



# INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2017





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 2017 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*.

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# DIRECTORS' REPORT

Your Directors have pleasure in submitting their report on Echo Resources Limited ('Echo') for the half year ended 31 December 2017.

## 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  
**Simon Coxhell** ..... Chief Executive Officer  
**Gary Lethridge** ..... Finance Director (appointed 8 March 2018)  
**Anthony McIntosh** ..... Non-executive Director  
**Mark Hanlon** ..... Non-executive Director  
**Robin Dean** ..... Non-executive Director

## REVIEW OF OPERATIONS

### YANDAL GOLD PROJECT – ORE RESERVE STATEMENT

The Yandal Gold Project is located approximately 400 kilometres north of Kalgoorlie, Western Australia.

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

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
<b>Total</b>	<b>1.4</b>	<b>2.2</b>	<b>95</b>	<b>14.2</b>	<b>1.7</b>	<b>761</b>	<b>15.6</b>	<b>1.7</b>	<b>856</b>

*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 company is considering adopting a staged development approach which 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 and it is believed there is ample opportunity to do this.

	Stage 1	Stage 1+2
<b>Total Ore (mined)</b>	<b>6.3Mt @ 2.0g/t for 407koz</b>	<b>15.6Mt @ 1.7g/t for 856koz</b>
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) <sup>1</sup>	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 <sup>1</sup>	376,000 oz	785,000 oz
Mining Costs <sup>4</sup>	A\$24.30/t	A\$26.70/t
Ore Haulage <sup>4</sup>	A\$3.80/t	A\$3.20/t
Processing Costs <sup>4</sup>	A\$18.30/t	A\$18.20/t
Site G&A <sup>4</sup>	A\$4.60/t	A\$4.40/t
Sustaining Capital, Royalties <sup>4</sup>	A\$4.90/t	A\$4.40/t
Mill Refurbishment Capital Cost	A\$17M	
Mine Development, First Fill	A\$6.2M	
LOM Revenue <sup>4</sup>	A\$602 million	A\$1,256 million
C1 Cash Cost <sup>4</sup>	A\$959/oz	A\$1,126/oz
All-in Sustaining Costs (incl Capital) <sup>4</sup>	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 as 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.

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.

**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 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.

## 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 and were 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
<b>Total</b>	<b>1.8</b>	<b>2.1</b>	<b>124</b>	<b>15.7</b>	<b>2.1</b>	<b>1,048</b>	<b>17.5</b>	<b>2.1</b>	<b>1,172</b>

**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.

## 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.

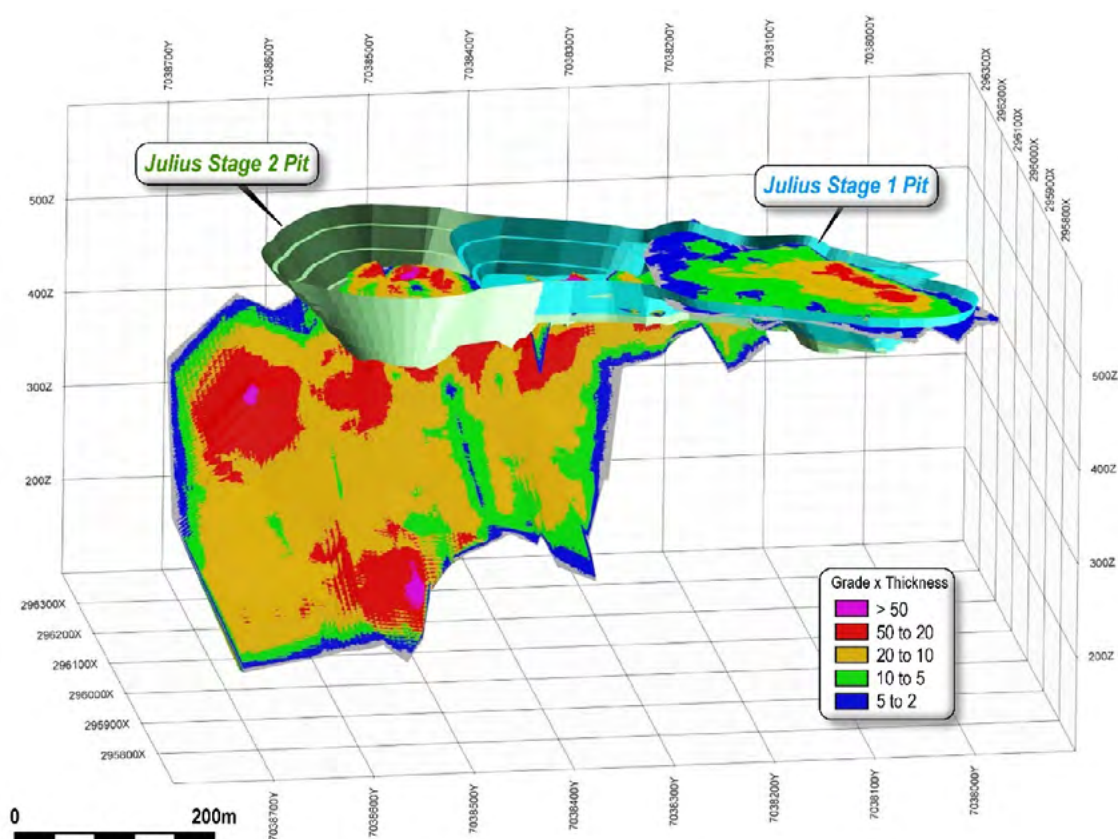


Figure 1: Julius Gold Deposit 3D Orthogonal Image with Pit Designs (looking east)

## METALLURGICAL & PROCESSING ASSUMPTIONS

The Julius Gold Project Bankable Feasibility Study published in January 2017 (please refer to 18 January 2017 announcement for further information) 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 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 0.0012 Oxide	-
Bond Ball Mill Work Index kWhr/t	16.7	19.6 Laterite 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	0.8m <sup>3</sup> /tonne	0.8m <sup>3</sup> /tonne	0.8m <sup>3</sup> /tonne

**Table 4: 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.

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
<b>Total</b>	<b>\$22,551,432</b>

**Table 5: 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 68km;
- 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
<b>Total</b>	<b>30,112,501</b>	<b>\$18.82</b>	<b>32,837,126</b>	<b>\$18.24</b>	<b>35,253,626</b>	<b>\$17.63</b>

*Table 6: 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
EPA 1986 Licence L8358/2009/2	Held for Bronzewing, currently on C&M status
Licence to Take Water (DoW) GWL104591 – 3.75 Mkl p.a.	Held for Bronzewing operation
Project Management Plan (DMIRS)	Being prepared for submission when required
Julius Mining Proposal 63689	Approval 19th June
Julius Mining Proposal – Amendment for haul road construction	Draft submitted for approval
Julius Clearing Permit 7422/1	Granted
Julius Clearing Permit 7422/2 – Haul Road Amendment	Draft Approval 18/1/2018
Julius water Licence (DoW) GWL183545 – 0.33 Mkl p.a.	Granted 1/6/2017
Bronzewing Dangerous Goods Licence DGS015482	Transferred to Echo Resources 17/1/2018
Orelia Mining Proposal	Being prepared for submission when required

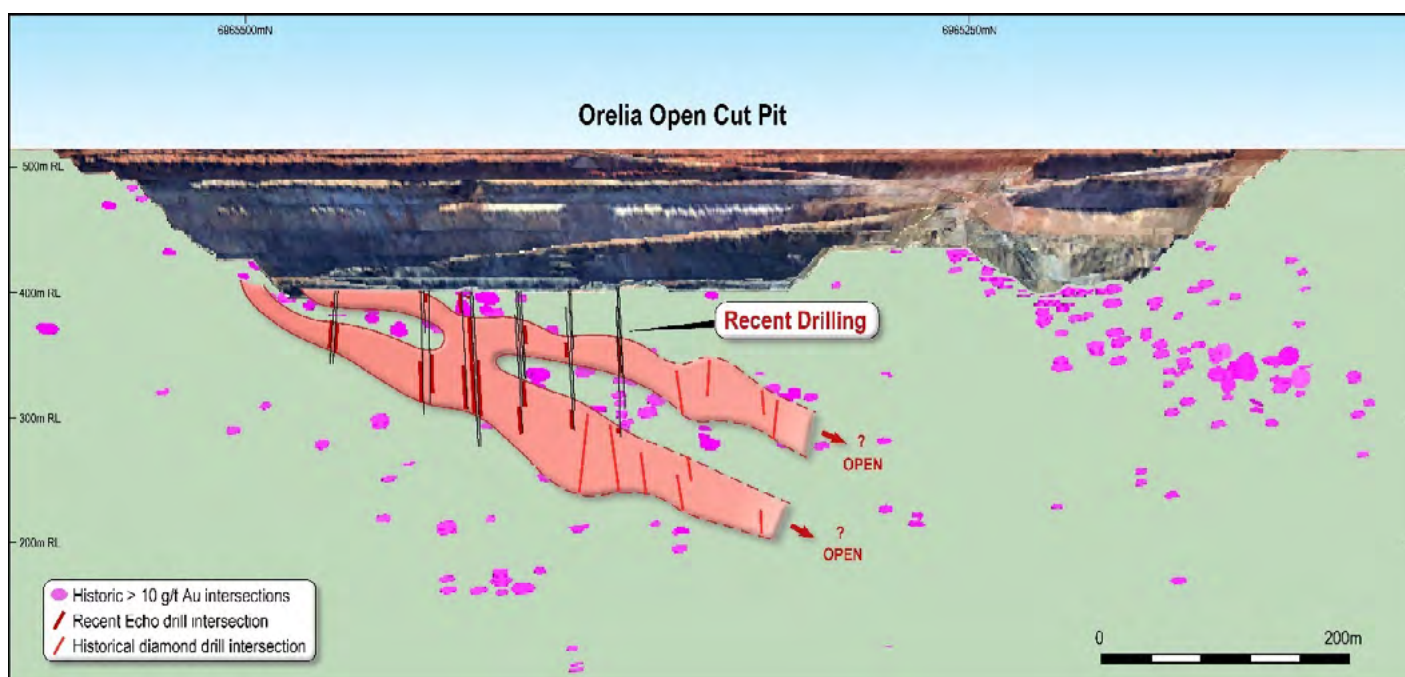
**Table 7: Approvals Status**

## EXPLORATION ACTIVITY

Throughout the half year substantial drilling was completed at Orelia, Lowlands, Sundowner and Gold Alley Prospects. The Company has and will continue to place a large amount of focus on exploration as it looks to further identify new discoveries and increase the overall Yandal Gold Project resource and reserve base.

### ORELIA GOLD DEPOSIT

Echo released the results of 26 reverse circulation (RC) drill holes for 2,597 metres at the Orelia gold deposit during the period (announced to ASX on 4/4/17, 1/5/17, 17/7/17 and 7/8/17). Drilling was completed on a nominal 40m by 10m grid and was focussed on testing mineralisation along strike and down dip.



**Figure 2: Orelia Long Section**



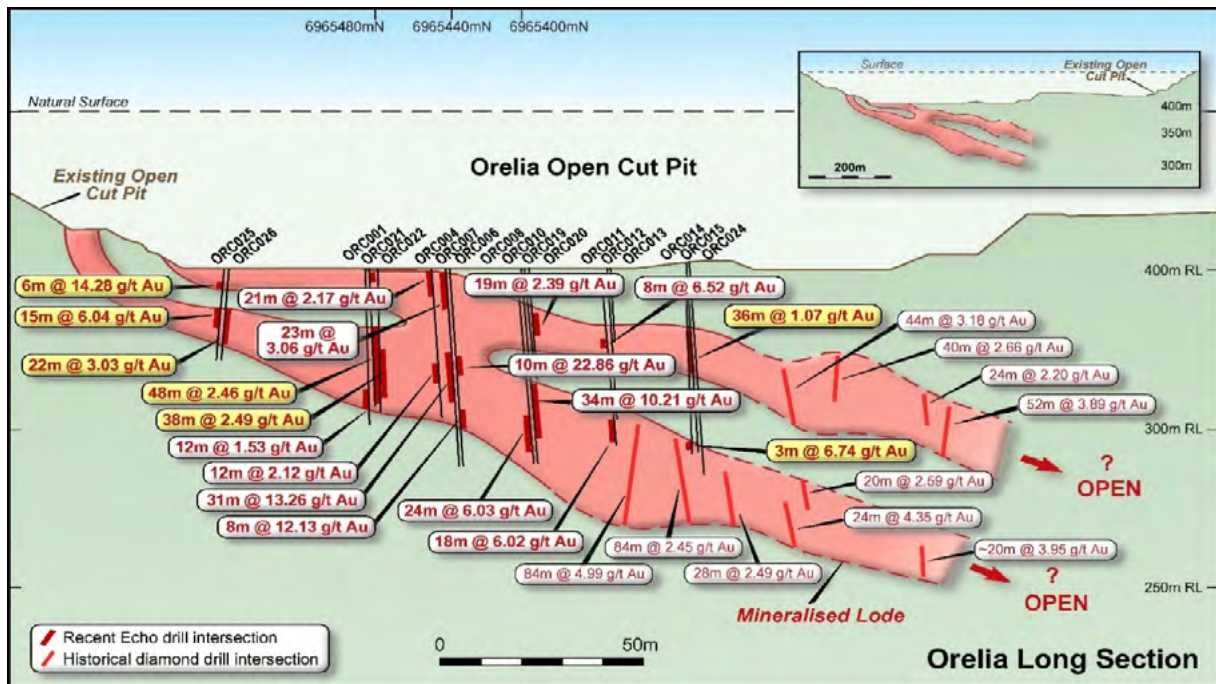


Figure 3: Orelia Long Section with Recent Results

In addition, the Company completed six diamond holes to provide valuable data regarding the geology and geometry of the mineralisation tested by RC drilling. The diamond holes were drilled to an average depth of over 200m below the pit surface (RC holes averaged 100m) to test for deeper mineralisation within the Orelia system, with visible gold observed in three of the holes.

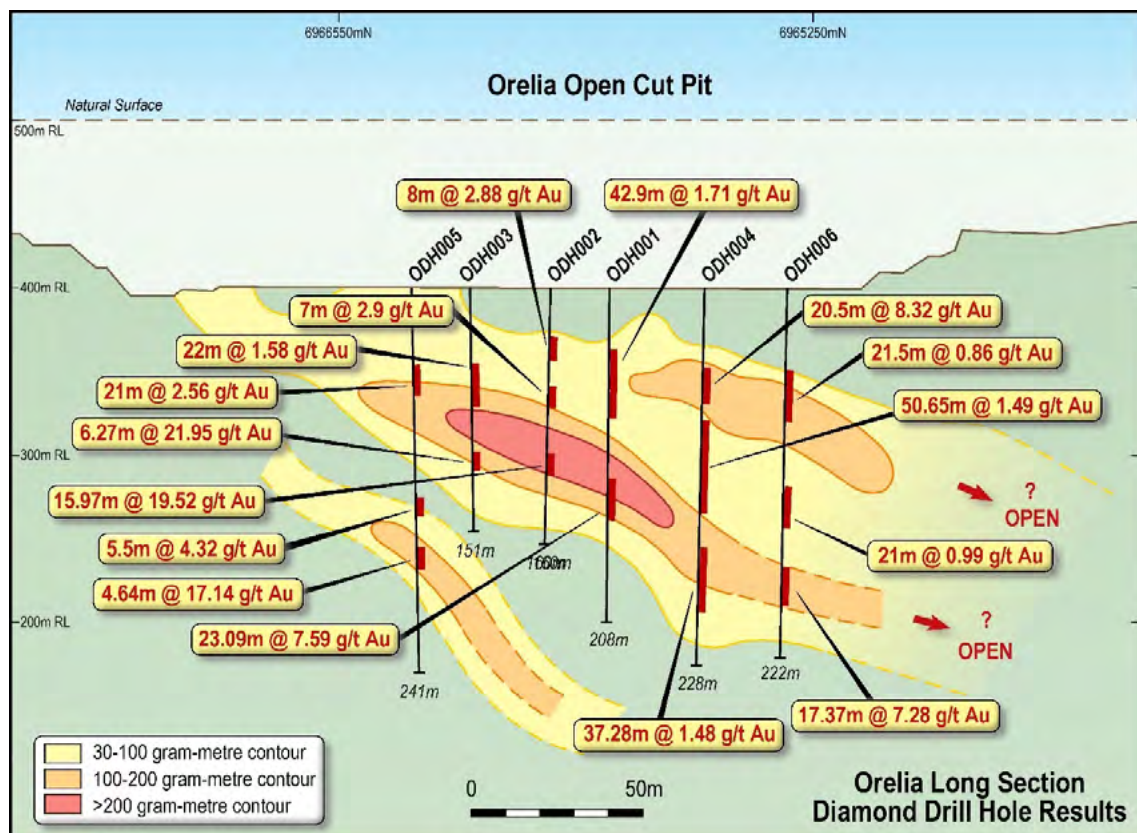


Figure 4: Orelia Long Section with Diamond Drilling Results

The key focus of drilling within the Bronzewing District is the Orelia gold system which includes three mineralised systems; Orelia, Calista and Cumberland. Additional depth potential continues to be apparent for both the Calista and Cumberland lodes with further drilling in progress.



## 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 drill program, completed at Lowlands in late 2017, 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)

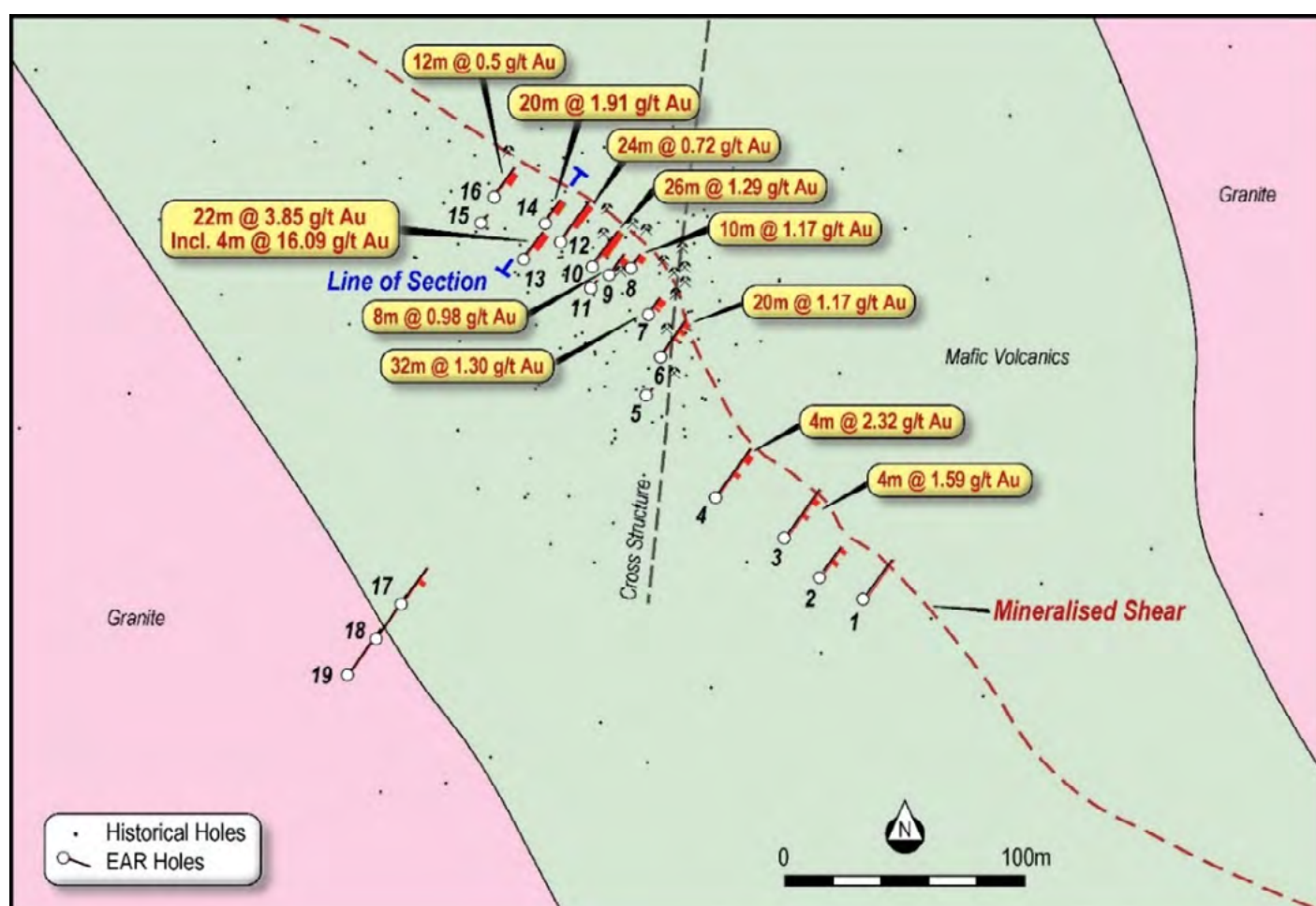


Figure 5: Plan view of the Lowlands Prospect highlighting recent holes drilled by Echo Resources.

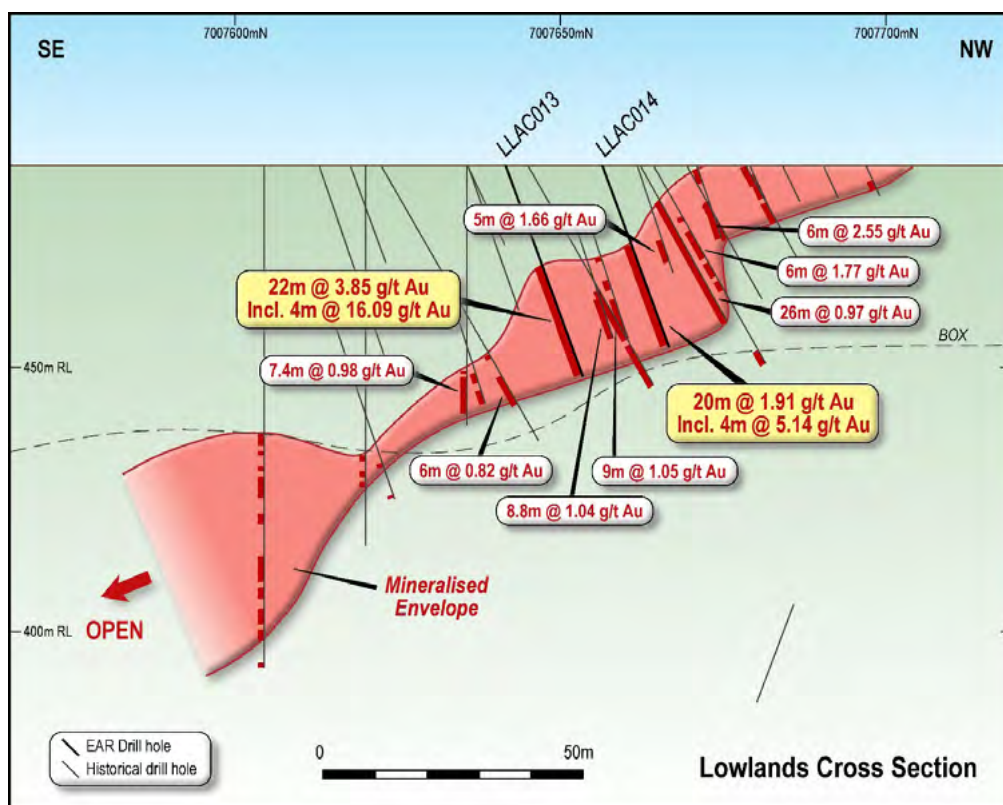


Figure 6: Cross-Section through the Lowlands Prospect

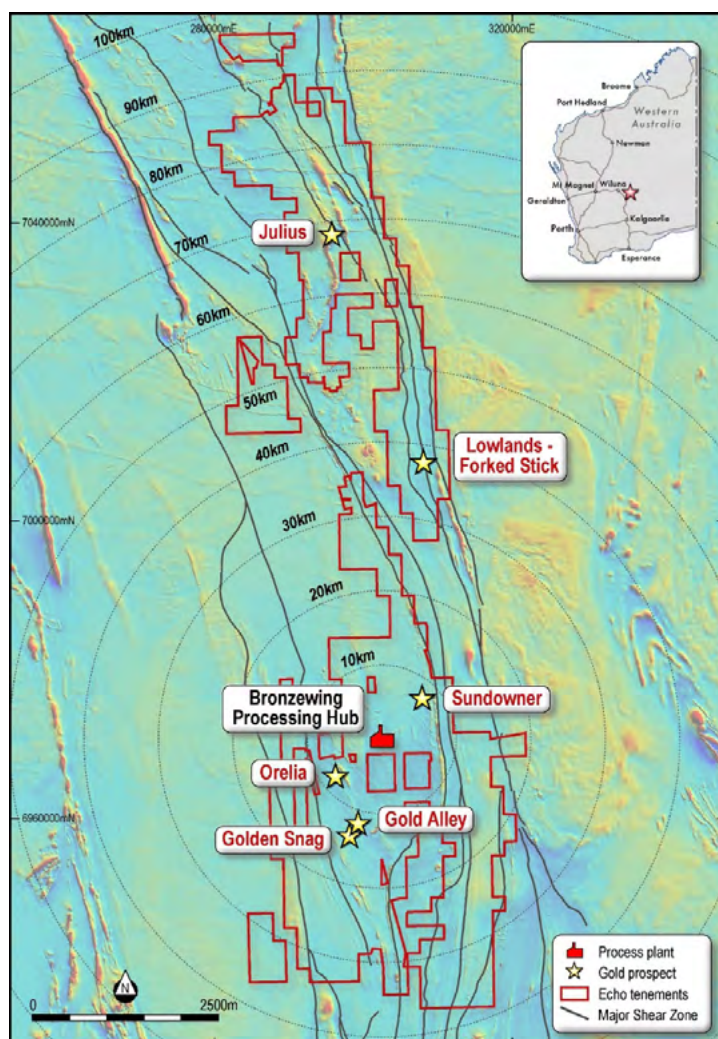


Figure 7: Echo Tenement Holdings and Prospects

## SUNDOWNER GOLD PROSPECT

The Sundowner gold prospect is located approximately 9km north-east of the Bronzewing processing facility. A 19 AC holes for 926m drill program was completed 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 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.

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.

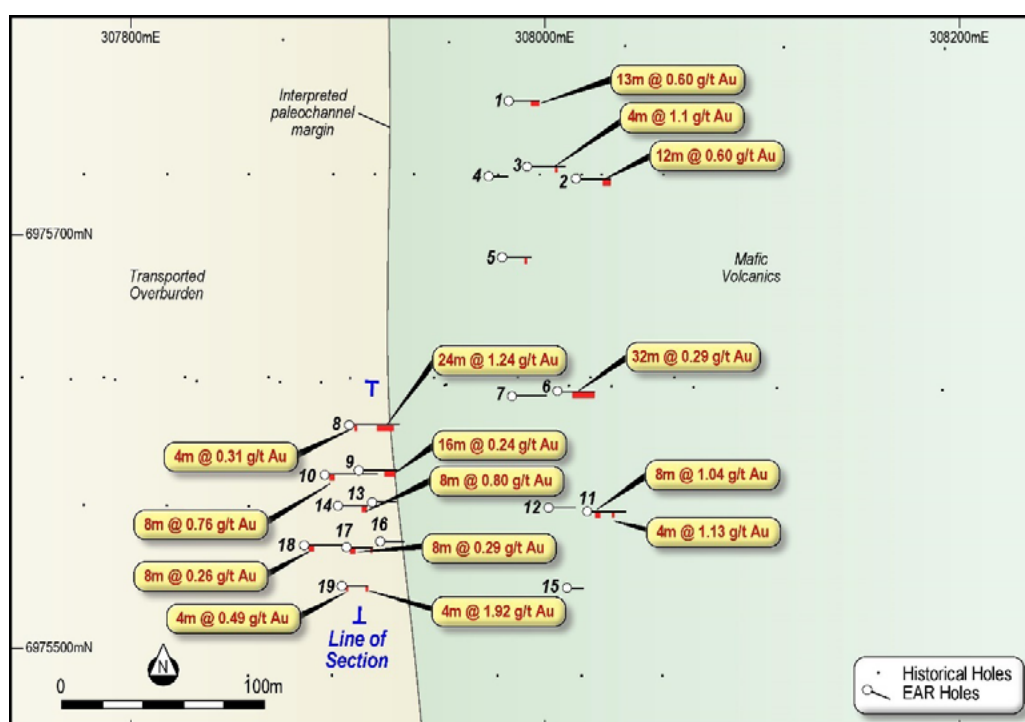
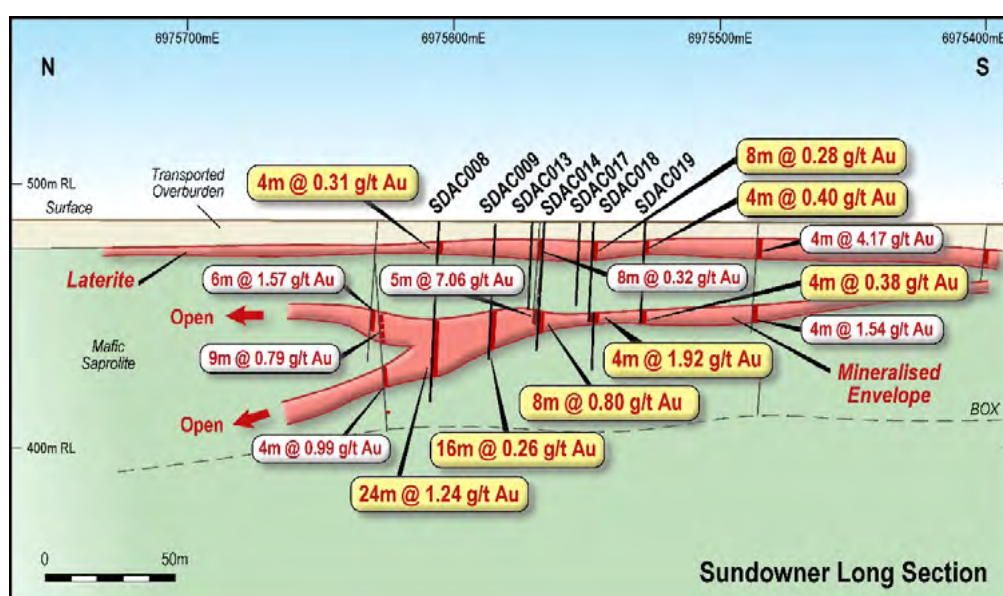


Figure 8: Sundowner plan view





## GOLD ALLEY GOLD PROSPECT

The Gold Alley prospect is located 12km SW of the Bronzewing processing hub 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. 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.

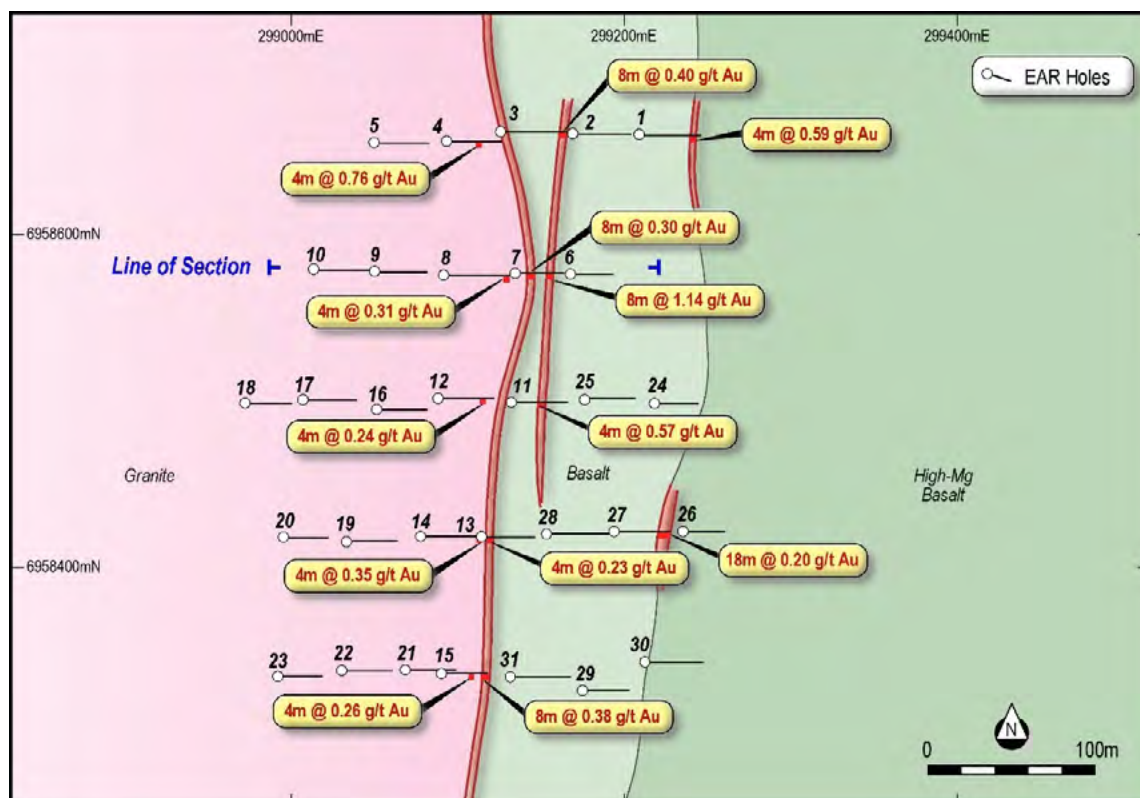


Figure 10: Gold Alley plan view

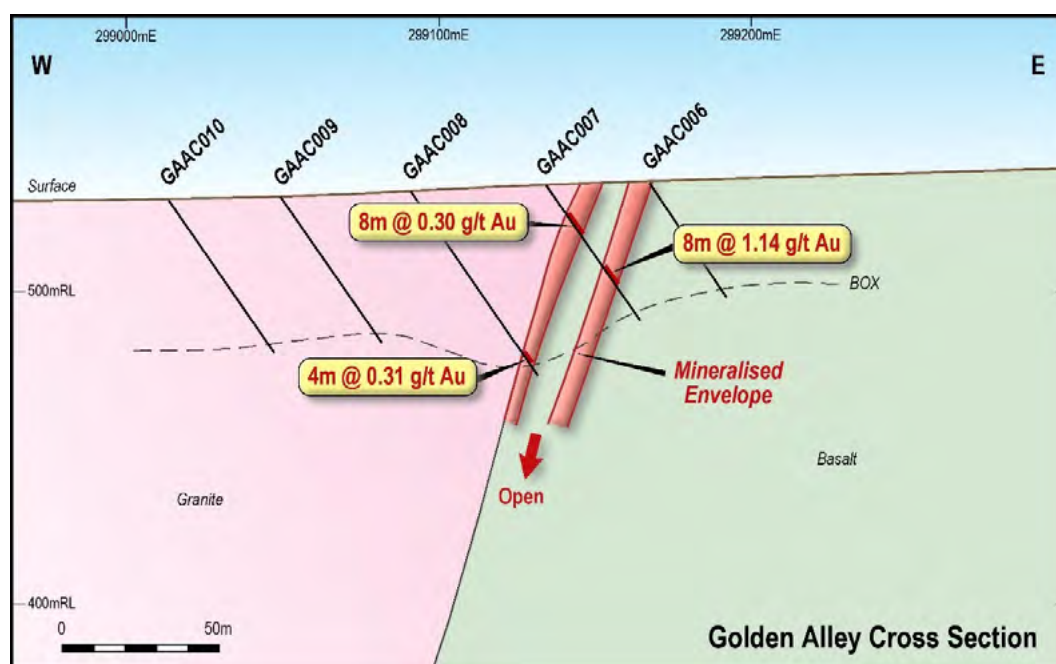


Figure 11: Gold Alley Cross-Section

## GOLDEN SNAG GOLD PROSPECT

The Golden Snag prospect is located 12 kilometres southwest of the Bronzewing processing hub 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.

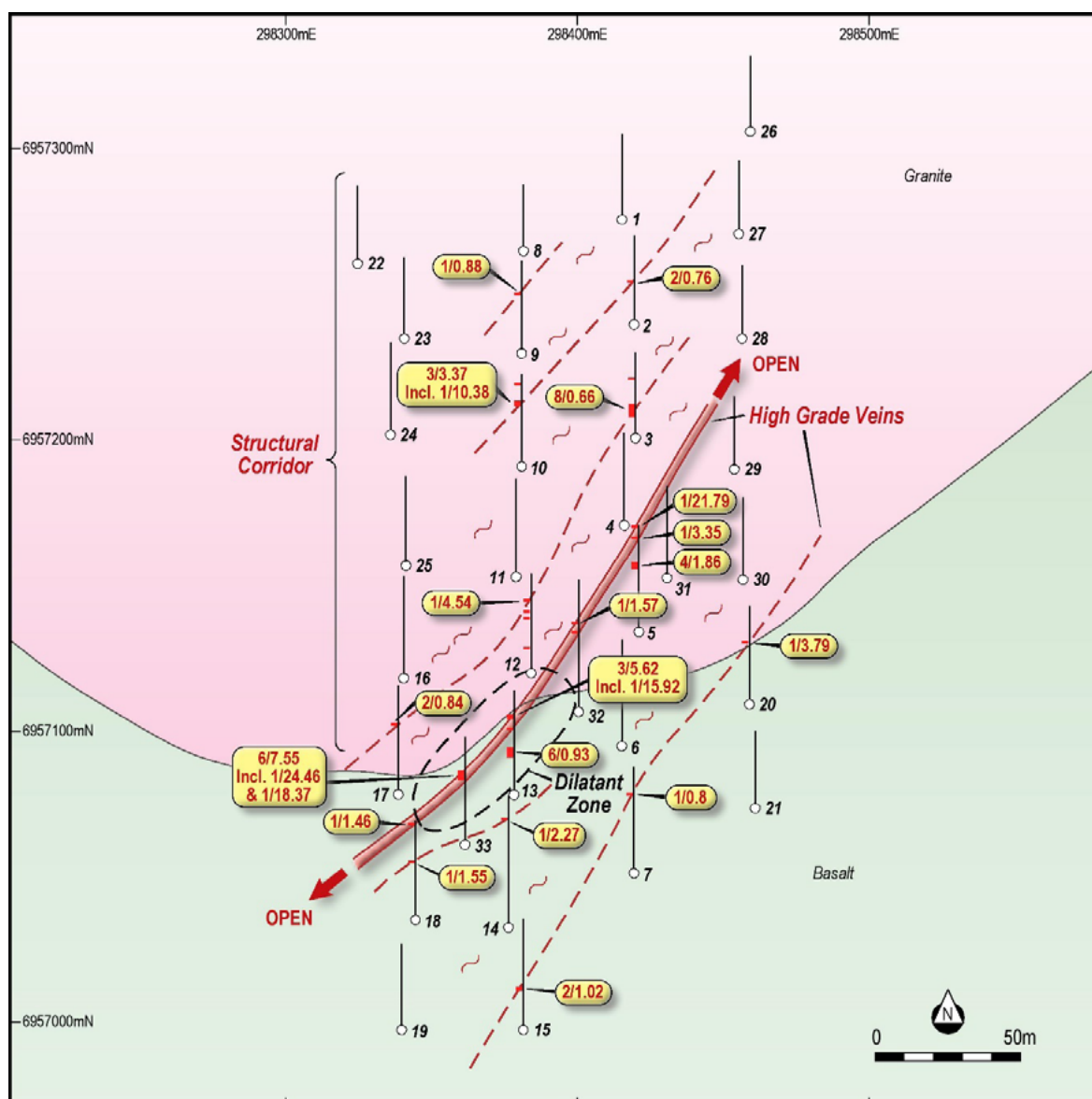


Figure 12: Golden Snag Prospect plan view with key geology

## JULIUS NORTH GOLD PROSPECT

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.

Numerous additional significant intersections at Julius have also been returned from within the granite as well as on the sheared lithological contact. Gold mineralisation within the granite is associated with extensive haematite staining and veining. Additional follow up drilling is required.

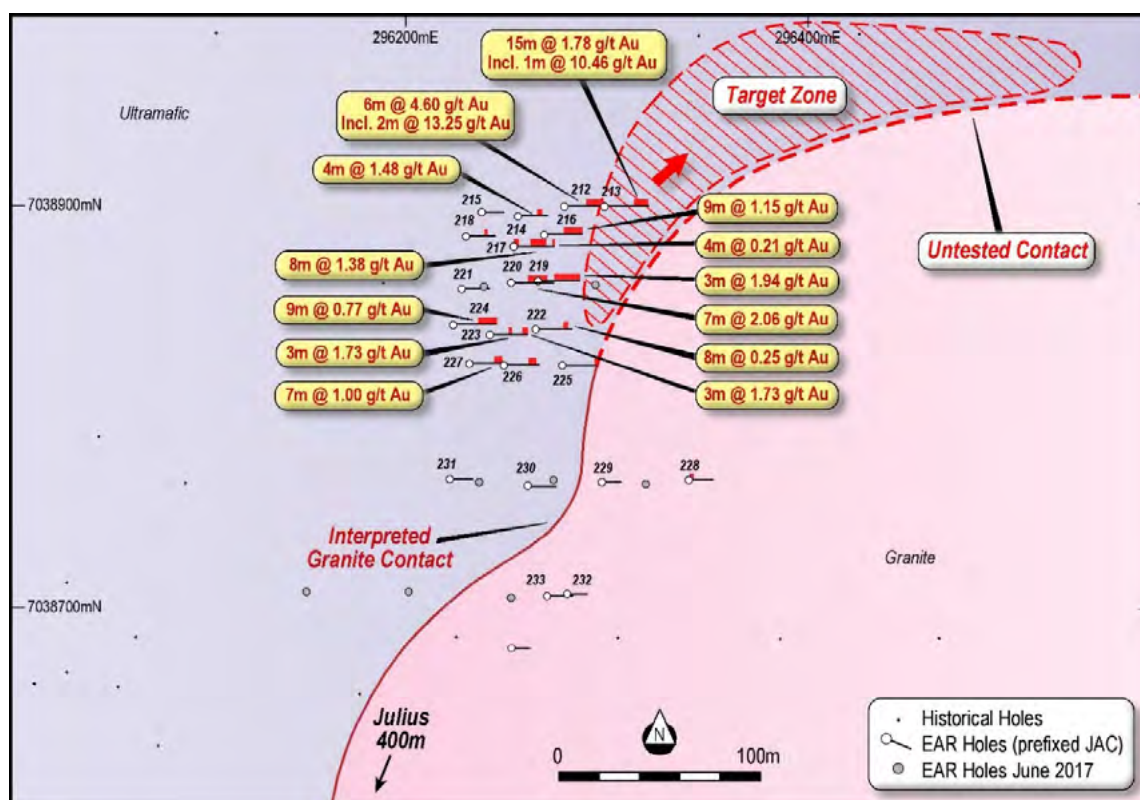


Figure 13: Julius Plan View with target zone

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 the company is excited by the potential of the area,

## ZAPHOD GOLD DISCOVERY

During the period Echo released high grade results from drilling at the Zaphod gold discovery ('Zaphod'). Zaphod was identified by Echo following a detailed structural study as part of Echo's mineral systems approach to exploration targeting (announced to ASX on 17 August 2017). Following this, outcrop mapping/sampling, surface geochemistry and first-pass AC drilling was completed in 2016.

The six RC holes followed up 13 AC holes drilled in 2016 and defined high grade mineralisation over 100 metres of strike. Mineralisation remains open along strike and at depth. Zaphod comprises mineralised quartz veins within a package of sheared and carbonated intermediate-mafic rocks, which outcrop through a window of the surrounding ferruginous laterite.

Importantly, Zaphod is a prime example of Echo's ability to generate and efficiently explore for new, quality gold systems, despite outcropping and being located only 10 kilometres from the Bronzewing Processing Hub. Zaphod is located in the pressure shadow of the Hamster Granite, an ideal structural position, and is analogous to the dilatatory setting of Kanowna Bell.



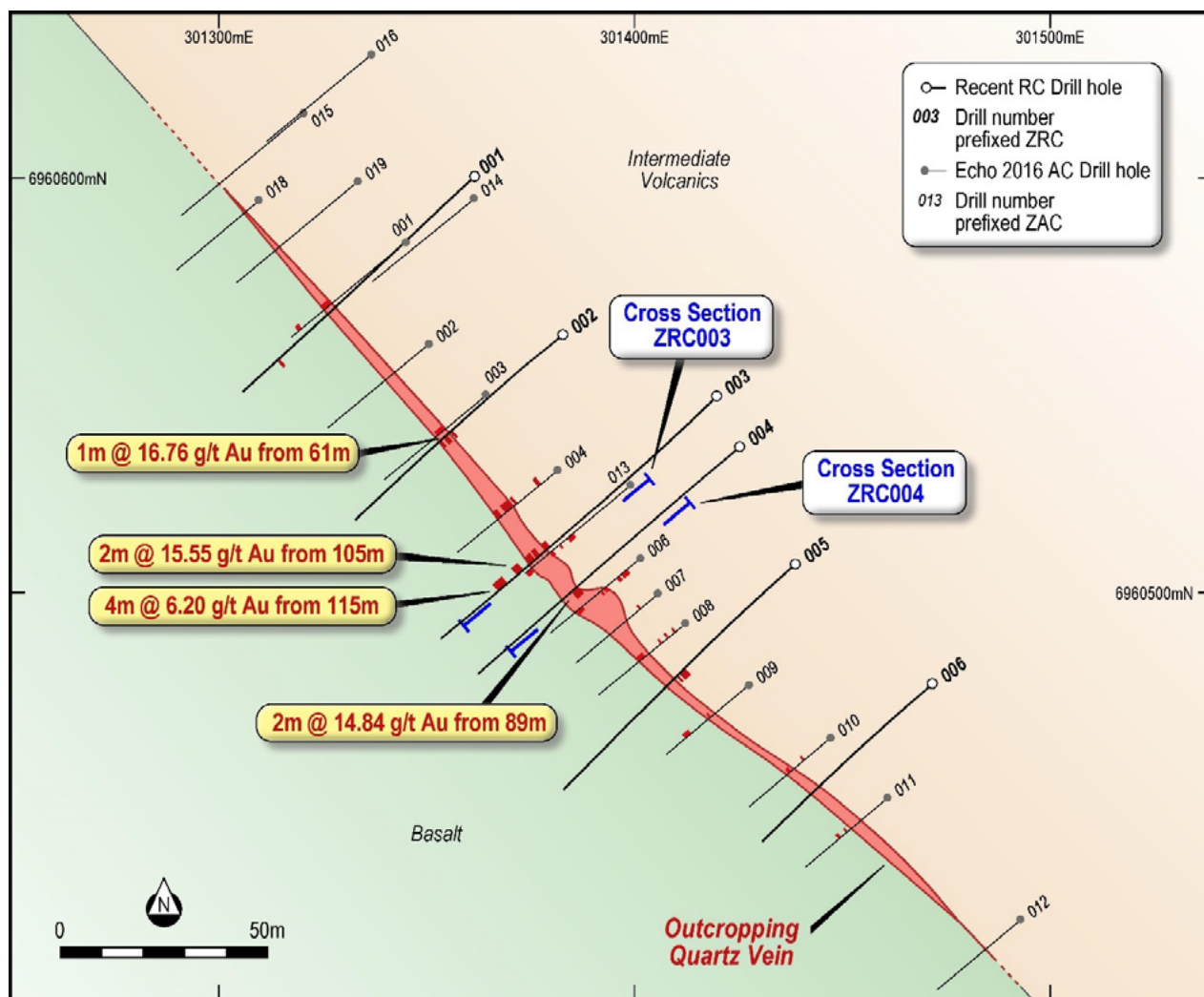
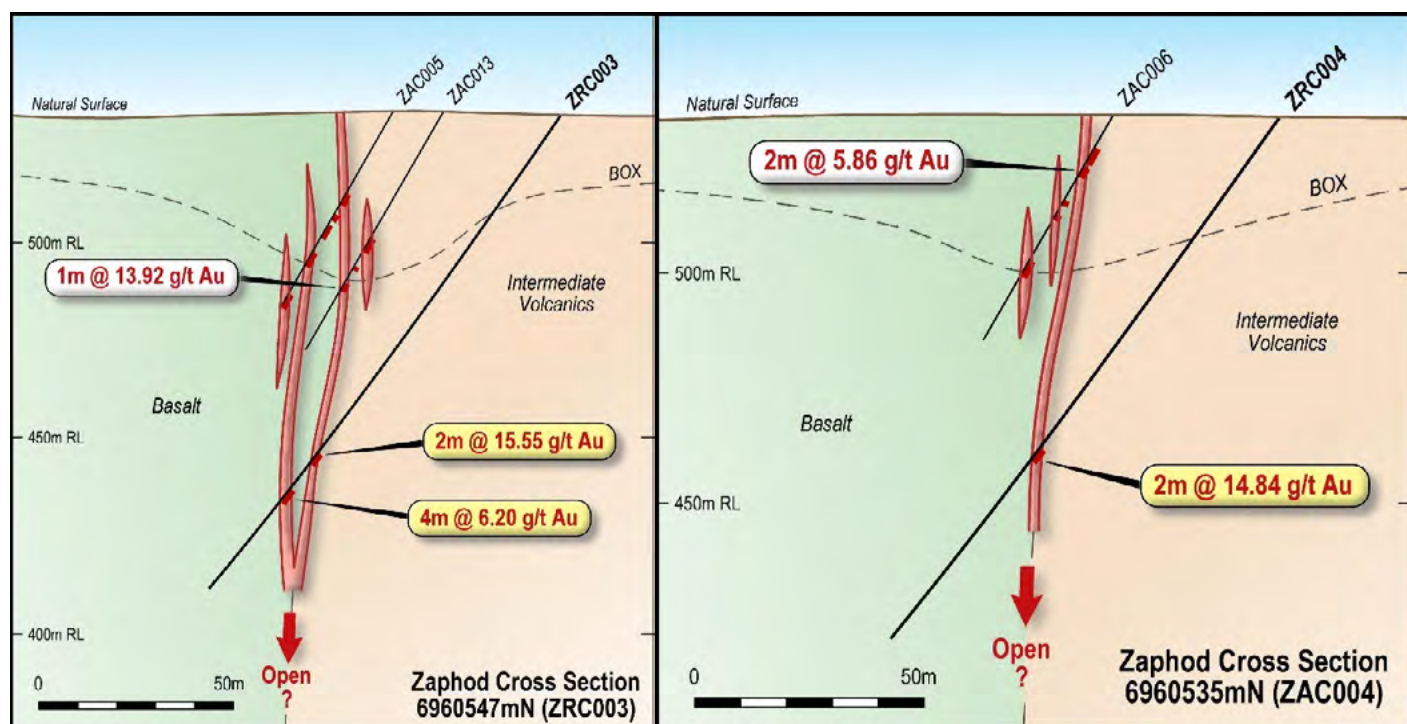
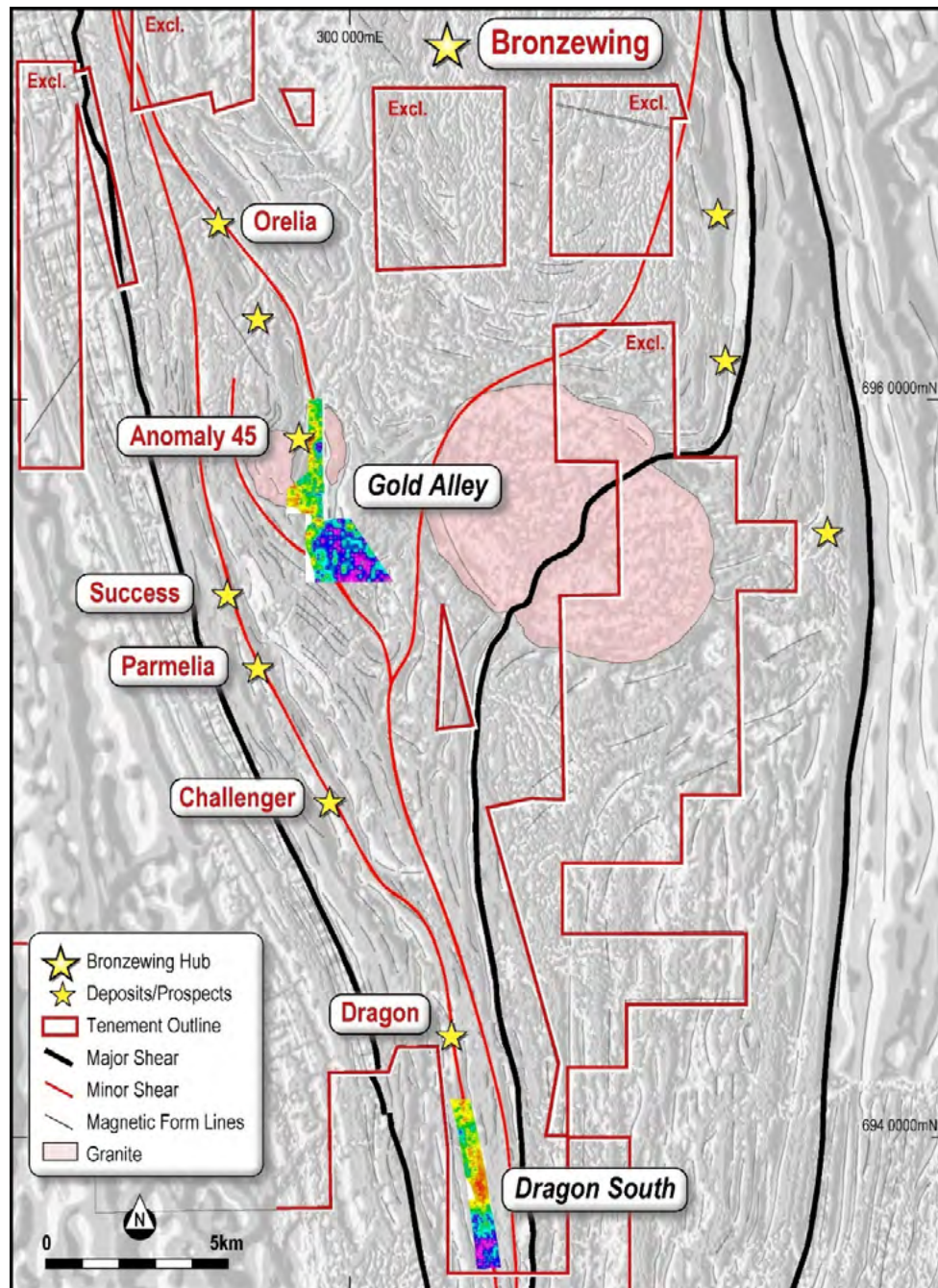


Figure 14: Zaphod Plan View



Figures 15 & 16: Zaphod Cross-section



*Figure 17: Derivative Magnetics with shearing and geochemistry overlay*

## NEW GOLD EXPLORATION TARGETS IDENTIFIED

Echo announced the identification of new gold-in-soil anomalies located on large mineralised structures that have previously been underexplored. Importantly it is an indication of project generation processes which includes, amongst other things, over 2,000 auger holes since April in areas that surface mapping and geophysical interpretation has identified as suitable for surficial sampling techniques, coupled to areas located on structural targets which remain essentially untested.

Results have identified a number of areas of strong gold anomalism which, in some cases, are verified in instances where historical drilling is present, principally located in the oxide zone and providing a number of drill-ready targets for detailed resource exploration drilling (announced to ASX on 20 July 2017).

Encouraging results from Gold Alley have identified two new gold in soils anomalies, proximal to the Anomaly 45 gold prospect, that have never been drill tested. Additionally, another significant anomaly has been identified that is coincident with shallow, historical drill intersections of 8 metres @ 1.78g/t from 8m and 6 metres @ 3.44g/t from 15m. Anomalies identified at Dragon South are coincident, in places, with significant historic drill intersections that include 6 metres @ 3.8 g/t Au from shallow depths.





## CORPORATE

Over the past 6 months Echo has completed two placements, both of which were heavily oversubscribed and introduced a number of sophisticated and institutional investors onto the register. Both placements were important in raising funds to allow the company to continue to grow both the Orelia and Julius deposits, enable the continuation of the 2017 exploration program and progress the ongoing Bankable Feasibility Study.

On 27 July Echo announced it had raised A\$5 million via a heavily oversubscribed placement through the issue of 50 million fully paid shares at an issue price of \$0.10 per share ('Placement'). The Placement was undertaken within the Company's existing capacity to issue new securities under ASX Listing Rules 7.1 and 7.1A (47,419,689 and 2,580,311 fully paid ordinary shares respectively).

On 25 October the Company completed the placement of 68,181,818 new fully paid ordinary shares 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 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. It was then announced on 19 January 2018 that Northern Star had purchased a further 13,761,200 on-market to increase this holding to 19.19%

## ANNUAL GENERAL MEETING

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

## CASH BALANCE

\$13,406,921 as at 28 February 2018



## 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 2017 of \$6,223,197 (2016: \$3,550,377).

## 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 23.

## EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the half-year ended 31 December 2017, 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:

Dated this 16<sup>th</sup> day of March 2018.



**Simon Coxhell**  
Director and Chief Executive Officer



# AUDITOR'S INDEPENDENCE DECLARATION



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Australia

## 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 2017, 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.

This declaration is in respect of Echo Resources Limited and the entity it controlled during the period.

A handwritten signature in blue ink, appearing to read 'J Prue'.

**Jarrad Prue**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 16 March 2018

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2017

		Half-year	
		2017	2016
	Note	\$	\$
<b>REVENUE FROM CONTINUING OPERATIONS</b>	2	22,329	7,885
<b>EXPENDITURE</b>			
Exploration and evaluation expenses		(3,715,867)	(2,258,205)
Other expenses	2	(1,286,513)	(1,026,037)
Occupancy expenses		(37,417)	(27,979)
Merger costs		(69,603)	(246,041)
Stamp duty	5	(1,136,126)	-
<b>LOSS BEFORE INCOME TAX</b>		(6,223,197)	(3,550,377)
Income tax benefit expense			-
<b>LOSS AFTER INCOME TAX FOR HALF-YEAR</b>		(6,223,197)	(3,550,377)
Other comprehensive income for the half-year, net of tax		(6,223,197)	(3,550,377)
<b>TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO THE MEMBERS OF ECHO RESOURCES LIMITED</b>		(6,223,197)	(3,550,377)
Loss per share attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share (cents per share)		(0.02)	(1.81)

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 2017

		31 December 2017	30 June 2017
	Note	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		14,688,713	1,057,535
Inventory		250,000	250,000
Trade and other receivables		349,540	388,180
<b>TOTAL CURRENT ASSETS</b>		<b>15,288,253</b>	<b>1,695,715</b>
<b>NON-CURRENT ASSETS</b>			
Capitalised exploration		7,000,000	7,000,000
Other financial assets		-	69,348
Plant and equipment	4	2,770,802	2,960,043
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,770,802</b>	<b>10,029,391</b>
<b>TOTAL ASSETS</b>		<b>25,059,055</b>	<b>11,725,1061</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		850,448	1,406,628
Provisions	5	1,351,306	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,201,754</b>	<b>1,406,628</b>
<b>TOTAL LIABILITIES</b>		<b>2,201,754</b>	<b>1,406,628</b>
<b>NET ASSETS</b>		<b>22,857,301</b>	<b>10,318,478</b>
<b>EQUITY</b>			
Contributed equity	6	71,876,793	53,119,015
Accumulated losses		(50,405,396)	(44,182,200)
Options reserve		1,385,905	1,381,663
<b>TOTAL EQUITY</b>		<b>22,857,302</b>	<b>10,318,478</b>

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 2017

	Contributed Equity	Accumulated Losses	Options Reserve	Total Equity
<b>Balance 1 July 2017</b>	53,119,015	(44,182,200)	1,381,663	10,318,478
Loss for the half-year	-	(6,223,196)	-	(6,223,196)
<b>Total comprehensive loss for the half year</b>	-	(6,223,196)	-	(6,223,196)
<b>Transactions with owners in their capacity as owners</b>				
Options issued	-	-	4,242	4,242
Contributions to equity net of transactions costs	18,757,778	-	-	18,757,778
<b>Balance 31 December 2017</b>	71,876,793	(50,405,396)	1,385,905	22,777,302

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

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 2017

	Half-year	
	2017	2016
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	17,562	7,885
Other payments received	4,768	-
Payments to suppliers and employees	(1,291,990)	(683,304)
Payments for exploration	(4,240,664)	(2,056,258)
<b>Net cash outflow from operating activities</b>	<b>(5,510,324)</b>	<b>(2,746,677)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of tenements	275,000	-
Payments for property plant & equipment	(106,455)	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>168,545</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	20,000,000	-
Payments for share issue costs	(1,027,042)	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>18,972,958</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	13,631,179	(2,746,677)
Cash and cash equivalents at the beginning of the half-year	1,057,535	3,440,121
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>14,688,713</b>	<b>693,444</b>

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 requirements of the *Corporations Act 2001*, *Australian Accounting Standards*.

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 2017 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*.

The financial report of Echo Resources Limited for the period was authorised for issue in accordance with a resolution of the directors on 29 March 2018.

### BASIS OF PREPARATION

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. 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 2017 annual financial report for the financial year ended 30 June 2017. 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 2017.

### 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 2017, 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 2017. 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.

## NOTE 2: REVENUE AND EXPENSES

	Half-year	
	2017	2016
	\$	\$
<b>(a) Revenue</b>		
Gold sales	4,767	-
Interest received	17,562	7,885
	<b>22,329</b>	<b>7,885</b>
<b>(b) Other expenses</b>		
Depreciation expenses	(295,695)	(568)
Employee benefits expenses	-	(89,152)
External professional fees	(342,950)	(276,398)
Non-executive director fees	(86,530)	(39,755)
ASX fees	(32,052)	(40,557)
Share based payments	(4,242)	(419,750)
Other administrative expenses	(525,044)	(159,857)
	<b>(1,286,513)</b>	<b>(1,026,037)</b>

## NOTE 3: SEGMENT INFORMATION

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified by the Group as the Chief Executive Officer and other members of the Board of Directors. The Group operates only in one reportable segment being predominantly in the area of gold exploration in Western Australia. Segment reports presented are consistent with the financial statements.

## NOTE 4: PROPERTY PLANT AND EQUIPMENT

	LAND & BUILDINGS	OFFICE & COMPUTER	PLANT & EQUIPMENT	TOTAL
	\$	\$	\$	\$
<b>As at 1 July 2016</b>	59,809	13,585	-	73,394
At cost	-	-	-	-
Additions	-	4,597	-	4,597
Disposal	-	-	-	-
Accumulated depreciation	-	(14,154)	-	(14,154)
<b>Total written down amount</b>	<b>59,809</b>	<b>4,028</b>	<b>-</b>	<b>63,837</b>
Reconciliation				
Opening written down value	59,809	4,597	-	64,406
Depreciation charge for the period	-	(569)	-	(569)
<b>Closing written down value 31 December 2016</b>	<b>59,809</b>	<b>4,028</b>	<b>-</b>	<b>63,837</b>



	MOTOR VEHICLES	INFRASTR- UCTURE	OFFICE & COMPUTER	PLANT & EQUIPMENT	TOTAL
	\$	\$	\$	\$	\$
<b>As at 1 July 2017</b>					
At cost	201,364	3,751,102	101,817	77,406	4,131,689
Additions	-	-	51,419	55,036	106,455
Accumulated depreciation	131,626	1,241,196	71,101	23,419	1,467,342
<b>Total written down amount</b>	<b>869,738</b>	<b>2,509,906</b>	<b>82,135</b>	<b>109,023</b>	<b>2,770,802</b>
Reconciliation					
Opening written down value	101,425	2,758,342	90,623	116,107	3,066,497
Depreciation charge for the period	(31,688)	(248,436)	(8,488)	(7,083)	(295,695)
<b>Closing written down value 31 December 2017</b>	<b>69,738</b>	<b>2,509,906</b>	<b>82,135</b>	<b>109,024</b>	<b>2,770,802</b>

## NOTE 5: PROVISIONS

	Dec 2017	Jun 2017
	\$	\$
<b>Provisions</b>		
Stamp Duty	(1,136,126)	-
Other Provisions	(215,180)	-
	<b>(1,351,306)</b>	<b>-</b>

In November 2017 the Office of State Revenue asked for a further valuation of the acquisition by Metaliko Ltd of Navigator (Bronzewing) Pty Ltd that occurred on 14 May 2014. This valuation was completed on the 18<sup>th</sup> of January 2018. Accordingly, a provision for Stamp duty payable to the sum of \$700,289 was accounted for.

On the 13 February 2018 an independent expert provided Echo with an assessment of the Stamp Duty payable by Echo for the acquisition of Metaliko Ltd on 9 January 2017. Accordingly, a provision for Stamp duty payable to the sum of \$435,837 was accounted for.

Whilst both the above amounts have been provided for, the final figure payable has yet to be finalised by the Office of State Revenue.

## NOTE 6: CONTRIBUTED EQUITY

	2017	
	Number	\$
<b>Issued Capital</b>		
Fully paid ordinary shares	488,682,642	71,876,793
	<b>488,682,642</b>	<b>71,876,793</b>
<b>Balance 1 July 2017</b>	370,464,596	53,119,015
Issue of fully paid ordinary shares at 10 cents	48,900,000	4,890,000
Issue of fully paid ordinary shares at 10 cents	1,100,000	110,000
Issue of fully paid ordinary shares at 22 cents	68,181,818	15,000,000
Less capital raising costs		(1,242,222)
	<b>488,646,414</b>	<b>71,876,793</b>

	2016	
	Number	\$
<b>Issued Capital</b>		
Fully paid ordinary shares	173,818,808	16,605,744
	<b>173,818,808</b>	<b>16,605,744</b>
<b>Balance 1 July 2016</b>	370,464,596	53,119,015
Issue of 200,000 fully paid ordinary shares at 20 cents	48,900,000	4,890,000
Issue of 1,000,000 fully paid ordinary shares at 21 cents	1,100,000	110,000
	<b>173,818,808</b>	<b>16,605,744</b>

## NOTE 7: COMMITMENTS AND CONTINGENCIES

There are no changes in commitments or contingencies to those disclosed in the most recent financial report at 30 June 2017 that the company is aware of.

## NOTE 8: SHARE BASED PAYMENTS

On 1 December 2017 the Company issued 574,267 performance rights to director Simon Coxhell (approved by shareholders at the most recent AGM held on the 30 November 2017).

Tranche 1 of the Performance Rights Issue vest upon the Company's share price reaching a 50% increase over the closing share price on 30 November 2017. The closing share price on 30 November 2017 was \$0.2775 therefore performance rights of Tranche 1 vest when the share price reaches \$0.4163.

Tranche 2 of the Performance Rights Issue vest upon the Company's share price reaching a 62.5% increase over the closing share price on 30 November 2017. The closing share price on 30 November 2017 was \$0.2775 therefore performance rights of Tranche 2 vest when the share price reaches \$0.4509.

Tranche 3 of the Performance Rights Issue vest upon the Company's share price reaching a 75% increase over the closing share price on 30 November 2017. The closing share price on 30 November 2017 was \$0.2775 therefore performance rights of Tranche 3 vest when the share price reaches \$0.4856.

Tranche 4 of the Performance Rights Issue vest upon the Company increasing its resources by 100%.

The vesting conditions attached to Tranches 1, 2 and 3 Rights meet the definition of a market condition, as the vesting of the Rights is dependent on the future market price of the Company's ordinary shares; and the vesting conditions attached to Tranche 4 Rights does not meet the definition of a market condition, as the vesting of the Rights is not dependent on the future market price of the Company's ordinary shares.

Therefore, in determining the indicative value of the Tranches 1, 2 and 3 Rights, Echo have reflected the impact of the share price target in the valuation and have used the Hoadley Trading & Investment Tools ("Hoadley") HoadleyBarrier1, a trinomial option valuation model taking account of the vesting price; and in determining the indicative value of the Tranche 4 Rights, the Company has not reflected the vesting condition of the fair value and have used the Hoadley Options1, a standard binomial option valuation model.

The fair value of the Performance Rights have been calculated using the HoadleyBarrier1 -standard trinomial option valuation model. The model inputs are shown in the table below:

Assumptions	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Valuation date	30-Nov-17	30-Nov-17	30-Nov-17	30-Nov-17
Share price	\$0.2775	\$0.2775	\$0.2775	\$0.2775
Exercise price	\$nil	\$nil	\$nil	\$nil
Vesting hurdle	\$0.41625	\$0.450938	\$0.485625	Operational
Expiry period	3 years	3 years	3 years	3 years
Expected future volatility	80%	80%	80%	80%
Risk free rate	1.89%	1.89%	1.89%	1.89%
Dividend yield	nil	nil	nil	nil
Value	\$0.2510	\$0.2447	\$0.2387	\$0.2775
Number	95,712	95,711	95,711	287,133
<b>Total</b>	<b>\$24,024</b>	<b>\$23,420</b>	<b>\$22,846</b>	<b>\$79,679</b>

*Valuation date* – Rights were granted on 30 November 2017.

*Spot price* – Company's share price of \$0.2775 per share, as last traded on the ASX at the close of trade on the Valuation Date.

*Exercise price* – No exercise price attached to the Rights.

*Vesting hurdle* – Tranches 1, 2 and 3 Rights vest upon the Company's share price reaching a 50%, 62.5% and 75% increase over the closing share price on 30 November 2017 respectively. Tranche 4 Rights vest upon the Company increasing its resource up to 100%. *These Rights will automatically lapse if the holder ceases to be a Director of the Company, which implies a service based condition attached, therefore it has been expensed over the vesting period. Management's assessment of meeting the non-market condition is 100%.*

*Expiry period* – Rights expire 3 years from the grant date.

*Expected future volatility* – In assessing the expected future volatility we have considered the historical volatility in the Company's shares over a number of recent trading periods and concluded that a volatility figure of 80% is reflective of the future volatility of the Company's shares over the life of the Rights.

*Risk free rate* - Based on the yield of 3-year Commonwealth bonds, being the term which most closely corresponds to the maximum lives of the Rights. The interest rate has been sourced from the RBA as the closing rate on 30 November 2017.

*Dividend yield* – Nil dividend yield as the Company does not have a history of paying dividends and is not expected to pay any over the life of the Rights.

In accordance with AASB 2, the Company must expense market-based payments (Tranche 1, 2 and 3) over the expected vesting period. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service condition. The calculation of the required expense is shown in the table below;

Assumptions	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Value	\$0.25	\$0.24	\$0.24	\$0.28
Number	95,712	95,711	95,711	287,133
Percentage of Total Vesting Period	2.83%	2.83%	2.83%	2.83%
December 2017 Expense	\$680	\$662	\$646	\$2,254
<b>Total Expense for Performance Rights to 31 December 2017</b>				<b>\$4,242</b>



#### **NOTE 9: RELATED PARTY TRANSACTIONS**

There were no other changes to related party transactions as disclosed in the June 2017 financial report except for the performance rights issued as disclosed in Note 8.

#### **NOTE 10: DIVIDENDS**

There were no dividends paid during the half-year ended 31 December 2017 (2016:Nil).

#### **NOTE 11: EVENTS AFTER BALANCE DATE**

No matters or circumstances have arisen since the half-year ended 31 December 2017, 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 13: 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 21 to 30 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 2017 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:

Dated this 16<sup>th</sup> day of March 2018.



**Simon Coxhell**  
Director and Chief Executive Officer

# INDEPENDENT AUDITOR'S REVIEW REPORT



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Echo Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Echo Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### 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 Group's financial position as at 31 December 2017 and its financial 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 the Group, 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.

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## INDEPENDENT AUDITOR'S REVIEW REPORT CONT'D...



### 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, appearing to read 'J Prue', is written over a faint, light blue BDO logo.

**Jarrad Prue**

**Director**

Perth, 16 March 2018