Echo Energy plc

Annual Report 2021

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Echo Energy is a balanced, Latin America focussed, full cycle energy Company with a portfolio centred on the onshore Austral basin, Argentina. The portfolio comprises a significant production base, with enhancement opportunities, in combination with high impact exploration acreage.

Echo Energy's growth strategy targets both near-term, lower risk options across the energy spectrum alongside longer-term acquisitions, with a disciplined approach to delivering shareholder value from its existing portfolio and new opportunities.

Echo maintains its philosophy of equitable treatment and open communication with all our stakeholders and the communities in which we operate.

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Strategic Report

Key Highlights

Santa Cruz Sur

- Production capacity increased during the period pursuant to Santa Cruz Sur facilities upgrades in Q1 2021.
- Average net daily production in 2021 was:
  - 8.0 mmscf/d of natural gas
  - 222 bbls/d of oil and condensate
  - Total: 1,554 boepd
- Net cumulative production in 2021 was:
  - Natural gas: 2,918 mmscf
  - Oil and condensate: 81,076 bbls
  - Total: 567,371 boe
- Reserves and resources at end 2021 were:
  - 1P (Proved): 2.53 MMboe
  - 2P (Proved & Probable): 3.15 MMboe
  - MMboe Contingent Resources (High Estimate): 5.39 MMboe
- Announced a five-year Cooperation Agreement with GTL International S.A., which has interests in both the hydrocarbon and renewables sector.
- Began process of reopening oil wells that had been shut-in during 2020.
- Developed new customers for liquids products.
- VAT refunds received in Argentina (US $0.5 million) and additional credit balances (approx. US$0.7m) are being amortised until the end of 2022, benefiting cashflow for 2021 and 2022.

Post Period End Highlights

- New gas contracts for 2022-2023, which was significantly above the 2021 annual pricing.
- Agreement by the Santa Cruz Sur partners to materially increase Santa Cruz Sur production by c.40% above average H1 2022 production levels.
- Post period fundraising and conditional debt restructuring.

Corporate

COVID-19

- Major travel restrictions imposed by the Argentine government impacted local operations at the continued intermittently through the year.
- Continued to address challenges presented by COVID-19.
  - Liaised with partners to ensure on-ground employees and personnel continue to operate in a safe environment.
  - Remote working maintained in the UK, with a smaller Guildford office now in place when ‘normal’ working conditions returned to the UK.

Key Highlights (continued)

Financial

- Revenue of US $11.1 million in 2021 (US $11.1 million in 2020).
- 8% saving in Administration expenses due to a reduction in corporate staff.
- Secured improved pricing with average net oil prices for the period of US $43.3/bbl (2020: US $22.8/bbl) and a 2H average Gas price of US $2.7/mmbtu, although total gas production was down 23% year-on-year.

Debt Restructuring

- Successfully restructured all corporate dates including the following:
  - extending bond maturity date and deferring all cash payments until repayment of the principal on the Lombard Odier debt facility.
  - extending bond maturity date and deferring all cash payments to May 2025 on the Eurobonds.
- Extension of Spartan loan facility by 2 years to March 2024, deferring interest and principal. £127,500 of remaining £850,000 principal converted into shares.

Strategic Report

Chairman's and Chief Executive Officer's Statement

Echo Energy, similar to many companies in the oil and gas sector, faced exceptional challenges during 2021, with the global pandemic impacting all aspects of the Company's operations and finances.. We are delighted to report however that Echo now, buoyed by recent structural increases in commodity prices, the delivery of production enhancing opportunities and the recently launched conditional debt restructuring process, is both underpinned by much firmer foundations and positioned as a regional platform for growth. We are grateful to shareholders, lenders and partners for their continued support throughout the year.

Argentina

Santa Cruz Sur (SCS)

The SCS assets provide material production and, revenues from a strong reserves base. The SCS portfolio also includes significant upside from relatively low risk production enhancement opportunities combined with exciting higher impact projects.

During 2021 the Company began to restore previously shut-in liquids production which was supported by infrastructure upgrades. Improved market conditions enabled Echo Energy to capitalise on this by executing cashflow enhancing production opportunities. Throughout the period liquids production increased quarter-on-quarter and production during 2021 averaged 1,554 boepd throughout the year net to the Company's 70% interest (including 8.0 MMscf/d of gas). Total net cumulative production was 567,371 boe (including 2,918 mmscf of gas) in the year. Both infrastructure maintenance and the commercial focus on high-quality blends at Santa Cruz Sur led to an increased frequency of oil sales during Q4 2021. This increase in liquids production helped to offset the expected natural decline in gas production over the year. Post period, work to optimise production and improve infrastructure has continued, especially relating to the provision of power generation capacity at some of the key producing assets, and this work continues.

In 2021 the Company was able to increase the proved SCS reserves base, after considering production in the year, and the impact of eventual licence expiry. The Company estimates that, as at 31 December 2021, the SCS reserve base stood at an estimated 2.53 MMboe for 1P (Proved) and 3.15 MMboe for 2P (Proved & Probable) each net to the Company's 70% non-operated working interest. The assignment of Echo's 70% non-operated participation in the Santa Cruz Sur licences is subject to the authorisation of the Executive Branch of Santa Cruz's Province, which is part of the overall process of title transfer that is proceeding as anticipated.

Finance

Revenue for the period remained constant at US $11.1 million in 2021 (US $11.1 million in 2020). Whilst prices increased, particularly in oil during the year, there remained production challenges which resulted in the flat revenue year-on-year . Losses for the year reduced to US $11.6 million, compared to US $27.0 million in 2020, reflecting the expected trend toward recovery, in 2022.

The SCS asset joint venture continues to have high creditor balances, as a result of difficult trading conditions in 2020 and 2021. Whist the level of local creditors remains a key concern, the Company is working exceptionally hard to mitigate any risk and to reduce the balances in a controlled manner, whilst not at the cost of future investment in order to further increase production and increase SCS asset value.

Whilst management are prudently reporting a material uncertainty in respect of going concern, management have prepared the financial statements on a going concern basis based on the post year end proposed debt restructuring, the current level of revenue and cash generation and the sensitivities considered in respect of the cashflow forecasts, and the mitigating actions that could be taken to conserve cash in a worse-case scenario.

Post period conditional debt restructuring and fundraising

On 12 August 2022, the Company announced the conditional conversion of an aggregate of €15.0 million of existing debt principal, together with accrued interest thereon, into new Ordinary Shares – the significant majority of which is proposed to be converted into new Ordinary Shares at a price of 0.45p. In doing so, the Company also confirmed that it would be proposing a conditional reduction of the coupon on the remaining €10.0 million of Euro Note debt (the "Notes") from 8% to 2% with suspension of further cash interest payments for two years and an extension on maturity on the remaining Notes to 2032.

The Company subsequently announced publication of its proposals to restructure the Notes on 5 September 2022. The debt restructuring remains conditional on both the approval of the holders of the Note and on the approval of the Company's shareholders. The changes are aimed at comprehensively restructuring and strengthening the Company's balance sheet and accelerating growth.

On 14 August 2022 the Company was also pleased to confirm that it had successfully raised £600,000 (before expenses) pursuant to a placing of new ordinary shares. The net proceeds of this placing provided the Group with additional resources to fund working capital, including expenses related to the proposed debt restructuring, and enable operating cashflows in Argentina to be focused on activities in country in the near term, including the plan to increase production by c. 40% over approximately the next 6 months.

Outlook and Continuing Growth

2021 was a year that saw important progress for Echo both operationally and commercially, which culminated in early July 2022 with the Company confirming an agreement by the Santa Cruz Sur partners to materially increase Santa Cruz Sur production by c.40% above average H1 2022 production levels. We will continue to prioritise the delivery of the production focused operational programme and the important conditional debt restructuring announced in August this year. Subject to the successful completion of the debt restructuring, we see a very positive outlook for Echo as we accelerate our production led activities on the ground and take advantage of the many regional growth opportunities.

James Parsons
Non-Executive Chairman

Martin Hull
Chief Executive Officer

Business Model

Key Resources

- Diversified portfolio of exploration and production licences in Latin America
- Supportive institutional lenders
- Active business development focus
- Prudent cost management with strong focus on safe and efficient operations
- Leading regional partners

Explore & Produce
Committed to targeting acreage positions that have the capacity to deliver substantial portfolio value through the E&P cycle, initiating drilling campaigns that will provide the opportunity to significantly increase our reserves and resources base. Our gas-dominated production achieves premium pricing in the domestic Argentinian market on long-term contracts.

Grow
We have demonstrated our origination and deal-making capability and continue to seek new corporate and high-impact asset acquisition opportunities across the energy spectrum, which further strengthens our position. Echo looks to add value to our existing assets by optimising the asset infrastructure, efficiently drilling new wells and/or initiating and completing workovers.

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

How We Create Value

We have an energy focused agenda and operate in proven hydrocarbon basins that benefit from existing infrastructure, enabling us to create value through an active operational programme whilst simultaneously building the business through further acquisitions. We create value by acquiring high-quality acreage, generating high-grade opportunities while operating with a cost-effective focus. This allows us to maximise the risk reward profile of the business while actively pursuing merger and acquisition opportunities across the energy spectrum Echo's market position and size enables it to be a nimble and proactive player in Latin America.

Strategic Report

Strategy and KPIs

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

Echo has strategic objectives focused on the following five areas: Growth, Asset Performance, Safety & Environment, Funding and Corporate. How the Board has delivered against these new metrics in 2021 is evidenced in the Performance column below.

2021 KPI	MEASURE	PERFORMANCE
1. GROWTH		
Diversify asset base with further asset or corporate acquisitions to build on the existing Argentinian position	Develop opportunity pipeline and inventory	After successful integration of the SCS assets during 2020, the Group successfully matured the Monte Aymond project, proving this to be an exciting commercial project
Mature longer-term opportunities in to leverage Echo's commercial and technical capabilities across the wider energy spectrum	Identify and collaborate with suitable Partners at low cost	Post-period signed an exclusive option agreement to enter the Chilean market with a 70% interest in a 3MW solar project with LAS (Land and Sea S.A)
Mature the Bolivian opportunities	Formalise relationships in country	Echo signed a cooperation agreement with GTL International S.A over a five-year period. Both companies intend to collaborate and jointly assess new opportunities across the full energy spectrum
2. ASSET PERFORMANCE		
Oil and gas production	Daily production	As expected throughout the year with delivery of gas continuing uninterrupted to customers during the period. COVID-19 has not hindered production. Liquids production increased in each quarter throughout the year
Increase productivity of the existing assets	Increase in boepd of existing wells	Installed pipeline on time and on budget and Phase 1 oil brought onstream, with a decision made to maximise value over volume and focus on the highest quality blends
3. SAFETY AND ENVIRONMENT		
Sustained high quality safety, reporting and performance		Systems for HSE reporting and review of Operator HSE systems have been implemented. All non-routine operations are subject to a rigorous HSE review with the Operator prior to start up

2021 KPI	MEASURE	PERFORMANCE
4. FUNDING		
Fund the subsequent development of new business ventures and continued operational programme	Successful fund raises	Successful additional funding through issue of equity, to allow Echo to pursue value accretive transactions
Identify opportunities to monetise assets following success	Increase production from asset base	SCS cost reduction/deferment measures were implemented in the field, and the Company has successfully navigated through 2021's challenging economic times
Improve corporate level debt status, allowing increased flexibility and options	Restructuring of Company bonds	Effective debt restructuring of all existing long-term loans, enhancing cashflow and strategic flexibility available to the Company
5. CORPORATE		
Safety and environment		Maintain a clean safety record with no significant incidents in periods of production and operation under Company operated control
Cost control		Progress made with large reductions to G&A both in the field and at corporate level. Pipeline installed on time and on budget
Maintain transparent relationship with investors	Regular investor engagement	Web-based investor forums were held and direct investor enquiries answered. Maintained a measured approach to expectation
Staff diversity		No additional hiring required given operating circumstances, although Accounting staff departures were/are to be replaced like-for-like

2021 KPIs

The 2021 performance of the business and its staff will be measured across both financial and operational functions and is captured in a corporate scorecard. The scorecard is made up of various KPIs and is tracked throughout the year. The Board's and executives' performance are judged on the delivery of the desired outcomes and a summary of these targets is listed below:

- Maximise shareholder value from the Santa Cruz Sure assets acquired in Q4 2019;
- Identify and mature high-quality opportunities for the operational programme;
- Continue to seek opportunities to diversify asset base with further asset or corporate acquisitions;
- Mature the Bolivian opportunities in the portfolio;
- Pursue opportunities to monetise assets following success; and
- Maintain cost control with expenditures appropriate to size and scale of company.

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

The assets in Santa Cruz Sur provides a strong revenue-generating gas-dominated production base underpinned by a material reserve base, with significant proved reserves. Echo continues to be highly leveraged to the commodity-price super-cycle, which is forecast to continue post-period.

The SCS assets represent the material production base of the Company. The assets consist of five production concessions, which produce gas and oil that contribute significant revenues to the Company. The assets are located in the east of the onshore Austral basin, with infrastructure in place for gas transport by pipeline to Buenos Aires and oil sales at the Punta Loyola terminal for both domestic and export sales.

Echo Energy has an exciting and well-defined growth portfolio across the risk-reward spectrum. The assets provide a balanced opportunity set with short payback periods with optionality and flexibility. The gas-dominated production achieves premium pricing in the domestic Argentinian market on long-term contracts. The Company is looking to enhance these existing assets with new opportunities across the energy spectrum in Latin America, utilising its reputation for M&A and commercial innovation.

Multiple opportunities exist within the current portfolio to increase base production as energy demand continues to increase bringing on existing wells or undertaking low cost/low risk/high value production enhancement opportunities with short payback times. The project portfolio includes targeted infrastructure projects, a well-defined work over programme, and new development wells on existing assets. The assets also contain impact exploration upside, which includes recommencing the Campo Limite (CLi.x-1001) well test. These combined opportunities provide a risk-reward-cost balance providing optionality to enable flexible decision making with cashflow reinvestment.

Licence	Status	Echo Participation	Expiry	Area (km2)
Tapi Aike	Exploration	Non-operator 19%	Withdrew effective April 2020	5,187
Campo Bremen	Production Concession	Non-operator 70%	April 2026	687
Chorrillos	Production Concession	Non-operator 70%	April 2026	647
Océano	Production Concession	Non-operator 70%	August 2026	108
Moy Aike	Production Concession	Non-operator 70%	April 2026	714
Palermo Aike	Production Concession	Non-operator 70%	August 2026	537

The Company is well positioned to build a diversified energy portfolio with a strong cash generating E&P foundation to support value accretive activities across the energy spectrum, whilst remaining high-leveraged to the continued upswing in the global commodity price super-cycle.

Echo is a significant acreage holder in the Austral basin, onshore Argentina, with over 2,600 km2 of licence area containing 12 oil and gas fields and 82 production wells. This demonstrates Echo Energy's commitment to the future of exploration and production potential of this part of Argentina.

Oil and gas production from SCS is revenue generating for the Company, and the portfolio of opportunities provides a flexible and range of well-balanced risk-reward upside options. Santa-Cruz Sur is a gas dominated portfolio, and the Company's majority 70% non-operated interest provides an ability to significantly influence operational strategy. This gas focused E&P portfolio is appropriate for energy transition, and long-term premium-priced gas contracts driving locked-in cashflow to support further opportunities. The portfolio is balanced across the risk-reward spectrum with shorty-payback periods and focused on low-risk opportunities, infrastructure enhancement and cashflow reinvestment.

Following a successful auction process for industrial clients, the Company secured new gas sales contracts for the twelve-month period in May 2021 at significant a premium to contracted rates from the previous year. These new contracts provided for a 126% increase over annual industrial pricing achieved the previous year.

In 2021 the Company was able to increase the proved reserves base, after considering production in the year, and the impact of eventual licence expiry. The assignment of Echo's 70% non-operated participation in the Santa Cruz Sur licences is subject to the authorisation of the Executive Branch of Santa Cruz's Province, which is part of the overall process of title transfer that is proceeding as anticipated. 1P (Proved) reserves at year end were 2.53 MMboe, which is around 0.5 Mmboe higher than would otherwise be the case given these factors on the previous year's figures. The original acquisition of the SCS assets in 2019 was based on proved reserves economics. Current proved reserves per December 2020 remain similar to those at acquisition, adjusted for production and date of licence expiry.

At the start of the year, the Company announced a five-year Cooperation Agreement with GTL International S.A, which has interests in both the hydrocarbon and renewables sectors. Both companies continue to collaborate and combine skill sets to jointly promote their business development initiatives in the wider region, and identify and assess new business development opportunities across the full energy spectrum

Average net daily production 2021	1,554 boepd
Total production net to Echo 2021	567,371 boe
Net 1 P (Proved) reserves	2.53 MMboe

Company Reserves & Resources are classified in accordance with the Society of Petroleum Engineers' PRMS 2018 update and are shown in accompanying tables as estimated by the Company as at 31 December 2021.

Santa Cruz Sur Net Reserves

Reserves Net to 70% Working Interest								
Oil (MMbbls)			Gas (Bcf)			Oil Equivalents (MMboe)		
Proved	Proved & Probable	Proved Probable & Possible	Proved	Proved & Probable	Proved, Probable & Possible	Proved	Proved & Probable	Proved, Probable & Possible
0.61	0.77	0.89	10.76	13.36	14.84	2.53	3.15	3.53

Santa Cruz Sur Net Contingent Resources

Contingent Resources Net to 70% Working Interest								
Oil (MMbbls)			Gas (Bcf)			Oil Equivalents (MMboe)		
Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
0.00	0.92	0.98	0.00	22.89	24.78	0.00	4.99	5.39

Santa Cruz Sur Net Prospective Resources

Prospective Resources (Bcf) Net to 70% working interest			
	Low Estimate	Best Estimate	High Estimate
Gas (bcf)	10.3	43.0	458.2
Oil (MMbbls)	0.4	1.0	2.8
MMboe	2.1	8.2	79.1

Santa Cruz Sur

During the year the Company began to restore previously shut-in liquids production which was supported by infrastructure upgrades. Improved market conditions enabled Echo Energy to capitalise on this by executing cashflow enhancing production opportunities. Throughout the period liquids production increasing quarter-on-quarter throughout.

Production

Production remained in line with expectation in 2021. Average daily production throughout the year net to the Company was 1,554 boepd (including 8 MMscf/d of gas). Total net cumulative production was 567,371 boe (including 2,918 MMscf of gas) in the year.

Continued Infrastructure Investment for Driving Production Increases

As the economic recovery continued into 2021, expenditures of approximately US $0.3 million were injected by the Company to replace and upgrade parts of the Santa Cruz Sur pipeline infrastructure and reduce maintenance costs. By June 2021, Echo successfully delivered the project, demonstrating the effectiveness of the Company's in-country operational capability and enabling production previously shut-in in April 2020 to be systematically brought back on line.

The electrical infrastructure in the field was also upgraded to support the first tranche of production from the Campo Molino and Chorillos oil fields. The investment was designed to provide sufficient power to support sustained production from the Springhill reservoir from the associated wells. It was also part of the Company's strategy to control critical infrastructure that was previously rented from contractors.

With the focus to increase revenue, every quarter throughout the period saw an increase in liquids production delivering upon the Company's strategy to leverage the marked upswing in global commodity prices. Net to Echo, liquids production did increase from an average of 198 bopd in Q1 2021 to 239 bopd in Q4 2021. This has continued post period, with net liquids production in Q1 2022 showing a further 12% over Q4 2021 levels. Q1 2022 represents the sixth quarter in row a of liquid production increases from the Santa Cruz Sur asset. Production levels from the reactivated oil wells continue to indicate that the shut-in period has not had a detrimental impact on reservoir behaviour.

Liquids production at Santa Cruz Sur can cater for a variety of blend types, as and when required from customers. Given the opportunity presented by improving markets, and significant increases in realisable prices for high-quality products, the Company has optimised its commercial position by focussing production and sales on the higher-quality blends, the prices of which have rebound more quickly than other blends.

The portfolio is balanced across the risk-reward spectrum with shorty-payback periods and focused on low-risk opportunities. This includes the well intervention programme, which consists of 39 oil and gas opportunities divided into three tiers. The robustness of this programme was demonstrated in quarter four where the first candidate in the programme was successfully tested to bring non-producing reserves back into production.

With continued economic tailwinds and new infrastructure installed in the field, Echo now has the capacity to commission incremental enhancement projects within its portfolio. The reinvestment of available cashflow to drive further production increases remains an ongoing focus. The pipeline upgrades also provide additional capacity for those production enhancement projects that have been identified in the Company's opportunity portfolio at SCS.

Exploration Upside

Campo Limite remains a potentially material well for the Company which could increase reserves and resources in the Palermo Aike concession and open up additional commercial options in the area. Well testing activities remain an operational and commercial focus and work remains ongoing to optimise commercial arrangements to enable activities to resume.

Post Period Events

In May the Company announced new gas contracts for 2022-2023, which was significantly above the 2021 annual pricing and reflected the strong competition amongst customers to secure gas supplies. These contracts have a term of 12 months, starting in May 2022, with a 65% increase in average annual contract pricing over the 2021-2022 contracts. It is anticipated that the increased revenues will provide additional resources that could be applied towards the acceleration of the Company's operational programme to increase production whilst also being applied to the outstanding Santa Cruz Sur Joint Venture historical creditor balances.

At the end of May 2022, Echo Energy confirmed that daily gas production has materially increased in the Oceano field which delivers gas to residential suppliers. This was a result of a successful facilities maintenance and upgrading programme focussed on improvements in efficiency, reliability and load capacity of the gas facilities at Oceano.

In early July 2022 the Company confirmed an agreement by the Santa Cruz Sur partners to materially increase Santa Cruz Sur production by c.40% above average H1 2022 production levels. This is an important next step for production growth and is focused on low-risk infrastructure upgrades to sustain the increased production from existing well stock. Over a six-month period, anticipated to commence in Q3 2022, the Joint Venture intends to seek to increase production by approximately 40% H1 2022. If achieved, this Enhancement Plan would increase total daily production from Santa Cruz Sur to around 2,000 boepd, net to Echo's 70%. This Enhancement Plan is the agreed next step for production growth from Santa Cruz Sur and is focused on low-risk infrastructure upgrades to sustain the increased production from existing well stock.

Around 30 or more wells from the existing well stock are intended to be gradually brought back into production over the six-month period utilising an existing pulling rig owned by the Joint Venture. This plan is in addition to and will come ahead of full execution of the workover portfolio and will be supported by infrastructure upgrades to sustain and contribute to elevated production levels. Intended infrastructure upgrades will be focussed around three operational priorities; installation of additional electrical power generation capacity, maintenance, and optimisation of the compressors to enable the increased volumes of associated gas to be processed and then sold into the main gas export line and, prioritise a substantial increase of quality of the Santa Cruz liquid blends.

In advancing production increases, the Santa Cruz Sur partners also announced an intention to engage with the local province around an extension to the term of the Santa Cruz Sur licences.

As a corporate citizen operating across Latin America and in the UK, Echo believes in conducting a business that brings positive impact in the medium to long term, drives progress and respects the resources on which our future depends.

Our Corporate and Social Responsibility ("CSR") Objectives
Echo seeks to manage and maintain positive and respectful relationships with our stakeholders. To meet these objectives, Echo aims to:

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

Anti-Bribery and Corruption ("ABC")
Echo has zero tolerance for bribery, corruption or unethical conduct in our business. Our policies require compliance with all applicable ABC laws, in particular, the UK Bribery Act, and the Argentine Foreign Corrupt Practices Act. The majority of our operations are based in Argentina. The Transparency International's Corruption Perception Index ("CPI") assesses corruption in the public sector when ranking different countries. In 2021, the CPI ranked Argentina 96 out of 180 participating countries worldwide with a score of 38/100. Bolivia is ranked 128 out of 180 with a score of 30/100. By comparison, the UK is ranked at 11 out of 180 with a score of 78/100.

Echo operates in a competitive market and faces competition in securing and maintaining licence interests, forming partnerships, attracting, and retaining the most efficient service providers and building cooperative relationships with all stakeholders. We are very aware of the pressures and challenges that we face. However, we are committed to upholding the highest levels of corporate and operational behaviour and our objective is to develop our business responsibly and with integrity at all levels. We have a system of documented ABC policies and procedures that provide a consistent policy framework which all staff are issued with and trained in. Our policy and training encompass anti-bribery and corruption, gifts and entertainment, third-party representatives and whistle blowing.

Social Responsibility
Echo is committed as an organisation beyond our core business objectives, to be a responsible and ethical participant in the global community. Placing great consideration and aim to protect the health, safety and wellbeing of our staff, contractors, and the local communities.

Environmental Responsibility
Echo is very conscious of the natural environment in which it operates, and the Company works hard to minimise its impact on that environment. Echo is committed to the responsible stewardship of the environment and, on the conclusion of the Company's operations, and to return our sites to the condition in which Echo found them. Echo seeks to operate from compact drill sites in order to minimise disruption to the natural habitat. Echo is also committed to working closely with our partners and the various agencies in the jurisdictions in which it operates to make sure that all environmental and other regulations are fully satisfied as the Company undertakes its activities. The health and safety of our employees, contractors and partners on our sites is also paramount and more information is available in the Health, Safety and Environment ("HSE") review.

Sustainability Review (continued)

Diversity and Inclusion
Everyone at Echo is proud to embrace a culture of inclusivity across our organisation. Echo is an equal opportunities employer and has a stated policy as part of its Code of Conduct to deal fairly and equitably with all our employees in the workplace. The Company is dedicated to encouraging inclusion and diversity at all levels of the business, acknowledging that a more diverse workforce, with the right mix of skills, experience, culture, ethnicity, nationality, gender, and knowledge, can make a valuable contribution to the Company. Echo has made a commitment to extend equal employment opportunities to all, irrespective of race, colour, gender, sexual orientation, religion or belief, age, nationality, ethnicity, marital or civil partnership status, pregnancy and maternity, or disability. In addition, the Group not only provides direct support to employees, should they have any issues or concerns, by way of appropriate HR functions but also offers external training should it be deemed necessary.

Echo strives to maintain high levels of ethical and business practices at all times and has implemented clearly defined policies to assist employees with these issues. The primary aim is to protect the health, safety and wellbeing of our staff, partners, contractors, and the local communities in which the Company operates, moreover, Echo desires to go that one step further and invest in the future and sustainability of our business, our communities and our environment.

Strategic Report

Managing Risks

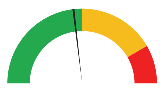
Echo is dedicated to managing the risks of the business in a structured manner. Our internal risk management system has five key steps in dealing with risks.

The five key steps in dealing with risk are:

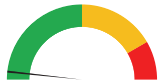
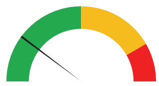
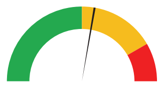
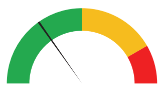
1. Identify
2. Assess
3. Mitigation options
4. Manage and execute
5. Review

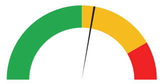
Identified risks and mitigation options are summarised in the risk management table which provides a continual reference point for operations and review.

Risk Management Table

Risk	**Description**	**Mitigation**	**Assessment of Risk Level**
Operational Risk			
Operational incidents	Operations carry risks of health, safety and environmental incidents typical of the industry	High HSE ethic with Joint Venture ("JV") procedures in place to deliver a safe operation. Echo also influences the Operator through its majority stake in the JV	
	Operations are not executed as planned and result in cost overruns		
	Litigation exposure	Ensuring staff are competent and appropriately trained	
	Reputational damage	Appropriate insurance	
Subsurface and surface risk to production	Reservoirs do not perform as expected and do not provide an adequate return on investment	Monitor all current and future production carefully tracking daily performance	
	Wells opened up after a period of shut in may underperform due to well integrity of reservoir issues	Establish new sources of production through maturation of workover programmes and new drilling on existing assets with business development to diversify risk	
Strategic Risk			
Political instability	Fiscal and political pressure in either the UK or Latin America could result in changes to the investment landscape post COVID-19, delaying projects and changing the potential value associated with the assets	Work with our local partners to manage any situation that may arise and build strong relationships with governments and local authorities	
	Argentina and Bolivia have a history of expropriation but in very different forms	Assess the political climate on a regular basis to ensure the best possible awareness when making investment decisions	

Managing Risks (continued)

Risk	Description	Mitigation	Assessment of Risk Level
Breach of Bribery Act	The Company, its contractors or partners, breach the UK Bribery Act leading to prosecution and reputational damage	Maintain and continuously improve the Company Anti-Bribery policy, Risk Assessment procedure and ensure that all staff are suitably trained All vendors and contractors will be risk assessed and all contracts awarded will have strict requirements to adhere to the policy	
Macroeconomic uncertainty	Relates to the movement in macroeconomic parameters e.g. foreign exchange ("FX") rates, interest rates and inflation	Management of the Group's cash position and FX exposure Treasury policy developed for the treatment of JV cash in Argentina	
COVID-19 pandemic	Risk of interruption to operations, continued global downturn in demand for hydrocarbons	Implemented procedures with operators to ensure operations continued safely Where appropriate shut-in productions to preserve value in wells Adaptable working practices and systems in place to facilitate working from home	
Loss of key personnel	Can happen through resignation, illness, injury, or death Valuable knowledge and relationships could be lost Can result in a lack of leadership and direction	Travel policy in place to ensure safe business travel activity Knowledge sharing across disciplines to minimise impact of lost capacity Adequate remuneration to ensure staff retention	
Portfolio diversification	Echo is exposed to a range of E&P assets located in one jurisdiction exacerbating political risk	Active process to evaluate new business opportunities in Latin America to secure additional asset beyond existing jurisdictions	
Argentina company registration	The Government of Santa Cruz does not assign the title of acquired assets to Echo	Through our local lawyers and CGC continue the support to the local authorities ahead of the final approval	

Risk	Description	Mitigation	Assessment of Risk Level
Financial Risk			
Insufficient funding	There are insufficient funds for the Company to meet its financial obligations or carry out new capital investment opportunities Echo is dependent on the availability of external finance to fund the development of new discoveries Cost overruns on the operational work programme and/or delay in payments from sales of existing hydrocarbon production	Raise equity following operational success to take advantage of share price strength in order to fund future activities Control finances through annual budgeting and variance analysis Negotiate and manage commercial contracts that provide certainty and allow for flexibility if required Delay capital expenditure and other discretionary spending	

Stakeholder Engagement

Echo considers collaborative engagement with all stakeholders as vital for our business. It remains at the core of what we do. Stakeholders include not only our shareholders, lenders, and our partners, but also our suppliers & customers, our workforce, governments & regulators, and the communities in which we operate. By maintaining regular dialogue, we receive feedback on our strategy, performance and governance which can then be factored into the Board's decision-making process.

The table below, describes how the directors of the Company have regard for the matters set out in Section 172(1) of the Companies Act 2006 these are:

(a) the likely consequences of any decision in the long-term

(b) the interests of the Company's employees,

(c) the need to foster the Company's business relationships with suppliers, customers, and others,

(d) the impact of the Company's operations on the community and the environment,

(e) the desirability of the Company maintaining a reputation for high standards of business conduct, and

(f) the need to act fairly as between members of the Company.

This table forms the Board's statement on such matters as required by the Act. Further information regarding Echo's assessment of environmental and community issues associated with our operations, can be found in the Sustainability Review on page 13 and in the HSE Review on page 30. Review of the key decisions and issues discussed in Board meetings and by various committees in 2021 is contained in the Corporate Governance Statement from page 23 to 29.

	Why is it important to engage?	How do we engage?
Shareholders	Echo seeks to develop an investor base of long-term holders that are aligned with our strategy. By clearly communicating our strategy and objectives, we maintain continued support for what we do. Important issues include: ● Sustainable financial and operational performance ● Continued execution of E&P projects	There is regular dialogue between both institutional and retail investors through meetings, calls, conferences, presentations and our virtual "Time with the Team" Q&As. With the Covid-19 pandemic face to face meetings with shareholders have been limited over the last year, although the shareholders did have the opportunity to meet with members of the Board face to face at the General meeting held in August 2021. Management continued to engage with shareholders during the year on a virtual basis.
Lenders	Upstream oil and gas is a capital intensive business and by maintaining supportive relationships with our lending group, we can ensure access to long-term debt finance that enables us to invest in high quality assets that generate sustainable long-term cash flows. Important issues include: ● Sustainable financial and operational performance ● Capital allocation ● Refinancing plan	Echo has continued to fulfil our obligations and engage with noteholders such that we were able to restructure our existing long-term debts, through renegotiation and issue of warrants and equity. Highlights include: ● Restructuring of the Company Bonds to include the removal of all cash interest payments; and extension of maturity to May 2025 ● Amendment of the $5Million Euro Lombard debt facility with maturity extended to April 2025 ● Extension of the Spartan £1m loan by two years and restructuring of the interest payments.

	Why is it important to engage?	How do we engage?
Partners	Sharing of risk is a fundamental component of our industry and by maintaining aligned and collaborative relationships with our joint venture partners, we can ensure that maximum value can be extracted from our operations in a safe and sustainable manner. Important issues include: • Operational performance & HSE • Project ranking and work programmes • Budget setting	Echo ensures that we maintain an open dialogue with both partners in the SCS licences. We seek to ensure that all partners are aligned around common objectives for the asset and maintain safe and efficient operations. Highlights include: • Continue to maintain production within Argentina • Benefit in country from the stronger commodity prices Echo signed a cooperation agreement with the Bolivian Company GTL International S.A over a five-year period with the intention to collaborate and jointly assess new opportunities across the full energy spectrum. The Company successfully formed a partnership with the Chilean company, Land & Sea SpA, (LSA) with the option to purchase a 70% interest in a 3MW solar project in Chile.
Customers & Suppliers	The SCS supply chain is managed by our partners who operate on our behalf. We have further developed strong relationships with key corporate suppliers. Important issues include: • Contract management strategy • Uninterrupted service for customers • Enhance value	Engagement with suppliers usually takes place with the operator but we are closely involved and help shape the strategy and timing. Sales of crude are also negotiated by the operators, but our regional representative works in collaboration with our partners to negotiate contracts and timings. Highlights include: The Company secured two new gas sales contracts at significant premiums to both prevailing spot market rates and 2020 contracted rates. These contracts have a term of 12 months, with gas sales beginning in May 2021.
Workforce	Our current and future success is underpinned by our ability to engage, motivate, and adapt our workforce. Creating the right environment for employees where their various strengths are recognised and their contributions are valued, helps to ensure that we can deliver our shared objectives. Important issues include: • Group strategy • Diversity of thinking • Corporate culture	During 2021, internal communications continued so employees were kept informed of all the workstreams across the Company and helped to raise key issues with directors and executives. Highlights include: • Production & strategy updates • Educational presentations from each sector of Echo • All staff involvement on CSR initiatives

	Why is it important to engage?	How do we engage?
Governments & Regulators	Maintaining respectful and collaborative relationships with our host governments and local regulatory authorities is vital to our 'licence to operate'. We believe that the strength of these relationships will allow us to make a sustainable and beneficial contribution to the regions in which we operate. Important issues include: ● Licence attribution ● Identifying and securing new opportunities ● Providing views on upcoming legislation and factors that are important to the industry ● CSR commitments	Management continues to work closely with the government in country. The Company managed to successfully monetise a portion of the Argentine VAT owed to the Company in 2021. The business now reduces the remaining balance owing by netting-off payments otherwise due for VAT. It is anticipated these credit balances will be depleted by the end of 2022.
Communities & Environment	Minimal environmental impact in the localities in which we operate ultimately help Echo reach its corporate objectives as well as just being the right thing to do. Building and maintaining the Company's reputation fosters Echo's long-term goals and the support and commitment of all employees. Important issues include: ● Operating in an open and honest and socially responsible manner ● Social responsibility initiatives	Echo has engaged with all employees to choose community projects to support. All employees trained in ABC standards and all counterparties must adhere to these. Regular engagement with operator HSE officers occurs through operational committee meetings maintaining positive focus on health, safety, and the environment.

Financial Review

Another difficult year for Echo and all businesses, due to the ongoing pandemic and further lockdowns, but despite this . the Company has been able to successfully continue its operations and produce critical energy products in Argentina.

Income Statement
The Group's loss from continuing operations for the year to 31 December 2021 was US $11.6 million (2020: US $15.3 million) and total Group loss including discontinued operations was of US $11.6 million (2020: US $26.0 million). Whilst cost of sales increased by $1.7 million (13%) in the year due to expenditure on production not incurred in 2020 and inflationary salary costs, the reduction in losses is a result of reduced finance expense and gains on debt revaluations.

For the year ended 31 December 2021, Group revenue was US $11.1 million (2020: US $11.1 million), The spilt between the two commodity revenue sources were:

- Oil sales – US $ 4.1 million (2020: $2.8 million)
- Gas sales – US $ 7.0 million (2020: $8.3 million)

The increase in Oil sales was a result of some wells re-opening and production increasing after their closures in 2020 (due to the lack of demand caused by the pandemic) combined with price increases

Echo achieved an average net oil price for the period of US $43.3/bbl (2020: US $22.8/bbl), and an average Gas price of US $2.7/mmbtu (2020: US $1.6mmbtu).

Group operational costs were US $15.1 million (2020: US $13.4 million):

- Exploration expenses of US $0.2 million (2020: US $0.2 million) relates to on-going business development activity in Latin America.
- Gross administration expenses of US $3.0 million in 2021 were US $0.3 million (8%) lower than in 2020, reflecting the management's continued focus on cost control across the Group.
- Finance costs are largely composed of net foreign exchange losses of US $1.0 million (2020: US $4.4 million), interest payable and unwinding of discount costs of US $3.4 million (2020: US $4.9 million), and the amortisation of debt fees.

Balance Sheet
Careful management of cash balances, successful debt renegotiation and equity fund raises supported business flexibility and stability. The Group ended the period with US $0.7 million cash at bank compared to the prior year balance of US $0.7 million.

The other receivables balance of US $2.1 million (2020: US $7.2 million) principally comprise of recoverable Argentine Value Added Tax and trade debtors. SCS joint venture receivables have been eroded due to Echo not fully paying SCS cash calls.

The trade and other payables balance of USD $16.0 million is mainly comprised of Joint venture payables of US $15.0 million (2020: US $9.7 million).

The Group's non-current liabilities are represented by US $28.8 million (2020: US $27.3 million) of unlisted debt instruments due in over a year, and US $3.0 million (2020: US $3.0 million) abandonment provisions.

Post Balance Sheet – Improved Market Environment and Outlook
Note 32 provides more detail around some of the extensive debt restructuring in 2022, as well as raising funds through share issues.

This restructuring, in combination with significant price increases in the sector as a whole, enables the Company to operate from a significantly more stable platform from which to focus on increasing revenue, invest in its producing asset, and release capital which can instead be invested directly into the business to accelerate growth projects or support future acquisitions.

In light of this, and the anticipated improved market conditions, the Board looks confidently to the future.

This Strategic Report was approved by the Board on 5 September 2022 and signed on its behalf by:

Martin Hull
Chief Executive Officer
5 September 2022

Corporate Governance Statement

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

Dear Shareholder

As the Chairman of the Company, it is my pleasure to present the Corporate Governance Statement for the year ended 31 December 2021. I firmly believe that strong corporate governance enables an organisation to grow successfully and to win confidence of the stakeholders. The Board is committed to good governance across the business, at an executive level and throughout its operations. The importance of solid governance within the organisation has been highlighted during 2021, which has been a challenging year for the business and for the economy as a whole with the global pandemic together with the downturn in the oil and gas sector. A strong foundation has helped steer the business through these challenging times.

Following the adoption of the Quoted Companies Alliance Corporate Governance Code in 2018 (the "QCA Code") the Company embarked on compliance and adherence to the corporate governance practices recommended by the QCA Code. The QCA Code requires AIM listed companies to adopt a "comply or explain" approach in respect of the recommended guidelines and the Board maintains that the Company complies with the QCA code in all aspects of the business.

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

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

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

During the period under review, there had been no major changes to the corporate governance structure of the Company.

James Parsons
Non-Executive Chairman

The Principles of the QCA Code

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

QCA Code Principle	Disclosure	
1.	Explain the Company's business model and strategy, including key challenges in their execution (and how those will be addressed).	See pages 5-7 of Annual Report.
2.	Seek to understand and meet shareholder needs and expectations. Explain the ways in which the company seeks to engage with shareholders.	See website disclosures: Principle Two AIM Rule 26.
3.	Take into account wider stakeholder and social responsibilities and their implications for long-term success. Explain how the business model identified the key resources and relationships on which the business relies. Explain how the Company obtains feedback from stakeholders.	See website disclosures: Principle Three AIM Rule 26 and section 172 disclosure page 37 and pages 18-20.
4.	Describe how the Board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.	See page 15 of Annual Report.
5.	Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.	James Parsons and Christian Yates are considered to be independent.
	Describe the time commitment required from directors (including non-executive directors).	The Chief Executive Officer is expected to devote substantially the whole of his time to the duties with the Company. The non-executives have a lesser time commitment. It is anticipated that each of the non-executives, including the chairman will dedicate 12 days a year.
	Include the number of meetings of the Board (and any committees) during the year, together with the attendance record of each director.	See page 29 Annual Report.
6.	Identify each director.	See pages 31-32 Annual Report.
	Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long-term.	See pages 31-32 Annual Report.
	Explain how each director keeps his/her skillset up to date.	See page 31 Annual Report.
	Where the board or any committee has sought external advice on a significant matter, this must be described and explained.	No such advice was sought in 2021.
6.	Where external advisers to the Board or any of its committees have been engaged, explain their role.	

	Describe any internal advisory responsibilities, such as the roles performed by the Company secretary and the senior independent director, in advising and supporting the Board.	The Company secretary helps keep the Board up to date on areas of new governance and liaises with the Nomad on areas of AIM requirements. The Company secretary has frequent communication with both the chairman and the chief executive officer and is available to other members of the Board if required.
7.	Include a high-level explanation of the Board performance effectiveness process.	See page 27 Annual Report.
	Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed.	No such evaluation took place in 2021. However, the Chairman and the directors are mindful of the performance of the Board as a whole and ensure that each director works to support the Executive team and deliver as best they can for the business.
8.	Include in the Chair's corporate governance statement how the culture is consistent with the Company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the Board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.	See page 23 Annual Report. See website disclosures Principle Eight AIM Rule 26.
9.	Maintain governance structures and processes that are fit for purpose and support good decision making by the board. Roles and responsibilities of the Chair, CEO and other directors with commitments. Describe the roles of the committees.	See website disclosures: Principle Nine AIM Rule 26. See pages 27-28 Annual Report.
10.	Describe the work of any board committees undertaken during the year.	See page 27 Annual Report.
	Include an audit committee report (or equivalent report if such committee is not in place).	See page 27 Annual Report.
	Include a remuneration committee report (or equivalent report if such committee is not in place).	See page 28 Annual Report.
	If the Company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained.	N/A

The Board

The Board comprises the non-executive chairman, two non-executive directors and the Chief Executive Officer (CEO).

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

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

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

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

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

The 2021 performance of the business and its staff will be measured across both financial and operational functions and is captured in a corporate scorecard. The scorecard is made up of various KPIs and is tracked throughout the year. The Board and executives' performance within the year was judged on the delivery of certain desired outcomes.

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

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

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

Stephen Whyte, Non-Executive Director was appointed to the Board in March 2017. Stephen's background provides the Board with the operational expertise to review and challenge decisions and opportunities presented both within the formal arena of the boardroom and as called upon when needed by the executives. He stepped down from the Board in June 2022.

Christian Yates, Non-Executive Director was appointed to the Board in January 2022. Christian has experience of advising and promoting investments in renewable energy since 2009. He brings to the Board experience within the renewables sector, including wind, waste to energy and BESS.

Gavin Graham, Non-Executive Director was appointed to the Board in November 2018 and stepped down from the Board in January 2022.

Board Performance

The directors consider seriously the effectiveness of the Board, committees and individual performance. The Board meets formally five times a year with ad hoc board meetings as the business demands. There is a strong flow of communication between the directors, in particular the relationship between the CEO and the chairman. The agenda is set with the consultation of both the CEO and chairman, with consideration being given to both standing agenda items and the strategic and operational needs of the business. Resulting actions are tracked for appropriate delivery and follow up.

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

During the year, the Board continuously strived to further strengthen the governance structure already in place. Regular consultations are held with the Company's NOMAD, Company Secretary and lawyers in respect of compliance with the QCA Code, Companies Act and other statutory requirements, and to ensure that best practices are followed. An effective investor relation strategy was maintained and regulatory disclosure obligations were met, through a consistent flow of news releases to the market. All members of the Board are well acquainted and understand global regulations on ethical business practices and ensure that adequate internal policies and a supervisory mechanism is established in the business, through senior management. Whilst being mindful of the size and stage of development of the Company, the Board reviews and ensures the highest level of governance is maintained at all levels.

Matters Reserved for the Board

The directors adopted a schedule of those matters that should be reserved for the Board. Those matters include:

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

Board Committees

The Board has established an audit committee, a remuneration and a nominations committee. At present, a decision has been made not to establish an HSE committee due to the fact that the Company is non-operating and still in the developing stage. The HSE matters are dealt with within the Board meetings.

Audit Committee Report

The audit committee is comprised of Marco Fumagalli and Christian Yates. Stephen Whyte stepped down as a member of the Committee in January 2022 when Christian joined. Mr Fumagalli chairs the audit committee. The committee generally meets twice a year. The committee has engaged Crowe UK LLP to act as external auditors and they are also invited to attend committee meetings, unless they have a conflict of interest. The CEO and the Financial Controller of the Company also join the Committee by invitation.

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

The main functions of the audit committee include:

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

During 2021 the audit committee:

- Met with the Company's auditor;
- Approved the audited year end and interim financial statements; and
- Recommended to shareholders the re-appointment of the Company's auditor, Crowe U.K. LLP.

Remuneration Committee report

Until Gavin Graham's departure in January 2022, he chaired the Committee, with both Marco Fumagalli and Stephen Whyte also being members of the Committee. With Gavin's departure from the Board James Parsons assumed the position of Chair of the Committee, with Stephen remaining a member until his departure in June 2022.

The Remuneration Committee meets at least twice a year to consider all material elements of the remuneration policy of the Company, including directors' and executive remuneration.

During the year ended 31 December 2021, the Committee met twice times and the following matters were included in its deliberations:

- Assessed the performance targets of the executive director;
- Reviewed the pay and benefits of the executive director in line with the achievement of his 2021 scorecard;
- Reviewed and recommended the salary increments and bonus awards to the staff;
- Agreed the 2022 performance targets for the executive director;
- A mid-year review of the 2021 scorecard; and
- Determination of the awards to be made under the Company's EMI scheme.

Nominations Committee report

The Nominations Committee consists of Stephen Whyte and Christian Yates, with Stephen Chairing the Committee, until his departure in June 2022, from which point James Parsons took over as Chair. The Committee will meet as and when required. The terms of reference for the Committee were approved by the Board.

The Nominations Committee is responsible for Board recruitment and succession planning. Keeping under review the leadership of the organisation and ensuring that the Board has the right skill set required for the business.

During the year ended 31 December 2021, the Committee met once and the following matters were included in its deliberations:

- Approval of the terms of reference of the Committee; and
- Board composition and planning given the decision to move into the renewables sector.

The directors' attendance at scheduled board meetings and board committees during 2021 is detailed in the table below:

Director	Board Scheduled Meeting	Board Ad Hoc Meeting*	Audit	Remuneration	Nominations Committee
James Parsons (chairman)	4	9	–	–	–
Marco Fumagalli	4	9	2	2	–
Stephen Whyte	4	9	2	2	1
Martin Hull	4	9	–	–	–
Gavin Graham	4	9	–	2	1
Total meetings	**4**	**9**	**2**	**2**	**1**

* Ad hoc meetings:

Additional meetings called for a specific matter generally of a more administrative nature not requiring full Board attendance

Health and Safety Review 2021

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

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

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

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

In the Santa Cruz Sur assets, the Company has been instrumental in maturing an infrastructure project that upgrades brownfield pipelines to modern materials with a lower corrosion risk.

The Team

Board of Directors

James Parsons
Non-Executive Chairman
In addition to his role as Non-Executive Chairman at Echo Energy plc, James is currently Chairman of Ascent Resources plc, Coro Energy plc and Corcel Plc . James has over 20 years' experience in the fields of strategy, management, finance and corporate development in the energy industry. He started his career with the Royal Dutch Shell Group where he spent 12 years working in Brazil, the Dominican Republic, Scandinavia, the Netherlands and London. James was previously Chief Executive at Sound Energy Plc for eight years, is a qualified accountant and has a BA Honours in Business Economics.

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

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

Martin holds a BA (Hons).

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

Stephen Whyte
Non-Executive Director
Stephen Whyte has over 30 years' experience in the oil and gas industry.

He was chief operating officer and executive director for Exploration and Production at Galp Energia until 2014 and Senior Vice President, Commercial at BG Group. He had previously spent a total of 14 years with Shell and six years with Clyde Petroleum. Stephen is currently a Board observer of Nostrum Oil and Gas plc on behalf of Bondholders. Stephen resigned from the Board in June 2022.

Christian Yates
Non-Executive Director
Christian joined the Company is January 2022. He has been investing and advising on and promoting investments in renewable energy since 2009. Christian is chairman of Gresham House Renewable Energy VCT 2 plc, one of two listed investment companies he co-founded in 2010. Christian has significant experience across sections including renewable energy (wind, waste to energy and BESS).

Dr Gavin Graham
Non-Executive Director
Dr Graham resigned from the Board in January 2022.

The Team (continued)

Executive Team

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

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

Martin holds a BA (Hons) from Exeter University.

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

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

The remuneration committee, which consists of the non-executive directors, along with the Board as a whole is committed to attracting and retaining talent within the boardroom and the wider executive group to ensure the success of the Company. The remuneration committee works to ensure that the policies and framework are in place to reward staff for achievements and targets met, which in turn creates value for shareholders.

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

Martin Hull's contract contains a six month notice period and a twelve month change of control clause.

The bonus and option awards are presented to the remuneration committee by the CEO for approval. The bonus awards are made to individuals taking account of their own performance and the Company's performance as a whole over the previous year. Members of the executive team have their level of bonus reviewed in line with their individual scorecards that are agreed at the beginning of the financial year. The amount of bonus and options awarded is set within a pre-agreed range for each level of staff. In 2021 the Remuneration Committee at that time awarded Martin Hull with a £43k bonus for successfully restructuring the debt. Given the on-going challenging market conditions which faced the Company it was agreed that this bonus would only be paid when the company had sufficient cash resources. The £43k has yet to be paid but is accounted for as accrued salary. In January 2022 the Remuneration Committee at that time awarded a further bonus of 20% of Mr Hull's base salary at that time which would also be paid when the Company has sufficient cash resources and has not yet been paid.

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

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

Chairman and Non-Executive Directors' Fees

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

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

Remuneration of Directors

	Salary (US $)	Pension (US $)	2021 Cash Bonus award (US $)	Taxable benefit (US $)	Total 2021 (US $)	Total 2020 (US $)
Executive Director						
Martin Hull**	344,700	13,700	59,288	6,016	423,704	708,724
Non-Executive Director						
James Parsons	110,304	–	–	–	110,304	84,210
Stephen Whyte	56,531	–	–	–	56,531	54,135
Marco Fumagalli	54,135	–	–	–	54,135	54,135
Gavin Graham	54,135	–	–	–	54,135	54,135

**Martin Hull took a reduction in salary for 2021, annual salary is now £250,000 (US $344,700 using the year avg rate of GBP £1: US $1.3788

Share Options Awards

	Date of Grant	Exercisable Date	Acquisition Price per share (cents)*	Options held at 1.1.21 000's	Options held at 31.12.21 000's
Martin Hull	24.10.19	11.12.23	8.87	**12,000**	**12,000**
Martin Hull	19.12.19	20.12.22	3.52	**23,000**	**23,000**
Martin Hull	28.01.21	28.01.22	0.89	**–**	**8,000**
Martin Hull	28.01.21	28.01.23	0.89	**–**	**8,000**
Martin Hull	28.01.21	28.01.24	0.89	**–**	**8,000**
James Parsons	09.03.17	09.03.20	2.20	**24,000**	**24,000**
Stephen Whyte	09.03.17	09.03.20	2.20	**4,000**	**4,000**
Marco Fumagalli	09.03.17	09.03.20	2.20	**4,000**	**4,000**

Share Options Awards
*Calculated at the exchange rate of GBP £1: US $1.3536

No directors exercised options in the year ended 31 December 2021.

This Remuneration Report was approved by a duly authorised committee of the Board on 5 Sept 2022 and signed on its behalf by:

James Parsons
Non-Executive Chairman

5 September 2022

Directors' Report

The directors submit their report and accounts for the financial year ended 31 December 2021. The comparative period is the year ended 31 December 2020.

Principal Activities

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

Results and Dividends

Turnover for the year was US $11,124,487 (2020: US $11,126,520), and the loss before tax from continued operations was US $11,770,112 (2020: US $15,267,535). The directors have not declared any, dividend in respect of the year ended 31 December 2021 (2020: US $Nil).

Future Developments

The Group will continue to optimise value creation and efficiency in the SCS assets. In addition, and as announced in January 2022, the Company is forming a partnership with a Chilean company, Land & Sea SpA and has acquired an option to purchase a 70% interest in a 3MW solar project in Chile. Details of plans of the SCS assets, the solar project in Chile and other future developments are discussed in the Strategic Report on page 3 of this report.

Directors

The directors who served during the period were as follows:

James Parsons
Marco Fumagalli
Stephen Whyte
Martin Hull
Dr Gavin Graham

Post year-end, Gavin Graham resigned and Christian Yates was appointed on 17 January 2022. Subsequently, Stephen Whyte resigned on 27 June 2022.

Directors' Insurance

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

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.
- This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Directors' Shareholding and Interests in Shares

Directors and connected persons	No. of shares at 31.12.21
James Parsons	–
Marco Fumagalli	10,029,716
Stephen Whyte	–
Martin Hull	600,000
Gavin Graham	–

Subsequent Events

Events which have occurred since 31 December 2021 are included in Note 32 to the attached financial statements.

The financial information for the year to 31 December 2021 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.

Despite the consolidated statement of financial position showing a negative net asset position at 31 December 2021, the outlook for the Group has materially changed post period.

The business market took a positive upturn from early 2021, with gas and liquid prices increasing significantly through 2021 and again into 2022. Average Gas prices in July 2022 are US$4.53 (mmbtu, converted at ARS$133.57 to US$1) compared with December 2020 of US$1.59 (mmbtu, converted at ARS$82.6 to US$1). The same period has seen Liquids (m3) sell at US$51 in July 2022 compared to US$28.8 in December 2020.

In Q2 2021 Echo saw the conclusion of the Company's unlisted debt restructuring, materially changing Echo's business position and the subsequent Post Balance Sheet restructure in August 2022 has reduced the debt even further (by €15m plus accrued interest), whilst extending the remaining debt's repayment period by two years (to 2032) and reducing the coupon rate from 8% to 2%. The share placing raised £0.6m in the UK for working capital and potential asset enhancement funding.

Post year end deals with customers allowing for a prepayment of $1.6m in May 2022, in combination with a large increase in cash receipts from higher prices from June 2022 onwards has alleviated the immediate creditor concern in Argentina.

Considering these factors, the Company is in a materially more robust position post period. The Company confirms that operations at the SCS assets are predicted to be cash flow positive at the revised oil and gas price levels.

Information Set Out in the Strategic Report

The directors have chosen to set out the following information relating to the assessment of financial risk on both page 17 of the Strategic Report, and in Note 22 of the Financial Statements.

Martin Hull
Chief Executive Officer
5 September 2022

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period.

In preparing these financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and to disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are further responsible for ensuring that the Strategic Report, the Directors' Report, other information included in the Annual Report and Financial Statements are prepared in accordance with applicable laws in the United Kingdom. The maintenance and integrity of the Company's website is the responsibility of the directors: the work carried out by the auditor does not involve the consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in the Annual Report may differ from legislation in other jurisdictions.

We confirm to the best of our knowledge:

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

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

Martin Hull
Chief Executive Officer

Independent auditor's report to the members of Echo Energy Plc

Qualified opinion

We have audited the financial statements of Echo Energy Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2021, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2021;
- the Group and Parent Company statements of financial position as at 31 December 2021;
- the Group and Parent Company statements of changes in equity for the year then ended;
- the Group and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and UK-adopted international accounting standards and as regards the parent as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, except for the possible effects of the matter descried in the basis for qualified opinion section of our report:

- 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 2021 and of the Group's loss for the year then ended;
- the Group's financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards 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.

Basis for qualified opinion

Due to the limitations of the joint venture operator's computerised system to identify the dates of addition of materials and spare parts, we have not been able to perform tests to confirm their valuation. We have also been unable to obtain reasonable assurance by alternative procedures regarding the valuation of materials and spare parts in inventories at the year-end. As a result, we have not been able to determine whether any adjustments would have been necessary to the valuation of the inventories of materials and spare parts as at 31 December 2021, which are included in the statement of financial position at $359,000, and to the relevant expense in the statement of comprehensive income, which amount to $497,000. In addition, were any adjustment to the inventories balance to be required, the strategic report would also need to be amended.

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

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates the group and company requires further funding through debt financing, joint venture equity or share issues in order to fund ongoing operations. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included the following:

- reviewed and challenged management's going concern assessment and assumptions used covering a minimum of 12 months from the date of approval of these financial statements;
- tested mathematical accuracy of the models used by management in their assessment;
- discussed with management and evaluated their assessment of the group and the company's liquidity requirement;
- assessed the reasonableness of management's budget/forecasts, including comparison to actual results achieved in the year and the evaluation of downside sensitivities; and
- considered the company's options in raising further funding.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality
In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be US$160,000 (2020: US$215,000), which represents 1.0% of the Group's total assets which we have considered to be the appropriate benchmark for an exploration company. Materiality for the Parent Company financial statements as a whole was set at $112,000 (2020: $160,000) based on 1% of the parent company's total assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at $115,000 (2020: $150,500) for the group and $80,000 (2020: $112,000) for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of US$3,500. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit
We audit the parent company and its subsidiary companies. Our audit approach was developed by obtaining an understanding of the group's activities, the key functions undertaken on behalf of the Board by management and the overall control environment. Based on this understanding we assessed those aspects of the group and subsidiary companies transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly. We also engaged local specialist to assist us with review on Argentinian tax matters.

Independent auditor's report to the members of Echo Energy Plc (continued)

Key Audit Matters

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

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

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition Revenue consists of oil and gas sales from Argentina. We considered the risk that revenue was recognised in an incorrect accounting period or prior to delivery being made to the customer. (Accounting policy 1(d), Note 4)	Our work focused on validating whether revenue has been recognised in accordance with the accounting policy. We reviewed the compliance of the accounting policy, along with the disclosures, per the requirements of IFRS 15. We have agreed a sample of sales to underlying documentation to confirm revenue was being recognised in accordance with the policies. We also reviewed cut off to ensure revenue is recognised in the correct period.
Carrying value of O&G Properties and Exploration and Evaluation expenditure Echo owns both exploration and evaluation assets and producing assets, we have considered the risk that these assets are impaired. (Accounting policy 1(e) & 1(g), Note 16 & 17)	We have reviewed management's assessment which included their internal model which concluded that there are no facts or circumstances that suggest the carrying amount of the asset exceeds the recoverable amount. This includes: • Challenging management's inputs and assumptions in the valuation model to available market data and other sources of evidence; and • Assessed the application of discount rate, market price and reserves.
Carrying value of Interest in subsidiary undertakings and Amounts receivable from Group undertakings (Company only) We have considered the risk that Interest in subsidiary undertakings and Amounts receivable from Group undertakings assets are impaired. (Note 2 & 18)	The 'Interest in subsidiary undertakings' and 'Amounts receivable from Group undertakings' in relation to the companies with operations in Argentina recoverability is supported by the internal model prepared to support the carrying value of exploration assets and so are considered and discussed within the 'Carrying value of O&G Properties and Exploration and Evaluation expenditure' above. We are satisfied that there is adequate headroom in the internal model of the CGU to support the recoverability of 'Interest in subsidiary undertakings' and 'Amounts receivable from Group undertakings'. In respect of the Bolivian company we have considered management's assessment of recoverability and have considered the following sources of evidence for potential indications of impairment: • Board minutes and budgets setting out the group's plans for the continued commercial appraisal; and • Discussing plans and intentions with management.

Independent auditor's report to the members of Echo Energy Plc (continued)

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

Other information

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

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the valuation of materials and spare parts held in inventories of $359,000 at 31 December 2021. We have concluded that where the other information refers to the inventory balance or related balances, such as expenses, it may be materially misstated for the same reason.

Opinion on other matter prescribed by the Companies Act 2006

Except for the possible effects if the matter described in the basis for qualified opinion section of our report, 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report in light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Arising solely from the limitation on the scope of our work relating to inventories, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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.

Independent auditor's report to the members of Echo Energy Plc (continued)

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 37, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, UK and Argentinian taxation legislation, health & safety law and environmental agency legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, judgement surrounding the capitalisation of exploration & evaluation assets and inappropriate revenue recognition. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Independent auditor's report to the members of Echo Energy Plc (continued)

Use of our report

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

M Stallabrass

Matthew Stallabrass (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Financial Statements

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

	Notes	Year to 31 December 2021 US$	Year to 31 December 2020 US$
Continuing operations			
Revenue	4	**11,124,487**	11,126,520
Cost of sales	5	**(15,147,779)**	(13,437,010)
Gross profit		**(4,023,292)**	(2,310,490)
Exploration expenses		(205,651)	(215,512)
Administrative expenses		(2,965,548)	(3,240,934)
Operating loss	6	**(7,194,491)**	(5,766,936)
Financial income	8	4,355,334	7,142
Financial expense	9	(8,993,432)	(10,174,047)
Derivative financial gain/(loss)	10	62,477	666,306
Loss before tax		**(11,770,112)**	(15,267,535)
Taxation	13	–	–
Loss from continuing operations		**(11,770,112)**	(15,267,535)
Discontinued operations			
Profit/(loss) after taxation for the year from discontinued operations	11	–	(10,724,108)
Loss for the year		**(11,770,112)**	(25,991,643)
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		211,820	(1,041,955)
Total comprehensive loss for the year		**(11,558,292)**	(27,033,598)
Loss attributable to:			
Owners of the parent		**(11,558,292)**	(27,033,598)
Total comprehensive loss attributable to:			
Owners of the parent		**(11,558,292)**	(27,033,598)
Loss per share (cents)	14		
Basic		(0.93)	(3.38)
Diluted		(0.93)	(3.38)
Loss per share (cents) for continuing operations			
Basic		(0.93)	(1.99)
Diluted		(0.93)	(1.99)

The notes on pages 51 to 79 form part of these financial statements.

Financial Statements

Consolidated Statement of Financial Position

Year ended 31 December 2021

	Notes	31 December 2021 US$	31 December 2020 US$
Non-current assets			
Property, plant and equipment	16	**2,674,405**	2,552,693
Intangibles assets	17	**7,131,907**	8,511,622
		9,806,312	11,064,315
Current Assets			
Inventories	19	**1,365,225**	541,230
Trade and other receivables	20	**2,108,438**	7,229,263
Cash and cash equivalents	21	**742,339**	682,159
		4,216,002	8,452,652
Current Liabilities			
Trade and other payables	23	**(16,023,500)**	(13,249,146)
Derivative financial liabilities	24	**–**	(62,477)
		(16,023,500)	(13,311,623)
Net current liabilities		**(11,807,498)**	(4,858,970)
Total assets less current liabilities		**(2,001,186)**	6,205,345
Non-current liabilities			
Loans due in over one year	27	**(28,768,380)**	(27,276,015)
Provisions	28	**(3,039,911)**	(2,979,956)
		(31,808,291)	(30,255,971)
Total Liabilities		**(47,831,791)**	(43,567,594)
Net Liabilities		**(33,809,477)**	(24,050,627)
Equity attributable to equity holders of the parent			
Share capital	25	**7,209,086**	6,288,019
Share premium	26	**64,977,243**	64,961,905
Warrant reserve	26	**12,177,786**	11,373,966
Share option reserve	26	**1,522,499**	1,417,285
Foreign currency translation reserve		**(3,531,587)**	(3,319,767)
Retained earnings		**(116,164,504)**	(104,772,035)
Total Equity		**(33,809,477)**	(24,050,627)

These financial statements were authorised for issue and approved by the board of directors on 5 September 2022

Martin Hull
Company registration number 05483127

The notes on pages 51 to 79 form part of these financial statements.

Financial Statements

Company Statement of Financial Position

Year ended 31 December 2021

	Notes	31 December 2021 US$	31 December 2020 US$
Non-current assets			
Property, plant and equipment	16	**2,177**	8,039
Intangible assets	17	**445,585**	326,869
Interest in subsidiary undertakings	18	**16,005,044**	16,005,044
Amounts receivable from Group undertakings	20, 29	**11,813,525**	12,504,108
		28,266,330	28,844,060
Current assets			
Other receivables	20	**172,589**	156,034
Cash and cash equivalents	21	**37,008**	437,230
		209,596	593,264
Current liabilities			
Trade and other payables	23	**(864,697)**	(3,306,206)
Derivative financial liabilities	24	**–**	(62,477)
		(864,697)	(3,368,684)
Net current liabilities		**(655,100)**	(2,775,420)
		27,678,195	26,068,640
Non-current liabilities			
Loans due in over one year	27	**(28,768,380)**	(27,276,015)
		(28,768,380)	(27,276,015)
Total Liabilities		**(29,633,077)**	(30,644,699)
Net (Liability)/Assets		**(1,157,151)**	(1,207,374)
Equity			
Share capital	25	**7,209,086**	6,288,019
Share premium	26	**64,977,243**	64,961,905
Warrant reserve	26	**12,177,786**	11,373,966
Share option reserve	26	**1,522,499**	1,417,285
Foreign currency translation reserve		**(2,255,402)**	(2,255,402)
Retained earnings		**(84,788,362)**	(82,993,147)
Equity Shareholders' Funds		**(1,157,151)**	(1,207,374)

These financial statements were authorised for issue and approved by the board of directors on 5 September 2022

The Company has not presented its own profit and loss account. Its loss for the year was US$1,961,039 (2020: US$10,045,487).

Martin Hull
Company registration number 05483127

The notes on pages 51 to 79 form part of these financial statements.

Financial Statements

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Retained earnings US$	Share capital US$	Share premium US$	Warrant reserve US$	Share option reserve US$	Foreign currency translation reserve US$	Total equity US$
1 January 2020	(78,857,006)	5,190,877	64,817,662	11,142,290	1,159,580	(2,277,812)	1,175,591
Loss for the year	(15,267,535)	–	–	–	–	–	(15,267,535)
Discontinued operations	(10,724,108)	–	–	–	–	–	(10,724,108)
Exchange Reserve	–	–	–	–	–	(1,041,955)	(1,041,955)
Total comprehensive loss for the year	(25,991,643)	–	–	–	–	(1,041,955)	(27,033,598)
New shares issued	–	1,097,142	467,935	–	–	–	1,565,077
Warrants	–	–	(231,676)	231,676	–	–	–
Share issue costs	–	–	(92,016)	–	–	–	(92,016)
Share options lapsed	76,614	–	–	–	(76,614)	–	–
Share-based payments	–	–	–	–	334,319	–	334,319
31 December 2020	(104,772,035)	6,288,019	64,961,905	11,373,966	1,417,285	(3,319,767)	(24,050,627)
1 January 2021	(104,772,035)	6,288,019	64,961,905	11,373,966	1,417,285	(3,319,767)	(24,050,627)
Loss for the year	(11,558,292)	–	–	–	–	–	(11,558,292)
Discontinued operations	–	–	–	–	–	–	
Exchange Reserve	–	–	–	–	–	(211,820)	(211,820)
Total comprehensive loss for the year	(11,558,292)	(211,820)	(11,770,112)				
New shares issued	–	646,265	813,207	–	–	–	1,459,472
Warrants exercised	–	274,803	105,484	(19,362)	–	–	360,925
Warrants	–	–	(823,182)	823,182	–	–	–
Share issue costs	–	–	(80,171)	–	–	–	(80,171)
Share options lapsed	165,824	–	–	–	(165,824)	–	–
Share-based payments	–	–	–	–	271,038	–	271,038
31 December 2021	(116,164,504)	7,209,086	64,977,243	12,177,786	1,522,499	(3,531,587)	(33,809,477)

The notes on pages 51 to 79 form part of these financial statements.

Financial Statements

Company Statement of Changes in Equity

Year ended 31 December 2021

	Retained earnings US$	Share capital US$	Share premium US$	Warrant reserve US$	Share option reserve US$	Foreign currency translation reserve US$	Total equity US$
1 January 2020	(73,024,274)	5,190,877	64,817,662	11,142,290	1,159,580	(2,255,402)	7,030,733
Loss for the year	(10,045,487)	–	–	–	–	–	(10,045,487)
Discontinued operations	–	–	–	–	–	–	–
Total comprehensive loss for the year	(10,045,487)	–	–	–	–	–	(10,045,487)
New shares issued	–	1,097,142	467,935	–	–	–	1,565,077
Warrants issued	–	–	(231,676)	231,676	–	–	–
Share issue costs	–	–	(92,016)	–	–	–	(92,016)
Share options lapsed	76,614	–	–	–	(76,614)	–	–
Share-based payments	–	–	–	–	334,319	–	334,319
31 December 2020	(82,993,147)	6,288,019	64,961,905	11,373,966	1,417,285	(2,255,402)	(1,207,374)
1 January 2021	(82,993,147)	6,288,019	64,961,905	11,373,966	1,417,285	(2,255,402)	(1,207,375)
Loss for the year	(1,961,039)	–	–	–	–	–	(1,961,039)
Discontinued operations	–	–	–	–	–	–	–
Total comprehensive loss for the year	(1,961,039)	–	–	–	–	–	(1,961,039)
New shares issued	–	646,265	813,207	–	–	–	1,459,472
Warrants Exercised	–	274,803	105,484	(19,362)	–	–	360,925
Warrants issued	–	–	(823,182)	823,182	–	–	–
Share issue costs	–	–	(80,171)	–	–	–	(80,171)
Share options lapsed	165,824	–	–	–	(165,824)	–	–
Share-based payments	–	–	–	–	271,038	–	271,038
31 December 2021	(84,788,362)	7,209,086	64,977,243	12,177,786	1,522,499	(2,255,402)	(1,157,151)

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

Warrant reserve represents the cumulative fair value of share warrants granted which are not lapsed, cancelled or exercised.

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

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

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

The notes on pages 51 to 79 form part of these financial statements.

Financial Statements

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Year to 31 December 2021 US$	Year to 31 December 2020 US$
Cash flows from operating activities		
Loss from continuing operations	**(11,558,292)**	(15,267,535)
Loss from discontinued operations	**–**	(10,724,108)
	(11,558,292)	(25,991,643)
Adjustments for:		
Depreciation and depletion of property, plant and equipment	**127,656**	182,211
Depreciation and depletion of intangible assets	**1,498,431**	1,874,810
Loss on disposal of property, plant and equipment	**1,858**	10,822
Impairment of intangible assets and goodwill	**–**	10,383,461
Share-based payments	**271,038**	334,319
Right of use liability	**–**	(64,180)
Financial income	**(4,355,334)**	(7,142)
Financial expense	**8,993,432**	10,174,047
Exchange differences	**(5,612,490)**	(2,265,180)
Derivative financial gain	**(62,477)**	(666,306)
	862,114	19,956,862
Decrease/(Increase) in inventory	**(823,995)**	(120,386)
(Increase)/Decrease in other receivables	**5,120,825**	311,275
increase in trade and other payables	**5,072,974**	5,844,002
	9,369,804	6,034,891
Net cash used in operating activities	**(1,538,194)**	112
Cash flows from investing activities		
Purchase of intangible assets	**(118,716)**	(470,637)
Purchase of property, plant and equipment	**(251,226)**	(1,644,516)
Net cash used in investing activities	**(369,942)**	(2,115,153)
Cash flows from financing activities		
Interest received	**249,351**	7,142
Bank fees and other finance costs	**(169,991)**	(189,520)
Issue of share capital	**1,459,472**	1,565,077
Share issue costs	**(80,171)**	(92,016)
Warrants exercise	**360,925**	–
Net cash from financing activities	**1,819,586**	1,290,682
Net (decrease)/increase in cash and cash equivalents	**123,270**	(824,360)
Cash and cash equivalents at 1 January 2021	**682,159**	1,698,012
Foreign exchange gains/(losses) on cash and cash equivalents	**(63,090)**	(191,493)
Cash and cash equivalents at 31 December 2021	**742,339**	682,159

The notes on pages 51 to 79 form part of these financial statements.

Financial Statements

Company Statement of Cash Flows

Year ended 31 December 2021

	Year to 31 December 2021 US$	Year to 31 December 2020 US$
Cash flows from operating activities		
Loss from continuing operations	**(1,961,039)**	(9,721,880)
Loss from discontinued operations		(323,607)
Loss before taxation	**(1,961,039)**	(10,045,487)
Adjustments for:		
Provision against amounts owing by subsidiary undertakings	**–**	13
Depreciation of property, plant and equipment	**5,862**	104,552
Loss on disposal of property, plant and equipment	**–**	9,119
Impairment of intangible assets and goodwill	**118,716**	323,607
Share-based payments	**271,038**	334,319
Right of use liability	**–**	(64,180)
Financial income	**–**	(1,847)
Financial expense	**(475,965)**	7,673,678
Derivative financial gain	**(62,477)**	(666,306)
	(142,826)	7,712,955
(Increase)/Decrease in other receivables	**(16,555)**	87,640
(Decrease)/Increase in trade and other payables	**(142,872)**	711,533
Decrease/(Increase) in amounts owing by subsidiary undertakings	**690,583**	(481,022)
	531,156	318,151
Net cash used in operating activities	**(1,572,709)**	(2,014,381)
Cash flows from investing activities		
Purchase of intangible assets	**(118,716)**	(288,475)
Net cash (used in)/from investing activities	**(118,716)**	(288,475)
Cash flows from financing activities		
Interest received	**–**	1,847
Issue of share capital	**1,459,472**	1,565,076
Share issue costs	**(80,171)**	(92,016)
Net cash from financing activities	**1,379,301**	1,474,907
Net (decease)/increase in cash and cash equivalents	**(312,124)**	(827,949)
Cash and cash equivalents at 1 January 2021	**437,230**	1,259,468
Foreign exchange gains/(losses) on cash and cash equivalents	**(88,099)**	5,711
Cash and cash equivalents at 31 December 2021	**37,008**	437,230

The notes on pages 51 to 79 form part of these financial statements.

1. ACCOUNTING POLICIES

GENERAL INFORMATION

These financial statements are for Echo Energy plc ("the Company") and subsidiary undertakings ("the Group"). The Company is registered, and domiciled, in England and Wales and incorporated under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 35.

The Company's functional currency is the United States dollar (US $). Transactions arising in currencies other than the US $ are translated at average exchange rates for the relevant accounting period, with material transactions being accounted at the rate of exchange on the date of the transaction.

The Group presents its financial information in US $. Transactions relating to subsidiary undertakings that have a different functional currency to US $ are treated as follows:

- Assets and liabilities for each financial reporting date presented (including comparatives) are translated at the closing rate of that financial reporting period.
- Income and expenses for each income statement (including comparatives) is translated at exchange rates at the dates of transactions. For practical reasons, the Company applies average exchange rates for the period.
- All resulting changes are recognised as a separate component of equity.
- Equity items are translated at exchange rates at the dates of transactions.

The principal accounting policies are summarised below:

(a) Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards. These financial statements are for the year 1 January 2021 to 31 December 2021. The comparatives shown are for the year 1 January 2020 to 31 December 2020.

New standards and interpretations not applied

At the date of authorisation of these financial statements, a number of standards and interpretations were in issue but not yet effective. The directors do not anticipate that the adoption of these standards and interpretations, or any amendments to existing standards as a result of the annual improvements cycle, will have a material effect on the financial statements in the year of initial application.

(b) Basis of consolidation

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

(c) Joint Arrangements

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

(d) Revenue

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

(e) Property, plant and equipment

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

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

Oil and gas properties are depleted on a unit of production basis commencing at the start of commercial production or depreciated on a straight-line basis over the relevant asset's estimated useful life. Expenditure is depreciated on a unit of production basis; the depletion charge is calculated according to the proportion that production bears to the recoverable reserves for each property. Depreciation will not be charged on an asset in the course of construction, depreciation commences when the asset is brought into use and will be depleted according to the proportion that production bears to the recoverable reserves for each property.

(f) Property right of use asset

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

(g) Other intangible assets – exploration and evaluation costs

Exploration and evaluation (E&E) expenditure comprises costs which are directly attributable to researching and analysing exploration data. It also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. When it has been established that a mineral deposit has development potential, all costs (direct and applicable overhead) incurred in connection with the exploration and development of the mineral deposits are capitalised until either production commences or the project is not considered economically viable. In the event of production commencing, the capitalised costs are amortised over the expected life of the mineral reserves on a unit of production basis. Other pre-trading expenses are written off as incurred. Where a project is abandoned or is considered to be of no further interest, the related costs are written off.

(h) Impairment of tangible and intangible assets excluding goodwill

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

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

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

(i) Taxation

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

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

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

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

(j) Conversion of foreign currency

Foreign currency transactions are translated at the average exchange rates over the year, material transactions are recorded at the exchange rate ruling on the date of the transaction. Assets and liabilities are translated at the rates prevailing at the balance sheet date. The Group has significant transactions and balances denominated in Euros and GBP. The year-end exchange rate to USD was US $1 to GBP £0.7388 and US $1 to €0.8790 (2020: US $1 to GBP £0.7319, US $1 to €0.8178) US $1 to ARS $102.397 (2020: US $1 to ARS $86.250) and the average exchange rate during 2021 was US $1 to GBP £0.7253 (2020: US $1 to GBP £0.7793).

In the Company financial statements, the income and expenses of foreign operations are translated at the exchange rates ruling at the dates of the transactions. The assets and liabilities of foreign operations, both monetary and non-monetary, are translated at exchange rates ruling at the balance sheet date. The reporting currency of the Company and group is United Stated Dollars (US $).

(k) Share-based payments

The fair value of equity instruments granted to employees is charged to the income statement, with a corresponding increase in equity. The fair value of share options is measured at grant date, using the binomial option pricing model or Black-Scholes pricing model were 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.

(l) Financial instruments

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

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

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

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

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

(l) Financial instruments

Equity instruments

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions, in accordance with IAS 32:

- They include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- Where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the financial instrument is classified as a financial liability.

(m) Borrowings

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

(n) Inventory

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

(o) Going Concern

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

(p) Government assistance grants

Government assistance grants such as the Coronavirus Job Retention Scheme (CJRS) which relates to staff who have been furloughed due to COVID-19 are recognised as income and have been included in the consolidated statement of comprehensive income as other income. During 2021, the Group received grants totalling US $23,118 for furloughed staff. Grants ceased, in line with Government policy, during H2 of 2021.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

Despite the consolidated statement of financial position showing a negative net asset position at 31 December 2021, the outlook for the Group has materially changed post period.

2021 represented a year of financial stabilisation and then progress and improvement, particularly driven by a marked increase in energy commodity prices, following the worst impacts of the COVID 19 pandemic in 2020. Production of oil & gas stabilised during the year after the falls in 2020 and increased in the final quarter of the 2021. The successful restructuring of all the company's loans during the year means that minimal cash servicing of these loans is required during 2022 materially improving the cashflow outlook and enabling greater investment on increasing production levels further improving revenues. Post period the improvement has continued. The company has executed new gas sales agreements for the majority of its gas production. Average Gas prices in July 2022 are US$4.53 (mmbtu, converted at ARS$133.57 to US$1) compared with December 2020 of US$1.59 (mmbtu, converted at ARS$82.6 to US$1). The same period has seen Liquids (m3) sell at US$51 in July 2022 compared to US$28.8 in December 2020.

Post year end agreements with customers allowing for a prepayment receipt of $1.6m in April 2022, in combination with a revenue increase in cash receipts from June 2022 has alleviated the immediate creditor concern in Argentina, whilst the additional share offering has raised further funds in the UK.

However, financial challenges remain ahead for the company as it emerges and recovers from the impact of the covid pandemic and whilst the company forecast the SCS assets to be cashflow positive at prevailing oil and gas price levels in the long term, there is still a short term requirement for additional funding through debt financing, joint venture equity or share issues. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The directors have formed a judgement based on Echo's proven success in raising capital and a review of the strategic options available to the group, that the going concern basis should be adopted in preparing the financial statements.

USE OF ESTIMATE AND JUDGEMENTS

The preparation of financial statements in conforming with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities as at the balance sheet date and the reported amount of revenues and expenses during the period. Actual outcomes may differ from those estimates. The key sources of uncertainty in estimates that have a significant risk of causing

material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are the impairment of assets and the Group's going concern assessment.

AMOUNTS CAPITALISED TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In accordance with the Group policy, expenditures are capitalised only where the Group holds a licence interest in an area. All expenditure relating to the Bolivian company has been expensed to the statement of comprehensive income, as the Group has not yet been assigned any licence interests in the country. The Group has capitalised its participation in the SCS assets.

VALUATION OF ASSETS

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

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

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

DETERMINATION AND VALUATION OF DERIVATIVE FINANCIAL LIABILITIES

Determination of derivative financial liabilities

Judgement is requirement when determining the classification of financial instruments in terms of liability or equity. These judgements include an assessment of whether the financial instrument include any embedded derivative features, whether they include contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party, and whether that obligation will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Valuation of derivative financial liabilities

The Group has issued warrants over ordinary shares as fundraising commission in respect of debt fundraisings during the year which can be converted to share capital at the option of the holder. These warrants are accounted for as an embedded derivative which is recognised at fair value through profit or loss. The Directors estimated the fair value of the derivative component using the Black Scholes option pricing model, as described in note 24. This required making certain estimates on the share price volatility of the Group which inevitably involved a degree of judgement and the actual outcome may vary.

CARRYING VALUE OF INVESTMENT IN SUBSIDIARIES

In determining whether parent company investments in subsidiaries have been impaired, we review subsidiary assets and liabilities to determine whether Group investment is recoverable. A determination was made that because of ongoing negotiations and Company strategic intent, investment would ultimately still be recoverable.

However, the Group recognises that in order to pursue organic and inorganic growth opportunities and fund on-going operations it may require additional funding. This funding may be sourced through debt finance, joint venture equity or share issues.

3. BUSINESS SEGMENTS

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

a. Corporate and Administrative

b. Santa Cruz Sur

c. Bolivia

Performance is based on assessing progress made on projects and the management of resources used. Segment assets and liabilities are presented inclusive of inter-segment balances. Reportable segments are based around licence activity, although the reportable segments are reflected in legal entities, certain corporate cost costs collate data across legal entities and the segmental analysis reflects this.

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

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

	Corporate & Administrative US $	Santa Cruz Sur US $	Bolivia US $	Total US $
Year to 31 December 2021				
Revenues	23,118	11,101,369		11,124,487
Cost of sales		(15,147,779)		(15,147,779)
Exploration expense	(205,651)			(205,651)
Administration expense	(2,316,947)	(510,807)	(137,792)	(2,965,547)
Financial income	4,105,983	249,351		4,355,334
Financial expense	(3,630,018)	(5,362,783)	(632)	(8,993,432)
Derivative financial gain	62,477			62,477
Depreciation	(4,879)	(122,777)		(127,656)
Income tax				
Loss before tax	(1,961,039)	(9,670,649)	(138,424)	(11,770,112)
Non-current assets	2,089,878	8,260,790	(544,355)	9,806,312
Assets	2,306,271	12,224,994	(508,951)	14,022,314
Liabilities	(29,633,059)	(18,189,591)	(9,123)	(47,831,773)
Year to 31 December 2020				
Revenues	45,503	11,081,017	–	11,126,520
Cost of sales	–	(13,437,010)	–	(13,437,010)
Exploration expense	(215,512)	–	–	(215,512)
Administration expense	(3,036,478)	–	(204,456)	(3,240,934)
Financial income	1,771	5,371	–	7,142
Financial expense	(8,801,106)	(1,372,978)	37	(10,174,047)
Derivative financial gain	666,306	–	–	666,306
Depreciation	(101,151)	(1,936,878)	(1,031)	(2,039,060)
Income tax	–	–	–	–
Loss before tax	(11,339,516)	(3,723,600)	(204,419)	(15,267,535)
Non-current assets	383,790	11,053,602	(373,077)	11,064,315
Assets	3,994,325	15,858,507	(335,865)	19,516,967
Liabilities	(30,791,002)	(12,732,808)	(43,784)	(43,567,594)

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

	United Kingdom US $	South America US $	Total US $
31 December 2021			
Property, plant and equipment	2,177	2,672,228	2,674,405
Other intangible assets	445,585	6,686,322	7,131,907
31 December 2020			
Property, plant and equipment	8,039	2,544,654	2,552,693
Other intangible assets	326,869	8,184,753	8,511,622

4. REVENUE

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
Oil revenue	**4,060,802**	2,784,248
Gas revenue	**7,036,861**	8,279,416
Other income	**26,824**	62,856
Total Revenue	**11,124,487**	11,126,520

5. COST OF SALES

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
Production costs	**12,024,454**	10,021,578
Selling and distribution costs	**1,684,320**	1,567,963
Movement in stock of crude oil	**(181,274)**	(89,410)
Depletion	**1,620,279**	1,936,879
Total Costs	**15,147,779**	13,437,010

6. EXPENSES AND AUDITOR'S REMUNERATION

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
The operating loss is stated after charging the following amounts:		
Depreciation of property, plant and equipment – owned	**127,656**	182,211
Loss/(Gain) on disposal of property, plant and equipment	**1,858**	–
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**53,977**	61,007
Fees payable to the overseas auditor and its associates for other services:		
– Corporate finance services	**11,456**	9,370
– Audit and subsidiaries	**10,499**	23,400
Share based payments	**271,038**	334,319

7. STAFF COSTS AND NUMBERS

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

	Year to 31 December 2021	Year to 31 December 2020
Administration	**7**	9

Group employment costs – all employees including executive directors:

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
Wages and salaries	**1,066,589**	1,770,037
Social security costs	**131,487**	221,908
Pension contributions	**45,764**	51,557
Share-based payments – equity-settled	**271,038**	334,319
Total	**1,514,878**	2,377,821

Directors' remuneration is set out in the Directors Remuneration Report on page 33 of this report.

Remuneration of Key Personnel is set out in the table below.

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
Wages and salaries	**583,974**	713,134
Social security costs	**103,329**	115,286
Bonus	**59,288**	313,706
Pension Contributions	**25,099**	25,787
Private Health Insurance	**13,107**	13,293
Share Based Payments	**244,383**	274,834
Total	**1,029,180**	1,456,040

8. FINANCIAL INCOME

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
Interest income	**249,351**	7,142
Net foreign exchange gain	**4,105,983**	–
Total	**4,355,334**	7,142

9. FINANCIAL EXPENSE

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
Interest payable	**11,912**	1,991,535
Net foreign exchange losses	**5,122,810**	4,409,732
Unwinding of discount on long term loan	**3,394,647**	2,936,831
Amortisation of loan fees	**234,101**	614,913
Accretion of right of use liabilities	**–**	2,293
Unwinding of abandonment provision	**59,955**	39,956
Finance cost of holding bonds	**–**	11,971
Bank fees and overseas transaction tax	**170,007**	166,816
Total	**8,993,432**	10,174,046

10.DERIVATIVE FINANCIAL GAIN/LOSS

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
Fair value gain	**62,477**	666,306
Total	**62,477**	666,306

Represents fair value gain on valuation of derivatives instruments at period end.

11. DISCONTINUED OPERATIONS

On 22 December 2020 the Company announced that it had allowed the lapse of the option to re-enter the Tapi Aike asset. This resulted in Echo finally withdrawing its interests and liabilities under the Tapi Aike concessions prior to the drilling of the next exploration well in the Tapi Aike Western cube.

The results of the discontinued operations, are presented below:

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
Impairment of the historic cost and carrying value of intangible assets	**–**	(10,724,108)
Operating (loss)/gain after liquidation	**–**	(10,724,108)
(Loss)/Gain on ordinary activities before taxation	**–**	(10,724,108)
Taxation	**–**	–
(Loss)/Gain for the year from discontinued operations	**–**	(10,724,108)

The cash flows associated with the discontinued operations are:

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
Operations	–	–
Investing	–	–
Financing	–	–
Net cash out flow	–	–

12. JOINT ARRANGEMENTS

As described in both the strategic and governance reports, in particular in the Financial Review, Echo has joint arrangements within the SCS concessions. The Group accounts for its share of assets, liabilities, income and expenditure of these joint operations in accordance with its equity interest in each. Echo holds 70% of the SCS working interest Our joint venture assets and liabilities are separately disclosed throughout the financial statements.

13. TAXATION

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
Tax on profit on ordinary activities		
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 19% (2020: 19%). The references are explained below:

	Year to 31 December 2021 US $	Year to 31 December 2020 US $
Loss on ordinary activities before taxation	**(11,770,112)**	(15,267,535)
Loss from discontinued operations	–	(10,724,108)
Loss for the year before tax	**(11,770,112)**	(25,991,643)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	**(2,236,321)**	(4,938,412)
Effects of:		
Expenses disallowed for tax purposes	**40,246**	76,404
Deferred tax not provided – tax losses carried forward	**2,196,075**	4,862,008
Total current tax	–	–

The parent entity has tax losses available to be carried forward, and further tax losses are available in certain subsidiaries. With anticipated substantial lead times for the Group's projects, and the possibility that these may expire before their use, it is not considered appropriate to anticipate an asset value for them. The amount of tax losses carried forward for which a deferred tax asset has not been recognised is US $48,711,692 (2020: US $36,729,760).

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

14. LOSS PER SHARE

The calculation of basic and diluted loss per share at 31 December 2021 was based on the loss attributable to ordinary shareholders. The weighted average number of ordinary shares outstanding during the year ending 31 December 2021 and the effect of the potentially dilutive ordinary shares to be issued are shown below.

	Year to 31 December 2021	**Year to 31 December 2020**
Net loss for the year (US $) before exchange on translating foreign operations	**(11,770,112)**	(25,991,643)
Basic weighted average ordinary shares in issue during the year	**1,270,891,563**	768,598,277
Diluted weighted average ordinary shares in issue during the year	**1,270,891,563**	768,598,277
Loss per share (cents)		
Basic (cents)	**(0.93)**	(3.38)
Diluted (cents)	**(0.93)**	(3.38)

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

Deferred shares have been excluded from the calculation of loss per share due to their nature. Please see Note 24 for details of their rights.

15. LOSS OF THE PARENT COMPANY

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

16. PROPERTY, PLANT AND EQUIPMENT (GROUP)

	PPE – O&G Properties US $	Fixtures & Fittings US $	Property Right-of-Use Assets US $	Total US $
31 DECEMBER 2021				
Cost				
1 January 2021	**2,621,921**	**97,255**	**–**	**2,719,176**
Additions	**251,226**	**–**	**–**	**251,226**
Disposals	**–**	**(1,858)**	**–**	**(1,858)**
31 December 2021	**2,873,147**	**95,397**	**–**	**2,968,544**
Depreciation				
1 January 2021	**79,941**	**86,542**	**–**	**166,483**
Charge for the year	**122,777**	**4,879**	**–**	**127,656**
Disposals	**–**	**–**	**–**	**–**
31 December 2021	**202,718**	**91,421**	**–**	**294,139**
Carrying amount				
31 December 2021	**2,670,429**	**3,976**	**–**	**2,674,405**
31 December 2020	2,541,980	10,713	–	2,552,693
31 December 2020				
Cost				
1 January 2020	979,164	131,122	309,804	1,420,090
Additions	1,644,460	56	1,644,516	
Disposals	(1,703)	(33,923)	(309,804)	(345,430)
31 December 2020	2,621,921	97,255	–	2,719,176
Depreciation				
1 January 2020	3,338	91,366	224,176	318,880
Charge for the year	76,603	19,980	85,628	182,211
Disposals	–	(24,804)	(309,804)	(334,608)
31 December 2020	79,941	86,542	–	166,483
Carrying amount				
31 December 2020	2,541,980	10,713	–	2,552,693
31 December 2019	975,826	39,756	85,628	1,101,210

Included within property, plant and equipment are amounts of US $996,505 (2020: US $745,279) in relation to assets in construction and as a result are not depreciation on the unit of production basis, this will commence when they are available for use.

16. PROPERTY, PLANT AND EQUIPMENT (COMPANY)

	Fixtures & Fittings US $	Property Right-of-Use Assets US $	Total US $
31 DECEMBER 2021			
Cost			
1 January 2021	**92,903**	**–**	**92,903**
Additions	**–**	**–**	**–**
Disposals	**–**	**–**	**–**
31 December 2021	**92,903**	**–**	**92,903**
Depreciation			
1 January 2021	**84,864**	**–**	**84,864**
Charge for the year	**5,862**	**–**	**5,862**
Disposals	**–**	**–**	**–**
31 December 2021	**90,726**	**–**	**90,726**
Carrying amount			
31 December 2021	**2,177**	**–**	**2,177**
31 December 2020	8,039	–	8,039
31 DECEMBER 2020			
Cost			
1 January 2020	126,826	309,804	436,630
Additions	–	–	–
Disposals	(33,923)	(309,804)	(343,727)
31 December 2020	92,903	–	92,903
Depreciation			
1 January 2020	90,744	224,176	314,920
Charge for the year	18,924	85,628	104,552
Disposals	(24,804)	(309,804)	(334,608)
31 December 2020	84,864	–	84,864
Carrying amount			
31 December 2020	8,039	–	8,039
31 December 2019	36,082	85,628	121,710

17. INTANGIBLE ASSETS (GROUP)

	SCS Production Assets US $	TA License Areas Discontinued US$	Total US$
31 DECEMBER 2021			
Cost			
1 January 2021	**10,756,306**	**–**	**10,756,306**
Additions	**118,716**	**–**	**118,716**
Disposals	**–**	**–**	**–**
31 December 2021	**10,875,022**	**–**	**10,875,022**
Depletion			
1 January 2021	**2,244,684**	**–**	**2,244,684**
Disposals	**–**		**–**
Depletion	**1,375,931**	**–**	**1,375,931**
Depreciation decommissioning assets	**122,500**	**–**	**122,500**
31 December 2021	**3,743,115**	**–**	**3,743,115**
Carrying amount			
31 December 2021	**7,131,907**	**–**	**7,131,907**
31 December 2020	8,511,622	–	8,511,622
31 DECEMBER 2020			
Cost			
1 January 2020	10,802,524	10,140,936	20,943,460
Additions	228,112	242,525	470,637
Disposals	–	(10,383,461)	(10,383,341)
Transfers	(274,330)	–	(274,330)
31 December 2020	10,756,306	–	10,756,306
Depletion and impairment			
1 January 2020	369,874	–	369,874
Disposals	–	(10,383,461)	(10,383,461)
Depletion	1,752,310	–	1,752,310
Depreciation decommissioning assets	122,500	–	122,500
Impairment charge for the year	–	10,383,461	10,383,461
31 December 2020	2,244,684	–	2,244,684
Carrying amount			
31 December 2020	8,511,622	–	8,511,622
31 December 2019	20,573,586	–	20,573,586

All intangible assets relate to oil & gas activities. The Group's oil and gas assets were assessed for impairment at 31 December 2021. The intangibles are held within one CGU, the SCS licence concession.

Impairment assessments are prepared on the basis of comparing the present value of discounted cash flows with the carrying value of the assets.

17. INTANGIBLE ASSETS CONTINUED (COMPANY)

	Argentina Production assets US $	Total US $
31 DECEMBER 2021		
Cost		
1 January 2021	**326,869**	**326,869**
Additions	**118,716**	**118,716**
31 December 2021	**445,585**	**445,585**
Impairment		
1 January 2021	**–**	**–**
Impairment charge for the year	**–**	**–**
31 December 2021	**–**	**–**
Carrying amount		
31 December 2021	**445,585**	**445,585**
31 December 2020	326,869	326,869
31 DECEMBER 2020		
Cost		
1 January 2020	362,001	362,001
Additions	288,475	288,475
Disposals	(323,607)	(323,607)
31 December 2020	326,869	326,869
Impairment		
1 January 2020	–	–
Impairment charge for the year	323,607	323,607
Disposals	(323,607)	(323,607)
31 December 2020	–	–
Carrying amount		
31 December 2020	326,869	326,869
31 December 2019	362,001	362,001

18. INTEREST IN SUBSIDIARY UNDERTAKINGS

	Year to 31 December 2021 US$	Year to 31 December 2020 US$
Cost		
1 January	**30,521,648**	30,521,648
Additions in year	**–**	–
31 December	**30,521,648**	30,521,648
Impairment		
1 January	**14,516,604**	14,516,590
Impairment	**–**	14
31 December	**14,516,604**	14,516,604
Carrying amount		
31 December 2020 & 2021	**16,005,044**	16,005,044

Details of the subsidiaries are as follows:

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

The registered address for all of the above subsidiaries is: 85 Great Portland Street, London, W1W 7LT

19. INVENTORIES

	31 December 2021		31 December 2020	
	Group US$	Company US$	Group US$	Company US$
Crude oil	**691,528**	**–**	510,254	–
Parts and supplies	**673,697**	**–**	30,976	–
Total	**1,365,225**	**–**	541,230	–

These crude oil inventories are held in the SCS assets.

20. TRADE AND OTHER RECEIVABLES

	31 December 2021		31 December 2020	
	Group US$	Company US$	Group US$	Company US$
Non-current				
Amounts owing by subsidiary undertakings	**–**	**11,813,525**	–	12,504,108
Total	**–**	**11,813,525**	–	12,504,108
Current				
Trade receivables	**387,965**	**–**	1,218,350	–
Accrued income	**291,336**	**573,842**	–	
Other receivables	**1,322,407**	**82,818**	5,163,981	84,791
Prepayments	**106,730**	**89,771**	273,090	71,243
Total	**2,108,438**	**172,589**	7,229,264	156,034

Other receivables in the Group in 2020 principally comprise recoverable Value Added Tax and joint venture receivables. The directors consider that the carrying amount of trade and other receivables approximated their fair value.

21. CASH AND CASH EQUIVALENTS

	31 December 2021		31 December 2020	
	Group US$	Company US$	Group US$	Company US$
Cash held by joint venture partners	**500,719**	**37,008**	27,479	–
Cash and cash equivalents	**241,620**	**–**	654,680	437,230
Total	**742,339**	**37,008**	682,159	437,230

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

22. FINANCIAL INSTRUMENTS AND TREASURY RISK MANAGEMENT

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

TREASURY RISK MANAGEMENT

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

CREDIT RISK

The Group's principal financial assets are bank balances and cash and other receivables.

The credit risk on liquid funds is limited because the counterparties are UK, Argentine and Bolivian banks with high credit ratings. The Group operates with positive cash and cash equivalents as a result of issuing share capital in anticipation of future funding requirements. The Group's policy is therefore one of achieving high returns with minimal risks. In order to provide a degree of certainty, the Group looks, when appropriate, to invest in short-term fixed-interest treasury deposits giving a low risk profile to these assets.

In Echo's SCS assets, acquired in November 2019, operating partner Interoil markets our hydrocarbon, primarily to well established utilities. Echo carries a marginally higher credit risk exposure as Echo deals directly with counterparties for payment, however as the Group's principal customers are substantial oil and gas utility companies and refiners, as such credit risk is considered to be low. There is no history of credit loss, non-payment or default by the inherited counterparties and the calculated amount of the potential 12-month credit risk loss is not material. The Company has low credit risk in respect of receivables as a result of supplying reputable oil and gas purchasers. All trade debtors have been recovered in full since 1 January 2022. The group has applied the expected credit loss model under IFRS 9. Given current contractual arrangements where pricing has already been determined at the point where receivables from hydrocarbon sales are recognised as revenue, and the fact that contract counterparties are large corporate entities or utilities no provision was made for losses as any potential losses would be immaterial.

The maximum exposure due to credit risk for the Group on other receivables and amounts due from equity accounted joint operations during the year was US$1,880,113 (2020: US$3,253,335). No collateral is held in respect of these amounts.

The maximum exposure due to credit risk for the Company on intercompany receivables and other receivables during the year was US$27,818,569 (2020: US$28,509,152). No collateral is held in respect of these amounts. Intergroup funding is assessed for indications of impairment on a periodic basis. Investments and subsidiaries and intergroup loans in the amount of US$14,516,604 (2020: US$14,516,604) are considered to be impaired and have been provided against in full. All other amounts are expected to be received in full.

CURRENCY RISK

The Group's operations are primarily located in the South America, and the United Kingdom, with the main exchange risk being between the US Dollar and the Argentine Peso. The Argentine Peso has devalued by approximately 19% (2020: 9%) over the year. The Group addressed this risk by minimising exposure to the currency. The majority of Group revenues for the year were denominated in US Dollars but certain liabilities and revenues were denominated in Argentine Pesos. In certain instances the counterparty for settlement of pesos income and expenditure was the same. In these instances pesos balances were offset. Balances were held in dollars until settlement was due, and where short-term pesos balances were held these were placed on overnight deposit.

The Group does hold substantial receivable VAT balances denominated in pesos and have sought to expedite recovery to mitigate devaluation losses.

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

	31 December 2021 US$	31 December 2020 US$
US Dollars	**5,248**	5,835
GBP Sterling	**35,419**	435,986
Euro	**41**	–
Argentine Peso	**699,578**	237,776
Bolivian Boliviano	**2,053**	2,562
Total	**742,339**	682,159

The consolidated statement of comprehensive income would be affected by US$4,247 (2020: US$43,599) if the exchange rate between US$ and GBP changed by 10%. There would be a loss of US$199,162 (2020: US$21,617) if the exchange rate between the Argentine Peso to the US Dollar weakened by 10%.

The Group has exposure to the Euro, Echo hold €25million bond notes, the Group held Euro denominated funds at the beginning of the period to cover servicing of debt during the accounting year. The primary source of funds for the Group in the period was equity raised in GBP, these funds are predominantly translated into USD to fund exploration, acquisition and production activity in Argentina. No hedging products were used during this accounting period, but management actively review currency requirements to assess the suitability of hedging products. The Group consolidated statement of income would be affected by approximately US$2,782,192 (2020: US$2,692,605) by a reasonably possible 10 percentage points fluctuation in the exchange rate between US Dollars and Euros.

The VAT regime in Argentina differs from international practise as VAT investment activities are not immediately recoverable but must be offset against revenue streams. The Company made substantial investments in Argentina in 2018,2019 and 2020 and has accordingly built up a material VAT receivable balance. A new mechanism has been approved by government through Law No. 27430 and Decree 813/2018. The mechanism will allow Technical VAT credits associated with the purchase of capital assets from 1 January 2018 to be recovered through application if the Company has not been able to recover the VAT within six months. Echo received a VAT refund during 2021, but going forward withholds VAT received from customers to offset any VAT credit balances.

The Group used Blue Chip Swaps during the year to repatriate funds from Argentina to the UK. A Blue-Chip Swap is when a domestic investor purchases a foreign asset and then transfers the purchased asset to an offshore entity. The Group's Argentine subsidiary purchased shares in highly stable and liquid companies that are traded on both domestic and offshore stock exchanges. These shares were held for a fixed period in accordance with Argentinian regulation. Following the end of the fixed period the shares were sold offshore and the resulting funds were then repatriated to the parent company. This type of transaction is therefore exposed to stock price volatility during the hold period and incurs transaction fees. During the year, the Group swapped 183,678,000 Pesos into $930,733 net of transaction fees and forex losses.

INTEREST RATE RISK

The Group holds debt instruments that were issued at a fixed rate. As part of the Group's policy to maximise returns on cash held cash held is placed in interest bearing accounts where possible. During the course of 2021, Echo invested cash into operations and did not hold significant cash balances for prolonged periods of time. The consolidated statement of comprehensive income would be affected by US$30 (2020: US$71) by a 1% point change floating interest rate on a full-year basis.

The Group's actively manages its working capital to ensure the Group has sufficient funds for operations and planned activities. Operational cash flow represents receipts from revenue, together with on-going direct operational support costs, exploration, appraisal, administration and business development costs. The Group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Group's policy is to ensure facilities are available as required, to issue equity share capital and form strategic alliances in accordance with long-term cash flow forecasts. The Group currently has no undrawn committed facilities as at 31 December 2021.

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

LIQUIDITY RISK

The Group holds Euro denominated long-term debt. See Note 27. Other than long term debts, all financial liabilities are due for settlement within _12 months, although Joint Venture payables will be settled as and when cashflow allows. . The Group held cash balances of US$742,339 (2020: US$682,159).

The Group does not currently use derivative financial instruments to hedge currency and commodity price risk as it 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.

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

A 10% increase in the price of Gas would have increased revenue by approximately US$703,686 (2020: US$827,942).

A 10% increase in the price of Oil would have increased revenue by approximately US$406,080 (2020: US$278,425).

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

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

CATEGORIES OF FINANCIAL INSTRUMENTS
All of the Group's financial assets are carried at amortised cost. The Group's embedded derivative is classified at fair value through profit or loss, the remaining Group's financial liabilities are classified as financial liabilities at amortised cost.

23. TRADE AND OTHER PAYABLES

	31 December 2021		31 December 2020	
	Group US$	Company US$	Group US$	Company US$
Trade payables	**495,379**	**492,190**	398,121	329,216
Taxation and social security costs	**395,684**	**269,311**	354,308	246,549
Non-trade payables	**39,042**	**39,023**	362,878	362,878
Accruals	**131,137**	**64,173**	108,223	68,926
Other loans	**–**	**–**	2,298,638	2,298,638
Joint venture payables	**14,962,258**	**–**	9,726,978	–
Total	**16,023,500**	**864,697**	13,249,146	3,306,206

24. DERIVATIVE FINANCIAL LIABILITIES

	31 December 2021 US$	31 December 2020 US$
Embedded derivative	–	62,477
Total	–	62,477

The embedded derivative represents the warrants issued along with the convertible debt facility with Lombard Odier Asset Management (Europe) Ltd (Note 27). Warrants were exercised in 2021, therefore no value is attributed at the year end.

Level 3 fair value measurements
Warrants instruments are deemed to be Level 3 liabilities under the fair value hierarchy as fair value measures of these liabilities are not based on observable market data. The movement in their fair values is shown in the table below:

	31 December 2021 US$	31 December 2020 US$
At 1 January	**62,477**	728,783
Fair value movements recognised through profit or loss	**(62,477)**	(666,306)
Total	–	62,477

25. SHARE CAPITAL

	31 December 2021		31 December 2020	
	Group US$	Company US$	Group US$	Company US$
Issued, Called Up and Fully Paid				
1,309,013,085 0.31¢ (2020 1,040,050,920 0.31¢) ordinary shares				
1 January	**6,288,019**	**6,288,019**	5,190,877	5,190,877
Equity shares issued	**921,067**	**921,067**	1,097,142	1,097,142
31 December	**7,209,086**	**7,209,086**	6,288,019	6,288,019

The holders of 0.34¢ (0.25p) ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company.

The following shares were issued to be used to support SCS operations and fund potential E&P growth projects as well as for general working capital:

- On 11 January 2021, Echo issued 167,843,138 ordinary shares at 0.51p per share to raise gross proceeds of £856,000 (US$1,167,413).
- On 1 April 2021, Echo issued 11,473,929 ordinary shares at 0.75p per share to raise gross proceeds of £85,825 (US$118,713).
- On 16 April 2021, Echo issued 74,200,000 ordinary shares (Warrants exercised) at 0.30p per share to raise gross proceeds of £222,600 (US$307,900).
- On 19 April 2021, Echo issued 5,245,098 ordinary shares (Warrants exercised) at 0.70p/0.75p per share to raise gross proceeds of £38,026 (US$52,598)
- On 30 September 2021, Echo issued 10,200,000 ordinary shares at 1.25p per share to raise gross proceeds of £127,500 (US$175,886)

No further shares options were issued in the year, however a combination of warrants were issued in relation to fund raises and debt renegotiation.

Further shares issued during the year was as follows:

	Date	Shares	Price (p)	Prices (¢)
1 January 2021		1,040,050,920		
Shares issued @ .25p	11/01/2021	167,843,138	0.51	0.65
Shares issued @ .25p	01/04/2021	11,473,929	0.75	1.04
Shares issued @ .25p	16/04/2021	74,200,000	0.30	0.41
Shares issued @ .25p	19/04/2021	5,245,098	0.70/0.75	0.97/1.04
Shares issued @ .25p	30/09/2021	10,200,000	1.25	1.72
31 December 2021		**1,309,013,085**		

26. SHARE PREMIUM ACCOUNT

	31 December 2021		31 December 2020	
	Group US$	Company US$	Group US$	Company US$
1 January	**64,961,905**	**64,961,905**	64,817,662	64,817,662
Premium arising on issue of equity shares	**813,207**	**813,207**	467,935	467,935
Warrants issued	**(717,698)**	**(717,698)**	(231,676)	(231,676)
Transaction costs	**(80,171)**	**(80,171)**	(92,016)	(92,016)
31 December	**64,977,243**	**64,977,243**	64,961,905	64,961,905

(A) SHARE OPTIONS

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

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

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

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

Share Options	Number 31/12/2021	WAEP* (¢) 31/12/2021	Number 31/12/2020	WAEP* (¢) 31/12/2020
Outstanding as at 1 January	**95,491,107**	**5**	102,218,073	5
Granted during the year	**35,750,000**	**1**	–	–
Forfeited during the period	**(8,236,897)**	**4**	(6,726,966)	7
Cancelled during the year	**(2,750,000)**	**1**	–	–
Options outstanding as at 31 December	**120,254,120**	**3**	95,491,107	5
Exercisable at 31 December	**41,195,714**	**3**	41,010,000	3

*Weighted Average Exercise Price (WAEP)

The fair values on the grant date and each reporting date were determined using the Black Scholes option pricing model. The following key assumptions were used in determining the derivative's fair value at the reporting date:

The weighted average outstanding life of vested share options is 1.1 years. The weighted average price for outstanding options ranges between 0.6¢ and 103¢ (0.4p and 75.0p). The outstanding share options are not subject to any share performance-related vesting conditions, but vesting is conditional upon continuity of service.

The Group recognises total expenses of US$193,662 (2020: US$334,319) related to equity-settled, are share-based payment transactions during the year.

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

(B) WARRANTS OVER ORDINARY SHARES

The Company issued warrants over ordinary shares to subscribers of new ordinary shares and as fundraising commission in respect of debt fundraisings completed during the years to 31 December 2021.

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

Warrants	Number 2021	WAEP* (¢) 2021	Number 2020	WAEP* (¢) 2020
Outstanding as at 1 January	**460,222,521**	**10**	355,951,093	14
Granted during the year	**170,939,567**	**1**	104,271,428	1
Exercised during the year	**(79,445,098)**	**4**	–	–
Outstanding as at 31 December	**551,716,990**	**9**	460,222,521	10

*Weighted Average Exercise Price (WAEP)

Warrants values are calculated using the Black Scholes option pricing model using the following inputs.

Warrants	11 January 2021	10 June 2021	30 September 2021
Market stock price	**0.58p**	**0.765p**	**0.6p**
Option strike price	**0.7p**	**0.7p**	**0.7p**
Volatility	**99.19%**	**106.37%**	**105.89%**
Expiration of the option	**2 years**	**2 years**	**1 year**
Risk-free rate	**–0.112%**	**0.068%**	**–0.414%**

The weighted average price for outstanding warrants as at 31 December 2021 ranges between 1.0¢ and 22.2¢ (0.7p and 16.2p). The residual weighted average contractual life for the warrants is 1.5 years.

27. LOANS DUE IN OVER ONE YEAR

	31 December 2021 US$	31 December 2020 US$
Five-year secured bonds	**(21,385,663)**	(22,167,419)
Additional net funding	**(6,059,126)**	(5,766,544)
Other loans	**(1,323,591)**	(1,640,693)
Total	**(28,768,380)**	(29,574,656)

	Balance a at 31 December 2020 US$	Repayment of Principle US$	Amortised finance charges US$	Exchange adjustments US$	31 December 2021 US$
€20 million five-year secured bonds	22,836,146	–	2,542,262	(3,483,241)	21,895,166
€5 million Lombard Odier secured convertible debt facility	5,987,801	–	632,564	(433,223)	6,187,142
Other loans	1,640,692	(384,786)	219,821	(152,136)	1,323,591
Loan fees	(668,726)	–	153,014	6,209	(509,503)
Incremental loan fees	(221,257)	–	81,087	12,154	(128,016)
Total	**29,574,656**	**(384,786)**	**3,628,748**	**(4,053,237)**	**28,768,380**

€20 million five-year secured bonds
Debt Renegotiation
Announced on the 15th August 2022

The company currently seeks Noteholder approval for the restructuring of the Notes to: (a) convert 50% of Notes and accrued interest into new Ordinary Shares at a conversion price of 0.45 pence per Ordinary Share; (b) extend the term of the remaining Notes to 2032; (c) suspend cash interest payments on remaining Notes for two years; and (d) reduce Note coupon to 2% (from 8%) for the remainder of the Note term. The Company intends to propose a fee payable to Noteholders on the same terms as set out under the LO Agreement and further details of the Note Restructuring will be announced, as appropriate, in due course. The Note Restructuring will be subject to the approval of Noteholders and to Echo shareholder approval.

€5 million Lombard Odier secured convertible debt facility
Debt Renegotiation
Announced on the 15th August 2022

The terms of the LO Facility (as amended) were first announced by the Company on 21 October 2019 and as at 31 October 2022, the total outstanding debt and accrued interest of the LO Facility will amount to EUR 6,225,256.

Under the LO Agreement, LO has conditionally agreed to the conversion in full of the principal of the LO Facility together with accrued interest on the LO Facility for the periods Q1 2020 to Q2 2021 inclusive into new Ordinary Shares in the Company at a conversion price of 0.45 pence per new Ordinary Share, subject to, inter alia, the approval of Echo shareholders and the Note Restructuring becoming effective.

In addition, LO has conditionally agreed pursuant to the LO Agreement to the conversion of the accrued interest on the Facility for periods Q3 2021 to 31 October 2022 inclusive to new Ordinary Shares at a conversion price of 0.25 pence per new Ordinary Share. The accrued interest to 31 October 2022 will amount to EUR 625,803. Accordingly, the Company has conditionally agreed to issue to LO 213,949,943 LO Interest Conversion Shares.

Other loans
Debt Renegotiation
Announced on the 1st October 2021

Maturity extended by 2 years such that the then outstanding remaining principal and accumulated accrued interest will mature on 8 March 2024 ("Maturity") following four quarterly cash prepayments of £25,000 commencing on 31 March 2023.

Interest reduction such that all Loan interest will be accrued and paid on Maturity at a reduced rate of 8% per annum from Amendment (previously 12% per annum) on outstanding principal on a non-compounding basis.

15% of the remaining £850,000 Loan principal, representing £127,500, has now been converted into 10,200,000 new Echo ordinary shares (the "Conversion Shares") at an effective issue price of 1.25p – a premium of 108% to the closing mid market price.

In connection with the Amendment, the Lender has been issued with 3,096,429 warrants to subscribe for new ordinary shares in the Company at a price of 0.7 pence per new ordinary share, exercisable from the date of grant and with an expiry date of 30 September 2022.

MATURITY ANALYSIS
Contractual undiscounted cash flows:

	31 December 2021 US$	**31 December 2020 US$**
Amounts due within one year	**–**	2,293,290
Amounts due between one and five years	**28,768,380**	35,628,948
Amounts due over five years	**–**	–
	28,768,380	37,922,238

28. PROVISIONS

	31 December 2021 US$	**31 December 2020 US$**
Assessment of decommissioning provision	**3,039,911**	2,979,956
	3,039,911	2,979,956

Provision has been made for the discounted future cost of abandoning wells and restoring sites to a condition acceptable to the relevant authorities. The provisions are based on Operators' internal estimate at 31 December 2021, and the movement from the prior year relates to the unwinding of the provision. Assumptions are based on the current experience from decommissioning wells. The estimates are reviewed regularly to take account of any material changes to the assumptions. Actual decommissioning costs will ultimately depend upon future costs for decommissioning which will reflect market conditions and regulations at that time. Furthermore, the timing of decommissioning is uncertain and is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend on factors such as future oil and gas prices, which are inherently uncertain.

29. RELATED PARTY TRANSACTIONS

INTER-GROUP BALANCES

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

	31 December 2021 US$	**31 December 2020 US$**
Amounts owed to Echo Energy plc from:		
Echo Energy Bolivia Op Co 1	**551,500**	380,941
Eco Energy CDL Op Limited	**1,627,623**	2,488,765
Eco Energy TA Op Limited	**9,634,402**	9,634,401
	11,813,525	12,504,108

Lombard Odier is a significant shareholder in the Company. Please refer to Note 27 for details of the debt transactions which relate to these counterparties.

Phoenix Global Resources plc from whom Echo acquired the SCS assets in late 2019 is also a significant shareholder in the Company following the issue by the Company of consideration shares to Phoenix Global Resources plc in respect of the Company's acquisition of the SCS assets.

30. CONTROLLING PARTY

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

31. COMMITMENTS

Echo has no committed expenditure in relation to capital projects in the SCS asset at the end of 31 December 2021. It will continue to pay operational costs as cash called by the Joint venture partner.

32. SUBSEQUENT EVENTS

On 14 January 2022, the Company announced that it has raised gross proceeds of £660,000 through the issue of 143,478,260 new ordinary shares in the Company (the "Subscription Shares") at 0.46 pence per share (the "Subscription Price") to new investors pursuant to a direct subscription with the Company (the "Subscription"), conditional on admission of the Subscription Shares to trading on AIM.

In connection with the Subscription, the Company has issued 65,217,391 warrants to subscribe for new Ordinary Shares exercisable at 0.65 pence per new Ordinary Share at any time until the second anniversary of issue (the "First Subscription Warrants") subject to admission of the Subscription Shares to trading on AIM.

In addition, the Company has also conditionally agreed to issue a further 78,260,869 warrants to subscribe for new Ordinary Shares exercisable at 0.65 pence per new Ordinary Share at any time until the second anniversary of issue (the "Second Subscription Warrants") subject to the receipt of the necessary share issuance authorities at the Company's 2022 annual general meeting.

The Subscription Shares will, when issued, rank pari passu in all respects with the Company's existing ordinary shares of 0.25 pence each ("Ordinary Shares") and application will be made for the Subscription Shares to be admitted to trading on AIM ("Admission"). Admission is expected to take place on or around 8.00 a.m. on 24 January 2022.

The net proceeds of the Subscription of approximately £600,000 will add to the Company's working capital resources and be applied towards the formation of the solar project Joint Venture to construct and operate the Project. As at 31 December 2021 the Company's unaudited cash balance, excluding Echo's 70% entitlement to cash balances held by the Santa Cruz Sur joint venture in Argentina, was approximately US$520,000.

Following Admission, the Company's issued share capital will comprise 1,452,491,345 Ordinary Shares. Each Ordinary Share has one voting right and no shares are held in treasury and this figure may be used by shareholders in the Company as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

August 13th 2022

Proposed Debt Restructuring

The Company announced a proposed restructuring of its existing debts, pursuant to which the Company has entered into a conditional agreement with Lombard Odier Asset Management (Europe) Limited* ("LO") to, inter alia, convert in full the Company's existing EUR 5.0m 8.0% secured convertible debt facility with LO (the "LO Facility") into new Ordinary Shares at a price of 0.45p per share representing a substantial premium of 75.1% to the closing mid-market price per Ordinary Share of 0.257p on 11 August 2022 (the "LO Agreement").

Highlights

- Proposed conversion of an aggregate of €15.0 million of existing debt principal, together with accrued interest thereon, excluding the LO Interest Conversion shares, into new Ordinary Shares at a price of 0.45p representing a 75.1% premium to the closing share price on 11 August 2022.
- Proposed reduction of remaining Note coupon from 8% to 2% with suspension of further cash interest payments for two years. Remaining Note maturity extended to 2032
- If completed the Proposed Debt Restructuring will comprehensively restructure and strengthen the Company's balance sheet, transforming the balance of value in favour of equity over debt, enabling the Company to seek to accelerate its growth strategy

August 15th 2022

Result of Placing

The Placing was oversubscribed and has raised £0.6 million (before expenses) for the Company through the placing of 242,000,000 Placing Shares at the Placing Price of 0.25 pence per share.

Subject to shareholder approval, in connection with the Placing, for every one Placing Share subscribed for, the Company intends to grant 1.07 Warrants to the Placees. No fractional part of a Warrant will be issued and fractional entitlements will be rounded down to the nearest whole number. If granted, each Warrant will give the holder the right to subscribe for one new Ordinary Share at a price of 0.25 pence per Ordinary Share for a period of two years from the date of issue.

In addition, as set out in the Launch Announcement, under the LO Agreement, LO has agreed to the conversion of accrued interest on the LO Facility for the periods Q3 2021 to 31 October 2022 inclusive to new Ordinary Shares at a conversion price of 0.25 pence per new Ordinary Share ("LO Interest Conversion"). The accrued interest to 31 October 2022 will amount to EUR 625,803.58. Accordingly, the Company has agreed to issue to LO 213,949,943 LO Interest Conversion Shares.

Under the same agreement, LO has conditionally agreed to conversion in full of the principal of the LO Facility, however this is contingent on obtaining Noteholder approval for the Notes Restructuring and Shareholder approval of authorities to issue the new Ordinary Shares required on conversion. Further details of the Proposed Debt Restructuring are set out in the Launch Announcement.

Financial Statements

Shareholder Information

AIM Rule 26 information

Dealing Information
Country of incorporation
England & Wales (Registered Number 5483127)

Main country of operation
Argentina

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

There are no restrictions on the transfer of ordinary shares.

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Glossary

AAPG	American Association of Petroleum Geologists
AIM	Alternative Investment Market
API	American Petroleum Institute
AVO	amplitude versus offset
bbl(s)	barrel(s)
bbl(s)/d	barrel(s) per day
Bcf	billion cubic feet
Board	the Board of Directors of Echo Energy plc
boe	barrel(s) of oil equivalent
boepd	barrel(s) of oil equivalent per day
bopd	barrels(s) of oil per day
capex	capital expenditure
CDL	Fracción C, Fracción D, and laguna De Los Capones licences
CGC	Compañia General de Combustibles S.A.
CGU	Cash Generating Unit
Company	Echo Energy plc
E&E	exploration and evaluation
E&P	exploration and production
FRC	Financial Reporting Council
G&A	general and administration expenses
GIIP	gas initially in place
Group	the Company and its subsidiaries
HSE	health, safety and environment
IAPG	International Association of Petroleum Geologists
IAS	International Accounting Standards
IFRS	UK-adopted international accounting standards
IMF-WEO	International Monetary Fund – World Economic Outlook
ISAs (UK)	International Standards on Auditing
JEA	joint evaluation agreement
JV	joint venture
KPI	key performance indicators
LNG	liquid natural gas
MMbbls	million barrels
MMBOE	million barrels of oil equivalent
mmbtu	million British thermal units
MMscf/d	million standard cubic feet per day
NAV	net asset value
NOMAD	nominated advisor
OPEC+	OPEC countries and high exporting non-members like Russia and Kazakhstan
opex	operations expenditure
PETSA	Petrolera El Trebol S.A.
Pmean	mean case
ppm	parts per million
pulling job	low cost well intervention to restart/improve production
P10	high case (value with a 10% chance of being equalled or exceeded)
P50	moderate case (value with a 50% chance of being equalled or exceeded)
P90	low case (value with a 90% chance of being equalled or exceeded)
QCA Code	Quoted Companies Alliance Corporate Governance Code
SCS	Santa Cruz Sur
SPE	Society of Petroleum Engineers

Glossary (continued)

SPEE	Society of Petroleum Evaluation Engineers
spud	to commence drilling a well
Tcf	trillion cubic feet
TD	total depth
TVD	true vertical depth
TEA	technical evaluation agreement
UGA	UGA Seismic S.A.
WAEP	Weighted Average Exercise Price
Workover	an invasive well intervention involving a rig
WPC	World Petroleum Council
WTI	West Texas Intermediary
1C	low estimate of contingent resources
2C	best estimate of contingent resources
3C	high estimate of contingent resources
2P	proven plus probable
$ / US $	United States Dollar

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