

12 December 2018

Dear Shareholder,

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

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

- (i) a \$2.5 million 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.

You have been sent this letter because, as at 7.00pm (WST) Tue 11 December 2018, you are a holder of Shares with a registered address in Australia or New Zealand. Unless this changes before the Record Date, the Company believes you will be eligible to participate in the Offer and you will be sent an Offer Document on or about 17 December 2018 together with a personalised Entitlement and Acceptance Form containing details of your entitlement and 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).

Entitlements are non-renounceable, meaning that you may not sell or transfer your entitlement to a third party if you do not wish to take it up. Fractional entitlements will be rounded up to the nearest whole number. Holdings on different registers or sub-registers will not be aggregated to calculated entitlements. Shares issued under the Offer will rank equally with all Shares already on issue.

#### 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, including withdrawing the Offer.

#### Indicative Capital Structure\*

Shares on issue as at 11 December 2018	488,646,414 Shares
Shares to be issued under the Placement	36,363,636 Shares
Shares to be issued under the Offer	24,432,321 Shares
Total Shares on issue on completion of the Offer	549,442,371 Shares

\* Assuming no other Shares issued, and subject to rounding  
Before deciding whether to participate in the Offer, 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 do not wish to participate in the Offer in respect of your Shares, you do not need to take any actions, but your shareholding will be diluted by approximately 4.4%.

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