

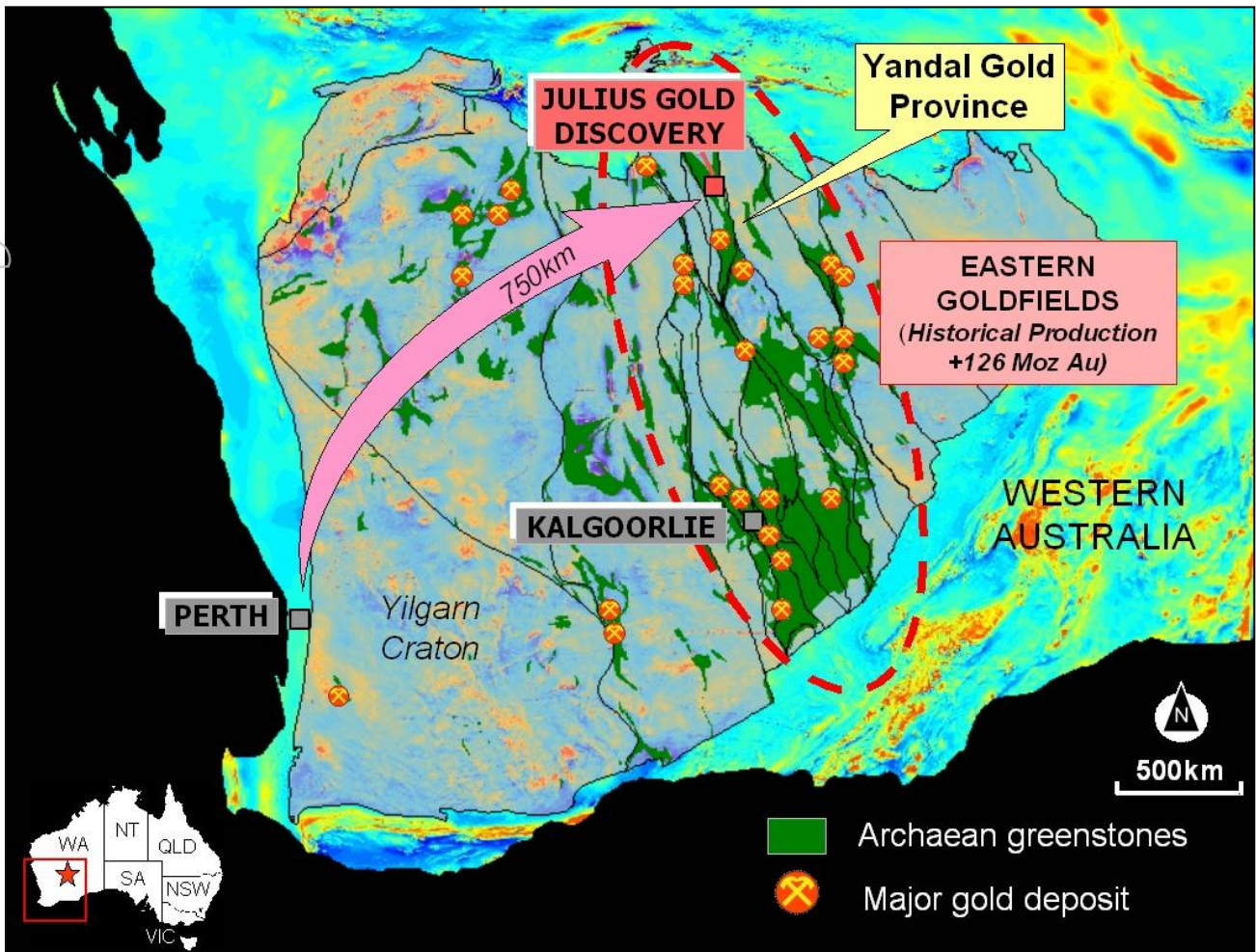


### Key Points

- **3,863m of Reverse Circulation (RC) and Diamond Core (DC) drilling completed at the Yandal Project.**
- **Step-out DC tails have successfully intersected deformed and hydrothermally altered mafic, ultramafic and granodioritic rocks ~600m down-dip from the Julius Gold Discovery.**
- **The granodioritic rocks show quartz-muscovite-pyrite alteration crosscut by quartz-pyrite veins. Some veins contain chalcopyrite and possibly also telluride (?) minerals.**
- **Geological logging of the drill core and chips has validated Echo's exploration model, and demonstrated the potential of the Julius Gold Discovery to host a large hydrothermal mineralised system.**
- **Gold assay results are pending.**
- **\$150,000 drilling grant awarded to Echo.**
- **A placement of approximately 6.1 million fully paid ordinary shares at \$0.22 per share was completed to raise \$1.35 million (before costs).**

### **Exploration Activities**

Echo's Yandal Project, including the Julius Gold Discovery, is located approximately 750km northeast of Perth, in the Yandal Gold Province (Figure 1). The Yandal Province is one of Australia's most significant gold exploration and mining areas, and hosts multi-million ounce gold deposits including those at Jundee (Newmont Mining Corporation) and Darlot (Barrick Gold Corporation).



**Figure 1: Location of Echo's Julius Gold Discovery.**

**Drilling**

During the quarter, Echo completed 3,863m of RC and DC drilling at Julius. The drilling program was designed to:

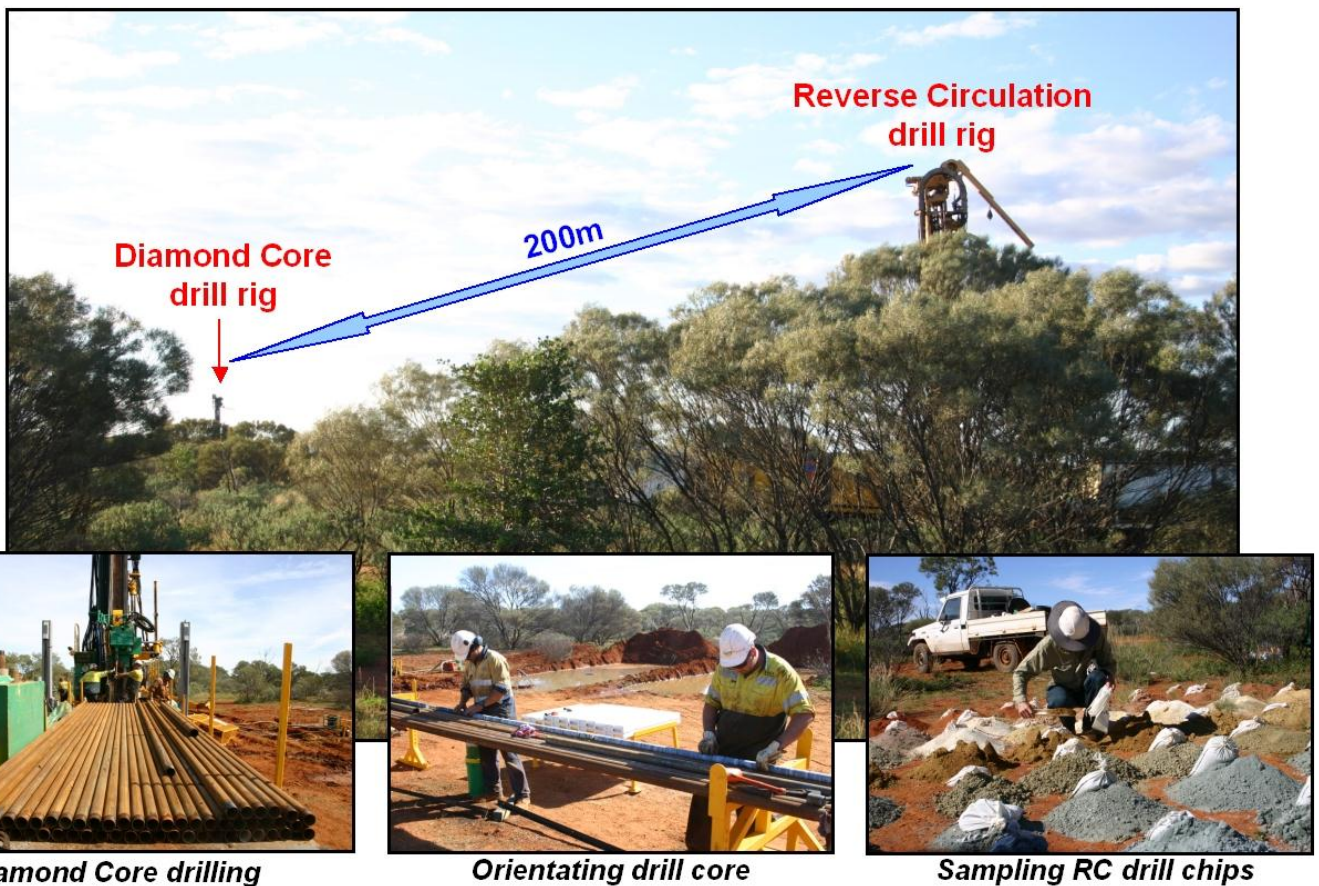
- a) locate potential deep mineralised positions; and
- b) test a number of shallower gold targets.

Wide-spaced step-out RC pre-collars with DC tails were completed to test if the Julius gold mineralisation extends ~600m down-dip from previous RC drilling along the prospective ultramafic - granodiorite contact (Figure 2). The DC tails intersected the granodiorite contact at down-hole depths of between 275m - 478m after passing through deformed, altered and veined ultramafic and mafic rocks within the Julius shear zone (Figures 3 and 4). Granodioritic rocks below the contact show quartz-muscovite-pyrite alteration crosscut by quartz-calcite ± pyrite veins. Some of the veins contain chalcopyrite and possibly also telluride minerals (Figure 3).

Initial results from the step-out drilling program have validated Echo's exploration model, and demonstrate the potential of the Julius Gold Discovery to host a large hydrothermal mineralised system.

A program of shorter RC and DC drill holes was completed at Julius to test several shallower targets for hydrothermal gold mineralisation hosted by weathered and fresh bedrock. The majority of these drill holes also intersected altered ultramafic and granodioritic rocks, the latter showing extensive quartz-muscovite-pyrite alteration.

Assay results from the latest drilling program will be released once they have been received and validated.



**Figure 2. Wide-spaced DC and RC drilling, Yandal Project.**

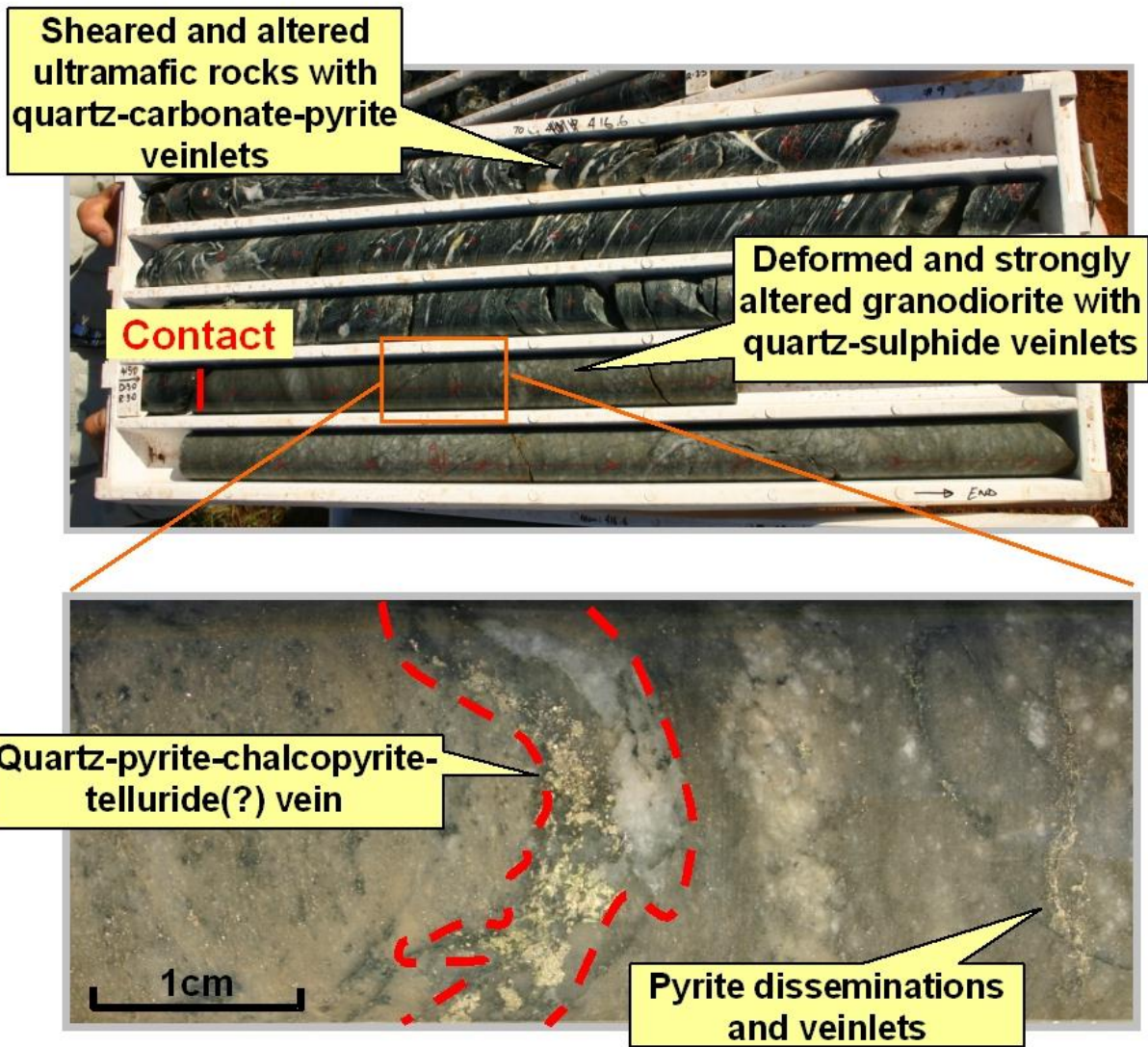


Figure 3: Core from step-out drill hole ERCD142 (412.3m – 416.6m) showing the ultramafic - granodiorite contact (this hole is located 270m south of the drill hole core shown in Figure 4). Lower photograph shows a close-up view of a quartz-sulphide vein in strongly altered granodiorite.

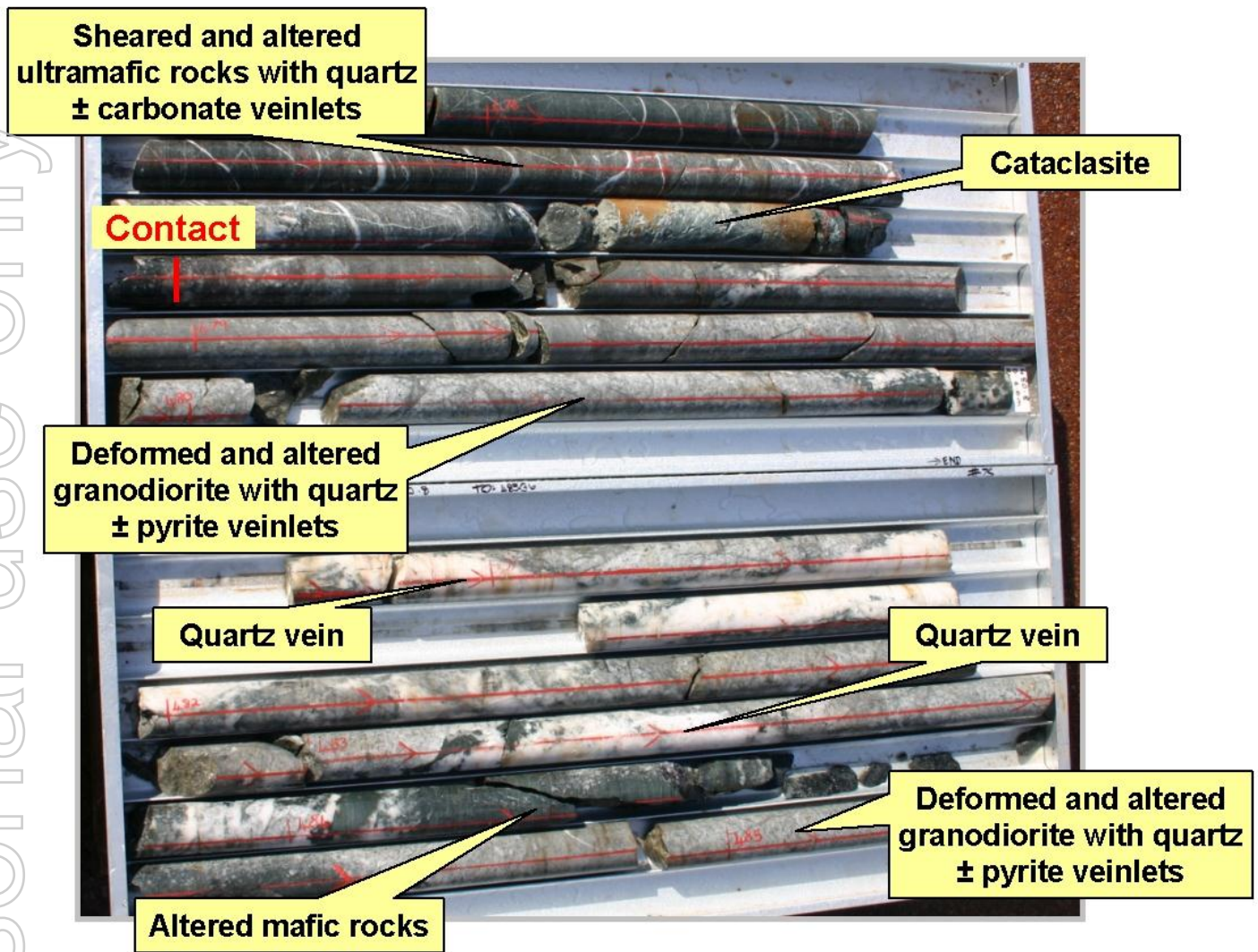


Figure 4: Core from step-out drill hole ERCD158 (475.7m – 485.3m) showing the deformed and altered ultramafic - granodiorite contact (this hole is located 270m north of the drill hole core shown in Figure 3).

### **Drilling Grant**

Echo has been awarded a \$150,000 grant for exploration drilling at the Lucius Gold Target by the WA Royalties For Regions Co-funded Government-Industry Drilling Program. Lucius is located approximately 5km south of the Julius Gold Discovery. Under the grant, the WA State Government will match Echo's expenditure on direct costs for exploration drilling at Lucius targeting a blind gold deposit.

Geochemical work on end-of-hole scout drill chip samples at Lucius has defined a 3km long, north-striking gold and arsenic anomaly. The anomalous drill chips show evidence of shearing and hydrothermal alteration; they are interpreted to mark the location of a shear zone with potential to host a blind gold deposit.

### **Corporate Activities**

During May 2011, Echo completed a placement of 6,136,364 fully paid ordinary shares at \$0.22 per share to raise \$1.35 million (before costs). Patersons Securities Limited acted as Lead Manager.



Ernst Kohler  
Managing Director

## About Echo Resources Limited

Echo Resources ("Echo") (**ASX code EAR**) is a gold, copper and nickel exploration company committed to the growth of shareholder value through successful exploration and project acquisitions.

Echo's key projects are located in Western Australia and Queensland. Echo's corporate goal is the discovery and development of large gold (more than 3 million ounces of gold), copper (more than 450 million pounds copper) and nickel (more than 90 million pounds) deposits in world-class mineral provinces. Echo has a strong management team capable of rapidly transforming the Company from an explorer to producer.

## CORPORATE DIRECTORY

### Board of Directors

Peter Andrews  
Non-executive Chairman

Ernst Kohler  
Managing Director

Graham Anderson  
Director and Company Secretary

### Capital Structure

Total quoted shares: 72.2 million  
Unlisted 40c options 2.45 million

ASX Code: EAR

### Registered Office

Suite 2  
35 Havelock Street  
West Perth WA 6005

### Principal Place of Business

992 Albany Highway  
East Victoria Park  
WA 6101

Phone +61 8 9362 4806  
Fax +61 8 9355 3264

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

*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.*

*It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this presentation relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resource Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. Any potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource.*

*This report may contain forward-looking statements concerning the potential of Echo's exploration projects and proposed exploration programs. No assurance can be given that Echo's proposed plans for the exploration of its project areas will proceed as planned, or that they will result in the discovery or delineation of additional or new mineral deposits, or that any mineralisation discovered will be amenable to economic extraction, or that the tenement applications will proceed to grant. Exploration programs may not proceed as planned due to delays beyond the control of the Company, including adverse weather and ground conditions, and contractor delays. Nothing in this announcement should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96; Origin: Appendix 8; Amended 1/7/97, 1/7/98 and 30/9/2001.

Name of entity

**ECHO RESOURCES LIMITED**

ABN

34 108 513 113

Quarter ended ("current quarter")

30 June 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Government grant received	-	17
1.2 Payments for (a) exploration and evaluation	(156)	(802)
(b) development	-	-
(c) production	-	-
(d) administration	(65)	(228)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	40
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST paid to be recouped)	(8)	3
<b>Net operating cash flows</b>	<b>(223)</b>	<b>(971)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(223)</b>	<b>(971)</b>

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**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(223)	(971)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,350	1,350
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(56)	(56)
	<b>Net financing cash flows</b>	<b>1,294</b>	<b>1,294</b>
	<b>Net increase (decrease) in cash held</b>	<b>1,071</b>	<b>324</b>
1.20	Cash at beginning of quarter/year to date	557	1,305
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,628</b>	<b>1,628</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	57
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 **Explanation necessary for an understanding of the transactions**

All payments to Directors and associates are on normal commercial terms.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	450
4.2 Development	-
4.3 Production	-
4.4 Administration	50
<b>Total</b>	<b>500</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	502	431
5.2 Deposits at call	1,126	126
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,628</b>	<b>557</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter (blocks)	Interest at end of quarter (blocks)
6.1	Interests in mining tenements relinquished, reduced or lapsed	NIL		
6.2	Interests in mining tenements acquired or increased	NIL		

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**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

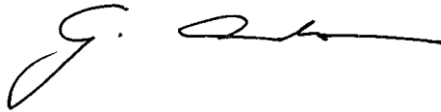
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	72,200,654	72,200,654		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	6,136,364	6,136,364	22 cents	Fully Paid
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	2,250,000 200,000	Nil Nil	<i>Exercise price</i> \$0.40 \$0.40	<i>Expiry date</i> 26 November 2011 29 January 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Relinquished during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

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**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 29 July 2011  
(Director/Company Secretary)

Print name: GRAHAM ANDERSON

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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