

17 March 2020

Echo Energy plc
("Echo" or "the Company")

Statement re Oil Price Volatility

Echo Energy, the Latin American focused upstream oil and gas company, provides the following update in relation to the continued falls in global oil prices.

In the Company's operational and corporate update announced on 6 March 2020, Echo confirmed that in the context of the then prevailing global oil prices, the Company intended to put in place an additional unsecured standby credit facility, initially of £0.4m and up to £1.0m (the "Additional Facility"), to provide the Company with access to additional working capital in the short term, if required, including in the event of a continued decline in oil demand driven by recent global events.

Since that announcement, and whilst the Company continues to expect seasonal improvements in realised gas prices during March 2020 and into the Argentinian autumn and winter months, global oil prices have continued to decline significantly.

The Company confirms that, prior to cost reductions, operations at the Santa Cruz Sur assets are not currently cash flow positive at prevailing oil and gas price levels. The Company's existing cash resources, even if supplemented by the proceeds of the Additional Facility, will not be sufficient to sustain operations at legacy Santa Cruz Sur cost levels beyond the short term.

As a result, the Company confirms that it is exploring all options available to it to preserve existing cash resources at a corporate level and, together with the operator of Santa Cruz Sur, has identified and prioritised a number of field operating cost reductions to seek to ensure that operations are sustainable at current commodity prices, noting that gas prices are expected to continue to increase in the coming winter period. Such actions could include a delay in the ongoing activities relating to the testing of the Campo Limite (CLix-1001) well at Palermo Aike.

The Company is aware of efforts from industry participants in Argentina, including regional authorities, service providers and energy producers to seek the introduction of supportive measures to enable the continued investment in, and smooth functioning of, the domestic Argentinian E&P industry. In the past such measures have included the stabilisation of domestic oil prices at levels in excess of international market pricing.

Further announcements will be made, as appropriate, in due course.

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Note

The assignment of Echo's 70% non-operated participation in the Santa Cruz Sur licences is subject to the authorisation of the Executive Branch of Santa Cruz's Province, which is part of the overall process of title transfer that is proceeding as anticipated.

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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