Delivering our bold growth strategy

Stock code: ECHO

INTERIM REPORT

SIX MONTHS ENDED 30 JUNE 2018

INTERIM REPORT 2018

ECHO ENERGY IS A FULL CYCLE, EXPLORATION LED, GAS FOCUSED AIM LISTED E&P WITH AN EXCITING ONSHORE ASSET BASE IN LATIN AMERICA.

WE HAVE A BOLD GROWTH STRATEGY AND THE SKILLS TO RAPIDLY DELIVER SHAREHOLDER VALUE FROM BOTH THE EXISTING PORTFOLIO AND NEW OPPORTUNITIES PROVIDING AN EXCITING PLATFORM FOR GROWTH.

"Our market-leading reputation in Latin America has provided us with access to world class acreage in the region. We are focused on multiple exploration opportunities which we expect will add production, cash flow and additional reserves to the portfolio."

CORPORATE WEBSITE

Visit **www.echoenergyplc.com** for the latest news, reports, presentations and videos

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WHY
LATIN AMERICA?

LATIN AMERICA NEEDS TO MEET EVER GROWING ENERGY DEMAND, FOCUSING ON CLEAN ENERGY, MEANING THE FUTURE IS NATURAL GAS. EXISTING INFRASTRUCTURE ACROSS A GAS HUNGRY CONTINENT MAKES LATIN AMERICA A REGION RICH IN OPPORTUNITIES WITHIN THE UPSTREAM SECTOR.

	ARGENTINA	BOLIVIA
GROWING GAS FOCUSED PRIMARY ENERGY DEMAND	• Production in decline, 0.9% per annum (2006-16) Consumption growth of 0.8% per annum (2006-16)	• Production decline by 3% (2015-16) • Government targets increasing gas production by 33% to 2.8 Bcf/day by 2020
STRONG PRICING SEES CONTINUED RISES	• Gas prices US$4.2 -7.5 mmbtu	• Premium gas pricing with gas revenues accounting for 28% of revenues • Gas export pricing to Argentina US$5.64 mmbtu
DEMAND EXCEEDS SUPPLY AND FORECAST TO GROW	• Gas accounts for 50% of primary energy consumption • Expensive gas imports comprise 22.8% of consumption • Plans to end LNG imports within 5 years • Winter gas demand up to 2.5 Bcf/day	• 77% of gas exported • 29% of gas exported to Argentina • Bolivia plans increasing gas exports to Argentina to 0.8 Bcf/day
EXTENSIVE FUNDAMENTAL INFRASTRUCTURE WITH CAPACITY	**REGION INFRASTRUCTURE** • Over 10,000 km of cross border gas pipelines in place • Capacity 1.9 Tcf/yr to neighbouring countries • Under utilised pipelines **LNG TERMINALS** • 8 major import terminals in the region • Capacity of 1.3 Tcf/yr • Additional terminals planned to meet demand	

OUR
PORTFOLIO

ECHO ENERGY HAS FOUR LICENCES IN ARGENTINA AND A JOINT EVALUATION AGREEMENT AND TECHNICAL EVALUATION AGREEMENT IN BOLIVIA.

HIGHLIGHTS AND FUTURE FOCUS

	INTERIM PERIOD ACTIVITIES	ONGOING FOCUS
FRACCIÓN D	• Cañadon Salto, 3 well workovers • Drilling of well CSO-2001 (d)	• Testing of CSO-2001 (d) • Gas monetisation project
FRACCIÓN C AND LAGUNA DE LOS CAPONES	• Drilling of 3 exploration wells	• Planning 3D seismic acquisition • Well testing/ stimulation
TAPI AIKE	• Reprocessing of existing seismic	• Planning and commencing 3D seismic acquisition • Planning exploration drilling
BOLIVIA	• 3D seismic re-processing and interpretation • Building of structural model	• Submission of Technical Review • Signature of new Technical Evaluation Agreement

CHIEF EXECUTIVE OFFICER'S STATEMENT

FIONA MACAULAY
CHIEF EXECUTIVE OFFICER

The first six months of this year have been incredibly busy for your company, and post period this level of activity has continued. In January the company was readmitted to trading on AIM following completion of the farm-in agreement with Compañía General de Combustibles S.A. ("CGC") which saw the company take a 50% interest in a number of assets in Argentina. Our work on these licences, both technical and operational, has formed the bulk of our activity year to date.

Starting in April this year the company executed a three well workover campaign on its Fracción D licence. This activity was completed ahead of time, under budget and with adherence to the highest standards of health and safety. The highlight of the campaign was the gas discovery and subsequent extended well test on the CSo-85 well on the eastern flank of the Cañadon Salto Field for which we are currently developing plans for a commercial gas project.

The workover activity will also result in an increase in oil production across the fields and will contribute to our oil sales in Argentina, with ongoing oil sales delivering a combined US$2.1 million to the company in H1 2018, alongside gas sales of US$2.1 million.

A subsequent exploration campaign comprising the drilling of four back to back exploration wells on independent structures began in May 2018, producing positive results from the Tobifera formation across the licences, but the company notes caution should be applied prior to well testing due to the complex nature and petrophysics of the volcaniclastic reservoir. The company is still in the process of evaluating the considerable volume of data generated for assimilation into the regional model.

Post period the ELM-1004 well which displayed positive readings during the drilling phase yielded dry gas to surface on initial testing and a well stimulation programme to improve the rate is now being developed, while the testing of the EMS-1001 well is due to commence later this year.

In May, we announced the completion of an £8.5 million placing to fund an extended seismic campaign on the Tapi Aike licence. We moved rapidly to secure this additional funding as a window of opportunity had opened in which we were able to secure pricing for a total of 2,000 km^2 of 3D seismic acquisition across both the Tapi Aike and Fracción C, Fracción D and Laguna De Los Capones ("CDL") licences, with a *c.*US$7 million saving to the previously estimated total for Tapi Aike alone. This saving is broadly in line with the gross cost of an exploration well on Tapi Aike and the early commencement of seismic acquisition will accelerate the likely spud date for a well on this extremely exciting frontier scale acreage.

Looking ahead, I expect the level of activity seen in the first half of the year to continue throughout 2018. The test rig is currently in the CDL licence area completing the testing programme for the wells drilled during the exploration campaign and is also engaged in a pilot project of workovers in the Cañadon Salto Field to reinstate or increase production in four selected wells.

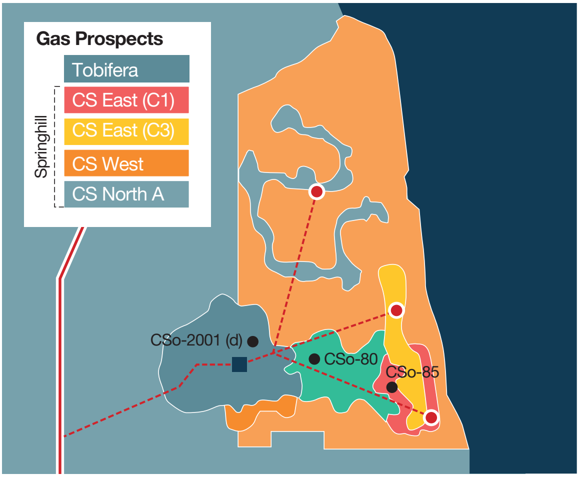
We are currently preparing for the 3D seismic shoot on Tapi Aike which we expect to commence this year. The seismic acquisition programme should take approximately 4–5 months, with processed results expected in H2 2019.

Once this new data has been integrated into our current dataset, and the identification and hi-grading of prospects has taken place, we would be anticipating to be drill ready at Tapi Aike by late 2019.

I look forward to updating you on our progress throughout the remainder of 2018 and would like to thank all of our shareholders for their continued support.

FIONA MACAULAY
CHIEF EXECUTIVE OFFICER

ARGENTINA
FRACCIÓN D



Interest	Status	Area	Gross 2P & 2C Reserves and Resources
50% interest	Concession	280 km^2	30.7 Bcfe Pmean

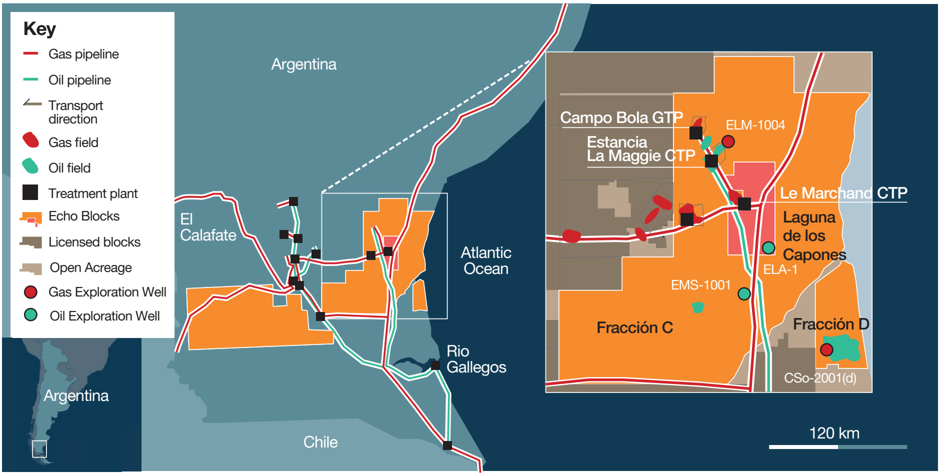
Our programme began in March with a back to back workover campaign on existing wells in Fracción D using the Quintana-01 rig. For each of the workovers, the programme consisted of abandoning the previously producing but now suspended oil zones in the Springhill Formation and then completing the discovered but uncompleted gas zones in the same formation. Completion of the campaign was materially lower than the budget of US$1.5 million.

In the first of the workovers, the CSo-85 well successfully flowed gas to surface without intervention. The well was then put on an extended test which included 16 days of stabilised gas production at a variety of choke sizes from 6 to 14 m, achieving maximum rate of 2.5 mmscf/d. This was followed by a period of 19 days in which pressure gauges were left in the wellbore to monitor the pressure build-up. These results were very positive and indicated that the well was in direct communication with a volume of approximately 4 bcf of gas in the Springhill reservoir, and that the previously booked prospective resources of *circa* 15 bcf for the C1 sand could now be transferred in full or in part to a contingent classification. Also present across the same eastern flank, the deeper C3 sand (prospective resources 12 bcf) which contributes to gas production at the CSo-43 well may also be transferred to contingent resources.

The workover of well CSo-80, a former oil producer from the C3 Springhill Formation saw the well plugged back across the C3 interval and perforated in the shallower C1 Springhill Formation. After perforation, the well flowed oil to surface indicating a redistribution of fluid phases in the former gas leg of Cañadon Salto. This positive result provides scope for the company to consider, in tandem with a gas pipeline sanction, an early field rehabilitation in Fracción D and the potential for further candidate wells for recompletion, which is post period ongoing.

The CSO-2001 (d) well; drilled to support a gas monetisation project, was shown on testing to have been substantially depleted in the Tobifera; however, this is unlikely to affect the decision on the East flank gas project of the Springhill Formation.

ARGENTINA
FRACCIÓN C & LAGUNA DE LOS CAPONES ("LLC")



Interest	Status	Area	Gross 2P & 2C Reserves and Resources
50% interest	Concession	5,288 km^2	47.6 Bcfe

PROGRESS MADE

We began our exciting four well back-to-back exploration campaign on 8 May with the Estancia La Maggie (ELM-1004) well using the Petreven H-205 rig.

The well targeted the crest of a structure at the upper and middle levels of the volcaniclastic Tobifera reservoir and reached a total depth of 1,760 m. The well encountered over 40 m of gas shows through the Upper Tobifera and the initial interpretation indicated around 14.5 m of net pay within the section, being towards the upper end of the range for net pay determined by Gaffney Cline & Associates (GCA) in the CPR of November 2017. This was an encouraging result to the start of the campaign and a production casing was run in anticipation of a test in August 2018 to determine deliverability of the reservoir. On testing the well post period, dry gas was produced into the wellbore but not at sustainable rates and the company is now planning stimulation of the reservoir.

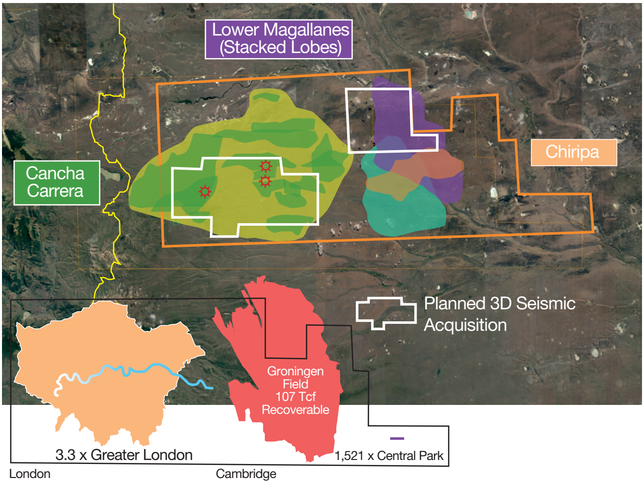
The second well, Los Alamos spudded on 26 May and targeted a structural closure at the Springhill and Tobifera levels in the south eastern extent of the LLC licence. The well reached a total depth of 1,820 m in the Tobifera and encountered elevated gas shows over a 40 m interval, in addition to some oil staining. Wireline logs indicated a thinly bedded sequence of oil pay intervals with a total of 8 m of net pay interpreted across the section. In the shallower Springhill formation, while the well encountered gas shows at the top of the section and 57 m of high quality reservoir, the sequence is believed to be water bearing. A final production casing was run prior to suspending the well for possible testing in the Tobifera and/or side track of the well to test the Springhill in an updip location.

On 12 June, the rig commenced drilling of the third exploration well El Molino Sur (EMS-1001) located in the southern area of the Fracción C licence. The well targeted a four-way structural closure at both the Springhill and Tobifera levels. The well reached a total depth of 2,460 m across which significant hydrocarbon shows were recorded over a total 120 m of the section.

The shows, gas readings and associated lithology encountered in the Tobifera led the company to deepen the well by a further 210 m compared to the planned total depth in two additional tranches.

The well results were exciting as the potential location of hydrocarbons suggests a new Tobifera play in this part of the licence. Initial assessment of the fluid type is a light oil which is very encouraging, but the company notes caution should be applied prior to testing of the well due to the complex nature and petrophysics of the volcaniclastic reservoir. The well was completed while an appropriate test programme is being designed.

ARGENTINA
TAPI AIKE



	Low	Medium	High
GIIP Gross to licence (TCF)	2.7	7.7	22.5
Prospective Resources Net to Echo (TCF)	0.7	2.1	6.2

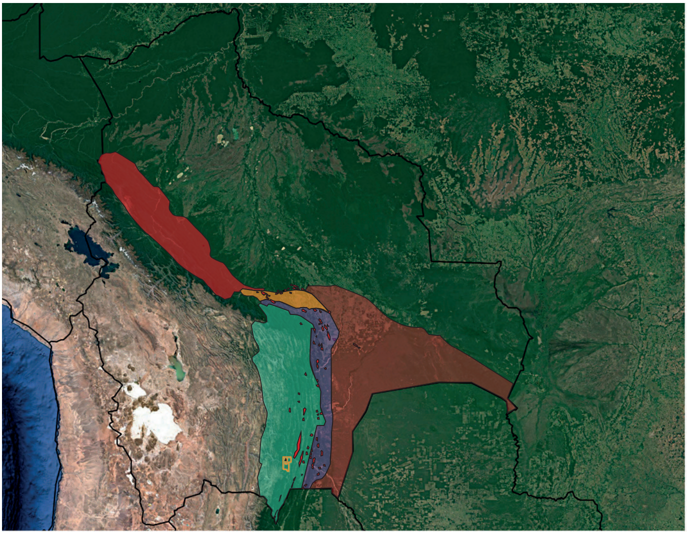
Interest	Status	Area
50% interest	Exploration Permit	5,187 km^2

The company remains focused on unlocking the exploration potential in the Tapi Aike licence. The Competent Person's Report included in the company's admission document identified an inventory of 41 leads across at least three independent play types including five individual leads each in excess of 1 Tcf and up to 3.8 Tcf. On an aggregated basis over 22 Tcf of gross unrisked potential gas originally in place ("GIIP") was identified across the Tapi Aike Block in a high case.

As an important step towards the planned exploration programme in 2019 to drill at least one well, the company is planning a 1,200 km^2 seismic acquisition programme due to start in November. Six companies (local and international) were invited to tender and a very competitive set of tenders were received. We expect to announce the successful bidder shortly but the competitive nature of the bids received resulted in the saving of around US$7 million by contracting the full 1,200 km^2 programme in a single tranche.

Activity on Tapi Aike will ramp up accordingly with exciting news flow catalysts expected in the remainder of 2018 and throughout 2019.

BOLIVIA



In Bolivia the company has been working to progress the exploration opportunity in Huyaco and Rio Salado following the signatures of the joint evaluation agreement with Pluspetrol Bolivia Corporation SA ("Pluspetrol") and the Rio Salado technical evaluation agreement between Pluspetrol and YPFB (Yacimientos Petrolíferos Fiscales Bolivianos) in July 2017.

During this period, the company has been focused on construction and completion of the geological and structural model incorporating field and seismic data which confirms the potential for a deep footwall structure within the area.

Reprocessing of the 250 km^2 of seismic data (originally acquired in 1998) has now been completed utilising the most advanced algorithms and workflows, including 5D interpolation and proprietary CRS (Common Reflection Surface) technology to gain an uplift in time domain imaging and reduction of data noise typical in the mountainous fold and thrust belts.

Post period Echo signed a further Letter of Intent enabling a new Technical Evaluation Agreement with YPFB, for one year. During this period the company will be able to integrate three (recently acquired) new 2D lines across the licences not previously available, into the model.

The acquisition of an interest by Echo in Huayco and/or Rio Salado remains contingent on final commercial terms being agreed. Accordingly, the company does not have an interest or the right to acquire any interest at this stage during the evaluation period.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2018

	Notes	**Unaudited 1 January 2018 to 30 June 2018 £**	Unaudited 1 January 2017 to 30 June 2017 £	Audited 1 January 2017 to 31 December 2017 £
CONTINUING OPERATIONS				
Revenues		**2,885,949**	–	–
Cost of sales		**(2,700,470)**	–	–
GROSS PROFIT		**185,479**	–	–
Exploration expenses		**(431,642)**	–	(432,486)
Administrative expenses		**(2,513,377)**	(1,287,580)	(5,322,458)
Gain on disposal of foreign subsidiary		**394,253**	–	–
OPERATING LOSS		**(2,365,287)**	(1,287,580)	(5,754,944)
Financial income		**14,536**	369	2,596
Financial expense	3	**(2,000,109)**	(364,288)	(1,687,199)
LOSS BEFORE TAX		**(4,350,860)**	(1,651,499)	(7,439,547)
Taxation	4	**–**	–	–
LOSS FROM CONTINUING OPERATIONS		**(4,350,860)**	(1,651,499)	(7,439,547)
DISCONTINUED OPERATIONS				
Gain/(loss) after taxation for the period from discontinued operations		**–**	(24,759)	25,991
LOSS FOR THE YEAR		**(4,350,860)**	(1,676,258)	(7,413,556)
OTHER COMPREHENSIVE INCOME:				
Other comprehensive income to be reclassified to profit				
or loss in subsequent periods (net of tax)				
Exchange difference on translating foreign operations		**83,450**	2,121	(91,653)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(4,267,410)**	(1,674,137)	(7,505,209)
Loss attributable to:				
Owners of the parent		**(4,350,860)**	(1,676,258)	(7,413,556)
Total comprehensive loss attributable to:				
Owners of the parent		**(4,267,410)**	(1,674,137)	(7,505,209)
LOSS PER SHARE (PENCE)	5			
Basic		**(1.0)**	(0.9)	(2.7)
Diluted		**(1.0)**	(0.9)	(2.7)
LOSS PER SHARE (PENCE) FOR CONTINUING OPERATIONS				
Basic		**(1.0)**	(0.9)	(2.7)
Diluted		**(1.0)**	(0.9)	(2.7)

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	**Unaudited 1 January 2018 to 30 June 2018 £**	Unaudited 1 January 2017 to 30 June 2017 £	Audited 1 January 2017 to 31 December 2017 £
NON-CURRENT ASSETS				
Property, plant and equipment	6	**266,259**	1,957	285,145
PPE – O&G Properties		**–**	432,486	–
Other Intangible assets	7	**7,368,086**	–	1,885,984
		7,634,345	434,443	2,171,129
CURRENT ASSETS				
Inventories		**739,976**	–	–
Other receivables		**2,579,660**	118,239	1,055,336
Cash and cash equivalents	8	**26,133,284**	25,545,780	19,719,072
		29,452,920	25,664,019	20,774,408
Assets held for distribution		**–**	91,808	54,777
		29,452,920	25,755,827	20,829,185
CURRENT LIABILITIES				
Trade and other payables		**(6,501,319)**	(479,890)	(2,500,372)
Liabilities directly associated with the assets held for distribution		**–**	(11,864)	(28,391)
		(6,501,319)	(491,754)	(2,528,763)
NET CURRENT ASSETS		**22,951,601**	25,264,073	18,300,422
Non-current liabilties				
Loans due in over one year	12	**(11,640,162)**	(10,245,639)	(11,412,361)
Right of use liability		**(101,290)**	–	(166,624)
		(11,741,452)	(10,245,639)	(11,578,985)
TOTAL LIABILITIES		**(18,242,771)**	(10,737,393)	(14,107,748)
NET ASSETS		**18,844,494**	15,452,877	8,892,566
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Share capital	9	**3,388,585**	3,104,919	3,112,586
Share premium	10	**38,358,043**	25,439,364	24,636,445
Shares to be issued		**–**	277,468	–
Share warrant reserve		**8,557,571**	103,058	8,574,827
Share option reserve		**1,278,902**	8,730,575	669,456
Foreign currency translation reserve		**69,224**	473,801	380,027
Retained earnings		**(32,807,831)**	(22,676,308)	(28,480,775)
TOTAL EQUITY		**18,844,494**	15,452,877	8,892,566

CONDENSED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2018

	Retained earnings £	Share capital £
SIX MONTHS TO 30 JUNE 2018		
1 January 2018	**(28,480,775)**	**3,112,586**
Loss for the year	**(4,350,860)**	**–**
Exchange differences	**–**	**–**
Total comprehensive loss for the year	**(4,350,860)**	**–**
Unwind discontinued operations reserve	**–**	**–**
New shares issued	**–**	**268,943**
Warrants exercised	**10,062**	**2,681**
Share Options exercised		**4,375**
Share issue costs	**–**	**–**
Share options lapsed	**13,742**	**–**
Share-based payments	**–**	**–**
30 JUNE 2018	**(32,807,831)**	**3,388,585**
SIX MONTHS TO 30 JUNE 2017		
1 January 2017	(21,088,479)	2,430,612
Loss for the year	(1,676,258)	–
Exchange differences	–	–
Total comprehensive loss for the year	(1,676,258)	–
New shares issued	–	674,307
New share warrants issued	–	–
Warrants exercised	–	–
Warrants lapsed	20,690	–
Share issue costs	–	–
Share options lapsed	67,739	–
Share-based payments	–	–
30 June 2017	(22,676,308)	3,104,919
YEAR TO 31 DECEMBER 2017		
1 January 2017	(21,088,479)	2,430,612
Loss for the year	(7,413,556)	–
Exchange differences	–	–
Total comprehensive loss for the year	(7,413,556)	–
New shares issued	–	681,974
New share warrants issued	–	–
Share issue costs	–	–
Share options lapsed	47,565	–
Share-based payments	(26,305)	–
31 December 2017	(28,480,775)	3,112,586

The Foreign Currency Translation Reserve relating to the discontinued Italian operations has been unwound in the current period £394,253.

Share premium £	Shares to be issued £	Warrant reserve £	Share option reserve £	Foreign currency translation reserve £	Total equity £
24,636,445	**–**	**8,574,827**	**669,456**	**380,027**	**8,892,566**
–	**–**	**–**	**–**	**–**	**(4,350,860)**
–	**–**	**–**	**–**	**83,450**	**83,450**
–	**–**	**–**	**–**	**83,450**	**(4,267,410)**
–	**–**	**–**	**–**	**(394,253)**	**(394,253)**
14,646,932	**–**	**–**	**–**	**–**	**14,915,875**
99,262		**(17,256)**			**94,749**
24,063					**28,438**
(1,048,659)	**–**	**–**	**–**	**–**	**(1,048,659)**
–	**–**	**–**	**(13,742)**	**–**	**–**
–	**–**	**–**	**623,188**	**–**	**623,188**
38,358,043	**–**	**8,557,571**	**1,278,902**	**69,224**	**18,884,494**
17,621,763	277,468	714,977	85,515	471,680	513,536
–	–	–	–	–	(1,676,258)
–	–	–	–	2,121	2,121
–	–	–	–	2,121	(1,674,137)
7,506,397	–	–	–	–	8,180,704
–	–	8,448,812	–	–	8,448,812
412,524	–	(412,524)	–	–	–
–	–	(20,690)	–	–	–
(101,320)	–	–	–	–	(101,320)
–	–	–	(67,739)	–	–
–	–	–	85,282	–	85,282
25,439,364	277,468	8,730,575	103,058	473,801	15,452,877
17,621,763	277,468	714,977	85,515	471,680	513,536
–	–	–	–	–	(7,413,556)
–	–	–	–	(91,653)	(91,653)
–	–	–	–	(91,653)	(7,505,209)
8,116,002	–	–	–	–	8,797,976
–	–	7,859,850	–	–	7,859,850
(1,101,320)	–	–	–	–	(1,101,320)
–	–	–	(47,565)	–	–
–	(277,468)	–	631,506	–	327,733
24,636,445	–	8,574,827	669,456	380,027	8,892,566

CONDENSED CONSOLIDATED
CASH FLOW STATEMENT

SIX MONTHS ENDED 30 JUNE 2018

	Unaudited 1 January 2018 to 30 June 2018 £	Unaudited 1 January 2017 to 30 June 2017 £	Audited 1 January 2017 to 31 December 2017 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss from continuing operations	**(4,350,860)**	(1,651,499)	(7,439,547)
Loss from discontinued operations	**–**	(24,759)	25,991
	(4,350,860)	(1,676,258)	(7,413,556)
Adjustments for:			
Depreciation of property, plant and equipment	**34,641**	1,690	34,066
Loss on disposal of property, plant and equipment	**(29,529)**	–	–
Impairment of intangible assets and goodwill	**–**	–	432,486
Share-based payments	**623,188**	85,282	672,510
Interest income	**(14,536)**	(369)	(2,596)
Interest expense	**1,441,010**	364,288	1,939,485
	(2,296,086)	(1,225,367)	(4,337,605)
Decrease in inventories	**–**	–	
(Increase)/decrease in other receivables	**(1,469,547)**	116,978	(771,367)
(Increase)/decrease in inventory	**(739,976)**	–	–
Increase in trade and other payables	**1,540,779**	(87,272)	1,859,835
CASH USED IN OPERATIONS	**(2,964,830)**	(1,195,661)	(3,249,137)
NET CASH USED IN OPERATING ACTIVITIES	**(2,964,830)**	(1,195,661)	(3,249,137)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	**(13,791)**	–	(1,885,984)
Purchase of intangible assets	**(3,274,438)**	–	(45,061)
NET CASH USED IN INVESTING ACTIVITIES	**(3,288,229)**	–	(1,931,045)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from debt	**–**	13,346,750	13,202,175
Interest received	**14,536**	369	2,596
Interest paid	**(1,188,330)**	(153,731)	(540,484)
Repayments of right of use liability	**(149,337)**	–	(42,771)
Issue of share capital	**15,039,061**	13,365,889	13,194,209
Share issue costs	**(1,048,659)**	–	(1,101,320)
NET CASH FROM FINANCING ACTIVITIES	**12,667,271**	26,559,277	24,714,405
Net increase/(decrease) in cash and cash equivalents	**6,414,212**	25,363,616	19,534,223
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**19,719,072**	182,164	184,849
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**26,133,284**	25,545,780	19,719,072

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

SIX MONTHS ENDED 30 JUNE 2018

1. ACCOUNTING POLICIES

GENERAL INFORMATION

This interim financial information is for Echo Energy plc and subsidiary undertakings. The company is registered, and domiciled, in England and Wales and incorporated under the Companies Act 2006.

BASIS OF PREPARATION

The condensed consolidated interim financial information for the period from 1 January 2018 to 30 June 2018 has been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as adopted by the European Union ("EU") and on the going concern basis. They are in accordance with the accounting policies set out in the statutory accounts for the year ended 2017 and are expected to be applied for the year ended 31 December 2018.

The comparative figures for the period 30 June 2017 and 31 December 2017 do not constitute statutory accounts, as defined in section 435 of the Companies Act 2006, but are based on the statutory financial statements for the year ended 31 December 2017.

A copy of the company's statutory accounts for the year ended 31 December 2017 has been delivered to the Registrar of Companies; the accounts are available to download from the company website at www.echoenergyplc.com.

GOING CONCERN

The financial information has been prepared assuming the group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

Based on their strategic plans and working capital forecasts, the directors have a reasonable expectation that the group has adequate resources to continue in existence for the foreseeable future.

Therefore, they continue to adopt the going concern basis in the preparation of the condensed financial statements.

ESTIMATES

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

1. ACCOUNTING POLICIES CONTINUED

REVENUE RECOGNITION

The group was an early adopter of IFRS 15 in the accounting period ended 31 December 2017. At that time the group had no revenue stream. The adoption of IFRS 15 has no material impact on the recognition of revenue for the group. Revenue from the production of hydrocarbons from fields in which the group has an interest with other producers is recognised based on the group's working interest in a licence. Revenue is recognised based on whether physical title has passed from the group as determined by the performance obligations under the contract.

The transaction price for gas and oil is determined in accordance with the mechanisms determined under each contract.

IFRS 9

IFRS 9 became effective on 1 January 2018 and will affect both the measurement and disclosure of financial instruments. Echo will adopt the simplified approach to the Expected Credit Loss (ECL) model as our trade receivables and contract assets do not contain a significant finance component. Adoption of the standard has no effect on the results of comparative periods.

Inventories

Inventories of petroleum crude products are valued at net realisable value, based on the pricing mechanisms of the sales contracts.

2. BUSINESS SEGMENTS

Operating segments are based on internal reports about components of the group, which are regularly reviewed and used by the board of directors being the Chief Operating Decision Maker ("CODM") for strategic decisions and resource allocation, in order to allocate resources to the segment and to assess its performance. The group's reportable operating segments are as follows:

a. Parent company
b. Eastern Austral Basin
c. Tapi Aike
d. Bolivia
e. Ksar Hadada

In future periods the Tapi Aike prospect will be included as an Operating Segment, as at the Balance sheet date there was no asset specific activity to report.

The CODM monitors the operating results of each segment for the purpose of performance assessments and making decisions on resource allocation. Performance is based on assessing progress made on projects and the management of resources used. Segment assets and liabilities are presented inclusive of inter-segment balances.

Information regarding each of the operations of each reportable segment within continuing operations is included in the following table.

	Parent company £'000	Eastern Austral Basin £'000	Tapi Aike £'000	Bolivia £'000	Ksar Hadada £'000	Consol-idation £'000	Total £'000
SIX MONTHS TO 30 JUNE 2018							
Revenue	–	2,886	–	–	–	–	2,886
Cost of sales	–	(2,700)	–	–	–	–	(2,700)
Exploration expense	(62)	(121)	–	(249)	–	–	(432)
Administrative expenses	(2,230)	(96)	(8)	(179)	–	–	(2,513)
Finance revenue	14	–	–	–	–	–	14
Finance expense	(857)	(844)	(299)	–	–	–	(2,000)
Gain on disposal of foreign subsidiary	394	–	–	–	–	–	394
Loss before tax	(2,741)	(875)	(307)	(428)	–	–	(4,351)
Assets	32,004	5,579	(172)	(312)	(1,137)	1,125	37,087
Liabilities	(12,190)	(5,984)	(26)	(25)	(18)	–	(18,243)

The gain on disposal of foreign subsidiaries removes the Foreign Currency Revaluation Reserve which related to the discontinued operations in Italy.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

2. BUSINESS SEGMENTS CONTINUED

	Parent company £'000	Eastern Austral Basin £'000	Tapi Aike £'000	Bolivia £'000	Ksar Hadada £'000	Consol-idation £'000	Total £'000
Six months to 30 June 2017							
Revenue							
Cost of sales	–	–	–	–	–	–	–
Exploration expense	–	–	–	–	–	–	–
Administrative expense	(1,271)	–	–	–	(41)	25	(1,287)
Finance revenue	–	–	–	–	–	–	–
Finance expense	(364)	–	–	–	-	–	(364)
Loss before tax	(1,635)	–	–	–	(41)	25	(1,651)
Assets	26,847	–	–	–	433	(1,182)	26,098
Liabilities	(10,698)	–	–	–	(1,120)	1,092	(10,726)

	Parent company £'000	Eastern Austral Basin £'000	Tapi Aike £'000	Bolivia £'000	Ksar Hadada £'000	Consol-idation £'000	Total £'000
Year to 31 December 2017							
Revenue	–	–	–	–	–	–	–
Cost of sales	–	–	–	–	–	–	–
Exploration expense	–	–	–	–	–	–	–
Impairment of intangible assets	–	–	–	–	(432)	–	(432)
Administrative expense	(3,768)	(590)	(590)	(282)	(92)	–	(5,322)
Finance revenue	3	–	–	–	–	–	3
Finance expense	(1,687)	–	–	–	–	–	(1,687)
Income tax	–	–	–	–	–	–	–
Loss before tax	(5,453)	(590)	(590)	(282)	(525)	–	(7,440)
Assets	22,260	1,886		33		(1,233)	22,946
Liabilities	(14,043)	–	–	(120)	(1,149)	1,233	(14,079)

2. BUSINESS SEGMENTS CONTINUED

The geographical split of non-current assets arises as follows:

	United Kingdom £	South America £	Total £
30 JUNE 2018			
Property, plant and equipment	**256,599**	**9,600**	**266,199**
Intangible assets	**–**	**7,368,086**	**7,368,086**
30 JUNE 2017			
Property, plant and equipment	–	432,486	432,486
Intangible assets	1,957	–	1,957
31 DECEMBER 2017			
Property, plant and equipment	275,130	10,015	285,145
Intangible assets	–	1,885,984	1,885,984

3. FINANCIAL EXPENSE

	Six months to 30 June 2018 £	Six months to 30 June 2017 £	31 December 2017 £
Interest payable on long term loans	**1,416,130**	364,288	1,660,001
Other including foreign exchange	**559,099**	–	–
Accretion of right of use liabilities	**24,880**	–	27,198
	2,000,109	364,288	1,687,199

Interest expense includes interest at 8% coupon rate of £757,866, the unwinding of the discount on the issue of debt of £485,524 and the amortisation of loan fees of £172,740.

Foreign exchange movements include the revaluation of US dollar denominated intercompany balances accounted locally in Argentina, and in the UK in GBP. Other exchange movements include revaluation of euro denominated loans and US dollar bank balances.

4. TAXATION

The group has tax losses available to be carried forward in certain subsidiaries and the parent.

Due to uncertainty around timing of the group's projects, management have not considered it appropriate to anticipate an asset value for them.

No tax charge has arisen during the six month period to 30 June 2018, or in the six month period to June 2017, or the year to 31 December 2017.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

5. LOSS PER SHARE

The calculation of basic and diluted loss per share at 30 June 2018 was based on the loss attributable to ordinary shareholders. The weighted average number of ordinary shares outstanding during the period ended 30 June 2018 and the effect of the potentially dilutive ordinary shares to be issued are shown below.

	Six months to 30 June 2018 £	Six months to 30 June 2017 £	31 December 2017 £
Net loss for the year	**(4,350,860)**	(1,676,258)	(7,413,556)
Basic weighted average ordinary shares in issue during the year	**416,479,046**	186,159,251	276,158,657
Diluted weighted average ordinary shares in issue during the year	**416,479,046**	186,159,251	276,158,657
Loss per share (pence)			
Basic	**(1.0)**	(0.9)	(2.7)
Diluted	**(1.0)**	(0.9)	(2.7)

In accordance with IAS 33 and as the average share price in the year is lower than the exercise price, the share options do not have a dilutive impact on earnings per share for the period ended 30 June 2018.

6. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & Fittings £	Property Right of Use Assets £	Total £
SIX MONTHS TO 30 JUNE 2018			
COST			
1 January 2018	**70,823**	**268,872**	**339,695**
Exchange differences	**580**	**–**	**580**
Disposals	**(14,016)**	**(268,872)**	**(282,888)**
Additions	**8,698**	**232,971**	**241,669**
Six months to 30 June 2018	**66,085**	**232,971**	**299,056**
DEPRECIATION			
1 January 2018	**27,663**	**26,887**	**54,550**
Exchange differences	**336**	**–**	**336**
Charge for the period	**7,601**	**26,887**	**34,488**
Disposal	**(2,803)**	**(53,774)**	**(56,577)**
Six months to 30 June 2018	**32,797**	**–**	**32,797**
CARRYING AMOUNT			
30 June 2018	**33,288**	**232,971**	**266,259**
SIX MONTHS TO 30 JUNE 2017			
COST			
1 January 2017	31,765	–	31,765
Exchange differences	209	–	209
30 June 2017	31,974	–	31,974
DEPRECIATION			
1 January 2017	28,118	–	28,118
Exchange differences	209	–	209
Charge for the period	1,690	–	1,690
30 June 2017	30,017	–	30,017
CARRYING AMOUNT			
30 June 2017	1,957	–	1,957

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
CONTINUED

6. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Fixtures & Fittings £	Property Right of Use Assets £	Total £
YEAR TO 31 DECEMBER 2017			
COST			
1 January 2017	31,765	–	31,765
Exchange differences	1,670	–	1,670
Transfer to discontinued operations	(7,673)	–	(7,673)
Additions	45,061	268,872	313,933
31 December 2017	70,823	268,872	339,695
DEPRECIATION			
1 January 2017	28,118	–	28,118
Exchange differences	39	–	39
Transfer to discontinued operations	(7,673)	–	(7,673)
Charge for the period	7,179	26,887	34,066
31 December 2016	27,663	26,887	54,550
CARRYING AMOUNT			
31 December 2017	43,160	241,985	285,145

7. INTANGIBLE ASSETS
DEVELOPMENT AND EXPLORATION

	Argentina E&E £	Ksar Hadada exploration acreage £	Total £
SIX MONTHS TO 30 JUNE 2018			
COST			
1 January 2018	**1,885,984**	**1,513,315**	**3,399,299**
Effect of foreign exchange restatement	**(683,506)**	**–**	**(683,506)**
Additions	**6,165,608**	**–**	**6,165,608**
30 June 2018	**7,368,086**	**1,513,315**	**8,881,401**
AMORTISATION			
1 January 2018	**–**	**1,513,315**	**1,513,315**
Impairment charge for the period	**–**	**–**	**–**
30 June 2018	**–**	**1,513,315**	**1,513,315**
CARRYING AMOUNT			
30 June 2018	**7,368,086**	**–**	**7,368,086**
SIX MONTHS TO 30 JUNE 2017			
COST			
1 January 2017	–	1,513,315	1,513,315
Additions	–	–	–
30 June 2017	–	1,513,315	1,513,315
AMORTISATION			
1 January 2017	–	1,080,829	1,080,829
Impairment charge for the period	–	–	–
30 June 2017	–	1,080,829	1,080,829
CARRYING AMOUNT			
30 June 2017	–	432,486	432,486
YEAR TO 31 DECEMBER 2017			
COST			
1 January 2017	–	1,513,315	1,513,315
Additions	1,885,984	–	1,885,984
31 December 2017	1,885,984	1,513,315	3,399,299
AMORTISATION			
1 January 2017	–	1,080,829	1,080,829
Impairment charge for the period	–	432,486	432,486
31 December 2017	–	1,513,315	1,513,315
CARRYING AMOUNT			
31 December 2017	1,885,984	–	1,885,984

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

7. INTANGIBLE ASSETS CONTINUED

For the purpose of impairment testing of intangible assets, recoverable amounts have been determined based upon the value in use of the group's projects. The Argentine assets have been assessed for indicators of impairment, based on the expectation of continuing operations in the Austral basin, no impairment indicators apply.

8. CASH AND CASH EQUIVALENTS

	Six months to 30 June 2018 £	Six months to 30 June 2017 £	31 December 2017 £
Cash Held by Joint Venture Partners	**5,459,023**	–	–
Bank Balances	**20,674,261**	25,545,780	19,719,072
	26,133,284	25,545,780	19,719,072

9. SHARE CAPITAL

	Six months to 30 June 2018 £	Six months to 30 June 2017 £	31 December 2017 £
ISSUED, CALLED UP AND FULLY PAID			
474,939,144 0.25p (June 2017: 361,473,066 0.25p) ordinary shares			
1 January 2018	**3,112,586**	2,430,612	2,430,612
Equity shares issued	**275,999**	674,307	681,974
30 June 2018	**3,388,585**	3,104,919	3,112,586

The holders of 0.25p ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company.

9. SHARE CAPITAL CONTINUED

Shares issued and the subdivision of capital during the year was as follows:

	Date	Shares	Price
1 January 2018		364,539,733	
Shares issued @ .25p equity placing	3/1/2018	36,391,412	17.5p
Shares issued @ .25p, exercise of warrant	9/1/2018	572,553	15.1875p
Shares issued @ .25p, exercise of warrant	23/1/2018	499,999	3p
Shares issued @ .25p, option exercise	16/4/2018	1,750,000	1.625p
Shares issued @ .25p, open offer shares placing	25/5/2018	71,185,447	12p
30 June 2018		474,939,144	

10. SHARE PREMIUM ACCOUNT

	30 June 2018 £	30 June 2017 £	31 December 2017 £
1 January 2018	**24,636,445**	17,621,763	17,621,763
Premium arising on issue of equity shares	**14,770,257**	7,918,921	8,116,002
Transaction costs	**(1,048,659)**	(101,320)	(1,101,320)
30 June 2018	**38,358,043**	25,439,364	24,636,445

11. SHARE-BASED PAYMENTS

(a) WARRANTS OVER ORDINARY SHARES

Details of the tranches of warrants outstanding at the period-end are as follows:

	Number '000 30 June 2018	**WAEP* (Pence) 30 June 2018**	Number '000 30 June 2017	WAEP* (Pence) 30 June 2017	Number '000 31 December 2017	WAEP* (Pence) 31 December 2017
Outstanding as at 1 January	**286,224**	**7**	3,180	6	47,928	7
Granted during the year	**–**	**–**	35,203	12	287,724	12
Forfeited during the period	**(160)**	**30**	(605)	31	(7,282)	28
Exercised during the year	**(1,073)**	**20**	(115)	3	(42,146)	3
Options outstanding as at 31 December	**284,991**	**12**	37,663	13	286,224	12

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

11. SHARE-BASED PAYMENTS CONTINUED

(b) SHARE OPTIONS

Details of the tranches of share options outstanding at the period end are as follows:

	Number '000 30 June 2018	**WAEP* (Pence) 30 June 2018**	Number '000 30 June 2017	WAEP* (Pence) 30 June 2017	Number '000 31 December 2017	WAEP* (Pence) 31 December 2017
Outstanding as at 1 January	**75,123**	**8**	197,199	73	197	73
Granted during the year	**10,461**	**13**	66,400	2	96,400	6
Expired during the year	**–**	**–**	–	–	–	–
Forfeited during the period	**(2,363)**	**5**	(21)	75	(21,474)	2
Exercised during the year	**(1,750)**	**2**	–	–	–	–
Options outstanding as at 30 June	**81,471**	**9**	66,576	2	75,123	8
Exercisable at 30 June	**10**	**75**	176	73	123	72

* The weighted average outstanding life of vested share options is 6.7 years. The weighted average share price of outstanding options is 8.71p (2017 7.81p)

12. LOANS DUE OVER ONE YEAR

	30 June 2018 £	30 June 2017 £	31 December 2017 £
5 Year Secured Bonds	**(10,761,418)**	(9,416,280)	(10,529,751)
Other Loans	**(878,744)**	(829,359)	(882,610)
	(11,640,162)	(10,245,639)	(11,412,361)

	Balance as at 31 December 2017	Amortised finance charges less cash interest paid	Exchange Adjustments	**30 June 2018**
20 million 5 Year Secured Bonds	12,026,845	104,354	(45,427)	**12,085,772**
Other Loans	882,610	(3,866)	–	**878,744**
Loan Fees	(1,497,094)	172,740	–	**(1,324,354)**
Total	11,412,361	273,228	(45,427)	**11,640,162**

On 22 May 2017 the company announced that Nusakan Plc (formerly Greenbury S.a.) (Nusakan) had subscribed for five year non-amortising secured bonds with an aggregate issue value of €20 million (the Bonds). Alongside the Bonds, the company issued 169,402,469 warrants to subscribe for new ordinary shares in the company at an exercise price of 15.1875 pence per ordinary share and an exercise period of approximately five years concurrent with the term of the Bonds, to Nusakan (the "Warrants"). The Bonds are secured over the share capital of Echo Energy Limited. The Bonds have an 8% coupon and were issued at a 20% discount to par value.

A total cash fee of £1.7 million (€2 million) was payable by the company.

The warrants were recorded within equity at fair value on the date of issuance and the proceeds of the Bonds net of issue costs were recorded as non-current liability. The coupon rate of 8% for the Bonds ensures that the company's ongoing cash outflow on interest payments remains low, conserving the company's cash resources. The effective interest rate is approximately 21.55%.

The 5-year secured Bonds are due in May 2022.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

13. SUBSEQUENT EVENTS

Following the successful completion of the drilling campaign in the first half of the year, Echo announced, on 6 July, the mobilisation of a well testing/completion rig. The initial well tested was ELM-1004. During testing the operator found it challenging to completely isolate all the interpreted gas bearing zones from a deeper highly productive water bearing zone. Following the isolation of an 8 m interval at the top of the section, dry gas was successfully produced to surface via the rig de-gassing system, the operator is now evaluating options in support of an hydraulic stimulation to boost well production.

Testing of the CSo-2001(d) well determined that long term production from the adjacent Springhill formation had caused significant pressure depletion across the western flank of the field, and that the remaining gas in the underlying Tobifera will likely be insufficient to contribute economically to the Fracción D gas project. The rig subsequently moved to undertake a campaign of pulling jobs to reinstate oil production in three wells, and install a pump in CSo-80 following earlier workover activity. The company is working to finalise an optimal completion and test programme for the EMS-1001 well. Given the ongoing nature of the evaluation work being undertaken on Fracción C,D and LLC, in accordance with our accounting policy no indicators of impairment exist. All RNS statements relating to operational activity are available at www.echoenergyplc.com.

On 31 August Echo Energy plc announced the signing of a Letter of Intent to sign a new one year Technical Evaluation Agreement with Yacimientos Petroliferos Fiscales over the Rio Salado licence area, onshore Bolivia.

Martin Hull, the company's new Chief Financial Officer, joined on 1 August 2018.

Note

The assignment of Echo´s participation in the Fraccíon C,Fraccíon D, Laguna Los Capones and Tapi Aike licences is subject to the authorisation of the Executive Branch of Santa Cruz´s Province, which is part of the overall process of title transfer that is proceeding as anticipated.

SHAREHOLDER INFORMATION

DEALING INFORMATION

Country of incorporation
England & Wales (Registered Number 5483127)

MAIN COUNTRY OF OPERATION

Argentina

TRADING INFORMATION

Shares in Echo Energy plc are only traded on AIM, a market operated by the London Stock Exchange plc, and Echo Energy plc has not applied or agreed to have any of its securities admitted or traded to any other exchange or platform.

There are no restrictions on the transfer of ordinary shares.

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