



## **Non-Renounceable Rights Issue Offer Document**

### **Echo Resources Limited**

ABN: 34 108 513 113

For a non-renounceable pro rata offer to Eligible Shareholders of approximately 38 million New Shares at an issue price of \$0.04 per Share on the basis of 3 New Shares for every 8 Shares to raise approximately \$1.52 million before issue costs.

**The Offer is fully underwritten by Patersons Securities Limited**

### **Important Notice**

If you are an Eligible Shareholder, this is an important document that requires your immediate attention.

This Offer Document is not a prospectus and it does not contain all of the information that an investor may require in order to make an informed decision regarding the New Shares offered.

This Offer Document should be read in its entirety before deciding whether to apply for the New Shares. If after reading this Offer Document you have any questions about the New Shares being offered under this Offer Document, then you should consult your professional adviser.

The New Shares offered by this Offer Document should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States

## IMPORTANT NOTES

**General** This Offer Document is dated 21 May 2015

The information contained in this Offer Document is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser. In particular, it is important that you consider the risk factors (see section 6 of this Offer Document) that could affect the performance of the Company before making an investment decision.

The Offer is made in accordance with section 708AA of the Corporations Act as modified by ASIC Class Order 08/35. In broad terms, section 708AA of the Corporations Act relates to rights issues by certain entities and allows offers of shares for issue to be made without a prospectus or other disclosure under the Corporations Act. Neither this Offer Document nor the Entitlement and Acceptance Form is required to be lodged with ASIC and a prospectus will not be prepared. Accordingly, this Offer Document does not contain either all of the information which a prospective investor may require to make an investment decision, or all of the information which would otherwise be required under Australian law or any other law to be disclosed in a prospectus.

Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding whether to accept the Offer. Announcements made by the Company to ASX are available from the ASX website [www.asx.com.au](http://www.asx.com.au). The information in this Offer Document does not constitute a securities recommendation or financial product advice.

Before applying for New Shares you should consider whether such an investment, and the information contained in this Offer Document, is appropriate to your particular needs, and considering your individual risk profile for speculative investments, investment objectives and individual financial circumstances. You should consult your professional adviser without delay.

Investors should note that the past Share price performance of the Company provides no guidance to its future Share price performance.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

**Offering Restrictions** This Offer Document does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer. Refer to section 3.11 for treatment of overseas shareholders.

**Future performance and forward looking statements** Neither the Company nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Offer.

The forward looking statements in this Offer Document are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Offer Document. Investors should specifically refer to the key risks in section 6 of this Offer Document. That section refers to some but not all of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Offer Document.

**Governing law** This Offer Document, the Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in Western Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Western Australia.

**Disclaimer** This Offer Document has been prepared by the Company. No party other than the Company has authorised or caused the issue of this Offer Document or takes responsibility for, or

makes any statements, representations or undertakings in, this Offer Document.

In particular, the Underwriter, its related bodies corporate, directors, employees, representatives or agents:

- (a) have not, authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this document;
- (b) does not make, or purport to make, any statement in this document, and there is no statement in this document which is based on any statement by the Underwriter; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any part of this document.

Neither ASX nor ASIC takes any responsibility for the contents of this Offer Document.

No person is authorised to give information or to make any representation in connection with this Offer Document which is not contained in the Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Offer Document.

**Privacy** The Company and its share registry have already collected certain personal information from you as a Shareholder. If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to

do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

**Defined terms** Certain terms and abbreviations in this Offer Document are defined in the glossary of terms in section 8.

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## Important Dates

Record Date	20 May 2015
Closing Date	3 June 2015
Shares issued	11 June 2015

The Company, in conjunction with the Underwriter, reserves the right to extend the Closing Date, subject to the Listing Rules and Corporations Act.

## Enquiries

Any questions concerning the Offer should be directed to Kate Stoney, Company Secretary on +61 408 909 588 or consult your professional adviser.

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## 2 CHAIRMAN'S LETTER

Dear Shareholder

As announced on 14 May 2015, the Company is undertaking a fully underwritten non-renounceable rights issue on the basis of 3 New Shares for every 8 Shares held at the issue price of \$0.04 per New Share to raise approximately \$1.52 million before issue costs. This Offer Document outlines the details of the Offer.

The rights issue is expected to result in the issue of approximately 38 million New Shares in the Company, and is fully underwritten by Patersons Securities Limited.

The proceeds from the rights issue are planned to be used to fund exploration on the Company's Julius Project and Gnaeus Prospect, repay a \$450,000 debt owed to the Company's Managing Director, Ernst Kohler and being for unpaid salary over approximately 2 years, for general working capital and to pay costs of the Offer.

This Offer document and the personalised Entitlement and Acceptance Form should be read carefully and in their entirety before deciding whether to participate in this Offer. In particular, Eligible Shareholders should consider the key risk factors outlined in section 6 of this Offer Document. These include potential environmental liability relating to the Company's former tenements at Mt Chalmers in Queensland and the Company's limited cash reserves.

Directors are pleased to provide support for the Offer and confirm their intention to participate in the issue for their full entitlement. Mr Kohler, the Company's Managing Director, will participate (both through taking entitlement and sub-underwriting) for up to \$400,000.

On behalf of your Board, I invite you to consider this investment opportunity and thank you for your ongoing support for the Company.

Yours faithfully,

Mr Mathew Longworth

Chairman

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### **3 SUMMARY OF THE OFFER**

#### **3.1 The Offer**

The Company is offering Eligible Shareholders the opportunity to participate in a non-renounceable rights issue of New Shares on the basis of 3 New Shares for every 8 Shares held on the Record Date, being 7pm (AEST) on 20 May 2015, at an issue price of \$0.04 per New Share. The number of New Shares to which you are entitled (your **Entitlement**) is shown on the accompanying Entitlement and Acceptance Form.

The Offer is fully underwritten by Patersons. A summary of the underwriting agreement is set out in section 7.6 of this Offer Document.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Eligible Shareholders for the purpose of calculating Entitlements.

#### **3.2 Underwriting**

Pursuant to the Underwriting Agreement, Patersons Securities Limited (**Underwriter**) has agreed to subscribe for, or secure subscriptions for, the New Shares not subscribed for under the Offer.

The underwriting commitment is conditional upon, amongst other things, the last traded price of the Company's Shares on ASX not being less than the issue price under the Offer. Details of the conditions of the underwriting commitment and fees payable to the Underwriter are set out in section 7.6.

#### **3.3 No Minimum Subscription**

There is no minimum subscription for the Offer.

#### **3.4 Shortfall**

Under the terms of the Underwriting Agreement, any Entitlement not applied for will, in consultation with the Directors, be placed with the Underwriter or its nominees.

#### **3.5 Timetable for the Offer**

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Announcement of Offer, appendix 3B and cleansing notice	14 May 2015
Ex Date	18 May 2015
Record Date to determine Entitlement to New Shares	20 May 2015

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Offer Document lodged with ASX	21 May 2015
Dispatch of Offer Document and Entitlement and Acceptance Form and announcement that dispatch completed.	25 May 2015
Offer opens for receipt of Applications	25 May 2015
Closing Date for Applications and payment in full	3 June 2015
New Shares quoted on a deferred settlement basis	4 June 2015
ASX notified of under subscriptions	9 June 2015
Dispatch date of holding statements, New Shares entered into the holders' security holdings	11 June 2015
Trading commences for New Shares on a normal basis	12 June 2015

These dates are indicative only and subject to change. The Company, in conjunction with the Underwriter, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary the above dates.

### **3.6 Opening and Closing Dates**

The Offer will open for receipt of acceptances on 25 May 2015. The Closing Date and time for acceptances and payments is 5.00pm WST on the Closing Date, subject to the Company varying those dates in accordance with the Corporations Act and the Listing Rules and with the consent of the Underwriter. The Company must receive your Entitlement and Acceptance Form and payment or your BPAY® payment before this time.

### **3.7 Who is entitled to participate in the Offer?**

Every Eligible Shareholder who is registered as the holder of Shares at 5.00pm WST on the Record Date is entitled to participate in the Offer.

### **3.8 No Rights trading**

The Offer is non-renounceable. This means that your Right to subscribe for New Shares under this Offer Document is not transferable and there will be no trading of Rights on the ASX. If you choose not to take up your Rights, you will receive no benefit and your shareholding in the Company will be diluted as a result.

### **3.9 Allotment and Application Money**

Application Money will be held in a subscription account on trust until allotment of the New Shares. If the Application Money is refundable, it will be refunded as soon as reasonably practicable. Interest earned on the Application Money will be for the

benefit of the Company and will be retained by the Company irrespective of whether New Shares are issued.

No allotment of the New Shares will occur until ASX grants permission to quote the New Shares.

The New Shares are expected to be allotted by no later than 5.00pm WST on 11 June 2015. Statements of holding of New Shares will be mailed after allotment occurs.

### **3.10 ASX Quotation**

Application for admission of the New Shares to official quotation on ASX has been made. Subject to approval being granted by ASX, it is expected that quotation and trading of New Shares will commence on a deferred settlement basis on 4 June 2015.

The fact that ASX may agree to grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

### **3.11 Non-Resident Shareholders**

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to constitute an offer in any place in which, or to any person whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the New Shares or the Offer, or otherwise to permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand.

The Offer is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand because of the small number of such Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand. The Offer Document is sent to those Shareholders for information only.

The Offer contained in this Offer Document to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any Securities. Recipients may not send or otherwise distribute this Offer Document or the Entitlement and Acceptance Form to any person outside Australia (other than to Eligible Shareholders).

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## **4 HOW TO APPLY**

### **4.1 What you may do**

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

As an Eligible Shareholder, you may:

- (a) take up all or part of your Entitlement;
- (b) allow all of your Entitlement to lapse.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after 5.00pm WST on the Closing Date.

The Company will treat you as applying for as many New Shares as your payment will pay for in full. Amounts received by the Company in excess of the number of New Shares you are ultimately allocated will be returned as soon as practicable. No interest will be paid on returned Application Money.

### **4.2 To take up all or part of your Entitlement**

If you decide to take up all or part of your Entitlement, please follow the instructions on the Entitlement and Acceptance Form.

### **4.3 To allow your Entitlement to lapse**

If you do not wish to take up any part of your Entitlement you are not required to take any action. If you allow all or part of your Entitlement to lapse you will receive no benefit to the extent of Entitlements not taken up and your shareholding in the Company will be diluted as a result.

The Company and the Underwriter will deal with any New Shares not accepted in accordance with the Underwriting Agreement.

### **4.4 Payment**

Acceptance of New Shares must be accompanied by payment in full of the price of \$0.04 per New Share. Payments will only be accepted in Australian currency and as follows:

- cheque, bank draft or money order drawn on and payable at any Australian financial institution; or
  - BPAY® as per the Entitlement and Acceptance Form.
- (a) For payment by cheque, bank draft or money order:

To participate in the Offer, your completed Entitlement and Acceptance Form, together with your Application Money, must be received no later than 5.00 pm WST on the Closing Date at either of:



By Hand:	By Post:
C/- Advanced Share Registry Limited 110 Stirling Hwy Nedlands WA 6909	C/- Advanced Share Registry Limited PO Box 1156 Nedlands WA 6009

Please follow the instructions on the Entitlement and Acceptance Form.

Cheques or bank cheques should be made payable to '**Echo Resources Limited**' and crossed '**Not Negotiable**'. Cash will not be accepted and no receipts will be issued. A single cheque should be used for the Application Money for your Entitlement you wish to apply for as stated on the Entitlement and Acceptance Form.

The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Entitlement and Acceptance Form.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

(b) For payment by BPAY®

If you are paying by BPAY® payment, you do not need to mail the Entitlement and Acceptance Form. However, please follow the instructions on the Entitlement and Acceptance Form.

It is your responsibility to ensure that your BPAY® payment is received by the Company's share registry by no later than 5.00pm Eastern Standard Time on the Closing Date (3.00pm WST). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration.

A single payment should be made for the Application Money for your Entitlement you wish to apply for as stated on the Entitlement and Acceptance Form.

#### 4.5 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer

Document and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Offer Document, does not prohibit you from being given the Offer Document and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Offer Document is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

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## 5 PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer and use of funds

The purpose of the Offer is to raise approximately \$1.52 million (before costs of the Offer). Funds raised under the Offer are planned to be used as follows:

Proceeds of the Offer	\$(‘000)
Exploration on the Company’s Julius Project and Gnaeus Prospect, including a drilling program	800
Repayment of debt owed to the Company’s Managing Director, Ernst Kohler for unpaid salary for the past 2 years	450
General working capital	170
Expenses of the Offer	100
<b>Total</b>	<b>\$1,520</b>

This table is a statement of the proposed application of the funds raised. As with any budget, intervening events and new circumstances have the potential to affect the Company’s decisions. The Company reserves the right to, in exploration results are not satisfactory, vary the way funds are applied.

### 5.2 Effect on capital structure

The effect of the Offer will be that approximately 38m New Shares will be issued, which will increase the number of Shares on issue from 101,345,768 to approximately 139,345,768. The Company currently has no options on issue.

### 5.3 Potential effect of the Offer on control of the Company

- (a) If all Eligible Shareholders (who together are entitled to approximately 99% of the New Shares on offer) take up their Entitlement then the Offer will have no effect on control of the Company.
- (b) Assuming no Shareholders other than the Directors take up their Entitlement and shortfall is distributed equally between sub-underwriters, then:
  - (i) existing Shareholders will be diluted by 37.5%;
  - (ii) no Shareholder will hold 20% or more of the Company’s issued Shares; and
  - (iii) entitles associated with Mr Ernst Kohler will have a maximum voting power of 17.9% in the Company.

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## 6 KEY RISK FACTORS

### 6.1 Overview

The New Shares offered under this Offer Document should be regarded as speculative due to the inherent risks associated with the Company's activities. Neither the Company nor the Directors warrant the future performance of the Company or any investment made pursuant to this Offer Document. An investment in the New Shares offered by this Offer Document should be considered speculative.

The Directors recommend that Shareholders and potential investors examine the contents of this document together with previous ASX disclosures and public documents of the Company, including its most recent audited financial statements, and rely on advice of their professional advisers before deciding whether or not to apply for New Shares pursuant to this document.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

The risks outlined below are specific to the Company's operations and to the resource exploration industry in which the Company operates.

#### (a) Clean-Up Notice with respect to Mt Chalmers (Mt Chalmers)

On 6 February 2015 the Company announced that it had been issued a cleanup notice (**Clean-up Notice**) under section 36 of the Environmental Protection Act 1964 (Qld) from the Queensland Department of Environment and Heritage Protection dated 8 January 2015 regarding a contamination incident at Mount Chalmers.

The tenements at Mt Chalmers to which the Clean-up Notice relates were previously registered in the name of the Company's subsidiary, Affinis Pty Limited (in liquidation) (**Affinis**), which was placed into voluntary liquidation on 11 December 2014. The Clean-up Notice requires the Company to capture and contain all contaminants released from Mt Chalmers and provide written advice to the Department in relation to the actions taken to do so. The Company has taken preliminary steps to reduce the impact of the incidents described in the Clean-up Notice and has filed a notice of appeal in the Planning and Environmental Court against the Department's decision to issue the Clean-up Notice.

Whilst the outcome of the appeal remains uncertain as at the date of this Offer Document, the Directors are of the opinion that there is a reasonable basis for making the appeal, and therefore have not recognised any amount in relation to this claim within the Company's financial statements.

Nevertheless, there is a risk that the Company's appeal to set aside the Clean-up Notice may not succeed, or that the Company may otherwise be

liable to capture and contain all contaminants released from Mt Chalmers, and no amount has been provided in relation to this potential cost within the Company's financial statements. Furthermore, the Company is exposed to legal costs as a result of the appeal and possible prosecution and fines resulting from possible prosecution for failing to comply with the Clean-up Notice.

(b) Future capital needs and additional funding

The funds raised by the Offer will be used in part to fund exploration on the Company's Julius Project and Gnaeus Prospect. There is a risk that these funds will not be sufficient to complete the proposed exploration and that further funding will be required.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

(c) Exploration

Exploration is a high risk undertaking. The Company does not give any assurance that exploration of its current projects or any future projects will result in the delineation or discovery of a significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.

(d) Gold price

As an explorer for gold and potentially other minerals, any earnings of the Company are expected to be closely related to the price of gold and other commodities.

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(e) Environmental

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(f) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on Mr Ernst Kohler, the Company's Managing Director. There can be no assurance given that there will be no detrimental impact on the Company if Mr Ernst Kohler ceases his employment.

## 6.2 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(c) Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

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## **7 ADDITIONAL INFORMATION**

### **7.1 Disclosing entity**

The Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to ASX which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares.

This document contains a summary of information only which the Company does not purport to be complete. The Offer Document is intended to be read in conjunction with the Company's periodic and continuous disclosure announcements lodged with the ASX.

Copies of the Company's announcements can be obtained from [www.asx.com.au](http://www.asx.com.au) or the Company's website [www.echoresources.com.au](http://www.echoresources.com.au).

### **7.2 Rights Issue Offer Document**

This Offer Document is issued pursuant to section 708AA of the Corporations Act (as modified by ASIC CO 08/35) without disclosure to investors under Part 6D.2 of the Corporations Act. Accordingly, this document contains a summary of information only which the Company does not purport to be complete. The Offer Document is intended to be read in conjunction with the Company's periodic and continuous disclosure announcements lodged with the ASX.

Pursuant to the conditions imposed on the Company by section 708AA of the Corporations Act, the Company provided ASX with a notice that complied with the requirements of section 708AA(7) on 14 May 2015. In addition to certain minor and technical matters, that notice was required to:

- (a) set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
  - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.



### 7.3 Information availability

Eligible Shareholders in Australia and New Zealand can obtain a copy of this Offer Document during the period of the Offer on the Company's website at [www.echoresources.com.au](http://www.echoresources.com.au) or by calling Kate Stoney, Company Secretary on +61 408 909 588. Persons who access the electronic version of this Offer Document should ensure that they download and read the entire Offer Document and the other relevant information to which it refers.

The electronic version of this Offer Document will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling Kate Stoney, Company Secretary on +61 8 9362 4806.

### 7.4 Historical Share price on ASX

The highest and lowest closing sale price of Shares on ASX during the 3 months immediately preceding the date of this Offer Document and the practical last closing sale price are as follows:

Highest closing sale price	Lowest closing sale price	Last closing sale price
7.9 cents on 6 March 2015	5.9 cents on 28 April 2015	6.2 cents on 19 May 2015

The 5 day VWAP for the Company's Shares and last closing price prior to the Offer being announced on 14 May 2015 were 6.55 cents and 7.6 cents respectively, with the issue price being a 39% and 48% discount respectively.

Investors should note that the past Share price performance provides no guidance as to future Share price performance.

### 7.5 Taxation

Taxation implications will vary depending on the particular circumstances of individual Eligible Shareholders. Eligible Shareholders should consider whether to seek specific advice applicable to their own particular circumstances from their own professional advisers.

### 7.6 Underwriting Agreement

The Company has entered into an Underwriting Agreement with Patersons Securities Limited (**Underwriter**) dated on or about 13 May 2015 whereby the Underwriter has agreed to fully underwrite the Offer.

The Underwriter may appoint sub-underwrites in its absolute discretion, and has appointed, amongst others, Mr Ernst Kolher, the Company's Managing Director.

The Underwriter will be paid a fee for underwriting the Offer of \$30,000 and 5% of the amount underwritten (**Underwriting Fee**). The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred by the Underwriter in relation to the Offer.

The Underwriter is responsible for sub-underwriter's fees and expenses, with a rebate to the Company of the Underwriting Fee with respect to the amount sub-underwritten by Mr Kohler (\$22,500).

The underwriting of the Offer is conditional upon the satisfaction or waiver by the Underwriter of the certain conditions ordinarily found in an agreement of this type, including that:

- (a) the Underwriter being satisfied with the due diligence investigations by the Company in relation to the Offer; and
- (b) the Company's solicitors providing the Underwriter with a legal sign off letter in relation to the due diligence investigations.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (a) the Company has (subject to certain limitations) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer; and
- (b) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;

The Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:

- (a) (Indices fall): any of the S&P/ASX All Ordinaries Index, the S&P/ASX 200 Index, or the S&P/ASX Small Ordinaries Index as published by the ASX is at any time after the date of this Agreement 85% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (b) (Offer document): the Company does not announce the Offer by 14 May 2015 or the Offer is withdrawn;
- (c) (No Official Quotation): Official Quotation has not been granted by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified;
- (d) (Misleading Offer Materials): a statement in the Offer Materials is or becomes misleading or deceptive or likely to mislead or deceive, or the Offer Materials omit any information they are required to contain;
- (e) (Share Price): the price of Shares as quoted by the ASX is less than the issue price;

- (f) (Restriction on allotment): the Company is prevented from allotting the New Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
- (g) (ASIC application): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer Document, the Shortfall Notice Deadline Date (as defined in the Underwriting Agreement) has arrived, and that application has not been dismissed or withdrawn;
- (h) (Takeovers Panel): the Takeovers Panel makes an interim order or a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act;
- (i) (Hostilities): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union;
- (j) (Authorisation) any authorisation which is material to anything referred to in the Offer Document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (k) (Indictable offence): a director or senior manager of the Company is charged with an indictable offence;
- (l) (Termination Events): any of the following events occurs, if the event will or is likely to have a material adverse effect on the Offer or Company, or expose the Underwriter to a liability:
  - (i) (Default): default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
  - (ii) (Incorrect or untrue representation): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
  - (iii) (Contravention of constitution or Act): a contravention by the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (iv) (Adverse change): an event occurs which gives rise to a material adverse effect (as defined in the Underwriting Agreement) or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets,

liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company including, without limitation, if any forecast in the Offer Document becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;

- (v) (Error in Due Diligence Results): it transpires that any of the due diligence results (as defined in the Underwriting Agreement) was false, misleading or deceptive or that there was an omission from them;
- (vi) (Correcting Notice) an obligation arises on the Company to give ASX a notice in accordance with section 708AA(12) of the Corporations Act ;
- (vii) (Public statements): without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Offer Document;
- (viii) (Misleading information): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the Company's affairs is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) (Official Quotation qualified): official quotation is qualified or conditional other than as set out in the definition of "Official Quotation" (as defined in the Underwriting Agreement);
- (x) (Change in Act or policy): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) (Prescribed Occurrence): a prescribed occurrence occurs;
- (xii) (Suspension of debt payments): the Company suspends payment of its debts generally;
- (xiii) (Event of Insolvency): an event of insolvency occurs in respect of a Relevant Company;
- (xiv) (Judgment against the Company): a judgment in an amount exceeding \$25,000 is obtained against the Company and is not set aside or satisfied within 7 days;

- (xv) (Litigation): litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against the Company, other than any claims foreshadowed in the Offer Document;
- (xvi) (Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before issue of the underwritten New Shares without the prior written consent of the Underwriter;
- (xvii) (Change in shareholdings): there is a material change in the major or controlling shareholdings of the Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xviii) (Timetable): there is a delay in any specified date in the Offer timetable which is greater than 7 Business Days;
- (xix) (Force Majeure): a force majeure (as defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xx) (Certain resolutions passed): the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) (Capital Structure): the Company alters its capital structure in any manner not contemplated by the Offer Document;
- (xxii) (Investigation): any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (xxiii) (Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

## **7.7 Notice to nominees and custodians**

Nominees and custodians should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. Where any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

**A\$, \$ and dollars** means Australian dollars, unless otherwise stated.

**Application** means a valid application for New Shares made pursuant to this Offer Document and an Entitlement and Acceptance Form.

**Application Money** means money received from an Eligible Shareholder in respect of their Application.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) trading as the Australian Securities Exchange, or the market operated by that entity.

**Closing Date** means 3 June 2015 or such other date as may be determined by the Directors under this Offer Document.

**Company or Echo** means Echo Resources Limited (ABN: 34 108 513 113).

**Corporations Act** means the *Corporations Act 2001* (Cth), including as modified by ASIC Class Order 08/35 in relation to the Offer.

**Directors** means the directors of the Company.

**Eligible Shareholder** means a Shareholder as at 5.00pm (WST) on the Record Date, other than a Non-Qualifying Foreign Shareholder.

**Entitlement or Right** means a Shareholder's entitlement to subscribe for New Shares offered under this Offer Document.

**Entitlement and Acceptance Form** means the application form accompanying this Offer Document.

**Existing Share** means a Share issued on or before the Record Date.

**Listing Rules or ASX Listing Rules** means the listing rules of ASX.

**New Share** means a new Share to be issued under the Offer.

**Non-Qualifying Foreign Shareholder** means a Shareholder whose registered address is not situated in Australia or New Zealand.

**Offer Document** means this document, including any supplements or replacements to this document.

**Offer** means the offer of 3 New Share for every 8 Shares held at an issue price of

\$0.04 per New Share made pursuant to this Offer Document.

**Record Date** means 20 May 2015.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Underwriter or Patersons** means Patersons Securities Limited (ACN 008 896 311).

**Underwriting Agreement** means the underwriting agreement dated 13 May 2015 between the Underwriter and the Company.

**US Person** has the meaning given to that term in Regulation S under the US Securities Act.

**WST** means Western Australian Standard Time.

**Directors**

Mr Mathew Longworth (Non Exec. Chairman)  
Mr Anthony McIntosh (Non Exec. Director)  
Dr Ernst Kohler (Managing Director)

**Company Secretary**

Kate Stoney

**Website**

[www.echoresources.com.au](http://www.echoresources.com.au)

**Registered Office**

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East Victoria Park WA 6101

Tel: +61 8 9362 4806  
Fax: +61 8 9355 3264

Email: [admin@echoresources.com.au](mailto:admin@echoresources.com.au)

**Share Registry\***

Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands WA 6009  
Tel: +61 8 9389 8033  
Fax: +61 8 9262 3723

**Auditor\***

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

**Underwriter**

Patersons Securities Limited  
Level 23, Exchange Plaza  
2 The Esplanade  
Perth WA 6000

\*This party is named for informational purposes only and was not involved in the preparation of this Offer Document