

Corporate Governance Statement

Introduction

Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or "the Recommendations"), the Company has sought to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for its corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

Further information about the Company's corporate governance practices is set out on the Company's website at www.echoresources.com.au. In accordance with the recommendations of the ASX, information published on the Company's website includes:

Charters

- Board
- Audit and Risk Committee
- Remuneration Committee

Constitution

- Constitution of Echo Resources Limited

Compliance, Codes, Controls and Policies

- Code of Conduct for Directors, Senior Executives and Employees
- Risk Management Statement
- Continuous Disclosure Policy
- Share Trading Policy
- Diversity Policy
- Environmental Policy

Explanation for Departures from Best Practice Recommendations

During the 2017/2018 financial year the Company has complied with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations 3rd Edition") except to the extent set out below and in the Company's Appendix 4G for that year as released to ASX.

Corporate Governance Council Recommendation 1

Lay Solid Foundations for Management and Oversight

1.1 Role of the Board of Directors

The role of the Board is to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and to ensure the Company is properly managed.

In order to fulfil this role, the Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

In complying with Recommendation 1.1 of the Corporate Governance Council, the Board has adopted a Board Charter which defines the roles and responsibilities expressly reserved to the Board and those delegated to management. A copy of the Board Charter is available on the Company's website.

1.2 Appointment and Election of Directors

The Board assesses the skills it requires to competently discharge its duties taking into account the Company's performance, financial position and strategic direction. This assessment also includes the specific knowledge, skills and experience that one or more of the non-executive directors must possess.

The Board assesses candidates for appointment to the Board, either when a vacancy arises or if it considers that the Board would benefit from the services of a new Director. Attention is given to the mix of experience, skills, expertise and diversity of the current board and how a candidate may compliment and balance these qualities.

The Board ensures that prior to appointing a director or recommending a new candidate for election as a director that appropriate checks are undertaken as to the person's character, experience, education, criminal record and bankruptcy history.

Security holders will be provided with all relevant information in the Board's possession, relevant on a decision on whether or not to elect or re-elect a Director.

1.3 Written Agreements

The Company has a written agreement with each Director setting out the terms of their appointment including duties and responsibilities, remuneration details and the circumstances under which the employment can be terminated.

1.4 Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. All Directors have access to the Company Secretary, who advises the Board and its committees on governance matters, attends and takes minutes at all Board and Board Sub-committee meetings, monitors adherence to the Board policies, communicates with

the ASX and ASIC on all regulatory matters and procedures and retains professional advisors at the Board's request.

1.5 Diversity

The Board has adopted a diversity policy that details the purpose of the policy and the employee selection and appointment guidelines, consistent with the recommendations of the Corporate Governance Council. The Board believes that the adoption of an efficient diversity policy has the effect of broadening the employee recruitment pool, supporting employee retention, including different perspectives and is socially and economically responsible governance practice.

As at 30 June 2018, no females occupy board positions however the Company Secretary is female.

A copy of the Company's diversity policy is available on the on the Company's website.

The Company supports an inclusive workplace that embraces and promotes diversity however the Board has determined that no specific measurable objectives will be established relating to gender diversity 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. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability-based policies currently implemented by the Company.

The Board will consider the future implementation of gender-based diversity measurable objectives when it is more appropriate to the size and nature of the Company's operations.

The Nomination and Remuneration Committee is responsible for reviewing and reporting on the relevant proportion of males and females in the workforce. The relative proportion of males and females at the Board and Senior Management level across the Company at the end of the financial year 30 June 2018 is detailed below:

	Male	Female
Board	100%	0%
Senior Executive*	86%	14%
Group	84%	16%

Note

* We have defined Senior Executive as executive directors and heads of department.

1.6 and 1.7 Evaluation of Board, its Committees, Directors and Senior Executives

The Company has not complied with Recommendations 1.6 and 1.7 of the Corporate Governance Council as it has not undertaken a formal review of the performance of the Board and its committees, its individual Directors and senior executives for the year ended 30 June 2018.

Due to the size of the Board and the Company, the Board undertakes ad hoc self-assessments of its collective performance, and performance of senior executives, by way of Board discussion. As the Company progresses its current projects, the Board intends to follow established appropriate evaluation procedures. The Board as a whole assesses the performance of the chairman on an informal basis.

Corporate Governance Council Recommendation 2

Structure the Board to Add Value

2.1 Nomination Committee

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee and is available on the on the Company's website.

The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issue and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:

- devoting time at least annually to discuss Board succession issues and updating the Company's board skills matrix; and
- all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and the ASX Listing Rules.

2.2 Board Composition

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board discussions and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re-election by shareholders at the next general meeting. In any event a minimum of one third of the Directors are subject to re-election by shareholders at each general meeting.

As at 30 June 2018 the Board comprised six members, a Non-Executive Chairman, two Executives and three Non-Executive Directors.

The Directors have been chosen for their particular expertise to provide the Company with a competent and well-rounded decision-making body and which will assist the Company and shareholders in meeting their objectives.

The Directors meet frequently, both formally and informally, so that they maintain a thorough understanding of the Company's business and ensure that the Company's policies of corporate governance are adhered to.

The Board has considered the key skill sets that would be appropriate for the organisation in its present stage. Skill sets currently on the Company's Board include technical, financial, managerial, corporate, and commercial.

Set out next is a board experience, skills and attributes matrix as at 30 June 2018:

Area	Board skills and experience	2018 (out of 6 Directors)
Strategy	Exploration and mine development and mergers and acquisition experience	6
Financial performance	Senior executive experience in financial accounting and reporting, or business development	6
	Board audit sub-committee experience	5
	Relevant tertiary degree of professional qualification	6
Corporate governance	Experience in small to medium sized mining companies with a strong focus on adherence to high governance standards	6
	Listed entity board and/or sub-committee experience	6
	Experience in corporate legal affairs and/or regulatory/governmental departments	4
Executive management	Prior experience as a director, CEO, CFO or other office holder in similar small to medium entities	6
Geological understanding	Geology and exploration	4
Mining	Senior executive, advisory or board experience in small to medium resource organisations	6
Project Development/Operations	Senior executive experience with capital projects in a mining or resources environment	6
Health, safety and Environment	Executive or board or sub-committee experience in a mining and resources organisation with responsibility for health and workplace safety and/or environmental and social responsibly	6
Risk management	Senior executive experience in risk management	6
	Board risk sub-committee experience	6

2.3 Independence

The Board has assessed the independence of its Non-Executive Directors according to the definition contained within the Recommendations and has concluded the current Non-Executive Chairman being Mr Bolitho and the Non-Executive Directors being Mr McIntosh, Mr Dean and Mr Hanlon meet the recommended independence criteria.

In accordance with Recommendation 2.3 the following information is provided in relation to the Board of Directors:

Name	Position	Term in Office
Mr Barry Bolitho	Non-Executive Chairman	Appointed 30 May 2016
Mr Simon Coxhell	Chief Executive Director	Appointed 8 February 2016
Mr Anthony McIntosh	Non-Executive Director	Appointed 19 October 2012
Mr Robin Dean	Non-Executive Director	Appointed 3 January 2017
Mr Timothy Hanlon	Non-Executive Director	Appointed 3 January 2017
Mr Gary Lethridge	Finance Director	Appointed 8 March 2017

In accordance with Recommendation 2.3(b) the Company made enquiry to each Director as to if there were any matters the Directors considered would affect the independence of each relevant Director. No matters were reported.

2.4 A Majority of the Board Should be Independent Directors

A majority of the Board were independent directors during the financial year.

2.5 Roles of Chairman and Chief Executive Officer (or equivalent)

The role of Chairman was exercised by Mr Barry Bolitho during the financial year. The role of CEO was occupied by Mr Simon Coxhell and accordingly the Company complies with Recommendation 2.5 of the Corporate Governance Council which requires the Chair to be independent and should not be the same person as the CEO.

2.6 Induction Program

The Company has an induction programme that it uses when new directors join the Board and when new senior executives are appointed. The goal of the programme is to assist new directors to participate fully and actively in Board decision-making, and to assist senior executives to participate fully and actively in management decision-making, at the earliest opportunity.

The Nomination Committee reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively, using a Board skills matrix. Where any gaps are identified, the Nomination Committee considers what training or development should be undertaken to fill those gaps.

Each Director has the right to access all relevant information in respect of the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld or delayed.

Corporate Governance Council Recommendation 3

Act Ethically and Responsibly

The Board actively promotes ethical and responsible decision making.

3.1 Code of Conduct

The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Company, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards. A copy of the Code is available on the Company's website.

Corporate Governance Council Recommendation 4 **Safeguarding Integrity in Corporate Reporting**

4.1 Audit Committee

The Board has established an Audit and Risk Committee comprising three independent non-executive directors and is chaired by an independent director. The Audit and Risk Committee is structured in accordance with Recommendation 4.1 and the current members and their relevant experience and qualifications are:

- Mark Hanlon (Chairman and Independent Director) BBus, MBus; Mark has over ten years' experience in the resource and resource services sector as well as over ten years' experience in commercial and management banking. He has been the finance director of ENK Plc and previously held the position or equivalent position of CFO with listed companies such as Century Drilling and International Manufacturing Company Limited. He holds a Bachelor of Business in Finance and Accounting and a Master of Business in Banking and Finance.
- Anthony McIntosh (Independent Director) BCom, GAICD; Anthony holds a Bachelor of Commerce degree from the Bond University and manages a portfolio of investments including both listed and unlisted companies. Anthony has previously been the Chairman of the Echo Resources Limited Audit Committee.
- Robin Dean (Independent Director) BEcon; Robin holds a Bachelor of Economics degree from the University of Western Australia and has over 30 years' experience in banking, project finance and commodity hedging. He has been CEO of a number of public companies.

In the relevant Reporting Period the Audit and Risk Committee met once and all members attended the meeting.

The Board has adopted an Audit and Risk Committee Charter which describes the role, composition, functions and responsibilities of the Audit and Risk Committee and is available on the on the Company's website.

4.2 Financial Reporting

The Board relies on its Directors to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Board and is discussed by the Board at its Board meetings.

Before it approves the Company's financial statements for a financial period, the Board receives a declaration from the Chief Executive Officer (or equivalent) and Company Secretary that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.3 Auditor Should Attend the AGM

The Company ensures that the Company's external auditor attends the annual general meeting of the Company each year and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Corporate Governance Council Recommendation 5

Make Timely and Balanced Disclosure

5.1 Continuous Disclosure

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Securities Exchange's Listing Rules. The Company has established written policies and procedures, designed to ensure compliance with the ASX Listing Rule Requirements, in accordance with Recommendation 5.1 of the Corporate Governance Council. A copy of the Company's Continuous Disclosure Policy is available on the Company's website.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules the Company Secretary is appointed as the Company's disclosure officer.

Corporate Governance Council Recommendation 6

Respect the Rights of Security Holders

6.1 Communications

The Company provides information about itself and its governance (as set out in its Corporate Governance Charters, Policies and Procedures) to investors via its website at www.echoresources.com.au

6.2 Investor relations Program

The Company has in place a Shareholder Communication and Investor Relations Policy which outlines the policies and processes that it has in place to facilitate and promote effective two-way communication with investors.

6.3 Encourage Participation at Shareholder Meetings

Shareholders are encouraged to participate at all general meetings and annual general meetings of the Company to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

As set out in the Company's Communication and Investor Relations Policy (available on the Company's website), the Company recognises that general meetings are an important forum for two-way communication between the Company and its shareholders. The meetings provide the Company with an opportunity to impart to shareholders a greater understanding of its business, governance, financial performance and prospects, as well as to discuss areas of concern or interest to the Board and management. The meetings also provide shareholders with an opportunity to

express their views to the Company's Board and management about any areas of concern or interest for them.

The Company endeavours to actively engage with shareholders at its general meetings and encourages attendance and participating at its meetings.

The Company provides information in the Notice of Meeting that is presented in a clear, concise and effective manner.

In accordance with section 250S of the Corporations Act 2001 (Cth), at the Company's annual general meetings the Chair of the meeting will allow a reasonable opportunity for members to ask questions about or make comments on the management of the Company.

6.4 Electronic Communications

The Company's share registry also provides (through its website, links to which can be found on the Company's website) the ability to email the share registry and to receive documents by email from the share registry. Shareholders can register with the Company's Share Registrar to receive email notifications of the release of annual and half yearly reports, notice of Annual General Meetings and any distribution of dividends. Further, the Company provides information through its website, enabling security holders to email the Company and to receive Company announcements by email.

Corporate Governance Council Recommendation 7 **Recognise and Manage Risk**

7.1 Risk Management Policy

The Board has established an Audit and Risk Committee comprising three independent non-executive directors and is chaired by an independent director. The Audit and Risk Committee is structured in accordance with Recommendation 7.1 and the current members and their relevant experience and qualifications are listed in 4.1 (Audit Committee)

In the relevant Reporting Period the Audit and Risk Committee met once and all members attended the meeting.

The Board has adopted an Audit and Risk Committee Charter which describes the role, composition, functions and responsibilities of the Audit and Risk Committee and is available on the on the Company's website.

7.2 Risk Management and the Internal Control System

The Board recently established the Audit and Risk Committee. As set out above the Audit and Risk Committee has had one meeting in the Reporting Period. It is anticipated that the Audit and Risk Committee will review the Company's risk management framework with management at least annually to satisfy itself that it continues to be sound. However, no such review was undertaken in the relevant Reporting Period given the Audit and Risk Committee was only recently established. The Company intends to comply with Recommendation 7.2 moving forward.

7.3 Internal Audit Function

The Company does not believe it is of a size that warrants an internal audit function. The Board acknowledges that it is responsible for the overall internal control framework but recognizes that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that deals with:

Financial reporting - there is a comprehensive budgeting system with an annual budget, updated on a regular basis approved by the Board. Monthly actual results are reported against these budgets.

Investment appraisal - the Company has clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses or assets are being acquired or divested.

Quality and integrity of personnel - the Company's policies are detailed in an approved induction manual. Formal appraisals are conducted annually for all employees.

7.4 Material Risk

Economic, Environmental and Social Sustainability Risks

The Company is focused on the discovery and exploitation of mineral deposits and operates in diverse physical environments. As a result, there is some potential for material exposure to economic, environmental and social sustainability risks.

The Company is very aware of the potential for risk in this area and is committed to ensuring that sound environmental management and safety practices are carried out in its exploration activities.

Echo Resources' underlying goals relating to environmental sustainability are to minimise any adverse impacts upon the environment resulting from the Company's activities.

The Company's activities are conducted in a manner that minimises our environmental "footprint" as much as possible and are conducted strictly in accordance with all necessary permits and approvals from regulators.

Corporate Governance Council Recommendation 8

Remunerate Fairly and Responsibly

8.1 Remuneration Committee

The Board has established a Remuneration Committee comprising two independent non-executive directors and one executive director and is chaired by an independent director. The Remuneration Committee is structured in accordance with Recommendation 8.1 and the current members are:

- Barry Bolitho (Chairman) – Barry has over 40 years' experience as a mining professional. He has been a member and chairman of remuneration committees for other listed entities.
- Simon Coxhell – Simon is a geologist with over 30 years of diverse experience encompassing all aspects of the resource sector. This experience proves highly useful in the service to the Remuneration Committee.
- Anthony McIntosh – Anthony holds board positions with listed and unlisted companies and brings to the Remuneration Committee a wide-ranging knowledge of various sectors.

Details of director attendance at Remuneration Committee meetings during the Reporting Period are set out in a table in the Directors' Report of the Company's 2018 Annual Report.

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is available on the on the Company's website.

8.2 Distinguish Between Executive and Non-Executive Remuneration

Although not prescribed under the Company's Corporate Governance Charters, Policies and Procedures, the Board will disclose its policies and practices regarding remuneration of Directors and senior executives, which is disclosed in the Company's annual report.

8.3 Equity Based Remuneration Scheme

The Company has an equity-based remuneration scheme being the Echo Resources Performance Rights Incentive Scheme and the Echo Resources Options Incentive Scheme under which performance rights and options may be granted. The Company does not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.