



Echo Resources Limited

Interim Financial Report
For the half-year ended 31 December 2016

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Echo Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS' REPORT

Your Directors have pleasure in submitting their report on Echo Resources Limited ('Echo') for the half year ended 31 December 2016.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year, to the date of this report, are:

Barry Bolitho Non-executive Chairman from 30 May 2016

Simon Coxhell Director from 8 February 2016 and appointed Chief Executive Officer on 1 July 2016

Anthony McIntosh Non-executive Director

Mark Hanlon Non-executive Director from 3 January 2017

Robin Dean Non-executive Director from 3 January 2017

REVIEW OF OPERATIONS

Echo is engaged in mineral exploration and development within the Yandal province in Western Australia.

Merger with Metaliko

On 29 September 2016 Echo and Metaliko Resources Limited ('Metaliko') announced they had entered into a Takeover Bid Implementation Agreement ('Agreement') to merge the two companies¹. Under the Agreement, Echo was to acquire all of the issued shares of Metaliko by way of an off-market takeover offer ('Offer') whereby Metaliko shareholders would 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 27 January 2017.

Strategic Rationale for the Transaction

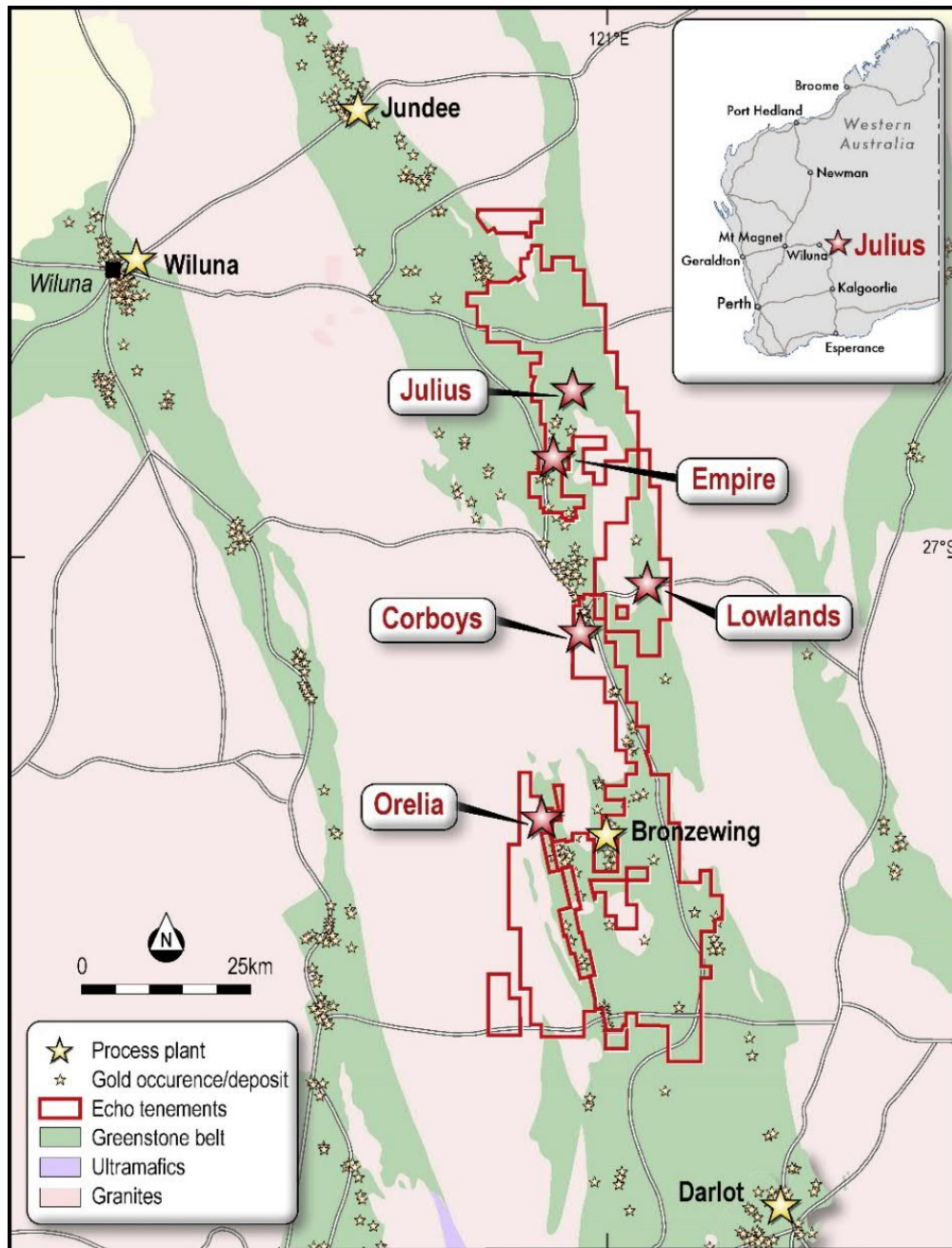
The combination of Echo and Metaliko via the transaction will create a strong emerging gold exploration company with the potential for near term production and positive cashflow along with excellent exploration upside in one of the premier Australian gold provinces.

- The merger provided potential for a rapid and modest-cost pathway to production utilising the 2Mtpa Bronzewing Processing Hub
- The combined company will hold contiguous tenements along 130km of the Yandal greenstone belt which represents the largest contiguous land holding between the operating Darlot and Jundee gold mines
- For Echo shareholders, the merger provided a clearer potential pathway to near-term gold production removing the requirement for securing toll treating arrangements
- For Metaliko shareholders the merger provided exposure to high quality mineral resources and additional highly prospective tenements

The Bronzewing facility is in good condition and has capacity to treat approximately 2Mtpa of ore via two stage crushing, a 3.5 MW SAG mill, gravity circuit plus leach and CIL. Other infrastructure includes a 240-person camp,

¹ 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

borefields, large capacity tailings facility and other associated infrastructure including an airstrip. In a five year period to 2003, Great Central Mines produced an average of 260,000 ounces of gold per annum from Bronzewing with maximum production of 311,000 ounces in 2001.



Echo Tenement Holdings and Key Gold Deposits

Julius Gold Deposit

Julius Gold Resource Grows

On 21 July 2016 the Company provided a Bankable Feasibility Study (BFS) update to shareholders specifically noting substantial infill and step-out drilling was underway to increase the definition of existing resources at the Julius gold deposit as well as potentially increase its overall size.

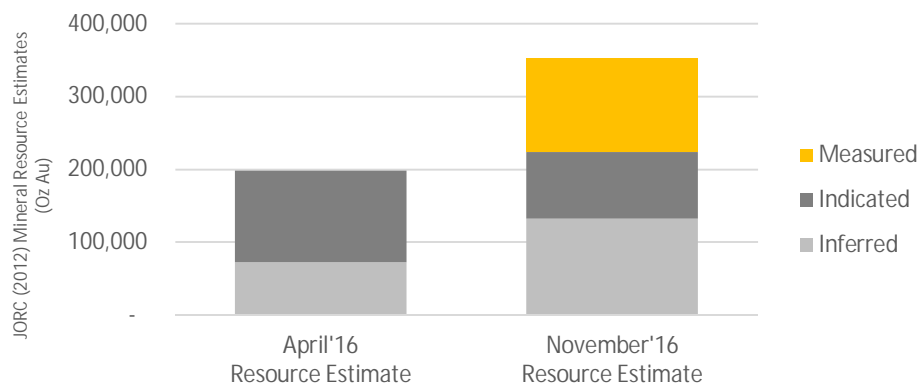
In total, 67 aircore holes were drilled for 2,879 metres with an average depth of 42 metres and extending throughout the surface footprint of the proposed Stage 1 pit. RC and diamond drilling at Julius was also

completed with a total of 53 reverse circulation holes for 5,113 metres and 9 HQ diamond holes for 481 metres completed².

Drilling was completed on a 10m x 10m pattern designed to accurately quantify the tonnes and grade of previously defined soft oxide gold mineralisation present between 24 and 60 metres vertical depth. Outstanding additional high grade gold was intersected at the northern end of the proposed Stage 1 open pit, including:

- 22 metres @ 10.75 g/t Au from 30 metres (JAC085)
- 17 metres @ 21.60 g/t Au from 32 metres (JAC089)
- 19 metres @ 20.98 g/t Au from 34 metres (JAC092).

On 23 November 2016, Echo announced a substantial increase in the Mineral Resource estimate for the Julius gold deposit. The updated resource estimate followed the drilling of 141 aircore holes for 6,286 metres, 53 reverse circulation holes for 5,113 metres and 9 HQ triple tube holes for 481 metres.



Julius Gold Project Mineral Resource Estimate (by category)³

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	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
Total Mineral Resource	0.8	5.2Mt	2.0	335,008

Julius Gold Project Mineral Resource Estimate (by category)⁴

Julius Gold Project – Metallurgical Testwork Delivered Excellent Results

During the half year Echo also released the results of a comprehensive metallurgical testwork program which demonstrated excellent total gold recoveries from samples within the proposed Stage 1 Julius open pit⁵.

The test work program was designed to test gold recoveries via a combination of gravity and cyanide leach processes. Total gold extraction (gravity gold plus cyanide leach gold) for three composite samples (each from different ore zones) returned the following results:

² For full details of infill drilling results available to date refer to ASX Announcements dated 22 October and 16 September 2016

³ Refer to ASX Announcement dated 8 April 2016 for full details of the earlier Julius Mineral Resource estimate.

⁴ Refer to ASX Announcement dated 23 November 2016 for full details of the Mineral Resource estimate.

⁵ For full details of infill drilling results available to date refer to ASX Announcements dated 16 August 2016.

Ore Type	Gravity Gold Recovery	Total Gold Recovery
Laterite Zone	30%	96.7%
Upper Oxide Zone	67%	96.9%
Lower Oxide Zone	77%	99.8%

Table 1 – Total Extraction Metallurgical Results

The results demonstrated outstanding overall gold recoveries, as high as 99.8% from the lower oxide zone. In addition, results showed a high proportion of gold is recoverable by a gravity process which reduces the burden on the Carbon in Leach (CIL), elution and carbon reactivation circuits, thereby potentially lowering operating costs.

	Laterite	Upper Oxide	Lower Oxide
Gold Extraction	95.3%	90.8%	99.1%
Cyanide consumption (kg/t)	0.82	0.76	0.86
Lime consumption (kg/t)	4.9	7.2	3.0

Table 2 – Bottle Roll Leach Metallurgical Results

Comminution metallurgical testwork on diamond core samples were undertaken by ALS Amtec in conjunction with Orway Mineral Consultants. The work advised the optimum crushing and grinding circuit for the Julius ore and estimated comminution consumables including power demand, grinding media and crusher wear parts.

Julius BFS Results⁶

BFS Overview

Final details were compiled for the Julius BFS during the half year with the BFS released on 18th January 2017.

The BFS was prepared on the 335,000 ounce (5.2Mt @ 2.0g/t Au)⁷ Julius gold deposit located 80 kilometres north of the Echo-owned 2Mtpa Bronzewing Processing Hub.

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 a highly 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.

⁶ Refer to ASX Announcement dated 18 January 2018 for full results.

⁷ As announced to the ASX on 23 November 2016, see Qualifications, Competent Persons Statements and Global Resources Table

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

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 Tarkka 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.

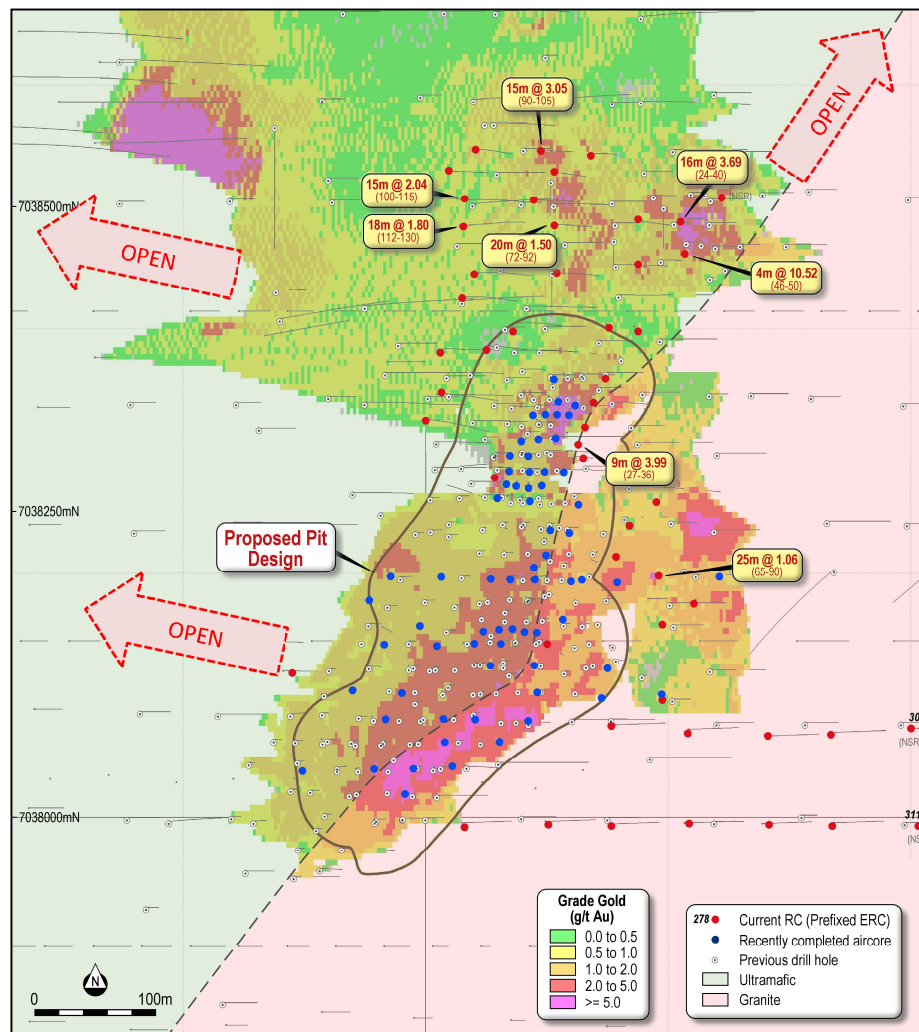


Heritage Survey Team following the successful survey over the Julius Mining Lease

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.

Julius Gold Deposit – Clear Potential for Further 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.

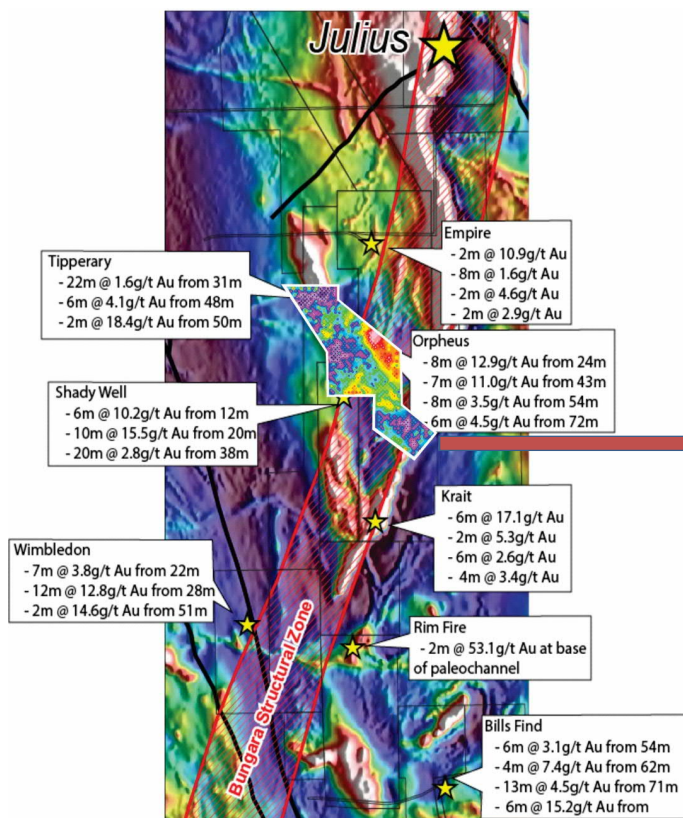
Plan Display – November 2016 Julius Resource Model⁸

Regional Prospects

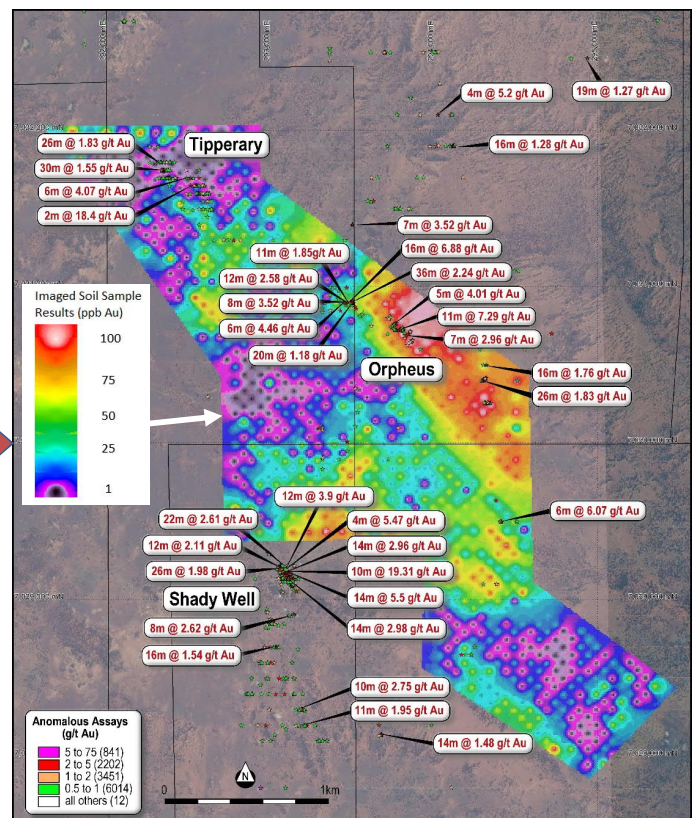
Located within 30 kilometres south of Julius, are a number of existing gold deposits (defined by Newmont before 2004) hosting high grade gold intersections that require follow up drilling to better assess likely economics and the extent of the deposits, as well as to understand the prospect for expansion. 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 Julius.. 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.

⁸ As announced to the ASX on 23 November 2016, see also Competent Persons Statements



TP Magnetism Image with Soil Sample Area inset with historic drill results overlain⁹



Soil Sample Results with Historical Drill Results at Regional Prospects¹⁶

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.

In addition, following review of Metaliko's datasets the Company plans to conduct an exploration program in early 2017 at the Orelia gold deposit. Orelia 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.

⁹ Refer to ASX Announcement dated 10 April 2006 and 29 November 2016 for full results and Competent Persons Statements in Appendix 2.

Corporate

On 1 July 2016 the Board formally appointed existing director Mr Simon Coxhell as Chief Executive Officer of Echo. Mr Coxhell was appointed as a director by shareholders in February 2016 and has worked diligently to understand and document the value of Julius and the other assets of the Company, culminating in the release of a maiden Mineral Resource estimate and Scoping Study for Julius. Mr Coxhell's blend of past experience ranging from exploration through to production, predominantly in the gold sector, coupled with his previous Executive Director roles will provide Echo with an ideal skillset to lead the Company through this exciting phase of growth.

On 21 October 2016 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.

In August the Company held a General Meeting with all resolutions strongly supported by shareholders, including the election of Mr Barry Bolitho as a director of the Company. The Annual General Meeting of the Company was held on 11 November with all resolutions passed by a large majority of shareholders.

On 3 January 2017, and pursuant to the terms of the merger between Echo and Metaliko, the Company appointed Messers 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 Estimates⁷

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 ⁴	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 ⁵							2.1	1.5	99,925	2.1	1.5	99,925	100%	0.5
Corboys ³				1.7	1.8	96,992	0.5	1.9	28,739	2.1	1.8	125,455	100%	1.0
Orelia (MKO) ²				2.3	2.4	175,306	3.3	1.6	173,493	5.6	1.9	348,880	100%	0.9
Woorana North (MKO) ²				0.3	1.7	13,811				0.3	1.7	13,811	100%	0.5
Woorana South (MKO) ²				0.1	2.6	3,129				0.1	2.6	3,129	100%	0.5
Fat Lady (MKO) ^{1,2}				0.7	0.9	19,669				0.7	0.9	19,669	70%	0.5
Mt Joel 4800N (MKO) ^{1,2}				0.2	1.7	10,643				0.2	1.7	10,643	70%	0.5
Total Mineral Resources	1.8	2.1	124,227	6.7	1.8	387,339	7.7	1.5	445,47	16.2	1.8	956,520		

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 ⁶	0.78	2.5	62,500	0.08	2.0	5,600	0.87	2.4	68,100	100%	0.8
Total Mineral Resources	0.78	2.5	62,500	0.08	2.0	5,600	0.87	2.4	68,100		

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.

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

Results of Operations

The Company incurred an after tax operating loss for the half-year ended 31 December 2016 of \$3,550,377 (2015: \$773,171).

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Events Subsequent to Reporting Date

Metaliko Merger

On 13 January 2017 Echo Resources completed a takeover of Metaliko Resources as at 31 December the MKO takeover was yet to reach 90% (per the conditional requirements).

Board Changes

The Company appointed Mr Mark Hanlon and Mr Robin Dean to the Board effective 3 January 2017. Full qualification details are set out on pg. 9.

Capital Raising

A capital raising of \$3.2 million (representing 20,000,000 Ordinary Shares at \$0.16 per share) prior to costs was completed on 6 February 2017.

Options

On 17 February 2017 5,000,000 incentive options were issued to employees under Echo Resources Ltd Incentive Option Scheme (approved by Shareholders at AGM held 11 November 2016). These options were issued with a strike price of 20 cents and will expire on 16 February 2020.

No other matters or circumstances have arisen since the half-year ended 31 December 2016, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

Changes in State of Affairs

There were no other significant changes in the entity's state of affairs other than that referred to in the half-year financial statements or notes thereto.

This report is made in accordance with a resolution of Directors and signed for and on behalf of the Directors by:

Barry Bolitho
Chairman

Perth, Western Australia
16 March 2017

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ECHO RESOURCES LIMITED

As lead auditor for the review of Echo Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 16 March 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2016

		Half-year	
	Note	2016 \$	2015 \$
REVENUE FROM CONTINUING OPERATIONS	2	7,885	7,171
EXPENDITURE			
Exploration and evaluation expenses		(2,258,205)	(276,065)
Other expenses	2	(1,026,037)	(474,372)
Occupancy expenses		(27,979)	(29,905)
Merger Costs		(246,041)	-
LOSS BEFORE INCOME TAX		(3,550,377)	(773,171)
Income tax benefit expense		-	-
LOSS AFTER INCOME TAX FOR HALF-YEAR		(3,550,377)	(773,171)
Other comprehensive income for the half-year, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO THE MEMBERS OF ECHO RESOURCES LIMITED		(3,550,377)	(773,171)
Loss per share attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share (cents per share)		(1.81)	(0.55)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		693,444	3,440,121
Trade and other receivables		97,240	76,667
TOTAL CURRENT ASSETS		790,684	3,516,788
NON-CURRENT ASSETS			
Other financial assets		57,052	54,964
Property, plant and equipment		63,837	59,809
TOTAL NON-CURRENT ASSETS		120,889	114,773
TOTAL ASSETS		911,573	3,631,561
CURRENT LIABILITIES			
Trade and other payables		596,471	435,831
TOTAL CURRENT LIABILITIES		596,471	435,831
TOTAL LIABILITIES		596,471	435,831
NET ASSETS		315,102	3,195,730
EQUITY			
Contributed equity	4	16,605,744	16,355,744
Accumulated losses		(16,976,833)	(13,426,456)
Options reserve		686,191	266,442
TOTAL EQUITY		315,102	3,195,730

The above statement of financial position should be read in
conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Contributed Equity	Accumulated Losses	Options Reserve	Total Equity
Balance 1 July 2016	16,355,744	(13,426,456)	266,442	3,195,730
Loss for the half-year	-	(3,550,377)	-	(3,550,377)
Total comprehensive loss for the half year	-	(3,550,377)	-	(3,550,377)
Transactions with owners in their capacity as owners				
Options issued	-	-	419,750	419,750
Contributions to equity net of transactions costs	250,000	-	-	250,000
Balance 31 December 2016	16,605,744	(16,976,833)	686,192	315,102

	Contributed Equity	Accumulated Losses	Options Reserve	Total Equity
Balance 1 July 2015	12,468,107	(11,912,279)	266,442	822,270
Loss for the half-year	-	(773,171)	-	(773,171)
Total comprehensive loss for the half year	-	(773,171)	-	(773,171)
Transactions with owners in their capacity as owners				
Contributions to equity net of transactions costs	-	-	-	-
Balance 31 December 2015	12,468,107	(12,685,450)	266,442	49,099

The above statement of changes in equity should be read in
conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Half-year	
	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(683,304)	(489,466)
Payments for exploration	(2,056,258)	(435,140)
Interest received	7,885	7,171
Net cash outflow from operating activities	(2,746,677)	(917,435)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for share issue costs	-	(1,187)
Net cash inflow/(outflow) from financing activities	-	(1,187)
Net increase/(decrease) in cash and cash equivalents	(2,746,677)	(918,622)
Cash and cash equivalents at the beginning of the half-year	3,440,121	1,543,423
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	693,444	624,801

The above statement of cash flows should be read in
conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual financial statements for the year ended 30 June 2016 and any public announcements made by Echo Resources Limited during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2016 annual financial report for the financial year ended 30 June 2016. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

Significant accounting judgments and key estimates

The preparation of the interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2016 with the exception of contingent liability as documented below.

Changes in accounting policy

The accounting policies are consistent with those applied in the previous financial year and those of the corresponding interim reporting period.

Adoption of new and revised accounting standards

In the half year ended 31 December 2016, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to the Company's accounting policies.

Going concern

For the half-year ended 31 December 2016 the Company recorded a loss of \$3,550,377, net cash outflows from operating activities of \$2,746,677 and net working capital of \$194,213. Furthermore, the Directors have prepared a cash flow forecast which indicates that the Company would be required to raise funds to provide additional working capital to continue developing its exploration programmes.

The ability of the Company to continue as a going concern is dependent on securing additional funding through capital raisings to fund its ongoing exploration commitments and working capital.

These conditions indicate a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Directors believe there are sufficient funds to meet the Company's working capital requirements as at the date of this report. Subsequent to the end of the half-year the Company expects to receive additional funds via capital raisings or shareholder support.

Should the Company not be able to continue as a going concern, it may be required to realize its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern.

		Half-year	
	Note	2016 \$	2015 \$
NOTE 2: REVENUE AND EXPENSES			
(a) Revenue			
Interest received		7,885	7,171
		<u>7,885</u>	<u>7,171</u>
(b) Other expenses			
Employee benefits expenses		(89,152)	(133,484)
External professional fees		(276,398)	(125,897)
Non-executive director fees		(39,755)	(37,439)
ASX fees		(40,557)	(21,743)
Share Based Payments	6	(419,750)	-
Other administrative expenses		(160,425)	(155,809)
		<u>(1,026,037)</u>	<u>(474,372)</u>

NOTE 3: SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information. The Company does not have any customers, and all the Company's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

NOTE 4: CONTRIBUTED EQUITY

		2016	
	Note	Number	\$
Issued Capital			
Fully paid ordinary shares		173,818,808	16,605,744
		<u>173,818,808</u>	<u>16,605,744</u>
Movements in share capital			
		Number	\$
Balance 1 July 2016		172,618,808	16,355,744
Issue of 200,000 fully paid ordinary shares at 20 cents	6	200,000	40,000
Issue of 1,000,000 fully paid ordinary shares at 21 cents	6	1,000,000	210,000
		<u>173,818,808</u>	<u>16,605,744</u>
Balance 31 December 2016			
		173,818,808	16,605,744
Balance 1 July 2015		139,350,431	12,468,107

Balance 31 December 2015

139,350,431

12,468,107

NOTE 5: COMMITMENTS AND CONTINGENCIES

There are no changes in commitments or contingencies or commitments to those disclosed in the most recent financial report at 30 June 2016 that the company is aware of.

NOTE 6: SHARE BASED PAYMENTS

On the 29th August 2016 the Company issued 5,750,000 options to directors (Approved by shareholders at the most recent AGM held on the 11 November 2016). The fair value of the options has been calculated using the Black-Scholes option pricing model. The model inputs are shown in the table below:

Black and Scholes Option Pricing Model

Date of Grant	29 August 2016
Date of Expiry	28 August 2019
Exercise Price	27.5 cents
Underlying share price (at issue date)	23 cents
Risk free interest rate	1.90%
Volatility	75.0%
Years of expiry	3 Years ¹
Number of options granted	5,750,000
Fair value of Options	\$419,750

¹ The valuations model used an expiry date of 1.5 years as the directors believe these options are likely to be exercised within that period

On the 12th July 2016 the Company issued 200,000 fully paid ordinary shares at \$0.20 per share in exchange for consulting fees.

On the 18th October 2016 the Company issued 1,000,000 fully paid ordinary shares at \$0.21 for partial consideration for the sale and joint venture of Yandal Tenements.

NOTE 7: RELATED PARTY TRANSACTIONS

Simon Coxhell was appointed CEO on 1 July 2016; the service agreement is for a period of 2 years with remuneration set at \$240,000 per annum.

Rod Johns was appointed COO on 1 November 2016; the service agreement is for a period of 2 years with remuneration set at \$240,000 per annum.

There were no other changes to related party transactions as disclosed in the June 2016 financial report except for the options issued as disclosed in Note 6.

NOTE 8: DIVIDENDS

There were no dividends paid during the half-year ended 31 December 2016 (2015:Nil).

NOTE 9: EVENTS AFTER BALANCE DATE

Metaliko Merger

On 13 January 2017 Echo Resources completed a takeover of Metaliko Resources as at 31 December the MKO takeover was yet to reach 90% (per the conditional requirements).

Board Changes

The Company appointed Mr Mark Hanlon and Mr Robin Dean to the Board effective 3 January 2017. Full qualification details are set out on pg. 9

Capital Raising

A capital raising of \$3.2 million (representing 20,000,000 Ordinary Shares at \$0.16 per share) prior to costs was completed on the 6 February 2017.

Options

On the 17 February 2017 5,000,000 incentive options were issued to employees under Echo Resources Ltd Incentive Option Scheme (approved by Shareholders at AGM held 11 November 2016). These options were issued with a strike price of 20 cents and will expire on 16 February 2020.

No other matters or circumstances have arisen since the half-year ended 31 December 2016, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

NOTE 10: FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company does not have any financial instruments that are subject to recurring fair value measurements. Due to their short-term nature, the carrying amounts of the current receivables and current trade and other payables is assumed to approximate their fair value.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements and notes set out on pages 14 to 21 are in accordance with the Corporations Act 2001, including:
 - (a) complying with the Corporations Regulations 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting and other mandatory professional requirements; and
 - (b) giving a true and fair view of the entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Echo Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:

Barry Bolitho
Chairman

Perth, Western Australia
16 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Echo Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Echo Resources Limited, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Echo Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Echo Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Echo Resources Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink. The first part of the signature is 'BDO' in a stylized, blocky font. Below it, the name 'J Prue' is written in a cursive script.

Jarrad Prue

Director

Perth, 16 March 2017