RNS Number : 4772A
Echo Energy PLC
12 September 2018

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Echo Energy plc

("Echo" or the "Company")

Interim Results

Echo Energy plc, the Latin American focused upstream oil and gas company, is pleased to announce its unaudited interim results for the six months ended 30 June 2018.

Highlights

- Completion of Argentinian farm-in and re-admission to AIM in January 2018
- 3 well workover campaign at Fraccion D completed ahead of time and under budget during the period
- 4 well back-to-back exploration campaign across the licences on independent structures commenced in May 2018
- Gas discovery and extended well test on the CSo-85 well on the Eastern flank of the Cañadon Salto Field at Fraccion D
- H1 2018 oil sales of US$2.1 million and gas sales of US$2.1 million
- Cash balances of £26.1 million as at 30 June 2018

For further information please contact:

Echo Energy plc	
Fiona MacAulay, CEO	f.macaulay@echoenergyplc.com
Smith & Williamson (Nominated Adviser)	+44 (0)20 7131 4000
David Jones	
Ben Jeynes	
Katy Birkin	
Hannam & Partners (Joint Corporate Broker)	+44 (0)20 7907 8500
Giles Fitzpatrick	
Andrew Chubb	
Ernest Bell	
Shore Capital (Joint Corporate Broker)	+44 (0)20 7408 4090
Jerry Keen	
Vigo Communications (PR Adviser)	+44 (0)20 7390 0230
Patrick d'Ancona	
Chris McMahon	
Kate Rogucheva	

CHIEF EXECUTIVE OFFICER'S STATEMENT

"Our bold growth strategy in Latin America has provided us with access to a balanced portfolio in the region where we are focused on multiple exploration opportunities, including the high impact Tapi Aike licence, and have the potential to add production, cash flow and additional reserves to the portfolio."

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

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

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

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

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

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

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

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

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

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

FIONA MACAULAY
CHIEF EXECUTIVE OFFICER

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2018

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

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	**Unaudited 1 January 2018 to 30 June 2018 £**	Unaudited 1 January 2017 to 30 June 2017 £	Audited 1 January 2017 to 31 December 2017 £
NON-CURRENT ASSETS				
Property, plant and equipment	6	**266,259**	1,957	285,145

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED 30 JUNE 2018

	Retained earnings £	Share capital £	Share premium £	Shares to be issued £	Warrant reserve £	Share option reserve £	Foreign currency translation reserve £	Total equity £
SIX MONTHS TO 30 JUNE 2018								
1 January 2018	**(28,480,775)**	**3,112,586**	**24,636,445**	**-**	**8,574,827**	**669,456**	**380,027**	**8,892,566**
Loss for the year	**(4,350,860)**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,350,860)**
Exchange differences	**-**	**-**	**-**	**-**	**-**	**-**	**83,450**	**83,450**
Total comprehensive loss for the year	**(4,350,860)**	**-**	**-**	**-**	**-**	**-**	**83,450**	**(4,267,410)**
Unwind discontinued operations reserve	**-**	**-**	**-**	**-**	**-**	**-**	**(394,253)**	**(394,253)**
New shares issued	**-**	**268,943**	**14,646,932**	**-**	**-**	**-**	**-**	**14,915,875**
Warrants exercised	**10,062**	**2,681**	**99,262**		**(17,256)**	**-**	**-**	**94,749**
Share Options exercised	**-**	**4,375**	**24,063**	**-**	**-**	**-**	**-**	**28,438**
Share issue costs	**-**	**-**	**(1,048,659)**	**-**	**-**	**-**	**-**	**(1,048,659)**
Share options lapsed	**13,742**	**-**	**-**	**-**	**-**	**(13,742)**	**-**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**623,188**	**-**	**623,188**
30 JUNE 2018	**(32,807,831)**	**3,388,585**	**38,358,043**	**-**	**8,557,571**	**1,278,902**	**69,224**	**18,884,494**
SIX MONTHS TO 30 JUNE 2017								
1 January 2017	(21,088,479)	2,430,612	17,621,763	277,468	714,977	85,515	471,680	513,536
Loss for the year	(1,676,258)	-	-	-	-	-	-	(1,676,258)
Exchange differences	-	-	-	-	-	-	2,121	2,121
Total comprehensive loss for the year	(1,676,258)	-	-	-	-	-	2,121	(1,674,137)
New shares issued	-	674,307	7,506,397	-	-	-	-	8,180,704
New share warrants issued	-	-	-	-	8,448,812	-	-	8,448,812
Warrants exercised	-	-	412,524	-	(412,524)	-	-	-
Warrants lapsed	20,690	-	-	-	(20,690)	-	-	-
Share issue costs	-	-	(101,320)	-	-	-	-	(101,320)
Share options lapsed	67,739	-	-	-	-	(67,739)	-	-
Share-based payments	-	-	-	-	-	85,282	-	85,282
30 June 2017	(22,676,308)	3,104,919	25,439,364	277,468	8,730,575	103,058	473,801	15,452,877
YEAR TO 31 DECEMBER 2017								
1 January 2017	(21,088,479)	2,430,612	17,621,763	277,468	714,977	85,515	471,680	513,536
Loss for the year	(7,413,556)	-	-	-	-	-	-	(7,413,556)

Exchange differences	-	-	-	-	-	-	(91,653)	(91,653)
Total comprehensive loss for the year	(7,413,556)	-	-	-	-	-	(91,653)	(7,505,209)
New shares issued	-	681,974	8,116,002	-	-	-	-	8,797,976
New share warrants issued	-	-	-	-	7,859,850	-	-	7,859,850
Share issue costs	-	-	(1,101,320)	-	-	-	-	(1,101,320)
Share options lapsed	47,565	-	-	-	-	(47,565)	-	-
Share-based payments	(26,305)	-	-	(277,468)	-	631,506	-	327,733
31 December 2017	(28,480,775)	3,112,586	24,636,445	-	8,574,827	669,456	380,027	8,892,566

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
SIX MONTHS ENDED 30 JUNE 2018

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
SIX MONTHS ENDED 30 JUNE 2018

1. ACCOUNTING POLICIES

GENERAL INFORMATION

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

BASIS OF PREPARATION

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

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

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

GOING CONCERN

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

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

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

ESTIMATES

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

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

REVENUE RECOGNITION

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

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

IFRS 9

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

Inventories

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

2. BUSINESS SEGMENTS

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

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

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

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

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

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

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

	Parent company £'000	Eastern Austral Basin £'000	Tapi Aike £'000	Bolivia £'000	Ksar Hadada £'000	Consol-idation £'000	Total £'000
Six months to 30 June 2017							
Revenue							
Cost of sales	-	-	-	-	-	-	-
Exploration expense	-	-	-	-	-	-	-
Administrative expense	(1,271)	-	-	-	(41)	25	(1,287)

Finance revenue	-	-	-	-	-	-	-
Finance expense	(364)	-	-	-	-	-	(364)
Loss before tax	(1,635)	-	-	-	(41)	25	(1,651)
Assets	26,847	-	-	-	433	(1,182)	26,098
Liabilities	(10,698)	-	-	-	(1,120)	1,092	(10,726)
Year to 31 December 2017							
Revenue	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-
Exploration expense	-	-	-	-	-	-	-
Impairment of intangible assets	-	-	-	-	(432)	-	(432)
Administrative expense	(3,768)	(590)	(590)	(282)	(92)	-	(5,322)
Finance revenue	3	-	-	-	-	-	3
Finance expense	(1,687)	-	-	-	-	-	(1,687)
Income tax	-	-	-	-	-	-	-
Loss before tax	(5,453)	(590)	(590)	(282)	(525)	-	(7,440)
Assets	22,260	1,886		33		(1,233)	22,946
Liabilities	(14,043)	-	-	(120)	(1,149)	1,233	(14,079)

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

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

3. FINANCIAL EXPENSE

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

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

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

4. TAXATION

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

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

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

5. LOSS PER SHARE

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

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

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

6. PROPERTY, PLANT AND EQUIPMENT

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

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

7. INTANGIBLE ASSETS

DEVELOPMENT AND EXPLORATION

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

CARRYING AMOUNT			
30 June 2017	-	432,486	432,486
YEAR TO 31 DECEMBER 2017			
COST			
1 January 2017	-	1,513,315	1,513,315
Additions	1,885,984	-	1,885,984
31 December 2017	1,885,984	1,513,315	3,399,299
AMORTISATION			
1 January 2017	-	1,080,829	1,080,829
Impairment charge for the period	-	432,486	432,486
31 December 2017	-	1,513,315	1,513,315
CARRYING AMOUNT			
31 December 2017	1,885,984	-	1,885,984

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

8. CASH AND CASH EQUIVALENTS

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

9. SHARE CAPITAL

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

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

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

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

10. SHARE PREMIUM ACCOUNT

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

11. SHARE-BASED PAYMENTS

(a) WARRANTS OVER ORDINARY SHARES

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

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

(b) SHARE OPTIONS

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

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

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

12. LOANS DUE OVER ONE YEAR

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

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

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

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

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

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

13. SUBSEQUENT EVENTS

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

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

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

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

The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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