

ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT

Echo Resources Limited (“Echo” or “the Company”) (ASX:EAR) is pleased to present its Quarterly Activities Report for the period ending 31 December 2018.

Yandal Gold Project

- Work continued on the revised Bankable Feasibility Study for the project which is due for completion in the March quarter 2019.
- Letter of Intent to appoint MACA as contractor for the Mill Refurbishment and Open Pit Mining contracts for the Yandal Gold Project.
- Resumption of drilling at Mt Joel returns further shallow, consistent mineralisation giving strong indications Mt Joel will provide additional open pit ore for the Yandal Gold Project mine plan.

Corporate

- Appointment of experienced mining engineer and executive Victor Rajasooriar as CEO in November and subsequent promotion to Managing Director in December, with Executive Chairman Barry Bolitho reverting back to Non-Executive Chairman.
- Placement to major shareholder Northern Star Resources and preferred contractor MACA to raise \$4M completed during the quarter.
- Entitlement issue to raise up to a further \$2.5M launched alongside the placement in December, which closed in January 2019 significantly oversubscribed.
- Following completion of placement, Northern Star nominee Alan Thom, a mining engineer appointed as Non-Executive Director.
- Engagement with potential project finance providers continued throughout the quarter with the objective of completing project financing in the next quarter.

ASX ANNOUNCEMENT

31 January 2019

ASX CODE

EAR

KEY ASSETS

- Julius
- Orelia
- Bronzewing Hub

DIRECTORS

Victor Rajasooriar
Managing Director and CEO

Barry Bolitho
Non-Executive Chairman

Robin Dean
Non-Executive Director

Mark Hanlon
Non-Executive Director

Anthony McIntosh
Non-Executive Director

Alan Thom
Non-Executive Director

Kate Stoney
Company Secretary

REGISTERED OFFICE

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West Perth WA 6005

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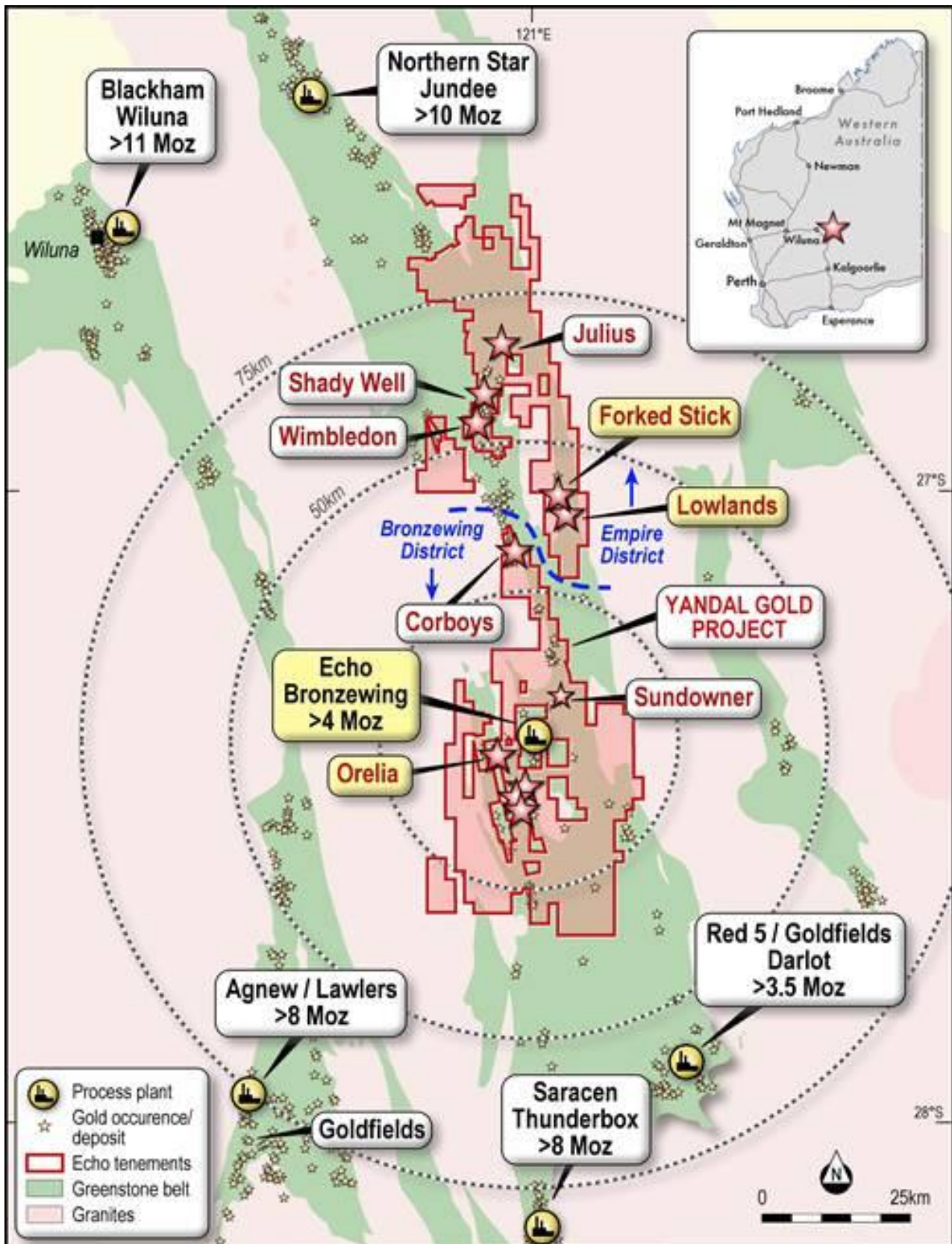


Figure 1: Echo tenement holdings and key gold deposits

Yandal Gold Project

Revised Bankable Feasibility Study

During the quarter the Company continued to further refine the Bankable Feasibility Study (BFS)¹ for the Yandal Gold Project (the Project), located approximately 83km northeast of Leinster in the heart of the Yandal gold belt in Western Australia.

Refurbishment works on the Bronzewing camp and early works for the establishment of high-speed communications infrastructure from Leinster continued as both are enablers for the commencement of refurbishment work. The Bronzewing camp is in very good condition which will facilitate a rapid start to work on site once the revised BFS is completed and subsequent Board approval is given for the restart of the Project.

Mining and processing design and operating parameters were reviewed and updated. Working closely with the preferred mining and refurbishment contractors, the capital and operating costs and redevelopment schedule were reviewed, confirmed and re-forecast for financial modelling.

In December the Independent Technical Expert commenced initial reviews of the revised feasibility study document with this process to be completed early in the first quarter of 2019.

Mining Contractor LOI

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

Echo has now signed a letter of intent to award these two contracts to MACA subsidiaries MACA Mining and MACA Interquip, respectively, subject to a decision to mine or other investment decision to proceed with the development being made by the Echo Board of Directors and any necessary statutory approvals being obtained.

The scope of work to be undertaken under the Mining Contract will include drill and blast and load and haul. Pricing for the Mining Contract is to be updated (using the same inputs as tendered, adjusted for rise and fall) based on the final mine plans once the revised Bankable Feasibility Study on the Project has been completed.

The Refurbishment Contract will include refurbishment and commissioning of the Bronzewing Processing Hub which remains in good condition on care and maintenance.

Regional Exploration

Mt Joel Prospect

After a comprehensive review of the extensive exploration opportunities at the Yandal Gold Project, Echo has developed an exploration pipeline to deliver additional material into the current mine plan. The ongoing exploration strategy has two primary objectives:

- Define +100koz of oxide material to enhance the revised BFS.
- Find new, underground, high-grade resources to transform the Company.

¹See ASX Announcement "Yandal Gold Project – Bankable Feasibility Study", 6 August 2018.

Mt Joel (70% Echo) has long been identified as an area that could provide additional oxide ore to the mill. Preliminary drilling was undertaken in the June quarter of 2018 to validate the historical database with results confirming the existence of significant mineralisation contained within the oxide zone and the potential to add significant ounces to Echo's resource inventory. An extensive air-core and reverse circulation drilling program commenced on 22 October 2018.

Mt Joel is located approximately 12km northeast of Bronzewing with discontinuous gold mineralisation extending over 8km with near surface mineralisation spread over numerous prospects (Figure 2). Gold occurs in quartz veins and vein selvages associated with pyrite +/- chalcopyrite. Drilling to date has indicated that mineralisation occurs predominantly in the oxide-transition zone extending from the base of transported material to the base of weathering, a zone more than 100m deep in places.

An initial and extensive air-core program was completed over a number of prospects in the Mt Joel district that included 148 air-core drill holes for 9,669 metres. Results from the air-core program have been released to the ASX (see announcements dated 30 November 2018 and 21 December 2018) and include (Figs.2-4)¹;

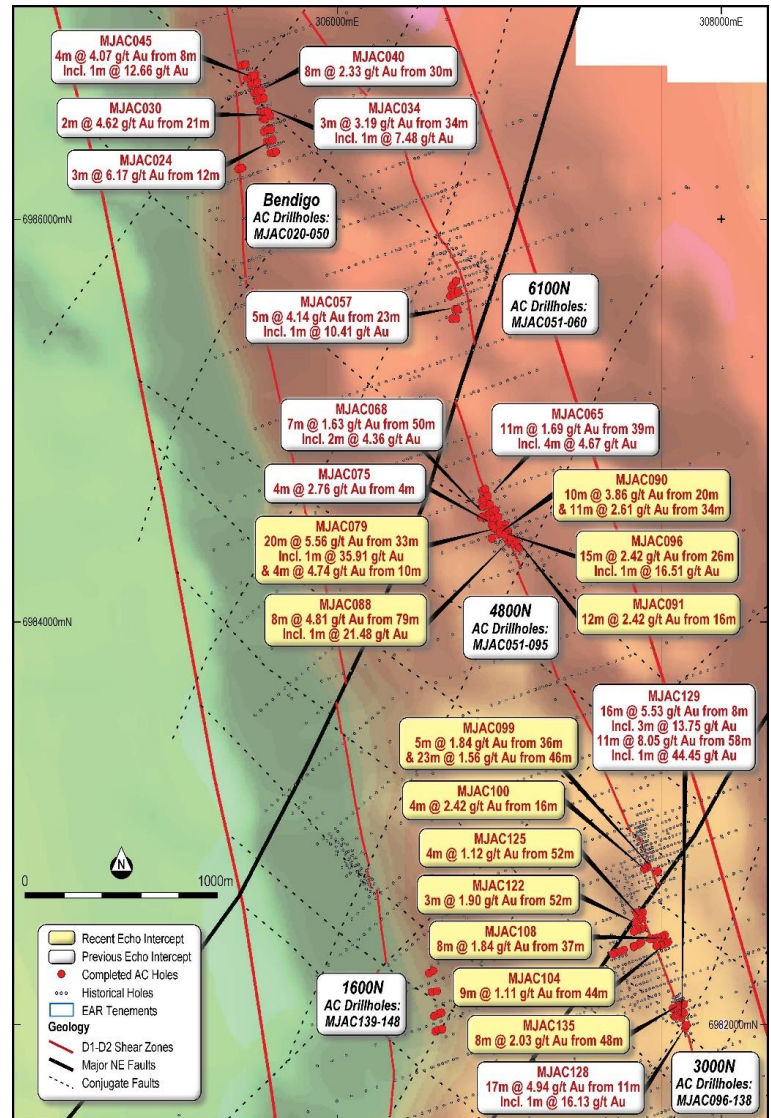


Figure 2: Mt Joel Prospect Map highlighting AC assay results (Bouguer Gravity Image)

- 16m @ 5.5 g/t Au from 8 m, including 3m @ 13.8 g/t Au, and 11m @ 8.1 g/t Au from 58 m, including 1m @ 44.5 g/t Au (MJAC129)
- 17m @ 4.9 g/t Au from 24 m, including 2m @ 12.5 g/t Au (MJAC128)
- 5 m @ 4.1 g/t Au from 23 m, including 1m @ 10.4 g/t Au (MJAC057)
- 3m @ 6.2 g/t Au from 12 m (MJAC024)
- 4m @ 4.1 g/t Au from 8 m, including 1m @ 12.7 g/t Au (MJAC045)
- 20m @ 5.56 g/t Au from 33m, AND 4m @ 4.74 g/t Au from 10m (MJAC079)
- 10m @ 3.86 g/t Au from 20m, AND 11m @ 2.61 g/t Au from 34m (MJAC090)
- 15m @ 2.42 g/t Au from 26m (MJAC096)
- 12m @ 2.62 g/t Au from 16m (MJAC091)

¹The information is extracted from the Company's ASX Announcements dated 30 November 2018 and 21 December 2018 entitled 'Exploration Success at Mt Joel' and 'Mt Joel Drilling Results' respectively and is available at www.echoresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Reverse circulation (“RC”) drilling has begun to follow up the positive air-core results. The aim of the reverse circulation drilling is to upgrade a portion of the pending Mt Joel resource into an Indicated category. Currently, 57 RC drill holes for 4,050m have been completed with initial results due at the end of January 2019.

A maiden JORC-2012 compliant Mt Joel mineral resource estimate is due in the first quarter of 2019.

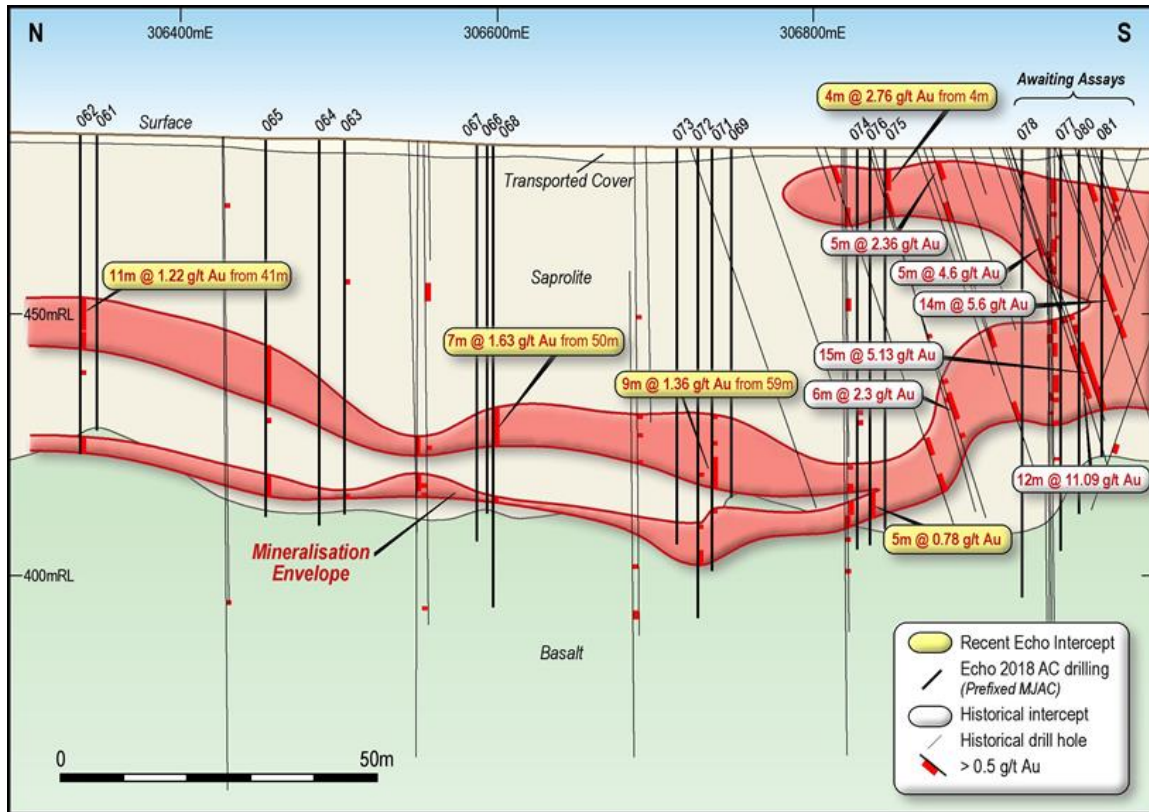


Figure 3: 3000N Long-Section

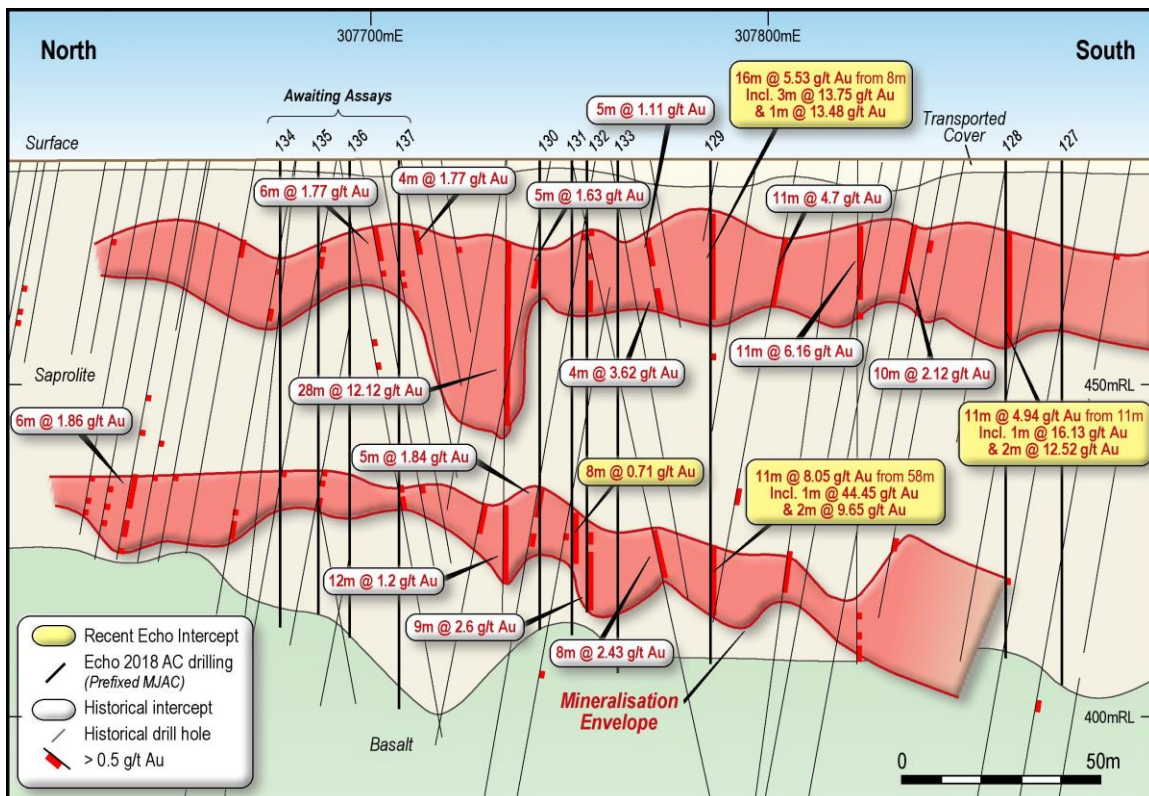


Figure 4: 4800N Long-Section

Hadrian Trend

Following ground gravity surveys, a prospective structural corridor, the Hadrian Trend, has been identified within Echo's northern tenement position running northwest between the Julius Gold Deposit ('Julius') and the Ramone Deposit (ASX:NST) (Figure 5). The Hadrian Trend is an exciting new target for the Company to explore for new gold deposits. It is Echo Resources' intention to embark on an extensive data collection and sampling campaign to target Ramone style discoveries in this highly prospective belt.

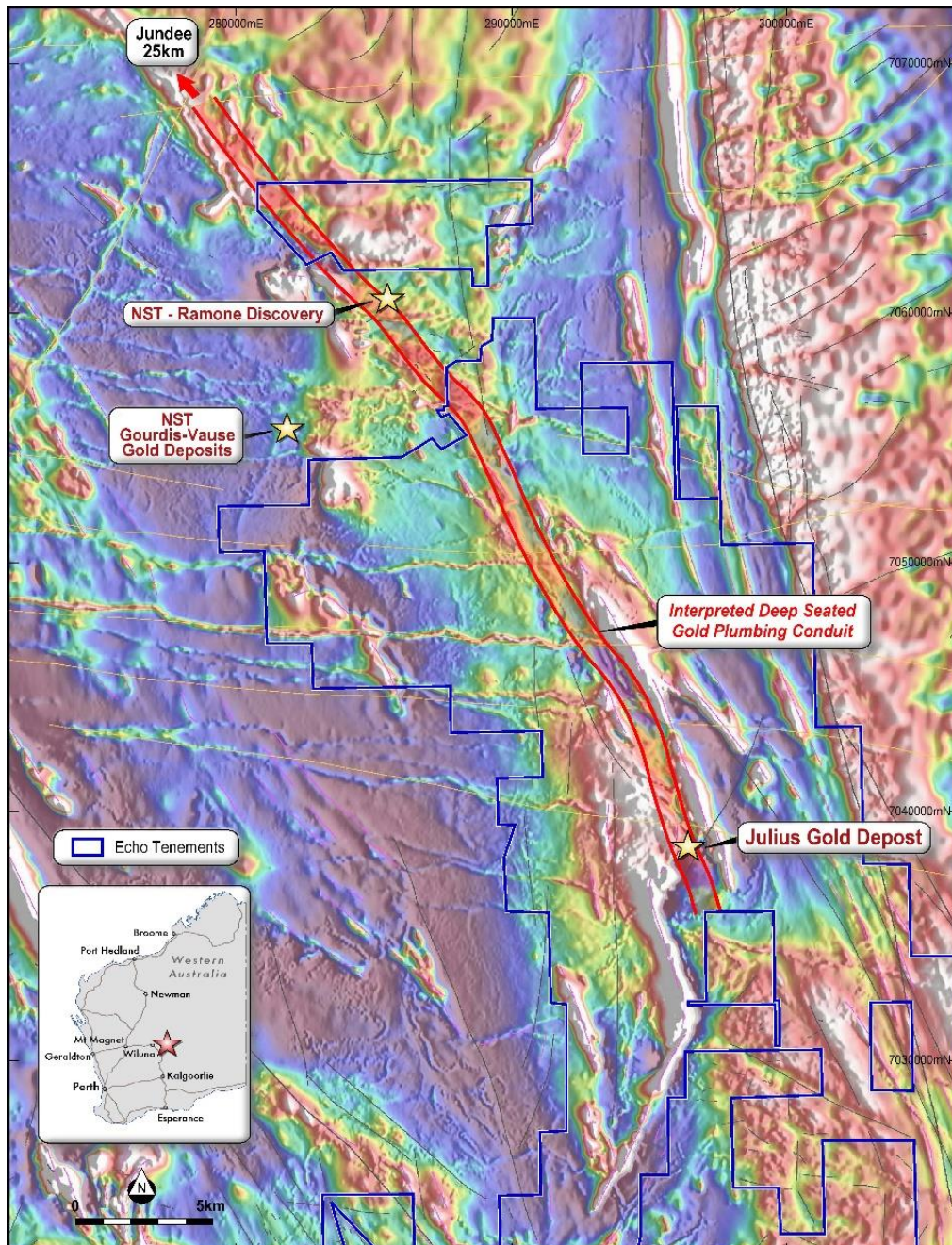


Figure 5: Aeromagnetics (RTP Tilt Image): Julius with Tenements and Interpreted Major Gold Structure

Corporate

Debt Financing

The Echo Board has conditionally approved the development of the Yandal Gold Project, subject to completing the revised BFS, obtaining a suitable financing solution and all required statutory approvals. A formal project financing process commenced in the second half of 2018 and Echo has previously received a number of debt financing proposals from a group of Tier 1 resource lenders to fund the development of the Project.

In conjunction with its debt advisor, PCF Capital Group, Echo completed a full assessment of these proposals and continued discussions with these groups. Following the expected completion of the revised BFS in the March quarter 2019, Echo will commence a more detailed process of due diligence with a shortlist of preferred parties with the aim of completing project financing this coming quarter.

Capital Raising

During the quarter, Echo launched a capital raising comprising of a Placement and fully underwritten Entitlement Issue aimed at raising gross proceeds of approximately \$6.5M. Proceeds are to be applied to fund pre-development expenses at the Yandal Gold Project, an expanded exploration program at Mt Joel and working capital.

The Placement to raise \$4M was priced at 11c per share, representing a 4% discount to the 5-day VWAP of Echo shares prior to the announcement of the capital raising. Echo's largest shareholder Northern Star agreed to subscribe for \$2.5M of the Placement and MACA subscribed for the balance of \$1.5M. Following the issue of approximately 36.36 million new shares in mid-December, the Placement was successfully completed.

In conjunction, eligible Echo shareholders were granted the right to subscribe for 1 new share for every 20 existing shares held at an issue price of 10.5c per share, an 8.3% discount to the 5-day VWAP. Approximately 24.43 million shares were offered under the Entitlement Issue to raise gross proceeds of around \$2.5M. The Entitlements Issue was fully underwritten by joint underwriters Northern Star and Canaccord Genuity (Australia) Limited. The underwriters were each paid a fee of 2.5% of the underwritten amount.

The Entitlement Issue closed subsequent to the end of the quarter on 11 January 2019. The offer was heavily oversubscribed with subscriptions for approximately 70.29 million new shares received for the 24.43 million shares available. The Company therefore scaled back subscriptions and no shortfall shares were available. The new shares from the Entitlement Issue were issued on 23 January 2019 and commenced trading on 24 January 2019.

Executive Management and Board Changes

Managing Director and CEO, Victor Rajasooriar

In November Victor Rajasooriar was appointed as Chief Executive Officer (CEO) and Executive Director of the Company with immediate effect. In December, Mr Rajasooriar was promoted to Managing Director and Chairman Barry Bolitho reverted back to a Non-Executive role following a period serving as Executive Chairman.

Mr Rajasooriar holds a Bachelor of Engineering (Mining) from the WA School of Mines, a WA First Class Mine Manager's Certificate and is a member of AusIMM and the Australian Institute of Company Directors. He is a Mining Engineer with more than 20 years' operational and technical experience in multiple disciplines across both underground and open pit operations. From March 2014 to January 2018 Mr Rajasooriar held the role of Chief Operating Officer for leading underground mining contractor Barmenco (acquired by Ausdrill Limited in November 2018). In this role, he had responsibility for the tendering and execution of contracts worth up to \$600 million per annum and was responsible for overseeing the achievement of strict safety, cost and production targets.

Along with his role at Barmenco, Mr Rajasooriar has held a variety of different positions including as Managing Director of ASX-listed gold mining and exploration companies and senior operational roles in major global gold producers. He brings valuable and extensive operational experience to Echo from the significant time he has spent in gold projects located in the Goldfields and Yandal region. Mr Rajasooriar has been involved in the completion of large debt and equity financing packages with listed companies.

Non-Executive Director, Alan Thom

In December, following completion of the Placement to Northern Star, Northern Star was granted the right to appoint a nominee to the Echo Board, subject to Northern Star maintaining a minimum 15% shareholding in Echo. Accordingly, Alan Thom, Northern Star's Principal – Business Development, was appointed as a Non-Executive Director.

Mr Thom is a mining engineer with over 20 years of experience as a mining engineer, senior manager and executive overseeing resource projects from concept through to bankable feasibility, financing, development and operation. He has worked in technical roles for large and small mining companies plus management of both underground and open pit mining operations.

Mr Thom has significant operating experience in the Northern Goldfields having previously worked at Bronzewing, Jundee and Wiluna. He holds a Bachelor of Engineering (Hons)(Mining) from the WA School of Mines, a WA First Class Mine Manager's Certificate and he is also a Member of AusIMM and a Fellow of FINSIA.

Other

Joint Company Secretary Paul Savich resigned in October 2018 with Kate Stoney continuing in her role as Company Secretary.

For further information, please contact:

Victor Rajasooriar
Managing Director and CEO
Echo Resources Ltd

TENEMENT HOLDINGS AS AT 31 DECEMBER 2018

Tenement ID	Status	Ownership at Quarter End	Interest Acquired During the Quarter	Interest Disposed During the Quarter
E36/593	Granted	100%	-	-
E36/578	Granted	70%	-	-
E36/667	Granted	100%	-	-
E36/673	Granted	70%	-	-
E36/693	Granted	70%	-	-
E36/698	Granted	70%	-	-
E36/715	Granted	100%	-	-
E36/749	Granted	100%	-	-
E36/810	Granted	100%	-	-
E36/826	Granted	100%	-	-
E36/838	Granted	100%	-	-
E36/847	Granted	100%	-	-
E36/862	Granted	100%	-	-
E36/884	Granted	100%	-	-
E36/890	Granted	100%	-	-
E36/898	Application	100%	-	-
E36/900	Granted	100%	-	-
E36/903	Application	100%	-	-
E36/917	Granted	100%	-	-
E37/846	Granted	100%	-	-
E37/847	Granted	100%	-	-
E37/848	Granted	100%	-	-
E37/1200	Granted	100%	-	-
E37/1313	Granted	100%	-	-
E53/1042	Granted	100%	-	-
E53/1324	Granted	100%	-	-
E53/1373	Granted	70%	-	-
E53/1405	Granted	100%	-	-
E53/1430	Granted	100%	-	-
E53/1472	Granted	100%	-	-
E53/1546	Granted	100%	-	-
E53/1736	Granted	100%	-	-
E53/1830	Granted	100%	-	-
E53/1847	Granted	100%	-	-
E53/1855	Granted	100%	-	-
E53/1867	Granted	100%	-	-
E53/1874	Granted	100%	-	-
E53/1890	Granted	70%	-	-
E53/1934	Application	100%	-	-
E53/1954	Granted	100%	-	-
L36/55	Granted	100%	-	-
L36/62	Granted	100%	-	-
L36/82	Granted	100%	-	-
L36/84	Granted	100%	-	-
L36/98	Granted	100%	-	-
L36/100	Granted	100%	-	-
L36/106	Granted	100%	-	-
L36/107	Granted	100%	-	-
L36/111	Granted	100%	-	-
L36/112	Granted	100%	-	-
L36/127	Granted	100%	-	-
L36/176	Granted	100%	-	-

Tenement ID	Status	Ownership at Quarter End	Interest Acquired During the Quarter	Interest Disposed During the Quarter
L36/183	Granted	100%	-	-
L36/184	Granted	100%	-	-
L36/185	Granted	100%	-	-
L36/186	Granted	100%	-	-
L36/190	Granted	100%	-	-
L36/192	Granted	100%	-	-
L36/200	Granted	100%	-	-
L36/204	Granted	100%	-	-
L36/205	Granted	100%	-	-
L36/219	Granted	100%	-	-
L37/218	Granted	100%	-	-
L37/219	Granted	100%	-	-
L53/57	Granted	100%	-	-
L53/59	Granted	100%	-	-
L53/133	Granted	100%	-	-
L53/162	Granted	100%	-	-
L53/203	Granted	100%	-	-
L53/204	Granted	100%	-	-
L53/206	Granted	100%	-	-
M36/107	Granted	100%	-	-
M36/146	Granted	100%	-	-
M36/200	Granted	100%	-	-
M36/201	Granted	100%	-	-
M36/202	Granted	100%	-	-
M36/203	Granted	100%	-	-
M36/244	Granted	100%	-	-
M36/263	Granted	100%	-	-
M36/295	Granted	100%	-	-
M36/615	Granted	100%	-	-
M53/15	Granted	100%	-	-
M53/144	Granted	100%	-	-
M53/145	Granted	100%	-	-
M53/149	Granted	100%	-	-
M53/160	Granted	100%	-	-
M53/170	Granted	100%	-	-
M53/183	Granted	100%	-	-
M53/186	Granted	100%	-	-
M53/220	Granted	100%	-	-
M53/294	Granted	70%	-	-
M53/295	Granted	70%	-	-
M53/296	Granted	70%	-	-
M53/297	Granted	70%	-	-
M53/393	Granted	70%	-	-
M53/379	Granted	100%	-	-
M53/434	Granted	100%	-	-
M53/544	Granted	70%	-	-
M53/547	Granted	70%	-	-
M53/555	Granted	100%	-	-
M53/631	Granted	100%	-	-
M53/721	Granted	100%	-	-
M53/1080	Granted	100%	-	-
M53/1099	Granted	100%	-	-
P36/1734	Granted	100%	-	-
P36/1735	Granted	100%	-	-

Tenement ID	Status	Ownership at Quarter End	Interest Acquired During the Quarter	Interest Disposed During the Quarter
P36/1736	Granted	100%	-	-
P36/1737	Granted	100%	-	-
P36/1738	Granted	100%	-	-
P36/1740	Granted	100%	-	-
P36/1754	Granted	70%	-	-
P36/1755	Granted	70%	-	-
P37/8514	Granted	100%	-	-
P53/1515	Expired	0%	-	100%
P53/1622	Granted	100%	-	-
P53/1623	Granted	100%	-	-
P53/1649	Granted	100%	-	-
P53/1650	Granted	100%	-	-
P53/1651	Granted	100%	-	-
P53/1652	Granted	100%	-	-
P53/1653	Granted	100%	-	-
P53/1654	Granted	100%	-	-
P53/1655	Granted	100%	-	-
P53/1656	Granted	100%	-	-
P53/1657	Granted	100%	-	-
P53/1658	Granted	100%	-	-
P53/1659	Granted	100%	-	-
P53/1661	Granted	100%	-	-
P53/1662	Granted	100%	-	-
P53/1663	Granted	100%	-	-
P53/1664	Granted	100%	-	-
P53/1665	Granted	100%	-	-

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Echo Resources Ltd

ABN

34 108 513 113

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (six months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for	3	3
	(a) exploration & evaluation	(1,112)	(2,339)
	(b) development	(904)	(1,410)
	(c) production	-	-
	(d) staff costs	(815)	(1,697)
	(e) administration and corporate costs	(633)	(928)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	11
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (Net GST to be Recouped)	173	256
1.9	Net cash from / (used in) operating activities	(3,283)	(6,104)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(139)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (six months) \$A'000
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(139)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	4,000	4,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,000	4,000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,613	7,573
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,283)	(6,104)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(139)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,000	4,000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,330	5,330

Mining exploration entity and oil and gas exploration entity quarterly report

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,330	4,613
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,330	4,613

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(409)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments made to Directors for director's fees and consulting fees
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7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A			

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(800)
9.2 Development	(0)
9.3 Production	(1,200)
9.4 Staff costs	(400)
9.5 Administration and corporate costs	(500)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(2,900)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	NIL			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	NIL			

Mining exploration entity and oil and gas exploration entity quarterly report

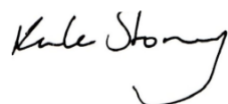
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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

Date: 31 January 2019



(Company Secretary)

Print name: Kate Stoney

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.