

11 December 2018

Company Announcements Platform
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

NON-RENOUNCEABLE RIGHTS ISSUE - NOTICE GIVEN UNDER SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001

This notice is given by Echo Resources Limited (ACN 108 513 113) (**Echo** or the **Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**), as notionally modified by ASIC Instrument [2016/84] (**ASIC Instrument**). References in this notice to the Act are references to the Act as modified by the ASIC Instrument.

The Company has announced its intention to undertake a capital raising to raise approximately \$6.5 million (**Capital Raising**) by way of:

- (a) a \$2.5m placement to Northern Star Resources Ltd (**Northern Star**) and a \$1.5 million placement to MACA Limited, at an issue price of \$0.11 per fully paid, ordinary share in the capital of the Company (**Share**) to raise a total of \$4 million (**Placement**); and
- (b) a fully underwritten non-renounceable pro rata entitlement offer of up to approximately 24,432,321 Shares at an issue price of \$0.105 per Share to raise approximately \$2,565,394 (before costs and rounding and assuming no other Shares are issued other than under the Placement) on the basis of one (1) Share for every twenty (20) Shares held at 7.00pm (WST) on 14 December 2018 (**Record Date**) by shareholders with registered addresses in Australia or New Zealand (**Offer**).

As at the date of this notice, the Company has 24,750,000 Options on issue. In order to participate in the Offer, these Options must be exercised before the Record Date. If all Options are exercised with Shares issued before the Record Date, the Offer will increase by up to approximately a further 1,237,500 Shares to a total of approximately 25,669,821 Shares and the funds raised will increase by approximately \$129,938 to a total of approximately \$2,695,331 (before costs and rounding).

The Placement will be completed after the Record Date for the Offer, and so the Placement Shares will not provide an entitlement under the Offer. Upon completion of the Placement, Northern Star will be entitled to nominate one director to the Company's board, so long as it retains at least a 15% shareholding. The Company considers that Northern Star is not, and will not be, a related party of the Company as a result.

The Offer is being undertaken pursuant to section 708AA of the Corporations Act.

The Offer is fully underwritten, with 50% underwritten by Canaccord Genuity (Australia) Limited (**Canaccord**) and 50% by Northern Star (together, the **Underwriters**). Each Underwriter has entered into a separate underwriting agreement with the Company and each is entitled to an underwriting fee of 2.5% (excluding GST) of the Offer amount. Eligible Shareholders will be entitled to apply for any shortfall Shares in priority to the Underwriters with the Underwriters taking the last of the shortfall 50% each on a pro rata basis.

An Offer Document will be mailed to eligible shareholders on or about 17 December 2018 together with an Entitlement and Acceptance Form. For informational purposes, a sample copy of this Offer Document has been attached to this notice.

The Company hereby gives notice under section 708AA(2)(f) of the Act that:

- (a) the Company will offer the Shares under the Offer for issue without disclosure to investors under Part 6D.2 of the Act, as notionally modified by the ASIC Instrument;
- (b) the Company is providing this notice under section 708AA(2)(f) of the Act;
- (c) at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company;
 - (ii) section 674 of the Act;
- (d) at the date of this notice, there is no information that is “excluded information” of the type referred to in sections 708AA(8) and 708AA(9) of the Act and that is required to be set out in this notice under section 708AA(7) of the Act; and
- (e) the potential effect that the issue of the Shares under the Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including eligible shareholders interest in taking up their entitlements as well as the level of participation by eligible shareholders in taking up additional Shares under the shortfall facility;
- (f) while it is not possible for the directors to predict the outcome of the factors set out in paragraph (e) above, a non-exhaustive list setting out the potential effect on control is set out below:
 - (i) the percentage interest of shareholders who are not eligible shareholders, and eligible shareholders who do not take up their entitlement, will be diluted by approximately 4.4%;
 - (ii) if all eligible shareholders take up their entitlements under the Offer, all eligible shareholders will hold the same percentage interest in the Company as before the Offer opens;
 - (iii) in the more likely event that there is a shortfall, eligible shareholders who do not subscribe for their full entitlement of Shares under the Offer will be diluted relative to those shareholders who subscribe for some or all of their entitlements;
 - (iv) in respect of any shortfall, eligible shareholders will be entitled to top-up their shareholding, by subscribing for additional shares to be issued from the shortfall pool. However, the Company will only issue such Shares pursuant to an Application received where the Directors are satisfied, in their discretion, that the issue of the Shares will not increase the Applicant’s Voting Power above 19.90%. Northern Star has advised that it will not apply for any Shortfall in its capacity as a Shareholder and the Company will not allocate any Shortfall to Northern Star in its capacity as a Shareholder;
 - (v) any remaining Shares not taken up by shareholders in the shortfall facility will be issued to the Underwriters 50% each on a pro rata basis. Northern Star has advised the Company that it does not intend to sub-underwrite its proportion of any Shortfall;
 - (vi) Northern Star at the date of this Offer Document is the registered holder of 96,661,274 Shares, being a 19.781% shareholding in the Company, which it has held since 13 February 2018. As a result of the Placement, Northern Star will be issued a further 22,727,273 Shares, increasing its shareholding to 119,388,547 Shares giving it Voting Power of 22.74% (assuming no other Shares are issued). Northern Star has advised the Company it intends to acquire this shareholding above 20% in reliance on its capacity to creep under section 611 item 9 of the Corporations Act;

- (vii) Northern Star has advised the Company that it intends to subscribe for its Entitlement under the Offer, being approximately 4,833,064 Shares, resulting in it holding approximately 124,221,611 Shares. If all Eligible Shareholders take up their Entitlements, this will result in Northern Star holding approximately a 22.61% shareholding (assuming no other Shares are issued). However, if Eligible Shareholders do not take up their Entitlements and any Shortfall, Northern Star will increase its shareholding due to it being an Underwriter;
- (viii) in the unlikely event that no shareholders take up entitlements, other than Northern Star, or any shortfall, Northern Star will be issued a total of approximately 4,833,064 Shares under its entitlement and approximately 9,799,629 Shares as Underwriter (being 50% of the Offer shortfall). It will then hold approximately 134,021,239 Shares out of approximately 549,442,372 Shares on issue (assuming Canaccord fulfils its underwriting commitment), being approximately a 24.392% shareholding (assuming no other Shares are issued);
- (ix) if, in the above scenario, Canaccord does not fulfil its underwriting commitment, there will be approximately 539,642,743 Shares on issue, giving Northern Star Voting Power of approximately a 24.84% (assuming no other Shares are issued); and
- (x) the table below summarises the potential effects on control of the underwriting. The table is based on shareholdings post the Placement, which is to be completed before the Offer opens.

Shareholder	# Shares (assuming 100% rights/shortfall taken up by Shareholders)	% interest	# Shares (assuming 50% rights/shortfall taken up by Shareholders)*	% interest	# Shares (assuming no rights or shortfall taken up by Shareholders)*	% interest
All existing shareholders other than the Underwriters	425,220,761	77.39%	415,421,133	75.61%	405,621,504	73.824%
Northern Star	124,221,611	22.61%	129,121,425	23.50%	134,021,239	24.392%
Canaccord	Nil	0%	4,899,814	0.89%	9,779,629	1.784%
Total	549,442,372	100%	549,442,372	100%	549,442,372	100%

* Other than Northern Star taking its entitlement, and assuming the Underwriters fulfil their underwriting obligations and no other Shares are issued other than the Placement Shares.

Further details regarding the Offer are set out in the Offer Document.

For further enquiries, please contact:

Yours sincerely,

Kate Stoney
Company Secretary
Echo Resources Ltd

Phone: +61 (0)8 9389 8726

ECHO RESOURCES LIMITED
ACN 108 513 113

**NON-RENOUNCEABLE RIGHTS ISSUE
OFFER DOCUMENT**

Fully underwritten, non-renounceable pro rata offer of one (1) new fully paid ordinary share in the Company (**Share**) for every twenty (20) Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.105 per Share to raise up to approximately \$2,565,394 (before costs and rounding and assuming no other Shares are issued other than under the Placement) (**Offer**).

The Offer opens on 17 December 2018 and closes at 5.00pm (WST) on 16 January 2019 (unless it is lawfully extended). Valid Applications must be received before that time.

Applications for Shares can only be made by Eligible Shareholders by using or following the instructions on an Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders' Entitlement to participate in the Offer. Eligible Shareholders may, in addition to their Entitlement, apply for Shares not taken up under the Offer (**Shortfall Shares**) by using or following the instructions on an Entitlement and Acceptance Form.

Please read the instructions in this Offer Document and on the Entitlement and Acceptance Form regarding the acceptance of Shares under the Offer.

The Offer is fully underwritten, with 50% of the Offer underwritten by Canaccord Genuity (Australia) Limited (ACN 075 071 466) (AFSL 234666) (**Canaccord**) and 50% underwritten by Northern Star Resources Ltd (ACN 092 832 892) (**Northern Star**) (together, the **Underwriters**). The Underwriters' respective obligations are subject to industry standard termination rights. Canaccord may terminate its underwriting obligation if the Northern Star underwriting agreement is terminated. Refer to section 8 for further details.

This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares being offered by this Offer Document. Shares offered by this Offer Document should be considered speculative.

TABLE OF CONTENTS

1. IMPORTANT INFORMATION.....	3
2. CORPORATE DIRECTORY	6
3. CHAIRMAN'S LETTER	7
4. SUMMARY OF OFFER.....	8
5. DESCRIPTION AND EFFECT OF THE OFFER	9
6. ACTION REQUIRED BY SHAREHOLDERS	19
7. RISK FACTORS	21
8. ADDITIONAL INFORMATION	31
9. GLOSSARY OF TERMS.....	33

1. IMPORTANT INFORMATION

This Offer Document is dated 11 December 2018.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by Echo in connection with the Offer.

The information in this Offer Document does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Offer Document is not a prospectus under the Corporations Act and has not been lodged with ASIC. This Offer Document has been prepared in accordance with section 708AA of the Corporations Act and applicable ASIC Instrument 2016/84 which, in general terms, permits certain companies to undertake entitlement offers without being required to use or provide to shareholders a prospectus or other disclosure document.

Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus or other disclosure document. This Offer Document does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares being offered by this Offer Document.

Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to the ASX and consult with their professional advisors before deciding to accept the Offer.

No party other than the Company has authorised or caused the issue of this Offer Document, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Document or for any action you take in reliance on this Offer Document.

The Underwriters have not authorised, permitted, or caused the issue or lodgement, submission, dispatch or provision of this Offer Document and there is no statement in this Offer Document which is based on any statement made by their or any of their affiliates, officers, employees or advisors. To the maximum extent permitted by law, the Underwriters and each of their affiliates, officers, employees and advisors expressly disclaim all liabilities in respect of, and make no representations or warranties regarding, and take no responsibility for, any part of this Offer Document other than references to their names and make no warranty or representation as to the currency, accuracy, reliability or completeness of this Offer Document.

By returning an Entitlement and Acceptance Form or otherwise paying for your Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Document and you have acted with and agree to the terms of the Offer detailed in this Offer Document.

Eligibility

Applications for Shares by Eligible Shareholders can only be made on or in accordance with the original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

Overseas Shareholders

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

No Offer will be made to Shareholders with a registered address outside Australia and New Zealand. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders,

the number and value of Shares these overseas Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

The distribution of this Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

New Zealand

The Offer is not being made to the public in New Zealand other than to existing Shareholders with registered addresses in New Zealand as at the Record Date to whom the Offer is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Notice to nominees and custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up your Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form, or payment by BPAY® in accordance with the Entitlement and Acceptance Form, will be taken

by the Company to constitute a representation that there has been no breach of those regulations.

Risk factors

Potential investors should be aware that subscribing for and holding Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 7 of this Offer Document. These risks together with other general risks applicable to all investments in listed companies not specifically referred to, may affect the value of the Shares in the future.

Definitions, currency and time

Defined terms used in this Offer Document are contained in section 9. All references to currency are to Australian dollars and all references to time are to the time in Perth, Western Australia unless otherwise indicated.

Taxation consequences for Applicants

There will be taxation implications associated with participating in the Offer and receiving and disposing of Shares. The Company considers that it is not appropriate to give advice regarding these tax consequences and recommends you consult your professional advisor.

Governing Law

This Offer Document, the Entitlement and Acceptance Form and the contract formed on acceptance of the Applications are governed by the law applicable in Western Australia and each Applicant submits to the exclusive jurisdiction of the Western Australian courts and courts competent to hear appeals from those courts.

Past Performance

Investors should note that the Company's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance, including its future financial position or share price performance.

Forward-looking statements

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

Any forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 7 of this Offer Document.

Trading of Shares

The Company and the Underwriters will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade Shares they believe will be issued to them before they receive holding statements, whether on the basis of confirmation of the allocation provided by the Company or its Registry or otherwise, or who otherwise trade or purport to trade Shares in error or to which they do not hold or are not entitled. If you are in

any doubt as to these matters, you should first consult with your stockbroker, accountant or other professional advisor.

Privacy

Echo collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing their Application and, if the Application is successful, to administer the Applicant's security holding in Echo. The information may also be used to service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that Echo may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes in this privacy disclosure statement and may disclose it for those purposes to the share registry, Echo's Related Corporation, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, Echo may not be able to accept or process your application.

An Applicant has a right to gain access to, correct and update the information that Echo holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Echo's registered office.

2. Corporate Directory

Directors

Barry Bolitho
(Executive Chairman)

Victor Rajasooriar
(Executive Director and CEO)

Robin Dean
(Non-Executive Director)

Anthony McIntosh
(Non-Executive Director)

Mark Hanlon
(Non-Executive Director)

Company Secretary

Kate Stoney

Registered office

Level 1
7 Rheola Street
West Perth WA 6005

Telephone: +61 8 9389 8726
Facsimile: +61 8 9467 2896
Email: admin@echoresources.com.au
Website: www.echoresources.com.au

Share Registry

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

PO Box 1156
Nedlands WA 6909

Telephone:
(Within Australia): 1300 113 258
(Overseas) +61 8 9389 8033
Facsimile: +61 9262 3723
Website: www.advancedshare.com.au

Solicitors

EMK Lawyers
Suite 1B
16 Phillimore Street
Fremantle WA 6160

Underwriters

Canaccord Genuity (Australia) Ltd
Level 4, 60 Collins Street
Melbourne VIC 3000

Northern Star Resources Ltd
Level 1, 388 Hay Street
Subiaco WA 6008

Auditor

BDO Audit (WA) Pty Ltd
38 Station St
Subiaco WA 6008

3. Chairman's Letter

Dear Shareholder,

As a valued shareholder of Echo Resources Limited (**Company**), I am pleased to offer you the opportunity to participate in a 1 for 20 fully underwritten, pro rata non-renounceable entitlement offer of new fully paid, ordinary shares in the Company (**Shares**) at an issue price of \$0.105 per Share, that will raise approximately \$2.56 million before costs (**Offer**).

The Offer is fully underwritten, with 50% underwritten by Canaccord Genuity (Australia) Limited (**Canaccord**) and 50% by Northern Star Resources Ltd (**Northern Star**).

The Company has also announced a \$2.5m placement to Northern Star and a \$1.5 million placement to MACA Limited, at an issue price of \$0.11 per Share to raise a total of \$4 million (**Placement**) that is scheduled to complete on 17 December 2018, after the Record Date for the Offer and so the Placement Shares will not provide an entitlement under the Offer. Upon completion of the Placement, Northern Star will be entitled to nominate one Director to the Company's board, so long as it retains at least a 15% shareholding.

The proceeds of the Offer and the Placement will be utilised to pursue the following important activities:

- 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 Offer (approximately \$0.2 million).

The issue price of \$0.105 per Share under the Offer represents a discount of 8.3% to the 5 day volume weighted average market price ending on 4 December 2018, the last day on which Shares were traded before the Offer was announced.

The number of Shares you are entitled to subscribe for under the Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that is enclosed with this Offer Document.

The Offer is non-renounceable, which means if you do not take up your Entitlements that they will lapse. A market will not be established and you will not be able to trade your Entitlements.

In the event that Eligible Shareholders do not take up all of their Entitlements in full, Eligible Shareholders can, in addition to their Entitlement, also apply for Shortfall Shares. The allocation of Shortfall Shares will be at the discretion of the Company in conjunction with the Underwriters, but Eligible Shareholders will be entitled to apply for any Shortfall Shares in priority to the Underwriters with the Underwriters taking the last of the shortfall 50% each on a pro rata basis.

On behalf of your Board, I invite you to consider this investment opportunity and thank you for your ongoing support for our Company.

Your faithfully,

Barry Bolitho
Executive Chairman
Echo Resources Limited

4. Summary of Offer

Offer Terms

Ratio	1 Share for every 20 Shares held by an Eligible Shareholder on the Record Date
Issue Price	\$0.105 per Share
Size	Approximately 24,432,321 Shares
Amount to be raised under the Offer before costs	Approximately \$2,565,394

Indicative 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 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	7.00pm (WST) 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	Mon 17 Dec 2018
Offer Opening Date	Wed 19 Dec 2018
Closing Date of the Offer	5.00pm (WST) 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
Dispatch of holding statements / normal trading of Shares commences	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.

Indicative Capital Structure*

Shares on issue as at 11 December 2018	488,646,414 Shares
Shares to be issued under the Placement	36,363,637 Shares
Shares to be issued under the Offer	24,432,321 Shares
Total Shares on issue on completion of the Offer	549,442,372 Shares

* Assuming no other Shares issued, and subject to rounding. A total of 24,750,000 Options are on issue at the date of this Offer Document. Director Victor Rajasooriar is entitled, subject to Shareholder approval, to be issued 6,000,000 performance rights that vest subject to KPIs.

5. Description and Effect of the Offer

5.1 The Offer

The Offer is being made as a non-renounceable pro-rata offer of Shares of 1 Share for every 20 Shares held by Eligible Shareholders at the Record Date on at an issue price of \$0.105 per Share. Fractional Entitlements will be rounded up to the nearest whole number.

As at the Record Date (and assuming no existing Options are exercised and converted into Shares prior to the Record Date), Echo will have on issue 488,646,414 Shares. The Company expects that up to approximately 24,432,321 New Shares will be issued under the Offer to raise up to \$2,565,394 before costs.

As at the date of this Offer Document, the Company has 24,750,000 Options on issue. In order to participate in the Offer, these Options must be exercised before the Record Date. If all Options are exercised with Shares issued before the Record Date, the Offer will increase by up approximately a further 1,237,500 Shares to a total of approximately 25,669,821 Shares and the funds raised will increase by approximately \$129,938 to a total of approximately \$2,695,331 (before costs and rounding)

The Offer is fully underwritten, with 50% underwritten by Canaccord and 50% by Northern Star. Each Underwriter has entered into a separate underwriting agreement with the Company and each is entitled to an underwriting fee of 2.5% (excluding GST) of the Offer amount. Refer to section 8.1 for further details.

Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document. You may accept the Offer only by applying for Shares on the Entitlement and Acceptance Form.

Unless you apply to participate in the Shortfall Offer described on the Entitlement and Acceptance Form, acceptances must not exceed your maximum Entitlement (as shown on the Entitlement and Acceptance Form), although you may accept for a lesser number of Shares should you wish to take up only part of your Entitlement. If your acceptance of the Offer exceeds your Entitlement, and you have not applied to participate in the Shortfall Offer, your acceptance may be deemed to be for your maximum Entitlement in which case any surplus Application Monies will be returned to you.

Refer to Section 5.8 for information in relation to the Shortfall Offer.

Echo will accept Entitlement and Acceptance Forms until 5.00pm WST on the Closing Date or such other date and time as the Directors in their absolute discretion shall determine, subject to the requirements of the ASX Listing Rules.

The Directors may at any time decide to withdraw this Offer Document and the offer of Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

Acceptance of a completed Entitlement and Acceptance Form by Echo creates a legally binding contract between the Applicant and Echo for the number of Shares accepted or deemed to be accepted by the Applicant. The Entitlement and Acceptance Form does not need to be signed by the Applicant to be legally binding. The Offer and contract formed on acceptance are governed by the laws of Western Australia.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Shares offered by the Offer are expected to be issued, and security holder statements dispatched, on the dates specified in the timetable in Section 4.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

All of the Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document.

5.2 Placement

On 6 December 2018, at the same time the Company announced the Offer, it announced it had secured commitments for a placement (**Placement**):

- (a) 22,727,273 Shares to Northern Star at \$0.11 per Share to raise \$2.5 million; and
- (b) 13,636,364 Shares to MACA Limited at \$0.11 per Share to raise \$1.5 million.

The Placement is scheduled to complete on 17 December 2018.

5.3 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to approximately \$2,565,394 (before payment of costs associated with the Offer). It is proposed that the proceeds raised from the Offer and Placement be allocated as follows:

	\$	%
Funds raised from the Placement	4,000,000	61%
Funds raised from the Offer	2,565,394	39%
Total funds available	6,565,394	100%
Pre-development costs for Yandal Gold Project	4,000,000	61%
Exploration at Mt Joel	1,000,000	15%
Expenses of the Offer	200,000	3%
General working capital	1,365,394	21%
Total funds applied	6,565,394	100%

The above table is a statement of the Board's current intentions as at the date of this Offer Document and, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors. In light of this, the Board reserves the right to alter the way the funds are applied.

5.4 No rights trading

The pro-rata offer of Shares is non-renounceable, which means that Eligible Shareholders may not sell or transfer all or any part of their Entitlement to subscribe for Shares under the Offer. If you do not take up your Entitlement to Shares under the Offer by the Closing Date, the Offer to you will lapse. The Shares in your Entitlement that are not taken up by you will form part of the Shortfall.

5.5 ASX quotation

Application has been made to ASX for the Official Quotation of the Shares to be issued under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares to be issued under the Offer, Echo will repay, as soon as practicable, without interest, all Application monies received pursuant to the Offer.

5.6 Risk Factors

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 7.

5.7 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 4.4% (as compared to their holding as a percentage based on the number of Shares on issue following the Placement). An example of how the dilution will impact Shareholders as a result of the Placement and if they do not participate in the Offer is set out in the table below.

Shareholding at Record Date	~% at Record Date	% post Placement	Entitlements under Offer	~% post Offer if Offer not taken up
30,000,000	6.14%	5.71%	1,500,000	5.46%
10,000,000	2.05%	1.90%	500,000	1.82%
1,000,000	0.20%	0.19%	50,000	0.18%
100,000	0.02%	0.02%	5,000	0.02%

5.8 Shortfall and Shortfall Offer

If you do not wish to take up any part of your Entitlement you are not required to take any action. Any part of your Entitlement not taken up will form part of the Shortfall and will revert to the Directors to allocate at their absolute discretion in conjunction with the Underwriters to other Eligible Shareholders who apply for additional Shares out of the Shortfall.

You may, in addition to taking up your Entitlement in full, apply for additional Shares out of the Shortfall (**Shortfall Shares**) in excess of your Entitlement pursuant to the shortfall offer (**Shortfall Offer**) by completing the relevant part of the Entitlement and Acceptance Form relevant to the Shortfall Offer.

Shortfall Shares will only be available where there is a Shortfall between Entitlement and Acceptance Form Applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open for up to two months following the Opening Date. Shortfall Shares will be issued at the issue price of \$0.105 per Shortfall Share.

Where there are oversubscriptions for the Shortfall, Eligible Shareholders who apply for Shortfall Shares may be allocated a lesser number of Shortfall Shares than applied for (ie they may be scaled back), or may be allocated no Shortfall Shares at all, in which case excess Application Monies will be refunded without interest. Any allocation of Shortfall Shares to Eligible Shareholders would generally be commensurate with the number of Shares held by each Applicant.

All decisions regarding the allocation of Shortfall Shares will be made by the Directors (at their discretion) in conjunction with the Underwriters and will be final and binding on all Eligible Shareholders. Eligible Shareholders will be entitled to apply for any Shortfall Shares in priority to the Underwriters, with the Underwriters taking the last of the Shortfall 50% each on a pro rata basis. Northern Star has advised the Company that it will not apply for any Shortfall in its capacity as a Shareholder and the Company will not allocate any Shortfall to Northern Star or its Associates in their capacity as Shareholders.

5.9 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale price of the Shares on ASX during the three months immediately preceding the date of this Offer Document is as follows:

	\$	Date
Highest	0.145	26/09/2018
Lowest	0.100	13/11/2018
Last	0.120	10/12/2018

5.10 Effect of the Offer on control and capital structure of the Company

The Company's substantial holders, as notified to the Company as at the date of this Offer Document, and their Entitlement prior to the Offer, are set out in the table below, assuming they do not acquire any additional Shares before the Record Date.

Substantial Holder	Shares	Current Voting Power	Post Placement Voting Power	Entitlement	\$
Northern Star	96,661,274	19.781%	22.74%	4,833,064	507,472
Nero Resource Fund Pty Ltd ATF Nero Resource Fund	26,032,667	5.33%	4.96%	1,301,633	136,672

Notes:

1. Northern Star has indicated that it will take up its full Entitlement but will not apply for additional Shares under the Shortfall Offer. As an underwriter, it is entitled to be issued 50% of any Shortfall after other Shareholders' Applications for Shortfall Shares have been satisfied.
2. The Voting Power in the table is at the date of this Offer Document. Each Shareholder's Voting Power will be diluted by approximately 6.9% as a result of the Placement other than Northern Star's Voting Power which will increase to approximately 22.74% as a result of its subscription for \$2.5 million in Shares under the Placement.

The potential effect that the issue of the Shares under the Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including Eligible Shareholders interest in taking up their Entitlements as well as the level of participation by Eligible Shareholders in taking up additional Shares under the Shortfall Offer.

While it is not possible for the Directors to predict the outcome of the factors set out above, a non-exhaustive list setting out the potential effect on control is set out below:

- (a) the percentage interest of shareholders who are not Eligible Shareholders, and Eligible Shareholders who do not take up their Entitlement, will be diluted by approximately 4.4%;
- (b) if all Eligible Shareholders take up their Entitlements under the Offer, all Eligible Shareholders will hold the same percentage interest in the Company as before the Offer opens;
- (c) in the more likely event that there is a Shortfall, Eligible Shareholders who do not subscribe for their full Entitlement of Shares under the Offer will be diluted relative to those Shareholders who subscribe for some or all of their Entitlements as shown by the table in section 5.7; and
- (d) in respect of any Shortfall, Eligible Shareholders will be entitled to top-up their shareholding, by subscribing for additional shares to be issued from the shortfall pool (**Shortfall Offer**). However, the Company will only issue such Shares pursuant to an Application received where the Directors are satisfied, in their discretion, that the issue of the Shares will not increase the Applicant's Voting Power above 19.90%;
- (e) any remaining Shares not taken up by shareholders in the Shortfall Offer will be issued to the Underwriters 50% each on a pro rata basis;

- (f) Northern Star at the date of this Offer Document is the registered holder of 96,661,274 Shares, being a 19.781% shareholding in the Company, which it has held since 13 February 2018. As a result of the Placement, Northern Star will be issued a further 22,727,273 Shares, increasing its shareholding to 119,388,547 Shares giving it Voting Power of 22.74% (assuming no other Shares are issued). Northern Star has advised the Company it intends to acquire this shareholding above 20% in reliance on its capacity to creep under section 611 item 9 of the Corporations Act;
- (g) Northern Star has advised the Company that it intends to subscribe for its Entitlement under the Offer, being approximately 4,833,064 Shares, resulting in it holding approximately 124,221,611 Shares. If all Eligible Shareholders take up their Entitlements, this will result in Northern Star holding approximately a 22.61% shareholding (assuming no other Shares are issued). However, if Eligible Shareholders do not take up their Entitlements and any Shortfall, Northern Star will increase its shareholding due to it being an Underwriter;
- (h) in the unlikely event that no shareholders take up Entitlements, other than Northern Star, or any shortfall, Northern Star will be issued a total of approximately 4,833,064 Shares under its Entitlement and approximately 9,799,629 Shares as Underwriter (being 50% of the Offer shortfall). It will then hold approximately 134,021,239 Shares out of approximately 549,442,372 Shares on issue (assuming Canaccord fulfils its underwriting commitment), being approximately a 24.392% shareholding (assuming no other Shares are issued);
- (i) if, the above scenario, Canaccord does not fulfils its underwriting commitment, there will be approximately 539,642,743 Shares on issue, giving Northern Star Voting Power of approximately a 24.84% (assuming no other Shares are issued); and
- (j) the table below summarises the potential effects on control of the underwriting. The table is based on shareholdings post the Placement, which is to be completed before the Offer opens.

Shareholder	# Shares (assuming 100% rights/Shortfall taken up by Shareholders)	% interest	# Shares (assuming 50% rights/Shortfall taken up by Shareholders)*	% interest	# Shares (assuming no rights or Shortfall taken up by Shareholders)*	% interest
All existing shareholders other than the Underwriters	425,220,761	77.39%	415,421,133	75.61%	405,621,504	73.824%
Northern Star	124,221,611	22.61%	129,121,425	23.50%	134,021,239	24.392%
Canaccord	Nil	0%	4,899,814	0.89%	9,779,629	1.784%
Total	549,442,372	100%	549,442,372	100%	549,442,372	100%

* Other than Northern Star taking its Entitlement, and assuming the Underwriters fulfil their underwriting obligations and no other Shares are issued other than the Placement Shares.

5.11 Future Intentions of Northern Star

Northern Star has indicated that the intentions disclosed in this section are based on the facts and information regarding the Company and the general business environment which are known to it as at the date of this Offer Document. Any future decisions will, of course, be reached by Northern Star based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, Northern Star's intentions could change.

Northern Star has informed the Company that on the facts and circumstances presently known to it, it is supportive of the Company's current direction. Northern Star has indicated that it is presently willing to consider any proposals the Company's Board and management may put forward as to how Northern Star could support and assist the Company to achieve its objectives.

Northern Star has advised the Company that since it is presently supportive of the Company's current direction, Northern Star does not currently intend to seek any changes to the direction and objectives of the Company, and that other than as disclosed in this Offer Document, Northern Star:

- (a) does not currently intend to make any significant changes to the existing businesses of the Company;
- (b) does not currently intend to inject further capital into the Company other than participating in the Offer;
- (c) does not currently intend to become involved in decisions regarding the future employment of the Company's present employees and contemplates that they will continue in the ordinary course of business;
- (d) does not currently intend for any property to be transferred between the Company and Northern Star or any person associated with Northern Star;
- (e) does not currently intend to redeploy the fixed assets of the Company; and
- (f) does not currently intend to change the Company's existing financial or dividend policies.

Northern Star will make decisions on its course of action in light of material facts and circumstances at the relevant times and after it receives appropriate legal and financial advice on such matters, where required, including in relation to any requirement for Shareholder approvals.

The statements reflect current intentions only as at the date hereof which may change as new information becomes available or circumstances change or with the passage of time.

5.12 Directors' Interests and Participation

The securities of the Company each Director has a Relevant Interest in, their Voting Power at the date of this Offer Document, their Voting Power post Placement, and their Entitlement under the Offer, are set out in the table below.

Director	Shares	Options	Current Voting Power	Voting Power post Placement	Entitlement	\$
Barry Bolitho ¹	3,674,850	1,500,000	0.75%	0.70%	183,743	19,293
Victor Rajasooriar ²	-	-	0.00%	0.00%	-	-
Robin Dean ³	100,000	1,250,000	0.02%	0.02%	5,000	525
Anthony McIntosh ⁴	7,115,902	1,250,000	1.43%	1.33%	348,295	36,571
Mark Hanlon	3,350,000	1,250,000	0.69%	0.64%	167,500	17,588

Notes:

1. The Options are exercisable at \$0.275 on or before 28 August 2019 which will provide an additional Entitlement should they be exercised prior to the Record Date.
2. Victor Rajasooriar is entitled, subject to Shareholder approval, to be issued 6,000,000 performance rights, each convertible into one Share subject to satisfaction of certain performance vesting conditions.
3. Shares and Options held by Robin Dean & Carol Dean ATF RJ Dean Superfund. The Options are exercisable at \$0.275 on or before 20 April 2020 which will provide an additional Entitlement should they be exercised prior to the Record Date.
4. 6,850,902 Shares and all Options are held by Mutual Trust Pty Ltd as custodian for Interdale Pty Ltd of which Mr McIntosh is a director, with 265,000 Shares held directly. The Options are exercisable at \$0.275 on or before 28 August 2019 which will provide an additional Entitlement should they be exercised prior to the Record Date.
5. Shares are held by Buprestid Pty Ltd ATF Hanlon Family Superfund. The Options are exercisable at \$0.275 on or before 20 April 2020 which will provide an additional Entitlement should they be exercised prior to the Record Date.

Each of the Directors has advised they intend to take up their Entitlements in full.

5.13 Sale Nominee for Ineligible Shareholders

The Company has applied to ASIC to approve the appointment of its preferred nominee (**Nominee**) for Ineligible Shareholders for the purposes of section 615 of the Corporations Act. Subject to ASIC's approval, the Company will transfer to the Nominee the Shares that would otherwise be issued to the Ineligible Shareholders who accept the Offer and the Nominee must sell those Shares and distribute to each of the Ineligible Shareholders their proportion of the proceeds of sale net of expenses.

5.14 CHESS and issuer sponsorship

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. All trading on ASX in Shares will be settled

through CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Rules.

The Company's Registry operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. Both these sub-registers constitute the Company's principal register of Shareholders.

Holders of Shares will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored or other participant in CHESS, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of Shares issued under this Offer Document, provide details of your holder identification number, and provide the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Company's Registry and will contain the number of Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

5.15 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.echoresources.com.au or the ASX at www.asx.com.au.

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors'

statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and the ASX websites.

5.16 Entitlement Offer Notice

The Company has lodged with ASX a notice in accordance with section 708AA of the Corporations Act which sets out, amongst other information, the effect of the Offer on the control of the Company. This notice may be reviewed on the websites of the Company and ASX.

5.17 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Offer Document. Echo, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Offer Document.

5.18 Interest

Pending the issue of the Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the Registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and returning the Entitlement and Acceptance Form.

5.19 Enquiries

Enquiries concerning the Entitlement and Acceptance Form can be made by contacting the Company by telephone on +61 (0)8 9389 8726 or for any registry related queries contacting Advanced Share Registry on 1300 113 258 (Within Australia) and (0)8 9389 8033 (Overseas). Replacement Entitlement and Acceptance Forms can be accessed at www.advancedshare.com.au and following the below:

- If you have not logged into Investor Centre previously, select Investors, then simple login button, enter your HIN/SRN, ASX Code and tick the terms and conditions and follow the prompts.
- Once in your holding, click on document print, then choose "Corporate Action Forms" and click "Forms" to view your personalised form. The online form includes your BPAY reference number for immediate payment. You may also print out your form and send with your cheque, bank draft or money order to the address noted on the form.

Further information may also be obtained by visiting the Company's website at www.echoresources.com.au

6. Action Required by Shareholders

6.1 Acceptance of Offer under this Offer Document

You may accept all, part, or none of your Entitlement under this Offer. If you accept your Entitlement in full, you may also apply to participate in the Shortfall Offer.

If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

6.2 If you wish to acceptance of all of your Entitlement

Should you wish to accept all of your Entitlement to subscribe for Shares, then Applications for Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document or by completing a BPAY® payment, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you wish to pay via BPAY® you must follow the instructions on the Entitlement and Acceptance Form and quote your personalised reference number that has been provided on the personalised Application Form. You will be deemed to have applied for Shares upon receipt of the BPAY® payment by the Company. Eligible Shareholders who elect to pay via BPAY® do not need to return their completed Entitlement and Acceptance Form. If you elect to pay via BPAY® then your payment must be made before 5.00pm (WST) on the day prior to the Closing Date. Please read the instructions carefully.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed “Not Negotiable” and made payable to “**Echo Resources Limited**” and lodged and received at any time after the issue of this Offer Document and on or before the Closing Date at the Company’s share registry (by post) at:

Advanced Share Registry
PO Box 1156
Nedlands WA 6909

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

6.3 If you wish to accept all of your Entitlement and apply for additional Shortfall Shares

Should you wish to apply for Shortfall Shares, you must first accept all of your Entitlement to subscribe for Shares, then an Application for Shortfall Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document or by completing a BPAY® payment, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

6.4 If you wish to take up only part of your Entitlement

Should you wish to only take up part of your Entitlement, then Applications for Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document or by completing a BPAY® payment in respect of the portion of your Entitlement you wish to take up in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

6.5 BPAY®

It is your responsibility to ensure that your BPAY® payment is received by the share registry **by no later than 5:00pm (WST) on day prior to the Closing Date**. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

6.6 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application monies, the Application may not be varied or withdrawn except as required by law.

6.7 If you do not wish to take up your Entitlement

If you do not wish to accept any of your Rights, you are not obliged to do anything. In that case, Shares not accepted by the Closing Date will become Shortfall Shares and you will receive no benefit.

The number of Shares you hold and the rights attaching to those Shares will not be affected should you choose not to accept any part of your Entitlement, however your percentage holding in the capital of Echo will be diluted.

7. Risk Factors

7.1 Introduction

The Shares offered under this Offer Document are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Offer Document and publicly available and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific risks

(a) Potential for significant dilution

Upon completion of the Offer, the number of Shares in the Company will increase from 488,646,414 (assuming the Placement is completed) to 549,442,372. This means that each Share will represent a lower proportion of the ownership of the Company and a Shareholder who does not take up its Entitlement will be diluted by approximately 4.4%.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation or prediction as to such matters.

The trading price of Shares on ASX prior to the Offer Document being lodged is not a reliable indicator as to the potential trading price of Shares after completion of the Offer.

(b) Additional funding for the Yandal Gold Project

The Company is aiming to commence mining operations at the Yandal Gold Project in the medium term.

The bankable feasibility study (**BFS**) for the Yandal Gold Project, released by the Company to ASX on 6 August 2018 stated that the Company requires approximately \$39.3 million pre-production costs to develop the Yandal Gold Project and begin commercial production. The Company is in the process of updating this BFS, which is expected to result in the estimated development costs to increase.

Regardless of any increase, the funds raised by the Offer will not cover these costs. The Company intends to seek debt funding for the

remainder of the funds required. However, there can be no guarantee that the Company can obtain such funding or on terms acceptable to the Company.

Accordingly, any failure by the Company to raise the capital required in accordance with its development schedule will delay or hinder the Company's ability to meet its objective of commencing commercial production at the Yandal Gold Project in the medium term.

(c) Additional funding generally

The Company's future capital requirements, and the Company's ability to satisfy those requirements, depend on numerous factors, many of which are beyond the control of the Company.

In the future the Company will require further funding in addition to amounts raised under Offer. Any additional equity financing will dilute shareholdings. Any debt financing, if available, may involve restrictions on the Company's activities.

If the Company is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations, dispose of assets or scale back its exploration programmes, as the case may be.

The Company's ability to raise funds through the issue of Shares or other securities is subject to share market conditions from time to time. The market for securities in junior exploration companies can fluctuate.

There is, however, no certainty that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company and its Shareholders.

(d) Executive Management

The responsibility of overseeing the day-to-day operations and the Company's strategic management depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.3 Industry specific risks

(a) Mineral Resource estimates

Any Mineral Resource estimates released by the Company in the past or in the future will be expressions of judgement based on knowledge, experience and industry practice. Mineral Resource estimates which are valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, Mineral Resource estimates are imprecise and depend to some extent on interpretation, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the Mineral Resource estimates are likely to change. This may result in alterations to

development and mining plans which may, in turn, adversely affect the Company's operations.

(b) Operating and Development Risks

Subject to raising the required funding the Company intends to commence commercial production at the Yandal Gold Project in the medium term. There is a risk that delays could occur in respect of starting operations and/or the ramp up phases of operations, which may have a financial impact on the Company.

If operations at the Yandal Gold Project are successfully commenced, the Company's ability to achieve production, development, operating cost and capital expenditure estimates on a timely basis cannot be assured.

The business of gold mining involves many risks and may be impacted by factors including ore tonnes, grade and metallurgical recovery, input prices (some of which are unpredictable and outside the control of the Company), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies. Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents, occupational and health hazards, cave-ins and rock bursts. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of the mine. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

In addition, the Company's profitability could be adversely affected if for any reason its production and processing of gold or mine development is unexpectedly interrupted or slowed. Examples of events which could have such an impact include unscheduled plant shutdowns or other processing problems, mechanical failures, the unavailability of materials and equipment, pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, poor or inadequate ventilation, failure of mine communications systems, poor water condition, interruptions to gas and electricity supplies, human error and adverse weather conditions.

(c) Production Estimates and Metallurgical Recovery

The Company's estimated costs to start commercial operations at the Yandal Gold Project are based on production estimates. The Company cannot give any assurance that it will achieve its production estimates. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, results of operations and financial condition. These production estimates are dependent on, among other things the accuracy of Mineral Resource and Ore Reserve

estimates, the accuracy of assumptions regarding ore grades and recovery rates, copper price and exchange rates, ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics and the accuracy of estimated rates and costs of mining and processing.

The Company's actual production may also vary from its estimates for a variety of reasons, including, adverse operating conditions (such as unexpected geological conditions, fire, weather, accidents), compliance with governmental requirements, labour and safety issues, delays in installing or repairing plant and equipment, inability to complete, or lack of success of, capital development and exploration drilling. Problems may also arise due to interruptions to essential services (such as power, water, fuel, equipment or transport capacity) or technical support which results in a failure to achieve expected target dates for production.

Each of these factors also applies to the Company's sites not yet in production and to operations that are to be expanded. Depending on the price of gold, the Company may determine that it is impractical to commence or, if commenced, to continue commercial production at a particular site.

(d) Mine Development

The Company's ability to sustain or increase the proposed levels of production at the Yandal Gold Project beyond the current life of mine plan is dependent upon the successful development of additional reserves. Whilst the Directors consider the Yandal Gold Project to have good potential for the discovery of additional resources, there is no guarantee of a discovery or that any discovery will be commercially feasible. If the Company is unable to develop new ore bodies, it will not be able to sustain the proposed production levels.

Feasibility studies are used to determine the economic viability of a deposit. Many factors are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future metals prices. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the copper from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties and as a result, the Company cannot give any assurance that its development or exploration projects will become operating mines. If a mine is developed, actual operating results may differ from those anticipated in a feasibility study.

(e) Equipment and availability

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and

demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

(f) Exploration success

The future profitability of the Company and the value of its securities are directly related to the results of exploration on its current and future projects. The exploration tenements held by the Company are at various stages of exploration and potential investors should understand that minerals exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can ultimately be economically exploited.

The Company's future exploration activities may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title processes and laws relating to Aboriginal heritage, changing government regulations and many other factors beyond the Company's control.

The Company's success will also depend upon the Company having access to sufficient development capital, being able to maintain, renew or replace title to its tenements and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful, this could lead to diminution in the value of the Company's tenements, a reduction in the cash reserves of the Company and possible relinquishment of tenements.

The Company's anticipated exploration costs are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may be materially different to these estimates and assumptions. Accordingly, no assurance can be given that any cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(g) Infrastructure and transport

Even if production does commence at the Yandal Gold Project (or any of the Company's other projects), the Company's ability to achieve production targets, receive goods and services and export products may be restricted by access to power networks, roads and other infrastructure.

(h) Environmental

The Company's current and proposed activities are subject to state and federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programs or mining activities.

(i) Tenure risks and native title

Interests in tenements in Australia are governed by the Western Australian state mining legislation. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

If exploration is successful on tenements that are not mining leases, the Company will not be able to exploit any mineral deposit unless the Company first acquires a mining lease in respect of the area. The grant of a mining lease is subject to ministerial discretion.

Additionally, in areas where native title exists or may exist, the ability of the Company to acquire a valid mining lease may also be subject to compliance with the 'right to negotiate' process under the Native Title Act. Compliance with this process can cause delays in obtaining the grant of a mining lease and does not ultimately guarantee that a mining lease will be granted. Attaining a negotiated agreement with native title claimants or holders to facilitate the grant of a valid mining can add significantly to the costs of any development or mining operation.

The ability of the Company to conduct activities on exploration or mining tenements is subject to compliance with laws protecting Aboriginal heritage. Conduct of site surveys to ensure compliance can be expensive and subject to delays. If any Aboriginal sites are located within areas of proposed exploration, mining or other

activities, the ability of the Company to conduct those activities may be dependent on the Company obtaining further regulatory consents or approvals.

(j) Safety legislation

Current and future mines are subject to a range of safety legislation which may change in a manner that may include requirements in addition to those now in effect, and a heightened degree of responsibility for companies and their directors and employees.

(k) Competition risk

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operation and financial performance of the Company's projects and business.

(l) Industrial action

The Company is subject to the risk of industrial action and work stoppages by employees and contractors who provide services which are necessary for the continued operation of the Company's businesses.

(m) Acquisition risk

The Directors will use their expertise and experience in the resources sector to assess the value of potential projects that have characteristics that are likely to provide returns to Shareholders. There can be no guarantee that any new project acquisition or investment will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders.

(n) Aboriginal Heritage

Archaeological and ethnographic surveys on the Company's current tenements have identified sites of significance which have been registered with the Department of Indigenous Affairs. Approvals are required if these sites will be impacted by exploration or mining activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(o) Gold

Changes in the market price of gold, which in the past have fluctuated widely, will affect the profitability of the Company's proposed operations at the Yandal Gold Project (assuming it can raise the capital to commence commercial production) and its financial condition. The Company's revenues, profitability and viability will depend on the market price of gold produced from the Yandal Gold Project. The market price of gold is set in the world market and is affected by numerous industry factors beyond the Company's control including the demand for precious metals, expectations with respect

to the rate of inflation, interest rates, currency exchange rates, the demand for jewellery and industrial products containing metals, gold production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and procedures of gold and other metals in response to any of the above factors, and global and regional political and economic factors.

A decline in the market price of gold below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects. A decline in the market price of gold may also require the Company to write-down its material reserves which would have a material adverse effect on the value of the Company's securities. Further, if revenue from gold sales declines, the Company may experience liquidity difficulties. The Company will also have to assess the economic impact of any sustained lower gold prices on recoverability and therefore, on cut-off grades and the level of its mineral reserves and resources.

7.4 General risks

(a) Stock market fluctuations and economic conditions

The Shares to be issued under this Offer Document will be quoted on the ASX. The price of Shares may rise or fall and there is no certainty in respect of profitability, dividends, return of capital, or the price at which the Shares may trade on the ASX.

The selling value of the Shares will be determined by the stock market and will be subject to a range of factors beyond the control of the Company, and the Directors and officers of the Company. Such factors include, but are not limited to:

- (i) the demand for and availability of Shares;
- (ii) movements in domestic interest rates;
- (iii) exchange rates
- (iv) general and domestic economic activity; and
- (v) fluctuations in the Australian and international stock markets.

Returns from an investment from the Shares may also depend on general stock market conditions as well as the performance of the Company. There can be no guarantee that there will be an active market in the Shares.

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals which underpin the projected growth of the Company's target markets or its cost structure and profitability. Adverse changes in

such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending and employment rates, amongst others, are out of the control of the Company and may result in material adverse impacts on the business or its operating results.

(b) Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of subscribing for Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Offer Document.

(c) Liquidity of Shares

There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in a market price being received which is less than the price that Shareholders paid to acquire their Shares.

(p) Investment risks

As with any stock market investment, there are various risks associated with investing in the Company, specifically because of the nature of the Company's exploration business and the present stage of development of the Company's operations. Potential investors should consider whether the Shares offered under this Offer Document are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out in this section. Many of these risk factors are outside the Directors' control. Whilst some common risk factors are set out in this section, it is not possible to produce an exhaustive list. The Directors recommend that potential investors consult their professional advisers before deciding whether to apply for Shares.

(q) Adverse changes to government policy and taxation

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies, may have an adverse effect on the assets, operations and ultimately the Company's financial performance. These factors may ultimately affect the Company's financial performance and the market price of the Shares.

(r) Insurance risks

The Company's operations are insured in accordance with industry practice, however in certain circumstances, the Company's insurance may not be of a nature or the level to provide adequate

insurance cover. The occurrence of an event that is not covered or not fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(s) Claims, liability and litigation

Although the Company is not currently involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company, the risk of litigation remains a general risk to the Company. The Company may incur costs in making payments to settle any such claims which may not be adequately covered by insurance or at all. Any litigation or settlement may have an adverse impact on the Company's financial position.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Offer Document.

Therefore, the Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares under this Offer Document.

8. Additional Information

8.1 Canaccord Underwriting Agreement

The Company has entered into an underwriting agreement with Canaccord to underwrite 50% of the Offer (**Canaccord Underwriting Agreement**). in return for an underwriting fee of 2.5% (excluding GST) of the Offer amount.

Under the Canaccord Underwriting Agreement, the Company must accept all valid Applications for Entitlements and Shortfall Shares from Eligible Shareholders. In the event of oversubscriptions for Shortfall, the Company may scale back in accordance with the policy set out in the Offer Document.

The Company undertakes not to issue, or agree to issue, further securities, other than under the Placement, the Offer, existing Options or employee incentive schemes, for 90 days after the Offer is completed without the prior consent of Canaccord (such consent not to be unreasonably withheld or delayed),

The Company must not amend the Northern Star Underwriting Agreement (as summarised below) without the consent of Canaccord.

The obligation of Canaccord to underwrite 50% of the Offer is subject to certain events of termination. These events of termination are considered standard for an agreement of this nature. Canaccord may terminate its obligations on the occurrence of specified events, including if:

- (a) The Northern Star Underwriting Agreement is terminated by either party or that agreement is amended, altered or varied without the prior written consent of Canaccord being obtained;
- (b) The S&P/ASX 300 Metals and Mining Index closes for two consecutive Business Days during the Offer, or, closes on the Business Day prior to the Offer Settlement Date, at a level that is 10.0% or more below its level as at the close of trading on the Business Day before the date of the Canaccord Underwriting Agreement;
- (c) the price of gold by reference to the Nymex Comex Gold Price closes on a Business Day before the Offer is completed at a level which is 10% or more below the level of that price at the close of trading on the Business Day before the date of the Canaccord Underwriting Agreement; and
- (d) there is a change (or a change is announced) in the Directors, chief executive officer or chief financial officer of the Company, other than one which has already been disclosed to ASX or in any public information or disclosed to Canaccord before the date of the Canaccord Underwriting Agreement;

The Canaccord Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to Northern Star that are considered standard for an agreement of this type.

8.2 Northern Star Underwriting Agreement

The Company has entered into an underwriting agreement with Northern Star to underwrite 50% of the Offer (**Northern Star Underwriting Agreement**). in return for an underwriting fee of 2.5% (excluding GST) of the Offer amount.

Under the Northern Star Underwriting Agreement, the Company must accept all valid Applications for Entitlements and Shortfall Shares from Eligible Shareholders and issue Shortfall Shares to Eligible Shareholders who have applied for Shortfall in priority to Northern Star as underwriter.

The Company undertakes not to issue, or agree to issue, further securities, other than under the Placement and the Offer or existing Options, for 180 days after the Offer is completed without the prior written consent of Northern Star,

The obligation of Northern Star to underwrite 50% of the Offer is subject to certain events of termination. These events of termination are considered standard for an agreement of this nature. Northern Star may terminate its obligations on the occurrence of specified events, including if:

- (a) the S&P/ASX 200 Index is on any two consecutive trading days prior to the completion of the Offer more than 10% below the level of that Index at the close of the trading day before the date of the Northern Star Underwriting Agreement;
- (b) any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, the People's Republic of China, the United Kingdom, the United States of America or in the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, in the reasonable opinion of the Underwriter reached in good faith, the success of the Offer is likely to be adversely affected in a material respect; and
- (c) a change in the board of Directors or senior management of the Company occurs other than as disclosed in the Offer Document.

The Northern Star Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to Northern Star that are considered standard for an agreement of this type.

9. Glossary of terms

\$ means Australian dollars.

Applicant means a person who submits an Entitlement and Acceptance Form.

Application means an application to subscribe for Shares under the Offer using an Entitlement and Acceptance Form.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

Business Day has the same meaning as in the Listing Rules.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means 5:00pm (WST) on the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Company or **Echo** means Echo Resources Limited ACN 108 403 425

Corporations Act means the *Corporations Act 2001 (Cth)*.

Directors mean the directors of the Company as at the date of this Offer Document.

Eligible Countries means Australia and New Zealand.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the entitlement to subscribe for 1 New Share for every 20 Shares held by an Eligible Shareholder on the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Ineligible Shareholders means Shareholders who are not Eligible Shareholders.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

Offer is as defined in Section 5.1.

Official List means the official list of ASX.

Official Quotation means quotation of Shares on the Official List.

Opening Date means the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Option means an option to acquire a Share.

Record Date means 7:00pm (WST) on the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Registry means the Company's share registry, Advanced Share Registry Services.

Related Corporation means a “related body corporate” of the Company as that expression is defined in the Corporations Act and includes (where applicable) the Company itself and a body corporate which is at any time after the date of the Offer Document a “related body corporate” but ceases to be a “related body corporate” because of an amendment, consolidation or replacement of the Corporations Act.

Offer Document means this document.

Section means a section of this Offer Document.

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

Shareholder means a holder of Shares.

Shortfall or **Shortfall Shares** means those Shares under the Offer for which valid Applications have not been received by the Closing Date.

Shortfall Offer means the offer for the Shortfall at the same price per Share as the Offer.

Voting Power has the meaning given to that term in the Corporations Act.

WST means Australian Western Standard Time.