

# ASX ANNOUNCEMENT

## PLACEMENT, ENTITLEMENT ISSUE AND MINING CONTRACTOR LOI

### HIGHLIGHTS

- Placement to raise \$4M at 11c per share, representing a 4% discount to the 5-day VWAP of 11.45c per share
- Echo's largest shareholder Northern Star Resources to subscribe for \$2.5M of the Placement
- MACA to subscribe for \$1.5M of the Placement
- Eligible shareholders have the opportunity to participate in a fully underwritten non-renounceable Entitlements Issue to raise a further \$2.5M
- Entitlement Issue offer price of 10.5c per share represents an 8.3% discount to the 5-day VWAP
- Proceeds will be applied to fund pre-development expenses at the Yandal Gold Project, an expanded exploration program at Mt Joel and working capital
- Letter of Intent to appoint MACA as contractor for the Open Pit Mining and Mill Refurbishment contracts for the Yandal Gold Project

### PLACEMENT

Echo Resources Limited (ASX: EAR) ('Echo' or the 'Company') is pleased to announce that it has successfully completed a placement of 36,363,636 shares at \$0.11 per share to raise a gross amount of \$4 million (Placement). Placement shares are expected to be issued on 17 December 2018.

The placement has been made to Echo's largest shareholder, Northern Star Resources Limited (ASX: NST) ('Northern Star') and MACA Limited (ASX: MLD) ('MACA'). Northern Star and MACA will subscribe for \$2.5M and \$1.5M of the Placement respectively. Echo has also signed a letter of intent to appoint MACA as contractor for the open pit mining services and mill refurbishment contracts after a competitive tendering process (see below for further detail).

Echo Executive Director and CEO Mr. Victor Rajasooria said: 'We are delighted with the support we have received from both Northern Star and MACA which are both highly credentialled, successful and well-regarded companies.'

#### ASX ANNOUNCEMENT

6 December 2018

#### ASX CODE

EAR

#### KEY ASSETS

- Julius
- Orelia
- Bronzewing Hub

#### DIRECTORS

**Barry Bolitho**  
Executive Chairman

**Victor Rajasooriar**  
CEO and Executive Director

**Anthony McIntosh**  
Non-Executive Director

**Mark Hanlon**  
Non-Executive Director

**Robin Dean**  
Non-Executive Director

**Kate Stoney**  
Company Secretary

#### REGISTERED OFFICE

Level 1, 7 Rheola Street  
West Perth WA 6005

T +61 (8) 9389 8726

F +61 (8) 9467 2896

Echo confirms that the Placement shares will be issued under the Company's existing ASX Listing Rule 7.1 capacity and accordingly no shareholder approval will be required for the issue of those shares.

Following completion of the Placement, Northern Star's shareholding in Echo will increase from 19.78% to 22.74% and Northern Star will nominate a Non-Executive Director to the Echo Board. This Board appointment will be subject to Northern Star holding at least a 15% shareholding in Echo.

## ENTITLEMENTS ISSUE

Echo is also pleased to announce it proposes to undertake a fully underwritten non-renounceable pro-rata Entitlements Issue which will offer eligible shareholders the opportunity to subscribe for 1 new fully paid ordinary share (New Share) for every 20 existing fully paid ordinary shares currently held (Existing Shares) at an issue price of \$0.105 per New Share (Entitlements Issue).

Approximately 24.43 million New Shares will be offered to eligible shareholders under the Entitlements Issue to raise approximately \$2.56 million before costs. The Entitlements Issue is to be fully underwritten by joint (50% pro rata basis) underwriters Northern Star Resources Limited and Canaccord Genuity (Australia) Limited, on conditions to be disclosed in the offer document in due course. The underwriters will each be paid a fee of 2.5% of the underwritten amount.

The Entitlements Issue will be offered to all shareholders with registered addresses in Australia, New Zealand (Eligible Shareholders) who hold shares at 7:00pm (WST) on the record date (anticipated to be 14 December 2018). Eligible Shareholders will be entitled to apply for shortfall shares in advance of determining the shortfall available to the underwriters, under a shortfall facility. Shares issued to Northern Star and MACA under the Placement described above will not be eligible to participate in the Entitlements Issue as the Shares will be issued after the record date. Fractional entitlements will be rounded up to the nearest whole number of New Shares. New Shares will rank equally with the Shares already on issue and the Company will apply to the ASX for quotation of the New Shares.

The Entitlements Issue price of \$0.105 per Share represents a:

- 8.3% discount to the volume weighted average market price in respect of the last five days on which trades in Echo took place (being 27 November 2018 – 3 December 2018 inclusive) which was also \$0.1145 and;
- 4.55% discount to the Placement price of \$0.11.

Following completion of the Placement and the Entitlements Issue, Echo will have approximately 549 million Shares on issue. Trading in the New Shares issued in respect of the Entitlements Issue is expected to commence on Thursday, 24 January 2019 (refer indicative timetable attached).

The Entitlements Issue will be made pursuant to a cleansing notice and offer document under section 708AA of the Corporations Act that are expected to be lodged with ASX before market open on 11 December 2018 and made available on the ASX Market Announcements Platform at [www.asx.com.au](http://www.asx.com.au), and at [www.echoresources.com.au](http://www.echoresources.com.au).

Funds raised under this Placement and the Entitlements Issue will enable the Company to hold cash reserves required for its ongoing initiatives over the medium term and will be used to:

- provide pre-development funding (approximately \$4 million);
- provide working capital, (approximately \$1.3 million);
- Fund further exploration at Mt Joel (approximately \$1 million); and
- pay the costs of the Placement and the Rights Issue (approximately \$0.2 million).

The proposed timetable for the Entitlement Issue is set out in Appendix 1.

## MINING CONTRACTOR LOI

Following a diligent and competitive tendering process based on both capability and pricing, Echo chose MACA Limited ('MACA') as its preferred contractor for its open pit mining services contract ("Mining Contract") and mill refurbishment contract ("Mill Contract") at the Yandal Gold Project in Western Australia.

Echo has now signed a letter of intent to award these two contracts to MACA subsidiary MACA Mining and MACA Interquip, respectively, subject to a decision to mine or other investment decision to proceed with the development being made by the Echo Board of Directors and any necessary statutory approvals being obtained. The scope of work to be undertaken under the Mining Contract will include load and haul, and drill and blast. Pricing for the Mining Contract is to be updated (using the same inputs as tendered, adjusted for rise and fall) based on the final mine plans once an updated Bankable Feasibility Study on the Yandal Gold Project has been completed. The Mill Contract will include refurbishment and commissioning.

Mr. Victor Rajasooriar added *"We are very pleased to be partnering with MACA. By involving MACA at this early stage and engaging with them constructively, we are confident of achieving efficiencies and synergies which will enhance the economics of the optimised BFS"*.

### For further information:

Victor Rajasooriar  
**Chief Executive Officer**  
Echo Resources Ltd

**Media inquiries**  
Michael Vaughan  
0422 602 720

## APPENDIX 1: PROPOSED TIMETABLE

|   |                          |
|---|--------------------------|
| Announcement of Offer and Placement and Appendix 3B for Offer lodged with ASX   | Pre-open Thu 6 Dec 2018  |
| Lodgement with ASX of Offer Document and Cleansing Notice under s708AA of the Corporations Act  | Pre-open Tue 11 Dec 2018 |
| Letter to Optionholders   | Tue 11 Dec 2018          |
| Letter to Shareholders (eligible and ineligible)  | Wed 12 Dec 2018          |
| Ex-Date - Shares trade ex-entitlement   | Thu 13 Dec 2018          |
| Record Date - for determining eligibility to participate in the Offer   | Fri 14 Dec 2018          |
| Placement Shares issued, application for quotation of Placement Shares (Appendix 3B) and s708A(5)(e) cleansing notice lodged with ASX | Mon 17 Dec 2018          |
| Offer Document and entitlement and acceptance forms sent to Shareholders and dispatch announced                                       | Wed 19 Dec 2018          |
| Offer Opening Date  | Wed 19 Dec 2018          |
| Closing Date of the Offer   | Wed 16 Jan 2019          |
| Offer Shares quoted on a deferred settlement basis  | Thu 17 Jan 2019          |
| Shortfall Notification Date – advise ASX of Offer shortfall   | Mon 21 Jan 2019          |
| Issue Date of Shares under Offer  | Wed 23 Jan 2019          |
| Trading of Offer Shares and Shortfall Shares expected to commence   | Thu 24 Jan 2019          |
| Dispatch of holding statements/ normal trading of Offer Shares expected to occur  | Thu 24 Jan 2019          |

\*Dates are indicative only and are subject to change. Echo reserves the right, subject to ASX Listing Rules and the Corporations Act, to amend this timetable in conjunction with the Underwriters.