



ECHO RESOURCES LIMITED

ACN 108 513 113

FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2008

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2008 and any public announcements made by Echo Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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DIRECTORS' REPORT

Your Directors are pleased to present their report on the consolidated entity consisting of Echo Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year, to the date of this report, are:

Peter Andrews (Non-Executive Chairman)

Ernst Kohler (Managing Director)

Peter Stedwell (Non-Executive Director)

Graham Anderson (Non-Executive Director and Company Secretary)

REVIEW OF OPERATIONS

During the half-year ended 31 December 2008, Echo Resources Limited continued its exploration activities for gold and base metals in Western Australia and Queensland. The results of the Company's exploration activities have been detailed in announcements released to the Australian Stock Exchange. These announcements should be read in conjunction with the highlights below.

Reverse circulation (RC) at the Julius Deposit, located approximately 750km northeast of Perth, has continued to intersect significant widths of gold mineralisation including (down-hole widths and depths):

ERC106: 4m @ 3.7 g/t Au from 80m
including **1m @ 10.3 g/t Au from 81m**
and **3m @ 1.1 g/t Au from 99m**
and **10m @ 2.0 g/t Au from 112m**

ERC110: 2m @ 3.1 g/t Au from 50m
and **8m @ 2.3 g/t Au from 85m**
including **2m @ 5.4 g/t Au from 87m**

ERC111: 2m @ 2.0 g/t Au from 8m
and **5m @ 1.9 g/t Au from 64m**

ERC112: 3m @ 2.1 g/t Au from 10m
and **2m @ 3.0 g/t Au from 20m**

ERC113: 4m @ 2.9 g/t Au from 10m
including **1m @ 6.4 g/t Au from 11m**
and **3m @ 1.7 g/t Au from 21m**

DIRECTORS' REPORT (continued)

ERC115: 6m @ 2.1 g/t Au from 11m

The above drill hole intercepts are summarised in Table 1. A full list of the most recent RC drilling intercepts is provided in Echo's report for the December Quarter 2008.

A regional mapping program at Hyperion Prospect in Central Queensland has shown that this prospect contains stratigraphic successions favourable for volcanogenic massive sulphide deposits. Follow-up rock chip sampling has identified zones containing gossans (oxidized sulphide material) some of which are anomalous in copper, zinc and lead.

In December 2007, Echo entered into a Heads of Agreement with Queensland Minerals (Australia) Pty Ltd ("QMA"), for the Reedy Creek Project in North Queensland. The Reedy Creek Project consists of two granted exploration permits (EPM15003 and EPM15546) situated approximately 50km southwest of the town of Chillagoe. QMA has elected to continue exploration on EPM15003 and to withdraw from EPM15546.

In light of the ongoing world financial crisis, the Company has undertaken a review of all projects, which has led to a number of pre-emptive tenement reductions over low-priority areas. Further tenement reductions will be undertaken as other low-priority areas are identified.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr Ernst Kohler who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Dr Kohler is Managing Director of Echo Resources Limited. Dr Kohler has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Kohler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT (continued)

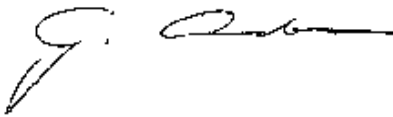
RESULTS OF OPERATIONS

The Company incurred an after tax operating loss for the half-year ended 31 December 2008 of \$699,780 (2007:\$777,262).

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of Directors.



Graham Anderson

Director

Perth, Western Australia

16 March 2009

16 March 2009

The Directors
Echo Resources Limited
992 Albany Highway
EAST VICTORIA PARK WA 6105

Dear Sirs

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF ECHO RESOURCES LIMITED

As lead auditor of Echo Resources Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Echo Resources Limited and the entities it controlled during the period.



Peter Toll
Director



BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.

**CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

		Half-year	
	Note	2008 \$	2007 \$
REVENUE FROM CONTINUING OPERATIONS	2	58,163	105,726
EXPENDITURE			
Exploration and evaluation expenditure	2	(577,962)	(625,226)
Administration expenses		(103,995)	(169,995)
Marketing expenses		-	(4,441)
Occupancy expenses		(20,460)	(16,716)
Share-based payments expense		(55,526)	(66,610)
PROFIT / (LOSS) BEFORE INCOME TAX		(699,780)	(777,262)
Income tax benefit / (expense)		-	-
PROFIT / (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF ECHO RESOURCES LTD		(699,780)	(777,262)
Basic and diluted loss per share (cents)		(1.5881)	(1.765)

The above consolidated income statement should be read in conjunction with the accompanying notes.

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008**

	31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS		
Cash and cash equivalents	1,714,018	2,181,914
Trade and other receivables	39,917	101,950
TOTAL CURRENT ASSETS	1,753,935	2,283,864
NON-CURRENT ASSETS		
Property, plant and equipment	90,353	95,061
Other financial assets	27,500	99,500
TOTAL NON-CURRENT ASSETS	117,853	194,561
TOTAL ASSETS	1,871,788	2,478,425
CURRENT LIABILITIES		
Trade and other payables	175,468	137,850
TOTAL CURRENT LIABILITIES	175,468	137,850
TOTAL LIABILITIES	175,468	137,850
NET ASSETS	1,696,320	2,340,575
EQUITY		
Contributed equity	6,359,500	6,359,500
Reserves	265,623	210,097
Accumulated losses	(4,928,803)	(4,229,022)
TOTAL EQUITY	1,696,320	2,340,575

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Note	Issued Capital	Accumulated Losses	Reserves	Total Equity
CONSOLIDATED					
Balance 1 July 2007		6,359,500	(2,787,976)	76,876	3,648,400
Option Reserve		-	-	66,610	66,610
Net income/expense recognised directly in equity		-	-	66,610	66,610
Loss for the half year		-	(777,262)	-	(777,262)
Total recognised income and expense for the half year		-	(777,262)	66,610	(710,652)
Balance 31 December 2007		6,359,500	(3,565,238)	143,486	2,937,748
Balance 1 July 2008		6,359,500	(4,229,023)	210,097	2,340,574
Option Reserve		-	-	55,526	55,526
Net income/expense recognised directly in equity		-	-	55,526	55,526
Loss for the half year		-	(699,780)	-	(699,780)
Total recognised income and expense for the half year		-	(699,780)	55,526	(644,254)
Balance 31 December 2008		6,359,500	(4,928,803)	265,623	1,696,320

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Half-year	
	2008	2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(178,446)	(180,375)
Payments for exploration and evaluation expenditure	(461,503)	(641,804)
Interest received	122,053	99,003
Proceeds from services provided	-	8,789
Net cash outflow from operating activities	<u>(517,896)</u>	<u>(714,387)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	-	(741)
Net cash outflow from investing activities	<u>-</u>	<u>(741)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from release of bonds	50,000	-
Net cash inflow from financing activities	<u>50,000</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(467,896)	(715,128)
Cash and cash equivalents at the beginning of the half-year	2,181,914	3,524,113
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	<u>1,714,018</u>	<u>2,808,985</u>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These interim financial statements have been prepared under the historical cost basis, except for available-for-sale financial assets that have been measured at fair value. Non-current assets and disposal groups held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Echo Resources Ltd during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	Half-year	
	2008	2007
	\$	\$
NOTE 2: REVENUE AND EXPENSES		
(a) Revenue		
Interest received	58,163	97,736
Other revenue	-	7,990
	58,163	105,726
(b) Employment related expenses		
Wages and salaries	142,672	175,560
Superannuation	12,073	14,725
	154,745	190,285

NOTE 3: SEGMENT INFORMATION

The Company operates in one industry and one geographical segment, namely the mining industry in Australia.

NOTE 4: CHANGES IN EQUITY SECURITIES ON ISSUE

There was no movement on ordinary shares or options issued for the 6 months ending 31 December 2008.

NOTE 5: RELATED PARTY TRANSACTION

During the period, GDA Corporate provided secretarial, accounting and administration services to the Group. Graham Anderson is a Director of GDA Corporate. Total amount paid to GDA Corporate for the period was \$28,950.

There are no other related party transactions during the period ended 31 December 2008.

NOTE 6: CONTINGENCIES

The Directors are of the opinion that there are no contingent liabilities as at 31 December 2008.

NOTE 7: SUBSEQUENT EVENTS

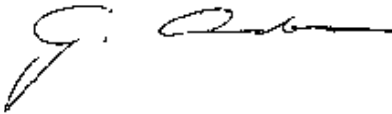
No matter or circumstance has arisen since 31 December 2008, which has significantly affected, or may significantly affect the operations of the group, the result of those operations, or the state of affairs of the group in subsequent financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements and notes set out on pages 8 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with the *Corporations Regulations 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Echo Resources Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Graham Anderson
Director

Perth, Western Australia
16 March 2009

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ECHO RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Echo Resources Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Echo Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Echo Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls



Peter Toll

Director

Perth, Western Australia on 16 March 2009