

Echo Resources Ltd. - Resource Upgrade at Orelia Surpasses Expectations and Underpins Production Strategy

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Perth - Echo Resources (ASX:EAR) has increased the resource at their Orelia gold deposit to 15.9Mt at 2.1g/t for 1.1Moz Au (1g/t cut-off). This upgrade is the result of an aggressive and on-going exploration program across the company's holdings in the highly prospective Yandal greenstone belt in Western Australia. Highlights of the resource upgrade include:

- Orelia resource - 15.9Mt at 2.1g/t for 1.1Moz Au (previously 5.6Mt at 1.9g/t for 349koz);
- 90% of the resource is in the Indicated category;
- Remains open at depth and along strike with further drilling currently underway; and
- Global Resource increases to 1.7Moz Au.

Echo also owns the 2Mtpa Bronzewing processing facility and associated infrastructure. This infrastructure will allow for a significant reduction in capital expenditure when a decision to commence production is made in the future.

Analyst Comment: This was an excellent achievement for Echo as the resource upgrade surpassed our expectations. What makes this all the more impressive is that Echo only took ownership of the Orelia deposit less than one year ago.

Importantly, not only did the resource nearly triple in size (previously 349koz Au at 1.9g/t Au), but the grade also increased to 2.1g/t Au. This is important as Echo's strategy is to only target open pit mineable ore that exceeds 2g/t Au when production commences in the future.

And whilst the company has stated they will not fall into the trap of commencing production without a sufficient mine life to support an on-going and sustainable operation (TSI estimate - 8Mt of ore / 4yrs reserves minimum), given Orelia will provide the base load feed for the Bronzewing facility, this resource upgrade indicates that production is likely to commence much sooner than we have previously estimated (TSI estimate - 2020 first gold production)

Catalysts - Work on the reserve estimate for Orelia is underway, which we expect to be released in the near term (TSI estimate - 4th qtr). Whilst additional resource and reserve upgrades on the company's other deposits are likely before the end of the year. We believe this should see the global resource soon exceed 2Moz Au.

Valuation: We have increased our valuation for Echo to \$0.44 / share (previously \$0.34/ share). The major driver for this was increasing our mine life assumption at the Orelia deposit (Current - 310koz at 2.1g/t Au vs. previous - 147koz Au at 1.8g/t Au).

However we note our mine life and grade assumptions are relatively conservative given that nearly 1Moz of the Orelia resource is classified in the indicated category. We will reassess our mine life assumption post the reserve announcement for Orelia.

To view the video, please visit:
<http://www.abnnewswire.net/press/en/89985/ear>

About Echo Resources Limited:

Echo Resources is an ASX-listed gold exploration business with a large and highly prospective ground position in the Eastern Goldfields of Western Australia. We are focused on applying modern exploration methods to establish a high grade gold resource and reserve base at our 100% owned Yandal Gold Project.

About The Sophisticated Investor:

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Source: [Echo Resources Ltd.](#) /The Sophisticated Investor

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