ECHO RESOURCES LTD

ASX ANNOUNCEMENT

# QUARTERLY ACTIVITIES REPORT

**For the quarter to 31 December 2017**

## Highlights

### Echo Grows Yandal Ore Reserve to 856,000 Ounces

- Yandal Gold Project grows to an Ore Reserve of 15.6Mt @ 1.7 g/t containing 856,000 ounces of gold.
- Reserve supports an 8.5 year life of mine based on an assumed throughput rate of 1.8Mtpa via the 100% owned Bronzewing Processing Hub
- Reserves form part of ongoing project studies due for completion early 2018
- Echo will continue to focus on identifying additional high-grade ore to further increase the life of mine plan, while exploring for resource extensions and new gold deposits.

### 2017 Exploration Program

- A number of exploration results were released to market from the Company's various drilling campaigns during the December Quarter, with success at the Lowlands, Golden Snag and Julius North prospects

**Exploration Success at Lowlands, Sundowner and Gold Alley Gold Prospects**

- 9,150m aircore drilling campaign completed as part of Echo's three-pronged exploration approach
- Results (4m composite) returned from the Lowlands (70% Echo), Sundowner and Gold Alley prospects
- Exploration success from near-surface drilling at the Lowlands gold prospect highlights the potential to add quality ounces to Echo's resources base with results including:
  - **22 metres @ 3.85 g/t Au from 20 metres** (LLAC013, inc 4 metres @ 16.09g/t)
  - **20 metres @ 1.91 g/t Au from 16 metres** (LLAC014, inc 4 metres @ 5.14g/t)
  - **32 metres @ 1.30 g/t Au from 16 metres** (LLAC007)
  - **26 metres @ 1.29 g/t Au from 12 metres** (LLAC010)
  - **20 metres @ 1.17 g/t Au from 36 metres** (LLAC006)
- Mineralisation extends over 350m of strike and remains open along strike and depth with extensional RC drilling to be fast-tracked at Lowlands
- Results from other targets include:
  - Sundowner: **28 metres @ 1.08 g/t** from 40 metres (SDAC008) and **12 metres @ 0.75 g/t** from 12 metres (SDAC011)
  - Gold Alley: **8 metres @ 1.14 g/t** from 32 metres (GAAC007)


**ASX ANNOUNCEMENT**
29 January 2018

**ASX CODE**
EAR

**KEY ASSETS**
- Julius
- Orelia
- Bronzewing Hub





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**Golden Snag and Julius North drilling cap a successful 2017 exploration program for Echo**

Golden Snag Discovery Drilling

- Discovery drilling at the greenfields Golden Snag structural target delivers significant intersections over 250 metres of strike, including:
  - **6 metres @ 7.55 g/t Au from 38 metres** (GSAC033, incl. 1m @ 18.37g/t, 1m @ 24.46g/t)
  - **3 metres @ 5.62 g/t Au from 45 metres** (GSAC013, incl. 1m @ 15.92g/t)
  - **1 metre @ 21.79 g/t Au from 63 metres** (GSAC005)

Julius North Reconnaissance Drilling

- Reconnaissance aircore drilling was focused 500 metres north of the proposed pit on following up previously identified mineralisation, with a number of promising intersections including:
  - **6 metres @ 4.60 g/t Au from 45 metres** (JAC212, incl. 2m @ 13.25g/t)
  - **6 metres @ 3.40 g/t Au from 51 metres** (JAC213, incl. 1m @ 10.46g/t)
- RC drilling will commence January 2018 to test this zone with a specific focus on untested granite contact in the close vicinity of the latest significant intersections

Lowlands Infill Fast Tracked following receipt of 4m Composites

- 1 metre results from Lowlands have returned excellent results including:
  - **16 meters @ 2.04 g/t Au from 22 meters** (LLAC010, incl. 1m @ 9.97g/t)
  - **8 meters @ 3.51 g/t Au from 30 meters** (LLAC007, incl. 1m @ 11.46g/t)
  - **6 meters @ 4.58 g/t Au from 16 meters** (LLAC014, incl. 1m @ 13.84g/t)
  - **6 meters @ 3.38 g/t Au from 38 meters** (LLAC006, incl. 2m @ 7.11g/t)

## Corporate

- During the quarter Echo completed a fully underwritten A$15 million placement at A$0.22. The placement of 68,181,818 fully paid shares was made to institutional and sophisticated investors
- The Echo Resources Annual General Meeting was held on 30 November 2017 with all resolutions passed on a show of hands
- During the December quarter Echo received a Notice of Substantial Shareholder from Northern Star Resources Limited (Northern Star) (ASX: NST). Northern Star purchased 80 million shares in Echo on-market at an average price of $0.29 representing a 16.4% interest.

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# Quarterly Activities Report

## Operational Activities

### Echo Grows Yandal Ore Reserve to 856,000 Ounces

During the quarter Echo announced that ongoing project studies have delivered a JORC 2012 compliant Ore Reserve for the Yandal Gold Project in Western Australia.

***For full details of the Yandal Ore Reserve Estimate please refer to Echo's announcement dated 27 November 2017 and titled Yandal Gold Project Ore Reserve Statement.***

| JORC Category (2012) | Proved Reserves | | | Probable Reserves | | | Total Ore Reserves | | |
|---|---|---|---|---|---|---|---|---|---|
| | Tonnes (Mt) | Grade (g/t) | Contained (koz Au) | Tonnes (Mt) | Grade (g/t) | Contained (koz Au) | Tonnes (Mt) | Grade (g/t) | Contained (koz Au) |
| Julius | 1.4 | 2.2 | 95 | 0.1 | 1.8 | 8 | 1.5 | 2.1 | 103 |
| Orelia | - | - | - | 14.1 | 1.7 | 753 | 14.1 | 1.7 | 753 |
| **Total** | **1.4** | **2.2** | **95** | **14.2** | **1.7** | **761** | **15.6** | **1.7** | **856** |

Table 1: Echo Ore Reserves

Notes:
1. The Ore Reserves have been calculated at a gold price of AU$1600/oz and non-mining breakeven cut off grades of 0.6 g/t for the Orelia deposit and 0.8 g/t for the Julius deposit
2. Mining dilution and losses have been included by modelling to a selective mining unit (SMU) with dimensions of 5m x 5m x 5m for the Orelia deposit and 2.5m x 5m x 2.5m for the Julius deposit
3. Figures are rounded to reflect the appropriate level of confidence, apparent errors in totals may occur.

The Ore Reserve is contained solely in the Julius and Orelia deposits and does not include any reserves from Echo's other advanced prospects which include Wimbledon, Lowlands, Shady Well and potential extensions of the Lotus-Orelia system.

The Ore Reserve follows the recent increase in the Yandal Global Resource base and is another positive step in Echo's strategy to capitalise on its 1,600km$^2$ landholding, in one of Australia's most prolific gold producing greenstone belts, whilst leveraging its 100% ownership of the Bronzewing Processing Hub which only requires A$17 million to be fully refurbished and operational.

A staged development approach allows Echo sufficient time to optimise the large pit mine designs and processing options to further improve the economics of the ounces mined from Stage 2 in the later years of the project. In addition, the delineation of any new reserves from outside of the Orelia and Julius deposits would be expected to further improve the life of mine schedule and add to the reserve base and mine life.

| | Stage 1 | Stage 1+2 |
|---|---|---|
| **Total Ore (mined)** | **6.3Mt @ 2.0g/t for 407koz** | **15.6Mt @ 1.7g/t for 856koz** |
| Julius Ore (mined) | 0.9Mt @ 2.4g/t for 68koz | 1.5Mt @ 2.1g/t for 103koz |
| Orelia Ore (mined) | 5.4Mt @ 2.0g/t for 339koz | 14.1Mt @ 1.7g/t for 753koz |
| Life of Mine (LOM)[1] | 4 years | 8.5 years |
| LOM Strip Ratio (w:o) | 5.1:1 | 6.3:1 |
| Processing Recovery | 92.3% | 91.7% |
| LOM Gold Production[1] | 376,000 oz | 785,000 oz |
| Mining Costs[4] | A$24.30/t | A$26.70/t |
| Ore Haulage[4] | A$3.80/t | A$3.20/t |
| Processing Costs[4] | A$18.30/t | A$18.20/t |
| Site G&A[4] | A$4.60/t | A$4.40/t |
| Sustaining Capital, Royalties[4] | A$4.90/t | A$4.40/t |
| Mill Refurbishment Capital Cost | A$17M | |
| Mine Development, First Fill | A$6.2M | |
| LOM Revenue[4] | A$602 million | A$1,256 million |
| C1 Cash Cost[4] | A$959/oz | A$1,126/oz |
| All-in Sustaining Costs (incl Capital)[4] | A$1,034/oz | A$1,171/oz |

**Table 2: Key Project Economics**

*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. Based on assumed throughput of 1.8Mtpa.*
*2. C1 Cash Cost includes mining, processing operating costs, site administration costs, transport, refining charges.*
*3. AISC = C1 cash cost, depreciation and amortisation (refurbishment), royalties, sustaining capital costs.*
*4. Parameters a part of this estimate are further supported by the Julius BFS Announcement dated 17 January 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.*

### *Ore Reserve Overview*

The Yandal Gold Project is located approximately 400 kilometres north of Kalgoorlie, Western Australia. The Ore Reserve estimate is contained within two open pitable deposits; the Orelia and Julius gold deposits located 10 and 70 kilometres respectively, by road from the Bronzewing processing hub. The Projects are accessed via Leinster, located 45 kilometres to the west. Both deposits are located on granted mining licences and are 100% owned by Echo.

The Orelia gold deposit has been previously mined during a number of campaigns from 1988 to 2013 with approximately 400,000 ounces (refer to ASX Announcement dated 1 September 2016) having been produced from the existing open pit to a vertical depth of approximately 100 metres below natural surface. The Julius gold deposit has never been mined.


Figure 1: Orelia Open Pit with Detailed Pit Designs

### *Geology and Geological Interpretation*

***Orelia Gold Deposit:*** The main host rocks of mineralisation at Orelia are deformed and altered tholeiitic basalts, concordant dolerite units and felsic to intermediate sedimentary rocks. Cross-cutting felsic to intermediate porphyry dykes intrude the stratigraphy along pre-existing structures. Gold mineralisation typically occurs as southerly plunging ore-shoots along fold hinges as well as at the intersection between steeply-dipping transgressive faults and favourable lithological units.

The gold is associated with the hydrothermal phase of sulphide formation that consists of pyrite-pyrrhotite±chalcopyrite. Gold related alteration consists of biotite-sericite-carbonate altered deformation zones.

A number of shallow trending high grade gold shoots with dimensions of approximately 50 metres in vertical extent and 25 metres in width and extending over 500 metres down plunge. Confidence in the geological interpretation is very good with the latest infill drilling allowing a detailed interpretation of the lithostructural controls on mineralisation. Geological logging and interpretation allows extrapolation of drill intersections between adjacent sections and boundaries are determined by the spatial locations of the various mineralised structures.

***Julius Gold Deposit:*** The Julius Gold Project is located midway between the multi-million-ounce Jundee and Bronzewing gold camps. Julius is a virgin deposit, located underneath a minimum of 8 metres of transported cover and on the margin of a strongly sheared, shallow north-west dipping granite greenstone contact. The deposit is deeply weathered, up to and in excess of 60 metres, and comprises three zones of mineralisation. These zones are an upper pisolitic laterite mineralised zone, sitting on top of a well-developed supergene gold zone, grading down into primary mineralisation characterised by strong shearing, sericite alteration, silicification, minor quartz veining and minor enrichment in sulphides, principally pyrite.

### *Mining Assumptions*

All of the defined mineral resources at the Yandal Project are within an open pit mining environment and of a lode style mineralisation requiring a degree of mining selectivity. The shallow oxide will be able to be mechanically excavated with the deeper primary material requiring drill and blast. Given these conditions, conventional open pit mining techniques using drill and blast with material movement by hydraulic excavator and trucks will be employed. The project scale and selectivity would suit the typical equipment fleet utilised in the West Australian goldfields of 120t class excavators matched to 90t class mine haul trucks. A larger excavator may be utilised for areas of bulk waste in the Orelia pit.

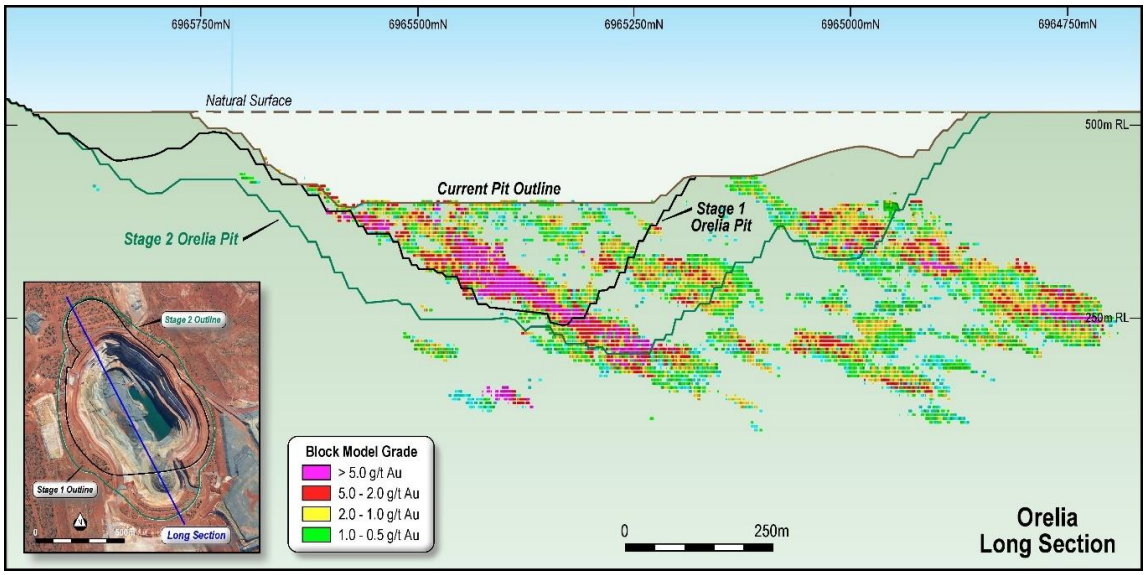



**Figure 2: Orelia Long Section with Block Model & Pit Design Outlines**

Mining operations will be undertaken by an experienced mining contractor with Echo being responsible for the technical services and supervision of the mining contractor. The mining costs used in the Ore Reserve estimate were sourced from quotations from contractors active in the region.

Ore will be transported from the Julius and Orelia pits to the Bronzewing Plant by a road haulage contractor.

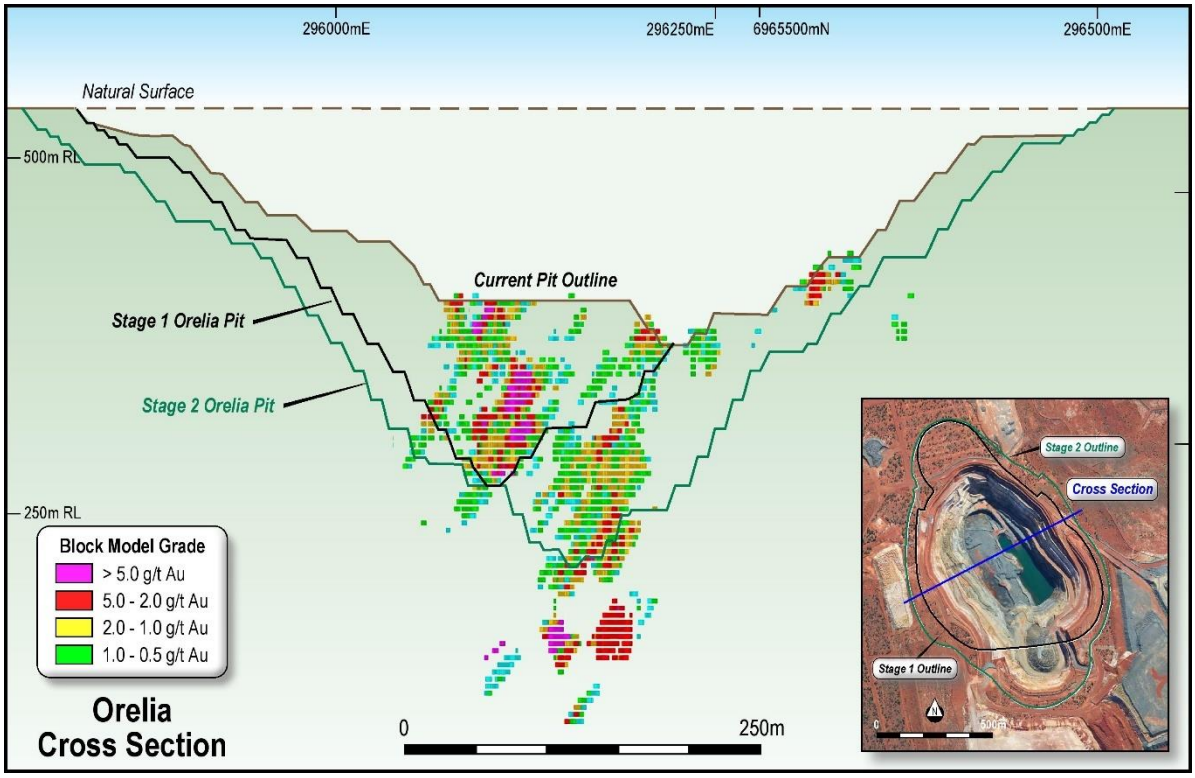



Figure 3: Orelia Cross Section with Block Model & Pit Design Outlines

### *Mineral Resource Models*

The Orelia and Julius Mineral Resource models that formed the basis of the Ore Reserve estimate were produced by Widenbar and Associates previously announced on 7 September 2017 and 23 November 2016 respectively. Please see the ASX announcements for full details.

| JORC Category (2012) | Measured | | | Indicated | | | Total M+I | | |
|---|---|---|---|---|---|---|---|---|---|
| | Tonnes (Mt) | Grade (g/t) | Contained (koz Au) | Tonnes (Mt) | Grade (g/t) | Contained (koz Au) | Tonnes (Mt) | Grade (g/t) | Contained (koz Au) |
| Julius | 1.8 | 2.1 | 124 | 1.6 | 1.3 | 68 | 3.4 | 1.8 | 192 |
| Orelia | - | - | - | 14.1 | 2.2 | 980 | 14.1 | 2.2 | 980 |
| **Total** | **1.8** | **2.1** | **124** | **15.7** | **2.1** | **1,048** | **17.5** | **2.1** | **1,172** |

Table 3: Resource Breakdown

*Note: For full details of Mineral Resource estimates refer to Appendix 1. Echo is not aware of any new information or data that materially affects the information included in the resource announcements identified above.*

For the Julius deposit, to enable the resource estimation to be utilized for pit optimization it was first regularized to a selective mining unit (SMU) of 5 m along strike (North-South), 2.5 m across strike (East-West) and 2.5 m vertical applicable to the proposed fleet size and mining methodology. The regularization of the block model results in diluted grades as weighted average gold grades are calculated for the blocks. Ore losses will occur where a block contains a small proportion of mineralized material and the resultant weighted average block grade falls below the cut-off grade. No further dilution or ore losses were applied to the model.

For the Orelia deposit, the Mineral Resource Model has been interpolated within broad envelopes which were generated using an Indicator Modelling technique based on a broad mineralisation envelope at a 0.1 gm/t Au cut-off with an internal higher-grade envelope at 0.8 gm/t Au indicator threshold. An SMU size of 5m x 5m x 5m was assumed, and grades were interpolated directly into 5m x 5m x 5m blocks within the two envelopes. There are no interpreted wireframes to constrain the model with hard boundaries and there is internal low grade and waste data within the two domains. There are no sub cells following boundaries and thus the model can be considered equivalent to a re-blocked diluted model. As such, no further dilution or ore losses were applied to the model.

### *Geotechnical Parameters*

The Ore Reserve the subject of this release is contained within two large simple open pitable gold deposits. For the Julius deposit, the results of the geotechnical investigation carried out by an independent geotechnical expert for the January 2017 Feasibility study were applied. The resulting overall pit slopes when pit ramps were allowed for are shown in the table below.

| Pit Wall | North | East | South | West |
|---|---|---|---|---|
| Overall Slope Angle Above Top of Fresh Rock | 43 | 36 | 43 | 43 |
| Overall Slope Angle Below Top of Fresh Rock | 56 | 49 | 56 | 56 |

Table 4: Julius Pit Wall Slopes

For the Orelia deposit a number of geotechnical assessments have been carried out by independent experts. When the outcomes of these assessments were applied with an allowance for ramp access, the overall pit slopes shown below resulted.

| Pit Wall | East | | | | West | | | |
|---|---|---|---|---|---|---|---|---|
| Depth from Surface (m) | 0-30 | 30-70 | 70-190 | >190 | 0-30 | 30-70 | 70-190 | >190 |
| Overall Slope Angle (deg) | 24 | 33 | 41 | 49 | 24 | 33 | 45 | 52 |

Table 5: Orelia Pit Wall Slopes

### *Pit Design and Schedule*

Detailed pit designs have been completed for the Julius and Orelia deposits. The designs were based on the parameters from the geotechnical assessments, ramp widths of 22 m and minimum mining widths of 20 m. A staged approach will be taken to the mine development with three pit stages designed for both the Julius and Orelia deposits.

The pit staging aims to exploit the highest value, lowest strip ore in the earlier stages of mining. The schedule has been predicated on providing sufficient ore to the mill to ensure it is run at capacity while being constrained by mining fleet capacity and practical development and vertical advance rates.

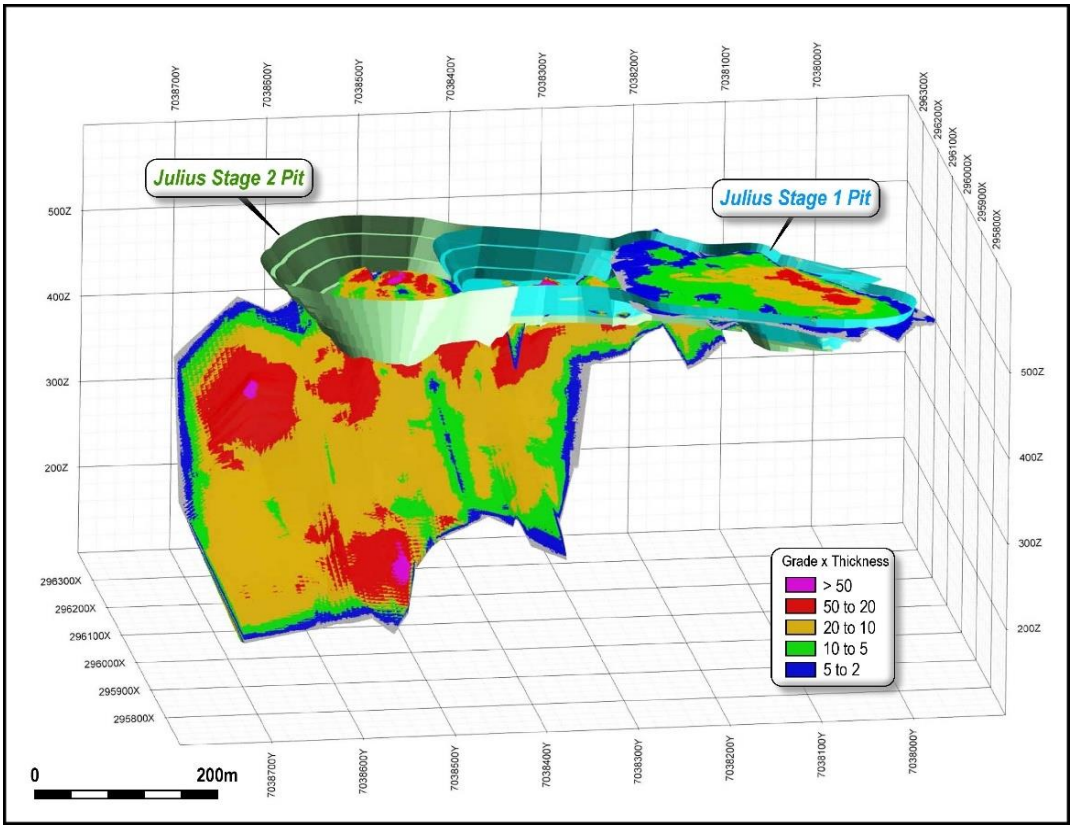



Figure 4: Julius Gold Deposit 3D Orthogonal Image with Pit Designs (looking east)

*Metallurgical & Processing Assumptions*

The Julius Gold Project Bankable Feasibility Study published in January 2017 established the production pathway for ore mined from Echo's tenements being processed through the refurbished Bronzewing treatment plant. The Bronzewing plant utilizes a conventional comminution and CIL processing path and has a capacity of up to 2.0Mtpa.

The Bronzewing plant has a two-stage crushing circuit, followed by SAG/Ball mill with installed pebble crusher. The comminution circuit includes gravity extraction, followed by CIL and carbon elution circuits. It is a conventional flowsheet for a gold ore treatment plant.

Julius ore metallurgical characterisation was completed and reported in the Bankable Feasibility Study with excellent recoveries and leaching kinetics. Ore from the Orelia open pit has previously been treated through the Bronzewing plant. Samples from the 2017 Orelia resource drilling were submitted to commercial laboratories for metallurgical test work to confirm that the gold recovery and ore physical properties were in line with historical processing performance. The results for Orelia ore were consistent with the historical data for gold recovery and ore physical properties.

The characterisation established that both Julius and Orelia ore are amenable to treatment through conventional CIP/CIL plant flowsheets with an installed gravity circuit with estimated recoveries of 92%. The Bronzewing plant flowsheet and installed equipment is well suited to treating the Julius and Orelia ore. Based on modelling results, a throughput rate of 1.8Mtpa t/hr was selected for the reserve processing capacity when treating Julius and Orelia ore blends. This rate is consistent with the Julius and Orelia mine production rates.

The ore characterisation results for Julius and Orelia are presented in the table below.

| Aspect | Orelia | Julius | Orelia and Julius Ore blend to mill |
|---|---|---|---|
| Nature | Free Milling | Free Milling | Free Milling |
| Ore Grade g/t | 2.10 | 2.40 | 2.15 |
| Moisture Content % | 1.80 | 10.00 | 5.90 |
| Ore SG | 2.90 | 2.50 Laterite<br>2.02 Oxide | 2.60 |
| Gravity Gold Recovery | 30% | 30% | 30% |
| Crushing Work Index kWhr/t | 7.7 | - | - |
| Abrasion Index | 0.1213 | 0.0014 Laterite<br>0.0012 Oxide | - |
| Bond Ball Mill Work Index kWhr/t | 16.7 | 19.6 Laterite<br>12.8 Oxide | 17.0 |
| Gravity/Leach Recovery at P80 125 um | 92% | 92% | 92% |
| CN Consumption kg/t | 0.75 - 1.00 | 0.75 - 1.00 | 0.75 - 1.00 |
| Lime Consumption - Site Water kg/t | 0.7 | 2.5 | 2.5 |
| Oxygen Injection | 0.8$m^3$/tonne | 0.8$m^3$/tonne | 0.8$m^3$/tonne |

Table 6: Comminution & Recovery Test Work Summary

Capital costs for process plant refurbishment and infrastructure are estimated in Australian dollars at an exchange rate of A$1:US$0.75. To determine the economic and technical viability of Ore Reserves all key capital cost estimates for processing plant refurbishment and infrastructure, mining and sustaining capital are estimated at +/- 20% accuracy. Capital costs have been estimated at $22.6 million for plant refurbishment including the crushing circuit, along with mine establishment at both Julius and Orelia. Echo currently holds approximately A$15 million in cash and equivalents and has

a market capitalisation well above the capital cost requirement for the project and accordingly it is confident the Company will be able to finance the project.

| Work Area | Estimate (A$) |
|---|---|
| Julius mine infrastructure setup | $258,715 |
| Haul road establishment | $3,994,285 |
| Accommodation village maintenance | $252,000 |
| Infrastructure setup | $285,000 |
| Administration | $519,050 |
| Bronzewing plant refurbishment | $16,386,812 |
| Consumables and first fill | $377,010 |
| Owners Costs | $478,560 |
| **Total** | **$22,551,432** |

Table 7: Capital Cost Summary

Metallurgical test work for the Orelia and Julius ores confirmed the reagent consumption rates for the ore processing. Unit consumption rates for major consumables used for process cost modelling were - cyanide 0.8kg/t, lime 2.50kg/t and grinding media 0.5kg/t.

Tailings will be disposed of in the licenced in-pit tailings storage facility, which has sufficient capacity to store at least a further 12Mt of tailings.

### *Infrastructure*

There is existing road access to the Bronzewing plant, the Orelia deposit and the Julius mine site. The Bronzewing facilities include an unsealed airstrip suitable for propeller aircraft which is approximately 1.5 hours flying time from Perth. The all-weather Leinster airstrip is also an option.

All major infrastructure to support the operations is in place and includes:

- All electricity network and power station infrastructure, available for a suitable contract power supplier;
- Minimum tailings storage capacity of 12Mt in the depleted Discovery Pit, located approximately 1.7 km SW of the plant.
- The Bronzewing site administration, warehouse and workshop buildings remain in place.
- Suitable site office and accommodation facilities will be provided at the Julius mine site, by relocation of spare transportable buildings from Bronzewing;
- Ore haulage from the Julius mine to the Bronzewing plant will be undertaken on purposely constructed sections of private haul road and also utilising upgraded sections of the Barwidgee road. The total haul road length is approximately 73 km;
- The Bronzewing site includes an accommodation village suitable for housing up to 200 people in its current configuration.
- Raw water can be sourced from a licenced borefield and disused open pits with pipework currently in place.

### *Cost & Economic Assumptions*

Processing Costs were developed from the Mintrex cost estimate methodology utilised in the BFS for processing Julius Ore. Unit processing costs were estimated to be $18.24 per tonne at a treatment rate of 1.8Mtpa.

| Activity | 1.6Mtpa (195 t/hr) | | 1.8Mtpa (210 t/hr) | | 2.0Mtpa (240 t/hr) | |
|---|---|---|---|---|---|---|
| | A$p.a | A$/t | A$p.a | A$/t | A$p.a | A$/t |
| Labour | 6,486,200 | $4.05 | 6,486,200 | $3.60 | 6,486,200 | $3.24 |
| Maintenance (fixed) | 1,829,300 | $1.14 | 1,829,300 | $1.02 | 1,829,300 | $0.91 |
| Mobile Equipment | 2,035,353 | $1.27 | 2,289,772 | $1.27 | 2,544,191 | $1.27 |
| Power | 9,860,000 | $6.16 | 11,092,500 | $6.16 | 12,016,875 | $6.01 |
| Consumables | 8,098,768 | $5.06 | 9,111,114 | $5.06 | 10,123,460 | $5.06 |
| Maintenance (variable) | 1,802,880 | $1.13 | 2,028,240 | $1.13 | 2,253,600 | $1.13 |
| **Total** | **30,112,501** | **$18.82** | **32,837,126** | **$18.24** | **35,253,626** | **$17.63** |

Table 8: Processing Cost Estimates

### *Social & Environmental*

As Bronzewing has a previous operating history and was last operating in 2013, the required licences and approvals were in existence with some still remaining current. Reactivation of these approvals is considered relatively straightforward. There appears to be no environmental impediments to the Project proceeding.

| Approval | Status |
|---|---|
| **1.** Mining Proposals - Julius (DMIRS) | ML 53/1099 granted June 2017 |
| **2.** Julius Land Access Native Title Agreement | Completed |
| **3.** State Deed for Granting of M53/1099 | Completed & granted |
| **4.** Clearing Permit - Julius project | 7422/1 granted |
| **5.** EPA 1986 Licence L8358/2009/2 | Held for Bronzewing, currently on C&M status |
| **6.** Licence to Take Water (DoW) – 3.75 MkL p.a. | Held for Bronzewing operation |
| **7.** Project Management Plan (DMIRS) | Being prepared for submission when required |
| **8.** Julius Haul Road Clearing Permit | Approval expected late 2017 |
| **9.** Julius Haul Road Mining Proposal | Will be submitted to align with construction timing |
| **10.** Water Abstraction Licences | Julius and Bronzewing licenses in place |
| **11.** Orelia Mining Proposal | Being prepared for submission when required |

Table 9: Approvals Status

### *Yandal Project Study*

The January 2017 Julius Bankable Feasibility Study (R*efer to ASX Announcement dated 17 January 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of reporting of Mineral Resources and results of the BFS that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement*) which supports parameters forming part of this Ore Reserve estimate will be updated to incorporate pertinent aspects of the Orelia mining and processing parameters with the updated study expected to be completed in early 2018. In addition, updated mining costs have been sought from a number of contractors and have been incorporated as a part of the cost assumptions used for this Ore Reserve estimate.

The Ore Reserve has been completed on the basis of the ongoing Feasibility Study which is being completed. Outstanding components of the study are not considered to have a material impact on the Ore Reserve. Material assumptions (social and environmental, mining, processing, infrastructure and economic) are being considered as a part of the Feasibility Study to date and during the Ore Reserve estimation process. All operational aspects utilise conventional technology which is widely utilised in the industry and all inputs are technically achievable, providing the basis of a technically and economically viable project.

In parallel the Company will continue to assess optimal funding solutions for the restart of operations at Bronzewing, while continuing with its active exploration and resource development activities.

A drill programme is planned at Orelia with the aim of converting a large proportion of the higher-grade Resource from indicated to measured thereby resulting in an enhanced Proven Ore Reserve.

## 2017 Exploration Program

**Exploration Success at Lowlands Gold Prospect (70% Echo)**

The Lowlands gold prospect was acquired by Echo in August 2016 after being identified as an area that could potentially add quality ounces to Echo's resource base. This recent program at Lowlands comprised 19 AC holes for 711m with the aim of assessing the quality of historical drilling assays and test areas for extensions to known mineralisation. For full details of the results please refer to ASX Announcement dated 8 November 2017.

Exploration success from near-surface drilling at the Lowlands gold prospect highlighted the potential to add quality ounces to Echo's resource base with results including:

- **22 metres @ 3.85 g/t Au** from 20 metres (LLAC013, inc. 4 metres @ 16.09g/t)
- **20 metres @ 1.91 g/t Au** from 16 metres (LLAC014, inc. 4 metres @ 5.14g/t)
- **32 metres @ 1.30 g/t Au** from 16 metres (LLAC007)
- **26 metres @ 1.29 g/t Au** from 12 metres (LLAC010)
- **20 metres @ 1.17 g/t Au** from 36 metres (LLAC006)

Lowlands comprises shallowly south-west dipping mineralised quartz veins, within a package of sheared and carbonated mafic rocks, which outcrop in historical workings at surface (Figure 2). Mineralisation extends over 350m of strike and remains open along strike and at depth (Figure 3).

**The quality of results from this round of drilling highlight the potential to add quality, near surface resource ounces within trucking distance of the Bronzewing processing facility.** Echo plans to send an updated drilling database to an external consultant for resource modelling and pit optimisation studies, while further AC and reverse-circulation (RC) resource extension drilling is planned before the end of the year.

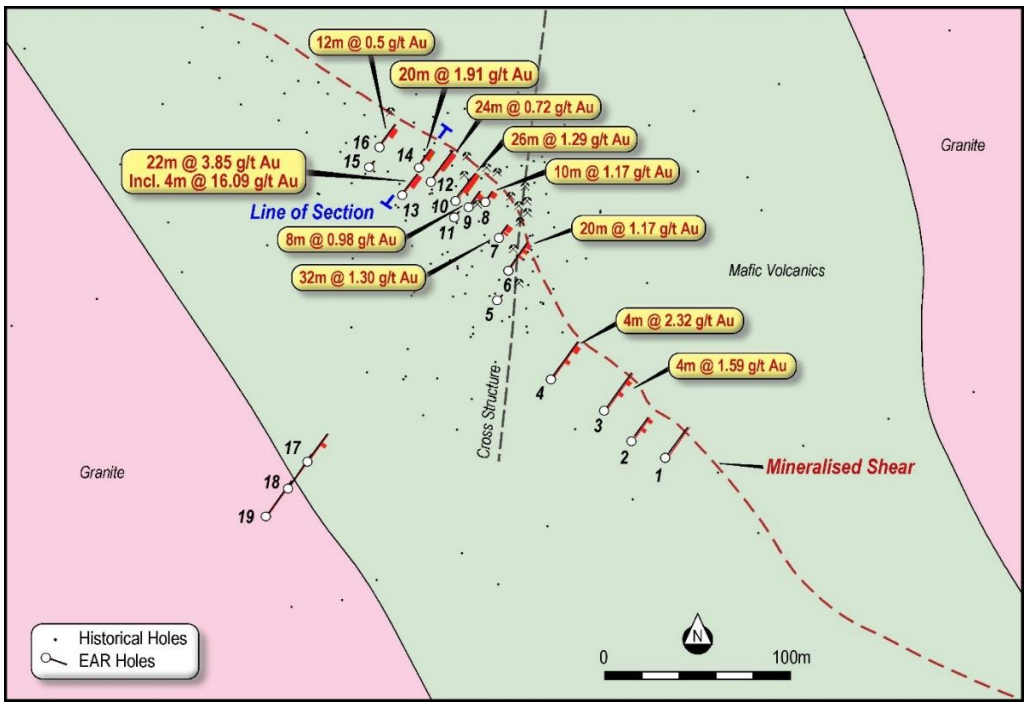



Figure 5: Plan view of the Lowlands Prospect highlighting recent holes drilled by Echo Resources.

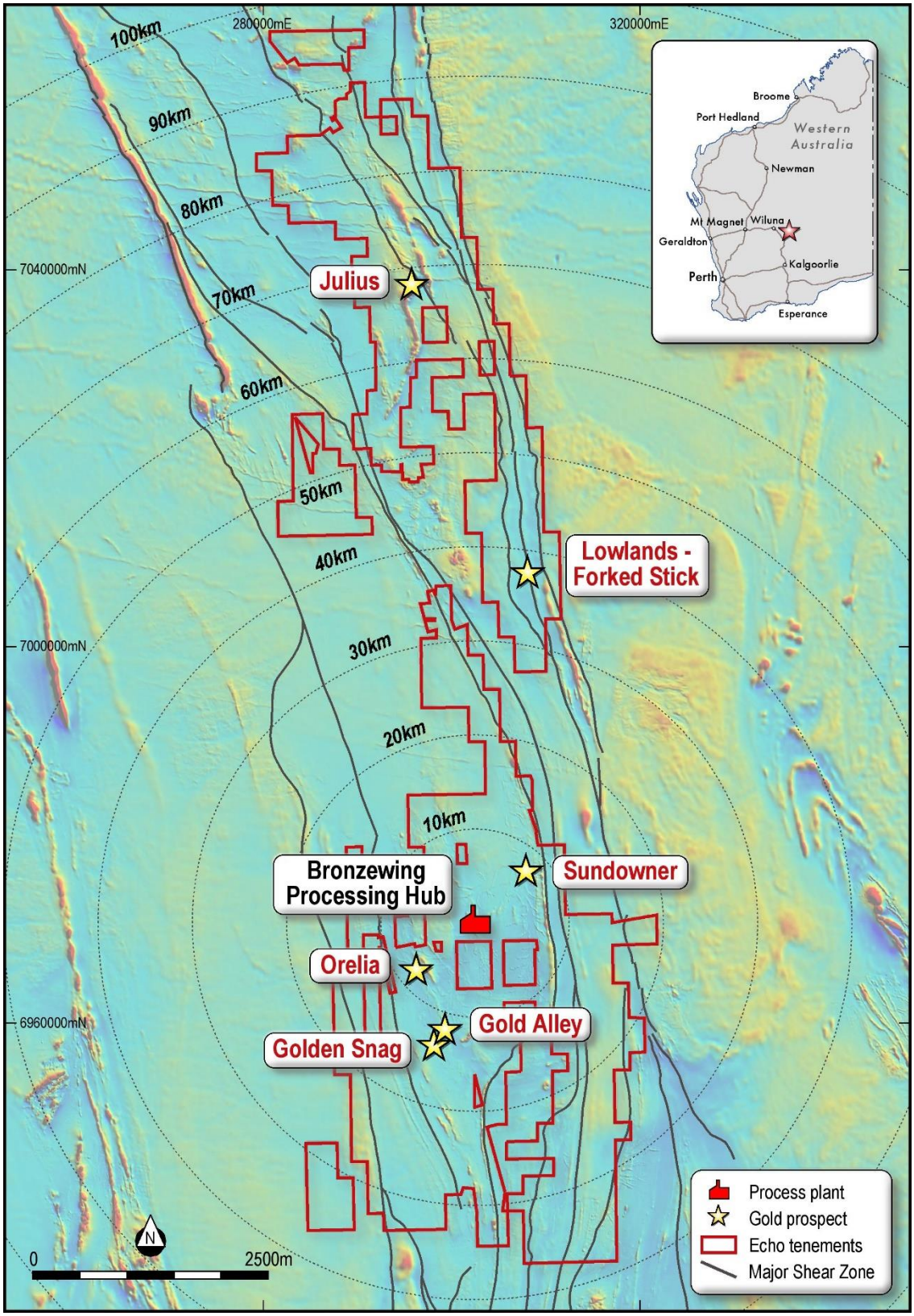



Figure 6: Echo Tenement Holdings and Prospects

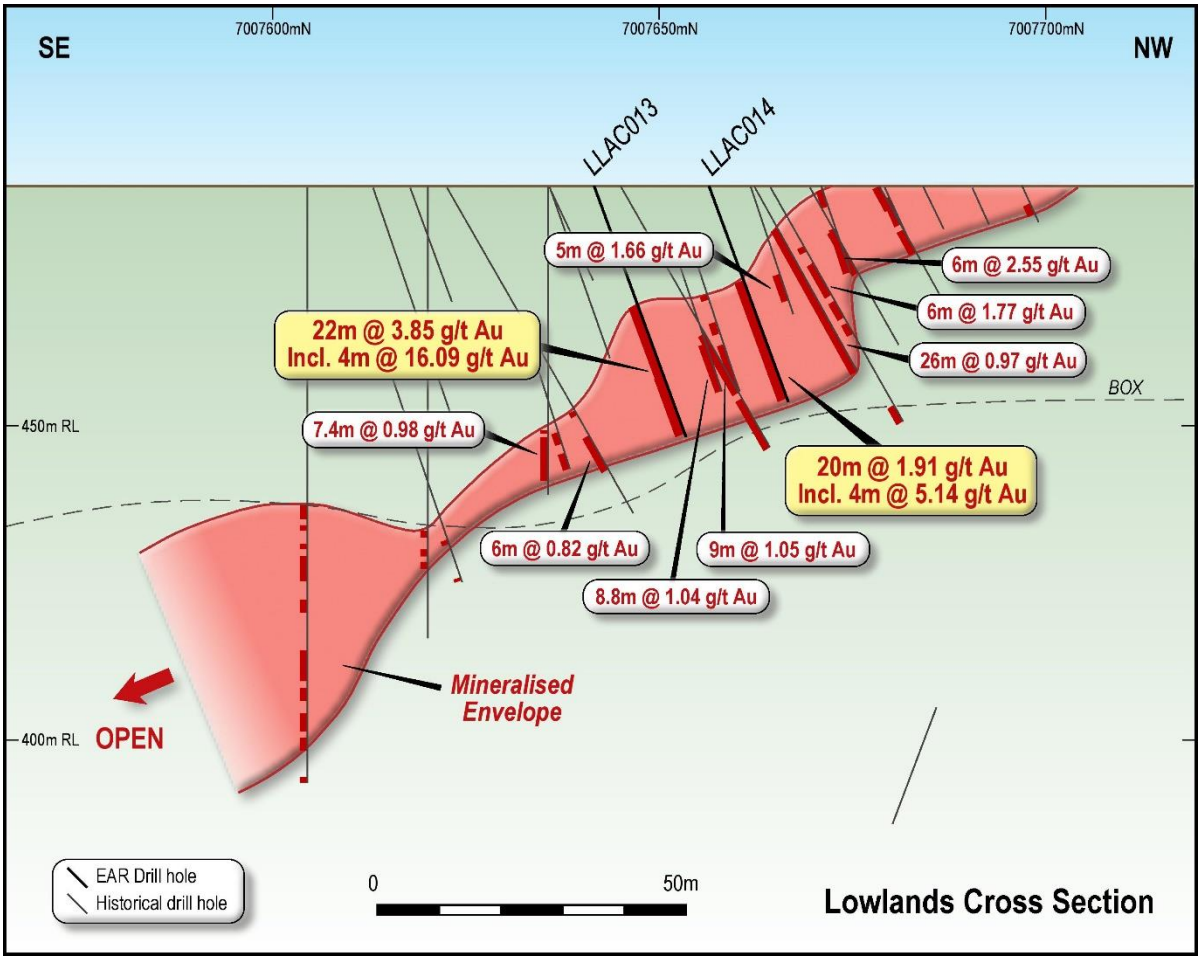



Figure 7: Cross-Section through the Lowlands Prospect

**Sundowner Gold Prospect**

The Sundowner gold prospect is located approximately 9km north-east of the Bronzewing processing facility (Figure 1). A total of 19 AC holes for 926m were drilled at Sundowner following up near surface anomalism detected in broad spaced historical RAB/AC traverses.

The Sundowner prospect sits on the eastern edge of a tertiary aged paleochannel (Figure 4) which is greater than 50m thick in places, and consists of transported sediments overlying mafic saprolite. Two flat lying zones of mineralisation have been identified at Sundowner; an upper zone developed in the lateritic residuum at the base of the transported material, and a lower zone within ferruginous saprolite (Figure 5).

Similar zones of anomalism overlie the Bronzewing deposit and Bronzewing was discovered following reconnaissance bedrock drilling and sampling of lateritic residuum and ferruginous saprolite (Anand et al., 2005). **These results highlight the Sundowner corridor as a potential deep exploration target to identify ore bodies hidden under thick transported cover and deep weathering profiles.**

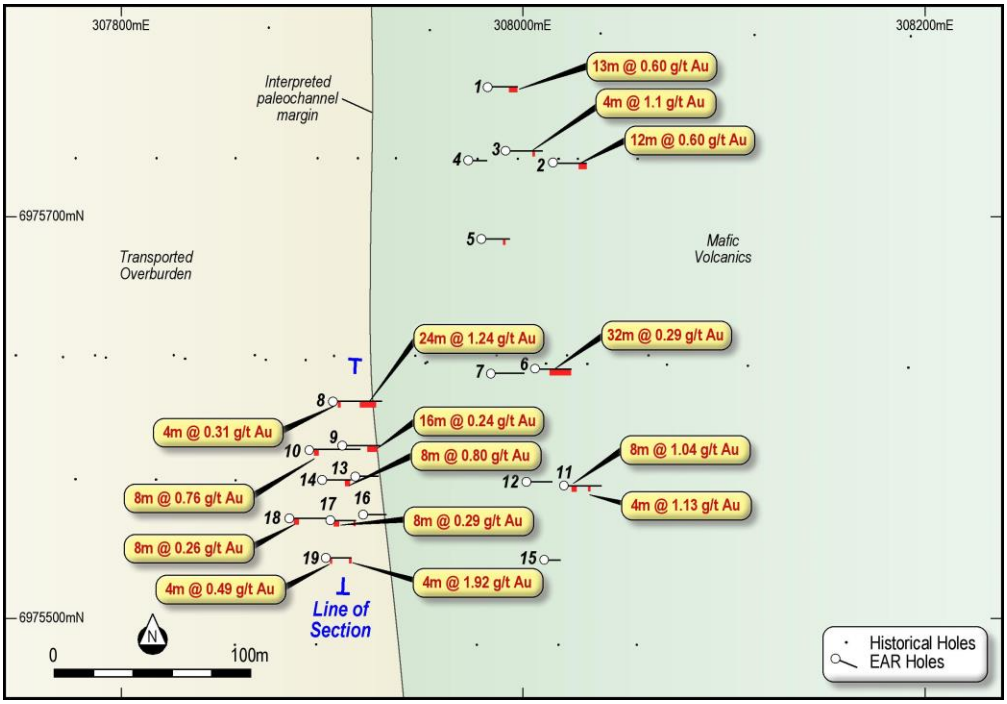



Figure 8: Sundowner plan view

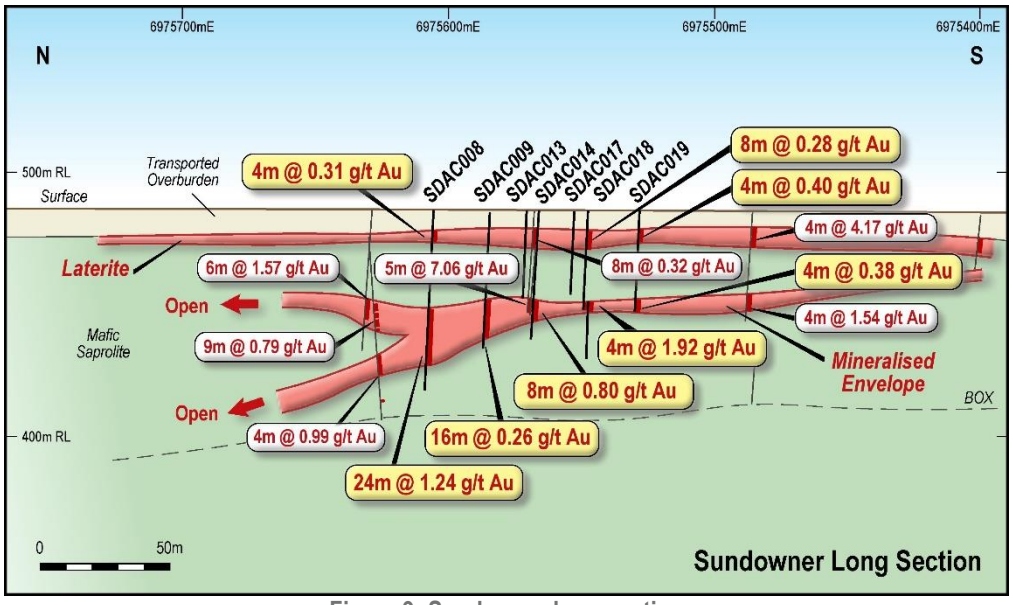



Figure 9: Sundowner long-section

**Gold Alley Gold Prospect**

The Gold Alley prospect is located 12km SW of the Bronzewing processing hub (Figure 1) and was identified through geophysical interpretation and ground reconnaissance. Gold Alley sits along strike from the +1Moz Orelia Deposit, in a similar stratigraphic and structural setting, and has never previously been drill tested.

Auger geochemistry over the area highlighted a strong soil anomaly over which the AC drilling was conducted. 31 AC holes for 1766m were drilled and identified narrow zones of anomalism over ~350m of strike (Figures 6 & 7). **Results from drilling, coupled with further mapping and the discovery of surficial gold nuggets, suggests further testing is required to the north and east of the completed drill program.**

Gold Alley forms part of Echo's strategy to test a number of conceptual targets in the constant pursuit of the next undiscovered gold deposit in the Yandal Belt.

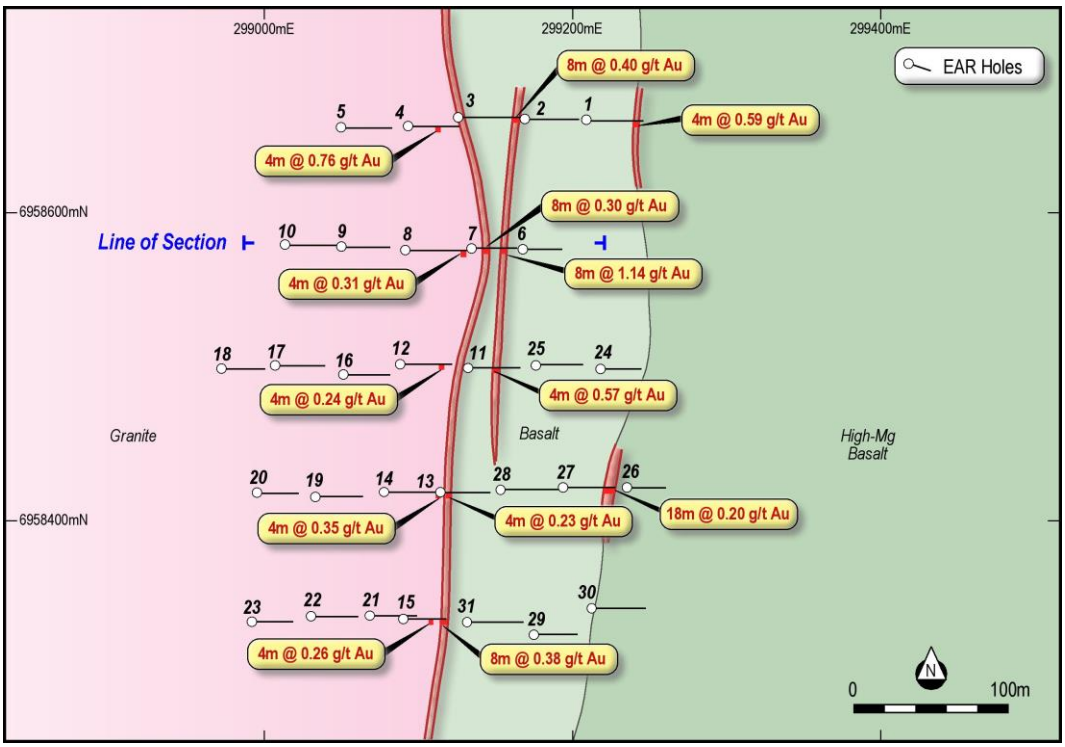



Figure 10: Gold Alley plan view

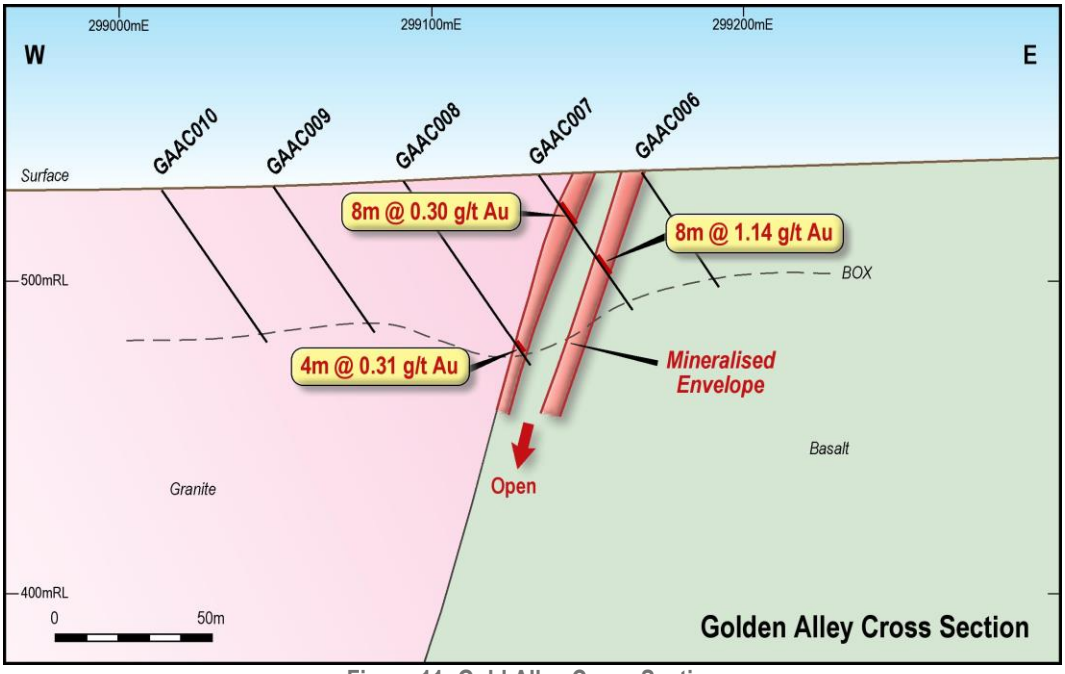



Figure 11: Gold Alley Cross-Section

**Golden Snag and Julius North drilling cap a successful 2017 exploration program for Echo**

*Golden Snag Gold Prospect*

The Golden Snag prospect is located 12 kilometres southwest of the Bronzewing processing hub (Figure 1) and was identified through geophysical interpretation and ground reconnaissance. Golden Snag sits along strike from the +1Moz Orelia Deposit, on the dilatant margin of an internal granitoid.

Drilling at the prospect has returned high grade intersections, such as 6 metres @ 7.55 g/t Au from 38 metres, over a strike length of 400 metres within a structural corridor over 300 metres in width.

Auger geochemistry over the area highlighted a strong soil anomaly over which the AC drilling was conducted. 33 AC holes for 1831m were drilled and identified a series of narrow, high-grade veins within a NE-trending structural corridor extending over 250 metres. The best intersections (6m @ 7.55g/t inc. 1m @ 24.46 g/t and 1m @ 18.37 g/t) are located where the NE-trending structure offsets the granite contact, forming a dilatant structural zone. This structure can be traced in the magnetics and its intersection with favourable lithological units and other structures are considered excellent exploration targets. Results from drilling, suggest deeper RC drilling and extensional AC drilling is required to test the vertical and lateral continuity of the newly discovered high-grade veins.

Golden Snag forms part of Echo's strategy to test a number of conceptual targets in the pursuit of the next undiscovered gold deposit in the Yandal Belt.

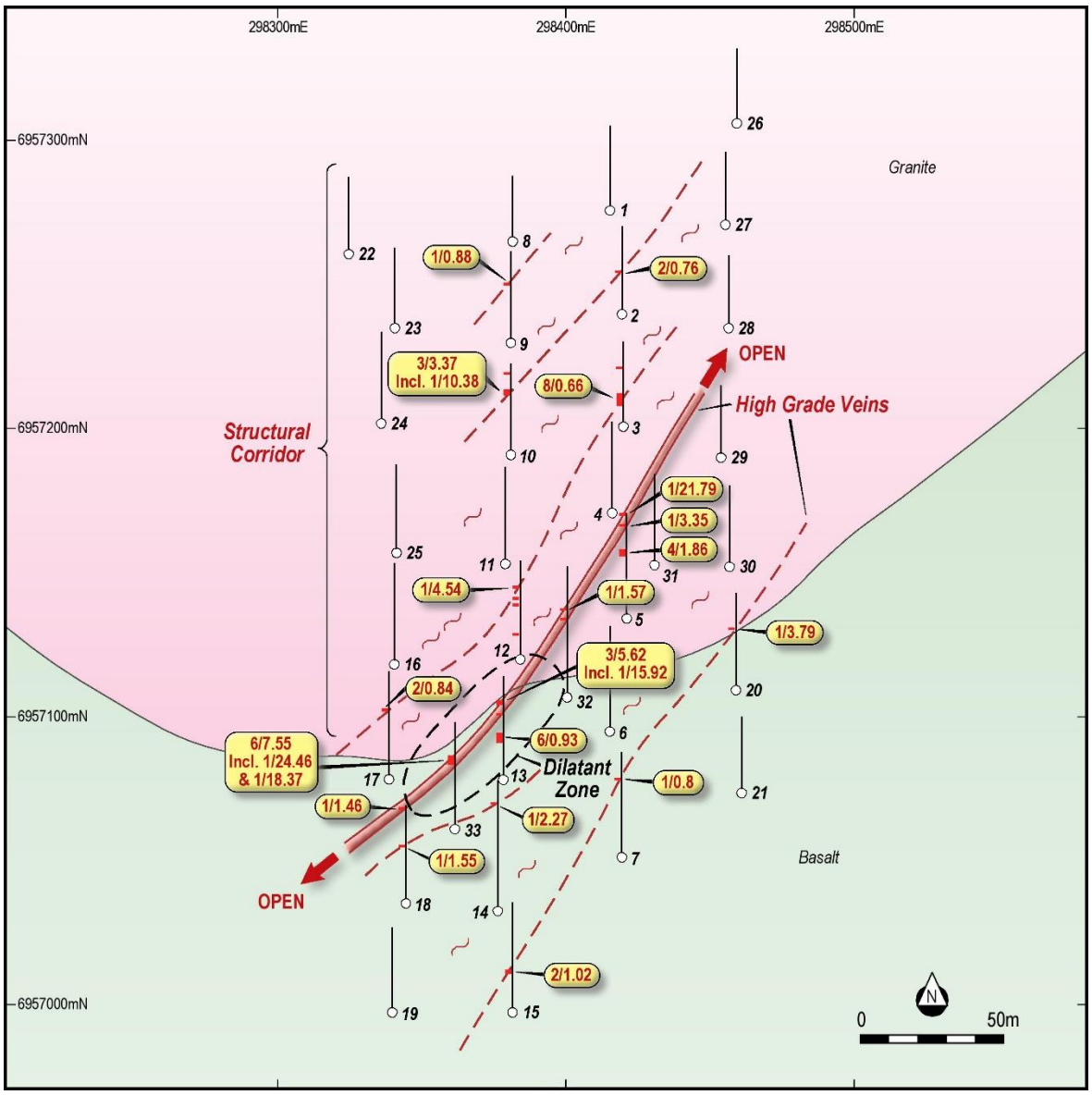



Figure 12: Golden Snag Prospect plan view with key geology

### *Julius North Reconnaissance Drilling*

A number of aircore holes were completed at the Julius North Gold Prospect, with the overall aim of the drill program to allow the Company to better identify the interpreted granite-greenstone contact which is host to the 335,000-ounce Julius

Gold Deposit located 600 metres south. This area of untested contact appears to be the nose of the Julius Granodiorite an interpreted zone of significant dilation located on the contact between the greenstone and granite contact.

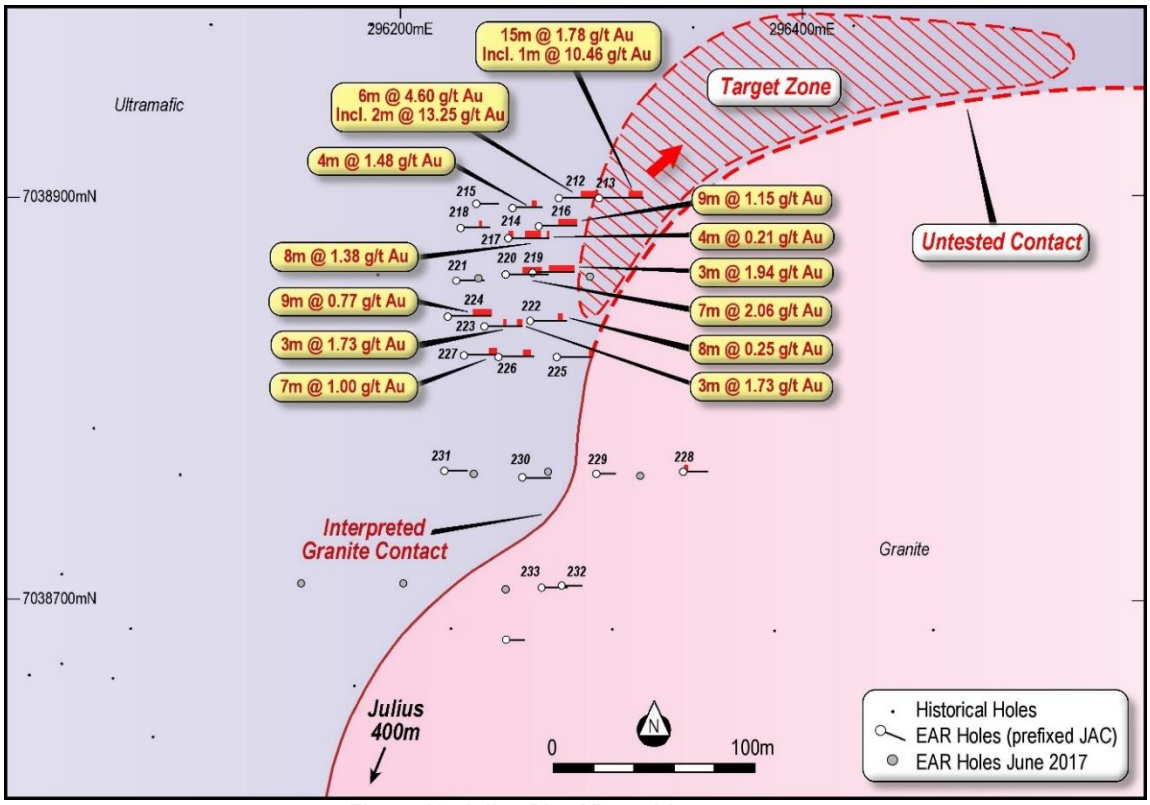



Figure 13: Julius Plan View with target zone

These results indicate the potential for this area to host a similar supergene style of mineralisation that has been observed at other deposits in the Empire District, most notably the Julius Gold Deposit. Although these results are only preliminary we are excited by the potential of the area and an RC drilling program is planned for early 2018 to test the target zone.

## Corporate

### A$15m Fully Underwritten Placement

During the quarter the Company completed the placement of 68,181,818 new fully paid ordinary shares to institutional and sophisticated investors at an issue price of $0.22 per share. The issue price represented a 3.7% discount to the 10-day volume weighted average price of shares up to and including 20 October 2017. Canaccord Genuity (Australia) Limited was Sole Underwriter and Bookrunner, Euroz Securities Limited was Joint Lead Manager and BW Equities acted as a broker to the issue. The Placement shares were issued on 1 November 2017.

### Becoming a Substantial Holder from NST

On 8 December 2017 the Company received a Notice of Substantial Shareholder from Northern Star Resources Limited (Northern Star) (ASX: NST). Northern Star purchased 80 million shares in Echo on-market at an average price of $0.29 representing a 16.4% interest.

### Annual General Meeting

During the quarter the Echo Resources Annual General Meeting was held on 30 November 2017 with all resolutions passed on a show of hands.

### Cash Balance

At the end of the December quarter the Company held $14.4 million of cash on hand.

# Appendix 1 – MINERAL RESOURCE ESTIMATES AS AT 31 DECEMBER 2017

## Echo Mineral Resource Estimates[7]

| (Ownership, Cut-off) | Measured | | | Indicated | | | Inferred | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tonnes (Mt) | Grade (g/t Au) | Ounces (Au) | Tonnes (Mt) | Grade (g/t Au) | Ounces (Au) | Tonnes (Mt) | Grade (g/t Au) | Ounces (Au) | Tonnes (Mt) | Grade (g/t Au) | Ounces (Au) |
| Julius[4] (100%, 0.8) | 1.8 | 2.1 | 124,227 | 1.6 | 1.3 | 67,789 | 1.8 | 2.5 | 142,991 | 5.2 | 2.0 | 335,007 |
| Regional[5] (100%, 0.5) | | | | | | | 2.8 | 1.5 | 134,925 | 2.8 | 1.5 | 134,925 |
| Corboys[3] (100%, 1.0) | | | | 1.7 | 1.8 | 96,992 | 0.5 | 1.8 | 28,739 | 2.2 | 1.8 | 125,731 |
| Orelia[4] (100%, 1.0) | | | | 14.1 | 2.2 | 980,000 | 1.8 | 1.7 | 100,000 | 15.9 | 2.1 | 1,080,000 |
| Woorana North[2] (100%, 0.5) | | | | 0.3 | 1.4 | 13,811 | | | | 0.3 | 1.4 | 13,811 |
| Woorana South[2] (100%, 0.5) | | | | 0.1 | 1.0 | 3,129 | | | | 0.1 | 1.0 | 3,129 |
| Fat Lady[1,2] (70%, 0.5) | | | | 0.7 | 0.9 | 19,669 | | | | 0.7 | 0.9 | 19,669 |
| Mt Joel 4800N[1,2] (70%, 0.5) | | | | 0.2 | 1.7 | 10,643 | | | | 0.2 | 1.7 | 10,643 |
| **Total Mineral Resources** | **1.8** | **2.1** | **124,227** | **18.7** | **2.0** | **1,192,033** | **6.9** | **1.8** | **406,655** | **27.4** | **2.0** | **1,722,915** |

## Echo Ore Reserves

| (Ownership, Cut-off) | Proved | | | Probable | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | Tonnes (Mt) | Grade (g/t Au) | Ounces (Au) | Tonnes (Mt) | Grade (g/t Au) | Ounces (Au) | Tonnes (Mt) | Grade (g/t Au) | Ounces (Au) |
| Orelia[6] (100%, 0.6) | | | | 14.1 | 1.7 | 753,000 | 14.1 | 1.7 | 753,000 |
| Julius[6] (100%, 0.8) | 1.4 | 2.2 | 95,000 | 0.1 | 1.8 | 8,000 | 1.5 | 2.1 | 103,000 |
| **Total Ore Reserves** | **1.4** | **2.2** | **95,000** | **14.2** | **1.7** | **761,000** | **15.6** | **1.7** | **856,000** |

*Notes:*

1. *Resources are adjusted for Echo's 70% ownership interest*
2. *Resources estimated by CoxsRocks (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. Echo 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. Echo 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 & 7 September 2017. 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 Stuart Cruickshanks (refer to Competent Persons Statements) in accordance with JORC Code 2012, for full details of the Ore Reserve estimate refer to the Echo Resources Limited announcement to ASX on 27 November 2017. 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 Ore Reserve estimate in the previous announcement continue to apply and have not materially changed.*
7. *Mineral Resources are inclusive of Ore Reserves.*

# Appendix 2 – CAUTIONARY STATEMENTS AND DISCLOSURES

**Forward Looking Statements**

This announcement includes certain 'forward looking statements'. All statements, other than statements of historical fact, are forward looking statements that involve various risks and uncertainties. There can be no assurances that such statements will prove accurate, and actual results and future events could differ materially from those anticipated in such statements. Such information contained herein represents management's best judgement as of the date hereof based on information currently available. The Company does not assume any obligation to update any forward-looking statement.

**Competent Persons' Declarations**

The information in this announcement that relates to Exploration Results and previous historic drilling results is based on information compiled by Simon Coxhell, a Director of Echo Resources and 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 they are 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

# Appendix 3 – TENEMENT HOLDINGS AS AT 31 DECEMBER 2017

| Tenement ID | Status | Ownership at Quarter End | Interest Acquired During the Quarter | Interest Disposed During the Quarter |
|---|---|---|---|---|
| E36/667 | Granted | 100% | - | - |
| E36/715 | Granted | 100% | - | - |
| E36/810 | Granted | 100% | - | - |
| E36/826 | Granted | 100% | - | - |
| E36/898 | Application | 100% | - | - |
| E36/900 | Granted | 100% | - | - |
| E36/903 | Application | 100% | - | - |
| E37/1313 | Granted | 100% | - | - |
| E53/1042 | Granted | 100% | - | - |
| E53/1324 | Granted | 100% | - | - |
| E53/1405 | Granted | 100% | - | - |
| E53/1430 | Granted | 100% | - | - |
| E53/1472 | Granted | 100% | - | - |
| E53/1546 | Granted | 100% | - | - |
| E53/1586 | Granted | 100% | - | - |
| E53/1736 | Granted | 100% | - | - |
| E53/1830 | Granted | 100% | - | - |
| E53/1934 | Application | 100% | - | - |
| E53/1954 | Application | 100% | - | - |
| L53/57 | Granted | 100% | - | - |
| L53/59 | Granted | 100% | - | - |
| L53/203 | Granted | 100% | - | - |
| L53/204 | Granted | 100% | - | - |
| L53/206 | Granted | 100% | - | - |
| M53/144 | Granted | 100% | - | - |
| M53/145 | Granted | 100% | - | - |
| M53/149 | Granted | 100% | - | - |
| M53/160 | Granted | 100% | - | - |
| M53/170 | Granted | 100% | - | - |
| M53/183 | Granted | 100% | - | - |
| M53/186 | Granted | 100% | - | - |
| M53/220 | Granted | 100% | - | - |
| M53/379 | Granted | 100% | - | - |
| M53/434 | Granted | 100% | - | - |
| M53/555 | Granted | 100% | - | - |
| M53/631 | Granted | 100% | - | - |
| M53/721 | Granted | 100% | - | - |
| M53/1080 | Granted | 100% | - | - |
| M53/1099 | Granted | 100% | - | - |
| P53/1515 | Granted | 100% | - | - |
| P53/1649 | Granted | 100% | - | - |
| P53/1650 | Granted | 100% | - | - |
| P53/1651 | Granted | 100% | - | - |

| Tenement ID | Status | Ownership at Quarter End | Interest Acquired During the Quarter | Interest Disposed During the Quarter |
|---|---|---|---|---|
| P53/1652 | Granted | 100% | - | - |
| P53/1653 | Granted | 100% | - | - |
| P53/1654 | Granted | 100% | - | - |
| P53/1655 | Granted | 100% | - | - |
| P53/1656 | Granted | 100% | - | - |
| P53/1657 | Granted | 100% | - | - |
| P53/1658 | Granted | 100% | - | - |
| P53/1659 | Granted | 100% | - | - |
| P53/1661 | Granted | 100% | - | - |
| P53/1662 | Granted | 100% | - | - |
| P53/1663 | Granted | 100% | - | - |
| P53/1664 | Granted | 100% | - | - |
| P53/1665 | Granted | 100% | - | - |
| E53/1890 | Granted | 70% | - | - |
| E36/693 | Granted | 70% | - | - |
| E53/1373 | Granted | 70% | - | - |
| E36/838 | Granted | 100% | - | - |
| E37/1200 | Granted | 100% | - | - |
| E53/1847 | Granted | 100% | - | - |
| M24/959 | Granted | 100% | - | - |
| E36/593 | Granted | 100% | - | - |
| E36/604 | Granted | 100% | - | - |
| E36/749 | Granted | 100% | - | - |
| E36/847 | Granted | 100% | - | - |
| E36/862 | Granted | 100% | - | - |
| E36/884 | Granted | 100% | - | - |
| E36/890 | Granted | 100% | - | - |
| E37/846 | Granted | 100% | - | - |
| E37/847 | Granted | 100% | - | - |
| E37/848 | Granted | 100% | - | - |
| E53/1855 | Granted | 100% | - | - |
| E53/1867 | Granted | 100% | - | - |
| E53/1874 | Granted | 100% | - | - |
| L36/55 | Granted | 100% | - | - |
| L36/62 | Granted | 100% | - | - |
| L36/82 | Granted | 100% | - | - |
| L36/84 | Granted | 100% | - | - |
| L36/98 | Granted | 100% | - | - |
| L36/100 | Granted | 100% | - | - |
| L36/106 | Granted | 100% | - | - |
| L36/107 | Granted | 100% | - | - |
| L36/111 | Granted | 100% | - | - |
| L36/112 | Granted | 100% | - | - |
| L36/127 | Granted | 100% | - | - |
| L36/176 | Granted | 100% | - | - |
| L36/183 | Granted | 100% | - | - |
| L36/184 | Granted | 100% | - | - |

| Tenement ID | Status | Ownership at Quarter End | Interest Acquired During the Quarter | Interest Disposed During the Quarter |
|---|---|---|---|---|
| L36/185 | Granted | 100% | - | - |
| L36/186 | Granted | 100% | - | - |
| L36/190 | Granted | 100% | - | - |
| L36/192 | Granted | 100% | - | - |
| L36/200 | Granted | 100% | - | - |
| L36/204 | Granted | 100% | - | - |
| L36/205 | Granted | 100% | - | - |
| L36/219 | Granted | 100% | - | - |
| L37/218 | Granted | 100% | - | - |
| L37/219 | Granted | 100% | - | - |
| L53/133 | Granted | 100% | - | - |
| L53/162 | Granted | 100% | - | - |
| M36/107 | Granted | 100% | - | - |
| M36/146 | Granted | 100% | - | - |
| M36/200 | Granted | 100% | - | - |
| M36/201 | Granted | 100% | - | - |
| M36/202 | Granted | 100% | - | - |
| M36/203 | Granted | 100% | - | - |
| M36/244 | Granted | 100% | - | - |
| M36/263 | Granted | 100% | - | - |
| M36/295 | Granted | 100% | - | - |
| M36/615 | Granted | 100% | - | - |
| M53/15 | Granted | 100% | - | - |
| P36/1734 | Granted | 100% | - | - |
| P36/1735 | Granted | 100% | - | - |
| P36/1736 | Granted | 100% | - | - |
| P36/1737 | Granted | 100% | - | - |
| P36/1738 | Granted | 100% | - | - |
| P36/1740 | Granted | 100% | - | - |
| P37/8514 | Granted | 100% | - | - |
| P53/1622 | Granted | 100% | - | - |
| P53/1623 | Granted | 100% | - | - |
| E36/578 | Granted | 70% | - | - |
| E36/673 | Granted | 70% | - | - |
| E36/698 | Granted | 70% | - | - |
| M53/294 | Granted | 70% | - | - |
| M53/295 | Granted | 70% | - | - |
| M53/296 | Granted | 70% | - | - |
| M53/297 | Granted | 70% | - | - |
| M53/393 | Granted | 70% | - | - |
| M53/544 | Granted | 70% | - | - |
| M53/547 | Granted | 70% | - | - |
| P36/1754 | Granted | 70% | - | - |
| P36/1755 | Granted | 70% | - | - |

*+Rule 5.5*

# 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, 01/05/13, 01/09/16

**Name of entity**

Echo Resources Ltd

| **ABN** | **Quarter ended ("current quarter")** |
|---|---|
| 34 108 513 113 | 31 December 2017 |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (six months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | - | 5 |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (2,098) | (3,598) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (520) | (1,013) |
| | (e) administration and corporate costs | (468) | (675) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 14 | 17 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Research and development refunds | - | - |
| 1.8 | Other (Net GST to be Recouped) | (95) | (115) |
| **1.9** | **Net cash from / (used in) operating activities** | **(3,167)** | **(5,379)** |

| **2.** | **Cash flows from investing activities** | | |
|---|---|---|---|
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | (7) | (7) |
| | (b) tenements (see item 10) | - | (5) |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (six months) $A'000** |
|---|---|---|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **(7)** | **(12)** |

| **3.** | **Cash flows from financing activities** | | |
|---|---|---|---|
| 3.1 | Proceeds from issues of shares | 15,060 | 19,730 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (685) | (935) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **14,375** | **18,795** |

| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
|---|---|---|---|
| 4.1 | Cash and cash equivalents at beginning of period | 3,167 | 964 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (3,167) | (5,379) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (7) | (12) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 14,375 | 18,795 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of period** | **14,368** | **14,368** |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|---|
| 5.1 | Bank balances | 14,368 | 3,167 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **14,368** | **3,167** |

| 6. | Payments to directors of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | (100) |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payments made to Directors for director's fees and consulting fees

| 7. | Payments to related entities of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

N/A

| **8.** | **Financing facilities available**<br>*Add notes as necessary for an understanding of the position* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 8.1 | Loan facilities | - | - |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

N/A

| **9.** | **Estimated cash outflows for next quarter** | **$A'000** |
|---|---|---|
| 9.1 | Exploration and evaluation | (2,600) |
| 9.2 | Development | (700) |
| 9.3 | Production | - |
| 9.4 | Staff costs | (491) |
| 9.5 | Administration and corporate costs | (691) |
| 9.6 | Other (provide details if material) | - |
| **9.7** | **Total estimated cash outflows** | **(4,482)** |

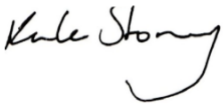
| **10.** | **Changes in tenements (items 2.1(b) and 2.2(b) above)** | **Tenement reference and location** | **Nature of interest** | **Interest at beginning of quarter** | **Interest at end of quarter** |
|---|---|---|---|---|---|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | Nil | | | |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | E37/1313<br>E36/900 | Wholly Owned<br>Wholly Owned | 0%<br>0% | 100%<br>100% |

## Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: Date: 29 January 2018



(Company Secretary)

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.