Registered Office

Echo Energy plc
Tower Bridge House, St Katharine's Way, London, E1W 1DD, United Kingdom

Commercial Office

Central Point, 45 Beech Street, London. EC2Y 8AD, UK

Telephone: +44 (0) 20 70 70 0447

www.echoenergyplc.com | Email: info@echoenergyplc.com

ECHO ENERGY PLC
Exploration & Production

Annual report 2016

Contents

Company information

Board of directors
J Parsons (Non-executive chairman)
W Coleman (Chief executive officer)
S Whyte (Non-executive director)
M Fumagalli (Non-executive director)

Company secretary
A M Bateman

Registered office
Tower Bridge House
St. Katharine's Way
London
E1W 1DD

Registered number
05483127 (England and Wales)

Auditor
Crowe Clark Whitehill LLP
St. Bride's House
10 Salisbury Square
London
EC4Y 8EH

Solicitors
Fieldfisher
Riverbank House
2 Swan Lane
London
EC4R 3TT

Nominated adviser
ZAI corporate Finance Limited
New Liverpool House, 4th Floor
15 - 17 Eldon Street
London
EC2M 7LD

Broker
Brandon Hill Capital Limited
1 Tudor Street
London
EC4Y 0AH

Registrars
Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey
GU9 7DR

Financial PR
Vigo Communications
180 Piccadilly
St James'
London
W1J 9HF

Website
www.echoenergyplc.com

Chairman's statement

Introduction

Echo Energy is a plc is a London listed Latin American focused mid-cap gas company in the making. The company is pursuing a high-value, piped, onshore gas strategy across South and Central America, commencing with a Multi Tcf potential exploration portfolio. Select corporate transactions in the region are also under evaluation.

On 6 March 2017, after the financial year end, the company announced a carefully orchestrated relaunch which saw the re-shaping of the Board, the introduction of a cornerstone investor in the form of Greenberry plc, an associate of Continental Investment Partners, an open offer as well as the renaming of the company. These elements combined to fully rebrand the company and set a platform for a new and exciting journey.

The open offer was a vital component to that relaunch providing private investors in Echo an opportunity to access this high growth vehicle, led and backed by an experienced and successful team, on the same terms as our cornerstone investor. The fair treatment of private investors is central to the philosophy of Echo and will remain so going forward.

On 18 April 2017, the company announced its decision to pursue its LATAM regional exploration strategy focused on multi Tcf, low cost, onshore gas piped to high value, growing markets. This strategy was based on a combination of elements, which included the recently increasing growth across the region, the increasing shortage of gas in the major markets of Brazil and Argentina and a historic period of regional underinvestment in the sector. In combination, we believe these provide a compelling investment proposition for investors at this specific point in the cycle.

Consequently, we have planned to rapidly acquire a series of assets across the region, including potential asset acquisitions in Bolivia, Colombia, Argentina and Brazil, leveraging existing pipeline infrastructure and processing capability which enables new discoveries to be brought to market quickly. In addition, we intend to selectively bring in pre-identified strategic partners to the business to fund and technically de-risk such assets.

The Company is now positioned for its bold and adventurous growth strategy, with approximately GBP 26M cash and further access to capital if required.

The Echo Energy journey is underway...

James Parsons
Non-executive chairman

Strategic report

Review of Developments and Future Prospects

In March 2017, the group rebranded and relaunched its equity proposition with a new cornerstone investor, board of directors and gas strategy hinged on high quality, multi Tcf potential, acreage. Consequently, the group does not see significant value in its Italian and Egyptian assets and has already therefore begun preparations to exit those positions, subject to any necessary shareholder approvals. The Tunisian asset remains under strategic review.

The loss after taxation for the year to 31 December 2016 was £7,254,184 (31 December 2015: £1,909,067).

No dividends were paid during the year and none are proposed. The Chairman's Statement on page 3 sets out a review of the company's business and future prospects and that is not duplicated here.

Key performance indicators

The directors consider that the Group's near-term key objectives include the first tranche of strategic acquisitions in LATAM and exiting its Egyptian and Italian positions.

Principal Risks and Uncertainties

To support the new strategy the group has completed a number of institutional funding rounds and one open offer with each equity fundraise being placed without a discount to market. This funding will be used to acquire and drill new assets and fund the administrative costs of the group. This poses a risk in terms of capital being available to fund the long-term debt.

If the position in Egypt is not exited, the disputes with North Petroleum, the operator of East Ghazalat, will require resolution and the timing remains uncertain. If resolution is not possible the group may have to resort to legal or arbitration proceedings to protect its investment in the licence and to avoid the need for impairment.

The lower oil price environment and country security risk concerns in Tunisia pose a risk to our ability to secure a farm-in partner for Ksar Hadada to allow the work programme to go ahead.

In Italy there is uncertainty as to the final outcome of the litigation in relation to Rivara given the complexity of local, regional and national governmental structures and processes. However, the group is committed to exiting this asset.

Financial Risk Management

The group's operations expose it to financial risks including credit risk, commodity pricing risk, liquidity risk and market risks. The group has significant debt. Considerable rigour is applied to the management of costs within the group.

1. Liquidity risk

Liquidity is the risk that the group will not be able to meet its financial obligations as they fall due. In common with many other groups of similar scale in the Oil and Gas business, the group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or to find suitable partners to farm-in to the group's portfolio. The directors are confident that the group is adequately funded and further funding will be forthcoming, should it be needed. This will allow the continued financing of operations.

2. Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's position. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

3. Pricing and risks

Through its production interests there is now direct price risk to the business from energy price fluctuations, in particular the price of oil and natural gas. In addition, the economic viability of investment opportunities being reviewed by management will be influenced by commodity price movements and forecasts. The directors also acknowledge that the impact of oil price changes on the fortunes of other companies in the sector will influence the wider investment environment and the ability of the group to raise capital in the future.

4. Interest Rate Cash flow risk

The group has interest bearing liabilities in the form of debt which carries a fixed annual coupon. Interest bearing assets are only cash balances that earn interest at a floating rate.

5. Foreign exchange risk

Historically, the group has operated across multiple currencies, principally British pounds, Euro, US Dollars and Egyptian pounds. As activities in Italy, Egypt and Ksar Hadada are scaled back and exited foreign currency exposure in those regions will diminish. Conversely, as activities in LATAM increase, the US dollar and other relevant local currencies exposures will assume greater importance as revenues and anticipated work programme expenditure will be incurred and will be expected to be denominated in non-British pound currencies such that managing dollar and other currency exposures will so become more important. The impact of inflation on local currencies will also need to be considered in managing the company's exposures.

6. Credit risk

Credit risk is the risk of financial loss to the group if a customer or counter-party to a financial instrument fails to meet its contractual obligations. The group will be reliant on partners in the licences and joint ventures to be able to fund their share of costs and work programme obligations and in particular to meet their share of costs borne or paid by the group on their behalf.

By order of the Board on 01 June 2017

Greg Coleman
Chief executive officer

The directors' report

The directors submit their report and accounts for the financial year ended 31 December 2016. The comparative period is the year ended 31 December 2015.

Principal activities

Echo Energy plc is the holding company for a group of companies engaged in the exploration, appraisal and development of oil and natural gas producing assets.

The company's recently relaunched strategy stated its principal long-term focus to be the development of a portfolio of assets in the Central and Southern American geographies.

Results and dividends

Turnover for the year was £nil (2015: £nil), and the loss before tax was £7,254,184 (2015: £1,909,067). The directors have not declared any dividend in respect of the year ended 31 December 2016 (2015: £nil).

Directors

The directors who served during the year were as follows:

G Nash, resigned 14 March 2017

W Coleman

O Franks, resigned 6 March 2017

M Miller, resigned 19 October 2016

Following the company's relaunch in March 2017, the directors appointed were as follows:

J Parsons, appointed 9 March 2017

S Whyte, appointed 9 March 2017

M Fumagalli, appointed 28 March 2017

The Articles of Association of the company state that at each Annual General Meeting one-third of the directors who are subject to retirement by rotation or, if their number is not three nor a multiple of three, the number nearest to but not exceeding one-third, shall retire from office.

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.

Directors' responsiblities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that period. In doing so the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and 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 and group will continue in business.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to 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 the group 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 Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Echo Energy plc web site is the responsibility of the directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept 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 annual reports may differ from legislation in other jurisdictions.

Auditors

Each person who is a director at the date of approval of this annual report confirms 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.

The directors' report

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 auditors, Crowe Clark Whitehill LLP will be proposed at the Annual General Meeting.

Directors' interests in shares

		Ordinary shares of 0.01 p each			Percentage of issued
		1 January 2016	31 December 2016	22 May 2017	share capital on 22 May 2017
G Nash	Note 1	27,872,447	27,872,447	27,872,447	0.45%
W Coleman	Note 2	4,546,077	4,546,077	4,546,077	0.07%
O Franks		2,333,333	66,333,333	66,333,333	1.08%
M Miller		-	-	-	0.00%
J Parsons		-	-	-	0.00%
S Whyte		-	-	-	0.00%
M Fumagalli		-	-	-	0.00%

Note 1 : 12,504,073 shares held by G Nash, 14,898,024 shares held by Grayson Nash LLC, a company controlled by G Nash and 470,350 shares held indirectly by A Nash, wife of G Nash.

Note 2 : 4,212,744 shares held by W Coleman and 333,333 shares held by TD Direct Investing Nominees (Europe) Limited as a nominee company for the benefit of W Coleman.

Directors' interests in warrants over ordinary shares (pre-consolidation)

		Warrant at 1.50 p each			Warrant at 1.00 p each			Warrant at 0.065 p each		
		1 January 2016	31 December 2016	22 May 2017	1 January 2016	31 December 2016	22 May 2017	1 January 2016	31 December 2016	22 May 2017
G Nash	Note 1, 2, 3 ,4	4,656,288	4,656,288	4,656,288	-	5,166,667	5,166,667	-	-	75,000,000
W Coleman	Note 2, 3	856,372	856,372	856,372	-	2,500,000	2,500,000	-	-	-
O Franks	Note 2, 3	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-
M Miller		-	-	-	-	-	-	-	-	-
J Parsons		-	-	-	-	-	-	-	-	-
S Whyte		-	-	-	-	-	-	-	-	-
M Fumagalli	Note 5	-	-	-	-	-	-	-	-	-

Note 1 : 5,166,667 warrants at 1.00p held by G Nash and 4,656,288 warrants at 1.50p held by Grayson Nash LLC, a company controlled by G Nash

Note 2 : Warrants issued at 1.50p are exercisable immediately and expire on 28 May 2017.

Note 3 : Warrants issued at 1.00p are exercisable immediately and expire on 18 November 2017.

Note 4 : Warrants issued at 0.065p vest after 3 years and expire after 5 years.

Note 5 : M Fumagalli holds no direct interest in the shareholding of the Company, but is a Founding Partner of, and a 25% shareholder in Continental Investment Partners (an affiliate of Greenberry plc, the Company's new cornerstone investor, which is beneficially entitled to warrants at 0.065 p each)

Directors' remuneration

An analysis of directors' remuneration is given in Note 4 to the financial statements.

The company established a share option scheme on 25 November 2005 to reward and incentivise the executive management team for delivering share price growth. The share option scheme is administered by the Remuneration Committee.

On 10 October 2014, options were awarded to members of the new management team. In recognition that the management team have agreed to receive salaries significantly below market rates for individuals of their experience, these options are not subject to any share-performance related criteria but are conditional upon continuity of service criteria. The exercise price for these options has been set to match the subscription price for the Placing and Open Offer completed in June 2014.

No additional options were issued to any of the Directors during their financial year to 31 December 2016.

The ten year window to issue options under this scheme expired during this financial year and the directors are in the process of designing a new option incentivisation scheme.

Directors' share options

Name of Director	Start of year	Granted in the year	Exercised/ lapsed in the year	Market price at date of exercise	End of year	Exercise price	Earliest date for exercise	Latest date for exercise
W Coleman - discretionary								
Tranche 3	200,000	-	-	-	200,000	1p	04/03/2013	03/03/2023
W Coleman - discretionary								
Tranche 4 Note 1	2,628,583	-	-	-	2,628,583	3p	10/10/2015	10/10/2024
O Franks - discretionary								
Tranche 4 Note 1	525,717	-	-	-	525,717	3p	10/10/2015	10/10/2024

Note 1 : These options were granted on 10 October 2014 and vest in three equal tranches on 10 October 2015, 2016 and 2017 so long as the option holder remains a director or employee of the company. No options were granted or exercised during 2016.

In addition to the above, as part of the Board re-structuring, J Parsons and W Coleman each have been awarded options over 600 million new ordinary shares exercisable at 0.065 pence per share. The options vest after 3 years and expire after 5 years. In addition, such options can only be exercised if the closing mid-market price of an ordinary share on the day prior to exercise exceeds 0.12 pence per ordinary share. S Whyte and, M Fumagalli, have been granted 100 million options each on identical terms. All of these option awards are on a pre-consolidation basis.

The directors' report

Corporate governance

The company is subject to the continuing requirements of the AIM Rules and is committed to adhering to the corporate governance standards appropriate for a company of this size and nature. The company is not required to comply with the UK Corporate Governance Code published in April 2016 by the Financial Reporting Council ("the Code") nor issue a statement of compliance with it. The directors support high standards of corporate governance and are committed to managing the company in an honest and ethical manner. Where practical and appropriate for a company of this size and nature, the company endeavours to take account of the Code and the recommendations on corporate governance of the Quoted Companies Alliance. The Board seeks to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term.

Board of directors

The board of directors comprised a Non-executive chairman, a Chief executive officer and one Executive director and one Non-executive director during the year. M Miller resigned 19 October 2016.

Subsequent to the year end, G Nash, O Franks resigned and J Parsons, S Whyte and M Fumagalli were appointed to the board of directors. The directors are of the opinion that the board comprises a suitable balance and that the structure of the Board ensures that no one individual dominates the decision-making process. The directors have significant and relevant resource exploration and production experience together with finance and corporate development skills. The board meets regularly throughout the year and met 14 times during the year to 31 December 2016. The board is responsible for formulating, reviewing and approving the company's strategy, financial activities and operating performance.

Day-to-day management is devolved to the executive directors who are charged with consulting the board on all significant financial and operational matters. Consequently, decisions are made promptly and following consultation among the directors concerned where necessary and appropriate. All necessary information is supplied to the directors on a timely basis to enable them to discharge their duties effectively, and all directors have access to independent professional advice, at the company's expense, as and when required. The participation of both private and institutional investors at the Annual General Meeting is welcomed by the board.

Internal controls

The directors acknowledge their responsibility for the company's and the group's systems of internal control, which are designed to safeguard the assets of the group and ensure the reliability of financial information for both internal use and external publication. Overall control is ensured by a regular detailed reporting system covering both technical progress of a project and the state of the group's financial affairs. The board has put in place procedures for identifying, evaluating and managing any significant risks that face the group.

Any system of internal control can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated. The directors, having reviewed the effectiveness of the system of internal financial, operational and compliance controls and risk management, consider that the system of internal control operated effectively throughout the financial year and up to the date the financial statements were signed.

Committees

Each of the following committees has its own terms of reference.

Audit Committee

The Audit Committee comprises M Fumagalli and S Whyte, each Non-executive directors. The terms of reference of the Audit Committee indicate at least two regular meetings per year and its formal meeting to review the 2016 audit took place on 25 May 2017. All directors received a copy of the audit findings report prior to the meeting and had an opportunity to comment. The meeting was attended by the auditor.

The VP of finance and a representative of the external auditor are normally invited to attend meetings. Other directors or staff may be invited to attend, as considered beneficial by the committee.

The Audit Committee's primary responsibilities are to review the effectiveness of the company's systems of internal control, to review with the external auditor the nature and scope of their audit and the results of the audit, and to evaluate and select an external auditor.

Remuneration Committee

The Remuneration Committee met once during the year. Its members are J Parsons (chairman), M Fumagalli and S Whyte. The company's policy is to remunerate senior executives fairly in such a manner as to facilitate the recruitment, retention and motivation of staff. The Remuneration Committee agrees with the board a framework for the remuneration of the Chairman, the Executive directors and the Senior management of the company. The principal objective of the committee is to ensure that members of the executive management of the company are provided incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company. Non-executive fees are considered and agreed by the board as a whole.

Subsequent events

Events which have occurred since 31 December 2016 are included in Note 29 to the attached financial statements.

Going concern

The financial information for the year to 31 December 2016 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.

The assessment has been made based on the group's anticipated activities which have been included in the financial forecast for the years 2017 and 2018. We also carefully manage operating and administrative costs. Since the year end the company has been relaunched, rebranded and been recapitalised through the issue of new ordinary shares and through securing of long-term debt. Despite the turnaround in the company's funding position, the directors remain acutely cost conscious and value focused. Following the relaunch in March 2017, a strategic review of the existing assets was undertaken. Specifically, and as a result of the company stated agreement to avoid conflict of interest between Sound Energy plc and its officers which includes Echo exiting its Italian business, the directors have decided to terminate and exit all activities in Italy. Furthermore, the directors are currently exploring opportunities to divest of its interest in Egypt. The interests in Tunisia continue to be the subject of strategic review.

Based on the above, the directors have formed a judgment that the going concern basis should be adopted in preparing the financial statements.

Should the group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify fixed assets as current.

Information set out in the Strategic Report

The Directors have chosen to set out the following information in the Strategic Report which would otherwise be required to be contained in the Directors Report:

• review of developments and future prospects; and

• principal risks and uncertainties.

Annual General Meeting

The eleventh Annual General Meeting of the company is to be held at 252 High Holborn, London, WC1V 7EN, United Kingdom at 11:00am on Tuesday 27 June 2017.

Signed by order of the directors on 01 June 2017

Greg Coleman
Chief executive officer

Independent auditor's report

Independent Auditor's Report to the Members of Echo Energy (formerly Independent Resources Plc)

We have audited the financial statements of Echo Energy (formerly Independent Resources plc) for the year ended 31 December 2016 which comprise the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Basis for qualified opinion on financial statements

The scope of our work was limited as a result of the following matter. As disclosed in Note 17 a dispute has arisen in relation to the operation of the joint venture arrangements relating to the group's 25 per cent. working interest in the East Ghazalat production licence, held through Independent Resources (Egypt) Limited, in which the group holds a 50 per cent interest (the 'Joint Venture'). During the reporting period the Joint Venture was served with notice of default in relation to cash calls raised by North Petroleum International S.A. ("North Petroleum") the operator of East Ghazalat. The Joint Venture has rebutted the claims from North Petroleum but the breakdown in relations has meant that operator North Petroleum has continued to refuse to furnish financial information to allow a proper determination of licence costs and an audit of licence revenues to be completed. As a consequence of the lack of access to primary accounting records we have been unable to obtain sufficient appropriate audit evidence in relation to the group and company financial statements concerning:

• the carrying value of £Nil of the group's investments in equity-accounted joint ventures as at 31 December 2016;

• the carrying value of £85,565 of the company's investments in equity accounted joint ventures as at 31 December 2016; and

• the group's share of any profit or loss attributable to the group's underlying interests in the East Ghazalat licence for the period from 1 July 2015 to 31 December 2016.

Independent auditor's report

Qualified opinion on financial statements

In our opinion except for the effects of the matter described in the Basis for Qualified Opinion paragraph

• the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;

• the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and

• the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

• the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

Stephen Bullock
Senior statutory auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London
01 June 2017

Consolidated statement of comprehensive income

	Notes	Year to 31 December 2016	Year to 31 December 2015
Continuing operations		£	£
Revenues	2	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(7,091,475)	(1,652,631)
Other operating income		-	-
Operating loss	3	(7,091,475)	(1,652,631)
Financial income	6	144	351
Financial expense	7	(21,133)	(3,533)
Share of post-tax losses of equity account joint ventures	17	(137,906)	(156,985)
Loss before tax		(7,250,370)	(1,812,798)
Taxation	9	-	-
Loss from continuing operations		(7,250,370)	(1,812,798)
Loss after taxation for the year from discontinued operations	8	(3,814)	(96,269)
Loss for the year		**(7,254,184)**	**(1,909,067)**
Other comprehensive income:			
Other comprehensive income to be reclassified to profit			
or loss in subsequent periods (net of tax)		-	-
Exchange difference on translating foreign operations		807,370	(296,126)
Total comprehensive loss for the year		(6,446,814)	(2,205,193)
Loss attributable to:			
Owners of the parent		(7,254,184)	(1,909,067)
Total comprehensive loss attributable to:			
Owner of the parent		(6,446,814)	(2,205,193)
Loss per share (pence)	10		
Basic		(18.6)	(26.7)
Dilluted		(18.6)	(26.7)
Loss per share (pence) for continuing operations			
Basic		(18.6)	(25.4)
Diluted		(18.6)	(25.4)

The notes on pages 18 to 41 form an integral part of these financial statements.

Consolidated statement of financial position

	Notes		31 December 2016		31 December 2015
Non-current assets			£		£
Property, plant and equipment	12		3,647		11,127
Goodwill	14		-		-
Other intangible assets	15		432,486		5,387,018
Investments in equity-accounted joint ventures	17		-		137,906
			436,133		5,536,051
Current assets					
Other receivables	18	303,011		488,877	
Cash and cash equivalents	19	184,849		101,300	
		487,860		590,177	
Assets held for distribution	8	18,892		43,179	
		506,752		633,356	
Current liabilities					
Trade and other payables	21	(428,547)		(1,164,063)	
Liabilities directly associated with the assets held for distribution	8	(802)		(20,968)	
		(429,349)		(1,185,031)	
Net current assets			77,403		(551,675)
Net assets			513,536		4,984,376
Equity attributable to equity holders of the parent					
Share capital	22		2,430,612		2,159,247
Share premium	23		17,621,763		16,628,623
Deferred shares			-		-
Shares to be issued			277,468		-
Warrant reserve			714,977		302,453
Share option reserve			85,515		71,718
Foreign currency translation reserve			471,680		(335,690)
Retained earnings			(21,088,479)		(13,841,975)
Total equity			513,536		4,984,376

These financial statements were authorised for issue and approved by the board of directors on 01 June 2017

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J Parsons

....

W G Coleman

Company registration number 05483127

The notes on pages 18 to 41 form an integral part of these financial statements.

Company statement of financial position

	Notes	31 December 2016		31 December 2015	
Non-current assets			£		£
Property, plant and equipment	13		3,647		11,119
Interest in subsidiary undertakings	16		3		595,080
Investments in equity-accounted joint ventures	17		85,565		294,891
Amounts receivable from group undertakings	18		1,073,235		3,378,956
			1,162,450		4,280,046
Current assets					
Other receivables	18	235,217		388,794	
Cash and cash equivalents	19	181,424		94,210	
		416,641		483,004	
Current liabilities					
Trade and other payables	21	(411,350)		(1,084,119)	
		(411,350)		(1,084,119)	
Net current assets			5,291		(601,115)
Net assets			1,167,741		3,678,931
Equity attributable to equity holders of the parent					
Share capital	22		2,430,612		2,159,247
Share premium	23		17,621,763		16,628,623
Deferred shares			-		-
Shares to be issued			277,468		-
Warrant reserve			714,977		302,453
Share option reserve			85,515		71,718
Retained earnings			(19,962,594)		(15,483,110)
Equity shareholders' funds			1,167,741		3,678,931

These financial statements were authorised for issue and approved by the board of directors on 01 June 2017

The Company has not presented its own profit and loss account. Its loss for the year was £4,487,164 (2015: £1,938,281)

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J Parsons

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W G Coleman

Company registration number 05483127

The notes on pages 18 to 41 form an integral part of these financial statements.

Statement of changes in equity

	Retained earnings	Share capital	Share premium	Shares to be issued	Warrant reserve	Share option reserve	Foreign currency translation reserve	Total Equity
Consolidated	£	£	£	£	£	£	£	£
1 January 2015	(11,932,908)	1,051,434	16,302,050	-	-	25,776	(39,564)	5,406,788
Loss for the year	(1,909,067)	-	-	-	-	-	-	(1,909,067)
Exchange difference	-	-	-	-	-	-	(296,126)	(296,126)
Total comprehensive loss for the year	(1,909,067)	-	-	-	-	-	(296,126)	(2,205,193)
New shares issued	-	1,107,813	405,334	-	-	-	-	1,513,147
New share warrants issued	-	-	-	-	302,453	-	-	302,453
Share issue costs	-	-	(78,761)	-	-	-	-	(78,761)
Share options lapsed	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	45,942	-	45,942
31 December 2015	(13,841,975)	2,159,247	16,628,623	-	302,453	71,718	(335,690)	4,984,376
1 January 2016	(13,841,975)	2,159,247	16,628,623	-	302,453	71,718	(335,690)	4,984,376
Loss for the year	(7,254,184)	-	-	-	-	-	-	(7,254,184)
Exchange differences	-	-	-	-	-	-	807,370	807,370
Total comprehensive loss for the year	(7,254,184)	-	-	-	-	-	807,370	(6,446,814)
New shares issued	-	264,065	887,329	-	-	-	-	1,151,394
New share warrants issued	-	-	-	-	412,524	-	-	412,524
Share issue costs	-	-	(9,889)	-	-	-	-	(9,889)
Share options lapsed	7,680	-	-	-	-	(7,680)	-	-
Share-based payments	-	7,300	115,700	277,468	-	21,477	-	421,945
31 December 2016	(21,088,479)	2,430,612	17,621,763	277,468	714,977	85,515	471,680	513,536
Company								
1 January 2015	(13,544,829)	1,051,434	16,302,050	-	-	25,776	-	3,834,431
Loss for the year	(1,938,281)	-	-	-	-	-	-	(1,938,281)
New shares issued	-	1,107,813	405,334	-	-	-	-	1,513,147
New share warrants issued	-	-	-	-	302,453	-	-	302,453
Share issue costs	-	-	(78,761)	-	-	-	-	(78,761)
Share options lapsed	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	45,942	-	45,942
31 December 2015	(15,483,110)	2,159,247	16,628,623	-	302,453	71,718	-	3,678,931
1 January 2016	(15,483,110)	2,159,247	16,628,623	-	302,453	71,718	-	3,678,931
Loss for the year	(4,487,164)	-	-	-	-	-	-	(4,487,164)
New shares issued	-	264,065	887,329	-	-	-	-	1,151,394
New share warrants issued	-	-	-	-	412,524	-	-	412,524
Share issue costs	-	-	(9,889)	-	-	-	-	(9,889)
Share options lapsed	7,680	-	-	-	-	(7,680)	-	-
Share-based payments	-	7,300	115,700	277,468	-	21,477	-	421,945
31 December 2016	(19,962,594)	2,430,612	17,621,763	277,468	714,977	85,515	-	1,167,741

Share premium reserve 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 the 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 represents gains and losses arising on the retranslation of net assets of overseas operations.
Retained earnings represents the cumulative net gains and losses recognised in the consolidated income statemen

The notes on pages 18 to 41 form an integral part of these financial statements.

Consolidated statement of cash flows

	Year to 31 December 2016	Year to 31 December 2015
Cash flows from operating activities	**£**	**£**
Loss from continuing operations	(7,250,370)	(1,812,798)
Loss from discontinued operations	(3,814)	(96,269)
	(7,254,184)	(1,909,067)
Adjustments for:		
Depreciation of property, plant and equipment	5,441	5,372
Loss on disposal of property, plant and equipment	2,437	-
Impairment of intangible assets and goodwill	5,756,250	-
Share of post-tax loss of equity accounted joint ventures	137,906	156,985
Placing costs expensed	-	69,244
Share-based payments	421,945	45,942
Warrants issued	412,524	302,453
Financial income	(144)	(351)
Financial expense	21,133	3,533
	(496,692)	(1,325,889)
(Increase)/decrease in other receivables	312,074	(289,826)
Decrease in net amounts held for disposal	4,121	(254,517)
Increase in trade and other payables	(731,190)	555,053
Cash used in operations	(911,687)	(1,315,179)
Income taxes received	-	-
Net cash used in operating activities	(911,687)	(1,315,179)
Cash flows from investing activities		
Interest received	144	351
Interest paid	(21,133)	(3,533)
Equity-accounted join venture	-	(294,891)
Purchase of intangible assets	-	(73,013)
Purchases of property, plant and equipment	(396)	(3,486)
Net cash used in investing activities	(21,385)	(374,572)
Cash flows from financing activities		
Issue of share capital	1,026,510	1,513,147
Share issue costs	(9,889)	(148,005)
Net cash from financing activities	1,016,621	1,365,142
Net decrease in cash and cash equivalents	83,549	(324,609)
Cash and cash equivalents at 1 January 2016	101,300	425,909
Cash and cash equivalents at 31 December 2016	184,849	101,300

The notes on pages 18 to 41 form an integral part of these financial statements.

Company statement of cash flows

	Year to 31 December 2016	Year to 31 December 2015
Cash flows from operating activities	**£**	**£**
Loss before taxation	(4,487,164)	(1,938,281)
Adjustments for:		
Provision against amounts owing by subsidiary undertakings	2,797,766	39,486
Impairment of carrying value of investment in subsidiary undertakings	595,077	321,292
Impairment of investment in joint venture	(209,326)	-
Depreciation of property, plant and equipment	5,431	5,335
Loss on disposal of property, plant and equipment	2,437	-
Placing costs expensed	-	69,244
Share-based payments	421,945	45,942
Warrants issued	412,524	302,453
Financial income	(57,331)	(92,800)
Financial costs expense	23,739	5,142
	(494,902)	(1,242,187)
(Increase)/decrease in other receivables	278,461	(292,042)
Increase in trade and other payables	(672,769)	540,091
Cash used in operations	(889,210)	(994,138)
Income taxes received	-	-
Net cash used in operating activities	(889,210)	(994,138)
Cash flows from investing activities		
Interest received	57,331	92,800
Interest paid	(23,739)	(5,142)
Acquisition of equity accounted joint venture	418,652	(294,891)
Purchases of property, plant and equipment	(396)	(3,486)
Decrease/(increase) in amounts owing by subsidiary undertakings	(492,045)	(353,648)
Net cash (used in)/from investing activities	(40,197)	(564,367)
Cash flows from financing activities		
Issue of share capital	1,026,510	1,513,147
Share issue costs	(9,889)	(148,005)
Net cash from financing activities	1,016,621	1,365,142
Net (decrease)/increase in cash and cash equivalents	87,214	(193,363)
Cash and cash equivalents at 1 January 2016	94,210	287,573
Cash and cash equivalents at 31 December 2016	181,424	94,210

The notes on pages 18 to 41 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

General information
These financial statements are for Echo Energy plc ("the company") and subsidiary undertakings. 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 8.

The company's functional currency is the Euro, and presentational currency is Great British Pounds Sterling.

The principal accounting policies are summarised below:

(a) Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These financial statements are for the year 1 January 2016 to 31 December 2016. The comparatives shown are for the year 1 January 2015 to 31 December 2015.

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 of the amendments made 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.

(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. Acquisitions are accounted for under the acquisition method.

(c) 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.

The assessment has been made based on the group's anticipated activities which have been included in the financial forecast for the years 2017-2018.

To support the new LATAM strategy the group has, since the reporting date, completed a number of institutional funding rounds and one open offer with each equity fundraise being placed at nil discount to market. This funding will be used to acquire new assets and fund the administrative costs of the group. Details of the funding arrangements are set out in note 29.

The directors continue to explore all forms of potential fundraising at both a corporate and asset level.

In relation to Ksar Hadada, management's intention remains to secure a farm-in or investment partner to cover programme costs.

Based on the above, the directors have formed a judgment that the going concern basis should be adopted in preparing the financial statements.

Should the group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify fixed assets as current.

(d) Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of its subsidiaries and jointly controlled entities at the dates of acquisition. The cost of acquisition will include any contingent liabilities in relation to the purchase cost. Any such contingent liability will have been measured at fair value. Goodwill is recognised as an asset and reviewed for impairment at least annually.

(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**

(f) Other intangible assets - exploration licence costs
Exploration and evaluation 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, through administrative expenses, 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.

Notes to the financial statements

1. Accounting policies

(g) 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 to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. 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 impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) 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.

(h) 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 provided in full using the balance sheet liability method for all taxable temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax is measured using currently enacted or substantively enacted tax rates.

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.

(i) Conversion of foreign currency
In consolidating subsidiary undertakings foreign currency transactions are translated at the average exchange rates over the year. Liabilities are translated at the rates prevailing at the balance sheet date. Assets are translated at the rates ruling at the balance sheet date.

The group has significant transactions and balances denominated in euros. The year end exchange rate to sterling was 1.168 (2015: 1.359) and the average exchange rate during the year was 1.225 (2015: 1.381).

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. Exchange differences arising on translation are recognised directly in equity until the disposal of the investments in the foreign operation. The assets and liabilities of foreign operations, both monetary and non-monetary, are translated at exchange rates ruling at the balance sheet date. The reporting currency of the company and group is sterling.

(j) Share-based payments
The fair value of equity instruments granted to employees, or warrants issued to shareholders, 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.

(k) 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

Notes to the financial statements

1. Accounting policies

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.

(l) Accounting estimates and judgements
The preparation of financial statements in conforming with adopted IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are made in the period in which they are recognised.

Going concern
The financial information has been prepared assuming that the group will continue as a going concern. Based on the success of the recent funding the directors have formed their opinion on the group continuing as a going concern for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements. For further details see note 1(c).

(m) Use of estimates
The assumptions concerning the future, and other key sources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of intangibles and goodwill
Determining whether the group's projects remain technically feasible, the necessary approvals from regulators will be obtained, that they will be commercially viable and that the group will be able to obtain the necessary finance to complete them.

The Group holds a 100% interest in Rivara Gas Storage srl. Intangible assets include an amount of £5,756,000 with respect to project expenditure. The regional council, Regione Emilia Romagna, where the project is located is currently denying authorisation for project development. However authorisation has been granted by the national government. As a result Rivara Gas Storage srl has appealed against this decision to the Emilia Romagna Bologna Administrative Court.

Whilst the Group has obtained third party legal opinions regarding the appeal and believe that they would be successful in their appeal it has been decided, for strategic reasons, to close its Italian operations and therefore this asset has been impaired in full during the year.

Investment in East Ghazalat
If the position in Egypt is not exited, the disputes with North Petroleum, the operator of East Ghazalat, will require resolution and the timing remains uncertain. If resolution is not possible the group may have to resort to legal or arbitration proceedings to protect its investment in the licence and to avoid the need for impairment. Further information risks pertaining to the group's interest in East Ghazalat is set out in the Chairman's Statement. As set out in note 17 the group's investment in East Ghazalat does not reflect its share of profits or losses attributable to the joint venture and the investment is reflected in the statement of financial position at estimated recoverable amount.

(n) Provisions
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

(o) Commitments and contingencies
Commitments and contingent liabilities are disclosed in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

(p) Events after the balance sheet date
Post period-end events that provide additional information about a company's position at the balance sheet date and are adjusting events are reflected in the financial tatements. Post period-end events that are not adjusting events are disclosed in the notes when material.

(q) Joint arrangements
The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principals as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

Joint ventures: where the group has rights to only the net assets of the joint arrangement
Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrange ment.

In assessing the classification of interests in joint arrangements, the group considers:

The structure of the joint arrangement
The legal form of joint arrangements structured through a separate vehicle
The contractual terms of the joint arrangement agreement
Any other facts and circumstances (including any other contractual arrangements).

The group accounts for its interests in joint ventures using the equity method. Joint ventures are initially recognised in the consolidated statement of financial position at cost.

Notes to the financial statements

1. Accounting policies

Subsequently associates are accounted for using the equity method, where the group's share of post acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the group's investment in the associate unless there is an obligation to make good those losses).

2. Business segments

The group has adopted IFRS 8 Operating segments. Per IFRS 8, operating segments are based on internal reports about components of the group, which are regularly reviewed and used by the Board of Directors being the Chief Operating Decision Maker ("CODM") for strategic decision making and resource allocation, in order to allocate resources to the segment and to assess its performance. The group's reportable operating segments are as follows:

a. Parent company
b. Rivara
c. Ksar Hadada

The previously reported segment of Ribolla Basin CBM assets has been classified as a discontinued operation and has been excluded from the analysis below.

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

The group did not generate any revenue during the year to 31 December 2016 nor in the year to 31 December 2015. Information regarding each of the operations of each reportable segment within continuing operations is included in the following table.

	Parent Company	Rivara	Ksar Hadada	Consolidation	Total
Year to 31 December 2016	£	£	£	£	£
Interest revenue	57,331	1	-	(57,188)	144
Interest expense	(23,739)	(54,582)	-	57,188	(21,133)
Depreciation	5,431	10	-	-	5,441
Impairment of intangible assests	-	5,756,250	-	-	5,756,250
Income tax	-	-	-	-	-
Loss before tax	(4,487,164)	(5,820,694)	(34,752)	3,092,240	(7,250,370)
Assets	1,579,091	1,596,601	433,226	(2,684,925)	923,993
Liabilities	(411,350)	(3,193,325)	(1,079,688)	4,255,816	(428,547)
Year to 31 December 2015					
Interest revenue	92,800	7,107	-	(99,556)	351
Interest expense	(5,142)	(59,780)	-	61,389	(3,533)
Depreciation	5,335	37	-	-	5,372
Impairment of intangible assets	-	-	-	-	-
Income tax	-	-	-	-	-
Loss before tax	(1,938,281)	(96,672)	(95,412)	317,567	(1,812,798)
Assets	4,763,050	6,352,843	442,739	(5,432,404)	6,126,228
Liabilities	(1,084,119)	(2,717,707)	(1,054,449)	3,692,212	(1,164,063)

Consolidation adjustments in respect of the loss before tax includes the loss of £137,906 (2015: £156,985) in relation to equity accounted joint ventures.

Consolidation adjustments in respect of assets includes the loss of £294,891 (2015: £156,985) in relation to equity accounted joint ventures.

Notes to the financial statements

2. Business segments

The geographical split of non-current assets arises as follows:	United Kingdom £	Overseas £	Total £
31 December 2016			
Intangible assets	-	432,486	432,486
Goodwill	-	-	-
Property, plant and equipment	3,647	-	3,647
31 December 2015			
Intangible assets	-	5,387,018	5,387,018
Goodwill	-	-	-
Property, plant and equipment	11,119	8	11,127

3. Expenses and auditor's remuneration

The operating loss is stated after charging the following amounts:	Year to 31 December 2016 £	Year to 31 December 2015 £
Depreciation of property, plant and equipment - owned	5,441	5,372
Loss on disposal of property, plant and equipment	2,437	-
Fees payable to the company's auditor for the audit of the company's annual accounts	20,000	24,000
Non-associated auditors' remuneration of subsidiaries - audit of subsidiaries	3,000	16,471
Rent of land and buildings	119,932	112,431
Share-based payments	421,945	45,942
Net foreign exchange losses	869	710

4. Aggregated directors' remuneration

The total amounts for directors' remuneration were as follows:	Year to 31 December 2016 £	Year to 31 December 2015 £
Total emoluments paid	-	313,588
Share-based payments - equity settled	303,156	45,942
Total	303,156	359,530

Total emoluments paid to directors as stated above includes payments made to third parties in respect of services provided of £Nil (2015: £132,721).

Directors' emoluments

Directors' remuneration for the year was:	Short-term employee benefits £	Share-based payments £	Post- employment benefits £	Total £
Year to 31 December 2016				
G G Nash	-	15,000	-	15,000
O P T Franks	-	202,193	-	202,193
W G Coleman	-	70,963	-	70,963
M L B Miller	-	15,000	-	15,000
Aggregate emoluments	-	303,156	-	303,156
Year to 31 December 2015				
G G Nash	30,000	-	-	30,000
O P T Franks	-	4,886	-	4,886
A R H Thomas	14,583	-	-	14,583
W G Coleman	120,000	24,433	-	144,433
M L B Miller	28,468	-	-	28,468
Aggregate emoluments	193,051	29,319	-	222,370

Notes to the financial statements

4. Aggregated directors' remuneration

The directors' remuneration detailed above include amounts paid in respect of the highest paid director:	Year to 31 December 2016 £	Year to 31 December 2015 £
Emoluments and payments made to third parties in respect of services provided by director	-	120,000

The group reimburses the directors for expenses incurred by them or their service companies in the performance of their duties for the group.

Brian Hepp and Feilim McCole, whilst not directors of the company under the Companies Act 2006, were part of the management team and were considered to be key management personnel.

Details of the commercial arrangements between them and the company are detailed in note 26.

Pension arrangements
The company has made no contributions in respect of pension provisions to the directors in either financial year.

Consultancy agreements
The following consultancy agreements have been entered into:

Individual providing service	Parties to consultancy agreement
O P T Franks	Echo Energy plc and O P T Franks - ongoing from 1 May 2013 at £10,000 per month.

5. 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 2016	Year to 31 December 2015
Administration	4	7

Group employment costs - all employees including executive directors	Year to 31 December 2016 £	Year to 31 December 2015 £
Wages and salaries	219,393	394,932
Social security costs	8,013	59,984
Share-based payments - equity settled	309,284	45,942
	536,690	500,858
Payments made to third parties in respect of services provided by directors	-	120,537
	536,690	621,395

6. Financial income

	Year to 31 December 2016 £	Year to 31 December 2015 £
Interest receivable	144	351
	144	351

7. Financial expense

	Year to 31 December 2016 £	Year to 31 December 2015 £
Interest payable	21,133	3,533
	21,133	3,533

Notes to the financial statements

8. Discontinued operations

The group was unable to find an investment partner for the coal bed methane opportunities at Fiume Bruna and Casoni, in Italy, therefore, these opportunities will no longer be pursued. As a result the directors decided, prior to 31 December 2014, to significantly reduce its activities in Italy and to discontinue the activities within Independent Energy Solutions srl which dealt solely with these opportunities. With Independent Energy Solutions srl classified as discontinued operations, the Ribolla Basin CBM assets segment is no longer presented in the segment note. The results of Independent Energy Solutions srl, incorporating consolidation adjustments, are presented below:

	Year to 31 December 2016 £	Year to 31 December 2015 £
Revenue	-	-
Administrative expenses	(3,814)	(96,272)
Operating loss before impairment	(3,814)	(96,272)
Impairment of the historic cost and carrying value of intangible assets	-	-
Impairment of goodwill arising on acquisition of Independent Energy solutions srl - consolidation adjustment	-	-
Operating loss after impairment	(3,814)	(96,272)
Financial income	-	3
Financial expense	-	-
Loss on ordinary activities before taxation	(3,814)	(96,269)
Taxation	-	-
Loss for the year from discontinued operations	(3,814)	(96,269)

The major classes of assets and liabilities of Independent Energy Solutions srl classified as held for distribution to equity holders of the parent as at 31 December 2016 are as follows:

	31 December 2016 £	31 December 2015 £
Assets		
Intangible assets - fully impaired	-	-
Property, plant and equipment	-	-
Other receivables	18,883	35,107
Cash and cash equivalents	9	8,072
Assets held for distribution	18,892	43,179
Liabilities		
Trade and other payables	(802)	(20,968)
Liabilities directly associated with the assets held for distribution	(802)	(20,968)
Net assets directly associated with disposal group	18,090	22,211

The net cash flows incurred by independent Energy Solutions srl are as follows:

	Year to 31 December 2016 £	Year to 31 December 2015 £
Operating	(8,063)	(53,092)
Investing	-	3
Financing	-	-
Net cash (outflow) inflow	(8,063)	(53,089)

Notes to the financial statements

8. Discontinued operations

Loss per share (pence)	Year to 31 December 2016	Year to 31 December 2015
Liabilities directly associated with the assets held for distribution	(0.0)	(1.3)
Liabilities directly associated with the assets held for distribution	(0.0)	(1.3)

Immediately before the classification of Independent Energy Solutions srl as discontinued operations, the recoverable amount was estimated for certain items of property, plant and equipment and no impairment was identified. No adjustment has been made to reduce the carrying amount of the assets in the disposal group to their fair value less costs to distribute.

Immediately before the classification of Independent Energy Solutions srl as discontinued operations, the recoverable amount was estimated for the company's intangible assets and these were impaired in full.

9. Taxation

Tax on profit on ordinary activities	Year to 31 December 2016 £	Year to 31 December 2015 £
Taxation charged based on profits for the period		
UK corporation tax based on the results for the period	-	-
Total tax expense in income statement	-	-
Reconciliation of the tax expense		

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	Year to 31 December 2016 £	Year to 31 December 2015 £
Loss on ordinary activities before taxation	(7,250,370)	(1,812,798)
Loss on ordinary activities multiplied by standard rate		
of corporation tax in the UK of 20% (2015: 20.25%)	(1,450,074)	(367,092)
Effects of:		
Expenses disallowed for tax purposes	1,281,268	29,283
Deferred tax not provided - tax losses carried forward	168,806	337,809
Total current tax	-	-

The group has tax losses available to be carried forward in certain subsidiaries and the parent. With anticipated substantial lead times for the group's projects, and the possibility that these may therefore 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.

Notes to the financial statements

10. Loss per share

The calculation of basic and diluted loss per share at 31 December 2016 was based on the loss attributable to ordinary shareholders of £7,254,184. The weighted average number of ordinary shares outstanding during the year ending 31 December 2016 and the effect of the potentially dilutive ordinary shares to be issued are shown below.

	Year to 31 December 2016 £	Year to 31 December 2015 £
Net loss for the year	(7,254,184)	(1,909,067)
Basic weighted average ordinary shares in issue during the year	38,962,494	7,149,778
Diluted weighted average ordinary shares in issue during the year	38,962,494	7,149,778
Loss per share (pence)		
Basic	(18.6)	(26.7)
Diluted	(18.6)	(26.7)

The company has consolidated all of the existing ordinary shares as at close of business on 22 May 2017 into ordinary shares of 0.25 pence on the basis of one consolidated share for every 25 existing ordinary shares. As this consolidation happened after the year end date but before the approval of the financial statements the weighted average number of ordinary shares shown above has been adjusted for both years to reflect this change and the prior year loss per share figure has been re-stated.

In accordance with IAS 33 and as the average share price in the year is lower than the exercise price, the share options do not have a dilutive impact on earnings per share for the year ending 31 December 2016.

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.

11. Loss of the parent company

A loss of £4,487,164 in 2016 (2015: £1,938,281) has been dealt with in the financial statements 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.

Notes to the financial statements

12. Property, plant and equipment (group)

31 December 2016	Fixtures & Fittings £
Cost	
1 January 2016	57,710
Exchange differences	1,075
Additions	396
Disposals	(27,416)
31 December 2016	31,765
Depreciation	
1 January 2016	46,583
Exchange differences	1,073
Charge for the year	5,441
Disposals	(24,979)
31 December 2016	28,118
Carrying amount	
31 December 2016	3,647
31 December 2015	11,127
31 December 2015	
Cost	
1 January 2015	54,610
Exchange differences	(386)
Additions	3,486
31 December 2015	57,710
Depreciation	
1 January 2015	41,594
Exchange differences	(383)
Charge for the year	5,372
31 December 2015	46,583
Carrying Amount	
31 December 2015	11,127
31 December 2014	13,016

Notes to the financial statements

13. Property, plant and equipment (parent company)

31 December 2016	Fixtures & Fittings £
Cost	
1 January 2016	51,112
Additions	396
Disposals	(27,416)
31 December 2016	24,092
Depreciation	
1 January 2016	39,993
Charge for the year	5,431
Disposals	(24,979)
31 December 2016	20,445
Carrying amount	
31 December 2016	3,647
31 December 2015	11,119
31 December 2015	
Cost	
1 January 2015	47,626
Additions	3,486
31 December 2015	51,112
Depreciation	
1 January 2015	34,658
Charge for the year	5,335
31 December 2015	39,993
Carrying Amount	
31 December 2015	11,119
31 December 2014	12,968

14. Goodwill (group)

31 December 2016	Goodwil
	£
Cost	
1 January 2016 and 31 December 2016	450,766
Impairment	
1 January 2016	450,766
Impairment charge for the year	-
31 December 2016	450,766
Carrying amount	
31 December 2016	-
31 December 2015	-
31 December 2015	
Cost	
1 January 2015 and 31 December 2015	450,766
Impairment	
1 January 2015	450,766
Impairment charge for the year	-
31 Decmber 2015	450,766
Carrying Amount	
31 December 2015	-
31 December 2014	-

The goodwill arises as a result of the acquisition of Independent Energy Solutions srl which contains the Ribolla project.

The group was unable to find an investment partner for the coal bed methane opportunities at Fiume Bruna and Casoni, in Italy, therefore, these opportunities will no longer be pursued. As a result the directors have decided that the carrying value of the goodwill is not recoverable and have fully provided against this.

Notes to the financial statements

15. Other intangible assets (group)

Development and exploration	Rivara gas storage facility	Ribolla Basin CBM assets	Ksar Hadada exploration acerage	Total
31 December 2016	£	£	£	£
Cost				
1 January 2016	4,950,206	3,870,839	1,517,641	10,338,686
Exchange differences	806,044	630,291	-	1,436,335
Disposals	-	-	(4,326)	(4,326)
31 December 2016	5,756,250	4,501,130	1,513,315	11,770,695
Impairment				
1 January 2016	-	3,870,839	1,080,829	4,951,668
Exchange differences	-	630,291	-	630,291
Impairment charge for the year	5,756,250	-	-	5,756,250
31 December 2016	5,756,250	4,501,130	1,080,829	11,338,209
Carrying amount				
31 December 2016	-	-	432,486	432,486
31 December 2015	4,950,206	-	436,812	5,387,018
31 December 2015				
Cost				
1 January 2015	5,239,353	4,096,939	1,444,628	10,780,920
Exchange differences	(289,147)	(226,100)	-	(515,247)
Additions	-	-	73,013	73,013
31 December 2015	4,950,206	3,870,839	1,517,641	10,338,686
Impairment				
1 January 2015	-	4,096,939	1,080,829	5,177,768
Exchange differences	-	(226,100)	-	(226,100)
Imapirmnet charge for the period	-	-	-	-
31 December 2015	-	3,870,839	1,080,829	4,951,668
Carrying Amount				
31 December 2015	4,950,206	-	436,812	5,387,018
31 December 2014	5,239,353	-	363,799	5,603,152

The primary intangible assets are all internally generated.

For the purpose of impairment testing of intangible assets, recoverable amounts have been determined based upon the value in use of the group's three projects.

Rivara gas storage facility

The Group holds a 100% interest in Rivara Gas Storage srl. Intangible assets include an amount of £5,756,000 with respect to project expenditure. The regional council, Regione Emilia Romagna, where the project is located is currently denying authorisation for project development. However authorisation has been granted by the national government. As a result Rivara Gas Storage srl has appealed against this decision to the Emilia Romagna Bologna Administrative Court.

Whilst the Group has obtained third party legal opinions regarding the appeal and believe that they would be successful in their appeal it has been decided, for strategic reasons, to close its Italian operations and therefore this asset has been impaired in full during the year.

Notes to the financial statements

16. Shares in subsidiary undertakings

	Year to 31 December 2016
	£
Cost	
1 January 2016	4,834,095
Additions in year	-
31 December 2016	4,834,095
Impairment	
1 January 2016	4,239,015
Impairment	595,077
31 December 2016	4,834,092
Carrying amount	
31 December 2016	3
31 December 2015	595,080

The group has decided, for strategic reasons, to close its Italian operations and therefore has impaired in full its investments in its Italian subsidiaries.

Details of the subsidiaries, all of which have a 31 December year end, are as follows:

Subsidiary	Class of share	% owned	Country of registration	Nature of business
Independent Energy Solutions srl	Ordinary	100 %	Italy	Appraisal of coal bed methane opportunities
Independent Gas Management srl	Ordinary	100 %	Italy	Management of appriasal of underground gas storage
Independent Resources (Ksar Hadada) Limited	Ordinary	100 %	England & Wales	Appraisal of oil and gas exploration permit
Rivara Gas Storage srl (see below)	Ordinary	100 %	Italy	Appraisal of underground gas storage facilities
Independent Resources (Sahara) Limited	Ordinary	100 %	England & Wales	Dormant
Independent Resources (Tunisia) Limited	Ordinary	100 %	England & Wales	Dormant

The registered office of Independent Resources (Ksar Hadada) Limited is Tower Bridge House, St Katharines Way, London, E1W 1DD.

The registered office of Independent Resources (Sahara) Limited and Independent Resources (Tunisia) Limited is Sixty Six North Quay, Great Yarmouth, Norfolk, United Kingdom, NR30 1HE

The registered office of Independent Energy Solutions srl, Independent Gas Management srl and Rivara Gas Storage srl is Via Delle Terme Deciane, 10, 00153 Roma, Italy

The group's interest in Rivara Gas Storage srl is entirely held through the shareholding of Independent Gas Management srl.

Notes to the financial statements

17. Investments in equity-accounted joint ventures

	Year to 31 December 2016
Cost	**£**
1 January 2016	294,891
Additions in year	-
31 December 2016	294,891
Impairment	
1 January 2016	-
Impairment recognised in parent company	209,326
31 December 2016	209,326
Share of post-tax losses of equity accounted joint ventures	
1 January 2016	156,985
Share of post-tax losses of equity accounted joint ventures for the year	137,906
31 December 2016	294,891
Carrying amount - Group	
31 December 2016	-
31 December 2015	137,906
Carrying amount - Company	
31 December 2016	85,565
31 December 2015	294,891

The group has a 50 per cent interest in Independent Resources (Egypt) Limited, a company incorporated in England & Wales, whose purpose is to invest in the oil and gas exploration and production activities in the Arab Republic of Egypt. The other shareholder in Independent Resources (Egypt) Limited (the "Joint Venture") is Nostra Terra Oil and Gas Company plc ("Nostra Terra"), a UK resident company whose shares are traded on the AIM market of the London Stock Exchange.

In October 2015 the Joint Venture acquired a 50 per cent working interest in the East Ghazalat production licence located in the Western Desert, Egypt from TransGlobe Energy Corporation through the acquisition of the entire share capital of Trans Globe (GOS) Inc. a wholly-owned subsidiary of TransGlobe Energy Corporation ("TransGlobe). In December 2015, the name of the acquired company was changed to Sahara Resources (GOS) Inc.

The total consideration for the transaction was $3.5 million of which $2.5 million had been deferred as a vendor loan repayable by the Joint Venture on 30 September 2017. The loan note accrued interest at 10 per cent annum on the principle sum, payable semi-annually. NostraTerra and Independent Resources plc are joint and severally liable for the repayment of the loan note.

The final loan note principal and semi-annual interest payable to Trans Globe have been settled during the year. As a non-monetary long-term asset, the consideration for acquiring the share capital of Trans Globe GOS Inc. has been recorded at the prevailing exchange rate at the time of completion of the acquisition but has not been retranslated at the prevailing year-end exchange rate.

Notes to the financial statements

17. Investments in equity-accounted joint ventures

In January 2016 the Joint Venture was served with notice of default in relation to cash calls raised by North Petroleum International S.A. ("North Petroleum") the operator of East Ghazalat.

The Joint Venture has rebutted the claims from North Petroleum but the current breakdown in relations has meant that operator North Petroleum has been unwilling to furnish financial information to allow a proper determination of licence costs and an audit of licence revenues to be completed.

In light of this lack of access to primary accounting records the results of the Joint Venture for the years ended 31 December 2015 and 31 December 2016 reflect the investment in Sahara Resources GOS Inc. at historical cost and the loan note consideration payable to Trans Globe and the accrued costs of completing the related acquisition but do not consolidate any share of profits or losses attributable to Sahara Resources GOS Inc. underlying interests in the East Ghazalat licence for the period since 1 July 2015, the effective date of the transaction. The investment is reported at estimated recoverable amounts at the company level. In determining the group carrying value of the interest in equity-accounted joint ventures, and consistent with IFRS 11, this has been written down to £nil by limiting the loss relating to the group share of total comprehensive loss to £137,906

The current liabilities of the Joint Venture at 31 December 2016 primarily reflects amounts due to Echo Energy plc in respect of costs incurred by it to third parties in relation to the acquisition by the Joint Venture of Sahara Resources GOS Inc.

Summarised financial information in relation to the joint venture is presented below:

	31 December 2016	31 December 2015
As at 31 December	**£**	**£**
Current assets	943,026	1
Non-current assets	1,172,009	2,303,201
Current liabilities	(1,734,506)	(266,124)
Non-current liabilities	-	(2,286,990)
Included in the above amounts are:		
Cash and cash equivalents	-	-
Curren t financial liabilities (excluding trade payables)	(1,734,506)	(266,124)
Non-current financial liabilities (excluding trade payables)	-	(2,286,990)
Net assets (100%)	380,529	(249,912)
Group share of net assets (50%)	190,265	(124,956)
Year ended 31 December		
Revenues	-	-
Loss from continuing operations	(324,272)	(313,969)
Total comprehensive loss (100%)	(324,272)	(313,969)
Group share of total comprehensive loss (50%)	(162,136)	(156,985)
Included in the above amounts are:		
Depreciation and amortisation	-	-
Interest income	-	-
Interest expense	143,559	36,277
Income tax expense	-	-

Notes to the financial statements

18. Other receivables

	31 December 2016		31 December 2015	
	Group £	Company £	Group £	Company £
Non-current				
Amounts owing by subsidiary undertakings	-	5,147,056	-	4,605,145
Amounts provided against	-	(4,073,821)	-	(1,226,189)
	-	1,073,235	-	3,378,956
Current				
Amounts due in relation to shares issued	124,884	124,884	-	-
Amounts owing by joint venture	-	-	216,977	216,977
Other receivables	138,126	70,314	207,530	107,953
Prepayments	40,001	40,001	64,370	63,864
	303,011	1,308,434	488,877	3,767,750

Other receivables in the group and the company principally comprise recoverable Value Added Tax and expenditure recharged to project partners.

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

19. Cash and cash equivalents

	31 December 2016		31 December 2015	
	Group £	Company £	Group £	Company £
Bank balances	184,849	181,424	101,300	94,210
	184,849	181,424	101,300	94,210

A charge over bank balances has been registered, for securing all monies due or becoming due from the company to its bankers.

20. Financial instruments and treasury risk management

Treasury risk management
The group manages a variety of market risks, including the effects of changes in foreign exchange rates, liquidity and counter-party risks.

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 and Italian banks with high credit ratings assigned by international credit rating agencies.

The group currently 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. As part of this policy, a proportion of the funds has fixed interest rates though these are over short periods of no more than three months. For the purpose of sensitivity analysis, these are treated as floating rates. The consolidated statement of comprehensive income would be affected by £14 (2015: £35) by a reasonably possible 1 percentage point change in floating interest rates on a full year basis. The statement of comprehensive income of the parent company would be similarly affected by approximately £14 (2015: £35) by a reasonably possible 1 percentage point change in floating interest rates on a full year basis.

The maximum exposure due to credit risk for the group on other receivables and amounts due from equity accounted joint ventures during the year was £772,703 (2015: £424,507). No collateral is held in respect of these amounts. An impairment adjustment of £2,797,766 (2015: £360,775) has been made in the parent company accounts for the year in respect of amounts not expected to be recoverable.

The maximum exposure due to credit risk for the company on inter company receivables and other receivables during the year was £5,147,056 (2015: £8,445,923). No collateral is held in respect of these amounts. Amounts due of £4,073,821 (2015: £39,846) are considered to be impaired and have been provided against in full. All other amounts are expected to be received in full.

Notes to the financial statements

20. Financial instruments and treasury risk management

Currency risks
The group's operations are primarily located in the United Kingdom, Italy and Tunisia, with the main exchange risk being between sterling and the euro. Each group company operates primarily within its local currency with little exposure to currency fluctuations other than on inter-group financing, with gains or losses thereon being eliminated through reserves on consolidation which do not affect earnings.

Due to the limited risks to the group, forward exchange contracts are not considered necessary and are not used. The translation risk on the group's foreign exchange payables and receivables is considered to be immaterial due to their short-term nature. As the group does not use foreign exchange hedges, the consolidated statement of comprehensive income would be affected by approximately £1,000 (2015: £13,000) by a reasonably possible 10 percentage point fluctuation in the exchange rate between sterling and the euro on the translation of foreign subsidiary results. The statement of comprehensive income of the parent company would be similarly affected by approximately £2,000 (2015: £236,000) by a reasonably possible 10 percentage point fluctuation in the exchange rate between sterling and the euro on the conversion of loans to foreign subsidiaries and foreign currency bank balances.

Liquidity risk
The group currently has no operational revenue streams. Operational cash flow represents the ongoing appraisal and testing of the group's projects, assessing target acquisitions and administration costs. The group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The group's policy to ensure facilities are available as required is 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 2016.

The group actively manages its working finance to ensure the group has sufficient funds for operations and planned expansion.

The group's financial liabilities are primarily 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.

Derivative financial instruments
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 IAS 39, "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 contracts
The group does not use commodity forward contracts and futures to hedge against price risk in commodities as these are not considered necessary.

Capital management
The group's activities are of a type and stage of development where the most suitable capital structure is that of one entirely financed by equities. The directors will reassess the future capital structure when projects under development are sufficiently advanced. The group considers its capital to consist of share capital only.

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.

Notes to the financial statements

21. Trade and other payables

	31 December 2016		31 December 2015	
	Group £	Company £	Group £	Company £
Trade payables	237,971	237,369	654,784	631,482
Amounts owing to subsidiary undertakings	-	2	-	2
Taxation and social security costs	13,537	13,537	1,674	10
Non-trade payables	21,353	21,353	-	-
Accurals	155,686	139,089	507,605	452,625
	428,547	411,350	1,164,063	1,084,119

Trade payables and accruals principally comprise amounts outstanding for ongoing costs.

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

Trade payables are normally paid between 30 to 60 days of receipt of the invoice.

22. Share capital

	31 December 2016		31 December 2015	
Issued, called up and fully paid	Group £	Company £	Group £	Company £
2,293,749,294 0.01p (2015: 335,924,701 0.1p) ordinary shares				
1 January 2016	2,159,247	2,159,247	1,051,434	1,051,434
Equity shares issued	271,365	271, 365	2,931,135	2,931,135
Sub-division of capital	-	-	(1,823,322)	(1,823,322)
31 December 2016	2,430,612	2,430,612	2,159,247	2,159,247

The holders of 0.01p ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company.

In addition to the 0.01p ordinary shares detailed above, as part of capital reorganisations in 2015 and 2016, 202,591,368 deferred shares with a nominal value of 0.9p and 419,905,876 2016 deferred shares with a nominal value of 0.09p have been 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 year end.

Further shares issued and the sub-division of capital during the year was as follows:

	Date	Shares	Price
Shares issued	26/02/2016	6,000,000	0.6p
Shares issued	03/03/2016	77,981,175	0.12p
Sub-division of capital	25/04/2016	419,905,876	0.1p to 0.01p
Shares issued	16/05/2016	245,788,895	0.1p and 0.25p
Shares issued	01/06/2016	144,428,571	0.048p and 0.168p
Shares issued	03/06/2016	452,380,952	0.048p
Shares issued	18/07/2016	73,000,000	0.3p to 0.6p
Shares issued	09/12/2016	958,245,000	0.08p

23. Share premium account

	31 December 2016		31 December 2015	
	Group £	Company £	Group £	Company £
1 January 2016	16,628,623	16,628,623	16,302,050	16,302,050
Premium arising on issue of equity shares	1,003,029	1,003,029	405,334	405,334
Transaction costs	(9,889)	(9,889)	(78,761)	(78,761)
31 December 2016	17,621,763	17,621,763	16,628,623	16,628,623

Notes to the financial statements

24. Share-based payments

(a) Share Options

The share option scheme, which was adopted by the company on 25 November 2005, was established to reward and incentivise the executive management team for delivering share price growth. The share option scheme is administered by the Remuneration Committee.

On 4 March 2013 the company issued 200,000 share options to W Coleman upon his appointment to the board as chief executive officer.

On 10 October 2014 the company issued 4,205,734 share options in total to the directors, key management personnel and their service companies as follows:

Individual	Number of options granted
W Coleman (director)	2,628,583
O Franks (director)	525,717
F McCole (key management personnel)	525,717
Rocky Mountain Limited (company controlled by B Hepp, key management personnel)	525,717
	4,205,734

On 27 February 2015, the company issued 1,050,000 share options to non-director and non-key management personnel.

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

Date of Grant	01/01/12016 Number of options	Issued/lapsed in the year	31/12/2016 Number of options	Date from which options may be first exercised	Lapse date	Exercise price per option
3/4/2013	200,000	-	200,00	04/03/2013	03/03/2023	1p
10/10/2014	4,205,734	(525,717)	3,680,017	10/10/2015	10/10/2024	3p
2/27/2015	1,050,000	-	1,050,000	27/02/2016	27/02/2025	3p

The options outstanding at the end of the year have a weighted average remaining contractual life of 0.75 years for the options issued on 10 October 2014, and 1.17 years for the options issued on 27 February 2015. Those issued on 4 March 2013 are considered to have no remaining contractual life.

The fair values of the options granted on 4 March 2013 were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

Weighted average share price	10.62p
Weighted average exercise price	1p
Expected volatility	92.00%
Expected life	10 years
Risk free rate	2.10%
Expected dividend yield	Nil

The fair values of the options granted on 10 October 2014 were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

Weighted average share price	2.12p
Weighted average exercise price	3p
Expected volatility	85.00%
Expected life	10 years
Risk free rate	2.22%
Expected dividend yield	Nil

The average fair value of share options granted in the year was 1.716p each.
The outstanding share options are not subject to any share-performance related vesting conditions but vesting is conditional upon continuity of service.

Notes to the financial statements

24. Share-based payments

The expected volatility was determined with reference to the company's share price since it was admitted for trading on AIM in December 2005. 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 fair values of the options granted on 27 February 2015 were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

Weighted average share price	1.62p
Weighted average exercise price	3p
Expected volatility	87.00%
Expected life	10 years
Risk free rate	1.73%
Expected dividend yield	Nil

The average fair value of share options granted in the year was 1.28p each.

The outstanding share options are not subject to any share-performance related vesting conditions but vesting is conditional upon continuity of service.

The expected volatility was determined with reference to the company's share price since it was admitted for trading on AIM in December 2005. 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 group recognised total expenses of £21,477 (2015: £45,942) related to equity-settled, share-based payment transactions relating to share options 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 available to be carried forward.

(b) Warrants over ordinary shares
The company issued warrants over ordinary shares to the company to subscribers of new ordinary shares and as fundraising commission in respect of equity fundraisings completed during the years to 31 December 2015 and 31 December 2016.

On 8 May 2015 the company issued warrants to subscribe for 9,200,000 ordinary shares at an exercise price of 1.50p.
On 8 May 2015 the company issued warrants to subscribe for 4,000,000 ordinary shares at an exercise price of 1.20p.
On 28 May 2015 the company issued warrants to subscribe for 30,800,000 ordinary shares at an exercise price of 1.50p.
On 21 July 2015 the company issued warrants to subscribe for 8,724,019 ordinary shares at an exercise price of 1.50p.
On 18 November 2015 the company issued warrants to subscribe for 133,333,333 ordinary shares at an exercise price of 1.00p.
On 18 November 2015 the company issued warrants to subscribe for 6,000,000 ordinary shares at an exercise price of 0.72p.

On 9 December 2016 the company issued warrants to subscribe for 958,245,000 ordinary shares at an exercise price of 0.12p.

On 9 December 2016 the company issued warrants to subscribe for 47,912,250 ordinary shares at an exercise price of 0.08p

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

Date of Grant	01 January 2016 Number of warrants	Issued/lapsed in the year	31 December 2016 Number of warrants	Date from which warrants may be first exercised	Lapse date	Exercise price per warrants
08/05/2015	9,200,000		9,200,000	08/05/2015	28/05/2017	1.50p
08/05/2015	4,000,000		4,000,000	08/05/2015	28/05/2018	1.20p
28/05/2015	30,800,000		30,800,000	28/05/2015	28/05/2017	1.50p
21/07/2015	8,724,019		8,724,019	21/07/2015	28/05/2017	1.50p
16/11/2015	133,333,333		133,333,333	16/11/2015	18/11/2017	1.00p
16/11/2015	6,000,000		6,000,000	16/11/2015	18/11/2018	0.72p
09/12/2016		958,245,000	958,245,000	09/12/2016	09/12/2018	0.12p
09/12/2016		47,912,250	47,912,250	09/12/2016	09/12/2018	0.08p

24. Share-based payments

A charge to the profit and loss account has been taken in compliance with IFRS2 in respect of the fair value of warrants issued to brokers in relation to fundraising services provided as set out below:

The fair value of the 1.20p warrants issued on 8 May 2015 was calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

Weighted average share price	1.05p
Weighted average exercise price	1.20p
Expected volatility	88.00%
Expected life	3 years
Risk free rate	1.93%
Expected dividend yield	Nil

The average fair value of warrants granted was 0.57p each.

The fair value of the 0.72p warrants issued on 18 November 2015 was calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

Weighted average share price	0.60p
Weighted average exercise price	0.72p
Expected volatility	85.00%
Expected life	3 years
Risk free rate	1.95%
Expected dividend yield	Nil

The average fair value of warrants granted was 0.31p each.

The fair value of the 0.12p warrants issued on 9 December 2016 was calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

Weighted average share price	0.08p
Weighted average exercise price	0.12p
Expected volatility	125.00%
Expected life	2 years
Risk free rate	1.46%
Expected dividend yield	Nil

The average fair value of warrants granted was 0.041p each.

The group recognised total expenses of £Nil (2015: £5,686) related to equity-settled, share-based payment transactions relating to warrants over ordinary shares 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 available to be carried forward.

Notes to the financial statements

25. Financial commitments

Lease commitments
The group leases all of its properties. The terms of property leases vary from country to country, although they all tend to be tenant-repairing with rent reviews annually and many have break clauses.

The total future minimum lease payments are due as follows:

	31 December 2015 £	31 December 2016 £
Not later than one year	-	112,234

The minimum lease payment recognised as an expense in the year was £119,932 (2015: £112,431).

Work programme commitment
In Tunisia, Independent Resources (Ksar Hadada) Limited holds a 100 per cent interest in a production sharing contract ("PSC") with the Entreprise Tunisienne d'Activites Petrolieres ("ETAP"), the Tunisian national oil company. The Company has a remaining-commitment to acquire 300 square kilometres of 3D seismic and drill two wells with a minimum work programme expenditure commitment of $8 million.

Independent Resources (Ksar Hadada) Ltd has until 7 August 2017 to meet its commitment. If the Company is unable to fulfil this work programme or be granted an extension beyond 7 August 2017 on acceptable terms, the Ksar Hadada Permit will expire.

26. 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:

Amounts owed to Echo Energy Plc from:	31 December 2015 £	31 December 2016 £
Independent Energy Solutions srl	-	-
Independent Gas Management srl	-	2,325,745
Independent Resources (Ksar Hadada) Limited	1,073,235	1,031,704
Rivara Gas Storage srl	-	21,507
	1,073,235	3,378,956

Echo Energy plc charges interest on the inter-group borrowings at an average rate of 2.389% which totalled £57,187 (2015: £92,336) for the year which has been included in the company's own income statement but eliminated upon consolidation.

Echo Energy plc has provided against an amount due from Independent Resources (Ksar Hadada) Limited as at 31 December 2016 amounting to £1,186,703 (2015: £1,186,703), Independent Energy Solutions srl at 31 December 2016 amounting to £39,486 (2015: £39,486), Independent Gas Management srl at 31 December 2016 amounting to £2,770,190 (2015: £Nil) and Rivara Gas Storage srl at 31 December 2016 amounting to £77,442 (2015: £Nil) as management has assessed this amount to be irrecover-able.

The directors are key management personnel, for their remuneration please see note 4

Notes to the financial statements

26. Related party transactions

Consultancy fees of £9,500 (2015: £30,500) were paid to Mars Omega LLP, a strategic consultancy partnership of which Owain Franks is a member and non-executive Chairman in relation to strategic and commercial due diligence on Group projects and potential acquisitions.

Brian Hepp and Feilim McCole, whilst not directors of the company under the Companies Act 2006, are considered to be key management personnel. Details of the commercial arrangements between them and the company are detailed below: Salary payments of £107,242 (2015: £119,166) were made during the year to Feilim McCole, Finance Director of the company.

During this financial year, consultancy fees of £172,040 (2015: £133,106) were paid to Rocky Mountain Limited, a company controlled by Brian Hepp, Chief Operations Officer for the company.

27. Contingencies

Upon acquiring certain participating interests in the Ksar Hadada permit by Independent Resources (Ksar Hadada) Limited from Derwent Resources (Ksar Hadada) Limited and GAIA srl, a company controlled by R Bencini, it was agreed that payments that could amount to $1 million (£675,226) to each company were to be dependent upon drilling and development milestones. Given the revised focus on Ksar Hadada and the anticipated change to the group's interests and it becoming the operator it is possible that some milestones will be reached and payments will fall due to be paid.

The milestones and consideration, for each company, are as follows:

- Drilling consideration due upon spudding the first well of $50,000 (£32,900) (paid previously);
- Discovery consideration due upon first flowing hydrocarbons to the surface of $100,000 (£85,565); and
- Commerciality consideration due upon granting of an operating concession of $850,000 (£727,303).

28. Controlling party

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

29. Subsequent events

On 1 February 2017 the company announced the issue of 57,699,283 new ordinary shares of 0.01p each in settlement of a supplier liabilities.

On 6 March 2017 the company announced the issue of 1,002,971,638 new ordinary shares of 0.01p each to raise proceeds of approximately £650,000 from an institutional investor. The company also entered into a loan agreement with that investor for £1,000,000 over a three year term at an annual coupon of 12% with a 5% commitment fee. As part of this agreement the company granted 1,538,461,538 warrants.

On 14 March 2017 the company announced an open offer making available 2,236,280,127 new ordinary shares of 0.01p each in anticipation of raising approximately £1,450,000 gross proceeds. The company also announced the exercise of 507,250,000 warrants at an exercise price of 0.12p for a total consideration of £608,700.

On 20 March 2017 the company announced the exercise of 22,750,000 warrants at an exercise price of 0.12p for a total consideration of £27,300.00.

On 18 April 2017, the company announced a Latin American gas strategy focused on multi Tcf (trillion cubic feet), low cost, onshore gas piped to high value, growing markets. Simultaneously, and in support of this strategy, the company announced a non-binding heads of terms relating to a £23million institutional funding.

On 15 May 2017 the company announced that it had entered into an institutional loan arrangement under which Greenberry plc ("Greenberry") has agreed to subscribe for a total of up to €20,000,000 principal secured loan notes with an aggregate principal amount of €15,000,000 with the right to purchase (up to 9 June 2017) from the company additional loan notes in an aggregate principal amount not exceeding €5,000,000 (the "Greenbury Loan Notes"). Following completion of the documentation and approval of a prospectus by the Luxembourg Stock Exchange, it is anticipated that the Greenberry Loan Notes will be admitted to the Official List of the Luxembourg Stock Exchange and traded on the Luxembourg Stock Exchange Euro MTF Market.

The Greenberry Loan Notes will be due for repayment on a date not exceeding five years from their date of issue, expected to be on or around 15th May 2022. The company will have the right to redeem the Greenberry Loan Notes at any time provided that it has adhered to certain terms of redemption. The Greenberry Loan Notes will be secured pursuant to a charge over the entire issued share capital of Echo Energy Holdings (UK) Limited, a wholly-owned subsidiary of the Company, which is intended to be used for the acquisition of assets in South America.

On 19 May 2017 the company announced the signature of £10,000,000 institutional placing of new equity to Pegasus A. Fund Ltd. SAC ("Pegasus"), a Bahamas based institutional investor.

On 19 May 2017 the company announced that it had agreed to issue warrants in favour of Greenberry as part of the institutional funding described in that announcement at an exercise price of £0.006075.

On 22 May 2017 the company's shareholders approved the issue of 2,469,135,802 new ordinary shares at a price of £0.004050 per share to raise gross proceeds of approximately £10,000,000

In addition, the company announced that it had agreed to issue 1,234,567,901 five-year warrants to Pegasus, each with an exercise price of £0.006075 per warrant (150% of the issue price).

At a General Meeting on 22 May 2017 company's shareholders approved a resolution to re-organise the share capital of the company by consolidating all of the existing ordinary shares as at close of business on 22 May 2017 into ordinary shares of 0.25 pence on the basis of one consolidated share for every 25 existing ordinary shares, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing ordinary shares.

Following the consolidation, the number of warrants in issue will be adjusted in line with the ratio of the consolidation and the exercise price of each issued warrant will be adjusted accordingly.

On 25 May 2017 the company issued 40,303,325 (post consolidation of the share capital) warrants to Greenberry in connection with the arrangements associated with the £1m secured loan, announced on 6 March 2017.