



NON-RENOUNCEABLE RIGHTS ISSUE
14 MAY 2015

- **Fully underwritten non-renounceable rights issue to raise \$1.52 million**
- **Directors to participate for their full entitlement**
- **Attractive pricing – 44% discount to 1 month VWAP of 7.2 cents**

Echo Resources Limited (ASX:EAR) is pleased to announce a fully underwritten non-renounceable rights issue to raise approximately \$1.52 million.

The offer will be made to eligible shareholders on a three for eight basis at the issue price of A\$0.04 per fully paid ordinary share, which represents a 44% discount to the 1 month volume weighted average price (**VWAP**) of A\$0.072 and 49% discount to the 3 months VWAP of A\$0.079.

Directors are pleased to provide support for the offer and confirm their intention to participate in the issue for their full entitlement.

Net proceeds in conjunction with the existing cash reserves will be used to advance Echo's exploration projects, reduce debt and for working capital.

Patersons Securities Limited acts as Lead Manager and Underwriter. Dr Ernst Kohler, the Company's Managing Director, will participate (both through taking entitlement and sub-underwriting) for up to \$400,000.

The Rights Issue will be made to holders of ordinary shares in the Company with a registered address in Australia or New Zealand (**Eligible Shareholders**) as at 20 May 2015 (**Record Date**).

The Company will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the Corporations Act (2001) (**Corporations Act**) as notionally modified by ASIC Class Order 08/35 (**CO 08/35**). A notice in accordance with section 708AA(7) of the Corporations Act accompanies this announcement.

The proposed timetable for the Offer is set out below:

Event	Date
ASX announcement, cleansing notice and application for quotation (Appendix 3B).	14 May 2015
The Company sends notice to security holders	15 May 2015
Shares quoted on 'ex' basis	18 May 2015
Record date for shareholders	20 May 2015

Send Offer document to shareholders. Announce dispatch.	25 May 2015
Offer opens for receipt of applications	25 May 2015
Closing date under rights issue	3 June 2015
Deferred settlement trading	4 June 2015
Issue & dispatch date. Deferred settlement trading ends.	11 June 2015
Normal trading of shares commences	12 June 2015

The Directors may extend the closing date by giving at least 3 business days' notice to ASX prior to the closing date, subject to the Corporations Act and Listing Rules. As such the date the new shares are expected to commence trading on ASX may vary.

Further details regarding the Offer will be set out in the Offer document that the Company expects to release shortly with the ASX and that will be dispatched to Eligible Shareholders in accordance with the above timetable.

N. Mathew Longworth
Chairman
Echo Resources Limited

Information required by section 708AA of the Corporations Act

For the purposes of 708AA(2)(f) of the Corporations Act the Company advises:

1. the New Shares will be offered for issue without disclosure under Part 6D.2 of the Corporations Act as notionally modified by CO 08/35;
2. this notice is given under section 708AA(2)(f) of the Corporations Act as notionally modified by CO 08/35;
3. as at the date of this notice, the Company has complied with:
 - a. the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - b. section 674 of the Corporations Act;
4. as at the date of this notice, there is no information that is “excluded information” (as defined in sections 708AA(8) and 708AA(9) of the Corporations Act), other than drill assay results that the Company has recently received. These results are currently being processed and an announcement will be made as soon as reasonably practicable; and
5. the potential effect the Rights Issue will have on the control of the Company and the consequences of that effect is dependent upon a number of factors including investor demand but is not expected to have any material effect or consequence on the control of the Company. However given the structure of the Offer as a pro rata offer, the potential effect that the issue of the New Shares will have on the control of the Company is as follows:
 - a. If all Eligible Shareholders take up their Entitlements under the Offer, the Offer will have no effect on the control of the Company (subject to (c) below).
 - b. To the extent that any Eligible Shareholder fails to take up their Entitlement for New Shares under the Offer, that Eligible Shareholder’s percentage holdings in the Company will be diluted by those other Eligible Shareholders who take up some or all of their Entitlement and, as the offer is fully underwritten, the underwriter and its nominees and sub-underwriters.
 - c. The proportional interests of shareholders who are not Eligible Shareholders (who are estimated to hold less than 1% of the Company’s issued Shares) will be diluted because those shareholders are not entitled to participate in the Offer.
 - d. Assuming that:
 - (i) no shareholder other than the Directors take up their entitlement; and
 - (ii) shortfall is distributed equally between sub-underwriters,then:
 - (iii) existing shareholders will be diluted by 37.5%;
 - (iv) no shareholder will hold 20% or more of the Company’s issued Shares;

- (v) entitles associated with Mr Ernst Kohler will hold a maximum of 17.9% of the Company's issued Shares.

Shareholders can view all of Echo's announcements relating to the Offer, including the Offer document on the ASX website (www.asx.com.au) and information on Echo on its website at www.echoresources.com.au.