



echo  
E N E R G Y

# Annual Report

FOR THE YEAR ENDED 31 DECEMBER 2018

# Echo Energy plc is an exploration-led onshore Latin America based energy company

Echo Energy has a bold growth strategy and the competence to rapidly deliver shareholder value from both the existing portfolio with Tapi Aike at its core, and new opportunities providing an exciting platform for growth.

Echo maintains its philosophy of equitable treatment and open communication with both private and institutional investors.

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# Key highlights



**\$8.8m**

Total sales – Argentina



**1,200km<sup>2</sup>**

3D seismic survey  
commissioned for Tapi Aike



**4**  
wells

**3**  
workovers

**4**  
pulling jobs

Across CDL licence



## Argentina

- Commenced the 3D seismic acquisition programme on the Tapi Aike licence (post balance sheet)
- Completed three well workover programme
  - One well suspended as gas producer following extended three week test programme
  - One well completed as an oil producer
- Drilled four exploration wells in the Fracción C,D and Laguna de Los Capones licence areas safely, on time and on or under budget
- Total production: 315,824 boe

## Bolivia

- 3D seismic re-processing and interpretation completed
- Building of structural model completed
- Signed Rio Salado TEA with YPF with one year evaluation period
- Signed continuing JEA with Pluspetrol over Huayco

## Corporate

- Successful acquisition and reverse takeover process, and capital raisings
- Martin Hull initially appointed as CFO, moving to managing director in December
- Strengthening of the Board via appointment of additional non-executive director Gavin Graham
- Cash balance as at 31 December 2018 of US \$15.6 million



“Having secured the world class Tapi Aike asset as part of an extensive acreage position in South America, Echo delivered on an ambitious work programme with four exploration wells drilled and three workovers completed safely and within budget. Ever cost-conscious, negotiations for the Tapi Aike seismic campaign translated into a significant discount, securing the acquisition of the full 1,200km<sup>2</sup> seismic commitment which will take us into the next stage of Echo’s development. 2019 looks very exciting as we work towards drilling Tapi Aike, evaluating Bolivia and continuing to maximise returns across the portfolio.”

Martin Hull, Managing Director



# Chairman's and Managing Director's Statement



**James Parsons**  
Non-Executive Chairman



**Martin Hull**  
Managing Director

The completion of the acquisition gave Echo a 50 per cent interest across four licenses: Tapi Aike, and Fracción C, Fracción D, and Laguna De Los Capones ("CDL"), with Echo providing its technical and operational expertise to assist in the ongoing exploration and development of these assets. Whilst activity on CDL has dominated 2018, the Company is now primarily focused on Tapi Aike as we complete the acquisition of seismic data and prepare for drilling.



The past twelve months have been incredibly busy for Echo Energy plc (the "Company") and its subsidiaries ("Echo" or the "Group") as it continues to execute against its Latin American growth strategy. Having secured the farm-in agreement with Compañía General de Combustibles S.A. ("CGC"), primarily aimed at securing the Tapi Aike exploration position, we find ourselves with a strong foothold within the Austral Basin in southern Argentina, a basin which is estimated to contain approximately 34 per cent of the country's natural gas reserves (Source: IAPG 2015).

## Argentina

### Tapi Aike

The Tapi Aike block remains one of the most exciting and underexplored licence blocks in the basin. The acreage has three previous interpreted historical gas discoveries, existing 2D seismic and partial 3D seismic. The block also benefits from the identification of three prospective independent gas exploration plays and one oil play. Echo has worked extensively with CGC to reprocess the pre-existing seismic data which in itself has provided a significant de-risked multi-Tcf exploration opportunity. The 3D seismic acquisition programme, with UGA Seismic S.A. ("UGA") commissioned to conduct a total of 1,200km<sup>2</sup> of new 3D seismic data across the Tapi Aike licence, is a key part of the Group's 2019 operational plan. UGA mobilised their seismic equipment to Tapi Aike in late 2018 and are in the process of shooting the new 3D seismic. We expect to have processed the results of this seismic data acquisition at the end of Q3 2019, following which, we anticipate the drilling window for the first of four wells to commence on the block from Q4 2019. Management estimates that each well will cost approximately US \$2-5 million net to Echo. A total of 41 leads were previously identified across the block from the vintage data, with each lead estimated to have gross prospective resources of 50-600 billion cubic feet ("Bcf") at best estimate level.

### CDL Licences

Following the three-well workover programme conducted in early 2018, in which one well was completed as a suspended gas producer and one well as an oil producer, Echo undertook further extensive well intervention activity on Fracción D in Q3 2018 with the aim of increasing oil production, and associated cashflows. These four pulling jobs (wells CSo-96, CSo-104, CSo-21, and CSo-80) have now been commissioned, with production, pumps and offtake having also been optimised. Production from these wells has contributed to a total average net production to the Group of 865 barrels of oil equivalent per day ("boe/d") for the year.



Following the results of these pulling jobs and associated production uplift, the team continues to evaluate additional candidates for well interventions and ways to upgrade our portfolio in Argentina.

The execution of a four-well exploration programme across the CDL licences was carried out on time and on budget without operational incident. Initial logging results of ELM-1004 saw gas shows across some 40 metres through the Upper Tobifera and gas peaks of over 195,000 parts per million ("ppm") with dry gas being successfully recovered to the surface. ELM-1004 was then suspended for further observation. As announced by the Company on 26 February 2019, the Company has been refining a stimulation design for ELM-1004, incorporating the results of the mechanical stimulation of EMS-1001, before being in a position to make a final decision on whether to proceed with the stimulation of ELM-1004. There are no immediate plans to further test ELM-1004.

The EMS-1001 well encountered gas shows over some 500 metres within the Tobifera. Post year-end, the Company has announced the completion of mechanical stimulation on EMS-1001. Unfortunately, the Company has concluded that the EMS-1001 location is not commercial and the well was shut-in.

The determination of precise net pay from wireline log analysis has proved complex in the Tobifera reservoirs, and although initial indications from the wells were encouraging, the disappointing test results have led the company to reassess the economic profile of the CDL asset. Echo has therefore written down the CDL reserves and impaired the entire value of these assets.

## Bolivia

Echo believes that Bolivia remains one of the few overlooked provinces in Latin America and one which has the potential to offer substantial high-reward investment opportunities. In October 2018, Echo signed a one year Technical Evaluation Agreement ("TEA") with Yacimientos Petroliferos Fiscales Bolivianos ("YPFB")

on the Rio Salado block, which lies around the Pluspetrol Bolivia Corporation S.A. ("Pluspetrol") operated Huayco block where Echo has a Joint Evaluation Agreement ("JEA"). Following a work programme including, the interpretation and integration of 2D seismic spanning both the Rio Salado and Huayco blocks, Echo will have the right to negotiate a contract with YPFB covering the Rio Salado block should we elect to do so.

We are also delighted to extend our JEA with Pluspetrol over the Huayco block which provides additional time for further analysis and interpretation on the block, following the reprocessing of 250 km<sup>2</sup> of 3D seismic data in 2018.

## Corporate

2018 has seen management changes including the appointment of Martin Hull as managing director and chief financial officer ("CFO") of the Company following Fiona MacAulay's transition to a non-executive role at the Company.

We exited the year with a cash balance of US \$15.6 million enabling us to fund the Tapi Aike seismic acquisition programme.

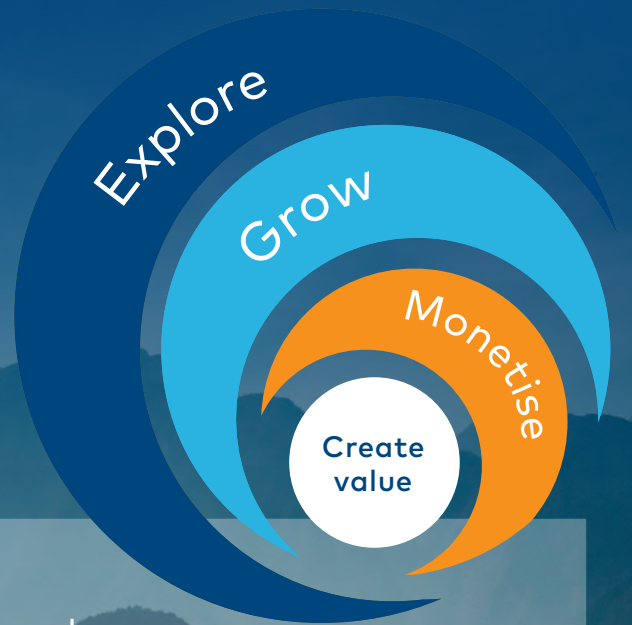
Finally, the board of directors (the "Board") continues to evaluate potential M&A opportunities within the Latin American region as we look to expand on our already strong portfolio. We will update our shareholders with our progress in due course.

**James Parsons**  
Non-Executive Chairman

**Martin Hull**  
Managing Director and  
CFO



# Business Model



## Key Resources

- Highly experienced team with proven track record
- Portfolio of licences in Latin America
- Active business development focus
- Seismic campaign in progress
- Leading regional partners



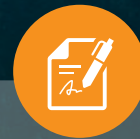
## Explore

Echo remains exploration-led, committed to targeting acreage positions that have the capacity to deliver substantial portfolio value through the exploration cycle, initiating appraisal drilling campaigns that will provide the opportunity to significantly increase our reserve and resources base.



## Grow

We have demonstrated our origination and deal-making capability and continue to seek new corporate and asset acquisition opportunities which further strengthen our position and open new high-impact exploration opportunities. Echo looks to add value to our existing assets e.g. by optimising contractual seismic acquisition deals, drilling exploration wells and/or initiating & completing workovers.



## Monetise

Applying carefully crafted commercial agreements at strategically correct points in time to ensure that the value of the portfolio is maximised to the benefit of the shareholders. Our team is experienced and set up to execute such deals.



## How we create value

We have an exploration and development focused agenda and operate in proven hydrocarbon basins that benefit from existing infrastructure which enables us to create value through an active operational programme whilst simultaneously building the business through further acquisitions. The exploration bias means we create value by capturing high quality exploration acreage at an early stage and at lower cost, generating high-grade prospects while operating with a cost-effective focus to maximise the risk reward profile of the business while actively pursuing merger and acquisition opportunities.



# Strategy and KPIs

The Key Performance Indicators (“KPIs”) are how we measure the performance of our board of directors, executive team and staff against the strategic objectives of the business.

Following the successful completion of acquisitions in 2018 and identifying operational targets, Echo recategorised its strategic objectives into the five areas detailed below: Growth, Asset Performance, Safety & Environment, Funding and Corporate. How the Board has delivered against these new metrics is evidenced in the Performance column below.

## 2018 KPIs

### 1. Growth

	Measure	Performance
Secure position in Bolivia.	Formalise relationships in country.	TEA for the Rio Salado block, onshore Bolivia signed 12 October 2018. Extension to the JEA with Pluspetrol for the Huayco block amended to reflect the additional 12 months evaluation period for Rio Salado.
Diversify asset base with further asset or corporate acquisitions to build on the existing Argentinian position.	Develop opportunity pipeline and inventory.	The Board continues to evaluate potential M&A opportunities within the Latin American region as we look to expand on our already strong portfolio in Argentina and Bolivia.



### 2. Asset Performance

	Measure	Performance
Deliver a successful exploration and appraisal programme on the Eastern Austral assets.	Execute exploration programme across CDL.	Four exploration wells were successfully drilled without incident and within time and budget. A three-well workover plan in Fracción D was executed with one successful gas well, one oil well and one water wet well.
Identify high-grade prospects and schedule Tapi Aike drilling programme.	Prospect inventory.	A full 3D seismic programme has been tendered, awarded and the equipment mobilised to commence a 1,200 km <sup>2</sup> acquisition programme.



### 3. Safety and Environment

	Measure	Performance
Establish high quality safety, reporting and performance.	Policy and reporting systems.	Systems for Health, Safety and Environment (“HSE”) reporting and review of Operator HSE systems have been implemented and an HSE policy developed and adopted.





## 4. Funding

	Measure	Performance
Fund the subsequent development of the Eastern Austral assets, new business ventures and continue exploration programme.	Funds raised.	Additional funds were raised to finance the exploration programmes. A total of US \$19.3 million of equity was raised during the year.
Explore opportunities to monetise assets following success.	Achieve production from existing asset base.	Four pulling jobs (wells CSo-96, CSo-104, CSo-21, and CSo-80) were successfully commissioned and production from these wells has contributed to a total average net production to the Company.



## 5. Corporate

	Measure	Performance
Maintain transparent relationship with investors.	Regular investor engagement.	Multiple investor events were organised throughout the year in different geographical locations. Regular web-based investor forums were held and direct investor enquiries are always answered.



### 2019 KPIs

The 2019 performance of the business and its staff will be measured across both financial and operational functions and is captured in a corporate scorecard. The scorecard is made up of various KPIs and is tracked throughout the year. The Board's and executives' performance is judged on the delivery of the desired outcomes and a summary of these targets is listed below:

- Identify high-grade Tapi Aike prospects and schedule drilling programme;
- Mature the Bolivian opportunities;
- Diversify asset base with further asset or corporate acquisitions to build on the existing portfolio position;

- Fund subsequent development of new business ventures and continued explorations projects; and
- Explore opportunities to monetise assets where appropriate or following success.

General corporate and operational objectives include HSE, cost control, staff diversity, sustainability and investor support.

# Latin American Opportunities



Echo continues to see great opportunities in Latin America; a region rich in resources and undergoing positive development in macro conditions. A strong demand outlook for energy consumption and economic growth coupled with underdeveloped - but lower cost - onshore plays, makes Latin America a favourable region for Echo to deploy its expertise in support of an exploration-led growth strategy.

## Underexplored low-cost onshore potential

The Latin American region as a whole has proven gas reserves of 290 Tcf (4% of world reserves) and oil reserves of 330 billion barrels - 20% of world reserves (Source: BP Statistical Review 2018). However, excluding the politically volatile and isolated region of Venezuela, the region has proven reserves of 65 Tcf of gas and 27 billion barrels of oil. This reserve base is growing due to exploration activity in the region, however this is predominantly expensive offshore activity. Echo believes this offers onshore, relatively low-cost, underexplored opportunities.

## A tight consumption vs production balance

Underpinning the case for further exploration is the fact that gas consumption in Latin America has doubled in the last 20 years, increasing on average 3.5% p.a. (Source: BP Statistical Review 2018). Consumption is expected to increase by a further 40% by 2030 (2.6% p.a.). Hence to meet the increase there is a strong need for reserves replacement via exploration. Production in recent years has barely been able to cover demand creating a tight consumption vs production balance. This has resulted in pipeline imports and LNG imports being required to meet demand in certain countries, achieving attractive prices (Source: YPFB). Due to the market tightness, LNG becomes the marginal cost of gas for several countries, making local production more attractive given the higher prices that can be obtained to substitute the LNG e.g. Bolivia achieving between 5.15-6.24 US \$/mmbtu for gas exports to Argentina and Brazil (Source: YPFB). Bolivia has unsurprisingly committed to increase its gas export to Brazil and Argentina in the future to exploit the opportunity, but it needs companies like Echo to deliver the value creation from exploration.

### Gas Trade Movements Bcf (2017)

- Pipeline delivery
- LNG delivery

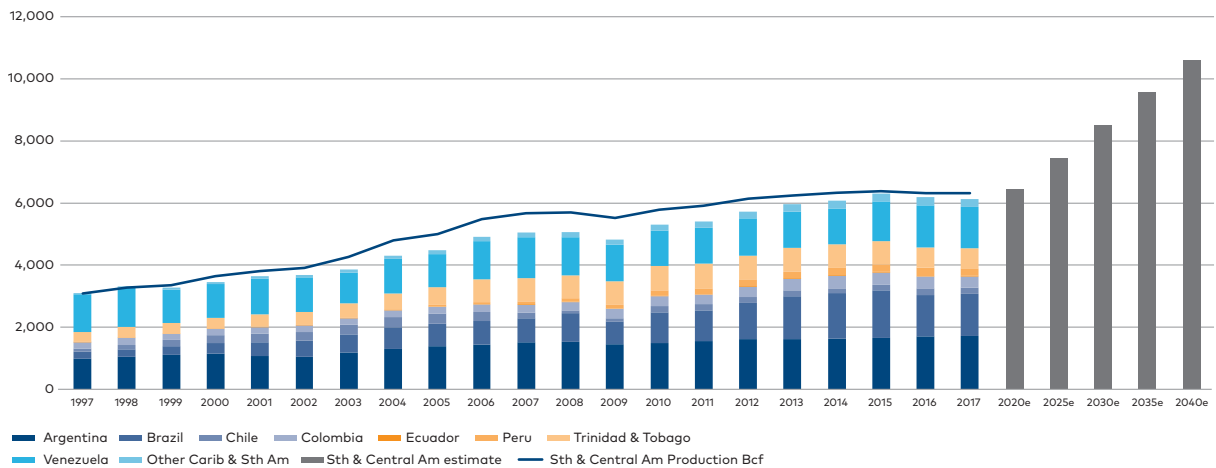


## Favourable economic and political environment

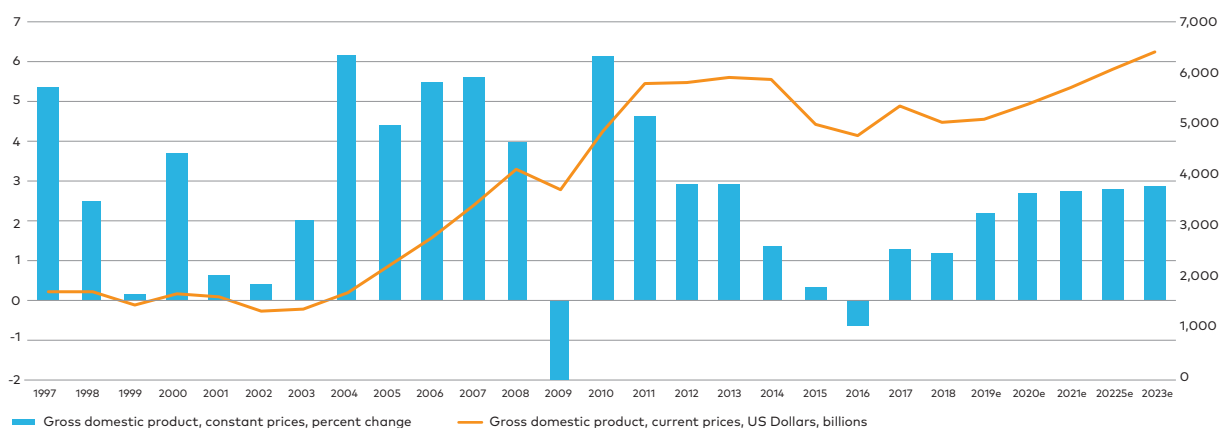
New business-friendly governments have been elected in recent years which are helping push up GDP growth forecasts to reach 5% p.a. for the region up to 2023 (Source: IMF – WEO 2018) which creates the foundation for the expected growth in gas demand, as there has been a direct positive correlation between GDP growth and energy demands. Economic challenges remain in Argentina in particular, however this offers potential opportunities for specialist companies like Echo. Furthermore, acreage has been made available to private companies from the traditional national oil companies and more regular bid rounds are being undertaken. Active deal flow across the region has occurred as a consequence and this presents additional opportunities for Echo for non-organic growth.



## Gas Consumption vs Production in Latin America (Bcf)



## Latin American GDP Growth and % Change



# Portfolio

On completion of the deal in Argentina, Echo became a leading regional E&P company with a focus on high impact exploration.

The data provided here is based on the Gaffney, Cline & Associates Competent Person's Report ("CPR") dated 31st August 2017. Contingent and prospective resources have been adjusted by the Company for the workover and drilling activity in 2018 in both Fracción C and D in the east of the basin.

Tapi Aike provides the significant growth potential available in the west of the basin, as shown by the graph of Net Prospective Resources. The Company intends to mature the portfolio for drilling. This is the focus for 2019, following the permitting and seismic survey design and tender that took place during 2018. The plays in Tapi Aike are geologically younger than those of Fracción C & D.

The petroleum reserves and resources are classified in accordance with the 2007 SPE/WPC/AAPG/SPEE\* Petroleum Resource management system. The Company has not commissioned a further CPR since the readmission document, nor has the operator CGC as there is no requirement for them to do so as a private company.

\* AAPG: American Association of Petroleum Geologists  
 SPE: Society of Petroleum Engineers  
 SPEE: Society of Petroleum Evaluation Engineers  
 WPC: World Petroleum Council

\*\* Tcfe: Trillion barrels of oil equivalent  
 Bcfe: Billion barrels of oil equivalent  
 Mmboe: million barrels of oil equivalent

## Net Contingent Resources (Oil & Gas)

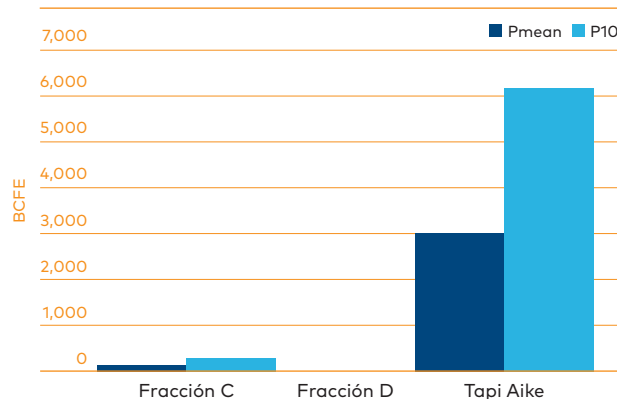
Contingent Resources (Oil and Gas)				
Licence	BCFE		MMBOE	
	2C (Best)	3C (High)	2C (Best)	3C (High)
Fracción C	21.4	35.0	3.8	6.2
Fracción D	14.3	43.3	2.5	7.7
<b>Total</b>	<b>35.7</b>	<b>78.3</b>	<b>6.3</b>	<b>13.9</b>

## Net Prospective Resources (Oil & Gas)

Prospective Resources (Oil and Gas)				
Licence	BCFE		MMBOE	
	Pmean	P10	Pmean	P10
Fracción C	145.8	292.7	26.0	52.2
Fracción D	13.0	28.3	2.3	5.1
Tapi Aike	3,027.1	6,218.6	539.2	1,107.7
<b>Total</b>	<b>3,185.8</b>	<b>6,539.5</b>	<b>567.5</b>	<b>1,164.9</b>

## Resource Overview

### Net Prospective Resources





11 Tcf

Pmean Prospective GIIP (gross)\* Tape Aike

22.5 Tcf – High (P10) Prospective GIIP (gross)\* Tape Aike

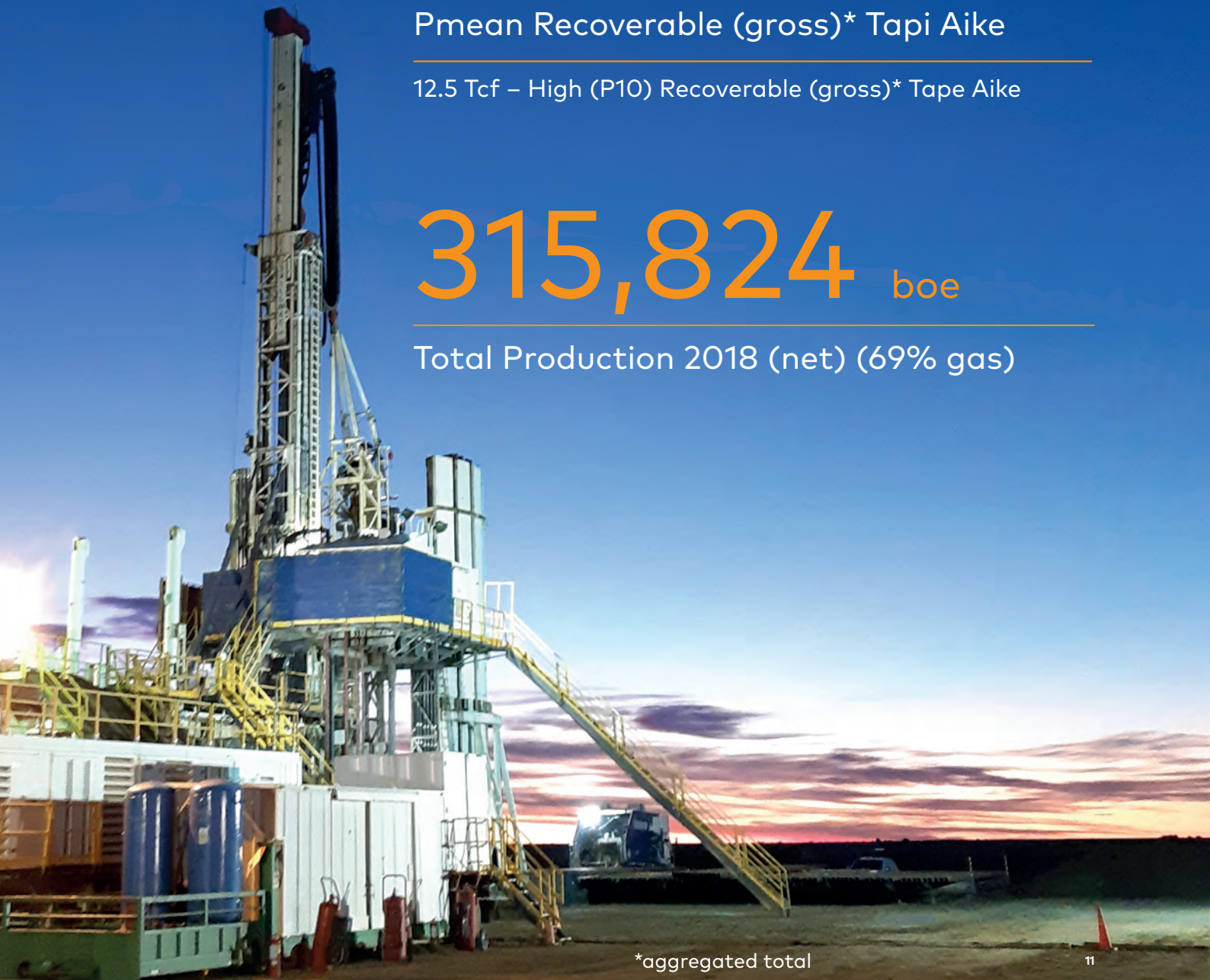
6 Tcf

Pmean Recoverable (gross)\* Tapi Aike

12.5 Tcf – High (P10) Recoverable (gross)\* Tape Aike

315,824 boe

Total Production 2018 (net) (69% gas)



# Operational Review

Having identified great opportunities in 2017, in 2018 Echo completed the acquisition of assets, kick-started operations in Latin America, and completed the planned work programme safely and efficiently.



## Echo Argentina Awakes

For Echo, 2018 was the year where operations associated with the newly acquired onshore Argentinian acreage ramped up with four wells drilled – three completed and tested – plus three gas exploration workovers and four pulling jobs undertaken. At year end mobilisation of the seismic crew for a 1,200 km<sup>2</sup> 3D acquisition on Tapi Aike had commenced.

With the closing in January 2018 of the transformational transaction pursuant to which Echo acquired a 50% interest in each of the Fracción C, Fracción D, and Laguna de los Capones and Tapi Aike licences, attention with operator CGC quickly focused on executing the contracted work programme safely and efficiently. The drilling and workover programmes were designed to test the running room in the CDL licences for the Springhill reservoir, a conventional sandstone reservoir, and the Tobifera, a complex volcanoclastic reservoir with what could have had basin opening potential.

For 2018, our initial attention in Q2 was on investigating potential gas resources on a mature CDL oil field, Cañadón Salto, through up dip gas recompletions of three existing oil wells and a new Tobifera well. Between these two Cañadón Salto activities, three wells were drilled in Fracción C to explore for oil and gas in the Tobifera to test that running room and basin opening potential. Then, in the second half of the year, the Group took the opportunity to evaluate field rehabilitation opportunities on the mature Cañadón Salto field, where decades of oil, water and gas production have left some considerable uncertainty in the current distribution of fluids in the reservoir.

Following a short planning period, workover activity on Cañadón Salto commenced on three back-to-back workovers on existing wells, with the first well CSo-85, successfully finding and then testing gas at a maximum rate of 2.5 million standard cubic feet per day ("mmscf/d") in the east of the field. A second workover on CSo-80 in the central crest of the former oil field produced oil. During the field rehabilitation pulling jobs in August/September 2018, this well was put on production through the existing production facilities, with a maximum rate of 53 barrels per day ("bbl/d").

Following the workover campaign, Echo identified gas resources in the eastern flank of Cañadón Salto, and has engaged with operator CGC to fully define the extent of those resources and prepare gas development concepts. This work remains ongoing.



At the start of the year, Echo reviewed and high graded the prospect portfolio on the CDL acreage, choosing four exploration prospects to target on robust four-way closed structures to test the basin running room.

The results of the well campaign were disappointing and indicated that the running room for the Tobifera in CDL was less than we initially expected.

The first well to spud was ELM-1004 in May 2018, which tested a Tobifera gas closure in the north of Fracción C. This was followed by ELA-1 at the end of May which targeted both Springhill and Tobifera gas in the south west of the Laguna de Los Capones asset. The third well EMS-1001 was located in the southern area of the Fracción C licence and targeted both the Springhill and Tobifera levels for an oil play. The final well in the four-well back-to-back campaign was CSo-2001(d) in the Group's Fracción D asset and spudded in July. The well was targeting gas in a Tobifera high identified on 2D data in the west of Fracción D.

Also in July, following the drilling campaign, a completion rig arrived to assess the productive potential of the interpreted hydrocarbons in two of the exploration wells, ELM-1004 and CSo-2001(d).

ELM-1004 was tested across three separate intervals in the upper Tobifera, with the shallowest 8m interval producing gas to surface through the rig degassing system, but at a rate insufficient for sustained production. The well was suspended for further study and a potential mechanical stimulation remains under consideration but has high operational risk of penetrating water-bearing horizons.

Well CSo-2001(d) was then completed and tested in the upper Tobifera, however, disappointingly, decades of incidental gas production from the adjacent Cañadón Salto Springhill oil field appears to have also drained the Tobifera reservoir at this location, and any remaining gas was assessed as unlikely to be commercial.

With the completion rig already in the Cañadón Salto field, a decision was made to assess the rehabilitation potential of the mature oil field located in the Springhill reservoir through the reinstallation of downhole and surface pumping equipment on three wells, plus the installation of similar pumping equipment on CSo-80, which had produced oil in our search for gas.

Together, these interventions were reported to have added an additional 115 barrels of oil per day ("bopd"), with wells still oiling-in. Echo is examining the potential for further phases of oil well rehabilitation and this work remains ongoing.

Due to the challenging nature of the volcanoclastic Tobifera interpreted in EMS-1001 arising from the complex mineralogy, studies continued to support a mechanical stimulation. A completion and inflow test were carried out in September 2018. These tests were to assess two high-graded intervals believed to be representative of the Tobifera encountered in the well. Under the initial inflow test, the two separate perforation intervals were confirmed suitable for mechanical stimulation and the well was then scheduled to be mechanically stimulated in December 2018. However the equipment necessary to conduct an effective stimulation became unserviceable and the activity was delayed into January 2019.

The well was mechanically stimulated through a 4m perforated interval in the Tobifera formation between 1,892m and 1,896m. Following clean-up operations using coiled tubing, EMS-1001 produced a mixture of pumped stimulation fluid and formation water at an average rate of 465 bbl/d while being artificially lifted using swabbing. Unfortunately no hydrocarbons were recovered from the well which suggests that the interpreted hydrocarbons present in the section from wireline logs are not mobile. This result demonstrated the complex nature of the volcanoclastic Tobifera reservoir, which has adversely impacted the running room in the CDL licences.

At Tapi Aike, the seismic survey for 1,200km<sup>2</sup> in two cubes in the east and the west of the licence was awarded to UGA. By year-end equipment had already begun to mobilise to Tapi Aike in readiness for acquisition to commence in January 2019. Tapi Aike provides significant growth potential available in the west of the basin, which the Company intends to mature. This will be the focus for 2019, following the permitting and seismic survey design and tender that took place during this period.



# Corporate and Social Responsibility

As a corporate citizen operating across Latin America and in the UK, we have responsibility for conducting a business that brings positive impact, drives progress and respects the resources on which our future depends.

## Working in harmony with our stakeholders

Echo seeks to manage and maintain positive and respectful relationships with our stakeholders. To meet these objectives, Echo aims to:

- protect the health, safety and wellbeing of our staff, contractors and the local communities our operations impact upon;
- manage and maintain positive and respectful relationships with the communities with which we conduct business and in which we operate;
- maintain a high standard of care for the natural environment and adopt appropriate environment management systems on our contract areas; and
- reduce our environmental footprint by efficient use of resources, management of water and energy consumption and management of waste and emissions.

## Local communities

Echo is proud to continue its work with the charity Children of Latin America which is a UK-based charity dedicated to improving the lives of children in some of the poorest areas in Latin America. During 2018 we supported the charity including attending and contributing to the annual fundraiser that took place in London and we continue to look for projects in country where we can contribute more fully.

## Diversity and inclusion

We at Echo are proud to embrace a culture of inclusivity across our offices. We are an equal opportunities employer and have a stated policy as part of our Code of Conduct to deal fairly and equitably with all of our employees in the workplace. We remain dedicated to encouraging inclusion and diversity at all levels of the business, acknowledging that a more diverse workforce, with the right mix of skills, experience, culture, ethnicity, nationality, gender

and knowledge, can make a valuable contribution to the Company. We have a commitment to extend equal employment opportunities to all, irrespective of race, colour, gender, sexual orientation, religion or belief, age, nationality, ethnicity, marital or civil partnership status, pregnancy and maternity, or disability.

Echo strives to maintain high levels of ethical and business practices at all times and has implemented clearly defined policies to assist employees with such issues. These include a group-wide code of ethics, a whistleblowing process to anonymously report inappropriate behaviour, and an anti-bribery and corruption process. In addition the Group not only provides direct support to employees, should they have any issues or concerns, by way of appropriate HR functions but also offers external training should it be deemed necessary.





40% Female workforce



Reducing our environmental footprint



Maintaining positive relationships with our communities





# Managing Risks

Echo is dedicated to managing the risks of the business in a structured manner. Our internal risk management system has five key steps in dealing with risks.

The five key steps in dealing with risk are:



Identified risks and mitigation options are summarised in the risk management table which provides a continual reference point for operations and review.

## Risk Management Table

Risk	Description	Mitigation	Assessment of Risk Level
<b>Operational Risk</b>			
Operational incidents	Our operations carry risks of health, safety and environmental incidents. Operations are not executed as planned resulting in cost overruns. Litigation exposure. Reputational damage.	High HSE ethic with plans and procedures in place to deliver the operation with maximum safety. Ensuring staff are competent and appropriately trained. Appropriate insurance.	
3D seismic operations	During the seismic collection at Tapi Aike risks are present that can cause cost overruns, delays, complications etc. Examples could be: non-productive time (from weather or equipment issues), labour force issues, contractor default etc.	Support CGC in monitoring and managing the operational phase of the seismic shoot.	
Unsuccessful exploration (Tapi Aike)	Prospect assumptions not valid and no hydrocarbons encountered. Equipment failure / lack of maintenance – causing cost overruns. HSE incidents.	Carry out peer reviews of all operations with the partners. Use our gating process to ensure technical, financial, and where necessary, Board approvals are acquired. HSE plans and procedures in place to deliver operations with maximum safety.	
Delayed drilling of the well (Tapi Aike)	Slow progress and/or poor quality decisions by the operator on processing, interpretation, geological modelling, well planning, completion and well evaluation. Delay in obtaining the necessary drilling permits. Issues with landowners.	Work carefully with the operator to ensure that the workflow leading up to a well is carried out on time and to high standards with proper analysis of the available data. Support the operator in securing the relevant permits. Support the operator in the dealings with landowners to find credible solutions.	
Reservoir risk	Reservoirs do not perform as expected and do not provide an adequate return on investment.	Monitor all current and future production carefully tracking performance. Establish new sources of production through exploration drilling and business development to diversify risk.	

Risk	Description	Mitigation	Assessment of Risk Level
<b>Strategic Risk</b>			
Political instability	<p>Fiscal and political pressure in either the UK and Latin America could result in changes to the investment landscape, delaying projects and changing the potential value associated with the assets.</p> <p>Argentina and Bolivia have a history of expropriation.</p>	<p>Work with our local partners to manage any situation that may arise and build strong relationships with governments and local authorities.</p> <p>Assess the political climate on a regular basis to ensure the best possible awareness when making investment decisions.</p>	
Breach of Bribery Act	<p>The Company, its contractors or partners, breach the UK Bribery Act leading to prosecution and reputational damage.</p>	<p>Maintain and continuously improve the Company anti-bribery policy, and risk assessment procedure and ensure that all staff are suitably trained.</p> <p>All vendors and contractors will be risk assessed and all contracts awarded will have strict requirements to adhere to the policy.</p>	
Macroeconomic uncertainty	<p>Relates to the movement in macroeconomic parameters e.g. foreign exchange ("FX") rates, interest rates and inflation.</p>	<p>Management of the Company's cash position and FX exposure.</p> <p>Treasury policy developed with CGC for the treatment of JV cash in Argentina.</p>	
Loss of key personnel	<p>Can happen through resignation, illness, injury, kidnapping or death.</p> <p>Valuable knowledge and relationships could be lost.</p> <p>Can result in a lack of leadership and direction.</p>	<p>Knowledge sharing across disciplines to minimise impact of lost capacity.</p> <p>Travel policy in place to ensure safe business travel activity.</p> <p>Adequate remuneration to ensure staff retention.</p>	
Portfolio diversification	<p>Echo currently consists of a concentrated asset portfolio in two jurisdictions.</p>	<p>Active process to evaluate new business opportunities in Latin America to secure additional asset beyond existing jurisdictions.</p>	
Argentina company registration	<p>The Government of Santa Cruz does not assign the title of CDL and Tapi Aike to Echo.</p>	<p>Through our local lawyers and CGC continue to support the local authorities ahead of the final approval.</p>	
<b>Financial Risk</b>			
Insufficient funding	<p>There are insufficient funds for the Company to meet its financial obligations or carry out new capital investment opportunities.</p> <p>Echo is dependent on the availability of external finance to fund the development of new discoveries.</p> <p>Cost overruns on the exploration work programme and/or delay in payments from sales of existing hydrocarbon production.</p>	<p>Raise capital when appropriate in order to fund the development of new discoveries or further new business opportunities.</p> <p>Control finances through annual budgeting and variance analysis.</p> <p>Negotiate and manage commercial contracts that provide certainty and allow for flexibility if required.</p> <p>Delay capital expenditure and other discretionary spending.</p>	

# Financial Review



**Martin Hull**  
Managing Director

Echo engaged in an extremely busy operational programme for the year ended 31 December 2018. Activity was enabled by the recapitalised balance sheet and the Group exited the year retaining funding for the near-term Tapi Aike seismic acquisition programme.



In its first year as a non-operating producer Echo recognised US \$8.8 million of revenue with crude oil inventories at year-end of US \$0.7 million, giving a value produced to year end of US \$9.5million. The Group realised a positive gross margin on operations of US \$0.6 million. Disappointing drilling results have led to an impairment charge of US \$15.2 million and this has led to Group loss before tax of US \$24.4 million. The working capital profile of the Group has changed reflecting its status as a non-operating producer but we exit the year with a cash balance of US \$15.6 million, funding us through Tapi Aike seismic acquisition. This is our first set of financial statements in US Dollars.

## Income Statement

The revenue of US \$8.8 million was composed of US \$5.2 million in oil sales and US \$3.6 million in gas sales realised.

- Average net oil price realised for the period was US \$63.72/bbl.
- Gas sales were 24.6 million m<sup>3</sup> with average realised price being US \$3.99/mmbtu.
- Cost of sales of US \$8.2 million include indirect allocations of US \$1.1 million, Argentine royalty payments of US \$1.4 million and depletion costs of US \$0.2 million. Direct operational costs of US \$5.9 million were significantly below budget due to continued focus on driving down costs. These were also reduced by the effect of the devaluation of the Argentine Peso.
- Value of stock of crude oil US \$0.7 million was based on a discounted Brent price.
- Exploration expenses of US \$0.8 million included US \$0.4 million technical advisor costs largely relating to on-going activity in Bolivia. Echo's interests in Bolivia are all pre-licence so no costs relating to Bolivia have been capitalised. Residual costs are time and attendance allocations from the Group to pre-licence and business development activities.
- Gross administration expense was lower than in 2017 even though the team had grown slightly to support operational activity. This reflects management's continued focus on cost control within the Group. Changes to the executive team in late 2018, and post balance sheet in early 2019, reduce our gross administrative spend going forward. In order to more accurately assign costs, the Group commenced cost allocation to assets and exploration activities with a net allocation of US \$1.6 million to operating costs and balance



sheet assets. Professional advisor fees relating to the asset acquisitions were largely accrued in 2017 however project specific costs in the year were US \$0.9 million. Administration costs included the non-cash cost of options of US \$0.7 million.

- Financial income is generated largely from treasury placings, the movement of the Euro denominated debt against the US Dollar and offset by devaluation of Peso tax balances.
- Finance costs are composed of an actual cash cost of US \$2.0 million with the amortisation of debt fees, the unwinding of the discount on the debt issue and the accretion of right of use assets bringing finance fees to US \$4.0 million.

As Echo seeks to find success through the drill bit, exploration costs in the year have led to a loss from continuing operations of US \$24.4 million in the year.

## Balance Sheet

### Financing

Echo began the year with the acquisition of the Fracción C, Fracción D and Laguna De Los Capones concessions as well as the Tapi Aike exploration permit in Argentina. The Company raised £6.4 million, before expenses through the placing of 36,391,412 placing shares at 17.5 pence per placing share (£4.7 million net of total estimated costs and expenses relating to both the placing and admission). On the 25th of May 2018 Echo announced a placing and subscription to raise £8.5 million, before expenses, through the issue of 71,185,447 new ordinary shares in the Company at a placing price of 12.0 pence per ordinary share. Placing funds were used to fund operational activity in Argentina.

### CDL Licences

Costs capitalised to CDL consist of acquisition costs together with the costs relating to the 2018 drilling campaign. During the course of 2018 subsidiary Eco Energy CDL Op Ltd, through its operating partner CGC, had a full programme of operational activity which commenced with workovers on three wells in the Cañadón Salto area. The joint venture proceeded to drill four wells and test three, with a mechanical stimulation of the EMS-1001 occurring post year end. Additional pulling jobs were carried out in Cañadón Salto area at working interest cost to Echo in the later part of the year. Although all the activities were a success from an operational and HSE point of view, no commercial reserves were added, accordingly Echo have taken the decision to fully impair the value of the CDL assets as at 31 December of US \$15.2 million.

### Tapi Aike Licence

Upon acquisition of the Tapi Aike licence Echo agreed to carry CGC for 15% of the work programme costs during the initial three year period. Through its partner CGC, Echo has conducted a robust tender exercise resulting in the signature of a contract with UGA for the acquisition of a total of 1,200 km<sup>2</sup> 3D seismic across the Group's asset. UGA mobilised to Tapi Aike in December 2018, and the acquisition programme began in early 2019. Echo have committed to spend US \$7.9 million on the acquisition of seismic data over the Tapi Aike permit.

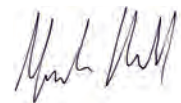
### Working Capital

The year on year change in the working capital profile of Echo reflects the move to producing activities, the Company has increased inventory, increasing to US \$0.8 million at the year end. The high level of receivables include US \$2 million (US \$1.7 million ex VAT) in prepayments to our seismic contractor in Argentina. Trade receivables and accrued income from operations are US \$1.1 million with advance to the joint account on operations of US \$0.7 million. Echo's high level of investment in the period has built-up a VAT and retention tax balance of US \$2.8 million.

The current Argentine VAT regime is such that VAT is only recoverable against revenue streams. Argentine legislation to align the treatment of VAT recoverability to international practise is awaiting the enactment of a statutory instrument, once in force this should unlock Echo's VAT position. The trade payables value at year end 2017 was high reflecting the level of accrued costs relating to the acquisition activities that occurred at the beginning of 2018, our current balance recognises our share of the payables of the Argentine joint venture of US \$1.2 million.

Whilst the directors remain acutely cost conscious and value focused, the Group recognises that in order to pursue organic and inorganic growth opportunities and fund on-going operations it will require additional funding, this may be sourced through debt finance, joint venture equity or share issues. The cash balance of US \$15.6 million will be used to fund the Tapi Aike seismic acquisition programme, progress towards drilling and our other working capital requirements.

The Strategic Report is signed on behalf of the Board by:



**Martin Hull**  
Managing Director  
1 May 2019

# Corporate Governance Statement



**James Parsons**  
Non-Executive Chairman

Strong corporate governance is a key building block that allows an organisation to be successful.

## Chairman's Corporate Governance Statement

### Dear Shareholder

As Chairman of the Company, I firmly believe that strong corporate governance enables an organisation to grow successfully. The Board is committed to good governance across the business, at an executive level and throughout its operations.

In 2018 the Company, following the requirement by AIM that all AIM companies should comply with a recognised corporate governance code, took the decision to adopt the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") which is believed to be the most appropriate recognised governance code for the Company.

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. The Board and employees across the business work to ensure that these principles are adhered to as much as the Company is able. Both within the annual report and accounts and on the corporate website, stakeholders can see how the Company complies with these principles.

The Board not only sets expectations for the business but also works towards ensuring that strong values are set and carried out by the directors across the business. A strong corporate culture is paramount to the success of a business. The Board strives to ensure that the objectives of the business, the principles and risks are underpinned by values of good governance that are fed down throughout the organisation.

The importance of engaging with our shareholders underpins the essence of the business, ensuring that there are numerous opportunities for investors to engage with both the Board and executive team.

**James Parsons**  
Non-Executive Chairman



## The Principles of the QCA Code

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. The table below sets out the principles and how the Company applies them:

QCA Code Principle	Disclosure
1	<p>Explain the company's business model and strategy, including key challenges in their execution (and how those will be addressed).</p> <p>See pages 5 to 7 of the Annual Report</p>
2.	<p>Seek to understand and meet shareholder needs and expectations. Explain the ways in which the company seeks to engage with shareholders.</p> <p>See website disclosures: Principle Two AIM Rule 26</p>
3.	<p>Take into account wider stakeholder and social responsibilities and their implications for long term success. Explain how the business model identified the key resources and relationships on which the business relies. Explain how the company obtains feedback from stakeholders.</p> <p>See website disclosures: Principle Three AIM Rule 26</p>
4.	<p>Describe how the board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.</p> <p>See pages 16 to 17 of the Annual Report</p>
5.	<p>Maintain the board as a well functioning, balanced team led by the chair.</p>
	<p>Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.</p> <p>Gavin Graham, James Parsons and Stephen Whyte are considered to be independent.</p>
	<p>Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors).</p> <p>The managing director is expected to devote substantially the whole of his time to the duties with the Company. The non-executives have a lesser time commitment. It is anticipated that each of the non-executives, including the chairman will dedicate 12 days a year.</p>
	<p>Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director.</p> <p>See page 25 of the Annual Report</p>
6.	<p>Identify each director.</p> <p>See page 28 of the Annual Report</p>
	<p>Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long-term.</p> <p>See page 23 of the Annual Report</p>
	<p>Explain how each director keeps his/her skillset up-to-date.</p> <p>See page 23 of the Annual Report</p>
	<p>Where the board or any committee has sought external advice on a significant matter, this must be described and explained.</p> <p>No such advice was sought in 2018.</p>
	<p>Where external advisers to the board or any of its committees have been engaged, explain their role.</p> <p>See page 23 of the Annual Report</p>



## Corporate Governance Statement continued

QCA Code Principle	Disclosure	
6.	Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board.	The company secretary helps keep the Board up to date on areas of new governance and liaises with the NOMAD on areas of AIM requirements. The company secretary has frequent communication with both the chairman and managing director and is available to other members of the Board as and when required.
7.	Include a high-level explanation of the board performance effectiveness process.	See page 24 of the Annual Report
	Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed.	No such evaluation took place in 2018.
8.	Include in the chair's corporate governance statement how the culture is consistent with the company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.	See page 20 of the Annual Report See website disclosures Principle Eight AIM Rule 26
9.	Maintain governance structures and processes that are fit for purpose and support good decision making by the board. Roles and responsibilities of the Chair, CEO and other directors with commitments. Describe the roles of the Committees.	See website disclosures: Principle Nine AIM Rule 26 See pages 24 to 25 of the Annual Report
10.	Communicate how the company is governed.	
	Describe the work of any board committees undertaken during the year.	See pages 24 to 25 of the Annual Report
	Include an audit committee report (or equivalent report if such committee is not in place).	See page 24 of the Annual Report
	Include a remuneration committee report (or equivalent report if such committee is not in place).	See page 25 of the Annual Report
	If the company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained.	N/A



## The Board

The Board comprises of the non-executive chairman, four non-executive directors and a managing director. The Company announced on 11 December 2018 that Martin Hull had been appointed as the managing director with immediate effect and that Fiona MacAulay would be stepping down as chief executive officer ("CEO") as at 31 December 2018. Mr Hull, previously CFO of the Company, is being actively supported in his role by James Parsons, non-executive chairman, and by Ms MacAulay for a transitional period until 31 March 2019.

The managing director has a strong executive team to offer the support required to fulfil the demands of the business and to deliver the strategy to stakeholders.

The Board has significant industry, financial, public markets and governance experience, possessing the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long-term.

The role of the chairman and managing director are split in accordance with best practice. The chairman has the responsibility of ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives. The managing director leads the business and the executive team ensuring that strategic and commercial objectives are met. The managing director is accountable to the Board for the operational and financial performance of the business.

The Board as a whole is kept abreast with developments of governance and AIM regulations. The Company's lawyers provide updates on governance issues and the Company's NOMAD provides annual boardroom training as well as the initial training as part of a director's onboarding.

The directors have access to the Company's NOMAD, company secretary, lawyers and auditors and are able to obtain advice from other external bodies as and when required.

The 2018 performance of the business and its staff will be measured across both financial and operational functions and is captured in a corporate scorecard. The scorecard is made up of various KPIs and is tracked throughout the year.

The Board and executives' performance will be judged on the delivery of certain desired outcomes as summarised in the annual report.

James Parsons, Non-Executive Chairman, was appointed to Board in March 2017. James is a qualified accountant and has a BA (Hons) in Business Administration. James, brings a wealth of knowledge and expertise to lead the business forward. He is a specialist in restructuring, funding and transforming companies and has strong public markets experience.

Martin Hull, Managing Director, was appointed to the Board in October 2018, initially holding the position of CFO. Martin has over 18 years experience in oil and gas investment banking at Rothschild. Martin, with his experience on many transactions at both the corporate and asset level, including debt and equity, has the knowledge to drive the business forward. His transaction experience and contacts in the energy sector will prove invaluable to building the Company.

Fiona MacAulay, Non-Executive Director, was appointed to the Board in June 2017 as CEO. With effect from 1 January 2019 Fiona has taken a position of non-executive director, whilst continuing to support Martin Hull for a transitional period until 31 March 2019. Fiona, a Chartered Geologist, has over 30 years of experience in the oil and gas industry, including executive roles of chief operating officer and technical director. Fiona's industry background, together with her corporate experience provides the ideal experience to act as a non-executive director of the Company.

Marco Fumagalli, Non-Executive Director, was appointed to the Board in March 2017. Marco is a qualified accountant and holds a degree in Business Administration. Marco, with his financial background, provides the experience required as chairman of the audit committee to challenge the business internally and also the Group auditors.

Stephen Whyte, Non-Executive Director, was appointed to the Board in March 2017. Stephen's background provides the Board with the operational expertise to review and challenge decisions and opportunities presented both within the formal arena of the boardroom and as called upon when needed by the executives.

Gavin Graham, Non-Executive Director, was appointed to the Board in November 2018. Gavin's wealth of experience in the oil and gas sector brings further technical and operational expertise to the Board. Furthermore, Gavin is considered to be an independent non-executive director.

## Corporate Governance Statement continued

### Board Performance

The directors consider seriously the effectiveness of the Board, committees and individual performance. The Board meets formally five times a year with ad hoc board meetings as the business demands. There is a strong flow of communication between the directors, in particular the relationship between the managing director and chairman. The agenda is set with the consultation of both the managing director and chairman, with consideration being given to both standing agenda items and the strategic and operational needs of the business. Papers are circulated well in advance of the meetings, giving directors ample time to review the documentation and enabling an effective meeting. Resulting actions are tracked for appropriate delivery and follow up.

In addition to the above, the directors have a wide knowledge of the business and requirements of directors' fiduciary duties. The directors have access to the Company's NOMAD and auditors if and when required. They are also able, at the Company's expense, to obtain advice from external bodies if required.

The Board entered 2018 looking forward to building further on the governance structure already in place. Whilst being mindful of the size and stage of development of the Company, the Board reviews and ensures the highest level of governance is maintained.

### Matters Reserved for the Board

The directors adopted a schedule of those matters that should be reserved for the Board, which is reviewed on an annual basis. Those matters include:

- Approval of the Group's strategy and objectives;
- Approval of the Group budgets, including operating and expenditure budgets;
- Growth of activities into new business or geographical locations;
- Material changes to the Group's structure and management; and
- Changes to the Company's listing, governance or business processes.

### Board Committees

The Board has established an audit committee and a remuneration and nominations committee. At present the decision has been made not to establish an HSE committee. The Board will make the decision when it is felt necessary to establish an HSE committee but at present and given the fact that the Company is non-operating, the directors feel comfortable that HSE matters are dealt with within the Board meetings.

### Audit Committee Report

The audit committee is comprised of Marco Fumagalli and Stephen Whyte. Mr. Fumagalli chairs the audit committee. The committee generally meets twice a year. The committee has engaged Crowe U.K. LLP to act as external auditors and they are also invited to attend committee meetings, unless they have a conflict of interest.

An important part of the role of the committee is its responsibility for reviewing and monitoring the effectiveness of the Group's financial reporting, internal control policies, and procedures for the identification, assessment and reporting of risk. The audit committee is also responsible for overseeing the relationship with the external auditor.

The main functions of the audit committee include:

- Reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant;
- Considering annual and interim accounts and audit reports; and
- Making recommendations to the Board in relation to the appointment and remuneration of the Company's auditor as well as annually reviewing and monitoring their independence, objectivity and effectiveness.

During 2018 the audit committee:

- Approved the audited year end and interim financial statements;
- Considered the functional and presentation currency of the Group; and
- Recommended to shareholders the re-appointment of the Company's auditor, Crowe U.K. LLP.



## Remuneration and Nominations Committee Report

The remuneration and nominations committee is comprised of James Parsons (chairman), Marco Fumagalli and Stephen Whyte, and meets regularly to consider all material elements of the remuneration policy, including directors' remuneration. It is also responsible for board recruitment and succession planning, ensuring the right skill set for the Board.

During 2018 the remuneration and nominations committee:

- Assessed the performance targets of the executive directors;
- Reviewed the pay and benefits of the executive directors;
- Agreed the 2019 performance targets for the managing director and the Company;
- Appointed Gavin Graham, a new independent non-executive director;
- Agreed the appointment of Martin Hull as CFO and then Managing Director;
- Determined the awards to be made under the Company's EMI scheme; and
- Considered the requirements of the QCA Code.

The directors' attendance at scheduled board meetings and board committees during 2018 is detailed in the table below:

Director	Board- Scheduled Meeting	Board Ad Hoc Meeting *	Audit	Remuneration and Nominations
James Parsons (chairman)	5	6	-	5
Fiona MacAulay	5	6	-	-
Marco Fumagalli	5	6	2	5
Stephen Whyte	5	5	2	5
Martin Hull <sup>(i)</sup>	1	2	1**	-
Gavin Graham <sup>(ii)</sup>	1	1	-	-
<b>Total meetings</b>	<b>5</b>	<b>6</b>	<b>2</b>	<b>5</b>

\* Ad hoc meetings: Additional meetings called for a specific matter generally of a more administrative nature not requiring full Board attendance.

\*\* Attended as CFO prior to his appointment as a director.

(i) appointed to the Board on 3 October 2018

(ii) appointed to the Board on 1 Nov 2018



# Health and Safety Review 2018

Protecting the health and safety of everyone who works on behalf of Echo Energy plc and our subsidiaries is of fundamental importance to the Company.

Echo is committed to conducting its business and operations in a manner that safeguards the health of employees, contractors and the public, and minimises the impact of operations on the environment.

The Company is committed to ensure that these objectives are achieved through:

- Providing all employees with training of a high standard and only using equipment that is certified and appropriate for its scope;
- Using only qualified contractors, who can work to the highest possible HSE standards;
- Ensuring near-misses and incidents, whether Echo or partner operated, are fully investigated and improvements implemented;
- Fostering a working culture where openness and reporting leads to standout operational and health, safety and environmental performance; and
- Working with our operating partner to make sure that health and safety hazards and environmental impacts have been fully assessed and appropriately mitigated.

HSE performance is regularly reported to the Board, which ensures that appropriate resources are provided to achieve these objectives in full. Where the Company participates in, but does not operate joint ventures, it seeks to ensure that similar standards are adopted by its operators. These commitments are in addition to our basic obligation to comply with applicable laws and regulations where we work.

Regular risk assessments with the local operator are a key part of achieving good operational and HSE outcomes. Argentinian operations were undertaken on Echo's behalf for the first time in 2018, with a significant expansion to cover Tapi Aike seismic and drilling anticipated in 2019.









# The Team

## Board of Directors



**James Parsons**  
Non-Executive Chairman

James has been chief executive officer at Sound Energy plc since October 2012 and has nurtured the company into a midcap Moroccan gas explorer and developer.

James has over 20 years' experience in the fields of strategy, management, finance and corporate development in the energy industry. He started his career with the Royal Dutch Shell group in 1994 and spent 12 years with Shell working in Brazil, the Dominican Republic, Scandinavia, the Netherlands and London.

James is a qualified accountant and has a BA (Hons) in Business Economics.



**Dr. Gavin Graham**  
Non-Executive Director

Dr Graham is a geologist by background and, after 29 years in Shell, initially in Exploration and later as VP New Business/Commercial for the Middle East, Caspian and South Asia regions, he joined Petrofac, the oilfield services company, and gained experience working for six years on the upstream side of their business in the UK, Tunisia, Malaysia and Mexico.

Gavin joined Polish state company Grupa LOTOS in 2017, where he has most recently been CEO of LOTOS Upstream, co-ordinating the start-up of this new 20,000 boe/d company, which has producing assets, development projects and exploration activity in Norway, Poland and Lithuania.



**Martin Hull**  
Managing Director &  
Chief Financial Officer

Martin has over 18 years' experience in oil and gas investment banking at Rothschild & Sons in London where he was a Managing Director in the global energy team with a focus on Latin America and Africa.

Previously he was Head of Oil & Gas, SE Asia, based out of Singapore. Martin has corporate finance expertise across the value chain with a particular focus on the upstream sector. He has advised on numerous transactions, including debt and equity, at both the corporate and asset level.

Martin holds a BA (Hons) from Exeter University.



**Fiona MacAulay**  
Non-Executive Director

Fiona has over 30 years of experience in the oil and gas industry and is the former chief operating officer and technical director of Rockhopper Exploration plc. Fiona, a Chartered Geologist, started her career with Mobil North Sea Limited in 1985 and has subsequently held senior roles in a number of leading oil and gas firms, including Amerada Hess and BG Group plc. She is European President of the American Association of Petroleum Geologists.

Fiona is also Non-Executive Chair of Independent Oil & Gas plc and a non-executive director of Coro Energy plc.



**Marco Fumagalli**  
Non-Executive Director

Marco is a founding partner at Continental Investment Partners SA, a Swiss-based investment firm, and leading shareholder in Nusakan plc (formerly Greenberry plc), a cornerstone shareholder in Echo Energy. Previously a group partner at 3i; Marco is a qualified accountant.



**Stephen Whyte**  
Non-Executive Director

Stephen has over 30 years' experience in the oil and gas industry. He was chief operating officer and executive director for Exploration and Production at Galp Energia until 2014 and Senior Vice President, Commercial at BG Group. He had previously spent a total of 14 years with Shell and six years with Clyde Petroleum.

Stephen was formerly Shell country chairman in Brazil and speaks Portuguese. Stephen is also chairman of Genel Energy plc and a non-executive director of Kazmunaygas.

## Executive Team



**Martin Hull**  
Managing Director &  
Chief Financial Officer

Martin Hull is both an Executive and on the Board.

Martin has over 18 years' experience in oil and gas investment banking at Rothschild & Sons in London where he was a Managing Director in the global energy team with a focus on Latin America and Africa.

Previously he was Head of Oil & Gas, SE Asia, based out of Singapore. Martin has corporate finance expertise across the value chain with a particular focus on the upstream sector. He has advised on numerous transactions, including debt and equity, at both the corporate and asset level.

Martin holds a BA (Hons) from Exeter University.



**Dr. Julian Bessa**  
VP of Exploration

Dr Bessa is a geologist with over 20 years of exploration experience across Latin America, including at BG Group plc where he spent time as Bolivian Exploration Manager and VP Exploration Brazil. Additionally, Julian has managed significant exploration programmes offshore Uruguay and Honduras.

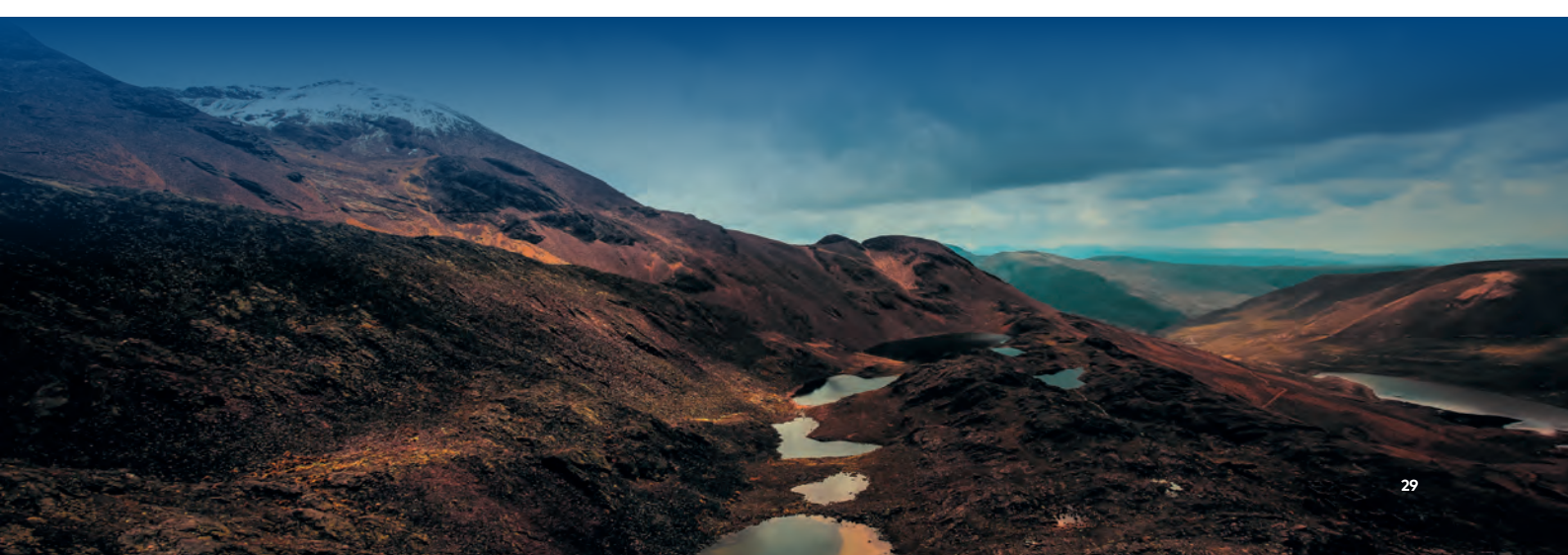
Julian has a D.Phil from the University of Oxford and an MBA from the Rotterdam School of Management.



**Andres Brockman**  
Regional Representative

Andres, a Bolivian national, joined Echo in October 2017 from Petrobras Bolivia where he has held a number of senior executive roles both in Bolivia and internationally over 15 years.

Andres is a production engineer, with an MBA from the University of Zaragoza, Spain. Additionally, he is also a director of the Bolivian Chamber of Hydrocarbons and Energy and represents Echo's best interests since the Company has joined the chamber.



# Directors' Remuneration Report

Following the 2017 refinancing and restructured board the Company continues to develop a talented executive and wider team within the business to pursue its strategy.

During 2018 the Board had a further change following the appointment of Martin Hull as CFO. Martin then assumed the role of Managing Director at the end of 2018 following Fiona MacAulay's decision to step down as chief executive officer and assume the role of non-executive director.

The Company further strengthened its board with the appointment of Dr Gavin Graham as an independent non-executive director.

The remuneration committee, which consists of the non-executive chairman and two non-executive directors, along with the Board as a whole is committed to attracting and retaining talent within the boardroom and the wider executive group to ensure the success of the Company.

As the business continues to grow and the Board and executive team embeds within the business, the remuneration committee will work to ensure that the policies and framework are in place to reward staff for achievements and targets met, which in turn creates value for shareholders.

The Company offers a fixed remuneration package of salary, pension and certain benefits. In addition, there is a discretionary bonus award and EMI/share option scheme in place. As the business grows it may consider implementing a performance related LTIP for senior executives and executive directors.

The bonus and option awards are presented to the remuneration committee by the managing director for approval. The bonus awards are made to individuals taking account of their own performance and the Company's performance as a whole over the previous year. Members of the executive team have their level of bonus reviewed in line with their individual scorecards that are agreed at the beginning of the financial year. The amount of bonus and options awarded is set within a pre-agreed range for each level of staff.

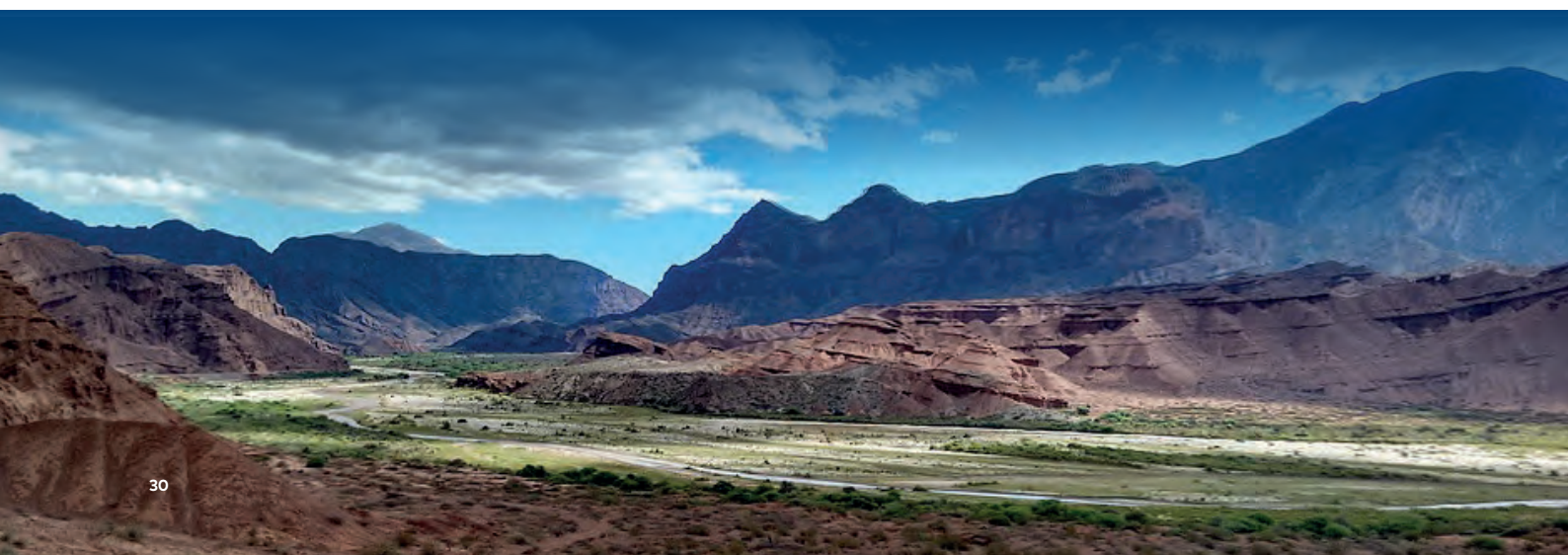
The managing director's scorecard, bonus award and options granted are agreed by the remuneration committee.

A pension scheme is provided to all employees into which, subject to certain criteria, the Company contributes 5% of the individual's base salary.

## Chairman and Non-Executive Directors' Fees

The fees paid to the chairman and non-executive directors are set at a level both in line with the market and to appropriately reward and retain individuals of a high calibre. The fees paid reflects the level of commitment and contribution to the Company.

Fees are paid monthly in cash and are inclusive of all committee roles and responsibilities.





## Remuneration of Directors

	Salary (\$)	Pension (\$)	2018 Cash Bonus award (\$)	Total 2018 (\$)	Total 2017 (US\$)
<b>Executive Director*</b>					
Fiona MacAulay	473,574	10,326	-	483,900	478,633
Martin Hull	82,190	648	73,545	156,383	-
W Gregory Coleman	-	-	-	-	206,080
Grayson Nash	-	-	-	-	12,880
<b>Non-Executive Director</b>					
James Parsons	101,107	-	-	101,107	65,160
Stephen Whyte	60,088	-	-	60,088	38,904
Marco Fumagalli	60,088	-	-	60,088	35,957
Gavin Graham	9,590	-	-	9,590	-

\*Footnotes on leaving and joining the Company

- Fiona MacAulay joined the Company on 5 July 2017.
- Martin Hull became a company director on 2 October 2018.
- W. Gregory Coleman left the Company on 20 July 2017. Severance payments of \$335K were offset against the shares to be issued reserve of \$245K.
- Grayson Nash left the Company on 14 March 2017, with a severance pay of \$12,880.
- Gavin Graham became a company director on 2 November 2018.

## Share Options Awards

	Date of Grant	Exercisable Date	Acquisition Price per share (cents)*	Options held at 1.1.18 000's	Options held at 31.12.18 000's
Fiona MacAulay	08.12.17	12.06.20	20.57	24,000	4,000
James Parsons	09.03.17	09.03.20	2.07	24,000	24,000
Stephen Whyte	09.03.17	09.03.20	2.07	4,000	4,000
Marco Fumagalli	09.03.17	09.03.20	2.07	4,000	4,000
W Gregory Coleman	09.03.17	09.03.20	2.07	3,000	3,000

\*Calculated at the corporate year-end exchange rate of GBP £1 : US \$1.276

No directors exercised options in the year ended 31 December 2018.

## Warrants

	Date of Issue	Expiry Date	Acquisition price per share (cents)*	Warrants Held at 1.1.18 000's	Warrants Held at 31.12.18 000's
Grayson Nash	20.04.17	09.03.22	3.83	3,000	-

\*Calculated at the corporate year-end exchange rate of GBP £1 : US \$1.276

This Remuneration Report was approved by a duly authorised committee of the Board on 1 May 2019 and signed on its behalf by:



**James Parsons**  
Non-Executive Chairman  
1 May 2019

# Directors' Report

## Principal Activities

Echo Energy plc is the holding company for a group of companies. The Company's principal long-term focus is developing as a full-cycle exploration-led, gas focused E&P company in Latin America. The Company's growth strategy is to deliver shareholder value from both the existing asset portfolio and new opportunities.

## Results and Dividends

Turnover for the year was US \$8,841,309 (2017: £nil), and the loss before tax was US \$24,429,537 (2017: US \$9,581,392 - restated). The directors have not declared any dividend in respect of the year ended 31 December 2018 (2017: \$nil).

## Future Developments

The Group will begin 2019 with the acquisition of seismic data across the Tapi Aike licence, details on plans for the Tapi Aike asset and other future developments are discussed in the Strategic Report on pages 1 to 19 of this report.

## Directors

The directors who served during the period were as follows:

- James Parsons
- Marco Fumagalli
- Fiona MacAulay
- Stephen Whyte
- Martin Hull (appointed with effect from 02.10.2018)
- Dr. Gavin Graham (appointed with effect from 01.11.2018)

## Substantial Shareholders

At 31 March 2019, in addition to the directors' interest as set out in the Directors' Remuneration Report, the following institutions hold interests in excess of 3% of the Company's issued share capital with voting rights:

Nusakan plc (Formerly Greenbury plc)	8.39%
Pegasus Alternative Fund Ltd	5.6%

## Directors' Insurance

The Company has taken out an insurance policy to indemnify the directors and officers of the Company against liability when acting for the Company.

## Auditor

Each person who is a director at the date of approval of this annual report confirms to the best of their knowledge that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint the auditor Crowe U.K. LLP will be proposed at the Annual General Meeting.

## Directors' Shareholding and Interests in Shares

Directors and connected persons	No. of shares at 31.12.18
James Parsons	-
Fiona MacAulay	226,099
Marco Fumagalli (Nusakan plc)	40,118,865
Stephen Whyte	-
Gavin Graham	-

\*Martin Hull acquired 600,000 shares post balance sheet

## Subsequent Events

Events which have occurred since 31 December 2018 are included in note 31 to the attached financial statements.

## Going Concern

The financial information for the year to 31 December 2018 has been prepared assuming the Group will continue as a going concern.

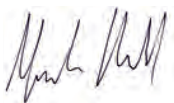
Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

An assessment has been made based on the Group's anticipated activities which have been included in the financial forecast to the period ended 31 December 2020. As at 31 December 2018, the Company had cash on hand of US \$15.6 million. Whilst the directors remain acutely cost conscious and value focused, the Group recognises that in order to pursue organic and inorganic growth opportunities and fund on-going operations it will require additional funding, this may be sourced through debt finance, joint venture equity or share issues. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern. The directors have however formed a judgment, based on the Group's proven success in raising capital and a review of the strategic options available, that the going concern basis should be adopted in preparing the financial statements.

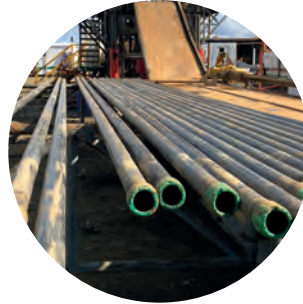
## Information Set Out in the Strategic Report

The directors have chosen to set out the following information relating to the assessment of financial risk in both page 17 of the Strategic Report, and note 20 of the Financial Statements

Signed by order of the directors



**Martin Hull**  
Managing Director  
1 May 2019





# Statement of Directors' Responsibilities

Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period.

In preparing these financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and to disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are further responsible for ensuring that the Strategic Report and the Directors' Report and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable laws in the United Kingdom. The maintenance and integrity of the Company's website is the responsibility of the directors: the work carried out by the auditor does not involve the consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in the Annual Report may differ from legislation in other jurisdictions.

We confirm to the best of our knowledge:

- The Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertaking included in the consolidation taken as a whole.
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

**Martin Hull**  
Managing Director  
1 May 2019

# Auditor's Report

## Opinion

We have audited the financial statements of Echo Energy plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2018, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2018;
- the Group and Parent Company statements of financial position as at 31 December 2018;
- the Group and Parent Company statements of cash flows and statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2018 and of the Group's loss for the period then ended;
- the Group's financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Parent Company's financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union and applied in accordance with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 2 in the financial statements concerning the Group's and Company's ability to continue as a going concern. Further funds will be required to finance the Group's and Company's working capital requirements and the development of the Group's Argentinian assets.

If cash flow from existing sources was not sufficient to meet the Group's commitments the Directors are confident that additional funds could be successfully raised from other sources. However, there are no binding agreements in place to date.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

## Overview of our audit approach

### Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified. Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be US \$300,000, which represents 1% of the Group's total assets.

## Auditor's Report continued

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration. We agreed with the Audit Committee to report to it all identified errors in excess of US \$9,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

### Overview of the scope of our audit

The Group and its subsidiaries are accounted for from one central operating location, the group's registered office. Our audit was conducted from the main operating location and all group companies were within the scope of our audit testing.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the 'Material uncertainty related to going concern' section, we have determined the following key audit matters. This is not a complete list of all risks identified by our audit.

#### Key audit matter

##### Revenue recognition

Revenue is recognised in accordance with the accounting policy set out in the financial statements where, in accordance with IFRS 15, it can only be recognised when the transfer of control had passed to the buyer.

#### How the scope of our audit addressed the key audit matter

Our work focussed on validating whether revenue has been recognised in accordance with the accounting policy.

We reviewed the compliance of the accounting policy, along with the disclosures, per the requirements of IFRS 15. We have agreed a sample of sales to underlying documentation to confirm revenue was being recognised in accordance with the policies.

##### Carrying value of O&G Properties and Exploration and Evaluation expenditure

Following the results of the drilling campaign during 2018 a decision was made to impair the Fracción C,D and LLC assets.

We have considered the risk that remaining exploration assets are incorrectly capitalised or impaired.

We have agreed the costs capitalised to underlying supporting documentation considering whether it meets the criteria of IFRS 6.

We have reviewed management's assessment which concluded that there are no facts or circumstances that suggest the carrying amount of the asset exceeds the recoverable amount. In considering this assessment we considered the following sources of evidence:

- Board minutes and budgets setting out the group's plans for the continued commercial appraisal of the exploration assets.
- Discussing plans and intentions with management.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and Strategic Report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



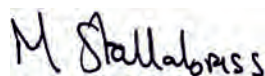
## Auditor's Report continued

### Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Matthew Stallabrass (Senior Statutory Auditor)**

for and on behalf of  
Crowe U.K. LLP  
Statutory Auditor  
London  
1 May 2019

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

	Note	Year to	Year to
		31 December 2018	31 December 2017
		US\$	Restated US\$
<b>Continuing operations</b>			
Revenue	4	8,841,309	–
Cost of sales	5	(8,217,029)	–
<b>Gross profit</b>		<b>624,280</b>	<b>–</b>
Exploration expenses		(800,683)	(556,999)
Administrative expenses		(5,133,061)	(6,854,794)
Impairment of intangible assets		(14,148,371)	–
Impairment of property, plant and equipment		(1,068,751)	–
<b>Operating loss</b>	6	<b>(20,526,586)</b>	<b>(7,411,793)</b>
Financial income	8	99,361	3,344
Financial expense	9	(4,002,312)	(2,172,943)
<b>Loss before tax</b>		<b>(24,429,537)</b>	<b>(9,581,392)</b>
Taxation	11	–	–
<b>Loss from continuing operations</b>		<b>(24,429,537)</b>	<b>(9,581,392)</b>
<b>Discontinued operations</b>			
Profit/(loss) after taxation for the year from discontinued operations	10	(35,629)	33,473
<b>Loss for the year</b>		<b>(24,465,166)</b>	<b>(9,547,919)</b>
<b>Other comprehensive income:</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
Exchange difference on translating foreign operations		507,849	(2,194,962)
<b>Total comprehensive loss for the year</b>		<b>(23,957,317)</b>	<b>(11,742,881)</b>
Loss attributable to:			
Owners of the parent		(24,465,166)	(9,547,919)
Total comprehensive loss attributable to:			
Owners of the parent		(23,957,317)	(11,742,881)
<b>Loss per share (cents)</b>			
12			
Basic		(5.49)	(3.46)
Diluted		(5.49)	(3.46)
<b>Loss per share (cents) for continuing operations</b>			
Basic		(5.48)	(3.47)
Diluted		(5.48)	(3.47)

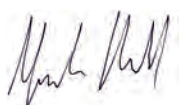
The notes on pages 46 to 71 form an integral part of these financial statements.

# Consolidated Statement of Financial Position

Year ended 31 December 2018

	Note	31 December 2018	31 December 2017
		US\$	Restated US\$
<b>Non-current assets</b>			
Property, plant and equipment	14	335,612	385,031
Other intangibles	15	1,559,931	2,500,000
		<b>1,895,543</b>	2,885,031
<b>Current Assets</b>			
Inventories	17	802,184	–
Other receivables	18	6,911,075	1,425,020
Cash and cash equivalents	19	15,609,303	26,626,663
		<b>23,322,562</b>	28,051,683
Assets held for distribution	10	–	73,965
		<b>23,322,562</b>	28,125,648
<b>Current Liabilities</b>			
Trade and other payables	21	(2,200,432)	(3,376,251)
Liabilities directly associated with the assets held for sale	10	–	(38,336)
		<b>(2,200,432)</b>	(3,414,587)
<b>Net current assets</b>		<b>21,122,130</b>	24,711,061
<b>Total assets less current liabilities</b>		<b>23,017,673</b>	27,596,092
<b>Non-current liabilities</b>			
Loans due in over one year	25	(15,914,380)	(15,410,111)
Right of use liability	26	(50,709)	(224,992)
		<b>(15,965,089)</b>	(15,635,103)
<b>Total Liabilities</b>		<b>(18,165,521)</b>	(19,049,691)
<b>Net Assets</b>		<b>7,052,584</b>	11,960,989
<b>Equity attributable to equity holders of the parent</b>			
Share capital	22	4,444,999	4,065,713
Share premium	23	58,329,880	39,888,089
Warrant reserve		11,142,290	11,241,239
Share option reserve		1,195,106	961,676
Foreign currency translation reserve		(2,095,334)	(1,587,485)
Retained earnings		(65,964,357)	(42,608,243)
<b>Total Equity</b>		<b>7,052,584</b>	11,960,989

These financial statements were authorised for issue and approved by the board of directors on 1 May 2019



Martin Hull

Company registration number 05483127

The notes on pages 46 to 71 form an integral part of these financial statements.



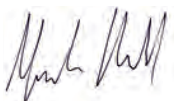
# Company Statement of Financial Position

Year ended 31 December 2018

		31 December 2018	31 December 2017
	Note	US\$	Restated US\$
<b>Non-current assets</b>			
Property, plant and equipment	14	313,386	371,508
Other intangible assets	15	91,888	2,500,000
Interest in subsidiary undertakings	16	4,887,527	18
Amounts receivable from Group undertakings	18	3,954,861	144,214
		<b>9,247,662</b>	<b>3,015,740</b>
<b>Current assets</b>			
Other receivables	18	605,776	1,421,784
Cash and cash equivalents	19	14,439,984	26,599,290
		<b>15,045,760</b>	<b>28,021,074</b>
<b>Current liabilities</b>			
Trade and other payables	21	(629,062)	(3,321,390)
		<b>(629,062)</b>	<b>(3,321,390)</b>
<b>Net current assets</b>			
		<b>14,416,698</b>	<b>24,699,684</b>
<b>Total assets less current liabilities</b>			
		<b>23,664,360</b>	<b>27,715,424</b>
<b>Non-current liabilities</b>			
Loans due in over one year	25	(15,914,380)	(15,410,111)
Right of use liability	26	(50,709)	(224,992)
		<b>(15,965,089)</b>	<b>(15,635,103)</b>
<b>Total Liabilities</b>			
		<b>(16,594,151)</b>	<b>(18,956,493)</b>
<b>Net Assets</b>			
		<b>7,699,271</b>	<b>12,080,321</b>
<b>Equity</b>			
Share capital	22	4,444,999	4,065,713
Share premium	23	58,329,880	39,888,089
Warrant reserve		11,142,290	11,241,239
Share option reserve		1,195,106	961,676
Foreign currency translation reserve		(2,255,402)	(2,255,402)
Retained earnings		(65,157,602)	(41,820,994)
<b>Equity Shareholders' Funds</b>			
		<b>7,699,271</b>	<b>12,080,321</b>

These financial statements were authorised for issue and approved by the board of directors on 1 May 2019

The Company has not presented its own profit and loss account. Its loss for the year was US \$23,937,811 (2017: US \$10,394,694 restated).



Martin Hull

Company registration number 05483127

The notes on pages 46 to 71 form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Retained earnings US\$ Restated	Share capital US\$ Restated	Share premium US\$ Restated	Shares to be issued US\$ Restated	Warrant reserve US\$ Restated	Share option reserve US\$ Restated	Foreign currency translation reserve US\$ Restated	Total equity US\$ Restated
1 January 2017	(33,087,707)	3,179,598	30,804,440	375,941	1,021,229	208,976	607,477	3,109,954
Loss for the year	(9,547,919)	-	-	-	-	-	-	(9,547,919)
Exchange reserve	-	-	-	-	-	-	(2,194,962)	(2,194,962)
Total comprehensive loss for the year	(9,547,919)	-	-	-	-	-	(2,194,962)	(11,742,881)
New shares issued	-	886,115	10,565,773	-	-	-	-	11,451,888
New share warrants issued	-	-	-	-	10,220,010	-	-	10,220,010
Share issue costs	-	-	(1,482,124)	-	-	-	-	(1,482,124)
Share options lapsed	61,264	-	-	-	-	(61,264)	-	-
Share-based payments	(33,881)	-	-	(375,941)	-	813,964	-	404,142
31 December 2017 Restated	(42,608,243)	4,065,713	39,888,089	-	11,241,239	961,676	(1,587,485)	11,960,989
1 January 2018	(42,608,243)	4,065,713	39,888,089	-	11,241,239	961,676	(1,587,485)	11,960,989
Loss for the year	(24,429,537)	-	-	-	-	-	-	(24,429,537)
Discontinued operations	(35,629)	-	-	-	-	-	-	(35,629)
Exchange Reserve	507,849	-	-	-	-	-	(507,849)	-
Total comprehensive loss for the year	(23,957,317)	-	-	-	-	-	(507,849)	(24,465,166)
New shares issued	-	379,286	19,890,017	-	-	-	-	20,269,303
New share warrants exercised	88,931	-	10,018	-	(98,949)	-	-	-
Share issue costs	-	-	(1,458,244)	-	-	-	-	(1,458,244)
Share options lapsed	512,272	-	-	-	-	(512,272)	-	-
Share-based payments	-	-	-	-	-	745,702	-	745,702
31 December 2018	(65,964,357)	4,444,999	58,329,880	-	11,142,290	1,195,106	(2,095,334)	7,052,584

The notes on pages 46 to 71 form an integral part of these financial statements.

# Company Statement of Changes in Equity

Year ended 31 December 2018

	Retained earnings US\$ Restated	Share capital US\$ Restated	Share premium US\$ Restated	Shares to be issued US\$ Restated	Warrant reserve US\$ Restated	Share option reserve US\$ Restated	Foreign currency translation reserve US\$ Restated	Total equity US\$ Restated
1 January 2017	(31,453,683)	3,179,598	30,804,440	375,941	1,021,229	208,976	-	4,136,501
Loss for the year	(10,394,694)	-	-	-	-	-	-	(10,394,694)
Exchange reserve	-	-	-	-	-	-	(2,255,402)	(2,255,402)
Total comprehensive loss for the year	(10,394,694)	-	-	-	-	-	(2,255,402)	(12,650,096)
New shares issued	-	886,115	10,565,773	-	-	-	-	11,451,888
New share warrants issued	-	-	-	-	10,220,010	-	-	10,220,010
Share issue costs	-	-	(1,482,124)	-	-	-	-	(1,482,124)
Share options lapsed	61,264	-	-	-	-	(61,264)	-	-
Share-based payments	(33,881)	-	-	(375,941)	-	813,964	-	404,142
31 December 2017	(41,820,994)	4,065,713	39,888,089	-	11,241,239	961,676	(2,255,402)	12,080,321
1 January 2018	(41,820,994)	4,065,713	39,888,089	-	11,241,239	961,676	(2,255,402)	12,080,321
Loss for the year	(23,937,811)	-	-	-	-	-	-	(23,937,811)
Total comprehensive loss for the year	(23,937,811)	-	-	-	-	-	-	(23,937,811)
New shares issued	-	379,286	19,890,017	-	-	-	-	20,269,303
New share warrants exercised	88,931	-	10,018	-	(98,949)	-	-	-
Share issue costs	-	-	(1,458,244)	-	-	-	-	(1,458,244)
Share options lapsed	512,272	-	-	-	-	(512,272)	-	-
Share-based payments	-	-	-	-	-	745,702	-	745,702
31 December 2018	(65,157,602)	4,444,999	58,329,880	-	11,142,290	1,195,106	(2,255,402)	7,699,271

Share premium reserves represents the amounts subscribed for share capital in excess of the nominal value of the shares issued, net of cost of issue. Deferred shares are a separate class of share capital.

Shares to be issued represents the fair value of shares to be issued upon satisfaction of certain criteria in respect of services received.

Warrant reserve represents the cumulative fair value of share warrants granted.

Share options reserve represents the cumulative fair value of share options granted.

Foreign currency translation reserve arises on the retranslation of the prior period results and financial position of foreign operations into presentation currency

Retained earnings represents the cumulative net gains and losses recognised in the consolidated income statement.

The notes on pages 46 to 71 form an integral part of these financial statements.

# Consolidated Statement of Cash Flows

Year ended 31 December 2018

	Year to 31 December 2018	Year to 31 December 2017
	US\$	US\$
<b>Cash flows from operating activities</b>		
Loss from continuing operations	(24,429,537)	(9,581,392)
Profit from discontinued operations	(35,629)	33,473
	(24,465,166)	(9,547,919)
Adjustments for:		
Depreciation and depletion of property, plant and equipment	361,073	43,874
Gain on disposal of property, plant and equipment	(39,873)	-
Impairment of intangible assets and goodwill	14,148,371	556,999
Impairment of property, plant and equipment	1,068,751	-
Share-based payments	745,702	866,126
Financial income	534,243	(3,344)
Financial expense	3,301,747	2,497,862
	(4,345,152)	(5,586,402)
(Increase) in inventory	(802,184)	-
(Increase) in other receivables	(6,142,997)	(1,041,576)
(Decrease)/increase in trade and other payables	(1,212,590)	2,511,334
<b>Cash used in operations</b>	<b>(12,502,923)</b>	<b>(4,116,644)</b>
<b>Net cash used in operating activities</b>	<b>(12,502,923)</b>	<b>(4,116,644)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(13,208,302)	(2,546,645)
Purchase of property, plant and equipment	(1,357,593)	(60,846)
<b>Net cash used in investing activities</b>	<b>(14,565,895)</b>	<b>(2,607,491)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from debt	-	17,170,525
Interest received	146,039	740,818
Interest paid	(2,744,284)	(696,089)
Repayment of right of use liability	(161,356)	(55,085)
Issue of share capital	20,269,303	17,444,795
Share issue costs	(1,458,244)	(1,482,124)
<b>Net cash from financing activities</b>	<b>16,051,458</b>	<b>33,122,840</b>
Net (decrease)/increase in cash and cash equivalents	(1,017,360)	26,398,705
<b>Cash and cash equivalents at 1 January 2018</b>	<b>26,626,663</b>	<b>227,958</b>
<b>Cash and cash equivalents at 31 December 2018</b>	<b>15,609,303</b>	<b>26,626,663</b>

The notes on pages 46 to 71 form an integral part of these financial statements.



# Company Statement of Cash Flows

Year ended 31 December 2018

	Year to 31 December 2018	Year to 31 December 2017
	US\$	US\$
<b>Cash flows from operating activities</b>		
Loss before taxation	(23,937,811)	(10,394,694)
Adjustments for:		
Provision against amounts owing by subsidiary undertakings	14,516,586	1,448,741
Impairment of investment in joint venture	–	110,199
Depreciation of property, plant and equipment	142,873	43,612
Loss on disposal of property, plant and equipment	(39,873)	–
Impairment of intangible assets and goodwill	700,536	–
Share-based payments	745,702	866,126
Financial income	(144,872)	(3,344)
Financial expense	3,125,743	2,497,861
	(4,891,116)	(5,431,499)
Decrease/(increase) in other receivables	816,008	(1,053,145)
(Decrease)/increase in trade and other payables	(2,730,323)	2,471,394
Investment in subsidiaries	(4,887,509)	–
(Increase) in amounts owing by subsidiary undertakings	(18,327,233)	(204,071)
<b>Cash used in operations</b>	<b>(30,020,173)</b>	<b>(4,217,321)</b>
<b>Net cash used in operating activities</b>	<b>(30,020,173)</b>	<b>(4,217,321)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	1,707,576	(2,500,000)
Purchase of property, plant and equipment	(86,761)	(46,975)
<b>Net cash (used in)/from investing activities</b>	<b>1,620,815</b>	<b>(2,546,975)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from debt	–	17,170,525
Interest received	144,872	757,830
Interest paid	(2,573,792)	(696,089)
Repayment of right of use liability	(142,087)	(55,085)
Issue of share capital	20,269,303	17,444,795
Share issue costs	(1,458,244)	(1,482,124)
<b>Net cash from financing activities</b>	<b>16,240,052</b>	<b>33,139,852</b>
Net increase in cash and cash equivalents	(12,159,306)	26,375,556
<b>Cash and cash equivalents at 1 January 2018</b>	<b>26,599,290</b>	<b>223,734</b>
<b>Cash and cash equivalents at 31 December 2018</b>	<b>14,439,984</b>	<b>26,599,290</b>

The notes on pages 46 to 71 form an integral part of these financial statements.

# Notes to the Financial Statements

Year ended 31 December 2018

## 1. Accounting Policies

### General Information

These financial statements are for Echo Energy plc ("the Company") and subsidiary undertakings ("the Group"). The Company is registered, and domiciled, in England and Wales and incorporated under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 32.

The Company's functional currency was the Euro, and the presentational currency was Great British Pounds Sterling ("GBP" or "£"). Following the acquisition of the Fracción C,D and LLC assets in Argentina a review of the primary economic operating environment in which the Group operates determined that the Group functional currency is the United States Dollar ("US \$" or "US Dollar"). The effect of the change in functional currency was accounted for prospectively from the date of the change, transactions arising in currencies other than the US \$ are translated at average exchange rates for the relevant accounting period, with material transactions being accounted at the rate of exchange on the date of the transaction. The presentation currency was changed retrospectively and the comparative figures for the period ended 31 December 2017 have been restated. Assets and liabilities have been retranslated at the exchange rate ruling on 31 December 2017 (GBP £1: US \$1.3503), income and expenditure for 2017 has been restated at an average rate for the period (GBP £1: US \$1.2789) and equity transactions were restated at transactional rates.

The principal accounting policies are summarised below:

#### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. These financial statements are for the year 1 January 2018 to 31 December 2018. The comparatives shown are for the year 1 January 2017 to 31 December 2017. The Group adopted IFRS 9 'Financial Instruments' for the year commencing 1 January 2018. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces a new impairment model for financial assets, as well as new rules for hedge accounting, this did not have a material impact on the financial statements.

#### New standards and interpretations not applied

At the date of authorisation of these financial statements, a number of standards and interpretations were in issue but not yet effective. The directors do not anticipate that the adoption of these standards and interpretations, or any amendments to existing standards as a result of the annual improvements cycle, will have a material effect on the financial statements in the year of initial application. IFRS 15 was adopted by Echo Energy plc in 2017 with no impact on transition.

#### (b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiaries under the acquisition method. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

#### (c) Joint arrangements

A joint arrangement is one in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Certain of the Group's licence interests are held jointly with others. Accordingly, the Group accounts for its share of assets, liabilities, income and expenditure of these joint operations, classified in the appropriate balance sheet and income statement headings.

#### (d) Revenue

Revenue comprises the invoice value of goods and services supplied by the Group, net of value added taxes and trade discounts. Revenue is recognised in the case of oil and gas sales when goods are delivered and title has passed to the customer. This generally occurs when the product is physically transferred into a pipeline or vessel. Echo recognised revenue in accordance with IFRS 15. We have a contractual arrangements with our joint venture partner who markets gas and crude oil on our behalf. Gas is transferred via a metered pipeline into the regional gas transportation system, which is part of national transportation system. Control of the gas passes at the point at which the gas enters this network. Gas prices vary from month to month based on seasonal demand from customer segments and, production in the market as a whole. Our partner agrees pricing with their portfolio of gas clients based on agreed pricing mechanisms in multiple contracts. Some pricing is regulated by government such as domestic supply. Echo receive a monthly average of gas prices attained. Oil shipments are priced in advance of a cargo and revenue is recognised at the point at which cargoes are loaded onto shipping vessel at terminal.

## Notes to the Financial Statements continued

### 1. Accounting Policies (continued)

#### (e) Property, plant and equipment

Property, plant and equipment is stated at cost, or deemed cost less accumulated depreciation, and any recognised impairment loss. Land is stated at cost and is not depreciated. Depreciation is charged so as to write off the cost or valuation of assets less any residual value over their estimated useful lives, using the straight-line method, on the following bases:

Fixtures & fittings	12% to 33.3% straight line
Motor vehicles	25% straight line

Oil and gas properties are depleted on a unit of production basis commencing at the start of commercial production, or depreciated on a straight line basis over the relevant asset's estimated useful life. Where expenditure is depreciated on a unit of production basis, the depletion charge is calculated according to the proportion that production bears to the recoverable reserves for each property.

#### (f) Property right of use asset

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use lease is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the Group incremental borrowing rate.

#### (g) Other intangible assets - exploration and evaluation costs

Exploration and evaluation ("E&E") expenditure comprises costs which are directly attributable to researching and analysing exploration data. It also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. When it has been established that a mineral deposit has development potential, all costs (direct and applicable overhead) incurred in connection with the exploration and development of the mineral deposits are capitalised until either production commences or the project is not considered economically viable. In the event of

production commencing, the capitalised costs are amortised over the expected life of the mineral reserves on a unit of production basis. Other pre-trading expenses are written off as incurred. Where a project is abandoned or is considered to be of no further interest, the related costs are written off.

#### (h) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## Notes to the Financial Statements continued

### 1. Accounting Policies (continued)

#### (i) Taxation

##### Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted, or substantively enacted, by the balance sheet date.

##### Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the current year amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit.

Deferred tax assets are recognised to the extent the temporary difference will reverse in the foreseeable future and it is probable that future taxable profit will be available against which the asset can be utilised.

Deferred tax is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent it is probable that the temporary difference will reverse in the foreseeable future.

#### (j) Conversion of foreign currency

Foreign currency transactions are translated at the average exchange rates over the year, material transactions are recorded at the exchange rate ruling on the date of the transaction. Assets and liabilities are translated at the rates prevailing at the balance sheet date. The Group has significant transactions and balances denominated in Euros and GBP. The year-end exchange rate to US Dollars was US \$1 to GBP £0.7837 and US \$1 to €0.8729 (2017: US\$ 1 to GBP £0.7406, US \$1 to Euro €0.8334 ) and the average exchange rate during 2018 was US \$1 to GBP £0.7489 (2017: US \$1 to GBP £0.7765).

In the Company financial statements the income and expenses of foreign operations are translated at the exchange rates ruling at the dates of the transactions. The assets and liabilities of foreign operations, both monetary and non-monetary, are translated at exchange rates ruling at the balance sheet date, exchange differences arising on translation are recognised directly in equity until the disposal of the investments in the foreign operation. The reporting currency of the company and group is the United States Dollar.

#### (k) Share-based payments

The fair value of equity instruments granted to employees is charged to the income statement, with a corresponding increase in equity. The fair value of share options is measured at grant date, using the binomial option pricing model or Black-Scholes pricing model where considered more appropriate, and spread over the period during which the employee becomes unconditionally entitled to the award. The charge is adjusted to reflect the number of shares or options that vest, except where forfeiture is due to market-based criteria.

#### (l) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

##### Trade and other receivables

Trade and other receivables are initially measured at fair value and are subsequently reassessed at the end of each accounting period.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

##### Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

##### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Shares issued are held at their fair value.



## Notes to the Financial Statements continued

### 1. Accounting Policies (continued)

#### (m) Borrowings

Borrowings are recognised initially at the fair value of the proceeds received which is determined using the corporate rate of interest. In subsequent periods borrowings are recognised at amortised costs, using an effective interest rate method. Any difference between the fair value of the proceeds costs and the redemption amount is recognised as a finance cost over the period of the borrowings.

#### (n) Inventory

With the acquisition of producing assets in 2018 Echo has chosen to value crude oil inventories, a commodity product, at net realisable value, the value is based on a discounted observable year-end market price. Other inventory items are valued at the lower of net realisable value and cost.

#### (o) Going concern

The financial information has been prepared assuming the group will continue as a going concern. Please see note 2. Accounting Estimates and Judgements for an extend disclosure on this issue.

### 2. Accounting Estimates and Judgements

#### Use of Estimate and Judgements

The preparation of financial statements in conforming with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities as at the balance sheet date and the reported amount of revenues and expenses during the period. Actual outcomes may differ from those estimates. The key sources of uncertainty in estimates that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are the impairment of assets and the Group's going concern assessment.

#### Amounts Capitalised to the Consolidated Statement of Financial Position

In accordance with the Group policy, expenditures are capitalised only where the Group holds a licence interest in an area. All expenditure relating to the Bolivian assets has been expensed to the statement of comprehensive income, as the Group has not yet been assigned any licence interests in the country. The Group has capitalised its participation in the CDL and Tapi Aike licence areas. The assignment of Echo's

participation in these Argentine licences is still subject to the authorisation of the Executive Branch of Santa Cruz Province, Echo are supported in this process by their joint venture partner CGC, and the process of title transfer is proceeding as anticipated.

#### Valuation of Assets

Expenditures recognised as E&E assets are tested for impairment whenever facts and circumstances suggest that they may be impaired, which includes when a licence is approaching the end of its term and is not expected to be renewed, or there are no substantive plans for continued exploration or evaluation of an area, or whilst development of a licence is still likely to proceed in an area but there are indications that the E&E assets are unlikely to be recovered in full.

When considering whether E&E assets are impaired the Group first considers the IFRS 6 indicators. IFRS 6 requires an entity to assess whether E&E assets require impairment when facts and circumstance suggest that the carrying amount of the assets may exceed their recoverable amount, these include:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E assets is unlikely to be recovered in full from successful development or by sale.

The determination of recoverable amounts in any resulting impairment test requires judgement around key assumptions, such as future costs, both capital and operating. The results of the drilling campaign carried out during 2018, in which four wells were drilled and no commercial reserves were added to the CDL asset, together with the underlying cost base of the asset led to Echo making the decision to write down the reserves of the CDL asset to nil. Echo has made the decision to fully impair both the exploration and evaluation, and the property, plant and equipment assets for the CDL CGU.

## Notes to the Financial Statements continued

### 2. Accounting Estimates and Judgements (continued)

#### 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. As at the 31 December 2018 the Group had a cash balance of US \$15.6 million. This balance is sufficient to fund Echo's near term expenditures, including a commitment to acquire seismic data in the Tapi Aike area. Whilst rigorously pursuing cost control and value maximising strategies, the Group recognises that in order to pursue organic and inorganic growth opportunities and fund on-going operations it will require additional funding. This funding may be sourced through debt finance, joint venture equity or share issues. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern. The directors have formed a judgement based on Echo's proven success in raising capital and a review of the strategic options available to the Group, that the going concern basis should be adopted in preparing the financial statements.

### 3. Business Segments

The Group has adopted IFRS 8 Operating Segments. Per IFRS 8, operating segments are regularly reviewed and used by the board of directors being the chief operating decision maker for strategic decision-making and resources allocation, in order to allocate resources to the segment and 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

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. Reportable segments are based around licence activity, although the reportable segments are reflected in legal entities, certain corporate cost centres collate data across legal entities and the segmental analysis reflects this.

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

## Notes to the Financial Statements continued

### 3. Business Segments (continued)

All revenue, which represents turnover, arises within Argentina and relates to external parties:

	Parent Company US\$	Eastern Austral Basin US\$	Tapi Aike US\$	Bolivia US\$	Ksar Hadada US\$	Consolidation US\$	Total US\$
<b>Year to 31 December 2018</b>							
Revenues	-	8,841,309	-	-	-	-	8,841,309
Cost of sales	-	(8,217,029)	-	-	-	-	(8,217,029)
Exploration expense	(322,909)	(98,410)	-	(379,364)	-	-	(800,683)
Administration expense	(19,077,748)	(264,117)	(47,223)	(295,468)	(26,844)	14,578,339	(5,133,061)
Impairment of intangible assets	(700,536)	(13,447,835)	-	-	-	-	(14,148,371)
Impairment of property, plant and equipment	-	(1,068,751)	-	-	-	-	(1,068,751)
Financial income	778,943	(654,367)	(25,914)	(1,493)	200	1,992	99,361
Financial expense	(3,826,027)	(165,491)	(4,973)	(5,814)	(7)	-	(4,002,312)
Depreciation	(142, 873)	(202,081)	-	(16,119)	-	-	(361,073)
Income tax	-	-	-	-	-	-	-
Loss before tax	(23,148,277)	(15,074,691)	(78,110)	(682,139)	(26,651)	14,580,331	(24,429,537)
Non-current assets	9,155,775	(3,003,937)	1,203,726	(567,514)	(1,577,127)	(3,315,380)	1,895,543
Assets	24,201,534	4,357,142	2,081,351	(536,303)	(1,577,070)	(3,308,549)	25,218,105
Liabilities	(16,594,151)	(1,405,022)	(123,842)	(41,330)	(1,176)	-	(18,165,521)

Consolidation adjustments in respect of assets relate to the impairment of intercompany assets.

	Parent Company US\$	Eastern Austral Basin US\$	Tapi Aike US\$	Bolivia US\$	Ksar Hadada US\$	Consolidation US\$	Total US\$
<b>Year to 31 December 2017</b>							
Interest revenue	3,343	-	-	-	-	-	3,343
Interest expense	(2,172,944)	-	-	-	-	-	(2,172,944)
Depreciation	(43,612)	-	-	(260)	-	-	(43,872)
Impairment of intangible assets	-	-	-	-	(556,999)	-	(556,999)
Income tax	-	-	-	-	-	-	-
Loss before tax	(7,023,245)	(759,472)	(759,472)	(362,970)	(676,234)	-	(9,581,393)
Non-current assets	371,508	2,500,000	-	13,524	-	-	2,885,032
Assets	29,686,086	-	-	30,407	204	(1,665,014)	28,051,683
Liabilities	(18,962,063)	-	-	(162,511)	(1,551,796)	1,665,014	(19,011,356)

Consolidation adjustments in respect of assets relate to elimination of intercompany assets in the Tunisian company.

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

	United Kingdom US\$	South America US\$	Total US\$
<b>31 December 2018</b>			
Property, plant and equipment	313,386	22,226	335,612
Other intangible assets	-	1,559,931	1,559,931
<b>31 December 2017</b>			
Property, plant and equipment	371,508	13,524	385,032
Intangible assets	-	2,500,000	2,500,000

## Notes to the Financial Statements continued

## 4. Revenue

	Year to 31 December 2018 US\$	Year to 31 December 2017 US\$
Oil revenue	5,206,501	–
Gas revenue	3,634,808	–
<b>Total Revenue</b>	<b>8,841,309</b>	<b>–</b>

## 5. Cost of Sales

	Year to 31 December 2018 US\$	Year to 31 December 2017 US\$
Production costs	8,334,778	–
Selling and distribution costs	424,468	–
Movement in stock of crude oil	(744,298)	–
Depletion	202,081	–
<b>Total Costs</b>	<b>8,217,029</b>	<b>–</b>

## 6. Expenses and Auditor's Remuneration

	Year to 31 December 2018 US\$	Year to 31 December 2017 US\$
<b>The operating loss is stated after charging the following amounts:</b>		
Depreciation of property, plant and equipment – owned	158,306	45,998
Gain on disposal of property, plant and equipment	(39,873)	–
Fees payable to the Company's auditor for the audit of the Company's annual accounts	42,006	27,006
Fees payable to the Company's auditor and its associates for other services:		
– Corporate finance services	–	86,082
– Audit and subsidiaries	19,335	6,752
Share-based payments	745,702	908,090



## Notes to the Financial Statements continued

### 7. Staff Costs and Numbers

The average number of persons employed by the Group during the year including executive directors is analysed below:

	Year to 31 December 2018	Year to 31 December 2017
Administration	12	9

Group employment costs – all employees including executive directors:

	Year to 31 December 2018 US\$	Year to 31 December 2017 US\$
Wages and salaries	2,339,305	1,526,267
Severance pay	–	94,521
Social security costs	361,248	168,857
Pension contributions	49,788	19,137
Share-based payments – equity-settled	745,702	908,091
<b>Total</b>	<b>3,496,043</b>	<b>2,716,873</b>

Directors' remuneration is set out in the Directors' Remuneration Report on page 30 of this report.

Remuneration of key personnel is set out in the table below.

	Year to 31 December 2018 US\$	Year to 31 December 2017 US\$
Wages and salaries	1,428,631	737,757
Bonus	398,062	371,954
Termination benefits	48,734	251,141
Pension contributions	13,353	6,733
Private health insurance	7,970	4,927
Share-based payments	532,604	832,598
<b>Total</b>	<b>2,429,354</b>	<b>2,205,110</b>

### 8. Financial Income

	Year to 31 December 2018 US\$	Year to 31 December 2017 US\$
Interest income	149,020	3,344
Net foreign exchange loss	(49,659)	–
<b>Total</b>	<b>99,361</b>	<b>3,344</b>

## Notes to the Financial Statements continued

## 9. Financial Expense

	Year to 31 December 2018 US\$	Year to 31 December 2017 US\$
Interest payable	2,039,418	1,163,218
Unwinding of discount on long term loan	1,283,309	715,147
Amortisation of loan fees	457,485	259,550
Accretion of right of use liabilities	53,194	35,028
Bank fees and overseas transaction tax	168,906	–
<b>Total</b>	<b>4,002,312</b>	<b>2,172,943</b>

## 10. Discontinued Operations

Following the relaunch in March 2017, a strategic review of existing assets was undertaken. As a result of the Company's stated agreement to avoid a conflict of interest between Sound Energy plc and its officers, which includes Echo exiting its Italian business, the directors have decided to terminate all activities in Italy. The Italian companies Rivara Gas Storage srl and Independent Gas Management srl were placed into liquidation by the Company in December 2017, liquidated interests have therefore been classified as discontinued.

The results of the Italian operations, incorporating consolidation adjustments, are presented below:

	Year to 31 December 2018 US\$	Year to 31 December 2017 US\$
Revenue	–	–
Operating expenses	–	–
Operating loss before impairment	–	–
Impairment of the historic cost and carrying value of intangible assets	–	–
Impairment of net current assets	–	33,473
Loss on disposal of foreign subsidiary	(35,629)	–
Operating (loss)/gain after liquidation	(35,629)	33,473
Financial income	–	–
Financial expense	–	–
(Loss)/gain on ordinary activities before taxation	(35,629)	33,473
Taxation	–	–
<b>(Loss)/gain for the year from discontinued operations</b>	<b>(35,629)</b>	<b>33,473</b>

The loss in the current period represents the impairment of receivables now deemed unlikely to be recovered.

## Notes to the Financial Statements continued

### 11. Taxation

	Year to 31 December 2018 US\$	Year to 31 December 2017 US\$
<b>Tax on profit on ordinary activities</b>		
Taxation charged based on profits for the period	–	–
UK corporation tax based on the results for the period	–	–
<b>Total tax expense in income statement</b>	–	–

### Reconciliation of the Tax Expense

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2017: 19%). The references are explained below:

	Year to 31 December 2018 US\$	Year to 31 December 2017 US\$
Loss on ordinary activities before taxation	<b>(24,429,537)</b>	(9,581,392)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	<b>(4,641,612)</b>	(1,820,465)
Effects of:		
Expenses disallowed for tax purposes	<b>637,033</b>	716,068
Deferred tax not provided – tax losses carried forward	<b>4,004,579</b>	1,104,397
<b>Total current tax</b>	–	–

The parent entity has tax losses available to be carried forward estimated to be US \$6.9 million, and further tax losses are available in certain subsidiaries. With anticipated substantial lead times for the Group's projects, and the possibility that these may expire before their use, it is not considered appropriate to anticipate an asset value for them.

No amounts have been recognised within tax on the results of the equity-accounted joint ventures.

### 12. Loss Per Share

The calculation of basic and diluted loss per share at 31 December 2018 was based on the loss attributable to ordinary shareholders. The weighted average number of ordinary shares outstanding during the year ending 31 December 2018 and the effect of the potentially dilutive ordinary shares to be issued are shown below.

	Year to 31 December 2018	Year to 31 December 2017
Net loss for the year (US\$)	<b>(24,465,166)</b>	(9,547,919)
Basic weighted average ordinary shares in issue during the year	<b>445,515,538</b>	276,158,657
Diluted weighted average ordinary shares in issue during the year	<b>445,515,538</b>	276,158,657
Loss per share (cents)		
Basic	<b>(5.49)</b>	(3.46)
Diluted	<b>(5.49)</b>	(3.46)

In accordance with IAS 33 and as the entity is loss making, including potentially dilutive share options in the calculation would be anti-dilutive.

Deferred shares have been excluded from the calculation of loss per share due to their nature. Please see note 22 for details of their rights.

## Notes to the Financial Statements continued

## 13. Loss of the Parent Company

The parent company is not required to produce its own profit and loss account (or IFRS equivalent) because of the exemption provision in Section 408 of the Companies Act 2006.

## 14. Property, Plant and Equipment (Group)

	PPE – O&G Properties US\$	Fixtures & Fittings US\$	Property Rights-of-Use Assets US\$	Total US\$
<b>31 DECEMBER 2018</b>				
<b>Cost</b>				
1 January 2018	–	95,632	363,058	458,690
Exchange differences	–	–	–	–
Additions	1,270,832	79,848	334,625	1,685,305
Disposals	–	(18,926)	(363,058)	(381,984)
31 December 2018	1,270,832	156,554	334,625	1,762,011
<b>Depreciation</b>				
1 January 2018	–	37,352	36,306	73,658
Exchange differences	–	–	(686)	(686)
Charge for the year	202,081	32,833	126,159	361,073
Impairment charge	1,068,751	–	–	1,068,751
Disposals	–	(3,785)	(72,612)	(76,397)
31 December 2018	1,270,832	66,400	89,167	1,426,399
<b>Carrying amount</b>				
31 December 2018	–	90,154	245,458	335,612
31 December 2017	–	58,279	326,752	385,031
<b>31 DECEMBER 2017</b>				
<b>Cost</b>				
1 January 2017	–	39,173	–	39,173
Exchange differences	–	8,307	16,778	25,085
Transfer to discounted operations	–	(9,882)	–	(9,882)
Additions	–	58,034	346,280	404,314
31 December 2017	–	95,632	363,058	458,690
<b>Depreciation</b>				
1 January 2017	–	34,675	–	34,675
Exchange differences	–	3,314	1,678	4,992
Transferred to discontinued operations	–	(9,882)	–	(9,882)
Charge for the year	–	9,246	34,628	43,874
Disposals	–	–	–	–
31 December 2017	–	37,353	36,306	73,659
<b>Carrying amount</b>				
31 December 2017	–	58,279	326,752	385,031
31 December 2016	–	4,498	–	4,498



## Notes to the Financial Statements continued

### 14. Property, Plant and Equipment (continued) (Company)

	Fixtures & Fittings US\$	Property Rights-of-Use Assets US\$	Total US\$
<b>31 DECEMBER 2018</b>			
<b>Cost</b>			
1 January 2018	81,782	363,058	444,840
Additions	79,848	309,804	389,652
Disposals	(18,926)	(363,058)	(381,984)
31 December 2018	142,704	309,804	452,508
<b>Depreciation</b>			
1 January 2018	37,026	36,306	73,332
Charge for the year	30,471	112,402	142,873
Disposals	(3,785)	(72,612)	(76,397)
Exchange	-	(686)	(686)
31 December 2018	63,712	75,410	139,122
<b>Carrying amount</b>			
31 December 2018	78,992	234,394	313,386
31 December 2017	44,756	326,752	371,508
<b>31 DECEMBER 2017</b>			
<b>Cost</b>			
1 January 2017	29,710	-	29,710
Additions	46,975	346,280	393,255
Exchange	5,097	16,778	21,875
31 December 2017	81,782	363,058	444,840
<b>Depreciation</b>			
1 January 2017	25,213	-	25,213
Charge for the year	8,984	34,628	43,612
Exchange	2,829	1,678	4,507
31 December 2017	37,026	36,306	73,332
<b>Carrying amount</b>			
31 December 2017	44,756	326,752	371,508
31 December 2016	4,497	-	4,497

## Notes to the Financial Statements continued

## 15. Other Intangible Assets (Group)

## Exploration and Evaluation

	Argentina Exploration & Evaluation US\$	Ksar Hadada Exploration Acreage US\$	Total US\$
<b>31 DECEMBER 2018</b>			
<b>Cost</b>			
1 January 2018	2,500,000	2,043,429	4,543,429
Additions	14,479,134	–	14,479,134
Transfer to PP&E	(1,270,832)	–	(1,270,832)
31 December 2018	15,708,302	2,043,429	17,751,731
<b>Impairment</b>			
1 January 2018	–	2,043,429	2,043,429
Impairment charge for the year	14,148,371	–	14,148,371
31 December 2018	14,148,371	2,043,429	16,191,800
<b>Carrying amount</b>			
31 December 2018	1,559,931	–	1,559,931
31 December 2017	2,500,000	–	2,500,000
<b>31 DECEMBER 2017</b>			
<b>Cost</b>			
1 January 2017	–	1,866,235	1,866,235
Exchange arising on retranslation	–	177,194	177,194
Additions	2,500,000	–	2,500,000
31 December 2017	2,500,000	2,043,429	4,543,429
<b>Impairment</b>			
1 January 2017	–	1,332,889	1,332,889
Impairment charge for the year	–	556,999	556,999
Exchange	–	153,541	153,541
31 December 2017	–	2,043,429	2,043,429
<b>Carrying amount</b>			
31 December 2017	2,500,000	–	2,500,000
31 December 2016	–	533,346	533,346

Physical property, plant and equipment acquired as part of the acquisition of the producing assets in Fracción C, D and Laguna De Los Capones were transferred from intangible assets and depleted on a unit of production basis during the year. A decision was made to impair the CDL assets following the results of the drilling campaign carried out during 2018.

Notes to the Financial Statements continued

15. Other Intangible Assets (continued) (Company)

Exploration and Evaluation

	Argentina Exploration & Evaluation US\$	Total US\$
<b>31 DECEMBER 2018</b>		
<b>Cost</b>		
1 January 2018	2,500,000	2,500,000
Additions	792,424	792,424
Disposals	(2,500,000)	(2,500,000)
31 December 2018	792,424	792,424
<b>Impairment</b>		
1 January 2018	-	-
Impairment charge for the year	700,536	700,536
31 December 2018	700,536	700,536
<b>Carrying amount</b>		
31 December 2018	91,888	91,888
31 December 2017	2,500,000	2,500,000
<b>31 DECEMBER 2017</b>		
<b>Cost</b>		
1 January 2017	-	-
Additions	2,500,000	2,500,000
31 December 2017	2,500,000	2,500,000
<b>Impairment</b>		
1 January 2017	-	-
Impairment charge for the year	-	-
31 December 2017	-	-
<b>Carrying amount</b>		
31 December 2017	2,500,000	2,500,000
31 December 2016	-	-

## Notes to the Financial Statements continued

## 16. Interest in Subsidiary Undertakings

	Year to 31 December 2018 US\$
<b>Cost</b>	
1 January 2018	18
Additions in year	19,404,095
31 December 2018	19,404,113
<b>Impairment</b>	
1 January 2018	-
Impairment	14,516,586
31 December 2018	14,516,586
<b>Carrying amount</b>	
31 December 2018	4,887,527
<b>31 December 2017</b>	<b>18</b>

During the year additional capital was injected into Eco Energy CDL Op Limited and Eco Energy TA Op Limited.

Following the impairment of the CDL assets in Argentina, the Company reviewed the recoverability of its trading balance with Eco Energy CDL Op Limited. As a result it created a mirrored impairment provision for the equivalent asset impairment in the investment in Eco Energy CDL Op Limited.

Details of the subsidiaries are as follows:

Subsidiary	Class of Share	% Owned	Country of Registration	Nature of Business
Independent Resources (Ksar Hadada) Limited	Ordinary	100%	England & Wales	Dormant
Independent Resources (Sahara) Limited	Ordinary	100%	England & Wales	Dormant
Independent Resources (Tunisia) Limited	Ordinary	100%	England & Wales	Dormant
Echo Energy Holdings (UK) Limited	Ordinary	100%	England & Wales	Holding company
Echo Energy Argentina Holdings Limited	Ordinary	100%	England & Wales	Holding company
Echo Energy Tapi Aike Limited	Ordinary	100%	England & Wales	Holding company
Eco Energy TA Op Limited	Ordinary	100%	England & Wales	Holder of Argentinian branch assets
Echo Energy C D and LLC Limited	Ordinary	100%	England & Wales	Holding company
Eco Energy CDL Op Limited	Ordinary	100%	England & Wales	Holder of Argentinian branch assets
Echo Energy Bolivia (Hold Co 1) UK Limited	Ordinary	100%	England & Wales	Holding company
Echo Energy Bolivia (Op Co 1) UK Limited	Ordinary	100%	England & Wales	Holder of Bolivian branch assets
Echo Energy Bolivia (Hold Co 2) UK Limited	Ordinary	100%	England & Wales	Holding company
Echo Energy Bolivia (Op Co 2) UK Limited	Ordinary	100%	England & Wales	Dormant

The registered address for all of the above subsidiaries is: 40 George Street, London, W1U 7DW

## Notes to the Financial Statements continued

### 17. Inventories

	31 December 2018		31 December 2017	
	Group US\$	Company US\$	Group US\$	Company US\$
Crude oil	744,298	-	-	-
Parts and supplies	57,886	-	-	-
<b>Total</b>	<b>802,184</b>	<b>-</b>	<b>-</b>	<b>-</b>

Crude oil inventories are measured at net realisable value using a discounted observable year-end oil market price, other inventory items are measured at the lower of cost and net realisable value.

### 18. Other Receivables

	31 December 2018		31 December 2017	
	Group US\$	Company US\$	Group US\$	Company US\$
<b>Non-current</b>				
Amounts owing by subsidiary undertakings	-	5,531,988	-	6,403,267
Amounts provided against	-	(1,577,127)	-	(6,259,053)
<b>Total</b>	<b>-</b>	<b>3,954,861</b>	<b>-</b>	<b>144,214</b>
<b>Current</b>				
Trade receivables	731,416	44,214	-	-
Accrued income	420,690	-	-	-
Other receivables	3,672,157	472,293	688,319	687,923
Prepayments	2,086,812	89,269	736,701	733,861
<b>Total</b>	<b>6,911,075</b>	<b>605,776</b>	<b>1,425,020</b>	<b>1,421,784</b>

Other receivables in the Group and the Company principally comprise recoverable Value Added Tax, prepayments and deposits. Barclays Bank plc hold funds on deposit of US \$377K, these balances are included within other receivables.

The directors consider that the carrying amount of trade and other receivables approximated their fair value.

### 19. Cash and Cash Equivalents

	31 December 2018		31 December 2017	
	Group US\$	Company US\$	Group US\$	Company US\$
Cash held by joint venture partners	576,909	-	-	-
Cash and cash equivalents	15,032,394	14,439,984	26,626,663	26,599,290
<b>Total</b>	<b>15,609,303</b>	<b>14,439,984</b>	<b>26,626,663</b>	<b>26,599,290</b>

Echo have advanced cash to our joint venture partner, this cash is held by our partner in a ring-fenced account. We recognise our equity share of the balance held.



## Notes to the Financial Statements continued

## 20. Financial Instruments and Treasury Risk Management

## Fair Value of Financial Assets and Liabilities

The carrying values of financial assets and liabilities are considered to be material equivalent to their fair values

## Treasury Risk Management

The Group manages a variety of market risks, including the effects of changes in foreign exchange rates, liquidity and counterparty risk.

## Credit Risk

The Group's principal financial assets are bank balances and cash and other receivables. The credit risk on liquid funds is limited because the counterparties are UK, Argentine and Bolivian banks with high credit ratings. The Group operates with positive cash and cash equivalents as a result of issuing share capital in anticipation of future funding requirements. The Group's policy is therefore one of achieving high returns with minimal risks. In order to provide a degree of certainty, the Group primarily invests in short-term fixed-interest treasury deposits. Echo's joint operating partner CGC market all our hydrocarbons for and on our behalf. The products are primarily marketed to well established utilities. Gas sales invoices are issued by CGC to Echo within twenty five days of the end of the month and settled on day thirty. At the point at which the invoice is issued the gas price has been determined so no variance to revenue arises. Crude cargoes are paid on thirty day terms.

The Group has applied the expected credit loss model as required by the adoption of IFRS 9. Given current contractual arrangements, where pricing has already been determined at the point where receivables from hydrocarbon sales are recognised as revenue, and the fact that contract counterparties are large corporate entities or utilities, no provision has been made for losses. In addition no adjustments have arisen on transition.

The maximum exposure due to credit risk for the Group on other receivables and amounts due from equity accounted joint operations during the year was US \$1,623,344 (2017: US \$1,055,335). No collateral is held in respect of these amounts. The maximum exposure due to credit risk for the Group on other receivables and amounts due from equity accounted joint operations during the year was US \$1,623,344 (2017: US \$1,055,335). No collateral is held in respect of these amounts. The maximum exposure due to credit risk for the Company on intercompany receivables and other receivables during the year was US \$24,720,880 (2017: US \$5,147,056). No collateral is held in respect of these amounts. Intergroup funding is assessed for indications of impairment on a periodic basis. Investments and subsidiaries and intergroup loans in the amount of US \$16,007,149 (2017: US \$4,635,306) are considered to be impaired and have been provided against in full. All other amounts are expected to be received in full.

## Currency Risk

The Group's operations are primarily located in the South America, and the United Kingdom, with the main exchange risk being between the US Dollar and the Argentine Peso. The Argentine Peso has devalued by approximately 50% over the year. The Group addressed this risk by minimising exposure to the currency. The majority of Group revenues for the year were denominated in US Dollars but certain liabilities and revenues were denominated in Argentine Pesos. In certain instances the counterparty for settlement of Peso income and expenditure was the same. In these instances Peso balances were offset. Balances were held in US Dollars until settlement was due, and where short-term Peso balances were held these were placed on overnight deposit.

At year-end the Group held the following cash and cash equivalent balances:

	31 December 2018 US\$	31 December 2017 US\$
US Dollars	12,639,814	1,100
GBP Sterling	2,470,308	10,640,827
Euro	446,422	15,957,563
Argentine Peso	45,802	-
Bolivian Boliviano	6,957	27,173
<b>Total</b>	<b>15,609,303</b>	<b>26,626,663</b>

The consolidated statement of comprehensive income would be affected by US \$246,974 (2017: US \$1,064,083) if the exchange rate between US \$ and GBP £ changed by 10%. If the exchange rate between the US Dollar and the Euro changed by 10% there would be a profit or loss of US \$44,642 (2017: US \$1,684,207). There would be a loss of US \$10,599 if the exchange rate between the Argentine Peso and US Dollar changed by 20%.

## Notes to the Financial Statements continued

### 20. Financial Instruments and Treasury Risk Management (continued)

The Group has exposure to the Euro, Echo hold €20million bond notes, Euro denominated funds were put in place at the beginning of the period to cover servicing of debt during the accounting year.

The primary source of funds for the Group in the period was equity raised in GBP, these funds were immediately translated into US Dollars to fund exploration activity in Argentina. No derivative products were used during this accounting period, but management actively review currency requirements to assess the suitability of hedging products. The Group consolidated statement of income would be affected by approximately US \$2,076,333 (2017: US \$1,383,756) by a reasonably possible 10 percentage points fluctuation in the exchange rate between US Dollars and Euros.

The VAT regime in Argentina differs from international practise as VAT investment activities are not immediately recoverable but must be offset against revenue streams. The Company has made substantial investments in Argentina in 2018 and has accordingly built up a material VAT receivable balance. To mitigate this risk the Group have put in place measures to maximise our VAT returns and, where possible, we have submitted claims to recover VAT balances. Until we physically recover the VAT we have a substantial exposure to Pesos devaluations as the balances are fiscal returns and denominated in Pesos.

#### Interest Rate Risk

The Group holds debt instruments that were issued at a fixed rate. As part of the Group's policy to maximise returns on cash held, cash in hand is placed in interest bearing accounts where possible. During the course of 2018 Echo held significant cash balances after capital funding and prior to injection of funds into joint operations in South America. A proportion of these funds have fixed interest rates though these are over short periods of no more than three months. The consolidated statement of comprehensive income would be affected by US \$253,962 (2017: US \$253,982) by a 1% point change floating interest rate on a full-year basis.

#### Liquidity Risk

The Group's actively manages its working capital to ensure the Group has sufficient funds for operations and planned activities. Operational cash flow represents receipts from revenue, together with on-going direct operational support costs, exploration, appraisal, administration and business development costs. The Group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Group's policy is to ensure facilities are available as required, to issue equity share capital and form strategic alliances in accordance with long-term cash flow forecasts. The Group currently has no undrawn committed facilities as at 31 December 2018.

The Group's financial liabilities are primarily obligations under joint operations, trade payables and operational costs. All amounts are due for payment in accordance with agreed settlement terms with suppliers or statutory deadlines and all within one year.

The Group holds Euro denominated long-term debt. See note 25.

The Group does not currently use derivative financial instruments as hedging is not considered necessary. Should the Group identify a requirement for the future use of such financial instruments, a comprehensive set of policies and systems as approved by the directors will be implemented.

In accordance with IFRS 9, "Financial instruments: recognition and measurement", the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet specific requirements set out in the standard. No material embedded derivatives have been identified.

#### Commodity Price Risk

The Group is now exposed to the risk of fluctuations on prevailing commodity market prices. The Group does not use commodity forward contracts and futures to hedge against price risk in commodities as current volumes and market conditions mean they are not yet appropriate for Echo.

A 10% increase in the price of Gas would have increased revenue by approximately US\$ 363,456.

A 10% increase in the price of Oil would have increased revenue by approximately US\$ 522,234.

## Notes to the Financial Statements continued

## 20. Financial Instruments and Treasury Risk Management (continued)

## Capital Management

The Group's legacy strategy has led to its capital structure being a mixture of debt and equity. The directors will reassess the future capital structure when projects under development are sufficiently advanced and restructure accordingly.

The Group's financial strategy is to utilise its resources to further appraise and test the Group's projects, forming strategic alliances for specific projects where appropriate together with assessing target acquisitions. The Group keeps investors and the market informed of its progress with its projects through regular announcements and raises additional equity finance at appropriate times.

## Categories of Financial Instruments

All of the Group's financial assets are classified as loans and receivables, and all of the Group's financial liabilities are classified as financial liabilities at amortised cost.

## 21. Trade and Other Payables

	31 December 2018		31 December 2017	
	Group US\$	Company US\$	Group US\$	Company US\$
Trade payables	539,835	229,458	1,490,966	1,460,691
Taxation and social security costs	112,262	100,366	64,832	64,832
Non-trade payables	73,620	64,464	720,139	705,370
Accruals	258,959	234,774	1,100,314	1,090,497
Joint venture payables	1,215,756	-	-	-
<b>Total</b>	<b>2,200,432</b>	<b>629,062</b>	<b>3,376,251</b>	<b>3,321,390</b>

## 22. Share Capital

	31 December 2018		31 December 2017	
	Group US\$	Company US\$	Group US\$	Company US\$
<b>Issued, Called Up and Fully Paid</b>				
477,939,144 0.32¢ (2017:364,539,732 0.32¢) ordinary shares				
1 January 2018	4,065,713	4,065,713	3,179,598	3,179,598
Equity shares issued	379,286	379,286	886,115	886,115
<b>31 December 2018</b>	<b>4,444,999</b>	<b>4,444,999</b>	<b>4,065,713</b>	<b>4,065,713</b>

The holders of 0.32¢ (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.

On the 4th January following the results of a General Meeting Echo issued 36,391,412 new ordinary shares at a placing price of 17.5p per share. In a further placing on the 31st May 2018 71,185,447 shares were issued at 12p per share. A further 5,822,552 shares were issued during the period through a combination of the exercise of warrants and options.

In addition to the 0.25p ordinary shares detailed above, as part of capital reorganisations in 2015 and 2016, 419,905,875 deferred shares with a nominal value of 0.09p were created. The deferred shares and the 2016 deferred shares have no value or voting rights and the shareholders were not issued with a share certificate, nor are they listed on AIM. These shares remain issued, called up and fully paid at the period end.

## Notes to the Financial Statements continued

### 22. Share Capital (continued)

Further shares issued during the year was as follows:

	Date	Shares	Price £	Prices \$
1 January 2018		364,539,733		
Shares issued @ .25p Aconcagua settlement	04/01/2018	36,391,412	0.18	0.21
Shares issued @ .25p exercise of warrant	11/01/2018	572,553	0.15	0.18
Shares issued @ .25p exercise of warrant	26/01/2018	499,999	0.03	0.04
Shares issued @ .25p option exercise	23/04/2018	1,750,000	0.02	0.02
Shares issued @ .25p shares placing	31/05/2018	71,185,447	0.12	0.15
Shares issued @ .25p exercise of warrant	29/08/2018	3,000,000	0.03	0.04
31 December 2018		477,939,144		

### 23. Share Premium Account

	31 December 2018		31 December 2017	
	Group US\$	Company US\$	Group US\$	Company US\$
1 January 2018	39,888,089	39,888,089	30,804,440	30,804,440
Premium arising on issue of equity shares	19,890,017	19,890,017	10,565,773	10,565,773
Warrants lapsed or exercised	10,018	10,018	-	-
Transaction costs	(1,458,244)	(1,458,244)	(1,482,124)	(1,482,124)
<b>31 December 2018</b>	<b>58,329,880</b>	<b>58,329,880</b>	<b>39,888,089</b>	<b>39,888,089</b>

### 24. Share-Based Payments

#### (a) Share Options

The Group has a share option scheme established to reward and incentivise the executive management team and staff for delivering share price growth. The share option scheme is administered by the remuneration committee. The expected life of the options is based on the maximum option period and is not necessarily indicative of exercise patterns.

Share options are valued using the stochastic Black-Scholes model. The inputs to the model are the weighted average share price, the expected average exercise price, expected life, the risk free rate of return and the expected volatility. A 10 year gilt rate is used as an equivalent to risk free rate and the expected volatility was determined with reference to the Company's share price.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The cost of options is amortised to the statement of comprehensive income over the service period of the option.

## Notes to the Financial Statements continued

## 24. Share-Based Payments (continued)

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

Share Options	31/12/2018		31/12/2017	
	Number	WAEP* (¢)	Number	WAEP* (¢)
Outstanding as at 1 January	75,123,144	11	197,201	98
Granted during the year	11,872,802	16	96,400,000	8.1
Expired during the year	(113,143)	89	–	–
Forfeited during the period	(30,250,000)	18	(21,474,057)	3
Exercised during the year	(1,750,000)	2	–	–
Options outstanding as at 31 December	54,882,803	7	75,123,144	11
Exercisable at 31 December	10,000	96	123,143	97

\*Weighted Average Exercise Price (WAEP)

The weighted average outstanding life of vested share options is 6.2 years. The weighted average price for outstanding options ranges between 2.1¢ and 95.7¢ (1.6p and 75.0p). The outstanding share options are not subject to any share performance-related vesting conditions, but vesting is conditional upon continuity of service.

On 17 April 2018 1,750,000 share options were exercised at a weighted average price of 2.1¢ (1.6p). The Group recognises total expenses of US \$745,702 (2017: US \$908,090) related to equity-settled, share-based payment transactions during the year.

A deferred taxation asset has not been recognised in relation to the charge for share-based payments due to the availability of tax losses to be carried forward.

**(b) Warrants Over Ordinary Shares**

The Company issued warrants over ordinary shares to subscribers of new ordinary shares and as fundraising commission in respect of a former director of the Company completed during the years to 31 December 2016 and 31 December 2017.

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

Warrants	2018		2017	
	Number	WAEP* (¢)	Number	WAEP* (¢)
Outstanding as at 1 January	286,223,645	16.2	47,928,584	9.5
Granted during the year	–	–	287,723,646	16.2
Forfeited during the period	(400,000)	29.1	(7,282,294)	37.8
Exercised during the year	(4,072,552)	6.0	(42,146,291)	4.1
Outstanding as at 31 December	281,751,093	16.0	286,223,645	16.2

\*Weighted Average Exercise Price (WAEP)

Warrants values are calculated using the Black Scholes option pricing model within the same inputs variables as discussed for share options.

The weighted average price for outstanding warrants as at 31 December 2018 ranges between 3.8¢ and 20.7¢ (3.0p and 16.2p).

The residual weighted average contractual life for the warrants is 3.35 years.



## Notes to the Financial Statements continued

### 25. Loans Due in Over One Year

	31 December 2018 US\$	31 December 2017 US\$
Five-year secured bonds	(14,757,291)	(14,218,323)
Other loans	(1,157,089)	(1,191,788)
<b>Total</b>	<b>(15,914,380)</b>	<b>(15,410,111)</b>

	Balance as at 31 December 2017 US\$	Amortised finance charges less cash interest paid US\$	Exchange adjustments US\$	31 December 2018 US\$
€20 million five-year secured bonds	16,239,849	718,619	(731,717)	16,226,751
Other loans	1,191,788	30,321	(65,020)	1,157,089
Loan fees	(2,021,526)	457,485	94,581	(1,469,460)
<b>Total</b>	<b>15,410,111</b>	<b>1,206,425</b>	<b>(702,156)</b>	<b>15,914,380</b>

On 22 May 2017 the Company announced that Nusakan plc ("Nusakan") subscribed for five-year non-amortising secured bonds with an aggregate issue value of €20million ("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 terms 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 GBP £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 notes net of issue costs were recorded as non-current liability. The coupon rate for the Bonds ensures that the Company's on-going cash out-flow on interest payments remains low, conserving the Company's cash resources. The effective interest rate is approximately 21.55%. The five-year secured Bonds are due in May 2022.

### Maturity Analysis

Contractual undiscounted cash flows:

	31 December 2018 US\$	31 December 2017 US\$
Amounts due within one year	1,985,960	2,081,780
Amounts due after more than one year	28,633,503	32,087,049
	<b>30,619,463</b>	<b>34,168,829</b>

### 26. Right-of-use Liability

The Group's right-of-use asset comprises the lease of its London office (note 14).

These liabilities are included in the statement of financial position:

	31 December 2018 US\$	31 December 2017 US\$
Amounts due within one year	166,744	117,037
Amounts due after more than one year	50,709	224,992
	<b>217,453</b>	<b>342,029</b>

## Notes to the Financial Statements continued

## 26. Right-of-use Liability (continued)

Amounts recognised in the statement of comprehensive income /(loss):

	31 December 2018 US\$	31 December 2017 US\$
Interest on leasehold liabilities	53,195	34,784

Amounts recognised in the statement of cash flows:

	31 December 2018 US\$	31 December 2017 US\$
Repayment of lease liabilities	161,356	55,085

In calculating the right-of-use liability the office lease on both the corporate headquarters and the office in Bolivia was assumed to run to the full term of two years and one year respectively.

Interest on the financing amount was imputed at the same rate of interest as that of the bond financing of 20%.

## Maturity Analysis

Contractual undiscounted cash flows:

	31 December 2018 US\$	31 December 2017 US\$
Amounts due within one year	169,686	117,037
Amounts due after more than one year	59,670	409,631
	229,356	526,668

## 27. Related Party Transactions

## Inter-group Balances

In order for individual subsidiary companies to carry out the objectives of the Group, amounts are loaned to them on an unsecured basis. At the year end the following amounts were outstanding:

	31 December 2018 US\$	31 December 2017 US\$
Amounts owed to Echo Energy plc from:		
Echo Energy Bolivia Op Co 1	593,794	138,664
Eco Energy CDL Op Limited	3,336,415	–
Eco Energy TA Op Limited	24,652	–
Independent Resources (Ksar Hadada) Limited	1,577,127	1,518,934
	5,531,988	1,657,598

Echo Energy plc has provided against an amount due from Independent Resources (Ksar Hadada) Limited as at 31 December 2017 amounting to US \$1,577,127 (2017: US \$1,518,934) as management has assessed this amount to be irrecoverable.

Nusakan (formerly Greenbury plc) is a significant shareholder in the Company. Please refer to note 25 for details of the debt transaction in 2017.

## 28. Controlling Party

The directors do not consider there to be a controlling party.

## Notes to the Financial Statements continued

### 29. Commitments

Echo has committed expenditure of US\$7.9 million for 2019 relating to exploration acreage.

### 30. Change in Presentation and Functional Currency

The Group is primarily funded through GBP equity with Euro denominated debt. Until the acquisition of the Tapi Aike and CDL assets in Argentina all material costs were in GBP. The farm-in agreement signed with CGC committed Echo to fund a carried work programme denominated in US Dollars across the two licence areas. The CDL licence areas are also producing with revenues pegged to, or actually denominated in, US Dollars and all of the operating cost cash calls issued by our partner in the joint operation were also denominated in US Dollars. This represented a fundamental shift in the underlying currency of the business. As an oil and gas company with a core strategy of operating in South America where the underlying currency of transactional business is the US Dollar, the economic fundamentals of our business are now best reflected by a switch to a US Dollar functional currency.

The effect of the change in functional currency was accounted for prospectively from the date of the change, transactions arising in currencies other than the US \$ are translated at average exchange rates for the relevant accounting period, with material transactions being accounted at the rate of exchange on the date of the transaction. Balance sheet balances denominated in other currencies were retranslated to US \$ at the balance sheet closing rates GBP £1: US \$1.276. Euro €1: US \$1.145.

The presentation currency was changed retrospectively and the comparative figures for the period ended 31 December 2017 have been restated. Assets and liabilities have been retranslated at the exchange rate ruling on 31 December 2017 (GBP £1: US \$1.3503), income and expenditure for 2017 has been restated at an average rate for the period (GBP £1:US \$1.2789) and equity transactions were restated at transactional rates. For comparative purposes we have restated the opening balance sheet for 2017, we have used the year-end rate for 2016 GBP £1:US \$1.2332 to restate. Retained earnings balances brought forward have been restated at average exchange rate for the relevant period. Other equity balances brought forward have been recalculated at transactional exchange rates.

## Notes to the Financial Statements continued

## 30. Change in Presentation and Functional Currency (continued)

## Consolidated Statement of Financial Position – Comparative

	31 December 2017 Restated US\$	1 January 2017 Restated US\$
<b>Non-current assets</b>		
Property, plant and equipment	385,031	4,498
Other intangibles	2,500,000	533,346
	2,885,031	537,844
<b>Current Assets</b>		
Other receivables	1,425,020	373,676
Cash and cash equivalents	26,626,663	227,958
	28,051,683	601,634
Assets held for distribution	73,965	23,298
	28,125,648	624,932
<b>Current Liabilities</b>		
Trade and other payables	(3,376,251)	(528,490)
Liabilities directly associated with the assets held for sale	(38,336)	(989)
	(3,414,587)	(529,479)
<b>Net current assets</b>	24,711,061	95,453
<b>Total assets less current liabilities</b>	27,596,092	633,297
<b>Non-current liabilities</b>		
Loans due in over one year	(15,410,111)	–
Right of use liability	(224,992)	–
	(15,635,103)	–
<b>Total Liabilities</b>	(19,049,691)	(529,479)
<b>Net Assets</b>	11,960,989	633,297
<b>Equity attributable to equity holders of the parent</b>		
Share capital	4,065,713	3,179,599
Share premium	39,888,089	30,804,440
Shares to be issued	–	368,519
Warrant reserve	11,241,239	1,021,229
Share option reserve	961,676	208,976
Foreign currency translation reserve	(1,587,485)	(1,829,646)
Retained earnings	(42,608,243)	(33,119,820)
<b>Total Equity</b>	11,960,989	633,297



## Notes to the Financial Statements continued

### 31. Subsequent Events

On the 12th of February 2019 the Company announced completion of the mechanical stimulation and testing operation on the EMS-1001 well. Based on the test results the Company concluded that the EMS-1001 location is not commercial. This result combined with the other three exploration well results let to the Company to re-evaluate the economics of the CDL assets and as a result impaired the value of the assets by US \$15.2 million and wrote down the 2P reserves.

On the 15th of February chief operating officer Geoffrey Probert left the Company to take up another position.

On the 26th of February Echo announced the safe and efficient completion of the 3D seismic survey across the eastern cube of Tapi Aike. The survey was completed on schedule and the initial indications suggest very good quality data. The equipment was then moved to the western cube and commenced operation on the remaining 790km<sup>2</sup> of seismic acquisition. Echo advanced the cash to fund its seismic acquisition commitments to its joint venture partner CGC in January 2019.





# Shareholder Information

## AIM Rule 26 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 the Company 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.

### Address

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### Solicitors

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# Glossary

<b>AAPG</b>	American Association of Petroleum Geologists	<b>JV</b>	joint venture
<b>AIM</b>	Alternative Investment Market	<b>KPI</b>	key performance indicators
<b>AIPG</b>	American Institute of Professional Geologists	<b>LNG</b>	liquid natural gas
<b>bbbl</b>	barrel	<b>LTIP</b>	long-term incentive plan
<b>bbbl/d</b>	barrel(s) per day	<b>mmbbls</b>	million barrels
<b>Bcf</b>	billion cubic feet	<b>MMBOE</b>	million barrels of oil equivalent
<b>Bcfe</b>	billion barrels of oil equivalent	<b>mmbtu</b>	million British thermal units
<b>Board</b>	the board of directors of Echo Energy plc	<b>mmscf/d</b>	million standard cubic feet per day
<b>boe</b>	barrel(s) of oil equivalent	<b>NAV</b>	net asset value
<b>boe/d</b>	barrel(s) of oil equivalent per day	<b>NOMAD</b>	nominated advisor
<b>bopd</b>	barrels(s) of oil per day	<b>Opex</b>	operations costs
<b>Capex</b>	capital expenditure	<b>Pmean</b>	mean case
<b>CDL</b>	Fracción C, Fracción D, and Laguna De Los Capones licences	<b>ppm</b>	parts per million
<b>CGC</b>	Compañía General de Combustibles S.A.	<b>pulling job</b>	low cost well intervention to restart/improve production
<b>CGU</b>	cash generating unit	<b>P10</b>	high case (value with a 10% chance of being exceeded)
<b>Company</b>	Echo Energy plc	<b>QCA Code</b>	Quoted Companies Alliance Corporate Governance Code
<b>E&amp;E</b>	exploration and evaluation	<b>SPE</b>	Society of Petroleum Engineers
<b>E&amp;P</b>	exploration and production	<b>SPEE</b>	Society of Petroleum Evaluation Engineers
<b>EMI</b>	enterprise management incentive	<b>spud</b>	to commence drilling a well
<b>FRC</b>	Financial Reporting Council	<b>Tcf</b>	trillion cubic feet
<b>G&amp;A</b>	general and administration expenses	<b>Tcfe</b>	trillion barrels of oil equivalent
<b>GIIP</b>	gas initially in place	<b>TEA</b>	technical evaluation agreement
<b>Group</b>	the Company and its subsidiaries	<b>UGA</b>	UGA Seismic S.A.
<b>HSE</b>	health, safety and environment	<b>WAEP</b>	weighted average exercise price
<b>IAPG</b>	International Association of Petroleum Geologists	<b>workover</b>	an invasive well intervention involving a rig
<b>IAS</b>	International Accounting Standards	<b>WPC</b>	World Petroleum Council
<b>IFRS</b>	International Financial Reporting Standards as adopted by the European Union	<b>YPFB</b>	Yacimientos Petroliferos Fiscales Bolivianos
<b>IMF-WEO</b>	International Monetary Fund – World Economic Outlook	<b>2C</b>	best estimate of contingent resources
<b>ISAs (UK)</b>	International Standards on Auditing	<b>3C</b>	high estimate of contingent resources
<b>JEA</b>	joint evaluation agreement	<b>2P</b>	proven plus probable
		<b>\$ / US \$</b>	United States Dollar



echo

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