. A JORC compliant (1999) resource was estimated, comprised of three structures (Calista, Cumberland and Orelia). The down dip high grade assays were not included in their resource calculation. This conservative approach is warranted (for mining) but may under-estimate the bulk grade by neglecting high grade ore shoots. Recent modelling and interpolation techniques, comparisons and geostatistics are now routinely used to assist in incorporating down dip assay data. Newmont ceased operations at Bronzewing in late 2003 and did not undertake any underground mining at Cockburn, focussing their efforts on underground mining at the nearby Lotus Deposit.



For further information please refer to the Metaliko ASX release of 1 September 2016. Metaliko is not aware of any new information or data that materially affects the information included in that ASX release, and Metaliko confirms that all material assumptions and technical parameters underpinning the resource estimates in that release continue to apply and have not materially changed.

The Calista resource should mostly be intact with just 120,000 tonnes of ore extracted. A dedicated and detailed review of Calista will be made in due course. However now that the pit floor has been deepened to 120m and the fresh Orelia ore exposed, there appears to be an opportunity to define and develop this shoot from around 50m down to 200m below the current pit floor.

Metaliko plans to RC drill the Orelia shoots, testing both the shallow ore (0-50m) and deep ore (50-200m) horizons. Several sections showing the proposed holes and existing intercepts is shown in Figures 4 to 5. Approximately 30 holes for 2,500m have been planned. All holes are accessible within the pit confines following some work on the pit ramp.

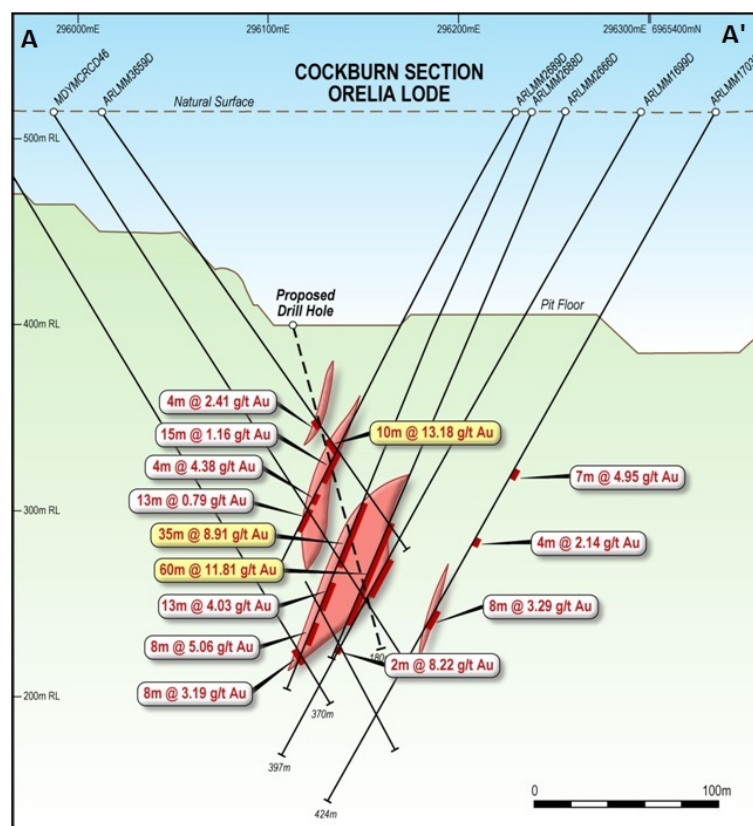


Figure 4: Cockburn section A-A' across ARLMM2666D (60m @ 11.81 g/t)

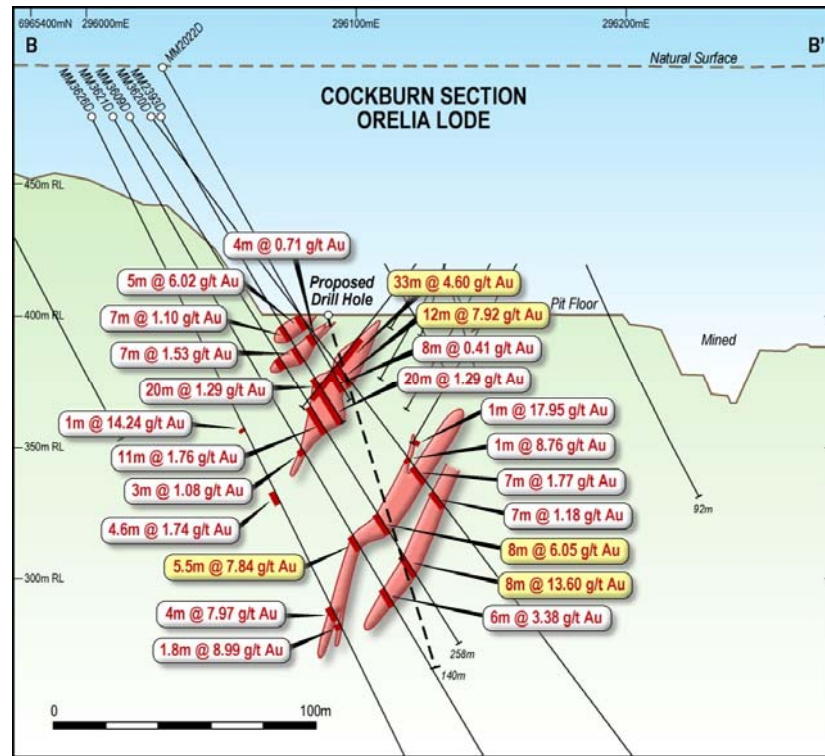


Figure 5: Cockburn section B-B'' across ARLCD21 (33m @ 4.60 g/t)

### Other Yandal Prospects

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

The Mount Joel project comprises several tenements and prospects with a combined Resource of 2,417,000 tonnes at 2.10 g/t (148,000 ounces).

The Woorana prospect is comprised of several tenements with combined Resources of 292,700 tonnes at 1.80 g/t.

Based upon drilling depths, and intercept depths from exploration reports, and Resource grades, these projects have potential for small scale open pit mining operations.

The Fat Lady project has a Resource of 982,000 tonnes at 0.89 g/t. Based upon drilling depths, and intercept depths from exploration reports and Resources grades, the Fat Lady project has limited potential for small scale open pit mining operations. If open pit mining does occur, a low Resources to Reserve conversion is possible.

See Table 4 below for further information regarding these resource estimates.

### Anthill Project – Kalgoorlie

Anthill Project comprises one mining lease located in the Coolgardie Domain of the Kalgoorlie Terrane just to the west of the Zuleika Shear Zone, approximately 55km northwest of Kalgoorlie and 12km southwest of Ora Banda. The Zuleika Shear Zone is regionally extensive structural

feature, highly prospective for gold with several significant deposits located 30km southeast of the Anthill Project, Kundana Mine Camp (>5 M oz) and Frog's Leg (>1 Moz).

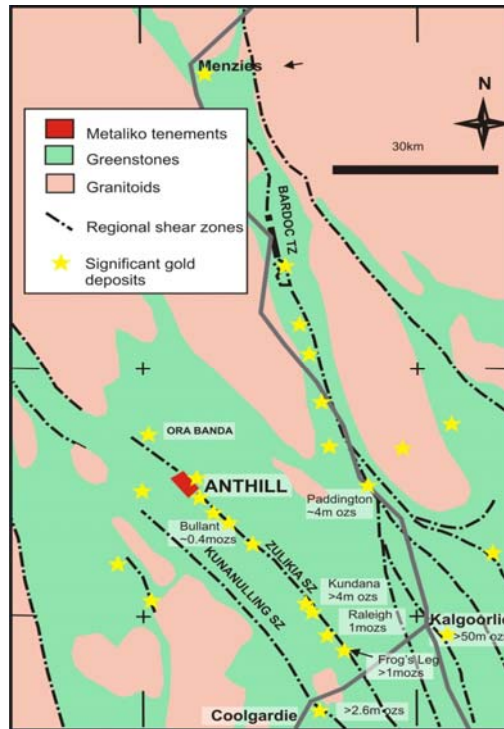


Figure 6: Regional Geology – Anthill Project

Gold mineralisation within the Anthill Project occurs as quartz stockwork lodges within a porphyry unit. Mineralisation is considered to be open in most directions.

A resource for Anthill was estimated in 2011 in accordance with JORC 2004 requirements. The mineralisation Resource Estimate comprised 0.918 Mt at 1.0 g/t Au Indicated plus 4.268 Mt at 1.0 g/t Au Inferred Resources. A lower cut of 0.5 g/t Au was used in the estimation. For further information please refer to the Metaliko ASX release of 29 April 2011. Metaliko is not aware of any new information or data that materially affects the information included in that ASX release, and Metaliko confirms that all material assumptions and technical parameters underpinning the resource estimates in that release continue to apply and have not materially changed.

Metaliko is seeking a Joint Venture partner or outright sale for Anthill.

Table 4: Metaliko Summary of Mineral Resources

Deposit	Cut off	Measured			Indicated			Inferred			Total		
		Tonnage (kt)	Grade (g/t)	Gold (koz)	Tonnage (kt)	Grade (g/t)	Gold (koz)	Tonnage (kt)	grade (g/t)	Gold (koz)	Tonnage (kt)	Grade (g/t)	Gold (koz)
<b>Metaliko (100%)</b>													
Corboys <sup>2</sup>	1.0				1,676	1.8	97	468	1.9	29	2,144	1.8	125
Cockburn <sup>1</sup>	0.9				2,262	2.4	175	3,331	1.6	174	5,594	1.9	349
Woorana North <sup>1</sup>	0.5				256	1.7	14				256	1.7	14
Woorana South <sup>1</sup>	0.5				37	2.6	3				37	2.6	3
Cockburn LG Stockpile <sup>1</sup>	0.5							380	0.6	7	380	0.6	7
<i>Sub-Total</i>					4,231	2.1	289	4,179	1.6	210	8,410	1.8	499
<b>Metaliko (70%)</b>													
Fat Lady <sup>1</sup>	0.5				687	0.9	20				687	0.9	20
Mt Joel 4800N <sup>1</sup>	0.5				190	1.7	11				190	1.7	11
Mt Joel 1600N/2400N/3000N <sup>3</sup>	1.0							1,326	2.5	106	1,326	2.5	106
Mt Joel 800N <sup>3</sup>	1.0							103	1.9	6	103	1.9	6
Mt Joel 00N <sup>3</sup>	1.0							111	1.5	5	111	1.5	5
<i>Sub-Total</i>					877	1.1	31	1,539	2.4	117	2,417	2.1	148
Anthill <sup>4</sup>					918	1.0	29	4268	1.0	132	5186	1.0	161
<b>Total</b>					<b>5,108</b>	<b>1.8</b>	<b>320</b>	<b>5,718</b>	<b>1.9</b>	<b>327</b>	<b>10,827</b>	<b>1.9</b>	<b>647</b>

Notes:

1. Resources estimated by Coxrocks (refer to Competent Persons Statements) in accordance with JORC Code 2012. For full Mineral Resource estimate details refer to Metaliko's announcement to ASX on 1 September 2016. Metaliko is not aware of any new information or data that materially affects the information included in the previous announcement, and all material assumptions and technical parameters underpinning mineral resource estimates in the previous announcement continue to apply and have not materially changed.
2. Resources estimated by HGS (refer to Competent Persons Statements) in accordance with JORC Code 2012, for full details of the Mineral Resource estimate refer to Metaliko's announcement to ASX on 23 August 2016. Metaliko is not aware of any new information or data that materially affects the information included in the previous announcement, and all material assumptions and technical parameters underpinning mineral resource estimates in the previous announcement continue to apply and have not materially changed.
3. Resources estimated by Navigator Resources Limited in accordance with JORC Code 2004 (see Navigator Resources 2012 Annual Report). Metaliko is not aware of any new information or data that materially affects the information included in the previous announcement, and all material assumptions and technical parameters underpinning mineral resource estimates in the previous announcement continue to apply and have not materially changed.
4. Resources estimated by SKR Consulting (refer to Competent Persons Statements) in accordance with JORC Code 2004, for full details of the Mineral Resource estimate refer to Metaliko's announcement to ASX on 29 April 2011. Metaliko is not aware of any new information or data that materially affects the information included in the previous announcement, and all material assumptions and technical parameters underpinning mineral resource estimates in the previous announcement continue to apply and have not materially changed.

## **2.4 The Offer**

Echo announced its intention to make a takeover bid for Metaliko on 29 September 2016. A summary of the Offer is in section 4 of this Target's Statement and Part A of section 1 of the Bidder's Statement. The Offer is open for acceptance until 5pm (WST) on 12 December 2016, unless the Offer is extended or withdrawn.

## **2.5 Value of the Offer**

Based on the closing price of Echo Shares on ASX on the day prior to the announcement of the Offer (27 September 2016) of \$0.22, the value of the scrip consideration is \$0.088 per Metaliko Share.

The Directors have not obtained independent advice on the value of the Offer, and Shareholders are urged to carefully read the Bidder's Statement.

## **2.6 Minority ownership consequences**

Echo's Offer is presently subject to a minimum acceptance condition which, if fulfilled (and all the other conditions are fulfilled or freed), will entitle it to compulsorily acquire all outstanding Metaliko Shares. Echo has the right to free the Offer from this condition where it has a relevant interest of 80% or more of the issued Metaliko Shares, although it has not yet indicated whether it will do so. Where Echo has a relevant interest of less than 80% of the issued Metaliko Shares, it may only free the Offer from this condition with Metaliko's consent.

If Echo frees the Offer from this condition, but acquires the majority of the Metaliko Shares, there may be a number of possible implications for Metaliko shareholders, including:

- (a) Echo will be in a position to cast the majority of votes at a general meeting of Metaliko. This will enable it to control the composition of Metaliko's Board and senior management, determine Metaliko's dividend policy and control the strategic direction of the businesses of Metaliko and its subsidiaries;
- (b) the Metaliko Share price may fall immediately following the end of the Offer Period and it is unlikely that Metaliko's Share price will contain any takeover premium;
- (c) liquidity of Metaliko Shares may be lower than at present;

- (d) Echo may seek to have Metaliko removed from the official list of ASX if the corporate and compliance costs of maintaining those listings outweigh the benefits of being listed. If this occurs, Metaliko Shares will not be able to be bought or sold on ASX; and
- (e) if Echo acquires 75% or more of the Metaliko Shares it will be able to pass a special resolution of Metaliko. This will enable Echo to, among other things, change Metaliko's constitution.

If Echo does proceed to compulsory acquisition, then Metaliko shareholders who do not accept the Offer will still be entitled to receive the bid consideration. However, as a result of the need to complete the compulsory acquisition procedures in the Corporations Act, there is likely to be a delay of up to six weeks in the provision of that consideration, and therefore in the earliest date on which Echo shares could be traded. See section 4.14 of this Target's Statement for further information.

## **2.7 Echo Risks**

Shareholders should review the risks associated with Echo as listed in section 8 of the Bidder's Statement.

## **2.8 Dividend issues for Metaliko Shareholders**

Metaliko has not paid a dividend to Shareholders since listing on ASX. As an exploration company, the Directors consider it unlikely that Metaliko will pay dividends in the foreseeable future if Metaliko continues as a stand alone entity with its current business composition.

## **2.9 Other alternatives to the Offer**

At the date of this Target's Statement, no offers (other than Echo's Offer) have been made to acquire your Metaliko Shares.

## **2.10 Metaliko's Share price absent the Offer**

While there are many factors that influence the market price of Metaliko Shares, the Directors anticipate that, following the close of the Offer the market price of Metaliko Shares may fall if Echo's Offer fails, if Echo acquires more than 50% (but less than 90%) of the Metaliko Shares or if the Offer is otherwise unsuccessful.

## **2.11 Taxation consequences of a change in control in Metaliko**

The taxation consequences of accepting the Offer depends on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are in section 6.1 of this Target's Statement and section 7 of the Bidder's Statement. Metaliko Shareholders should be aware that if they accept the Offer and Echo declares the Offer unconditional, CGT rollover relief may not be available if Echo acquires less than 80% of the Metaliko Shares under the Offer (see section 6.1 of this Target's Statement).

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement and the Target's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

## **2.12 Treatment of Metaliko Shareholders who are overseas resident or have a small holding**

Any Metaliko Shareholder:

- (a) whose address (as recorded in the register of members of Metaliko provided by Metaliko to Echo) is in a place outside Australia, New Zealand and Hong Kong; or
- (b) who, if they accept the Offer, would be issued Echo Shares that would not constitute a Marketable Parcel within the meaning of the procedures of the operating rules of the ASX.

will not be issued with Echo Shares under the Offer.

Instead, the relevant Echo Shares (that would otherwise be issued to such Metaliko Shareholders) will be allotted to a nominee approved by ASIC who will sell the Echo Shares and will distribute to each of those affected Metaliko Shareholders their proportion of the proceeds of sale net of expenses.

See section 1.8 of Annexure A of the Bidder's Statement for further details.

## **2.13 Company announcements**

Metaliko is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules of ASX.

Copies of announcements lodged with ASX can be obtained from either ASX's website ([www.asx.com.au](http://www.asx.com.au)) or Metaliko's website ([www.metaliko.com.au](http://www.metaliko.com.au)).

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### 3. Your Choices as a Metaliko Shareholder

**Your Directors recommend that you ACCEPT the Offer (in the absence of a superior proposal).**

In considering whether to accept the Offer, the Directors encourage you to seek professional advice if you are unsure as to whether acceptance of the Offer is in your best interests, taking into account your individual circumstances.

The Bidder's Statement contains important information which Shareholders are urged to read carefully. Shareholders should note that Metaliko has not undertaken investigations to verify the accuracy or completeness of the information contained in the Bidder's Statement and neither Metaliko nor its Directors or advisers makes any representation as to the accuracy or completeness of information contained in the Bidder's Statement. To the fullest extent permitted by law, each of those parties disclaims liability to any person who acts in reliance on that information.

Shareholders who would like further information on Metaliko or its projects before making a decision about the Offer are encouraged to exercise their right under the Corporations Act to obtain from ASIC copies of all documents lodged by Metaliko with ASIC or ASX (including Metaliko's 2016 Annual Report and the September 2016 Quarterly Report). Alternatively, they can visit Metaliko's website at [www.metaliko.com.au](http://www.metaliko.com.au).

During the Offer Period you have the following choices:

#### **ACCEPT the Offer**

If you wish to accept the Offer, you should follow the instructions in the Bidder's Statement and the Acceptance Form.

Subject to the conditions of the Offer being satisfied or waived (including the 90% minimum acceptance condition and the Echo Shareholder Approval Condition), you will receive 1 Echo Share for every 2.5 of your Metaliko Shares. Note that particular arrangements apply to Metaliko Shareholders:

- (a) whose address is in a place outside Australia, New Zealand and Hong Kong; or
- (b) who, if they accept the Offer, would be issued an unmarketable parcel of Echo Shares,

as explained in section 2.12 of this Target's Statement and section 1.8 of Annexure A of the Bidder's Statement.

You should be aware that once you accept the Offer your acceptance cannot be withdrawn except in the limited circumstances listed in the Corporations Act. You should consider the timing of any acceptance of the Offer in light of the fact that a superior bid by another party may emerge which you would be precluded from accepting if you had already accepted Echo's Offer. At the date of this Target's Statement, Metaliko's Directors are not aware of a proposal by anyone to make a superior bid.

You should be aware that the market price of Echo Shares may fall after you have accepted the Offer.

Metaliko Shareholders should be aware that if they accept the Offer and Echo declares the Offer unconditional, CGT rollover relief may not be available if Echo acquires less than 80% of the Metaliko's Shares under the Offer (see section 6.1 of this Target's Statement).

**OR**

## **REJECT the Offer**

If you wish to retain your Metaliko Shares, you need take no action in relation to the Offer. Metaliko Shareholders should note that if Echo acquires 90% of the Metaliko Shares under the Offer, it will be entitled to compulsorily acquire the Metaliko Shares that it does not already own.

## **OR**

## **SELL your Metaliko Shares on ASX**

You can sell your Metaliko Shares on ASX. The price you will receive will depend on the prevailing market price of Metaliko Shares at the time of sale. You should be aware that the market price of Metaliko Shares may rise or fall during the Offer Period. You should also note that if you sell your Metaliko Shares on ASX:

- (a) you are likely to pay brokerage on the sale (and GST on that brokerage);
- (b) you would not be eligible for CGT rollover relief (see section 6.1 of this Target's Statement);
- (c) you will not benefit from any price increase which may be offered by Echo and equally you will not be exposed to any price decrease of Echo Shares which may result;
- (d) you will receive payment earlier than if you accept Echo's Offer (typically, 2 business days after the sale), as opposed to receiving Echo Shares in accordance with Echo's Offer which will be at a later time; and
- (e) a sale on ASX provides certainty, whereas a sale to Echo by accepting the Offer will be subject to the conditions of the Offer being fulfilled.

In relation to (c) above, you should note that Echo has given no indication that it intends to increase its Offer consideration.



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## **4. Key Features of Echo's Offer**

### **4.1 Consideration payment to Shareholders who accept the Offer**

Under the Offer, the consideration being offered by Echo is 1 Echo Share for every 2.5 Metaliko Shares.

### **4.2 Conditions to the Offer**

Echo's Offer is subject to a number of conditions. Those conditions are in Annexure A of the Bidder's Statement. Details of any act, omission, event or fact that would result in any of the conditions to the Offer not being fulfilled by the end the Offer Period are in section 4.4 of this Target's Statement.

The conditions to the Offer are:

- (a) 90% minimum acceptance condition

Echo receiving acceptance of the Offer in respect of 90% of the Metaliko Shares.

- (b) 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.

- (c) No Metaliko Material Adverse Changes

There not occurring a Metaliko Material Adverse Change during the Offer Period.

- (d) No material acquisition, 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 of the Offer, or as required or permitted by the BIA, 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.

(e) 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 likely to constitute an Metaliko Material Adverse Change.

(f) No Metaliko Prescribed Occurrences

There not occurring a Metaliko Prescribed Occurrence during the Offer Period.

(g) 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 of the Offer.

(h) 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 BIA.

(i) Echo Shareholder Approval

That Echo Shareholders approve the issue of Echo Shares under the Offer in consideration for the acquisition of Metaliko Shares held by Dr Michael Ruane and his related entities 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 EAR to rescind any contracts resulting from acceptance of the Offer.

#### **4.3 Conditions of the Offer satisfied**

As at the date of this Target's Statement, Metaliko is not aware that any of the conditions of the Offer have been satisfied.

#### **4.4 Circumstances which may affect conditions**

Unless otherwise disclosed in this Target's Statement, Metaliko is not aware of any act, omission, event or fact that would result in any of the conditions to the Offer not being fulfilled by the end of the Offer Period.

#### **4.5 Notice of Status of Conditions**

Section 1.11 of Annexure A of the Bidder's Statement states that Echo will give a Notice of Status of Conditions to ASX and Metaliko by the later of 5 December 2016 and the date determined under section 630(2) of the Corporations Act if the Offer Period is extended. The Notice of Status of Conditions is required by section 630(1) of the Corporations Act.

Echo is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all of the conditions;
- (b) whether, so far as Echo knows, any of the conditions have been fulfilled; and
- (c) Echo's voting power in Metaliko.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Echo is required, as soon as practicable after the extension, to give a notice to ASX and Metaliko that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Echo must, as soon as practicable, give ASX and Metaliko a notice that states that the particular condition has been fulfilled.

#### **4.6 Offer Period**

Unless Echo's Offer is extended or withdrawn, it is open for acceptance from 11 November 2016 until 5pm WST on 12 December 2016. The circumstances in which Echo may extend or withdraw its Offer are in sections 4.7 and 4.8 respectively of this Target's Statement.

#### **4.7 Extension of the Offer Period**

Echo may extend the Offer Period at any time before giving the Notice of Status of Conditions.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) Echo improves the consideration offered under the Offer; or
- (b) Echo's voting power in Metaliko increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

#### **4.8 Withdrawal of Offer**

Echo may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Echo may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

#### **4.9 Effect of acceptance**

The effect of acceptance of the Offer is in section 1.6 of Annexure A of the Bidder's Statement. Metaliko Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their Shares and the representations and warranties which they give by accepting of the Offer.

#### **4.10 Your ability to withdraw your acceptance**

You only have limited rights to withdraw your acceptance of the Offer. You may only withdraw your acceptance of the Offer if Echo varies the Offer in a way that postpones, for more than one month, the time when Echo needs to meet its obligations under the Offer. This will occur if Echo extends the Offer Period by more than one month and the Offer is still subject to conditions.

#### **4.11 When you will receive your consideration if you accept the Offer**

In the usual case, you will be issued your consideration on or before the earlier of:

- (a) 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; or
- (b) 21 days after the end of the Offer Period.

Full details of when you will be issued your consideration are in section 1.7 of Annexure A of the Bidder's Statement.

#### **4.12 Effect of improvement in consideration on Shareholders who have accepted the Offer**

If Echo improves the consideration offered under the Offer, all Metaliko Shareholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

#### **4.13 Lapse of Offer**

The Offer will lapse if the Offer conditions are not freed or fulfilled by the end of the Offer Period; in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Metaliko Shares as you see fit.

#### **4.14 Compulsory acquisition**

Echo has indicated in section 6.4.2 of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Metaliko Shares. Echo will be entitled to compulsorily acquire any Metaliko Shares in respect of which it has not received an acceptance of its Share Offer on the same terms as the Share Offer if, during or at the end of the Offer Period:

- (a) Echo and its associates have a relevant interest in at least 90% (by number) of the Metaliko Shares; and
- (b) Echo and its associates have acquired at least 75% (by number) of the Metaliko Shares that Echo offered to acquire (excluding Metaliko Shares in which Echo or their associates had a relevant interest in at the date of the Offer and also excluding Metaliko Shares issued to an associate of Echo during the Offer Period).

If these thresholds are met, Echo will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Metaliko Shareholders who have not accepted the Offer. Metaliko Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Shareholder to establish to the satisfaction of a Court that the terms of the relevant Offer do not represent "fair value" for their Metaliko Shares. If compulsory acquisition occurs, Metaliko Shareholders who have their Metaliko Shares compulsorily acquired are likely to be issued their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

It is also possible that Echo will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Metaliko Shares. Echo would then have rights to compulsorily acquire Shares not owned by it within six months of becoming the holder of 90%. Echo's price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

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## **5. Information Relating to the Directors**

### **5.1 Directors' interests in Metaliko and Echo Securities**

At the date of this Target's Statement, the Directors of Metaliko have relevant interests in the following Metaliko securities:

<b>Name of Director</b>	<b>Metaliko Shares</b>
Mr Peter Hunt	5,007,125
Dr Michael Ruane	129,357,622 (held indirectly) and 4,399,682 (held directly)
Mr Robin Dean	250,000
Mr Geoff Baker*	-

\* Mr Baker is a non-executive director of ASF Group Limited (holding company of ASF Resources (WA) Pty Ltd) which has a relevant interest in 25,726,000 Metaliko Shares.

At the date of this Target's Statement, Dr Michael Ruane has a relevant interest in 11,990,474 Echo Shares (with a total voting interest of 6.93% in Echo). No other Director of Metaliko has a relevant interest in any securities of Echo at the date of this Target's Statement.

### **5.2 Directors' intentions with respect to their own Metaliko Shares**

Each of Metaliko's Directors intends, in the absence of a superior offer, to accept the Offer for all of the Metaliko Shares in which they have a relevant interest within 10 business days of the Echo Shareholder Approval Condition being satisfied.

### **5.3 Transactions in Metaliko and Echo Securities**

There have been no acquisitions or disposals of marketable securities of Metaliko by Echo or any associate of Echo, or Echo by Metaliko or any associate of Metaliko, in the period of four months immediately preceding the date of this Target's Statement.

### **5.4 No benefits to Directors**

No benefit (other than a benefit permitted under sections 200E or 200F of the Corporations Act) is proposed to be given to a Metaliko Director (or anyone else) in connection with the Director's retirement as a director or executive of Metaliko.

### **5.5 Other agreements or arrangements with Metaliko Directors**

Other than as disclosed elsewhere in this Target's Statement, there is no other agreement or arrangement made between a Director of Metaliko and any other person in connection with or conditional upon the outcome of the Offer.

### **5.6 Interests of Metaliko Directors in contracts with Echo**

Other than as disclosed elsewhere in this Target's Statement, no Director of Metaliko has any interest in any contract entered into by Echo.

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## **6. Other Material Information**

### **6.1 Taxation implications**

The Australian tax implications of Echo's Offer for Metaliko Shareholders will depend on a number of factors, including:

- (a) whether the Shareholder holds their Metaliko Shares on capital or revenue account for taxation purposes;
- (b) the nature of the Shareholder (i.e. whether the Shareholder is an individual, company, trust, or complying superannuation fund); and
- (c) the tax residency status of the Shareholder (i.e. Australian resident or not).

The Australian tax consequences of the Offer for Metaliko Shareholders are summarised in the Bidder's Statement, to which reference should be made for further information. The summary is necessarily general in nature and each Shareholder should seek independent advice relevant to their specific circumstances.

Metaliko Shareholders who are residents of Australia for tax purposes and who hold their Shares on capital account for taxation purposes may be eligible for tax relief from any capital gain that they may make by accepting Echo's Offer. However, these Metaliko Shareholders should be aware that if they accept the Offer and Echo declares the Offer unconditional, CGT rollover relief may not be available if Echo acquires less than 80% of the Metaliko Shares under the Offer (see section 7 of the Bidder's Statement for full details).

### **6.2 Effect of takeover on Metaliko's material contracts**

To the best of Metaliko's knowledge, none of the material contracts to which Metaliko is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer and which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of Metaliko.

### **6.3 Compensation Amount**

Under the BIA, Metaliko has agreed with Echo that in certain circumstances Metaliko will pay of \$250,000 to Echo. These circumstances are as follows:

- (a) a third party acquires or agrees with Metaliko to acquire the whole or a substantial part of the assets of Metaliko;
- (b) all of the Directors do not recommend the Offer or any one or more Directors withdraws an earlier recommendation or recommends a competing proposal (or announces an intention to do any of the foregoing), unless:
  - (i) the BIA has already been terminated by Metaliko under clause 9.1 or 9.3 of the BIA; or
  - (ii) an Echo Prescribed Occurrence or Echo Material Adverse Change (both as defined in the BIA) has occurred (that was not caused by Metaliko);
- (c) Metaliko breaches the exclusivity provisions (clause 6) of the BIA and does not cease the conduct which caused the breach within three business days following written notice from Echo outlining the nature of the breach;

- (d) where the Takeover Bid does not proceed because of a superior proposal in respect of Metaliko;
- (e) Metaliko or any of the Directors does (or omits to do) anything (whether or not it may be permitted by the terms of this agreement) which results in any of the conditions referred to in sections 4.2(d) (no material acquisitions, disposals or new commitments) and (f) (no Metaliko Prescribed Occurrences) of this Target's Statement being breached, that breach is not remedied within three business days following written notice from Echo outlining the nature of the breach and Echo does not declare the Offer free of the breached condition (which EAR is under no obligation to do);
- (f) the BIA is terminated by Echo because a Metaliko Prescribed Occurrence occurs; or
- (g) Echo terminates the BIA because Metaliko is in material breach of the BIA and that breach is capable of being remedied and is not remedied by Metaliko within 5 business days of Echo giving its notice of the details of the breach and its intention to terminate.

Metaliko will not have any liability to pay this amount if, in the absence of a successful competing proposal, Metaliko Shareholders do not accept Echo's Offer.

#### **6.4 Material litigation**

Metaliko is not involved in any material litigation.

#### **6.5 Issued capital**

At the date of this Target's Statement, Metaliko's issued capital consisted of 441,614,328 fully paid ordinary shares.

#### **6.6 Substantial Shareholders**

At the date of this Target's Statement, the following shareholders are substantial shareholders of Metaliko:

<b>Metaliko Shareholder</b>	<b>Number of Metaliko Shares</b>	<b>% of Metaliko issued share capital</b>
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%

#### **6.11 Consents**

This Target's Statement contains statements made by, or statements said to be based on statements made by, Metaliko's Directors. Each of Metaliko's Directors has consented to the inclusion of each statement he has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Target's Statement.

Mr David O'Farrell, Mr Simon Coxhell, Mr Andrew James Hawker and Mr Phil Jankowski as the competent persons have all consented to being named in this Target's Statement and have not withdrawn such consent prior to the lodgment of this Target's Statement with ASIC.



As permitted by ASIC Class Order 13/521, this Target'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 Target's Statement. If you would like to receive a copy of any of these reports or statements free of charge, please contact Metaliko on +61 8 9386 9527.

As permitted by ASIC Corporations (Consent to Statements) Instrument 2016/72, this Target'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.

## **6.12 No other material information**

There is no other information that Shareholders or their professional advisers would reasonably require to make an informed assessment on whether to accept the Offer, being information which:

- (a) is reasonable for Shareholders and their professional advisers to expect to find in this Target's Statement; and
- (b) is known to any of Metaliko's Directors.

In deciding what information should be included in this Target's Statement, Metaliko's Directors have had regard to, amongst other things, the matters which Shareholders (or their professional advisers) may reasonably be expected to know, including information contained in documents previously sent to Shareholders and information available from public sources such as ASX, ASIC or Metaliko's website at [www.metaliko.com.au](http://www.metaliko.com.au).

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## 7. Authorisation

Dated: 4 November 2016



Dr Michael Ruane, being a director of Metaliko authorised to sign this Target's Statement pursuant to a resolution passed at a meeting of the Directors of Metaliko held on 4 November 2016.

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## 8. Glossary and Interpretation

### 8.1 Glossary

In this Target's Statement, unless a contrary intention appears, the following expressions have the following meanings:

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

**Acceptance Form** means the Transfer and Acceptance Form enclosed with the Bidder's Statement.

**Advisers** means, in relation to an entity, its legal, financial and other expert advisers.

**Announcement Date** means 28 September 2016 (being the date the Takeover Bid was announced).

**ASIC** means Australian Securities and Investment Commission.

**ASX** means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

**Bidder's Statement** means the bidder's statement of Echo dated 4 November 2016 which was served on Metaliko on that date.

**Board** means the board of Directors.

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

**Director** means a director of Metaliko.

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

**Echo** means Echo Resources Limited ACN 108 513 113.

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

**Echo Share** means a fully paid ordinary share in Echo.

**Echo Shareholder Approval Condition** means the condition of the Offer referred to in section 4.2(i) of this Target's Statement.

**Echo Shareholder Meeting** means Echo's annual general meeting for 2016, to be held on 11 November 2016 to consider.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a controller appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement); or

- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

**Material Contract** means:

- (a) any agreement between Metaliko and Bullseye Mining Ltd in respect of the Bronzewing mill;
- (b) 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
- (c) a contract or commitment requiring total payments in excess of \$250,000; and

**Merged Entity** means Echo and its subsidiaries following completion of the Merger.

**Merger** means the acquisition by Echo of all, or a portion of, the Metaliko Shares on issue under the Offer.

**Metaliko Group** means Metaliko and its Subsidiaries.

**Metaliko** or **Company** means Metaliko Resources Limited ACN 120 974 567.

**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
  - (ii) 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:

- (c) those events or circumstances envisaged by this agreement or required to be done or procured by Metaliko pursuant to this agreement;
- (d) those events or circumstances relating to changes in business conditions affecting the industry in which Metaliko and Echo operate;
- (e) 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 this agreement or otherwise disclosed in public filings by Metaliko with ASIC or provided to ASX on or prior to the date of this agreement; or
- (f) 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 Schedule 1.

**Metaliko Shares** or **Shares** means fully paid ordinary shares in Metaliko.

**Notice of Status of Conditions** means the notice of status of conditions required by section 630(1) of the Corporations Act.

**Offer** or **Echo's Offer** means the offer dated 11 November 2016 made by Echo to acquire Metaliko Shares on the terms and conditions in the Bidder's Statement.

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

**Officers** means, in relation to an entity, its directors, officers, and employees.

**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
- (d) any regulatory organisation established under statute.

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

**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.

**Rights** means all accretions to and rights attaching to the relevant Metaliko Share at or after the date of the Bidders Statement (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, options or options declared, paid, or issued by Metaliko).

**Shareholder** or **Metaliko Shareholder** means a holder of Metaliko Shares.

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

**Takeover Bid** means Echo's takeover bid for Metaliko in accordance with the terms of the Offer.

**Takeover Panel** has the same meaning as in the Corporations Act.

**Target's Statement** means this target statement.

## **8.2 Interpretation**

In this Target's Statement:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the word "includes" in any form is not a word of limitation;

and unless the context indicates a contrary intention:

- (c) the expression "person" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (e) a reference to any document (including this Target's Statement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (h) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Target's Statement, and a reference to this Target's Statement includes any schedule, exhibit or annexure to this Target's Statement;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) a reference to "\$" or "dollar" is to Australian currency;
- (k) if any day appointed or specified by this Target's Statement for the payment of any money or doing of any thing falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day.

## Schedule 1 Metaliko Prescribed Occurrences

1. **(Conversion):** Metaliko or any Subsidiary converts all or any of its shares into a larger or smaller number of shares.
2. **(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.
3. **(Buy-back):** Metaliko or any Subsidiary:
  - (a) enters into a buy-back agreement; or
  - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. **(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).
5. **(Issuing or granting shares or options):** Metaliko or any of its Subsidiaries:
  - (a) issues shares;
  - (b) grants an option over its shares; or
  - (c) agrees to make such an issue or grant such an option,without the prior written consent of Echo (in its sole and absolute discretion).
6. **(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.
7. **(Constitution):** Metaliko adopts a new constitution or modifies or repeals its constitution or a provision of it.
8. **(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.
9. **(Acquisitions, disposals or tenders):** Metaliko or any of its Subsidiaries:
  - (a) acquires or disposes of;
  - (b) agrees to acquire or dispose of;
  - (c) 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.
10. **(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.

11. **(Employment arrangements):** other than in the ordinary course of business and consistent with past practice Metaliko or any of its Subsidiaries:
- (a) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;
  - (b) 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
  - (c) 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 this agreement).
12. **(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):
- (a) enters into any contract or commitment involving revenue or expenditure of more than \$250,000 over the term of the contract or commitment;
  - (b) 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;
  - (c) waives any material third party default; or
  - (d) 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).
13. **(Insolvency):** Metaliko or any of its Related Bodies Corporate becomes Insolvent.



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