

11 December 2018

Dear Option Holder,

**Echo Resources Ltd – fully underwritten pro-rata non-renounceable entitlement issue**

As announced on 6 December 2018, Echo Resources Limited (ACN 108 513 113) (**Echo** or the **Company**) is undertaking a capital raising to raise approximately \$6.5 million by way of:

- (i) a \$2.5m placement to Northern Star Resources Ltd (ASX: NST) (**Northern Star**) and a \$1.5 million placement to MACA Limited (ASX: MLD), 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
- (ii) 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**). Fractional entitlements will be rounded up to the nearest whole number.

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.

The Offer is being undertaken pursuant to section 708AA of the Corporations Act and ASIC Instrument 2016/84. The Company lodged a cleansing notice and offer document for the Offer (**Offer Document**) with ASX on 11 December 2018.

Completion of the Offer will result in an increase in cash in hand of up to approximately \$2,565,394 (before costs and rounding). The Company intends to apply the funds raised under the Offer and the Placement as follows:

	\$	%
Funds raised from the Placement	4,000,000	61%
Funds raised from the Offer	2,565,394	39%
<b>Total funds available</b>	<b>6,565,394</b>	<b>100%</b>
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%
<b>Total funds applied</b>	<b>6,565,394</b>	<b>100%</b>

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.

**Your options do not entitle you to participate in the Offer.**

The purpose of this letter is to give you notice before the Record Date so that you may exercise your options if you want to participate in the Offer. Accordingly, should you wish some or all of the Shares underlying your options to be counted as part of your entitlement under the Offer, you will need to exercise that portion of your vested and exercisable options that you wish to participate and pay the current exercise price for them so that those Shares are issued to you before the Record Date. Please contact the Company Secretary should you wish to exercise your options.

If you choose to participate in the Offer by exercising some or all of your options prior to the Record Date (currently 7.00pm (WST) on 14 December 2018), you will be sent an Offer Document on or about 17 December 2018 together with a personalised Entitlement and Acceptance Form containing important information about the Offer.

A copy of the cleansing notice and Offer Document are available on ASX's website at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.echoresources.com.au](http://www.echoresources.com.au).

If you do not wish to participate in the Offer in respect of your options, you do not need to take any actions. In that case, you should be aware that your options confer no right to a change in exercise price, nor a change to the number of underlying Shares over which they can be exercised, as a result of the Offer.

Before deciding whether to exercise all or any of your options, you should ensure you satisfy the requirements for an eligible shareholder and consider the terms of the Offer carefully. It is recommended that you consult with your professional adviser before making any investment decision.

If you have any queries concerning the Offer, or the action you are required to take to subscribe for Shares, please contact your financial adviser or Kate Stoney at Echo on +61 8 9389 8726.

Yours sincerely



**Barry Bolitho**  
Chairman  
Echo Resources Ltd