



ECHO RESOURCES LIMITED

ACN 108 513 113

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11.00am

DATE: Thursday 22 November 2018

PLACE: The Celtic Club, 48 Ord Street, West Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9389 8726.

Contents Page

Business of the Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	6
Glossary	16
Schedules 1 - 2	18
Proxy Form	Enclosed

Important Information

Time and place of meeting

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am on Thursday 22 November 2018 at:

The Celtic Club, 48 Ord Street, West Perth, Western Australia

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 20 November 2018.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- A. each member has a right to appoint a proxy;
- B. the proxy need not be a member of the Company; and
- C. a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.



Business of the Meeting

Business

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

Capitalised terms not otherwise defined in this Notice have the meaning given in the Explanatory Statement which accompanies this Notice. References to the “Corporations Act” are to the *Corporations Act 2001* (Cth), unless the context requires otherwise.

1. Financial Report

To receive and consider the annual financial report, directors’ report and auditor’s report for the Company and its controlled entities for the year ended 30 June 2018.

Note: There is no requirement for shareholders to approve these documents.

2. Resolution 1 - Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2018.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.



3. Resolution 2 – Re-election of Director – Anthony McIntosh

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of clause 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Anthony McIntosh, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. Resolution 3 – Re-election of director – Mark Hanlon

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of clause 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Mark Hanlon, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

5. Resolution 4 – Approval of 10% Placement Facility – Listing Rule 7.1A

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 5 – Grant of Options to related party

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Options to Gary Lethridge on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Gary Lethridge and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 4 October 2018

BY ORDER OF THE BOARD

KATE STONEY

COMPANY SECRETARY



Explanatory Statement

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. Company Financial Report, Directors' Report and Auditor's Report

The financial report, directors' report and auditor's report for the Company will be laid before the Meeting. There is no requirement for shareholders to approve these reports. The Chairman will allow a reasonable time for shareholders to ask questions about or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit, and the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.echoresources.com.au

2. Resolution 1 - Adoption of the Remuneration Report

The remuneration report for the Company is set out in the Company's 2018 Annual Report. The remuneration report outlines the Company's remuneration framework and the remuneration outcomes for the financial year the subject of the remuneration report for the Board and Key Management Personnel.

The Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the remuneration report at the meeting.

Under the Corporations Act if, at two consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report, then a further resolution (**Spill Resolution**) may be required to be considered at the second annual general meeting as to whether a further meeting be convened to put certain Directors to re-election. The Directors to be put to re-election are those Directors, other than the Managing Director, who were Directors when the resolution to make the directors report (considered at the later annual general meeting) was passed.

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the requirement for a Spill Resolution will not arise at this Meeting irrespective of the outcome of the vote on Resolution 1.

If you are appointing the Chair as your proxy, please note that the proxy form accompanying this Notice expressly authorises the Chair to vote any undirected proxies in favour of Resolution 1 even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Accordingly, if you are appointing the Chair as your proxy and do not wish your proxy to vote in favour of Resolution 1, you will need to mark "against" or "abstain" where indicated in the proxy form in relation to Resolution 1.



3. **Resolutions 2 and 3 – Re-election of Directors – Anthony McIntosh and Mark Hanlon**

Clause 14.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director or a Director retiring under clause 14.4 of the Constitution) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 14.2 of the Constitution is eligible for re-election.

The Company currently has 4 Directors, and accordingly 2 must retire.

Accordingly, both Anthony McIntosh and Mark Hanlon retire by rotation and seek re-election as Directors.

Anthony McIntosh (Non-Executive Director) BCom, GAICD

Mr McIntosh holds a Bachelor of Commerce Degree from Bond University and is a graduate of the AICD directors course. He manages a portfolio of investments including both listed and unlisted companies, as well as rural, residential and commercial properties. He holds board positions with listed and unlisted companies and brings to Echo marketing, investor relations and strategic planning skills, as well as a network of stockbroking and investment fund manager supporters.

Mark Hanlon (Non-Executive Director) BBus, MBus

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

4. **Resolution 4 – Additional 10% Placement Facility – Listing Rule 7.1A**

4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.



If Shareholders approve Resolution 4, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 4.2 below).

The effect of Resolution 4 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

4.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity under Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000 or less.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of less than \$300,000,000.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 1 class of quoted Equity Securities on issue, being the Shares (ASX Code: EAR).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$(A \times D) - E$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement to issue:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.



- D is 10%.
- E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

4.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section (i) above, the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.



The table also shows the voting dilution impact where the number of Shares on issue (**Variable 'A'** in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	6.5 cents 50% decrease in Issue Price	13 cents Issue Price	26 cents 100% increase in Issue Price
488,646,414 (Current Variable 'A')	Shares issued - 10% voting dilution	48,864,641 Shares	48,864,641 Shares	48,864,641 Shares
	Funds raised	\$3,176,201	\$6,352,403	\$12,704,806
732,969,621 (50% increase in Variable 'A')	Shares issued - 10% voting dilution	73,296,962 Shares	73,296,962 Shares	73,296,962 Shares
	Funds raised	\$4,764,302	\$9,528,605	\$19,057,210
977,292,828 (100% increase in Variable 'A')	Shares issued - 10% voting dilution	97,729,282 Shares	97,729,282 Shares	97,729,282 Shares
	Funds raised	\$6,352,403	\$12,704,806	\$25,409,613

*The number of Shares on issue (**Variable 'A'** in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- (i) There are currently 488,646,414 Shares on issue.
- (ii) The issue price set out above is the closing price of the Shares on the ASX on 3 October 2018.
- (iii) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.



- (v) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options or Performance Rights are exercised into Shares before the date of issue of the Equity Securities.
- (vi) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own individual shareholding depending on their specific circumstances.
- (vii) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- (viii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (ix) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (x) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (xi) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration and development expenditure on the Company's current assets including without limitation the Yandal Project and for general working capital purposes; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments including previously announced acquisitions, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) Allocation policy under the 10% Placement Capacity

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).



The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) Previous Approval under ASX Listing Rule 7.1A

The Company had not obtained approval under ASX Listing Rule 7.1A for the previous financial year.

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

4.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.



5. Resolution 5 – Grant of Options to related party

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 2,500,000 Options (**Related Party Options**) to Gary Lethridge (**Related Party**) on the terms and conditions set out below.

Gary Lethridge was appointed as the finance Director of the Company on 8 March 2018.

As part of Mr Lethridge's remuneration package, the Company agreed to grant Mr Lethridge the Related Party Options subject to Shareholder approval.

Mr Lethridge resigned as a Director of the Company on 3 September 2018 and ceased to be employed by the Company from that date.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit and Gary Lethridge is a related party of the Company by virtue of being a Director of the Company in the last 6 months.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act may, but do not necessarily, apply in the current circumstances. Accordingly, out of prudence, Shareholder approval is sought for the grant of Related Party Options to Mr Lethridge.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where the Company issues, or agrees to issue, securities to a related party, unless an exception in ASX Listing Rule 10.12 applies. As none of the exceptions in Listing Rule 10.12 applies, approval to the issue of the Related Party Options is also being sought under ASX Listing Rule 10.11.

5.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

In accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the Related Party is Mr Gary Lethridge and he is a related party by virtue of being a Director of the Company in the previous 6 months;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to Mr Lethridge is 2,500,000;
- (c) the Related Party Options will be granted to Mr Lethridge no later than 1 month after the date of the Meeting (or such later date as permitted by any



ASX waiver or modification of the ASX Listing Rules) and it is anticipated all Related Party Options will be issued on one date;

- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised by their grant (but funds may be raised in the future to the extent that Related Party Options are ultimately exercised);
- (e) the expiry date for the Related Party Options is 13 March 2021 and the exercise price per Related Party Option is 47.5 cents. The terms and conditions of the Related Party Options are set out in Schedule 1;
- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;
- (g) the Related Party has no relevant interests in securities of the Company;
- (h) Mr Lethridge commenced his employment with the Company on 8 March 2018 and resigned from his employment on 3 September 2018 (effective from that date). Accordingly, Mr Lethridge received no remuneration from the Company last calendar year and has received a total of \$204,975 remuneration and emoluments from the Company in the period he worked for the Company in the current calendar year;
- (i) if all Related Party Options granted to the Related Party are exercised, a total of 2,500,000 Shares would be issued. This will increase the number of Shares on issue from 488,646,414 to 491,146,414 (assuming that no other Shares are issued in the meantime) with the effect that the shareholding of existing Shareholders would be diluted by of 0.51%;
- (j) the market price for Shares as traded on the ASX during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of those Related Party Options, there may be a notional or actual cost to the Company, including by way of an opportunity cost, being the loss of the opportunity to issue the resultant Shares at an issue price which is equal to, or close to, the then market price of the Shares;
- (k) some details of the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	41 cents	22 January 2018
Lowest	11 cents	7 and 10 September 2018
Last	13 cents	3 October 2018

- (l) a primary purpose of the original agreement to grant the Related Party Options to Mr Lethridge (subject to shareholder approval) was to provide a performance linked incentive component in the overall remuneration package for Mr Lethridge. However, as Mr Lethridge resigned as the Finance Director from the Company on 3 September 2018, and was no longer an employee from that date, it is considered that there will be no material benefit to the Company or its Shareholders if Resolution 5 approved and the Related Party Options are granted to the Related Party;



- (m) Barry Bolitho recommends that Shareholders vote in favour of Resolution 5 as the Company agreed to grant Mr Lethridge the Related Party Options (subject to Shareholder approval) at the time Mr Lethridge became a Director of the Company;
- (n) Mark Hanlon recommends that Shareholders vote in favour of Resolution 5 as the Company agreed to grant Mr Lethridge the Related Party Options (subject to Shareholder approval) at the time Mr Lethridge became a Director of the Company;
- (o) Anthony McIntosh recommends that Shareholders vote in favour of Resolution 5 as the Company agreed to grant Mr Lethridge the Related Party Options (subject to Shareholder approval) at the time Mr Lethridge became a Director of the Company;
- (p) Robin Dean recommends that Shareholders vote in favour of Resolution 5 as the Company agreed to grant Mr Lethridge the Related Party Options (subject to Shareholder approval) at the time Mr Lethridge became a Director of the Company;
- (q) no Director has a personal interest or other interest in the outcome of Resolution 5; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Related Party Options to Mr Lethridge as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to Mr Lethridge will not be included in the 15% calculation of the Company's twelve month capacity to issue Shares or other securities without shareholder approval pursuant to ASX Listing Rule 7.1.



GLOSSARY

In this Explanatory Statement (and the Notice of Meeting) the following terms will bear the following meanings, unless the context otherwise requires:

10% Placement Capacity has the meaning given in section 4.1 of the Explanatory Statement.

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by this Notice.

ASIC means the Australian Securities and Investments Commission.

Associated Body Corporate means, in relation to the Company:

- A. a related body corporate (as defined in the Corporations Act) of the Company;
- B. a body corporate which has not less than 20% of the Voting Power in the Company; and
- C. a body corporate in which the Company has not less than 20% of the Voting Power.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting and where relevant the Chair for the relevant part of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- A. a spouse or child of the member;
- B. a child of the member's spouse;
- C. a dependent of the member's spouse;
- D. anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- E. a company the member controls; or
- F. a person prescribed by the Corporations Regulations 2001 (Cth).

Company means Echo Resources Limited (ACN 108 513 113).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.



Eligible Entity means an entity that, at the date of the relevant general meeting:

- A. is not included in the S&P/ASX 300 Index; and
- B. has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Group Company means the Company or an Associated Body Corporate, or any combination of them, as the context requires.

Key Management Personnel has the same meaning as in the accounting standards (as that term is defined in the Corporations Act) and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, directly or indirectly, including any director (whether executive or non-executive) of the Company or if the Company is part of a consolidated entity of an entity within the consolidated group.

Meeting means the annual general meeting of Shareholders convened by this Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means the holder of an Option.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Performance Right means performance rights granted under the Scheme.

Proxy Form means the proxy form accompanying the Notice.

Related Party Options means the Options the subject of Resolution 5.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Variable A means "A" as set out in the calculation in section 4.3(c) of the Explanatory Statement.

WST means Western Standard Time as observed in Perth, Western Australia.



Schedule 1 – Terms and conditions of related party Options

The Options entitle the holder (**Optionholder**) to subscribe for, and be issued, ordinary shares in the capital of the Company (**Shares**) on and subject to the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for, and be issued, one Share.
- (b) The Options will expire at 5.00pm (WST) on the date that is three (3) years from the date the Company resolves to grant the Options (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be equal to 145% of the volume weighted average price of Shares on the ASX for the one week up to and including the date the Board resolves to grant the Options (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion on which Options are exercised.
- (e) An Optionholder may exercise any Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the aggregate Exercise Price for the number of Options being exercised.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the aggregate Exercise Price in relation the Options the subject of that Exercise Notice.
- (g) By lodging an Exercise Notice, the Optionholder agrees to take the applicable Shares and agrees to be bound by the constitution of the Company.
- (h) Within 10 Business Days of receipt of the Exercise Notice and the aggregate Exercise Price, the Company will allot the applicable Shares to the Optionholder.
- (i) The Options are not transferable without prior approval of the board of directors of the Company (at its discretion) and will not be listed for quotation on the ASX or on any other stock exchange.
- (j) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other issued fully paid Shares.
- (k) The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) If, prior to the Expiry Date, the issued capital of the Company is reorganised, all rights of an Optionholder are to be changed in a manner consistent with



the Corporations Act and any requirements with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

- (m) There are no participating rights or entitlements inherent in the Options.
- (n) An Optionholder will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options except to the extent that Options are exercised prior to the 'record date' for determining entitlements for the new issue.
- (o) An Option does not confer on the holder any right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.



Schedule 2 – Valuation of related party Options

The Related Party Options to be issued to Gary Lethridge pursuant to Resolution 5 have been independently valued.

Using the Hoadley Options¹, a standard binomial option valuation model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	2 October 2018
Market price of Shares	13 cents
Exercise price	47.5 cents
Expiry date (length of time from issue)	3 years
Risk free interest rate	2.00 %
Volatility (discount)	75 %
Indicative value per Related Party Option	1.88 cents
Total Value of Related Party Options	\$47,000

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.


ONLINE PROXY APPOINTMENT
www.advancedshare.com.au/investor-login

MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.



2018 ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Echo Resources Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chair of the
meeting

OR



PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday 22 November 2018 at 11.00am WST** and at any adjournment or postponement of that Meeting.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention below) even though this Item is connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

I/we acknowledge the Chair of the Meeting intends to vote all undirected proxies available to them in favour of each Item of Business.

VOTING DIRECTIONS

Agenda Items

	For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Anthony McIntosh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of director – Mark Hanlon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of 10% Placement Facility – Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Grant of Options to related party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address



Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on an item, your vote on that item will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Item 1, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Item 1.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on an item (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that item), the Chair may vote as they see fit on that item.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- Return both forms together.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 11.00am WST on 20 November 2018, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 9262 3723



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033