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Echo Energy PLC
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2 May 2019

Echo Energy plc
("Echo", the "Company" and together with its subsidiaries the "Group")

Final Results for the Year Ended 31 December 2018

Echo Energy plc, the South and Central American focused upstream oil and gas company, is pleased to announce its audited results for the financial year ended 31 December 2018.

2018 Highlights

- Successful acquisition and reverse takeover process concluded and capital raisings during the period;
- Commenced the 3D seismic acquisition programme on the Tapi Aike licence in Argentina (post period end);
- Maiden Latin American revenues achieved during the period of US$8.8 million;
- Drilled four exploration wells in the Fracción C, D and Laguna de Los Capones licence, completed a 3 well workover programme and four pulling jobs in Argentina;
- In Bolivia, signed Rio Salado TEA with YPFB and continuing JEA with Pluspetrol over Huayco; and
- Cash balances as at 31 December 2018 of US$15.6 million.

Commenting, Martin Hull, Echo's Managing Director and Chief Financial Officer, said:

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

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The information contained within this announcement is considered to be inside information prior to its release as defined by Article 7 of the Market Abuse Regulation No. 596/2014 and disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

Chairman's and Managing Director's Statement

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

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

Argentina -Tapi Aike

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

CDL Licences

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

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

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

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

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

Bolivia

Echo believes that Bolivia remains one of the few overlooked provinces in Latin America and one which has the potential to offer substantial high-reward investment opportunities. In October 2018, Echo signed a one-year Technical Evaluation Agreement ("TEA") with Yacimientos Petrolíferos Fiscales Bolivianos ("YPFB") on the Rio Salado block, which lies around the Pluspetrol Bolivia Corporation S.A. ("Pluspetrol") operated Huayco block where Echo has a Joint Evaluation Agreement ("JEA"). Following a work programme including the interpretation and integration of 2D seismic spanning both the Rio Salado and Huayco blocks, Echo will have the right to negotiate a contract with YPFB covering the Rio Salado block should we elect to do so.

We were also delighted to extend our JEA with Pluspetrol over the Huayco block which provides additional time for further analysis and interpretation on the block, following the reprocessing of 250 square kilometres of 3D seismic data in 2018.

Corporate

2018 has seen management changes including the appointment of Martin Hull as Managing Director and Chief Financial Officer of the Company following Fiona MacAulay's transition to a non-executive role at the Company.

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

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

James Parsons - Non-Executive Chairman
Martin Hull - Managing Director and Chief Financial Officer

Operational Review

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

Echo Argentina Awakes

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

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

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

Following a short planning period, workover activity on Cañadón Salto commenced on three back-to-back workovers on existing wells, with the first well CSo-85, successfully finding and then testing gas at a maximum rate of 2.5 million standard cubic feet per day ("mmscf/d") in the east of the field. A second workover on CSo-80 in the central crest of the former oil field produced oil. During the field rehabilitation pulling jobs in August/September 2018, this well was put on production through the existing production facilities, with a maximum rate of 53 barrels per day ("bbl/d").
Following the workover campaign, Echo identified gas resources in the eastern flank of Cañadón Salto and has engaged with operator CGC to fully define the extent of those resources and prepare gas development concepts. This work remains ongoing.

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

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

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

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

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

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

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

Together, these interventions were reported to have added 115 bbl/d, with wells still oiling-in. Echo is examining the potential for further phases of oil well rehabilitation and this work remains ongoing.

Due to the challenging nature of the volcaniclastic Tobifera interpreted in EMS-1001 arising from the complex mineralogy, studies continued to support a mechanical stimulation. A completion and inflow test were carried out in September 2018. These tests were to assess two high-graded intervals believed to be representative of the Tobifera encountered in the well.

Under the initial inflow test, the two separate perforation intervals were confirmed suitable for mechanical stimulation and the well was then scheduled to be mechanically stimulated in December 2018. However the equipment necessary to conduct an effective stimulation became unserviceable and the activity was delayed into January 2019.

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

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

Financial Review

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

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

Income Statement

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

- Average net oil price realised for the period was US$63.72/bbl.
- Gas sales were 24.6 million m^3 with average realised price being US $3.99/mmbtu.
- Cost of sales of US$8.2 million include indirect allocations of US$1.1 million, Argentine royalty payments of US$1.4 million and depletion costs of US $0.2 million. Direct operational costs of US$5.9 million were significantly below budget due to continued focus on driving down costs. These were also reduced by the effect of the devaluation of the Argentine Peso.
- Value of stock of crude oil US$0.7 million was based on a discounted Brent price.
- Exploration expenses of US$0.8 million included US$0.4 million technical advisor costs largely relating to on-going activity in Bolivia. Echo's interests in Bolivia are all pre-licence so no costs relating to Bolivia have been capitalised. Residual costs are time and attendance allocations from the Group to pre-licence and business development activities.
- Gross administration expense was lower than in 2017 even though the team had grown slightly to support operational activity. This reflects management's continued focus on cost control within the Group. Changes to the executive team in late 2018, and post balance sheet in early 2019, reduce our gross administrative spend going forward. In order to more accurately assign costs, the Group commenced cost allocation to assets and exploration activities with a net allocation of US $1.6 million to operating costs and balance sheet assets. Professional advisor fees relating to the asset acquisitions were largely accrued in 2017 however project specific costs in the year were US$0.9 million. Administration costs included the non-cash cost of options of US$0.7 million.
- Financial income is generated largely from treasury placings, the movement of the Euro denominated debt against the US Dollar and offset by devaluation of Peso tax balances.
- Finance costs are composed of an actual cash cost of US$2.0 million with the amortisation of debt fees, the unwinding of the discount on the debt issue and the accretion of right of use assets bringing finance fees to US$4.0 million.
- As Echo seeks to find success through the drill bit, exploration costs in the year have led to a loss from continuing operations of US$24.4 million in the year.

Balance Sheet

Financing

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

CDL Licences

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

Tapi Aike Licence

Upon acquisition of the Tapi Aike licence Echo agreed to carry CGC for 15% of the work programme costs during the initial three year period. Through its partner CGC, Echo has conducted a robust tender exercise resulting in the signature of a contract with UGA for the acquisition of a total of 1,200 km² 3D seismic across the Group's asset. UGA mobilised to Tapi Aike in December 2018, and the acquisition programme began in early 2019. Echo have committed to spend US $7.9 million on the acquisition of seismic data over the Tapi Aike permit.

Working Capital

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

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

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

	Note	Year to 31 December 2018 US$	Year to 31 December 2017 Restated US$
Continuing operations			
Revenue	4	**8,841,309**	-
Cost of sales	5	**(8,217,029)**	-
Gross profit		**624,280**	-
Exploration expenses		**(800,683)**	(556,999)
Administrative expenses		**(5,133,061)**	(6,854,794)
Impairment of intangible assets		**(14,148,371)**	-
Impairment of property, plant and equipment		**(1,068,751)**	-
Operating loss		**(20,526,586)**	(7,411,793)
Financial income		**99,361**	3,344
Financial expense	6	**(4,002,312)**	(2,172,943)
Loss before tax		**(24,429,537)**	(9,581,392)
Taxation		**-**	-
Loss from continuing operations		**(24,429,537)**	(9,581,392)
Discontinued operations			
Profit/(loss) after taxation for the year from discontinued operations		**(35,629)**	33,473
Loss for the year		**(24,465,166)**	(9,547,919)
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		**507,849**	(2,194,962)
Total comprehensive loss for the year		**(23,957,317)**	(11,742,881)
Loss attributable to:			
Owners of the parent		**(24,465,166)**	(9,547,919)

Total comprehensive loss attributable to:			
Owners of the parent		**(23,957,317)**	(11,742,881)
Loss per share (cents)	7		
Basic		**(5.49)**	(3.46)
Diluted		**(5.49)**	(3.46)
Loss per share (cents) for continuing operations			
Basic		**(5.48)**	(3.47)
Diluted		**(5.48)**	(3.47)

Consolidated Statement of Financial Position

Year ended 31 December 2018

	Note	31 December 2018 US$	31 December 2017 Restated US$
Non-current assets			
Property, plant and equipment	8	**335,612**	385,031
Other intangibles	9	**1,559,931**	2,500,000
		1,895,543	2,885,031
Current Assets			
Inventories	10	**802,184**	-
Other receivables	11	**6,911,075**	1,425,020
Cash and cash equivalents	12	**15,609,303**	26,626,663
		23,322,562	28,051,683
Assets held for distribution		**-**	73,965
		23,322,562	28,125,648
Current Liabilities			
Trade and other payables	13	**(2,200,432)**	(3,376,251)
Liabilities directly associated with the assets held for sale		**-**	(38,336)
		(2,200,432)	(3,414,587)
Net current assets		**21,122,130**	24,711,061
Total assets less current liabilities		**23,017,673**	27,596,092
Non-current liabilities			
Loans due in over one year	15	**(15,914,380)**	(15,410,111)
Right-of-use liability		**(50,709)**	(224,992)
		(15,965,089)	(15,635,103)
Total Liabilities		**(18,165,521)**	(19,049,691)
Net Assets		**7,052,584**	11,960,989
Equity attributable to equity holders of the parent			
Share capital		**4,444,999**	4,065,713
Share premium		**58,329,880**	39,888,089
Warrant reserve		**11,142,290**	11,241,239
Share option reserve		**1,195,106**	961,676
Foreign currency translation reserve		**(2,095,334)**	(1,587,485)
Retained earnings		**(65,964,357)**	(42,608,243)
Total Equity		**7,052,584**	11,960,989

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Retained earnings US$ Restated	Share capital US$ Restated	Share premium US$ Restated	Shares to be issued US$ Restated	Warrant reserve US$ Restated	Share option reserve US$ Restated	Foreign currency translation reserve US$ Restated	Total equity US$ Restated
1 January 2017	(33,087,707)	3,179,598	30,804,440	375,941	1,021,229	208,976	607,477	3,109,954
Loss for the year	(9,547,919)	-	-	-	-	-	-	(9,547,919)
Exchange reserve	-	-	-	-	-	-	(2,194,962)	(2,194,962)
Total comprehensive loss for the year	(9,547,919)	-	-	-	-	-	(2,194,962)	(11,742,881)
New shares issued	-	886,115	10,565,773	-	-	-	-	11,451,888
New share warrants issued	-	-	-	-	10,220,010	-	-	10,220,010
Share issue costs	-	-	(1,482,124)	-	-	-	-	(1,482,124)
Share options lapsed	61,264	-	-	-	-	(61,264)	-	-
Share-based payments	(33,881)	-	-	(375,941)	-	813,964	-	404,142
31 December 2017 Restated	(42,608,243)	4,065,713	39,888,089	-	11,241,239	961,676	(1,587,485)	11,960,989
1 January 2018	**(42,608,243)**	**4,065,713**	**39,888,089**	**-**	**11,241,239**	**961,676**	**(1,587,485)**	**11,960,989**
Loss for the year	**(24,429,537)**	**-**	**-**	**-**	**-**	**-**	**-**	**(24,429,537)**

Discontinued operations	(35,629)	-	-	-	-	-	-	(35,629)
Exchange Reserve	507,849	-	-	-	-	-	(507,849)	-
Total comprehensive loss for the year	(23,957,317)	-	-	-	-	-	(507,849)	(24,465,166)
New shares issued	-	379,286	19,890,017	-	-	-	-	20,269,303
New share warrants exercised	88,931	-	10,018	-	(98,949)	-	-	-
Share issue costs	-	-	(1,458,244)	-	-	-	-	(1,458,244)
Share options lapsed	512,272	-	-	-	-	(512,272)	-	-
Share-based payments	-	-	-	-	-	745,702	-	745,702
31 December 2018	(65,964,357)	4,444,999	58,329,880	-	11,142,290	1,195,106	(2,095,334)	7,052,584

Consolidated Statement of Cash Flows

Year ended 31 December 2018

	Year to 31 December 2018 US$	Year to 31 December 2017 US$
Cash flows from operating activities		
Loss from continuing operations	**(24,429,537)**	(9,581,392)
Profit from discontinued operations	**(35,629)**	33,473
	(24,465,166)	(9,547,919)
Adjustments for:		
Depreciation and depletion of property, plant and equipment	**361,073**	43,874
Gain on disposal of property, plant and equipment	**(39,873)**	-
Impairment of intangible assets and goodwill	**14,148,371**	556,999
Impairment of property, plant and equipment	**1,068,751**	-
Share-based payments	**745,702**	866,126
Financial income	**534,243**	(3,344)
Financial expense	**3,301,747**	2,497,862
	(4,345,152)	(5,586,402)
(Increase) in inventory	**(802,184)**	-
(Increase) in other receivables	**(6,142,997)**	(1,041,576)
(Decrease)/increase in trade and other payables	**(1,212,590)**	2,511,334
Cash used in operations	**(12,502,923)**	(4,116,644)
Net cash used in operating activities	**(12,502,923)**	(4,116,644)
Cash flows from investing activities		
Purchase of intangible assets	**(13,208,302)**	(2,546,645)
Purchase of property, plant and equipment	**(1,357,593)**	(60,846)
Net cash used in investing activities	**(14,565,895)**	(2,607,491)
Cash flows from financing activities		
Net proceeds from debt	**-**	17,170,525
Interest received	**146,039**	740,818
Interest paid	**(2,744,284)**	(696,089)
Repayment of right of use liability	**(161,356)**	(55,085)
Issue of share capital	**20,269,303**	17,444,795
Share issue costs	**(1,458,244)**	(1,482,124)
Net cash from financing activities	**16,051,458**	33,122,840
Net (decrease)/increase in cash and cash equivalents	**(11,017,360)**	26,398,705
Cash and cash equivalents at 1 January 2018	**26,626,663**	227,958
Cash and cash equivalents at 31 December 2018	**15,609,303**	26,626,663

Notes to the Financial Information

Year ended 31 December 2018

1. Accounting Policies

General Information

The financial information contained in this announcement does not constitute the Company's statutory financial statements for the year ended 31 December 2018 but has been extracted from them. These financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The auditors have reported on these financial statements, and their report was unqualified and did not contain any statement under section 498(2) or (3) Companies Act 2006. The report highlights a material uncertainty in relation to going concern as follows:

"Material Uncertainty Related to Going Concern

Informing our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 and Note 2 in the financial statements concerning the Group's and Company's ability to continue as a going concern. Further funds will be required to finance the Group's and Company's working capital requirements and the development of the Group's Argentinian assets. If cash flow from existing sources was not sufficient to meet the Group's commitments Directors are confident that additional funds could be successfully raised

from other sources. However, there are no binding agreements in place to date. These conditions indicate the existence of a material uncertainty which cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern."

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

The principal accounting policies are summarised below:

(a) Basis of preparation

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

New standards and interpretations not applied

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

(b) Basis of consolidation

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

(c) Joint arrangements

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

(d) Revenue

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

(e) Property, plant and equipment

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

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

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

(f) Property right of use asset

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

(g) Other intangible assets - exploration and evaluation costs

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

(h) Impairment of tangible and intangible assets excluding goodwill

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

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

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

(i) Taxation

Current taxation

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

Deferred taxation

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

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

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

(j) Conversion of foreign currency

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

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

(k) Share-based payments

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

(l) Financial instruments

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

Trade and other receivables

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

Cash and cash equivalents

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

Financial liabilities and equity

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

Trade payables

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

Equity instruments

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

(m) Borrowings

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

(n) Inventory

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

(o) Going concern

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

2. Accounting Estimates and Judgements

Use of Estimate and Judgements

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

Amounts Capitalised to the Consolidated Statement of Financial Position

In accordance with the Group policy, expenditures are capitalised only where the Group holds a licence interest in an area. All expenditure relating to the Bolivian assets has been expensed to the statement of comprehensive income, as the Group has not yet been assigned any licence interests in the country. The Group has capitalised its participation in the CDL and Tapi Aike licence areas. The assignment of Echo's participation in these Argentine licences is still subject to the authorisation of the Executive Branch of Santa Cruz Province, Echo are supported in this process by their joint venture partner CGC, and the process of title transfer is proceeding as anticipated.

Valuation of Assets

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

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

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

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

Going Concern

The financial information has been prepared assuming the Group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. As at the 31 December 2018 the Group had a cash balance of US $15.6 million. This balance is sufficient to fund Echo's near term expenditures, including a commitment to acquire seismic data in the Tapi Aike area. Whilst rigorously pursuing cost control and value maximising strategies, the Group recognises that in order to pursue organic and inorganic growth opportunities and fund on-going operations it will require additional funding. This funding may be sourced through debt finance, joint venture equity or share issues. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern The directors have formed a judgement based on Echo's proven success in raising capital and a review of the strategic options available to the Group, that the going concern basis should be adopted in preparing the financial statements.

3. Business Segments

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

a. Parent Company

b. Eastern Austral Basin

c. Tapi Aike

d. Bolivia

e. Ksar Hadada

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

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

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

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

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

	Parent Company US$	Eastern Austral Basin US$	Tapi Aike US$	Bolivia US$	Ksar Hadada US$	Consolidation US$	Total US$
Year to 31 December 2017							
Interest revenue	3,343	-	-	-		-	3,343
Interest expense	(2,172,944)	-	-	-		-	(2,172,944)
Depreciation	(43,612)	-	-	(260)		-	(43,872)

Impairment of intangible assets	-	-	-	-	(556,999)	-	(556,999)
Income tax	-	-	-	-	-	-	-
Loss before tax	(7,023,245)	(759,472)	(759,472)	(362,970)	(676,234)	-	(9,581,393)
Non-current assets	371,508	2,500,000	-	13,524	-	-	2,885,032
Assets	29,686,086	-	-	30,407	204	(1,665,014)	28,051,683
Liabilities	(18,962,063)	-	-	(162,511)	(1,551,796)	1,665,014	(19,011,356)

Consolidation adjustments in respect of assets relate to elimination of intercompany assets in the Tunisian company. The geographical split of non-current assets arises as follows:

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

4. Revenue

	Year to 31 December 2018 US$	Year to 31 December 2017 US$
Oil revenue	**5,206,501**	-
Gas revenue	**3,634,808**	-
Total Revenue	**8,841,309**	-

5. Cost of Sales

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

6. Financial Expense

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

7. Loss Per Share

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

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

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

Deferred shares have been excluded from the calculation of loss per share due to their nature.

8. Property, Plant and Equipment

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

9. Other Intangible Assets

Exploration and Evaluation

	Argentina Exploration & Evaluation US$	Ksar Hadada Exploration Acreage US$	Total US$
31 DECEMBER 2018			
Cost			
1 January 2018	**2,500,000**	**2,043,429**	**4,543,429**
Additions	**14,479,134**	**-**	**14,479,134**
Transfer to PP&E	**(1,270,832)**	**-**	**(1,270,832)**
31 December 2018	**15,708,302**	**2,043,429**	**17,751,731**
Impairment			
1 January 2018	**-**	**2,043,429**	**2,043,429**
Impairment charge for the year	**14,148,371**	**-**	**14,148,371**
31 December 2018	**14,148,371**	**2,043,429**	**16,191,800**
Carrying amount			
31 December 2018	**1,559,931**	**-**	**1,559,931**
31 December 2017	**2,500,000**	**-**	**2,500,000**
31 DECEMBER 2017			
Cost			
1 January 2017	-	1,866,235	1,866,235
Exchange arising on retranslation	-	177,194	177,194
Additions	2,500,000	-	2,500,000
31 December 2017	2,500,000	2,043,429	4,543,429
Impairment			

1 January 2017	-	1,332,889	1,332,889
Impairment charge for the year	-	556,999	556,999
Exchange	-	153,541	153,541
31 December 2017	-	2,043,429	2,043,429
Carrying amount			
31 December 2017	2,500,000	-	2,500,000
31 December 2016	-	533,346	533,346

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

10. Inventories

	31 December 2018	31 December 2017
	US$	US$
Crude oil	**744,298**	-
Parts and supplies	**57,886**	-
Total	**802,184**	-

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

11. Other Receivables

	31 December 2018	31 December 2017
	US$	US$
Non-current		
Amounts owing by subsidiary undertakings	**-**	-
Amounts provided against	**-**	-
Total	**-**	-
Current		
Trade receivables	**731,416**	-
Accrued income	**420,690**	-
Other receivables	**3,672,157**	688,319
Prepayments	**2,086,812**	736,701
Total	**6,911,075**	1,425,020

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

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

12. Cash and Cash Equivalents

	31 December 2018	31 December 2017
	US$	US$
Cash held by joint venture partners	**576,909**	-
Cash and cash equivalents	**15,032,394**	26,626,663
Total	**15,609,303**	26,626,663

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

13. Trade and Other Payables

	31 December 2018	31 December 2017
	US$	US$
Trade payables	**539,835**	1,490,966
Taxation and social security costs	**112,262**	64,832
Non-trade payables	**73,620**	720,139
Accruals	**258,959**	1,100,314
Joint venture payables	**1,215,756**	-
Total	**2,200,432**	3,376,251

14. Share-Based Payments

(a) Share Options

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

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

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

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

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

* Weighted Average Exercise Price (WAEP)

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

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

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

(b) Warrants Over Ordinary Shares

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

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

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

* Weighted Average Exercise Price (WAEP)

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

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

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

15. Loans Due in Over One Year

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

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

On 22 May 2017 the Company announced that Nusakan plc ("Nusakan") subscribed for five-year non-amortising secured bonds with an aggregate issue value of €20million ("the Bonds"). Alongside the Bonds, the Company issued 169,402,469 warrants to subscribe for new ordinary shares in the Company at an exercise price of 15.1875 pence per ordinary share and an exercise period of approximately five years, concurrent with the terms of the Bonds to Nusakan ("the Warrants"). The Bonds are secured over the share capital of Echo Energy Limited. The Bonds have an 8% coupon and were issued at a 20% discount to par value. A total cash fee of GBP £1.7 million (€2 million) was payable by the Company.

The Warrants were recorded within equity at fair value on the date of issuance and the proceeds of the notes net of issue costs were recorded as non-current liability. The coupon rate for the Bonds ensures that the Company's on-going cash out-flow on interest payments remains low, conserving the Company's cash resources. The effective interest rate is approximately 21.55%. The five-year secured Bonds are due in May 2022.

Maturity Analysis

Contractual undiscounted cash flows:

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

16. Change in Presentation and Functional Currency

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

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

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

Consolidated Statement of Financial Position - Comparative

	31 December 2017 Restated	1 January 2017 Restated
	US$	US$
Non-current assets		
Property, plant and equipment	**385,031**	4,498
Other intangibles	**2,500,000**	533,346
	2,885,031	537,844
Current Assets		
Other receivables	**1,425,020**	373,676
Cash and cash equivalents	**26,626,663**	227,958
	28,051,683	601,634
Assets held for distribution	**73,965**	23,298
	28,125,648	624,932
Current Liabilities		
Trade and other payables	**(3,376,251)**	(528,490)
Liabilities directly associated with the assets held for sale	**(38,336)**	(989)
	(3,414,587)	(529,479)

Net current assets	**24,711,061**	95,943
Total assets less current liabilities	**27,596,092**	633,297
Non-current liabilities		
Loans due in over one year	**(15,410,111)**	-
Right-of-use liability	**(224,992)**	-
	(15,635,103)	-
Total Liabilities	**(19,049,691)**	(529,479)
Net Assets	**11,960,989**	633,297
Equity attributable to equity holders of the parent		
Share capital	**4,065,713**	3,179,599
Share premium	**39,888,089**	30,804,440
Shares to be issued	**-**	368,519
Warrant reserve	**11,241,239**	1,021,229
Share option reserve	**961,676**	208,976
Foreign currency translation reserve	**(1,587,485)**	(1,829,646)
Retained earnings	**(42,608,243)**	(33,119,820)
Total Equity	**11,960,989**	633,297

17. Subsequent Events

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

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

On the 26th of February Echo announced the safe and efficient completion of the 3D seismic survey across the eastern cube of Tapi Aike. The survey was completed on schedule and the initial indications suggest very good quality data. The equipment was then moved to the western cube and commenced operation on the remaining 790km² of seismic acquisition. Echo advanced the cash to fund its seismic acquisition commitments to its joint venture partner CGC in January 2019.