ECHO RESOURCES LIMITED

ABN 34 108 513 113

ANNUAL REPORT

For the year ended 30 June 2012

Contents

CORPORATE DIRECTORY

DIRECTORS	Graham Anderson (Non-Executive Chairman) Ernst Kohler (Non-Executive Director) Simon Owen (Non-Executive Director)
COMPANY SECRETARY	Krystel Kirou Michael Loh
PRINCIPAL OFFICE	14 Emerald Terrace West Perth WA Telephone: (08) 9322 2700 Facsimile: (08) 9322 7211 Email: admin@echoresources.com.au Website: www.echoresources.com.au
REGISTERED OFFICE	14 Emerald Terrace West Perth WA 6005
AUDITOR	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
STOCK EXCHANGE	ASX Code: EAR
SHARE REGISTRY	Advance Share Registry 150 Stirling Highway Nedlands WA 6009 Telephone: (08) 9389 8033 Facsimile: (08) 9389 7871

REVIEW OF OPERATIONS

During the reporting period, Echo's exploration activities focused on assessing high-potential targets in the Yandal Gold Province, which includes the Julius Gold Discovery. The Yandal Province is located approximately 750km northeast of Perth, Western Australia (Fig. 1), and hosts several multi-million ounce gold deposits, including those at Jundee and Darlot.

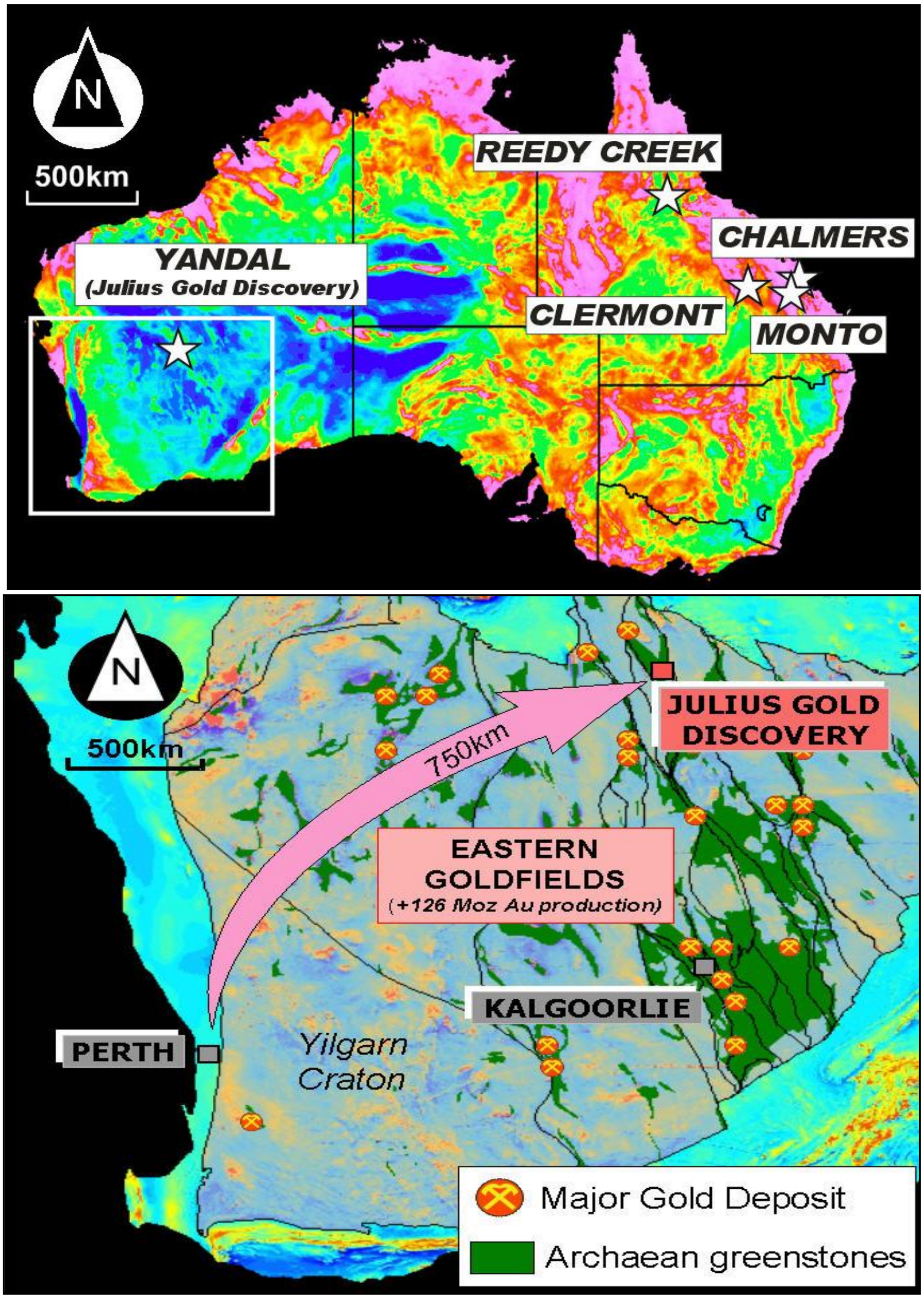


Figure 1: Location of Echo's projects, including the Julius Gold Discovery.

The gold mineralisation at Julius is hosted by hydrothermally altered ultramafic and mafic rocks in structural contact with mineralised granodiorite along a west-dipping shear zone. The shear zone is interpreted to be crosscut by southeast-striking faults.

Notable fire assay results greater than 1g/t Au from the latest Reverse Circulation and Diamond Core drilling programs undertaken at the Julius Gold Discovery included (Table 1):

- ERCD145: **1.1m @ 12.2g/t Au** from 347.5m
- ERC152: **5m @ 2.3g/t Au** from 12m
  5m @ 2.9g/t Au from 40m
  Including **1m @ 4.8g/t Au** from 41m
  6m @ 1.3g/t Au from 67m
- ERC153: **12m @ 3.3g/t Au** from 30m
  including **1m @ 7.2g/t Au** from 32m
  including **2m @ 10.4g/t Au** from 39m
  6m @ 4.8g/t Au from 50m
  Including **3m @ 7.3g/t Au** from 53m
- ERC155: **4m @ 6.4g/t Au** from 47m
  including **1m @ 9.7g/t Au** from 48m
  1m @ 3.9g/t Au from 56m
  6m @ 2.3g/t Au from 66m
- ERC157: **10m @ 1.5g/t Au** from 47m
- ERCD158: **2.3m @ 1.3g/t Au** from 487.6m
  2.1m @ 1.6g/t Au from 501.7m
- ERC160: **3m @ 4.0g/t Au** from 36m
  including **1m @ 7.8g/t Au** from 36m
- ERC161: **5m @ 3.1g/t Au** from 12m
  including **1m @ 5.2g/t Au** from 13m
  1m @ 3.2g/t Au from 21m

The assay results have been used to evaluate critical geological parameters for the location of hydrothermal gold mineralisation at Julius and other prospects, including suitable host rocks, pathfinder element geochemistry, the location and orientation of faults, and geophysical anomalies such as demagnetised zones which may reflect areas of gold-related hydrothermal alteration.

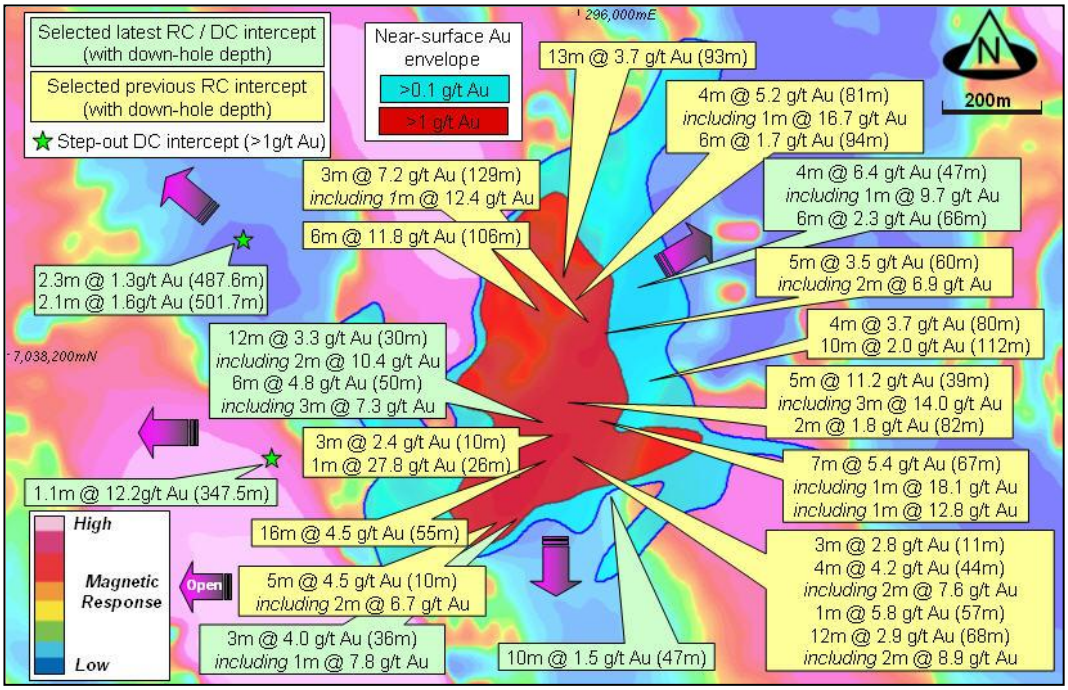


Figure 2: Summary of selected drill intercepts, Julius Gold Discovery (please refer to Echo's ASX announcements for a full listing of drilling results).

Mapping, soil sampling and rock chip sampling programs at Zaphod Prospect, situated approximately 8km south of Bronzewing in the Yandal Gold Province, have located a 170m long, southeast-striking, vertical quartz vein (typically 0.5 – 1m wide) which locally shows gold values exceeding 1g/t Au (maximum value of 44.7g/t Au). The quartz vein is surrounded by a 600m long and up to 250m wide gold-in-soil anomaly with a peak value of 22ppb Au.

Table 1: Selected drill intersections, Julius Gold Discovery

Hole	Northing (mN)	Eastin g (mE)	Dip	Collar Azi	From (m)	To (m)	Widt h (m)	Assay grade (g/t Au)	Interval width x assay grade (m x g/t Au)
ERCD145	7,038,036	295,295	-85°	090°	347.5	348.6	1.1	12.2	12.2
ERC152	7,038,016	295,887	-55°	090°	12	17	5	2.3	11.7
					40	45	5	2.9	14.5
including					41	42	1	4.8	4.8
					67	73	6	1.3	7.9
ERC153	7,038,107	295,929	-55°	090°	30	42	12	3.3	39.7
including					32	33	1	7.2	7.2
including					39	41	2	10.4	20.9
					45	46	1	1.2	1.2
					50	56	6	4.8	28.8
including					53	56	3	7.3	22.0
					60	62	2	1.5	2.9
ERC155	7,038,313	296,079	-70°	090°	47	51	4	6.4	25.5
including					48	49	1	9.7	9.7
					56	57	1	3.9	3.9
					66	72	6	2.3	14.1
ERC157	7,037,939	296,065	-70°	090°	47	57	10	1.5	15.0
					60	61	1	1.4	1.4
					63	64	1	1.2	1.2
					98	99	1	1.4	1.4
ERCD158	7,038,498	295,216	-85°	090°	487.6	489.9	2.3	1.3	3.0
					501.7	503.8	2.1	1.6	3.3
ERC160	7,037,859	295,851	-60°	090°	13	15	2	1.4	2.7
					20	21	1	1.4	1.4
					36	39	3	4.0	12.0
including					36	37	1	7.8	7.8
ERC161	7,037,862	295,806	-65°	090°	12	17	5	3.1	15.5
including					13	14	1	5.2	5.2
					21	22	1	3.2	3.2

Hole prefix ERC denotes RC drill hole (riffle split chip samples); ERCD denotes DC drill hole (~1/2 NQ2 core samples).

The samples were assayed by fire assay with AAS finish (SGS Newburn). The gold intercepts were calculated using a minimum edge cut-off of 1.0g/t Au with up to 2m of internal waste. No assay top-cut was applied. The RC drilling locally encountered high water flows and further work is needed to confirm that the results are representative. All depths and widths are expressed as down-hole measurements and the quoted intercept widths may not reflect true mineralisation widths. The intercept for ERC152 from 67-73m includes a missing 1m sample which has been ascribed a value of 0g/t Au. The intercept for ERCD145 contains a 2.5cm quartz vein orientated sub-parallel to the drill core axis. Minor discrepancies in the calculated m x g/t Au values are due to rounding of the interval assays. The drill holes were collared at nominal 512mRL.

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. Nothing in this announcement should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.

DIRECTORS' REPORT

The Directors present the following report on the consolidated entity (Echo or the Group) consisting of Echo Resources Ltd and the entity it controlled at the end of, or during, the financial year ended 30 June 2012.

DIRECTORS

The Directors of Echo at any time during the financial year and up to the date of this report are:

Graham Anderson (Director/Chairman/Company Secretary) *Appointed Chairman 25 November 2011, Resigned as Company Secretary 27 July 2012*

Graham Anderson (BBus, DipFP, CA) is a Chartered Accountant who operates his own specialist accounting and management consultancy practice. Mr Anderson is a Company Secretary of a number of other ASX listed companies. In the 3 years immediately before the end of the financial year, Graham Anderson served as a director of the following listed companies:

- Mako Energy Limited *
- Oakajee Corporation Ltd*
- Pegasus Metals Limited *
- APA Financial Services Limited*
- Tangiers Petroleum Limited (December 2010 to September 2012)
- Dynasty Metals Australia Limited (August 2004 to March 2011)
- Ethan Minerals Limited (March 2007 to October 2010)

* denotes current directorships

Ernst Kohler (Managing Director) *Terminated as Managing Director 30 April 2012*

Dr Ernst Kohler (BSc(Hons First Class), PhD(Geology), MBA, MAusIMM (CPGeo)), MAIG is a registered Chartered Professional Geologist with the Australasian Institute of Mining and Metallurgy. From 1996 to 2001 Dr Kohler held senior exploration and mining roles with Great Central Mines Limited and Normandy Mining Limited at the Jundee and Bronzewing gold mines in Yandal Belt, WA. Prior to joining Echo, he worked with CSIRO as Business Development Manager and Group Leader, Gold and Nickel Exploration Under Cover. In the 3 years immediately before the end of the financial year Dr Ernst Kohler did not serve as a director of any other listed companies.

Simon Owen (Non-Executive Director) *Appointed 25 November 2011*

Simon Owen has over 22 years of experience as a corporate and commercial lawyer and corporate advisor with particular focus upon business development. Commencing with Blake Dawson Waldron in 1988, he has held positions as in-house counsel for JLV Industries Pty Ltd, a principal of his own firms for 10 years and subsequently as a consultant for Tottle Christensen and a partner of Gadens Lawyers (WA). He currently heads the Corporate division of Gadens Lawyers (WA).

He has acted as an Executive Chairman for Pharmaust Limited and Non-Executive Chairman of Fulcrum Equity Ltd. He has been engaged as Executive Director of Paramount Australia Limited and Grain Biotech Australia Pty Ltd. He has also acted as both Executive director and Non-Executive director for a number of other unlisted public and private companies.

In his capacity as a legal and corporate advisor he has over 20 years experience in the resources industry both within Australia and internationally. His various roles (both as an advisor and a Chairman/Director) have provided extensive experience in strategic planning, corporate finance, negotiating and structuring acquisitions, establishing and managing joint ventures and regulatory compliance in various jurisdictions.

- Mako Hydrocarbons Ltd*
- Vantage Corporate Services Pty Ltd*

* denotes current directorships

Peter Andrews (Chairman) *Resigned 25 November 2011*

Peter Andrews (Bsc (Hons), BJuris (Hons), LLB FAus IMM, FAIG) has been Chairman, Managing Director and Non-Executive Director of over 20 ASX listed companies since 1972. Peter was an Executive Director of Pegasus Metals Limited. In the 3 years immediately before the end of the financial year, Peter Andrews served as a director of the following listed companies:

- Pegasus Metals Limited (July 2005 to December 2009)

COMPANY SECRETARIES

Krystel Kirou (Joint Company Secretary) *Appointed Joint Company Secretary 27 July 2012*

Krystel Kirou graduated from the University of Western Australia with a Bachelor of Commerce. She has gained broad experience with over 5 years working in audit and corporate services. Before joining GDA Corporate in 2008, Krystel worked as an auditor in a chartered accountancy firm, providing audit services to small and medium sized enterprises and organizations. Krystel is a Senior Accountant at GDA Corporate and her public company responsibilities include corporate compliance roles and preparation of regular financial reports. Krystel is currently a Joint Company Secretary of Tangiers Petroleum Limited, an ASX and AIM listed Company which has a portfolio of oil and gas assets located in Morocco and Australia.

Michael Loh (Joint Company Secretary) *Appointed Joint Company Secretary 27 July 2012*

Michael Loh (B.Comm, CPA) is a Certified Practicing Accountant with over 11 years' experience in taxation and corporate finance. He has worked as a senior taxation accountant in the public practice industry for 7 years and is a senior corporate accountant at GDA Corporate for 4 years. His public company responsibilities include corporate compliance roles and providing corporate financial services to ASX and international listed mining companies.

Directors' Interests in Shares and Options

As at the date of this report the relevant interest of each Director in the shares and options of the Group are:

	Shares		Options	
	Direct	Indirect	Direct	Indirect
Directors	**2012**	**2012**	**2012**	**2012**
S Owen	-	-	-	-
E Kohler	14,961,240	-	-	-
G Anderson	60,000	1,885,688	-	-

PRINCIPAL ACTIVITY

The principal activity of the Group is exploration for mineral resources.

REVIEW OF OPERATIONS AND RESULTS

Details of the operations of the Group are set out in the Review of Operations on page 2.

The Group incurred an after tax operating loss of $773,042 (2011: $1,305,858).

DIVIDENDS

No dividend has been paid or recommended for the current year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the year under review not disclosed in this report or in the financial statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In July 2012, the Company raised $292,500 (before expenses) from a placement of 6,500,000 new ordinary shares at 4.5 cents each.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Group are set out in the Review of Operations on page 2.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Group's Directors held during the year ended 30 June 2012 and the number of meetings attended by each Director.

There were a total of three Directors meeting held during the year.

Director	Number Eligible to Attend	Number Attended
Peter Andrews (Non-Executive Chairman)	1	1
Ernst Kohler (Managing Director)	3	2
Graham Anderson (Non-Executive Chairman & Company Secretary)	3	3
Simon Owen (Non-Executive Director)	2	2

AUDIT COMMITTEE

The Group has established an Audit Committee that comprises the full Board of the Group. The Audit Committee did not meet during the year.

ENVIRONMENTAL ISSUES

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory. The Group has not yet fully reviewed the reporting requirements under the Energy Efficient Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007, but believes it has adequate systems in place to ensure compliance with these Acts having regard to the scale and nature of current operations.

DIRECTORS' BENEFITS

Since the date of the last Directors' Report, no Director of the Group has received, or become entitled to receive, (other than a remuneration benefit included in Note 13 to the financial statements or remuneration report), a benefit because of a contract that involved:

(a) the Director; or

(b) a firm of which the Director is a member; or

(c) an entity in which the Director has a substantial financial interest (during the year ended 30 June 2012, or at any other time) with the Group; or

(d) an entity that the Group controlled, or a body corporate that was related to the Group, when the contract was made or when the Director received, or became entitled to receive, the benefit (if any).

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and Key Management Personnel of the Company. The information provided in this remuneration report has been audited as required under Section 308 (3C) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board ensures that executive rewards satisfy the following key criteria for good reward governance practises:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate performance hurdles for any variable executive remuneration.

There is no direct performance link to the remuneration of its Directors and Key Management Personnel to Company being a junior exploration company. However, the remuneration is reviewed on an ongoing basis by reference to the Directors and Key Management Personnel's performance and comparable information from industry sectors and other listed companies in similar industries.

The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the last 5 years:

	30-Jun-12	30-Jun-11	30-Jun-10	30-Jun-09	30-Jun-08
	$	$	$	$	$
Revenue	61,948	48,288	34,707	83,155	194,885
Net Profit /(Loss) before tax	(773,042)	(1,305,858)	(906,109)	(987,497)	(1,441,046)
Share price at year-end	0.01	0.19	0.05	0.03	0.09

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in the external market.

Directors' fees
The policy of the Group is to pay remuneration of Directors in amounts in line with employment market conditions relevant in the mining industry. Minor amounts of employee fringe benefits in the form of employee meals and entertainment are provided as part of the executives' way of conducting business.

The Constitution of the Company provides that non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting. The current aggregate maximum is $150,000. A Director may be paid fees or other amounts as the Directors determine where a Director performed special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the Directors, the Key Management Personnel of the Group (as defined in AASB 124 *Related Party Disclosures)* and specified executives of the Group are set out in the following tables:

Directors Remuneration

	SHORT-TERM BENEFITS	**POST EMPLOYMENT BENEFITS**			**SHARE-BASED PAYMENT**		**TOTAL**
Directors	Salary and fees	Superannuation	Retirement Benefits	Other*	Options	Remuneration consisting of Options	**$**
Peter Andrews (Non-Executive Chairman) ***Resigned 25 November 2011***							
2012	17,500	-	-	-	-	-	17,500
2011	42,000	-	-	-	-	-	42,000
Ernst Kohler (Managing Director)							
2012	148,538	12,738	-	-	-	-	161,276
2011	160,000	14,400	-	-	-	-	174,400
Graham Anderson (Non-Executive Director, Chairman and Company Secretary)							
2012	34,000	-	-	32,500	-	-	66,500
2011	24,000	-	-	30,000	-	-	54,000
Simon Owen (Non-Executive Director) ***Appointed 25 November 2011***							
2012	28,000	-	-	-	-	-	28,000
2011	-	-	-	-	-	-	-
Total Remuneration Directors							
2012	228,038	12,738	-	32,500	-	-	273,276
2011	226,000	14,400	-	30,000	-	-	270,400

*Other post employment benefits include remuneration for provision of company secretarial and accounting services.

USE OF REMUNERATION CONSULTANTS

During the year, the Company did not use any remuneration consultants.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2011 ANNUAL GENERAL MEETING

Echo Resources Ltd received 87% of "yes" votes on its remuneration report for the 2011 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

C Service Agreements

The details of service agreements of key management personnel of the Group are as follows:

Ernst Kohler – Managing Director *Terminated as Managing Director 30 April 2012*

- Annual salary of $174,400 (including superannuation) per annum
- The agreement is capable of termination by either party on one month's notice. Upon termination, no benefits (other than those accruing during the notice period) are due to him.

Graham Anderson – Non-Executive Director, Chairman and Company Secretary

- Annual Director fee of $72,000 per annum
- GDA Corporate Pty Ltd to provide Company Secretarial, accounting and administration services of $1,000 ($3,000 from July 2012) per month and $1,500 ($3,000 from July 2012) per month respectively. Graham Anderson is a Director of GDA Corporate Pty Ltd.
- A minimum of 3 months' notice is required in the event of termination.

Peter Andrews – Non-Executive Chairman (Resigned 25 November 2011)

- Annual Director fee of $42,000 per annum

Simon Owen – ***Non-Executive Director (Appointed 25 November 2011)***

- Annual Director fee of $72,000

There are no other service agreements with the key management personnel.

D Share-based compensation

Options granted to Directors' and Officers of the Group
There were no options granted to Directors' and Officers of the Group during the financial year (2011: nil).

Shares issued on exercise of options
During or since the end of the financial year, the Group did not issue any ordinary shares as a result of the exercise of options.

Fair value of options granted
The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using a Black Scholes option pricing model. There were no options granted to Directors for the year ending 30 June 2012.

E. Additional information

Options granted to Directors carry no dividend or voting rights. No options have been granted since the end of the financial year. No performance based bonuses have been paid to key management personnel during the financial year.

There is no other additional information other than the information disclosed above.

This is the end of the audited remuneration report.

INDEMNIFICATION

There are indemnities and insurances for the Directors in regard to their positions. These insure and indemnify the Directors including former Directors against certain liabilities arising in the course of their duties. The Directors have not disclosed the amount of the premiums paid as such disclosure is prohibited under the terms of the policies.

PROCEEDINGS ON BEHALF OF GROUP

No person has applied for leave of Court under section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

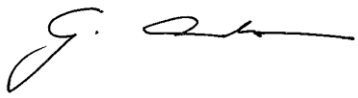
NON-AUDIT SERVICES

There were no non audit services provided for the financial year (2011: nil).

The Auditor's remuneration is disclosed in Note 19.

Auditor independence
A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

Signed in accordance with a resolution of the Directors and on behalf of the board by



GRAHAM ANDERSON
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28 September 2012

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38 Station Street
Subiaco, WA 6008
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Australia

28 September 2012

The Directors
Echo Resources Limited
14 Emerald Terrace
West Perth WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF ECHO RESOURCES LIMITED

As lead auditor of Echo Resources Limited for the year ended 30 June 2012, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Revenue from continuing operations	2	61,948	48,288
Exploration and evaluation expenses		(570,139)	(1,123,788)
Occupancy expenses		(41,536)	(47,199)
Other expenses	2	(223,315)	(183,159)
Loss before income tax		(773,042)	(1,305,858)
Income tax expense	3	-	-
Loss for the year		(773,042)	(1,305,858)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year		(773,042)	(1,305,858)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF ECHO RESOURCES LIMITED		(773,042)	(1,305,858)
Earnings/(loss) per share for loss attributable to ordinary equity holders of the Company:			
Basic and diluted loss per share (cents)	14	(1.03)	(1.95)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Current Assets			
Cash and cash equivalents	4	1,247,217	1,628,433
Trade and other receivables	5	27,825	62,920
Total Current Assets		1,275,042	1,691,353
Non-Current Assets			
Other financial assets	6	25,000	25,000
Plant and equipment	7	65,671	72,541
Non-Current Assets		90,671	97,541
Total Assets		1,365,713	1,788,894
Current Liabilities			
Trade and other payables	8	196,067	455,855
Total Current Liabilities		196,067	455,855
Total Liabilities		196,067	455,855
Net Assets		1,169,646	1,333,039
Equity			
Contributed equity	9	9,104,732	8,495,083
Accumulated losses	10	(8,201,528)	(7,428,486)
Options reserve	11	266,442	266,442
Total Equity		1,169,646	1,333,039

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Contributed Equity	Accumulated Losses	Options Reserve	Total Equity
Balance at 1 July 2010		7,200,782	(6,122,628)	266,442	1,344,596
Loss for the year	10	-	(1,305,858)	-	(1,305,858)
Total comprehensive income for the year		-	(1,305,858)	-	(1,305,858)
Transaction with owners in their capacity as owners					
Contributions to equity net of transactions costs	9	1,294,301	-	-	1,294,301
Balance 30 June 2011		**8,495,083**	**(7,428,486)**	**266,442**	**1,333,039**
Balance at 1 July 2011		8,495,083	(7,428,486)	266,442	1,333,039
Loss for the year	10	-	(773,042)	-	(773,042)
Total comprehensive income for the year		-	(773,042)	-	(773,042)
Transaction with owners in their capacity as owners					
Contributions to equity net of transactions costs	9	609,649	-	-	609,649
Balance 30 June 2012		**9,104,732**	**(8,201,528)**	**266,442**	**1,169,646**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $	2011 $
Cash flows from operating activities			
Interest received		70,078	39,674
Payments to suppliers and employees		(254,128)	(227,698)
Payments for exploration		(806,816)	(782,550)
Net cash (outflow) from operating activities		(990,866)	(970,574)
Cash flows from financing activities			
Proceeds from issue of shares		649,800	1,350,000
Capital raising costs		(40,151)	(55,699)
Net cash inflow from financing activities		609,649	1,294,301
Net increase/(decrease) in cash and cash equivalents		(381,217)	323,727
Cash and cash equivalents at beginning of the year		1,628,433	1,304,706
Cash and cash equivalents at the end of the year	4	1,247,217	1,628,433

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

CORPORATE INFORMATION

The financial report of the Group for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 30 September 2012. Echo Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the Group are described in the review of operations.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These financial statements are general-purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, and Australian Accounting Standards and Interpretations. These financial statements have been prepared on a historical cost basis.

Echo Resources Ltd is a for-profit entity for the purpose of preparing the financial statements.

These consolidated financial statements are presented in Australian dollars and all values are expressed as whole dollars.

b) Statement of Compliance

These financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), and other authoritive pronouncements of the Australian Accounting Standards Board and Australian Accounting Interpretations. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with the International Financial Reporting Standards (IFRS).

c) Critical accounting estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and liabilities within the next financial year are discussed below.

Fair value of share options and assumptions

The fair value of services received in return for share options granted to Directors and employees is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on Black-Scholes options valuation methodology.

d) Exploration and Evaluation Expenditure

The Group has adopted the policy of expensing all exploration and evaluation expenditure in relation to its mineral tenements as incurred.

e) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on the diminishing value basis to write off the net cost of each item of property, plant and equipment over its expected useful life. Depreciation rates for motor vehicles are at 25% and for other plant and equipment, the rates range from 22.5 – 40%.

f) Cash and cash equivalents

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included. The net amount of

GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.
The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

h) Investments
Investments in controlled entities are carried in the Group's financial statements at the lower of cost and recoverable amount. The parent entity had written down the value of investment in its subsidiary during the 2010 financial year as a provision for impairment.

i) Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade accounts payable are normally settled within 30 days.

j) Contributed Equity
Ordinary shares are classified as equity. Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

k) Earnings per Share
(i) Basic Earnings per Share
Basic earnings per share is determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted Earnings per Share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of partly paid shares or options outstanding during the financial year.

l) Revenue recognition
Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature without any cash consideration are not recognised as revenues.

Interest income
Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets
Gains or losses arising on the sale of non-current assets are included in profit or loss at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

m) Principles of Consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Echo Resources Limited ("company" or "parent entity") as at 30 June 2012 and the results of all subsidiaries for the year then ended. Echo Resources Limited and its subsidiary together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that is recorded in the statement of comprehensive income. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively. Investments in subsidiaries are accounted for at cost in the individual financial statements of Echo Resources Limited.

n) Trade and other receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at reporting date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

o) Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of the unused tax assets and unused tax losses can be utilized:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Tax consolidation legislation

Echo Resources Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Echo Resources Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

p) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits and included in other payables.

q) Segment Reporting

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified by the Group as the Managing Director and other members of the Board of Directors.

r) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in profit or loss unless the asset is carried at its revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

s) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

t) Share based payments

Share-based compensation benefits are provided to employees via Echo's Employee Share Option Plan and an employee share scheme.

The fair value of options granted under the Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expect dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

Shares issued under the Employee Share Option Plan to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity

u) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Group's and the Company's assessment of these new standards and interpretations is set out below:

Reference	Title	Nature of Change	Application date of standard	Impact of new standard on the financial report	Application date for Group
Accounting Standards					
AASB 9	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Entity has not yet made an assessment of the impact of these amendments.	1 July 2015
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7	1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group does not have any special purpose entities.	1 July 2013

Reference	Title	Nature of Change	Application date of standard	Impact of new standard on the financial report	Application date for Group
AASB 11	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).	1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group has not entered into any joint arrangements.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.	1 July 2013
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013		1 July 2013
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (AASB 112)	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate *SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets* into AASB 112.	1 Jan 2012	The Group does not have any investment property measured using the fair value model. There will therefore be no impact on the financial statements when these amendments are first adopted.	1 July 2012
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013	When this standard is first adopted for the year ended 30 June 2014 the Group will show reduced disclosures under Key Management Personnel note to the financial statements	1 July 2013
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not	1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30	1 July 2012

Reference	Title	Nature of Change	Application date of standard	Impact of new standard on the financial report	Application date for Group
	Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]			June 2013 (and comparatives).	
Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset". The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate. Consequential amendments were also made to other standards via AASB 2011-12.	1 January 2013	The Group does not operate a surface mine. There will therefore be no impact on the financial statements when this interpretation is first adopted.	1 July 2013
AASB 2012-5	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32)	1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no material impact.	1 July 2013

	2012 $	2011 $
NOTE 2. REVENUES AND EXPENSES		
Revenue and expenses from continuing operations		
(a) Revenue		
Interest received	61,948	48,288
	61,948	48,288
(b) Other Expenses		
Depreciation expense	6,871	7,200
Employee benefits expenses	95,989	71,372
External professional fees	61,520	52,171
Other administrative expenses	58,935	52,416
	223,315	183,159

NOTE 3. INCOME TAX

	2012 $	2011 $
(a) Income tax expense	-	-
(b) Loss from continuing operations before income tax	(773,042)	(1,305,858)
Tax at the rate of 30% (2011: 30%)	(231,913)	(391,757)
Tax effect of amounts that are not tax deductible (taxable) in calculating taxable income	-	-
Movement in recognised temporary differences	2,678	64,045
Deferred tax assets relating to tax losses and temporary differences not recognised	227,135	327,712
Income tax expense	-	-
Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Tax losses	2,420,431	2,195,041
Other temporary differences	39,971	24,719
Deferred tax liabilities		
Other temporary differences	(3,319)	(735)
Net deferred tax assets	2,457,083	2,219,025

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be recognised.

NOTE 4. CASH AND CASH EQUIVALENTS

	2012 $	2011 $
Cash at bank and on hand	1,121,217	502,433
Deposits at call	126,000	1,126,000
	1,247,217	1,628,433

Bank Guarantees

The Group has provided total bank guarantees of $83,000 (2011: $126,000) as a security for mining licenses and mining leases.

Information about the Group's exposure to interest rate risk is disclosed in Note 15.

	2012 $	2011 $
NOTE 5. TRADE AND OTHER RECEIVABLES		
Other receivables	21,775	56,564
Prepayments – Insurance	6,050	6,356
	27,825	62,920

The other receivables balance above includes a related party transaction as disclosed in Note 13.
Information about the Group's exposure to credit risk is disclosed in Note 15

NOTE 6. OTHER FINANCIAL ASSETS		
Security deposit	25,000	25,000
	25,000	25,000

NOTE 7. PROPERTY PLANT AND EQUIPMENT

As at 1 July 2010	MOTOR VEHICLES $	LAND & BUILDINGS $	PLANT & EQUIPMENT $	TOTAL $
At Cost	33,636	59,809	32,912	126,357
Accumulated depreciation	(25,820)	-	(27,996)	(53,816)
Total written down amount at 30 June 2011	**7,816**	**59,809**	**4,916**	**72,541**
Reconciliation				
Opening written down value	10,421	59,809	9,511	79,741
Additions	-	-	-	-
Depreciation charge for the	(2,605)	-	(4,595)	(7,200)
Closing written down value	**7,816**	**59,809**	**4,916**	**72,541**

As at 1 July 2011	MOTOR VEHICLES $	LAND & BUILDINGS $	PLANT & EQUIPMENT $	TOTAL $
At Cost	33,636	59,809	32,912	126,357
Accumulated depreciation	(27,774)	-	(32,912)	(60,686)
Total written down amount at 30 June 2012	**5,862**	**59,809**	**- 4,916**	**65,671**
Reconciliation				
Opening written down value	7,816	59,809	4,916	72,541
Additions	-	-	-	-
Depreciation charge for the	(1,954)	-	(4,916)	(6,870)
Closing written down value	**5,862**	**59,809**	**-**	**65,671**

	2012 $	2011 $
NOTE 8. TRADE AND OTHER PAYABLES		
Trade payables	79,516	144,503
Other payables	42,853	249,654
Liability for annual leave	73,697	61,698
	196,067	455,855

NOTE 9. CONTRIBUTED EQUITY	2012	
Issued Capital	**Number**	**$**
Ordinary shares fully paid	83,030,654	9,104,732
Total contributed equity	83,030,654	9,104,732

NOTE 9. CONTRIBUTED EQUITY (continued)

Movements in share capital

	Number	$
Balance 1 July 2011	72,200,654	8,495,083
Issue of 10,830,000 ordinary fully paid shares at 6 cents each	10,830,000	649,800
Less capital raising costs	-	(40,151)
Balance 30 June 2012	83,030,654	9,104,732

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Company in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary securities present at a shareholder meeting in person or by proxy is, entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Movement in share options

	Number
Balance 1 July 2011	2,450,000
Lapsing of options	(2,450,000)
Balance 30 June 2012	-

	2011	
Issued Capital	**Number**	**$**
Ordinary shares fully paid	72,200,654	8,495,083
Total contributed equity	72,200,654	8,495,083

Movements in share capital

	Number	$
Balance 1 July 2010	66,064,290	7,200,782
Issue of 6,136,364 ordinary fully paid shares at 22 cents each	6,136,364	1,350,000
Less capital raising costs	-	(55,699)
Balance 30 June 2011	72,200,654	8,495,083

Movement in share options

	Number
Balance 1 July 2010	2,450,000
No option activity	-
Balance 30 June 2011	2,450,000

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or adjust the capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Constitution and any relevant regulatory requirements.

	2012 $	2011 $
NOTE 10. ACCUMULATED LOSSES		
Accumulated losses at beginning of the year	(7,428,486)	(6,122,628)
Net loss for the year	(773,042)	(1,305,858)
Accumulated losses at end of the year	(8,201,528)	(7,428,486)
NOTE 11. OPTIONS RESERVE		
Balance at the beginning of the year	266,442	266,442
Option expense for the year	-	-
Balance at the end of the year	266,442	266,442

NOTE 11. OPTIONS RESERVE (continued)

Nature and purpose of reserves

Options reserve

The options reserve is used to recognise:

- the fair value of options issued to employees but not exercised
- the fair value of options issued to directors but not exercised

NOTE 12. COMMITMENTS FOR EXPENDITURE

(a) Exploration Commitments

The Company has certain obligations to perform minimum exploration work and to spend minimum amounts on exploration tenements. The obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Company. Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or any new joint venture agreements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. These commitments are not provided for in the financial statements and are:

	2012 $	2011 $
- not later than one year	1,200,000	796,040
- later than one year but no later than two years	1,300,000	1,198,220
- later than two years but not later than three years	1,300,000	1,200,000
- later than three years but no later than four years	1,300,000	1,200,000
- later than four years but no later than five years	1,300,000	1,200,000
	6,400,000	5,594,260

(b) Operating Lease Commitments

Non-cancellable operating lease rentals are payable as follows:		
- not later than one year	45,156	38,587
- later than one year but no later than two years	46,960	6,431
- later than two years but not later than three years	48,840	-
	140,956	45,018

The Company leases an office under a non-cancellable operating lease expiring within two years. On renewal, the terms of the lease are renegotiated.

NOTE 13. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Summarised Compensation of Key Management Personnel

Summary of Directors and Key Management Personnel compensation in the following categories are as follows:

	2012 $	2011 $
Short-term employee benefits	228,038	226,000
Post employment benefits	12,738	14,400
Long Term Remuneration	32,500	30,000
	273,276	270,400

Detailed remuneration disclosures are provided in the remuneration report.

(b) Shareholdings of Directors and Key Management Personnel

Ordinary Shares Held at 30 June 2012	Balance 1 July 11	Granted as remuneration	On exercise of options	Net change other	Balance 30 June 12
Peter Andrews	8,460,388	-	-	-	8,460,388
Simon Owen	-	-	-	-	-
Ernst Kohler	14,460,666	-	-	500,574	14,961,240
Graham Anderson	1,945,688	-	-	-	1,945,688
	24,866,742	-	-	500,574	25,367,316

NOTE 13. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Shareholdings of Directors and Key Management Personnel (continued)

Ordinary Shares Held at 30 June 2011	Balance 1 July 10	Granted as remuneration	On exercise of options	Net change other	Balance 30 June 11
Peter Andrews	7,785,773	-	-	674,615	8,460,388
Ernst Kohler	14,460,666	-	-	-	14,460,666
Graham Anderson	1,945,688	-	-	-	1,945,688
	24,192,127	-	-	674,615	24,866,742

(c) Option Holdings of Directors and Key Management Personnel

Options Held at 30-Jun-12	Balance 1 July 2011	Granted pursuant to shareholders approval	On exercise of options	Net change other	Balance 30 June 2012	Vested & Exercisable
Peter Andrews	500,000	-	-	(500,000)	-	-
Ernst Kohler	1,250,000	-	-	(1,250,000)	-	-
Simon Owen	-	-	-	-	-	-
Graham Anderson	500,000	-	-	(500,000)	-	-
	2,250,000	-	-	(2,250,000)	-	-

Options Held at 30-Jun-11	Balance 1 July 2012	Granted pursuant to shareholders approval	On exercise of options	Net change other	Balance 30 June 2011	Vested & Exercisable
Peter Andrews	500,000	-	-	-	500,000	500,000
Ernst Kohler	1,250,000	-	-	-	1,250,000	1,250,000
Graham Anderson	500,000	-	-	-	500,000	500,000
	2,250,000	-	-	-	2,250,000	2,250,000

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

There are no shares held nominally as at the year ended 30 June 2012 (2011: nil).

(d) Loans to Key Management Personnel
There are no loans to key management personnel as at 30 June 2012 (2011: nil).

(e) Other Transactions with Key Management Personnel
During the year, GDA Corporate Pty Ltd provided company secretarial, accounting and administration services to the Group at normal commercial terms. Graham Anderson is a Director of GDA Corporate Pty Ltd. Total amount paid to GDA Corporate Pty Ltd for the year was $32,500 (2011: $34,559). As at 30 June 2012, there were no amounts payable to or receivable from GDA Corporate Pty Ltd at year end (2011: $13,255).

There are no other transactions with key management personnel for the year ended 30 June 2012.

NOTE 14. EARNINGS PER SHARE

	2012	2011
	Cents	
Basic and diluted loss per share	1.027	1.953
	Number	
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	74,574,353	66,837,640

Diluted loss per share has not been calculated as the Group made a loss for the year and the impact would be to reduce the loss per share.

NOTE 15. FINANCIAL RISK MANAGEMENT

Overview:

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's investment securities, trade and other receivables, cash and cash equivalents and receivables due from subsidiaries.

Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other receivables

As the Group operates in the mining explorer sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The Group has established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The management does not expect any counterparty to fail to meet its obligations.

Presently, the Group undertakes exploration and evaluation activities exclusively in Australia. At the reporting date there were no significant concentrations of credit risk.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2012	**2011**
Cash and cash equivalents	1,247,217	1,628,433
Other receivables	27,825	56,564
Security deposits	25,000	25,000
	1,300,042	**1,709,997**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2012	**2011**
Cash at bank and short-term bank deposits		
AA	1,247,217	1,628,433
	1,247,217	**1,628,433**

Impairment losses

None of the Group's other receivables are past due (2011: nil). There is no impairment loss recognised as at 30 June 2012.

The allowance accounts in respect of other receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly. At 30 June 2012 the Group does not have any collective impairment on its other receivables or its held-to-maturity investments (2011: nil).

NOTE 15. FINANCIAL RISK MANAGEMENT (continued)

Guarantees
Group policy is to provide financial guarantees only to wholly-owned subsidiaries. There is no financial guarantees amount allocated to the wholly-owned subsidiary as at 30 June 2012 (2011: nil).

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

At 30 June 2012, the Group held deposits at call of $1,240,968 (2011: $1,628,433) that are expected to readily generate cash inflows for managing liquidity risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2012

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Trade and other payables	196,067	196,067	196,067	-	-	-	-
	196,067	196,067	196,067	-	-	-	-

30 June 2011

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Trade and other payables	455,855	455,855	455,855	-	-	-	-
	455,855	455,855	455,855	-	-	-	-

Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign Exchange
The Group operates only in Australia and therefore is not exposed to any currency risk.

Interest rate risk
Exposure arises predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity. Interest rate risk is not considered to be material.

Sensitivity analysis
If the interest rates had weakened/strengthen by 1% at 30 June 2012, there would be no material impact on the statement of comprehensive income. There would be no effect on the equity reserves other than those directly related to statement of comprehensive income movements.

NOTE 15. FINANCIAL RISK MANAGEMENT (continued)

	Floating Interest 2012	Floating Interest 2011	Non Interest Bearing 2012	Non Interest Bearing 2011	Total 2012	Total 2011
Financial Assets	**$**	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents	1,247,217	1,628,433	-	-	1,247,217	1,628,433
Trade and other receivables	-	-	27,825	62,920	27,825	62,920
Other financial asset	-	-	25,000	25,000	25,000	25,000
	1,247,217	1,628,433	52,825	87,920	1,300,042	1,716,353
Weighted Average Interest Rate	5.07%	6.06%				
	1,247,217	1,628,433	52,825	87,920	1,300,042	1,716,353
Financial Liabilities						
Trade and other payables	-	-	(196,067)	(455,855)	(196,067)	(455,855)
Net Financial Assets/(Liabilities)	1,240,968	1,628,433	(143,242)	(367,935)	1,103,975	1,260,498

Fair value estimation

All financial assets and liabilities have been recognised at the reporting date at amounts approximating their carrying value due to their short term nature.

NOTE 16. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information. The Group does not have any customers, and all the Group's assets and liabilities are located within Australia.

NOTE 17. CONTINGENT LIABILITIES

As at 30 June 2012, the Company is in a legal dispute with K & J Drilling Pty Ltd over amounts owing from drilling costs incurred during the financial year. This amount has been accounted for as a liability and disclosed in trade payables under Note 8. There were no contingent liabilities as at 30 June 2011.

NOTE 18. EVENTS OCCURING AFTER THE REPORTING PERIOD

In the opinion of the Directors there have not been any matters that have arisen since 30 June 2012 that have significantly affected, or may significantly affect, the operations of the Group, the results of the operations or the state of affairs of the Group in future years.

	2012 $	2011 $
NOTE 19. AUDITOR'S REMUNERATION		
Amount paid or payable to BDO Audit (WA) Pty Ltd	23,020	21,500
	23,020	21,500

NOTE 20. DIVIDENDS

There was no dividend paid during the current and prior years.

NOTE 21. RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the year ended 30 June 2012 other than those disclosed in Note 13 and in the Directors' Report.

NOTE 22. INVESTMENT IN CONTROLLED ENTITIES

Details of investment in the ordinary share capital of controlled entities are as follows:

Name of Entity	Place of Incorporation	Equity Holding		Cost of Parent Entity's Investment	
		2012 %	2011 %	2012 $	2011 $
Parent Entity					
Echo Resources Limited	Australia				
Controlled Entities					
Affinis Pty Ltd	Australia	100	100	-	-
				-	-

NOTE 23. SHARE BASED PAYMENTS

The company granted no options to directors and executives during the year ended 30 June 2012.

Options are granted for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. There is no employee option plan in place during the year ended 30 June 2012.

Set out below are the summaries of options granted:

Grant Date	Expiry Date	Exercise Price	Balance at 1 July 2011 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at 30 June 2012 Number	Vested and exercisable at 30 June 2012 Number
27/11/06	27/11/11	$0.40	2,250,000	-	-	(2,250,000)	-	-
30/01/07	30/01/12	$0.40	200,000	-	-	(200,000)	-	-
TOTAL			**2,450,000**	**-**	**-**	**(2,450,000)**	**-**	**-**

The weighted average exercise contractual life outstanding as at 30 June 2012 is 0.00 years (2011: 0.43)

The weighted average exercise price is $0.00 as at 30 June 2012 (2011: $0.40)

There is no share based payment expense for the year ended 30 June 2012:

	2012 $	2011 $
Options issued to:		
Directors and Employees	-	-
	-	-

NOTE 24. RECONCILATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2012	2011
Reconciliation of cash and cash equivalents		
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	1,247,217	1,628,433
Operating (loss) after tax	(766,042)	(1,305,858)
Depreciation	6,871	7,200
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	35,094	(13,306)
(Increase)/Decrease in other operating assets	-	-
Increase/(Decrease) in trade and other payables	(266,789)	341,390
Net cash flow (used in) operating activities	(990,866)	(970,574)

NOTE 25. ECHO RESOURCES LIMITED PARENT COMPANY INFORMATION

	Company 2012 $	Company 2011 $
ASSETS		
Current assets	1,275,042	1,691,353
Non-current assets	90,671	97,541
TOTAL ASSETS	**1,365,713**	**1,788,894**
LIABILITIES		
Current liabilities	196,067	455,855
TOTAL LIABILITIES	**196,067**	**455,855**
EQUITY		
Contributed equity	9,104,732	8,495,083
Options Reserve	266,442	266,442
Retained earnings	(8,201,528)	(7,428,486)
TOTAL EQUITY	**1,169,646**	**1,333,039**
FINANCIAL PERFORMANCE		
Loss for the year	773,042	1,305,858
Other comprehensive income	-	-
Total comprehensive income	**766,042**	**1,305,858**

CONTINGENT LIABILITY

As at 30 June 2012, the Company is in a legal dispute with K & J Drilling Pty Ltd over amounts owing from drilling costs incurred during the financial year. This amount has been accounted for as a liability and disclosed in trade payables under Note 8. There were no contingent liabilities as at 30 June 2011.

CONTRACTUAL COMMITMENTS

The Company leases an office under a non-cancellable operating lease expiring within two years. On renewal, the terms of the lease are renegotiated. The total commitment over the next two years is $46,960.

Information about the lease commitment is disclosed in Note 12.

DIRECTORS' DECLARATION

The Directors of the Group declare that:

1. The financial statements and note set out on pages 13 to 33, are in accordance with the *Corporations Act 2001* and:

   a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and

   b) give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date.

In the Director's opinion, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

2. The remuneration disclosures included in the Directors' report (as part of audited Remuneration Report) for the year ended 30 June 2012, comply with section 300A of the *Corporations Act 2001*.

3. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

4. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

GRAHAM ANDERSON
Director
Perth, Western Australia
28 September 2012

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Australia

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

Report on the Financial Report

We have audited the accompanying financial report of Echo Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Echo Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO

Opinion

In our opinion:

(a) the financial report of Echo Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Echo Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, Western Australia
Dated this 28th day of September 2012

STOCK EXCHANGE INFORMATION AS AT 27 SEPTEMBER 2012

Share Spread			
Range	**Holders**	**Units**	**Percentage**
1 - 1,000	50	7,706	0.009
1,001 - 5,000	42	150,680	0.168
5,001 - 10,000	54	453.977	0.507
10,001 - 100,000	230	9,386,388	10.484
> 100,000	68	79,531,903	88.832
Total	444	89,530,654	100.00

SUBSTANTIAL SHARE HOLDERS – as advised to the Company

Name	Units	% of Issued Capital
Ernst Alfred Kohler	14,961,240	16.71%
JP Morgan Nominees Australia Limited	11,366,735	12.69%
Peter Andrews	12,703,387	14.19%
Woodlands Asset Management Pty Ltd	6,000,000	6.70%
Nicholas Robert Gyngell	5,390,692	6.02%

VOTING RIGHTS

All ordinary shares issued by the Company carry one vote per share without restriction.

TWENTY LARGEST SHAREHOLDERS

	Name of Shareholder	No of Shares	%
1	JP MORGAN NOMINEES AUSTRALIA LIMITED	11,366,735	12.69%
2	MR PETER PRESTON ANDREWS + MRS KELLY ANDREWS	10,513,772	11.74%
3	MR ERNST ALFRED KOHLER	9,465,000	10.57%
4	WOODLANDS ASSET MANAGEMENT PTY LTD	6,000,000	6.70%
5	MR NICHOLAS ROBERT GYNGELL	5,390,692	6.02%
6	DR ERNST ALFRED KOHLER	4,848,516	5.41%
7	COLBERN FIDUCIARY NOMINEES PTY LTD	4,475,666	4.99%
8	MUTUAL TRUST PTY LTD	3,266,476	3.65%
9	MR PETER PRESTON ANDREWS + MRS KELLY ANDREWS	2,189,615	2.45%
10	MR TERRENCE PETER WILLIAMSON + MS JONINE MAREE JANCEY	1,548,879	1.73%
11	ARDROY SECURITIES PTY LTD	1,257,223	1.40%
12	NRGY PTY LTD	1,157,000	1.29%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,149,142	1.28%
14	MR GRAHAM DOUGLAS ANDERSON	985,688	1.10%
15	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	957,105	1.07%
16	GRAHAM ANDERSON PTY LTD	900,000	1.00%
17	MRS SARAH CAMERON	833,334	0.93%
18	JINDABYNE PTY LTD	727,273	0.81%
19	C & M CO PTY LTD	650,000	0.73%
20	DR ERNST ALFRED KOHLER	647,724	0.72%
	Total	68,329,840	76.28%

CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Group have adhered to the principles of corporate governance. A description of the main corporate governance practices is set out below. Unless otherwise stated, the practices were in place for the entire year.

Board of Directors

The Board of Directors of the Group is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

As the Board acts on behalf of shareholders, it seeks to identify the expectations of shareholders, as well as other ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The primary responsibilities of the Board include:

- formulation and approval of the strategic direction, objectives and goals of the Group;
- monitoring the financial performance of the Group, including approval of the Group's financial statements;
- ensuring that adequate internal control systems and procedures exists and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the review of performance and remuneration of Executive Directors; and
- the establishment and maintenance of appropriate ethical standards.

The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Group's business and level of operations.

The Board considers that its structure is, and will continue to be, appropriate in the context of the Group's recent history. The Group considers that the Directors possess the skills and experience suitable for building the Group. The Board intends to reconsider its composition as the Group's operations evolve in the future.

Approach to Diversity

The Group has established a diversity policy which set out the beliefs, goals and strategies of the Group. The Group recognises the value of a diverse work force and believes that diversity supports all employees reaching their full potential, improves business decisions, business results and increases stakeholder satisfaction.

The policy sets out the positive steps taken to ensure that current and prospective employees are not discriminated against, either directly or indirectly on such characteristics as gender, age, disability, marital status, sexual orientation, religion, ethnicity or any other area of potential difference.

Gender Diversity

The Group is committed to gender diversity at all levels of the organisation. The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation.

The Board acknowledges the absence of female participation in the organisation. The Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Group's practises depart from the recommendations.

Principle 1 recommendation 1.1

Notification of Departure

The Group has not formally disclosed the functions reserved to the Board and those delegated to management.

Explanation for Departure:

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. Due to the small size of the Board and of the Group, the Board does not believe that it is necessary to formally document the roles of the Board and management as these roles are clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Group and ensuring that shareholder value is increased.

Principle 2 Recommendation 2.1
Notification of Departure:
The Board does not have a majority of independent Directors.

Explanation for Departure:
The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Group's business and level of operations.

The Board considers that its structure is, and will continue to be, appropriate in the context of the Group's recent history. The Group considers that the non-independent Directors possess the skills and experience suitable for building the Group. Furthermore, the Board considers that in the current phase of the Group's growth, the Group's shareholders are better served by Directors who have a vested interest in the Group. The Board intends to reconsider its composition as the Group's operations evolve, and may appoint independent Directors as it deems appropriate.

Principle 2 Recommendation 2.4
Notification of Departure:
The Board has not adopted a charter relevant to the specific functions of a nomination committee.

Explanation for Departure:
The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee, in particular at this early stage of the Group's operation, where the Group's focus is on the retention of Directors and senior executives.

Principle 3 Recommendation 3.3
Notification of Departure:
No measurable objectives for achieving gender diversity set by the Board

Explanation for Departure:
The Company aims to achieve an appropriate mix of diversity on its Board, in senior management and throughout the organisation. The Board has determined that no specific measurable objectives will be established until the number of employees and level of activities of the Company increases to a level sufficient to enable meaningful and achievable objectives to be developed.

Principle 4 Recommendation 4.2, 4.3, 4.4
Notification of Departure:
There is no separate Audit Committee.

Explanation for Departure:
The Group's financial statements are prepared by the Group Accountant and reviewed in detail by the full Board. The Board also relies on the functions and capabilities of its external auditors to ensure proper audit of financial statements. The Board considers this process is sufficient to ensure integrity in financial reporting. The audit committee consists of the current full Board. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee, in particular at this early stage of the Group's operation.

Principle 7 Recommendation 7.1
Notification of Departure:
The Group has an informal risk oversight and management policy and internal compliance and control system.

Explanation for Departure:
The Board is aware of the various risks that affect the Group and its particular business and reviews these risks on a regular basis. As the Group develops, the Board will further develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Group and the stage of development of its projects.

Principle 8 Recommendation 8.1
Notification of Departure:
The Group does not have in place a formal process for evaluation of the Board, its committees, individual Directors and key executives.

Explanation for Departure:
Due to the size and structure of the Board a formal evaluation process is not conducted.