

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**).

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.

**Ineligible shareholder**

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 outside Australia and New Zealand. Unless your registered address changes to Australia or New Zealand before the Record Date, the Company considers you will be ineligible to participate in the Offer and you will not be sent an Offer Document.

This decision has been made pursuant to section 9A(3) of the Corporations Act and Listing Rule 7.7.1 of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of Shares to which they would otherwise be entitled.

**What happens to my entitlement?**

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 have been offered to ineligible shareholders had they been eligible to participate in the Offer. The Nominee will sell those Shares and arrange for the proceeds of sale, net of subscription costs and expenses, to be sent proportionally to each ineligible shareholder through the Company's share registry.

This is not an offer of Shares to you, nor an invitation for you to apply for Shares. You are not required to do anything in response to this letter

If you have any queries concerning the Offer, please contact your financial adviser or Kate Stoney at Echo on +61 8 9389 8726.

Yours sincerely



**Barry Bolitho**  
**Chairman**  
**Echo Resources Ltd**