



# Echo Resources Limited

ACN 108 513 113

31 January 2017

ASX Code: EAR

## Quarterly Activities Report

For the quarter to 31 December 2016

### Highlights

#### Echo and Metaliko Merger

- During the Quarter, the Echo merger with Metaliko Resources via an off-market takeover offer was extended to close on the 10<sup>th</sup> January 2017
- On 13th January 2017, Echo acquired a relevant interest of 94.88% in Metaliko and the transaction was subsequently closed. A compulsory acquisition notice was lodged with ASIC to acquire all remaining Metaliko shares which is expected to be completed by 24 February 2017
- Under the transaction, initially announced on 29 September 2016, Metaliko shareholders will receive 1 new Echo share per 2.5 Metaliko shares
- Following completion of the transaction, Echo now owns the 2Mtpa Bronzewing Gold Processing Hub, gold Mineral Resources (JORC 2004 and JORC 2012) in excess of 950,000 ounces<sup>1</sup>, and a highly prospective landholding of approximately 1,600 km<sup>2</sup> between the operating Jundee and Darlot gold mines.

#### Julius Gold Deposit

- On 23 November the Julius JORC (2012) Mineral Resource estimate increased by 48% from 226,000 ounces<sup>2</sup> to 335,000 ounces<sup>3</sup> at an average grade of 2.0 g/t Au with over 60% of the upgraded estimate now classified as Measured and Indicated
- Post Quarter end, the Julius Bankable Feasibility Study (BFS) was released and delivered a conservative initial Ore Reserve of 868,089 @ 2.44 g/t Au for 63,965 recovered ounces at a C1 cash cost of A\$832 per oz and delivering an EBITDA of A\$41M
- A number of clear advanced opportunities exist to extend the life of operations beyond the highly profitable low-cost and low-risk Stage 1 Julius Gold Reserve, significantly improving economics
- Total development capital of only A\$17.5M as a result of significant infrastructure already in place, including the 2Mtpa Bronzewing Mill, with an advisor appointed to progress debt financing discussions for a large portion of capital costs
- Mining Lease already granted, and final Julius permitting approvals due in coming months, allowing a development time frame of less than 6 months from a decision to mine.

<sup>1</sup> See Appendix 1 for full details of Mineral Resource estimates

<sup>2</sup> Refer to ASX Announcement dated 8 April 2016 for full details of the earlier Julius Mineral Resource estimate.

<sup>3</sup> Refer to ASX Announcement dated 23 November 2016 for full details of the Mineral Resource estimate. Echo is not aware of any new information that materially affects the information included in the previous announcement, and all material assumptions and technical parameters underpinning the Mineral Resource estimate in the previous announcement continue to apply and have not materially changed



## Operational

- During the quarter, several key brownfields targets were identified following a full review of Metaliko's database
- An extensive soil sampling program in the Empire District also highlighted a number of priority drill targets
- On 2 December 2017 the Julius Land Access Native Title Agreement was signed leading to grant of the deposit's Mining Lease
- Post quarter end, Echo provided details of its extensive 2017 Yandal exploration program focussed on growing the global Resource and Reserve base to underpin a long-life gold mining operation at the Yandal Gold Project
- A number of ready-to-drill targets have been identified, with exploration activities to commence in Q1-2017.

## Corporate

- Pursuant to the terms of the takeover offer for Metaliko Resources, Echo appointed Messers Robin Dean and Mark Hanlon as Non-Executive Directors of the Company
- Echo also strengthened its executive team with the appointed Mr Rod Johns as Chief Operating Officer.

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For further information about Echo please visit our website at [www.echoresources.com.au](http://www.echoresources.com.au)

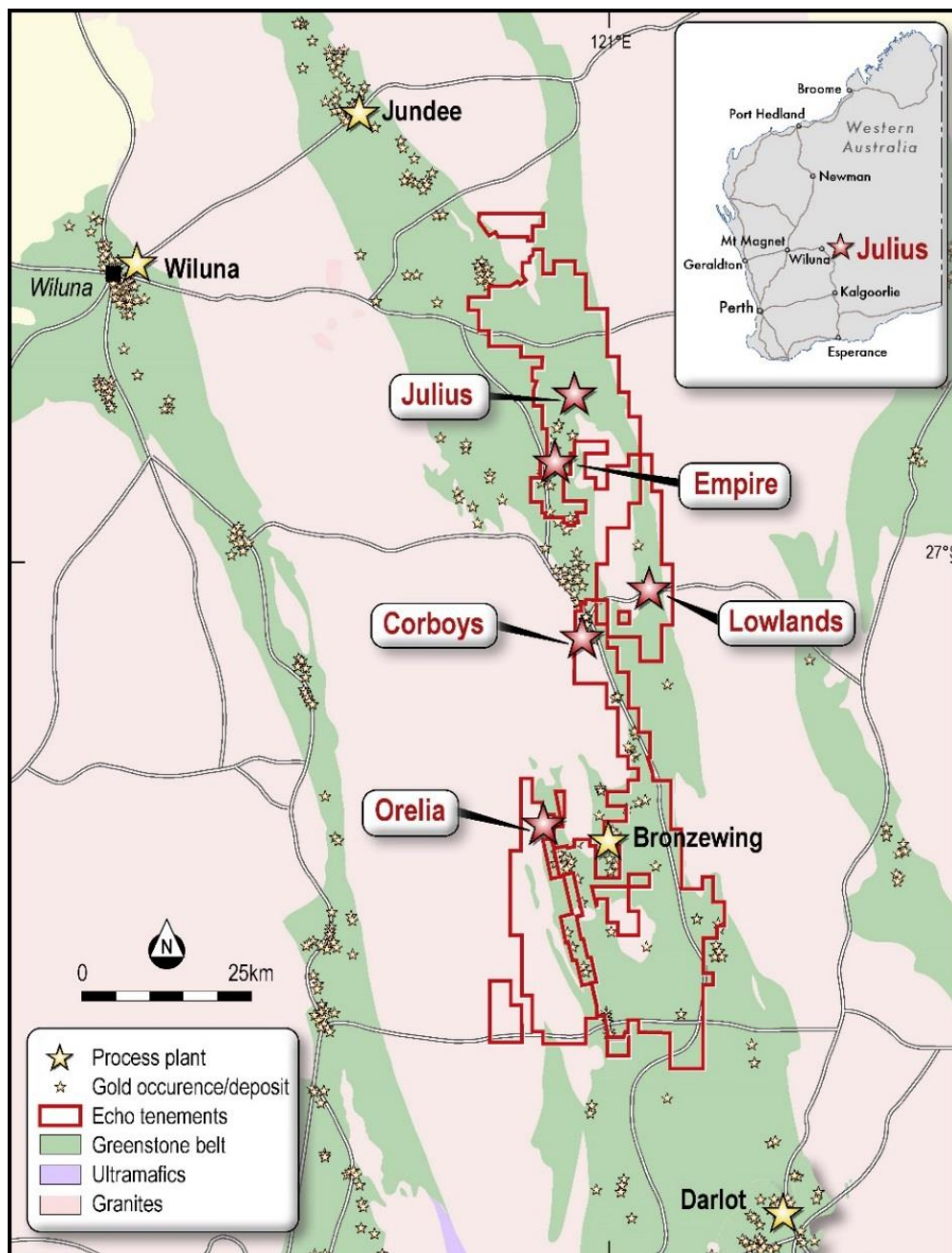


## Quarterly Activities Report

### Echo and Metaliko to Merge<sup>4</sup>

On 29 September 2016 Echo Resources Limited (“Echo”) and Metaliko Resources Limited (‘Metaliko’) announced that they had entered into a Takeover Bid Implementation Agreement (‘Agreement’) to merge the two companies. Under the Agreement, Echo will acquire all of the issued shares of Metaliko by way of an off-market takeover offer (‘Offer’) whereby Metaliko shareholders will receive 1 new Echo share for every 2.5 Metaliko shares held.

On 3 January 2017, the Offer was declared unconditional before closing on 11 January 2017. The Company commenced compulsory acquisition on 13 January 2017 and Metaliko was delisted from the ASX on Friday 27 January 2017.



Echo Tenement Holdings and Key Gold Deposits

<sup>4</sup> For full details of the proposed merger please refer to ASX Announcements released on 29 September 2016 titled Echo Resources to acquire Metaliko Resources and Bid Implementation Agreement



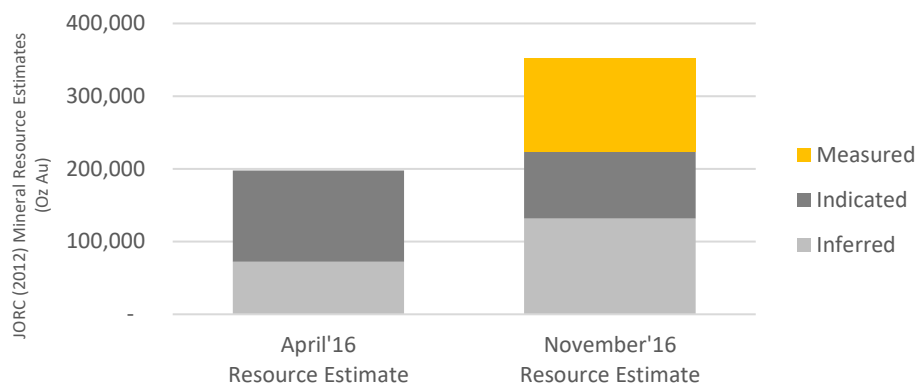
The merger between Echo and Metaliko has resulted in a dominant landholding in the highly prospective Yandal Gold Belt, including the defined Julius Gold Deposit, as well as the Bronzewing Processing Hub – positioning the company to become the next mid-tier WA gold producer.

## Operational Activities

### Julius Gold Resource Grows

On 23 November 2016 Echo announced a substantial increase in the Mineral Resource estimate for the Julius Gold Deposit located in the Yandal greenstone belt of the North Eastern Goldfields of Western Australia.

The updated resource estimate followed the drilling of 141 aircore holes for 6,286 metres, 53 RC holes for 5,113 metres and 9 HQ triple tube holes for 481 metres.



**Julius Gold Project Mineral Resource Estimate (by category)<sup>9</sup>**

The resource estimate was completed by Lynn Widenbar of Widenbar and Associates Pty Ltd based on all drilling completed at Julius and incorporating revised ISBD (in-situ bulk density determinations) and updated oxidation and rock surfaces, based on new interpretations utilising the latest detailed drilling programs.

JORC Category <sup>1</sup>	Cut-off Grade (g/t Au)	Tonnes	Grade (g/t Au)	Ounces (Au)
Measured	0.8	1.8Mt	2.1	124,227
Indicated	0.8	1.6Mt	1.3	67,789
Inferred	0.8	1.8Mt	2.5	142,991
<b>Total Mineral Resource</b>	<b>0.8</b>	<b>5.2Mt</b>	<b>2.0</b>	<b>335,008</b>

**Julius Gold Project Mineral Resource Estimate (by category)<sup>10</sup>**

<sup>9</sup> Refer to ASX Announcement dated 8 April 2016 for full details of the earlier Julius Mineral Resource estimate.

<sup>10</sup> Refer to ASX Announcement dated 23 November 2016 for full details of the Mineral Resource estimate.



## Julius BFS Results<sup>11</sup>

### BFS Overview

Final details were compiled for the Julius BFS during the quarter with the BFS released on 18<sup>th</sup> January 2017.

The BFS was prepared on the 335,000 ounce (5.2Mt @ 2.0g/t Au)<sup>12</sup> Julius Gold Deposit located 80 kilometres north of the Echo-owned 2Mtpa Bronzewing Processing Hub in the Yandal greenstone belt, Western Australia.

The BFS confirmed the 2Mtpa Bronzewing Processing Hub, acquired by Echo under the recently completed merger with Metaliko, can be refurbished for A\$12.5M and highlighted Julius as an economic, low-risk deposit and ideal first-feed as part of a long life Yandal gold mining operation.

### Key BFS Outcomes

A gold price of A\$1,600 per ounce was used for pit optimisations and key commercial results are presented in the table below. The full BFS Executive Summary is available in the ASX release on 18 January 2017.

	Base Case <sup>2</sup>
Gold Price (A\$1:US\$0.75)	\$1,600/oz (US\$1,200/oz)
Reserves Mined <sup>1</sup>	868,089t @ 2.44g/t
Initial Life of Mine (LOM)	<2 years
LOM Strip Ratio	5:1
LOM Gold Production <sup>1</sup>	63,965oz
Mill Refurb Capital Cost <sup>3</sup>	\$12.5M
Julius Development Capital Cost <sup>3</sup>	\$2.6M
First Fill, Owners Costs & Contingency	\$2.4M
LOM Revenue	\$102 million
C1 Cash Cost <sup>4</sup>	\$832/oz
All-in Sustaining Costs incl. Full Mill Refurbishment <sup>5</sup>	A\$1,186/oz
Internal Rate of Return	117%
LOM EBITDA	\$41 million

**Table 1: Key Project Economics**

Notes 1: The Ore Reserves 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 JORC tables, Qualifications and Competent Persons Statements. Recoveries through the Bronzewing Processing Hub are assumed to be 94%

2: See Appendix for Forward Looking and Cautionary Statements

3: See Appendix for Forward Looking and Cautionary Statements, ±10%, includes \$2.5M contingency

4: C1 Cash Cost includes mining and processing operating costs, site administration costs, transport, refining charges

5: AISC = C1 cash cost, depreciation and amortisation (Bronzewing Refurbishment), corporate, royalties, sustaining capital costs.

Importantly, the Julius Stage 1 BFS assumed the full cost the mill refurbishment (A\$12.5M) which is amortised over the initial life of 1.5 years, however any extensions to the life of operations may greatly reduce this AISC (of the AISC of A\$1,186, amortisation of capital costs presently account for A\$274 per ounce).

<sup>11</sup> Refer to ASX Announcement dated 18 January 2018 for full results.

<sup>12</sup> As announced to the ASX on 23 November 2016, see Qualifications, Competent Persons Statements and Global Resources Table





## Moving Forward

Results of the Julius Stage 1 BFS confirms Julius is an ideal, low-risk start-up mining operation, with very significant potential for improvements to economics through increases in mine life. Significant upside remains through the optimisation of mine scheduling at the Project and the Company has planned a large 2017 exploration and development program on its Yandal tenements to grow existing resources and reserves prior to a final commitment to refurbish the Bronzewing Processing Hub.

## BFS Highlights Substantial Upside

The BFS highlighted the following areas which provide likely Project upside:

- Potential to improve project economics by saving in operating cost and schedule timing.
- An operational mill in the region provides strategic value for Echo providing a processing route for other Echo resources in the district with leverage for Echo in the development of those assets.
- Bronzewing mill capacity is only at 50% for the project life, providing opportunity for toll milling which will have the twofold effect of spreading fixed costs thus lowering Julius production cost and generating revenue from milling fees.
- Review of the Julius resource model vs the mining model giving consideration to cut and uncut grades suggests that with careful grade control and mining practices there is potentially an additional 10,000 ounces of gold which may be realised, above the forecast LOM gold production.
- Various low grade stockpiles exist on project tenements that may provide further economic mill feed.
- Production from Julius alone is sufficient to repay the capital of the refurbishment and restart of an operating mill, creating opportunity for reassessment of the various historic mines on the tenements under current gold price and operating cost regimes. A number of advanced resources lie within a 15 kilometre radius of the Bronzewing plant and these will be closely reviewed.
- With the mill operating, exploration success for Echo can be readily monetised. The cash generated by the project can be utilised for this exploration over a large prospective ground holding in one of the most prospective greenstone belts of in Australia.

## Julius Land Access Native Title Agreement Signed and Mining Lease Granted

An on-country meeting was held in Wiluna on 1 December at which the Land Access Native Title Agreement and State Deed were signed by Tarlka Matuwa Piarku (Aboriginal Corporation) on behalf of the Wiluna Native Title Holders. Echo has been engaging with the Wiluna Native Title Holders to ensure full transparency of its future plans.



Heritage Survey Team following the successful survey over the Julius Mining Lease



On 6 January the Company announced that the Julius Mining Lease (M53/1099) had been granted by the Western Australian Department of Mines and Petroleum (DMP). The Company has submitted the Julius mining proposal, mine closure plan and clearing permit to the DMP and is awaiting approvals.

## 2017 Exploration Program Targets Yandal Revival

Following the end of the quarter Echo outlined plans for its 2017 exploration and development program which is focussed on substantially increasing existing reserves in parallel with readying the Bronzewing Processing Hub for production.

The program focusses on a range of targets including the advanced Orelia Gold Deposit (currently host to an existing Indicated and Inferred Mineral Resource Estimate of 5.6Mt @ 1.9 g/t for 349,000 ounces<sup>13</sup> and located only eight kilometres from the Bronzewing Processing Hub) as well as a number of greenfield prospects with numerous existing anomalous intersections requiring follow-up exploration.

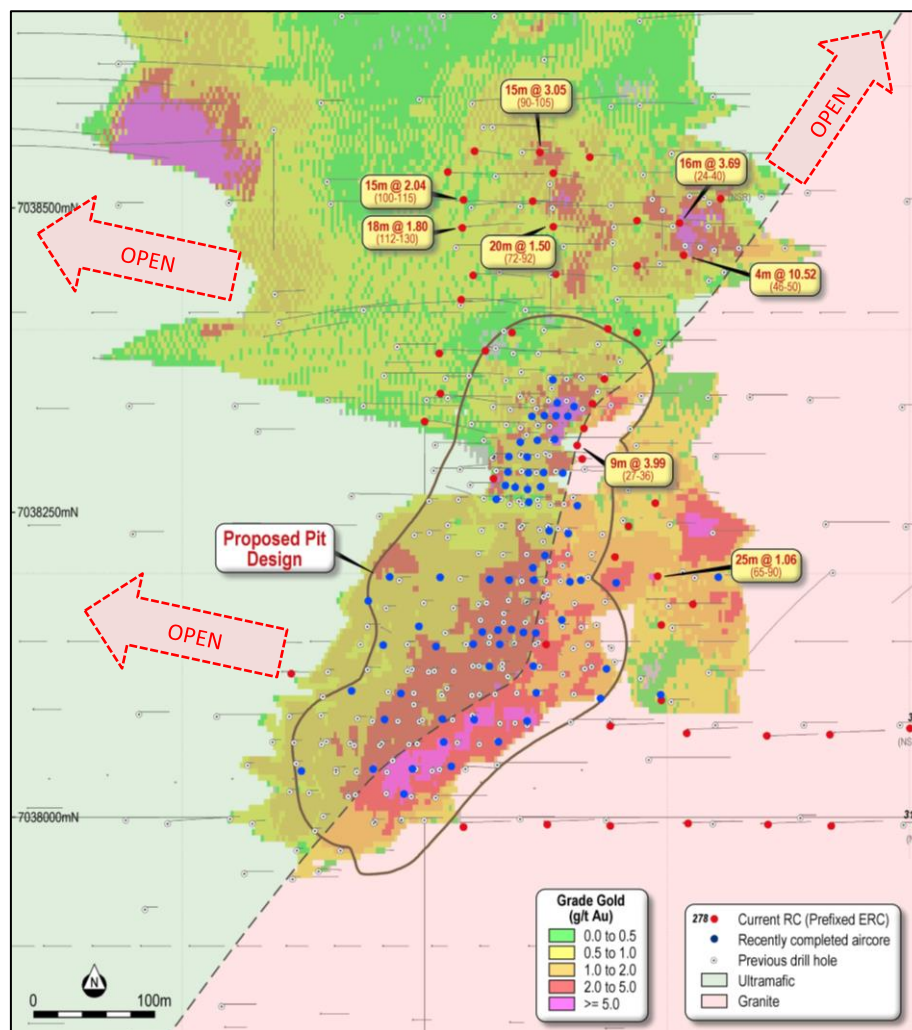
Activity	2017			
	Q1	Q2	Q3	Q4
Orelia Resource Definition	RC Phase 1	RC Phase 2		
Julius Resource Extension		AC Phase 1	AC Phase 2	
Zaphod Follow Up		RC		
Empire Prospects		Aircore Verification & Expansion		
Regional Targets	First Pass Auger		AC/RC Reconnaissance & Follow-up	

**Planned 2017 Exploration Timetable**

## Julius Gold Deposit - Resource Expansion

The Stage 1 Julius open pit, as documented within the BFS, has been based on the highest grade, lowest risk and most cost effective start-up mining opportunity. Close review of the drill data and block model has shown additional infill and resource development drilling, targeting along strike and in the high grade areas of the resource down dip, may lead to an expansion of the contemplated mining operation at Julius. In addition areas to the north and on the margins of the Julius granite which have potential for new gold discoveries and resource development opportunities.

<sup>13</sup> Refer to Appendix 1: Global Resource Estimates and the ASX:MKO announcement dated 1 September 2016



Plan Display – November 2016 Julius Resource Model<sup>14</sup>

### The Orelia Gold Deposit

The Orelia Gold Deposit includes three mineralised systems; Orelia, Calista and Cumberland and is located eight kilometres southwest of the Bronzewing Processing Hub. Mineralisation is controlled by north-north west striking sub-vertical fault zones and low angle splay structures to the south-west. The Orelia gold mineralisation is focussed within and on the margins of a large dolerite unit which trends through the western side of the deposit.

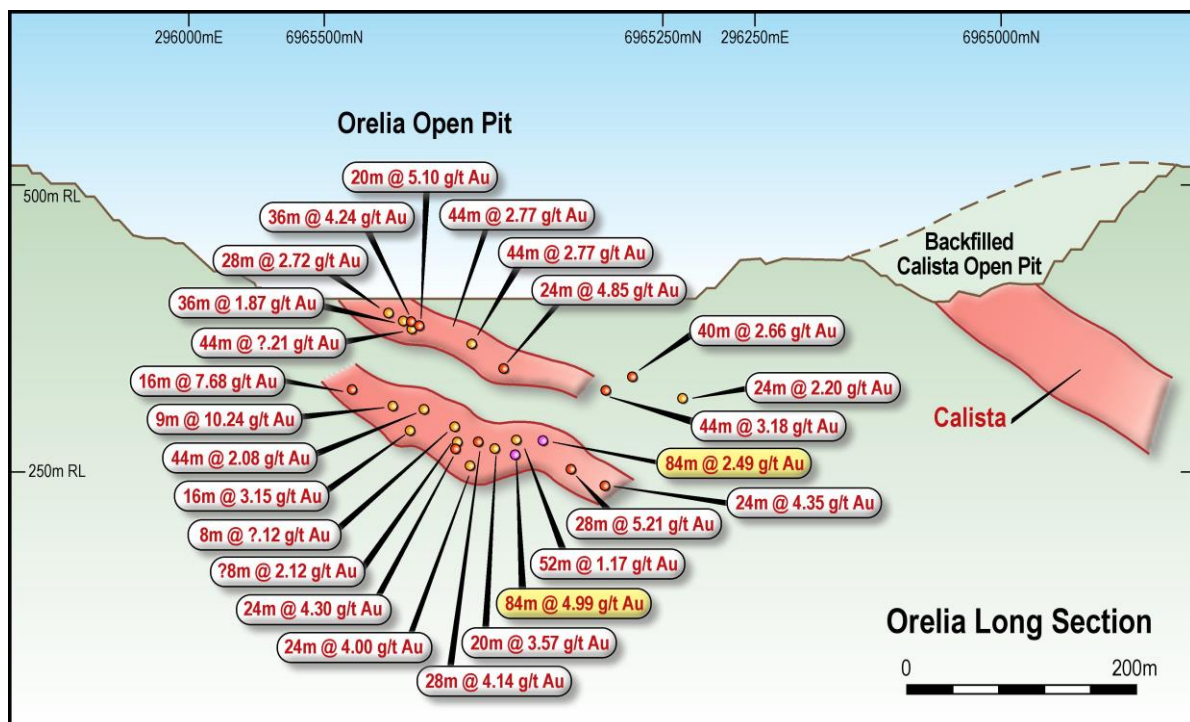
Historical drilling has identified a large mineralised gold system with significant potential to grow the existing resources and reserves. A low-cost resource development program is planned to commence in Q1-2017 to corroborate existing data and support reserve development at the prospect.

<sup>14</sup> As announced to the ASX on 23 November 2016, see also Competent Persons Statements





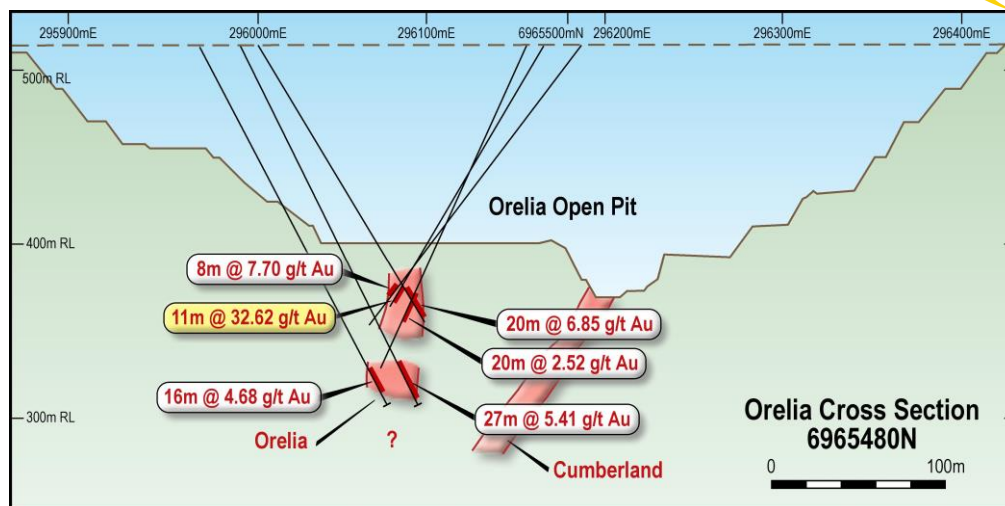
Orelia Pit Aerial Image



Orelia Gold Deposit – Long Section: Historical Intercepts<sup>15</sup> Below Current Pit Floor

<sup>15</sup> Refer to ASX:MKO announcement dated 1 September 2016 for full details of historical exploration results and Competent Persons Statements in Appendix 2.



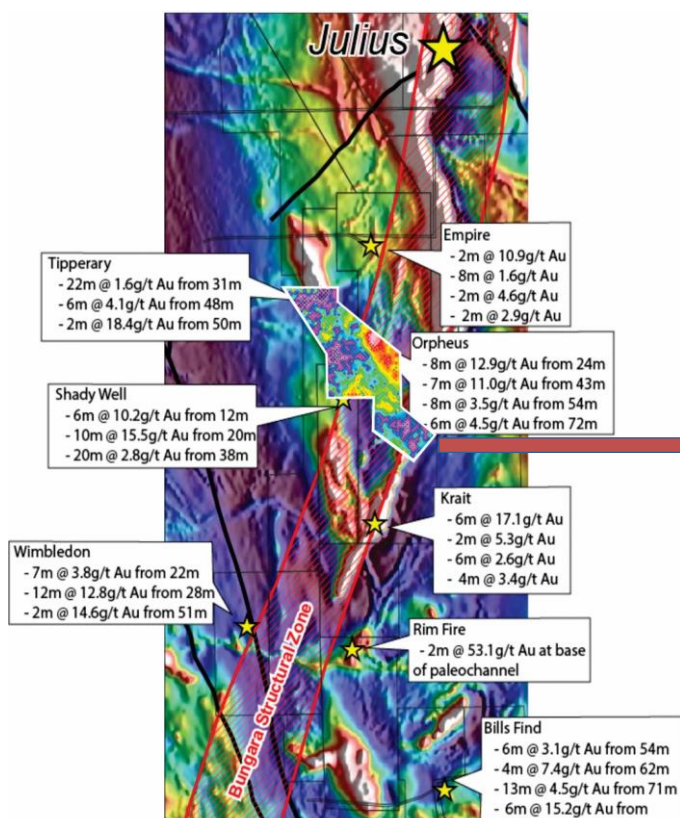


Orelia Gold Deposit – Cross Section: Historical Intercepts<sup>5</sup> Below Current Pit Floor

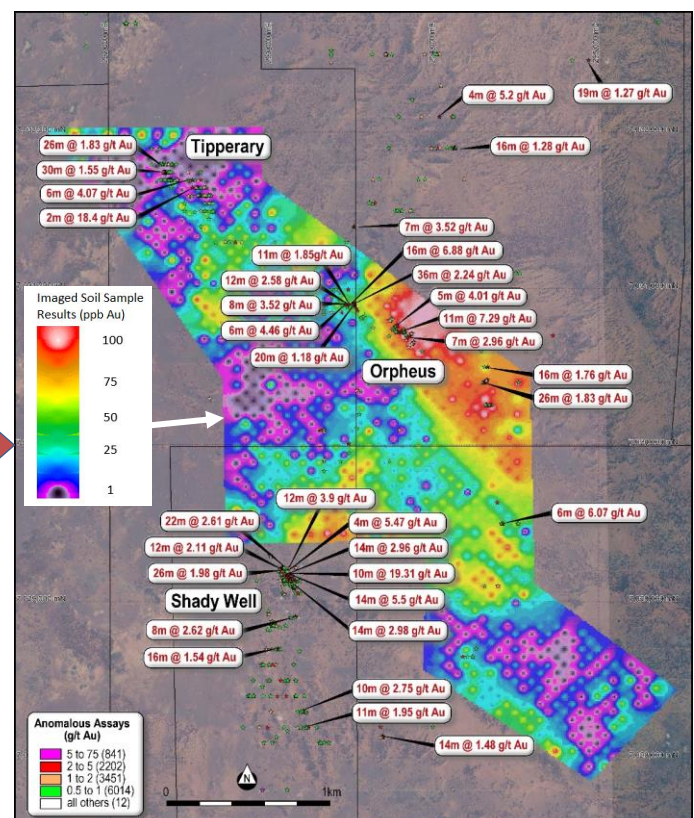
### Regional Prospects – Julius District

Located within 30 kilometres south of Julius there are a number of existing gold deposits (defined by Newmont before 2004) hosting high grade gold intersections that require follow up drilling to better assess likely economics and the extent of the deposits, as well as to understand the prospect for expansion. These known deposits have had very little or no work completed over the last 10 years.

On 29 November 2017 Echo announced it had identified new gold anomalies as well as corroborated historical high grade drill intersects following a large and systematic soil sampling program seven kilometres to the south of the Julius Gold Deposit. The area was targeted based on its location relative to the regional Bungara suture, a geophysical zone of disruption visible on both gravity and magnetic images.



TP Magnetics Image with Soil Sample Area inset with historic drill results overlain<sup>16</sup>



Soil Sample Results with Historical Drill Results at Regional Prospects<sup>16</sup>

<sup>16</sup> Refer to ASX Announcement dated 10 April 2006 and 29 November 2016 for full results and Competent Persons Statements in Appendix 2.



An extensive aircore program comprising of approximately 10,000 metres is planned to follow up and scope the extent of these large additional gold mineralised systems located 10 kilometres south of Julius. Key target areas have been identified and prioritised following a detailed soil sampling program completed in November 2016 (refer to ASX Announcement dated 29 November 2016).

### Other Regional Targets

The Company has planned a number of drill-ready anomalous targets which have been identified through detailed review of all available datasets. Echo, in conjunction with Southern Geoscience Consultants, have integrated all available geophysical, remote sensing, geochemical and geological datasets, to develop a coherent framework to known mineralisation. This framework increases our understanding of the broader gold mineralising systems while guiding grassroots exploration over Echo's large tenement holding of highly prospective greenstone belt. With this integrated approach, we are confident in our future exploration endeavours.

## Corporate

On 21 October 2017 the Company moved to significantly strengthen its executive team through the appointment of experienced gold mining executive Mr Rod Johns in the role of Chief Operating Officer. Mr Johns has more than 25 years' experience in mineral processing and mining and was most recently General Manager of La Mancha Australia, where he drove that company's growth from a 30,000 ounce Au per annum underground operation to a fully integrated mining company with underground and open pit operations and a newly constructed processing hub producing 170,000 ounces Au per annum.

The Annual General Meeting of the Company was held on 11 November with all resolutions passed by a large majority of shareholders.

Post quarter end, and pursuant to the terms of the merger between Echo and Metaliko, the Company appointed Messrs Robin Dean and Mark Hanlon as Non-Executive Directors.

Mr Dean holds a Bachelor of Economics degree from the University of Western Australia he has had 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 been instrumental in the funding and development of numerous significant mining projects throughout Australia and is currently a director of Metaliko Resources Limited and Intermin Resources Limited.

Mr Hanlon has over ten years of experience in the resources and resource services sector as well as over ten years' experience in commercial and merchant banking. He has a broad background of senior executive experience across a wide range of industries including mining, mining services, electricity distribution, electronics contract manufacturing, paper & packaging and insurance. He has most recently been the Finance Director of ENK plc and previously held the position or equivalent position of CFO with listed companies such as Century Drilling and International Contract Manufacturing Limited. Mr Hanlon is currently a non-executive Director of Red River Resources Limited, Copper Strike Limited and Jacana Minerals Limited. He holds a Bachelor of Business in Finance and Accounting and a Master of Business in Banking and Finance.

## Appendix 1 – Mineral Resource Estimates as at 31 December 2016

### Echo Mineral Resource Estimates<sup>7</sup>

Echo Mineral Resources	Measured			Indicated			Inferred			Total			Ownership	Cut-off
	Tonnes (Mt)	Au g/t	Au oz	Tonnes (Mt)	Au g/t	Au oz	Tonnes (Mt)	Au g/t	Au oz	Tonnes (Mt)	Au g/t	Au oz		
Julius <sup>4</sup>	1.8	2.1	124,227	1.6	1.3	67,789	1.8	2.5	142,991	5.2	2.0	335,008	100%	0.8
Regional <sup>5</sup>							2.1	1.5	99,925	2.1	1.5	99,925	100%	0.5
Corboys <sup>3</sup>				1.7	1.8	96,992	0.5	1.9	28,739	2.1	1.8	125,455	100%	1.0
Orelia (MKO) <sup>2</sup>				2.3	2.4	175,306	3.3	1.6	173,493	5.6	1.9	348,880	100%	0.9
Woorana North (MKO) <sup>2</sup>				0.3	1.7	13,811				0.3	1.7	13,811	100%	0.5
Woorana South (MKO) <sup>2</sup>				0.1	2.6	3,129				0.1	2.6	3,129	100%	0.5
Fat Lady (MKO) <sup>1,2</sup>				0.7	0.9	19,669				0.7	0.9	19,669	70%	0.5
Mt Joel 4800N (MKO) <sup>1,2</sup>				0.2	1.7	10,643				0.2	1.7	10,643	70%	0.5
<b>Total Mineral Resources</b>	<b>1.8</b>	<b>2.1</b>	<b>124,227</b>	<b>6.7</b>	<b>1.8</b>	<b>387,339</b>	<b>7.7</b>	<b>1.5</b>	<b>445,47</b>	<b>16.2</b>	<b>1.8</b>	<b>956,520</b>		

### Echo Mineral Reserve Estimates

Echo Mineral Reserves	Proved			Probable			Total			Ownership	Cut-off
	Tonnes (Mt)	Au g/t	Au oz	Tonnes (Mt)	Au g/t	Au oz	Tonnes (Mt)	Au g/t	Au oz		
Julius <sup>6</sup>	0.78	2.5	62,500	0.08	2.0	5,600	0.87	2.4	68,100	100%	0.8
<b>Total Mineral Resources</b>	<b>0.78</b>	<b>2.5</b>	<b>62,500</b>	<b>0.08</b>	<b>2.0</b>	<b>5,600</b>	<b>0.87</b>	<b>2.4</b>	<b>68,100</b>		

#### Notes:

1. Resources are adjusted for Metaliko 70% ownership interest

2. Resources estimated by Coxrocks (refer to Competent Persons Statements) in accordance with JORC Code 2012. For full Mineral Resource estimate details refer to the Metaliko Resources Limited announcement to ASX on 1 September 2016. Metaliko is not aware of any new information or data that materially affects the information included 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 HGS (refer to Competent Persons Statements) in accordance with JORC Code 2012, for full details of the Mineral Resource estimate refer to the Metaliko Resources Limited announcement to ASX on 23 August 2016. Metaliko is not aware of any new information or data that materially affects the information included 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 Mr Lynn Widenbar (refer to Competent Persons Statements) in accordance with JORC Code 2012, for full details of the Mineral Resource estimate refer to the Echo Resources Limited announcement to ASX on 23 November 2016. Echo Resources Limited is not aware of any new information or data that materially affects the information included 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.

5. Resource estimates include Bills Find, Shady Well, Orpheus, Empire & Tipperary Well and were estimated by Golders (refer to Competent Persons Statements) in accordance with JORC Code 2004, for full details of the Mineral Resource estimates refer to the Echo Resources Limited prospectus released to ASX on 10 April 2006.

6. Reserve estimated by Mr Gary McRae (refer to Competent Persons Statements) in accordance with JORC Code 2012.

7. Mineral Resources are inclusive of Ore Reserves.

## APPENDIX 2 – CAUTIONARY STATEMENTS AND DISCLAIMERS

### Forward Looking Statements and Disclaimers

This announcement is for information purposes only and does not constitute a prospectus or prospectus equivalent document. It is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase or otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, nor shall there be any offer, sale, issuance or transfer of securities in any jurisdiction in contravention of any applicable law.

This announcement contains forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "target", "anticipate", "forecast", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. The forward looking statements in this announcement are based on current expectations, estimates, forecasts and projections about Echo and Metaliko and the industry they operate in. They do, however, relate to future matters subject to various inherent risks and uncertainties. Actual events or results may differ materially from events or results expressed or implied by any forward looking statements. Past performance of Echo or Metaliko is no guarantee of future performance.

None of Echo, Metaliko or any of their directors, officers, employees, agents or contractors makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any 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 any forward looking statement. The forward looking statements in this announcement reflect views held only as at the date of this announcement.

### No New Information or Data

This report contains references to Mineral Resource estimates, which have been cross referenced to previous market announcements made by Echo and Metaliko. Echo and Metaliko confirm they are 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 and project study results (i.e. the Julius BFS referred to in this document and released to ASX on 18 January 2017), all material assumptions and technical parameters underpinning the estimates or results in the relevant market announcement continue to apply and have not materially changed.

### Competent Persons Statements

The information in this report relating to Echo's exploration activities and exploration potential at Julius and Metaliko's Cockburn, Woorana North, Woorana South, Fat Lady and Mt Joel Mineral Resource estimates 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 report of the matters based on the information in the form and context in which it appears.

The information in this report relating to Echo's Regional Mineral Resource estimates is based on information compiled by Stephen Godfrey, a full-time employee of the independent geological consulting group Golder Associates Pty Ltd. 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Godfrey consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report relating to Metaliko's Corboys Deposit Mineral Resource estimate is based on information compiled by Andrew James Hawker, a Competent Person who is a Member or Fellow of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Hawker is the Principle Geologist employed by HGS Australia. 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 Godfrey consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report 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 report of the matters based on the information in the form and context in which it appears.



## APPENDIX 3 – TENEMENT HOLDINGS AS AT 31 DECEMBER 2016

Tenement ID	Status	Ownership at Quarter End	Interest Acquired During the Quarter	Interest Disposed During the Quarter
M53/1099	Granted	100%	100%	-
M53/183	Granted	100%	-	-
M53/186	Granted	100%	-	-
E36/810	Granted	100%	-	-
E53/1430	Granted	100%	-	-
M53/631	Granted	100%	-	-
M53/1080	Granted	100%	-	-
M53/144	Granted	100%	-	-
M53/145	Granted	100%	-	-
L53/59	Granted	100%	-	-
E36/715	Granted	100%	-	-
M53/721	Granted	100%	-	-
E53/1324	Granted	100%	-	-
M53/170	Granted	100%	-	-
E53/1586	Granted	100%	-	-
M53/379	Granted	100%	-	-
E36/667	Granted	100%	-	-
M53/160	Granted	100%	-	-
M53/434	Granted	100%	-	-
M53/555	Granted	100%	-	-
E53/1405	Granted	100%	-	-
E53/1546	Granted	100%	-	-
M53/149	Granted	100%	-	-
M53/220	Granted	100%	-	-
E53/1736	Granted	100%	-	-
P53/1515	Granted	100%	-	-
E36/826	Granted	100%	-	-
E53/1042	Granted	100%	-	-
E53/1472	Granted	100%	-	-
L53/203	Granted	100%	-	-
L53/57	Granted	100%	-	-
L53/204	Granted	100%	-	-
EPM14909	Granted	100%	-	-
EPM17077	Renewal	100%	-	-

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Echo Resources Limited

ABN

34 108 513 113

Quarter ended ("current quarter")

31 December 2016

### Consolidated statement of cash flows

		Current quarter October to December \$A'000	Year to date (Six Months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors (R&D refund received)	-	-
1.2	Payments for (a) exploration & evaluation	(741)	(1,326)
	(b) development	(109)	(541)
	(c) production	-	-
	(d) administration	(181)	(538)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST Paid to be recouped)	(96)	(220)
<b>Net Operating Cash Flows</b>		(1,125)	(2,617)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	(123)	(183)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	(2)
1.11	Loans repaid by other entities	-	-
1.12	Loan Other	-	-
<b>Net investing cash flows</b>		(123)	(185)
1.13	Total operating and investing cash flows (carried forward)	(1,248)	(2,802)

+ See chapter 19 for defined terms.

**Appendix 5B****Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,248)	(2,802)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	40
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	-
	<b>Net financing cash flows</b>	-	40
	<b>Net increase (decrease) in cash held</b>	(1,248)	(2,762)
1.20	Cash at beginning of quarter/year to date	1,931	3,445
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	683	683

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	105
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

All payments to Directors are on normal commercial terms

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/A	N/A
3.2 Credit standby arrangements	N/A	N/A

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1000
4.2 Development	300
4.3 Production	-
4.4 Administration	250
<b>Total</b>	<b>1550</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	683	1,931
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>683</b>	<b>1,931</b>

## Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased	M53/1099 Tenement Granted 13/12/2016	0%	100%

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> (description)	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3 <b>+Ordinary securities</b>	173,818,808			
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,000,000		\$0.21	Nil – Shares issued as partial consideration for sale and joint venture of Yandal tenements
7.5 <b>+Convertible debt securities</b> (description)				

+ See chapter 19 for defined terms.



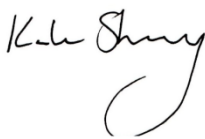
**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	<b>Options</b> (description and conversion factor)	5,750,000		<i>Exercise price</i> \$0.275	<i>Expiry date</i> 28 August 2016
7.8	Issued during quarter	N/A			
7.9	Exercised during quarter	N/A			
7.10	Expired during quarter	N/A			
7.11	<b>Debentures</b> (totals only)	N/A			
7.12	<b>Unsecured notes</b> (totals only)	N/A			

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:   
(Company Secretary)

Date: 31/01/2017

Print name: Kate Stoney

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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