

25 March 2020

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

Operational Update

Proposed Debt Restructuring

Echo Energy, the Latin American focused upstream oil and gas company, provides a further update in relation to initiatives in response to prevailing global oil prices to preserve existing cash resources at a corporate level and, together with the operator of Santa Cruz Sur, to effect field cost reductions to seek to ensure that operations at the Company's producing assets at Santa Cruz Sur are sustainable at current commodity prices.

Since the time of the Company's 17 March 2020 announcement, operations at Santa Cruz Sur have continued uninterrupted and production levels remain, and are expected to remain, in line with the Company's expectations. Production over the period from 1 November 2019 to 23 March 2020 reached an aggregate of 351,797 boe net to Echo (including 78,858 bbls of oil and condensate and 1,632 mmscf of gas).

The Company confirms that since 17 March it has now received payments totalling US\$ 1,312,576 in respect of the second February 2020 oil cargo and ongoing gas sales and a further US\$ 360,434 in cash receipts are expected in the next two weeks. Additionally, further sales invoices for a total of US\$ 610,140 have been issued since 17 March and a substantial cargo of approximately 26,000 bbls of oil (net to Echo) is due to be loaded in mid-April. Echo confirms that it currently has approximately 15,000 bbls of oil in storage underpinning this mid-April cargo.

The Company is also pleased to announce that it has received confirmation that, with effect from 1 April 2020, one of Echo's operating subsidiaries in Argentina, Eco Energy CDL Op Ltd (the "Subsidiary"), will no longer be required to pay VAT retentions on invoiced domestic income.

Prior to 1 April 2020, the Subsidiary has been required to pay VAT retentions of 50% of the VAT amount on all invoices from domestic sales - equating to 10.5% of domestic sales revenues. The Subsidiary holds a 45% interest (of Echo's total 70% interest) in the Santa Cruz Sur assets and this change in VAT status is therefore expected to improve receipts from domestic sales by approximately 7% with effect from 1 April 2020. The Company's subsidiary which holds Echo's remaining 25% interest in the Santa Cruz Assets, Eco Energy TA Op Limited, is currently subject to full VAT retentions of 21% of domestic sales revenue. Confirmation of a change in the registration status of that subsidiary would improve the position further.

The Company continues to make progress with cost reduction initiatives at both the Santa Cruz Sur assets and corporate levels, with ongoing discussions with major suppliers and stakeholders to align the Santa Cruz Sur cost base with prevailing global oil prices and a review of costs at corporate level is ongoing. The Company looks forward to providing further updates in this regard in due course.

In addition to seeking to reduce field operating costs, the Company is also focused on reducing annual capital costs and if, as anticipated, the cost reduction measures now under discussion are all put in place, the Board believes that the Santa Cruz Sur assets would be cash flow positive at prevailing global oil prices.

As previously announced, the Company has been exploring all options available to it to preserve existing cash resources. As part of its programme to conserve cash at the current time, the Company announces that it will be asking the holders of its debts to defer all cash interest payments during 2020.

The next such interest payments, in respect of quarterly interest payments on the Company's EUR 5.0m 8.0% secured convertible debt facility, the Company's £1.0 million 12.0% loan facility and the Company's Luxembourg listed EUR 20.0m 8.0% secured notes (the "Notes"), will otherwise be due for payment on 31 March 2020.

The Company has commenced discussions with the holders of the Company's unlisted debt instruments and based on the indications of support received to date from those debt holders, the Company currently believes that it will be able to achieve a restructuring of those debts to defer 2020 interest payments.

However, deferral of Note interest payments will require approval at a meeting of the holders of the Notes (the "Note Holders"). The Company is today notifying the Note Holders of the Company's proposal to delay payment of interest due on the Notes on 31 March 2020. The Company will now finalise its proposals in this regard and will be seeking to convene a Note Holder general meeting shortly.

The Company cautions that the process of seeking Note Holder approval at a meeting of the Note Holders is not expected to be concluded prior to 31 March 2020 and as a result, if the next quarterly Note interest payment is not

made on 31 March 2020, the Company would be in default on the Notes until such time as Note Holder approval is received for a restructuring of Note interest payments.

Martin Hull, Echo's Chief Executive, commented:

"The COVID-19 pandemic and market conditions have rapidly evolved in recent weeks and the welfare of the Company's employees and contractors is of critical importance to Echo. The significant majority of the Company's employees in London are now effectively working remotely and suitable precautions are being taken on site at Santa Cruz Sur to ensure the safety of workers in the field whilst maintaining important domestic production for the Argentinian market.

Echo is proactively managing its assets and cost base with a clear strategy in place to reduce costs and conserve existing cash. If fully implemented, these actions would lead to a sustainable and cash positive business in the current environment and position the Company well for the future."

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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.

bbl means barrels; boe means barrels of oil equivalent; and mmscf means million standard cubic feet of gas.

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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