



NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY MEMORANDUM

The Extraordinary General Meeting of

ECHO RESOURCES LIMITED

ACN 108 513 113

Will be held at

12:00pm (AWST) on Monday, 29 August 2016

at

Aurenda

136 Stirling Hwy, Nedlands, Western Australia 6009

This Notice of Extraordinary General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote they should seek advice from their professional advisers without delay.



ECHO RESOURCES LIMITED

ACN 108 513 113

Registered Office: 159 Stirling Highway, Nedlands WA 6009

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the Extraordinary General Meeting of Shareholders of Echo Resources Limited will be held at Aurenda, 136 Stirling Hwy, Nedlands on 29 August 2016 at 12.00pm (AWST).

AGENDA

The Explanatory Memorandum and Proxy Form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Memorandum and the Proxy Form in their entirety.

Capitalised terms not otherwise defined in this Notice have the meaning given in the Explanatory Memorandum which accompanies this Notice. References to the "Corporations Act" are to the Corporations Act 2001 (Cth), unless the context requires otherwise

BUSINESS OF THE MEETING

RESOLUTION ONE – RATIFICATION OF SHARE PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue by the Company of 13,935,044 Shares on 25 February 2016 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION TWO – RATIFICATION OF SHARE PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue by the Company of 19,000,000 Shares on 25 May 2016 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



RESOLUTION THREE – ELECTION OF MR BARRY BOLITHO AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Barry Colin Bolitho, who was appointed to the board to fill a casual vacancy, be elected as a director of the Company.”

RESOLUTION FOUR – ISSUE OF OPTIONS TO MR SIMON COXHELL

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3 million Options to Mr Simon Coxhell, a director of the Company (or his Nominee) on the terms and conditions set out in the Explanatory Memorandum.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Coxhell (and his Nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member; and

the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION FIVE – ISSUE OF OPTIONS TO MR BARRY BOLITHO

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1.5 million Options to Mr Barry Bolitho, a director of the Company (or his Nominee) on the terms and conditions set out in the Explanatory Memorandum.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Bolitho (and his Nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member; and

the appointment does not specify the way the proxy is to vote on this Resolution.



However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION SIX – ISSUE OF OPTIONS TO MR ANTHONY McINTOSH

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1.25 million Options to Mr Anthony McIntosh, a director of the Company (or his Nominee) on the terms and conditions set out in the Explanatory Memorandum.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr McIntosh (and his Nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member; and

the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (AWST) Time on 26 August 2016.

By Order of the Board of Directors

Kate Stoney
Company Secretary

Dated this 27 day of July 2016



EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

RESOLUTIONS ONE AND TWO

Ratification of Past Issues of Shares

Resolutions One and Two seek Shareholder ratification (**Ratification**) pursuant to ASX Listing Rule 7.4 for two separate issues of Shares (**Issues**).

ASX Listing Rule 7.1 generally provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying these issues, the Company will reinstate the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Specific information required by ASX Listing Rule 7.5 in relation to Resolution One

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification proposed by Resolution One:

- (a) 13,935,044 Shares were issued;
- (b) the issue price was \$0.06 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to clients of BW Equities. None of these subscribers were related parties of the Company; and
- (e) the funds raised from this issue were used to fund the Company's exploration activities and for working capital.

Specific information required by ASX Listing Rule 7.5 in relation to Resolution Two

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification proposed by Resolution Two:

- (a) 19,000,000 Shares were issued;
- (b) the issue price was \$0.17 per Share;



- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to clients of BW Equities. None of these subscribers were related parties of the Company; and
- (e) the funds raised from this issue were used to fund the Company's exploration activities and for working capital.

RESOLUTION THREE

Election of Mr Bolitho as a Director

On the 30 May 2016, Mr Barry Colin Bolitho was appointed by the Board as a director to fill a casual vacancy. Mr Bolitho submits himself to election by Shareholders at the Meeting.

Mr Bolitho has over 40 years' experience as a mining professional. A qualified metallurgist, he has been responsible for the commissioning and management of a number of gold mining operations both in Western Australia and internationally. He has gained extensive experience in the executive management of resources based companies with particular emphasis in exploration operations, project management, administration and corporate development. He has been an executive and no-executive director of a number of ASX and TSX listed resource companies over a long period and has worked closely with financiers, brokers and analysts.

RESOLUTIONS FOUR, FIVE AND SIX

Proposed Grant of Options to Related Parties

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 5,750,000 Options (**Related Party Options**) to Messrs Coxhell, Bolitho and McIntosh (**Related Parties**) or their Nominees in the proportions and on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit. Messrs Coxhell, Bolitho and McIntosh are related parties of the Company by virtue of being Directors of the Company.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act may, but do not necessarily, apply in the current circumstances. Accordingly, out of prudence, Shareholder approval is sought for the grant of Related Party Options to the relevant Related Parties (or their Nominees).

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where the Company issues, or agrees to issue, securities to a related party, unless an exception in ASX Listing Rule 10.12 applies. As none of the exceptions in Listing Rule 10.12 applies,



approval to the issue of the Related Party Options is also being sought under ASX Listing Rule 10.11.

Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

In accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related parties are Messrs Coxhell, Bolitho and McIntosh and they are each related parties by virtue of being Directors of the Company. If any Related Party Options are to be granted to a Nominee of a Related Party then such Nominee will be a related party by virtue of being an entity controlled by that Related Party.
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to each of the Related Parties is:
 - (i) 3 million Related Party Options to Mr Coxhell or Nominee;
 - (ii) 1.5 million Related Party Options to Mr Bolitho or Nominee; and
 - (iii) 1.25 million Related Party Options to Mr McIntosh or Nominee.
- (c) the Related Party Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated all Related Party Options will be granted on one date;
- (d) the Related Party Options will be granted for nil cash consideration. Accordingly, no funds will be raised by their grant. However funds will be raised in the future to the extent that Related Party Options are exercised. Relevantly, the exercise price of the Related Party Options is the price that is the 5 day volume weighted average Share price (**VWAP**) preceding the date of the issue plus a 17.5% premium. On the assumption that the Related Party Options were issued on the date of this Notice of Meeting, the exercise price of the Director options would have been \$0.29 (based on the 5 day VWAP of the Shares up to and including 27 July 2016 plus a 17.5% premium);
- (e) the terms and conditions of the various Related Party Options, including their expiry dates and exercise prices are set out in Schedule Two;
- (f) the value of the Related Party Options and the valuation methodology is set out in Schedule One;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Mr Simon Coxhell	80,000	Nil
Mr Barry Bolitho	3,300,000	Nil
Mr Anthony McIntosh	5,756,008	Nil



- (h) the remuneration and emoluments from the Company to each of the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	FY2017 Estimate	FY2016 Actual
Mr Simon Coxhell	240,000	95,037
Mr Barry Bolitho	48,000	10,000
Mr Anthony McIntosh	40,000	36,325

- (i) if all Related Party Options granted to the Related Parties are exercised, a total of 5.75 million Shares would be issued and proceeds received by the Company. This will increase the number of Shares on issue from 172,818,808 to 178,568,808 (assuming that no other Shares are issued in the meantime) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 3.3%, comprising approximately 1.74 % by the exercise of the Related Party Options granted to Mr Coxhell or Nominee, approximately 0.87% by the exercise of Related Party Options granted to Mr Bolitho or Nominee and approximately 0.72 % by virtue of the exercise of Related Party Options granted to Mr McIntosh or Nominee.
- (j) The market price for Shares as traded on the ASX during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If at the time that any of the Related Party Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of those Related Party Options, there may be a notional or actual cost to the Company, including by way of an opportunity cost, being the loss of the opportunity to issue the resultant Shares at an issue price which is equal to, or close to, the then market price of the Shares.
- (k) Some details of the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	27 cents	12 July 2016
Lowest	0.07 cents	9 February 2016
Last	25.5 cents	27 July 2016

- (l) the Board acknowledges the grant of Related Party Options to those Related Parties who are non-executive Directors is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to non-executive Directors reasonable in the circumstances having regard to the size and level of operations of the Company, its cash reserves and importance to the Company of attracting and retaining non-executive Directors in a manner which does not unduly impact on the Company's cash resources.
- (m) a primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the overall remuneration package for each Related Parties to motivate and reward the performance of the Related Party in their respective roles as Directors and



to assist the Company in retaining their services and expertise in a manner which does not unduly impact on the cash reserves of the Company.

- (n) Mr Coxhell does not wish to make a recommendation to Shareholders in relation to Resolution Four due to his having a material personal interest in the outcome of the Resolution on the basis that he or his Nominee is to be granted Related Party Options in the Company should that Resolution be passed. However, in respect of Resolutions Five and Six he recommends that Shareholders vote in favour of each of those Resolutions for the following reasons:
- (i) the grant of Related Party Options to the Related Parties will align interests of the relevant Related Parties with those of Shareholders and provide meaningful incentive to those Related Parties to work towards the Company becoming commercially successful; and
 - (ii) having regard to the size and level of operations of the Company, its cash reserves and the importance to the Company of attracting and retaining experienced and qualified Directors in a manner which does not unduly impact on the Company's cash resources, the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective supplementary remuneration to those Related Parties thereby allowing the Company to spend a greater proportion of its cash reserves on its operations.
- (o) Mr Bolitho does not wish to make a recommendation to Shareholders in relation to Resolution Five due to his having a material personal interest in the outcome of the Resolution on the basis that he or his Nominee is to be granted Related Party Options in the Company should that Resolution be passed. However, in respect of Resolutions Four and Six he recommends that Shareholders vote in favour of each of those Resolutions for the following reasons:
- (i) the grant of Related Party Options to the Related Parties will align interests of the relevant Related Parties with those of Shareholders and provide meaningful incentive to those Related Parties to work towards the Company becoming commercially successful; and
 - (ii) having regard to the size and level of operations of the Company, its cash reserves and the importance to the Company of attracting and retaining experienced and qualified Directors in a manner which does not unduly impact on the Company's cash resources, the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective supplementary remuneration to those Related Parties thereby allowing the Company to spend a greater proportion of its cash reserves on its operations.
- (p) Mr McIntosh does not wish to make a recommendation to Shareholders in relation to Resolution Six due to his having a material personal interest in the outcome of the Resolution on the basis that he or his Nominee is to be granted Related Party Options in the Company should that Resolution be passed. However, in respect of Resolutions Four and Five he recommends that Shareholders vote in favour of each of those Resolutions for the following reasons:
- (i) the grant of Related Party Options to the Related Parties will align interests of the relevant Related Parties with those of Shareholders



and provide meaningful incentive to those Related Parties to work towards the Company becoming commercially successful; and

- (ii) having regard to the size and level of operations of the Company, its cash reserves and the importance to the Company of attracting and retaining experienced and qualified Directors in a manner which does not unduly impact on the Company's cash resources, the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective supplementary remuneration to those Related Parties thereby allowing the Company to spend a greater proportion of its cash reserves on its operations.
- (q) except as specified above, no Director has a personal interest or other interest in the outcome of Resolutions Four, Five and Six;
- (r) in forming their various recommendations, each Director considered the qualifications and experience of each other Related Party, the current market price of Shares and the current market practices when determining the number of Related Party Options to be granted as well as the exercise price, expiry date, and other material terms of those Related Party Options; and
- (s) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions Four, Five and Six.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Related Party Options to the Related Parties or their Nominees as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options to the Related Parties or their Nominees will not be included in the 15% calculation of the Company's twelve month capacity to issue Shares or other securities without shareholder approval pursuant to ASX Listing Rule 7.1.



IMPORTANT NOTE ON THE APPOINTMENT OF PROXIES

A number of the proposed Resolutions are connected with the remuneration of members of the Key Management Personnel. The Form of Proxy Form expressly authorises the Chair of the meeting, if appointed proxy, to vote undirected proxies on resolutions even if they are connected with the remuneration of a member of the Key Management Personnel. The Chair intends to vote all undirected proxies in favour of all Resolutions.

Accordingly, if you wish to appoint the Chair of the meeting as your proxy and you do **not** want the Chair to vote in favour of the Resolutions, you will need to provide specific voting instructions in relation to the Resolutions by ticking the appropriate boxes on the Proxy Form.

PROXY AND VOTING INSTRUCTIONS

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act impact on the way in which proxies must be voted at the Meeting. Broadly, these sections mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must on a poll vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).



Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.



GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

AWST means Western Standard Time as observed in Perth, Western Australia.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting (and where the context admits means the person who assumes the chair for any part of the Meeting).

Closely Related Party of a member of the Key Management Personnel means:

- (a) A spouse or child of the member;
- (b) A child of the member's spouse;
- (c) A dependent of the member's spouse;
- (d) Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) A company the member controls; or
- (f) A person prescribed by the Corporations Regulations 2001 (Cth).

Company means Echo Resources Limited (ACN 108 513 113).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards (as that term is defined in the Corporations Act) and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, directly or indirectly, including any director (whether executive or non-executive) of the Company or if the Company is part of a consolidated entity of an entity within the consolidated group.

General Meeting or **Meeting** means the meeting convened by the Notice.

Nominee means a nominee approved by the Board.

Notice or **Notice of Meeting** means this Notice of Meeting including the Explanatory Memorandum and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option or Related Party Option as the context requires.



Proxy Form means the proxy form accompanying the Notice.

Related Party bears the meaning attributed to that expression in section 228 of the Corporations Act (and where the expression related party is used in relation to a requirement of the ASX Listing Rules the expression will bear the meaning ascribed by the ASX Listing Rule).

Related Party Option means an Option granted pursuant to Resolutions Four, Five and Six on the terms and conditions set out in Schedule Two.

Relevant Interest bears the meaning ascribed to that expression in section 9 of the Corporations Act.

Resolution(s) means the proposed resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.



SCHEDULE ONE – VALUATION OF RELATED PARTY OPTIONS

The Company has valued the Related Party Options using the Binomial Option Pricing Model (“BOPM”) which is one of the most widely used and recognised models for pricing options.

The BOPM calculates the expected benefit from acquiring the Shares outright upon exercise of the relevant Related Party Options less the present value of paying the exercise price for the Related Party Options on date of expiration. This model is considered robust and sufficiently accurate as an option pricing tool where options are not expected to be exercised until the end of the option's life. The model uses historical share price volatility measures and therefore may not approximate actual share price behaviours in the future.

The following table incorporates the assumptions used in determining values for each of the Related Party Options, and the results of the valuation methodology employed for the different groups of Related Party Options to be granted to the various Related Parties pursuant to Resolutions Four, Five and Six. The table incorporates two valuations relevant to the financial benefit received by the Related Parties:

- Valuation under Chapter 2E, the subject of this Notice and the theoretical maximum value of the financial benefit; and
- Accounting valuation for financial reporting purposes.

Assumptions:

- Risk free rate of 1.9% based on the 10 year Australian Government Bond rate as at 27 July 2016
- Current share price (5 day VWAP) of 25 cents
- Dividend yield of 0%
- Forecast volatility of 75% based on the range to which the shares have been trading on the Australian Securities Exchange (ASX).
- Discount rate of 20% due to unmarketability of options (Accounting Valuation only)
- Option exercise price of 29 cents (5 day VWAP up to 27 July 2016 plus 17.5% premium)
- Option expiry date of 27 July 2019

Time to Expiry	Valuation under Chapter 2E (European Call Option)	Accounting Valuation (American Call Option)
Time to Expiry / Time to Exercise	3 years	1.5 years
Indicative value per Director Option	11.4 cents	6.3 cents
Value of Director Options		
- Simon Coxhell or Nominee (Resolution 4)	\$342,000	\$184,157
- Barry Bolitho or Nominee (Resolution 5)	\$171,000	\$92,078
- Anthony McIntosh or Nominee (Resolution 6)	\$142,500	\$76,732
Total Value of Director Options	\$655,500	\$352,967
Total Proceeds on Exercise	\$1,725,000	\$1,725,000



SCHEDULE TWO – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

The Related Party Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share upon and subject to the following terms and conditions.
- (b) Each Option will expire at 5.00pm (AWST) on the date three years after the grant of that Option (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date (if it does not lapse earlier).
- (c) The amount payable upon exercise of each Option (**Exercise Price**) is the price that is the 5 day volume weighted average Share price (**VWAP**) preceding the date of issue plus a 17.5% premium.
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable except with the prior written consent of the Company.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed (whether by a reduction of capital, cancellation of shares, consolidation of shares, division of shares or otherwise), all rights of an Optionholder in relation to an Option are to be changed in a manner consistent with, or as required by, the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.



- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- (n) In these terms, unless the context requires:
 - “Company” means Echo Resources Limited;
 - “Nominee” means a nominee selected by Simon Coxhell, Barry Bolitho or Anthony McIntosh, as the case may be, and approved by the Company, for the purposes of receiving Related Party Options;
 - “Option” means a Related Party Option;
 - “Optionholder” means the holder of an Option from time to time;
 - “Share” means a fully paid ordinary share in the capital of the Company.



ECHO REGISTERED OFFICE:
Office: 159 Stirling Highway, Nedlands WA 6009
Mailing: PO Box 1104, Nedlands WA 6909
T: 08 9389 8726 F: 08 9386 9473
E: admin@echoresources.com
W: www.echoresources.com.au
ACN: 108 513 113

ALL CORRESPONDENCE TO SHARE REGISTRY:
Advanced Share Registry
PO BOX 1156, NEDLANDS WA 6909
136 Stirling Highway, NEDLANDS WA 6009
T: 08 9389 8033 F: 08 9262 3723
E: admin@advancedshare.com.au
W: www.advancedshare.com.au

Shareholder Details Number of Shares Held

Step 1. Appoint a Proxy to Vote on Your Behalf

I/We being a member of Echo Resources Limited (**Company**) entitled to attend and vote at the General Meeting of the Company (**Meeting**) to be held at 12.00pm on 29 August 2016 hereby appoint:

☐

The Chairman
of the Meeting
(mark with an 'X')

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

2. or failing the person or body corporate named, or if no person or body corporate is named or selected above, the Chair of the Meeting, as my/ our proxy to act on my/ our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted at law, as the proxy sees fit) at the Meeting and any postponement or adjournment of the Meeting.

3. Important for Resolutions 4, 5 and 6: If the Chair of the Meeting is appointed proxy, either by appointment or by default, and I/we have not indicated my/our voting instructions below, I/We are authorising the Chair of the Meeting to exercise the proxy in respect of each of Resolutions 4, 5 and 6 even though the Resolution is concerned directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

4. The Chair of the Meeting intends to vote undirected proxies in favour of each Resolution.
Voting Instructions on Business of the Meeting

Step 2. Items of Business

Voting directions to your proxy – please mark ☒ to indicate your directions

		For	Against	Abstain*
Resolution 1	Ratification of Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr Bolitho as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Options to Mr Coxhell or Nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Options to Mr Bolitho or Nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Grant of Options to Mr McIntosh or Nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

***Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

Appointment of a second proxy (see instructions overleaf)

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form

%

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Meeting.

Lodging your proxy form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the Meeting being no later than 12pm WST on Saturday, 27 August 2016. Any Proxy Form received after that time will not be valid for the scheduled Meeting.