

Echo Energy plc
Annual Report 2022

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Echo Energy is a growth-focussed energy company seeking balanced risk reward opportunities across the energy value chain. Whilst historically centred on Latin America, the divestment of the majority of its Argentina production portfolio provides new opportunities to extend its reach across new geographies whilst maintaining upside exposure with reduced risk to the Austral Basin. The company's future strategy is to seek to build the asset base through both organic and transaction-led growth taking advantage of the successfully restructured balance sheet and extensive experience in executing transactions, with a disciplined approach to delivering shareholder value.

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

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Chairman's and Chief Executive Officer's Statement

Chairman and Chief Executive Statement:

Echo Energy, similar to many companies in the oil and gas sector, faced exceptional challenges during recent years, with the global pandemic impacting all aspects of the Company's operations and finances in Argentina. The Company emerged from the COVID-19 period (during which the assets were sub economic) with a large creditor position, 100%+ per annum inflation in Argentina and Argentine currency exchange controls, which have prevented funds being withdrawn from the country without significant penalties. As a result of these factors, the raising of additional equity for an Argentine business was challenging and the Company took the decision in November 2022 to partially sell its Santa Cruz Sur portfolio.

This partial sale enabled the Company to:

- Address its near-term funding challenges by providing near term cash, enabling the Company to transfer to Buyers the significant in-country creditors which had built up during the COVID-19 period and providing access to funding for the Santa Cruz assets.
- Benefit from continued exposure (both directly through the retained 5% working interest, the contingent payments, the further 5% option and the indirect holding in the Operator) to a well-funded Santa Cruz portfolio, with the concessions likely to be extended as a result of the provision of guarantee.

The Company, now with significantly reduced creditors and a heavily reduced cost base, sits with a 5% interest in a producing Santa Cruz Sur portfolio and an equity position in the operator InterOil Exploration and Production ASA. In addition to the divestment the Company successfully completed a restructuring of its legacy debt position, converting the majority of previously outstanding debt into equity, substantially improving the balance sheet and providing the additional flexibility to best manage the financial requirements going forward. The Board see significant and opportunities at this point in the economic cycle to secure new energy assets at attractive valuations and is currently exploring a number of these opportunities.

James Parsons
Non-Executive Chairman

Martin Hull
Chief Executive Officer

Business Model

Key Resources

- Active business development focus to regrow the business leveraging deal making capability
- Asset base reduced in size but maintaining positive exposure to existing production and growth opportunities
- Supportive institutional lenders
- Prudent cost management with strong focus on safe and efficient operations
- Strong relationships with leading energy industry players

➤ **Explore & Produce**

Committed to targeting acreage positions that have the capacity to deliver substantial portfolio value through the E&P cycle, initiating drilling campaigns that will provide the opportunity to significantly increase our reserves and resources base.

➤ **Grow**

Renewed focus on business development to grow the asset base from its current position. We have demonstrated our origination, deal-making and fund-raising capability and continue to seek new corporate and high-impact asset acquisition opportunities across the energy spectrum, with the continued stringent implementation of shareholder return criteria.

➤ **Monetise**

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

How We Create Value

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

Strategy and KPIs

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

Echo has strategic objectives focused on the following five areas: Growth, Asset Performance, Safety & Environment, Funding and Corporate. How the Board has delivered against these new metrics in 2022 is evidenced in the Performance column below.

2022 KPI	MEASURE	PERFORMANCE
1. GROWTH		
Diversify asset base with further asset or corporate acquisitions to build on the existing Argentinian position	Develop opportunity pipeline and inventory	In light of the ongoing and increasing challenges associated with the SCS portfolio the Board made the decision to divest the majority of the Argentine portfolio in return for cash funding plus continued upside exposure through future contingent payments
Mature longer-term opportunities in to leverage Echo’s commercial and technical capabilities across the wider energy spectrum	Identify and collaborate with suitable Partners at low cost	Rebuilding the growth strategy and expanding the asset base is a priority focus post the completion of the divestment in Argentina. The Company is maturing multiple opportunities and hopes to be a position to announce details shortly
2. ASSET PERFORMANCE		
Oil and gas production	Daily production	Whilst consist progress was being made throughout the year with increasing production figures, the mounting financial challenges driven by external factors (Argentine inflation over 100% and currency controls) meant that ultimately the board decided to divest the majority of the Argentine portfolio
3. SAFETY AND ENVIRONMENT		
Sustained high quality safety, reporting and performance		Systems for HSE reporting and review of Operator HSE systems have been implemented. All non-routine operations are subject to a rigorous HSE review with the Operator prior to start up
4. FUNDING		
Fund the development of new business ventures and continued operational programme	Successful fund raises	Successfully completed additional funding through issue of equity
Identify opportunities to monetise assets		Completion of the divestment of Argentine assets enabling the funding of the Company’s financial commitments
Improve corporate level debt status, allowing increased flexibility and options.	Restructuring of Company bonds	Successfully completed the restructuring of the corporate debt position in November, converting the majority of the outstanding debt into equity

5. CORPORATE

Safety and environment		Maintain a clean safety record with no significant incidents in periods of production and operation under Company operated control
Cost control		Progress made with large reductions to G&A both in the field and at corporate level.
Maintain transparent relationship with investors	Regular investor engagement	Continued direct investor communication through multiple events and direct enquiries answered. Maintained a measured approach to expectation
Staff diversity		Major cost cutting initiatives resulted in significant cuts to staff numbers whilst always mindful of staff diversity

2023 KPIs

The 2023 performance of the business and its staff will be measured across both financial and operational functions and is captured in a corporate scorecard. The scorecard is made up of various KPIs and is tracked throughout the year. The Board's and executives' performance are judged on the delivery of the desired outcomes and a summary of these targets is listed below:

- Prioritise business development opportunities to deliver growth and rebuild the asset base
- Meet future funding needs for the company with the flexible management of the balance sheet
- Maximise value from the legacy Argentine assets including the future contingent payments and back-in rights in conjunction with operator
- Maintain cost control with expenditures appropriate to size and scale of company.

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

Sustainability Review

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

Our Corporate and Social Responsibility (“CSR”) Objectives

Echo seeks to manage and maintain positive and respectful relationships with our stakeholders. To meet these objectives, Echo aims to:

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

Anti-Bribery and Corruption (“ABC”)

Echo has zero tolerance for bribery, corruption or unethical conduct in our business. Our policies require compliance with all applicable ABC laws, in particular, the UK Bribery Act, and the Argentine Foreign Corrupt Practices Act. The majority of our operations are based in Argentina. The Transparency International’s Corruption Perception Index (“CPI”) assesses corruption in the public sector when ranking different countries. In 2022, the CPI ranked Argentina 94 out of 180 participating countries worldwide with a score of 38/100. Bolivia is ranked 126 out of 180 with a score of 30/100. By comparison, the UK is ranked at 18 out of 180 with a score of 73/100.

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

Social Responsibility

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

Sustainability Review (continued)***Environmental Responsibility***

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

Diversity and Inclusion

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

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

Managing Risks

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

The five key steps in dealing with risk are:

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

As a result of the divestment of the discontinued business as defined in the Financial Statements the risk profile of the Company has changed significantly. Risks identified in previous years relating to detailed operational outcomes such as subsurface performance and Argentine gas prices no longer represent the major risks to the business going forward. The priority risks relating to the business as identified by the board are as follows;

Funding risk – where the Company is unable to meet its financial obligations as a result of insufficient funds. This is a high priority and significant risk that could lead to the company not being able to continue as a going concern. Strategies to mitigate this funding risk include the cost reduction programme already implemented and the ongoing ability to raise new funds (potentially equity and debt) in the future

Business development risk – the Company growth strategy relies upon the successful identification, execution and completion of acquisitions to grow the asset base. Failure to successfully complete such transactions, due to lack of attractive opportunities or any other reasons would result in the growth strategy having failed and could directly impact future funding potential. The Company has prioritised business development and has further increased its internal capacity in this important area

Regulatory and reporting risk – Critical to delivering on its current strategy is the ability to meet its ongoing regulatory and reporting requirements. As a result of the financial challenges and necessary cost reduction programme the internal capacity in these areas has been eroded. Following the successful implementation of the growth strategy, including funding internal resources in this specific area are intended to be strengthened



Stakeholder Engagement






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

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

- (a) the likely consequences of any decision in the long-term
- (b) the interests of the Company's employees,
- (c) the need to foster the Company's business relationships with suppliers, customers, and others,
- (d) the impact of the Company's operations on the community and the environment,
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the Company.

This table forms the Board’s statement on such matters as required by the Act. Further information regarding Echo’s assessment of environmental and community issues associated with our operations, can be found in the Sustainability Review on page 7 and in the HSE Review on page 20. Review of the key decisions and issues discussed in Board meetings and by various committees in 2022 is contained in the Corporate Governance Statement from page 21 to 23.

	Why is it important to engage?	How do we engage?
Shareholders 	<p>Echo seeks to develop an investor base of long-term holders that are aligned with our strategy. By clearly communicating our strategy and objectives, we maintain continued support for what we do.</p> <p>Important issues include:</p> <ul style="list-style-type: none"> • Sustainable financial and operational performance • Continued execution of E&P projects 	<p>There is regular dialogue between both institutional and retail investors through meetings, calls, conferences, presentations</p>
Lenders 	<p>Upstream oil and gas is a capital intensive business and by maintaining supportive relationships with our lending group, we can ensure access to long-term debt finance that enables us to invest in high quality assets that generate sustainable long-term cash flows.</p> <p>Important issues include:</p> <ul style="list-style-type: none"> • Sustainable financial and operational performance • Capital allocation • Refinancing plan 	<p>Echo has continued to fulfil our obligations and engage with noteholders such that we were able to restructure our existing long-term debts, through renegotiation and issue of warrants and equity.</p> <p>Highlights include:</p> <ul style="list-style-type: none"> • Restructuring of the Company Bonds • Conversion and cancellation of the \$5Million Euro Lombard debt facility

<p>Partners</p> 	<p>Sharing of risk is a fundamental component of our industry and by maintaining aligned and collaborative relationships with our joint venture partners, we can ensure that maximum value can be extracted from our operations in a safe and sustainable manner. Important issues include:</p> <ul style="list-style-type: none"> • Operational performance & HSE • Project ranking and work programmes • Budget setting 	<p>Echo ensures that we maintain an open dialogue with partners in the SCS licences. We seek to ensure that all partners are aligned around common objectives for the asset and maintain safe and efficient operations.</p>
<p>Customers & Suppliers</p> 	<p>The SCS supply chain is managed by our partners who operate on our behalf. We have further developed strong relationships with key corporate suppliers. Important issues include:</p> <ul style="list-style-type: none"> • Contract management strategy • Uninterrupted service for customers • Enhance value 	<p>We maintain an ongoing open and transparent dialogue with our customers and suppliers where relevant</p>
<p>Workforce</p> 	<p>Our current and future success is underpinned by our ability to engage, motivate, and adapt our workforce. Creating the right environment for employees where their various strengths are recognised and their contributions are valued, helps to ensure that we can deliver our shared objectives. Important issues include:</p> <ul style="list-style-type: none"> • Group strategy • Diversity of thinking • Corporate culture 	<p>During 2022, internal communications continued so employees were kept informed of all the workstreams across the Company and helped to raise key issues with directors and executives. Highlights include:</p> <ul style="list-style-type: none"> • Production & strategy updates • Educational presentations from each sector of Echo • All staff involvement on CSR initiatives
<p>Governments & Regulators</p> 	<p>Maintaining respectful and collaborative relationships with our host governments and local regulatory authorities is vital to our 'licence to operate'. We believe that the strength of these relationships will allow us to make a sustainable and beneficial contribution to the regions in which we operate. Important issues include:</p> <ul style="list-style-type: none"> • Licence attribution • Identifying and securing new opportunities • Providing views on upcoming legislation and factors that are important to the industry • CSR commitments 	<p>Management continues to work closely with the government and regulators where relevant</p>
<p>Communities & Environment</p> 	<p>Minimal environmental impact in the localities in which we operate ultimately help Echo reach its corporate objectives as well as just being the right thing to do. Building and maintaining the Company's reputation fosters Echo's long-term goals and the support and commitment of all employees. Important issues include:</p> <ul style="list-style-type: none"> • Operating in an open and honest and socially responsible manner • Social responsibility initiatives 	<p>Echo has engaged with all employees to choose community projects to support. All employees trained in ABC standards and all counterparties must adhere to these. Regular engagement with operator HSE officers occurs through operational committee meetings maintaining positive focus on health, safety, and the environment.</p>

Financial Review

Income Statement

The Group's loss from continuing operations for the year to 31 December 2022 was US \$4.4 million (2021: US \$1.9 million) and total Group loss including discontinued operations was of US \$9.6million (2021: US \$11.8 million).

For the year ended 31 December 2022, Group revenue (including within discontinued operations) was US \$14.1 million (2021: US \$11.1 million), The split between the two commodity revenue sources were;

- Oil sales - US \$ 5.4 million (2021: \$4.1 million)
- Gas sales- US \$ 8.7 million (2021: \$7.0 million)

The increase in Oil sales was a result of some wells re-opening and production increasing combined with price increases.

Group operational costs (including within discontinued operations) were US \$18.3 million (2021: US \$13.4 million),,

- Exploration expenses of US \$0.3 million (2021: US \$0.2 million) relates to on-going business development activity in Latin America before the decision was made to divest of the SCS operations.
- Gross administration expenses were US \$3.0 million (2021: US \$2.5 million)
- Finance costs are largely composed of interest payable and unwinding of discount costs of US \$3.0 million (2021: US \$3.4 million), and the amortisation of debt fees.

Balance Sheet

Careful management of cash balances, successful debt renegotiation and equity fund raises supported business flexibility and stability. The Group ended the year with US \$1.1 million cash at bank compared to the prior year balance of US \$0.7 million.

The balance sheet reflects the Board's commitment in December 2022, to divest of the SCS operations. Accordingly, assets and liabilities of the operations in Argentina have been separated out within the balance sheet and the accounts.

Post Balance Sheet

Note 25 to 27 provides more detail around some of the extensive debt restructuring in 2022, as well as raising funds through share issues.

In particular, the reduction in amount, extension of the repayment date for the Euro bonds to 2032 and reduction in interest rate from 8% to 2% relieve a funding pressure on the business.

This Strategic Report was approved by the Board on 29 September 2023 and signed on its behalf by:

Martin Hull
Chief Executive Officer
29 September 2023

Corporate Governance Statement

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

Dear Shareholder

As the Chairman of the Company, it is my pleasure to present the Corporate Governance Statement for the year ended 31 December 2022. I firmly believe that strong corporate governance enables an organisation to grow successfully and to win confidence of the stakeholders. The Board is committed to good governance across the business, at an executive level and throughout its operations. The importance of solid governance within the organisation has been highlighted during 2021 and 2022, which have been challenging years for the business and for the economy as a whole with the global pandemic together with the downturn in the oil and gas sector.

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

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

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

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

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

James Parsons
Non-Executive Chairman

The Principles of the QCA Code

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

QCA Code Principle	Disclosure	
1	Explain the Company’s business model and strategy, including key challenges in their execution (and how those will be addressed).	See pages 4-6 of Annual Report
2.	Seek to understand and meet shareholder needs and expectations. Explain the ways in which the company seeks to engage with shareholders.	See website disclosures: Principle Two AIM Rule 26
3.	Take into account wider stakeholder and social responsibilities and their implications for long-term success. Explain how the business model identified the key resources and relationships on which the business relies. Explain how the Company obtains feedback from stakeholders.	See website disclosures: Principle Three AIM Rule 26 and section 172 disclosure page 24 and page 9.
4	Describe how the Board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.	See pages 17 of Annual Report.
5	Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.	James Parsons and Christian are considered to be independent.
	Describe the time commitment required from directors (including non-executive directors).	The Chief Executive Officer is expected to devote substantially the whole of his time to the duties with the Company. The non-executives have a lesser time commitment. It is anticipated that each of the non-executives, including the chairman will dedicate 12 days a year.
	Include the number of meetings of the Board (and any committees) during the year, together with the attendance record of each director.	See page 19 Annual Report
6	Identify each director.	See page 21 Annual Report
	Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long-term.	See pages 21 Annual Report
	Explain how each director keeps his/her skillset up to date.	See page 32 Annual Report
	Where the board or any committee has sought external advice on a significant matter, this must be described and explained.	No such advice was sought in 2022.

6	Where external advisers to the Board or any of its committees have been engaged, explain their role.	
	Describe any internal advisory responsibilities, such as the roles performed by the Company secretary and the senior independent director, in advising and supporting the Board.	The Company secretary helps keep the Board up to date on areas of new governance and liaises with the Nomad on areas of AIM requirements. The Company secretary has frequent communication with both the chairman and the chief executive officer and is available to other members of the Board if required.
7	Include a high-level explanation of the Board performance effectiveness process.	See page 17 Annual Report
	Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed.	No such evaluation took place in 2022. However, the Chairman and the directors are mindful of the performance of the Board as a whole and ensure that each director works to support the Executive team and deliver as best they can for the business
8	Include in the Chair's corporate governance statement how the culture is consistent with the Company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the Board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.	See page 13 Annual Report See website disclosures Principle Eight AIM Rule 26
9	Maintain governance structures and processes that are fit for purpose and support good decision making by the board. Roles and responsibilities of the Chair, CEO and other directors with commitments. Describe the roles of the committees.	See website disclosures: Principle Nine AIM Rule 26 See page 17 Annual Report
10	Describe the work of any board committees undertaken during the year.	See pages 18-19 Annual Report
	Include an audit committee report (or equivalent report if such committee is not in place).	See page 18 Annual Report
	Include a remuneration committee report (or equivalent report if such committee is not in place).	See page 18 Annual Report
	If the Company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained.	N/A

The Board

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

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

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

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

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

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

The 2022 performance of the business and its staff will be measured across both financial and operational functions and is captured in a corporate scorecard. The scorecard is made up of various KPIs and is tracked throughout the year. The Board and executives' performance within the year was judged on the delivery of certain desired outcomes.

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

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

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

The Board (continued)

Gavin Graham, Non-Executive Director was appointed to the Board in November 2018 and stepped down from the Board in January 2022. Stephen Whyte, Non-Executive Director was appointed to the Board in March 2017 and stepped down from the Board in June 2022. Marco Fumagalli, Non-Executive Director, was appointed to the Board in March 2017 and stepped down from the Board in January 2023.

Board Performance

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

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

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

Matters Reserved for the Board

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

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

Board Committees

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

Audit Committee Report

For the majority of the year, the audit committee comprised of Marco Fumagalli and Christian Yates. Stephen Whyte stepped down as a member of the Committee in January 2022 when Christian joined. Mr Fumagalli chaired the audit committee until he stepped down from the Board in January 2023, when he was replaced as audit committee chair by James Parsons. The committee generally meets twice a year. The committee has engaged Crowe UK LLP to act as external auditors and they are also invited to attend committee meetings, unless they have a conflict of interest. The CEO of the Company also joins the Committee by invitation.

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

The main functions of the audit committee include:

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

During 2022 the audit committee:

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

Remuneration Committee report

Until Gavin Graham's departure in January 2022, he chaired the Committee, with both Marco Fumagalli and Stephen Whyte also being members. With Gavin's departure from the Board James Parsons assumed the position of Chair of the Committee, with Stephen remaining a member until his departure in June 2022. Marco Fumagalli stepped down from the Committee at the time Gavin Graham left the Company. In November 2022 James Parsons, whilst remaining on the Committee stepped down from Chair of the Committee and Christian Yates joined as Chair.

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

During the year ended 31 December 2022, the Committee met twice and the following matters were included in its deliberations:

- Assessed the performance targets of the executive director;
- Reviewed the pay and benefits of the executive director in line with the achievement of his 2021 scorecard;
- Consider salary increments and bonus awards to the staff;
- Agreed the 2022 performance targets for the executive director;
- A mid-year review of the 2022 scorecard; and
- Review of Committee membership

Nominations Committee report

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

The Nominations Committee is responsible for Board recruitment and succession planning. Keeping under review the leadership of the organisation and ensuring that the Board has the right skill set required for the business. During 2022 the Committee did not formally meet.

The directors' attendance at scheduled board meetings and board committees during 2022 is detailed in the table below:

Director	Board Meeting	Scheduled	Board Ad Hoc Meeting *	Audit	Remuneration	Nominations Committee
James Parsons (chairman)	4		8	-	2	-
Marco Fumagalli	3		8	2	-	-
Stephen Whyte*	2		2	-	1	-
Martin Hull	4		8	-	-	-
Gavin Graham**	0		2	-	-	-
Christian Yates***	4		6	2	1	-
Total meetings	4		8	2	2	-

* Ad hoc meetings:

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

** Mr Whyte resigned 27 June 2022

** Dr Graham resigned 17 January 2022

*** Mr Yates appointed to the Board on 17 January 2022

Health and Safety Review 2022

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

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

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

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

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

The Team

Board of Directors

James Parsons

Non-Executive Chairman

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

Martin Hull

Chief Executive Officer

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

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

Martin holds a BA (Hons).

Christian Yates

Non-Executive Director

Christian joined the Company in January 2022. He has been investing and advising on and promoting investments in renewable energy since 2009. For 20 years prior to that he worked in the investment management industry with a focus on strategy, management and business development. Christian is chairman of Gresham House Renewable Energy VCT 2 plc, one of two listed investment companies he co-founded in 2010. Christian has significant experience across many sectors including renewable energy (solar, wind, and BESS), property and wealth management.

Dr Gavin Graham

Non-Executive Director

Dr Graham resigned from the Board in January 2022.

Stephen Whyte

Non-Executive Director

Mr Whyte resigned from the Board in June 2022

Marco Fumagalli

Non-Executive Director

Mr Fumagalli resigned from the Board in January 2023.

Executive Team

Martin Hull

Chief Executive Officer

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

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

Martin holds a BA (Hons).

Dr Julian Bessa

VP of Exploration

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

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

Julian left the firm in July 2023.

Directors' Remuneration Report

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

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

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

The bonus and option awards are presented to the remuneration committee by the CEO for approval. The bonus awards are made to individuals taking account of their own performance and the Company's performance as a whole over the previous year. Members of the executive team have their level of bonus reviewed in line with their individual scorecards that are agreed at the beginning of the financial year. The amount of bonus and options awarded is set within a pre-agreed range for each level of staff. In 2022 the Remuneration Committee noted that the £43k bonus for successfully restructuring the debt, that had been awarded to Mr Hull in 2021 remained unpaid. The Committee agreed that half of that bonus would be paid in 2022, with the remaining half being paid at such time that the Company had sufficient cash resources. In January 2022 the Committee awarded a further discretionary bonus of 20% of Mr Hull's base salary in respect of the 2021 financial year which would also be paid when the Company had sufficient cash resources and at such time that the Remuneration Committee gave its approval. This 20% bonus award remains unpaid. There were no cash bonus or option awards made in January 2023 in respect of the 2022 financial year.

Any bonus awards and options made to the CEO are agreed by the remuneration committee and are discretionary based on individual and Company performance.

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

Directors' Remuneration Report (continued)**Chairman and Non-Executive Directors' Fees**

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

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

Remuneration of Directors

	Salary (US \$)	Pension (US \$)	2022 Cash Bonus award (US \$)	Taxable benefit (US \$)	Total 2022 (US \$)	Total 2021 (US \$)
Executive Director						
Martin Hull**	325,588	12,239	-	5,963	343,790	423,704
Non-Executive Director						
James Parsons	92,672	-	-	-	92,672	110,304
Christian Yates	48,488	-	-	-	48,488	-
Marco Fumagalli	52,625	-	-	-	52,625	54,135
Stephen Whyte	18,686	-	-	-	18,686	56,531
Gavin Graham	3,895	-	-	-	3,895	54,135

**Martin Hull took a reduction in salary for 2022, annual salary is now £250,000 (US \$308,050) using the year avg rate of GBP £1: US \$1.2322 (2021: US \$1.3788)

Share Options Awards

	Date of Grant	Exercisable Date	Acquisition Price per share (cents)*	Options held at 1.1.22 000's	Options held at 31.12.22 000's
Martin Hull	24.10.19	11.12.23	7.90	12,000	12,000
Martin Hull	19.12.19	20.12.22	3.14	23,000	23,000
Martin Hull	28.01.21	28.01.22	0.80	8,000	8,000
Martin Hull	28.01.21	28.01.23	0.89	8,000	8,000
Martin Hull	28.01.21	28.01.24	0.89	8,000	8,000
James Parsons	09.03.17	09.03.20	1.96	24,000	-
Stephen Whyte	09.03.17	09.03.20	1.96	4,000	-
Marco Fumagalli	09.03.17	09.03.20	1.96	4,000	-

Share Options Awards

*Calculated at the exchange rate of GBP £1: US \$1.206

No directors exercised options in the year ended 31 December 2022.

This Remuneration Report was approved by a duly authorised committee of the Board on 29 September 2023 and signed on its behalf by:

James Parsons
Non-Executive Chairman
 29 September 2023

Directors' Report

The directors submit their report and accounts for the financial year ended 31 December 2022. The comparative period is the year ended 31 December 2021.

Principal Activities

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

Results and Dividends

Turnover for the year, all in the discontinued operations, was US \$14.1 million (2021: US \$11.1 million), and the loss before tax from continued operations was US \$4.4 million (2021: US \$5.4 million). The directors have not declared any dividend in respect of the year ended 31 December 2022 (2021: US \$Nil).

Future Developments

Having completed in June 2023 the sale of all but 5% of its interest in the SCS activities, the Board's focus has moved to securing new energy generation projects.

Directors

The directors who served during the period were as follows:

James Parsons
Marco Fumagalli
Stephen Whyte (resigned 27 June 2022)
Martin Hull
Dr Gavin Graham (resigned 17 January 2022)
Christian Yates (appointed 17 January 2022)

Post year-end, Marco Fumagalli resigned on 13 January 2023.

Directors' Insurance

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

Auditor

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

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

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

Directors' Report (continued)**Directors' Shareholding and Interests in Shares**

Directors and connected persons	No. of shares at 31 December 2022
James Parsons	-
Marco Fumagalli	10,029,716
Martin Hull	600,000
Christian Yates	-

Subsequent Events

Events which have occurred since 31 December 2022 are included in Note 32 to the attached financial statements.

The financial information for the year to 31 December 2022 has been prepared assuming the Group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

Despite the consolidated statement of financial position showing a negative net asset position at 31 December 2022, the outlook for the Group has materially changed post period.

The SCS interests have been divested, bar a 5% minority retention, in exchange for cash. Consequently, what had become an ongoing cash drain on the group's resources has been ended.

Information Set Out in the Strategic Report

The directors have chosen to set out the following information relating to the assessment of financial risk on both page 9 of the Strategic Report, and in Note 21 of the Financial Statements.

Signed by order of the directors

Martin Hull
Chief Executive Officer
 29 September 2023

Statement of Directors' Responsibilities

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

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

In preparing these financial statements the directors are required to:

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

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

We confirm to the best of our knowledge:

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

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

Martin Hull
Chief Executive Officer

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

Disclaimer of opinion

We were engaged to audit the financial statements of Echo Energy PLC (the parent company) and its subsidiaries (the "group") for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Statements of Financial Position, the Consolidated and Parent Statements of Changes in Equity, the Consolidated and Parent Statements and of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards and as regards the parent as applied in accordance with the provisions of the Companies Act 2006.

We do not express an opinion on the accompanying Group and parent company financial statements. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report which we consider to be both material and pervasive, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

We were not provided with a complete set of accounting records for the company's wholly-owned subsidiaries Eco Energy CDL Op Limited and Eco Energy TA Op Limited as the relevant records were held in Argentina and maintained by a separate finance team locally. We were unable to satisfy ourselves by alternative means with regard to the transactions in these entities including the aggregated trade debtors of \$532,000 and aggregated trade and other payables of \$358,000 and their associated profit and loss items.

We have been unable to obtain sufficient audit evidence over the results from discontinued operations and the assets and liabilities held for sale and the related disclosures, in particular the valuation of the inventories of materials and spare parts, included in assets held for sale as at 31 December 2022, which are included in the statement of financial position at \$359,000, and to the loss from discontinued operations in the statement of comprehensive income, which amount to \$497,000. Due to the nature of the underlying records provided and the lack of physical counts performed we have been unable to undertake alternative audit procedures to gain assurance in these areas.

We identified concerns over whether the Group will be able to continue as a going concern as it is reliant on future fund raising, identifying and completing a cashflow positive investment opportunity to remain a going concern. We do not express an opinion on the appropriateness of the going concern basis of preparation .

As a result of these matters which together we consider material and pervasive, we were unable to determine whether any adjustments might have been necessary in the financial statement line items in the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Statements of Financial Position, the Consolidated Statement of Changes in Equity and the Consolidated and Parent Statements of Cash Flows.

Opinion on other matter prescribed by the Companies Act 2006

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report or the directors' report.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept or whether the financial statements are in agreement with the accounting records and returns.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made;

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditors responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit on the Group and parent company financial statements in accordance with applicable law and International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRCs Ethical Standards applicable to listed entities, and we have fulfilled our other responsibilities in accordance with these requirements.

Use of our report

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

John Charlton (Senior Statutory Auditor)

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

29 September 2023

Financial Statements

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	Notes	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Continuing operations			
Revenue	4	86	23,318
Cost of sales	5	-	-
Gross profit		86	23,318
Exploration expenses		-	-
Administrative expenses		(2,951,806)	(2,454,739)
Operating loss	6	(2,951,720)	(2,431,421)
Financial income	8	1,618,844	4,105,983
Financial expense	9	(2,981,409)	(3,630,649)
Derivative financial gain		-	62,477
Loss before tax		(4,314,285)	(1,893,610)
Taxation	12	(68,142)	-
Loss from continuing operations		(4,382,427)	(1,893,610)
Discontinued operations			
Loss after taxation for the year from discontinued operations	11	(5,204,409)	(9,876,301)
Loss for the year		(9,586,836)	(11,769,911)
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
Exchange difference on translating foreign operations		-	211,820
Total comprehensive loss for the year		(9,586,836)	(11,558,091)
Loss attributable to:			
Owners of the parent		(9,586,836)	(11,558,091)
Total comprehensive loss attributable to:			
Owners of the parent		(9,586,836)	(11,558,091)
Loss per share (US cents)			
Basic	13	(0.50)	(0.78)
Diluted		(0.50)	(0.78)
Loss per share (cents) for continuing operations			
Basic		(0.27)	(0.15)
Diluted		(0.27)	(0.15)

The notes on pages 38 to 65 form an integral part of these financial statements

Consolidated Statement of Financial Position

Year ended 31 December 2022

	Notes	31 December 2022 US \$	31 December 2021 US \$
		Total	
Non-current assets			
Property, plant and equipment	15	2,299	2,674,405
Intangibles assets	16	-	7,131,907
		2,299	9,806,312
Current Assets			
Inventories	18	-	1,365,225
Trade and other receivables	19	769,551	2,108,438
Cash and cash equivalents	20	1,132,616	742,339
		1,902,166	4,216,002
Assets of disposal group held for sale	10	18,739,291	--
Total Assets		20,643,756	14,022,314
Current Liabilities			
Trade and other payables	22	(1,329,991)	(16,023,500)
		(1,329,991)	(16,023,500)
Liabilities of disposal group held for sale	10	(29,620,264)	-
Non-current liabilities			
Loans due in over one year	26	(5,463,301)	(28,768,380)
Provisions	27	-	(3,039,911)
		(5,463,301)	(31,808,291)
Total Liabilities		(36,413,556)	(47,831,791)
Net Liabilities		(15,769,800)	(33,809,477)
Equity attributable to equity holders of the parent			
Share capital	24	19,795,863	7,209,086
Shares not issued	24	97,523	-
Share premium	25	83,790,504	64,977,243
Capital contribution reserve		7,212,492	-
Warrant reserve	24	1,433,428	12,177,786
Share option reserve	24	644,560	1,522,499
Foreign currency translation reserve		(3,481,041)	(3,531,587)
Retained earnings		(125,263,129)	(116,164,504)
Total Equity		(15,769,800)	(33,809,477)

These financial statements were authorised for issue and approved by the board of directors on 29 September 2023

Martin Hull
Company registration number 05483127

The notes on pages 38 to 65 form an integral part of these financial statements.

Company Statement of Financial Position

Year ended 31 December 2022

	Notes	31 December 2022 US \$	31 December 2021 US \$
Non-current assets			
Property, plant and equipment	15	1	2,177
Intangible assets	16	-	445,585
Interest in subsidiary undertakings	17	1,562,321	16,005,044
Amounts receivable from Group undertakings	10	-	11,813,525
		1,562,322	28,266,330
Current assets			
Other receivables	19	234,178	172,589
Cash and cash equivalents	20	146,928	37,007
		381,106	209,596
Total assets		1,943,428	28,475,926
Current liabilities			
Trade and other payables	22	(944,369)	(864,697)
		(944,369)	(864,697)
Non-current liabilities			
Loans due in over one year	26	(5,463,301)	(28,768,380)
Total Liabilities		(6,407,670)	(29,633,077)
Net Liabilities		(4,464,242)	(1,157,151)
Equity			
Share capital	24	19,795,863	7,209,086
Shares not issued	24	97,523	-
Share premium	25	83,790,504	64,977,243
Capital contribution reserve		7,212,492	-
Warrant reserve	24	1,433,428	12,177,786
Share option reserve	24	644,560	1,522,499
Foreign currency translation reserve		(2,228,569)	(2,255,402)
Retained earnings		(115,210,043)	(84,788,363)
Equity Shareholders' Funds		(4,464,242)	(1,157,151)

These financial statements were authorised for issue and approved by the board of directors on 29 September 2023.

The Company has not presented its own profit and loss account. Its loss for the year was US \$30,909,889 (2021: US \$10,045,487).

Martin Hull

Company registration number 05483127

The notes on pages 38 to 65 form an integral part of these financial statements.

Financial Statements

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Retained earnings	Share capital	Shares to be issued	Share premium	Capital contribution reserve	Warrant reserve	Share option reserve	Foreign currency translation reserve	Total equity
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
1 January 2021	(104,772,035)	6,288,019	-	64,961,905	-	11,373,966	1,417,285	(3,319,767)	(24,050,627)
Loss for the year	(1,681,991)	-	-	-	-	-	-	-	(1,681,991)
Discontinued operations	(9,876,301)	-	-	-	-	-	-	-	(9,876,301)
Exchange Reserve	-	-	-	-	-	-	-	(211,820)	(211,820)
Total comprehensive loss for the year	(11,558,292)	-	-	-	-	-	-	(211,820)	(11,770,112)
New shares issued	-	646,265	-	813,207	-	-	-	-	1,459,472
Warrants exercised	-	274,803	-	105,484	-	(19,362)	-	-	360,925
Warrants	-	-	-	(823,182)	-	823,182	-	-	-
Share issue costs	-	-	-	(80,173)	-	-	-	-	(80,173)
Share options lapsed	165,824	-	-	-	-	-	(165,824)	-	-
Share-based payments	-	-	-	-	-	-	271,038	-	271,038
31 December 2021	(116,164,503)	7,209,087	-	64,977,241	-	12,177,786	1,522,499	(3,531,587)	(33,809,477)
1 January 2022	(116,164,503)	7,209,086	-	64,977,243	-	12,177,786	1,522,499	(3,531,587)	(33,809,477)
Loss for the year	(4,382,425)	-	-	-	-	-	-	-	(4,382,425)
Discontinued operations	(5,204,409)	-	-	-	-	-	-	-	(5,204,409)
Exchange Reserve	-	-	-	-	-	-	-	50,546	50,546
Total comprehensive loss for the year	(9,586,834)	-	-	-	-	-	-	50,546	(9,536,288)
New shares issued	-	12,586,777	-	7,521,415	-	-	-	-	20,108,192
Capital contribution on debt restructuring	-	-	-	-	7,212,492	-	-	-	7,212,492
Cash received for shares not issued	-	-	97,523	-	-	-	-	-	97,523
Warrants lapsed	(547,488)	-	-	-	-	547,488	-	-	-
Warrants issued	-	-	-	11,291,846	-	(11,291,846)	-	-	-
Share options lapsed	1,035,696	-	-	-	-	-	(1,035,696)	-	-
Share-based payments	-	-	-	-	-	-	157,757	-	157,757
31 December 2022	(125,263,129)	19,795,863	97,523	83,790,504	7,212,492	1,433,428	644,560	(3,481,041)	(15,769,800)

The notes on pages 38 to 65 form an integral part of these financial statements.

Company Statement of Changes in Equity

Year ended 31 December 2022

	Retained earnings US \$	Share capital US \$	Shares to be issued US \$	Share Premium US \$	Capital contribution reserve US \$	Warrant reserve US \$	Share option reserve US \$	Foreign currency translation reserve US \$	Total equity US \$
1 January 2021	(82,993,147)	6,288,019		64,961,905		11,373,966	1,417,285	(2,255,402)	(1,207,374)
Loss for the year	(1,961,039)	-		-		-	-	-	(1,961,039)
New shares issued	-	646,264		813,207		-	-	-	1,459,471
Warrants exercised	-	274,803		105,484		(19,362)	-	-	360,925
Warrants issued	-	-		(823,182)		823,182	-	-	-
Share issue costs	-	-		(80,171)		-	-	-	(80,171)
Share options lapsed	165,824	-		-		-	(165,824)	-	-
Share-based payments	-	-		-		-	271,038	-	271,038
31 December 2021	(84,788,362)	7,209,086		64,977,243		12,177,786	1,522,499	(2,255,402)	(1,157,151)
1 January 2022	(84,788,362)	7,209,086		64,977,243		12,177,786	1,522,499	(2,255,402)	(1,157,151)
Loss for the year	(30,115,152)	-		-		-	-	-	(30,115,152)
Discontinued operations	(794,736)	-		-		-	-	-	(794,736)
Exchange reserve								26,834	26,834
Total comprehensive loss for the year	(30,909,889)	-		-		-	-	26,834	(30,883,055)
New shares issued	-	12,586,777		7,521,415		-	-	-	20,108,192
Capital contribution on debt restructuring					7,212,492				7,212,492
Cash received for shares not issued			97,523						97,523
Warrants lapsed	(547,488)	-		-		547,488	-	-	-
Warrants issued	-	-		11,291,846		(11,291,846)	-	-	-
Share options lapsed	1,035,696	-		-		-	(1,035,696)	-	-
Share-based payments	-	-		-		-	157,757	-	157,757
31 December 2022	(115,210,043)	19,795,863	97,523	83,790,504	7,212,492	1,433,428	644,560	(2,228,569)	(4,464,242)

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

Capital Contribution Reserve represents a contribution to Group made as part of the 2022 debt restructuring, through forgiveness of debt.

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

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

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

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

The notes on pages 38 to 65 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Cash flows from operating activities		
Loss from continuing operations	(4,382,425)	(1,893,811)
Loss from discontinued operations	(5,204,409)	(9,664,481)
	(9,586,834)	(11,558,292)
Adjustments for:		
Depreciation and depletion of property, plant and equipment	16,537	127,656
Depreciation and depletion of intangible assets	1,419,193	1,498,431
Loss on disposal of property, plant and equipment	-	1,858
Impairment of intangible assets and goodwill	506,818	-
Share-based payments	157,757	271,038
Right of use liability	-	-
Financial income	-	(4,355,334)
Financial expense	2,980,994	8,993,432
Exchange differences	(1,582,441)	(5,612,490)
Derivative financial gain	-	(62,477)
Total adjustments	3,498,858	862,114
Decrease/(Increase) in inventory	863,196	(823,995)
(Increase)/Decrease in other receivables	978,758	5,120,825
increase in trade and other payables	2,150,092	5,072,974
Total working capital movement	3,992,046	9,369,804
Net cash used in operating activities	(2,095,912)	(1,326,374)
Cash flows from investing activities		
Purchase of intangible assets	(61,233)	(118,716)
Purchase of property, plant and equipment	(217,578)	(251,226)
Net cash used in investing activities	(278,811)	(369,942)
Cash flows from financing activities		
Interest received	-	249,351
Bank fees and other finance costs	-	(169,991)
Issue of share capital	2,714,574	1,459,472
Share issue costs	-	(80,171)
Warrants exercise	-	360,925
Net cash from financing activities	2,714,574	1,819,586
Net increase in cash and cash equivalents	339,853	123,270
Cash and cash equivalents at 1 January	742,339	682,159
Foreign exchange gains/(losses) on cash and cash equivalents	50,424	(63,090)
Cash and cash equivalents at 31 December	1,132,616	742,339

The notes on pages 38 to 65 form an integral part of these financial statements.

Company Statement of Cash Flows

Year ended 31 December 2022

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Cash flows from operating activities		
Loss from continuing operations	(5,081,487)	(1,961,039)
Loss from discontinued operations	-	-
Loss before taxation	(5,081,487)	(1,961,039)
Adjustments for:		
Depreciation of property, plant and equipment	2,176	5,862
Impairment of intangible assets and goodwill	506,818	118,716
Share-based payments	157,757	271,038
Exchange differences	(1,582,441)	-
Financial expense	2,980,994	(475,965)
Derivative financial gain	-	(62,477)
	(2,065,304)	(142,826)
(Increase)/Decrease in other receivables	(61,589)	(16,555)
(Decrease)/Increase in trade and other payables	(79,672)	(142,872)
Decrease/(Increase) in amounts owing by subsidiary undertakings	454,680	690,583
	472,763	531,156
Net cash used in operating activities	(6,674,028)	(1,572,709)
Cash flows from investing activities		
Purchase of intangible assets	(61,233)	(118,716)
Net cash (used in)/from investing activities	(61,233)	(118,716)
Cash flows from financing activities		
Issue of share capital	2,714,574	1,459,472
Share issue costs	-	(80,171)
Net cash from financing activities	2,617,052	1,379,301
Net (decrease)/increase in cash and cash equivalents	109,922	(312,124)
Cash and cash equivalents at 1 January	37,008	437,230
Foreign exchange gains/(losses) on cash and cash equivalents	-	(88,099)
Cash and cash equivalents at 31 December	146,930	37,008

The notes on pages 38 to 65 form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 December 2022

1. ACCOUNTING POLICIES

GENERAL INFORMATION

These financial statements are for Echo Energy plc (“the Company”) and subsidiary undertakings (“the Group”). The Company is registered, and domiciled, in England and Wales and incorporated under the Companies Act 2006. The nature of the Company’s operations and its principal activities are set out in the Directors’ Report on page 25.

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

The Group presents its financial information in US \$. The results and position of subsidiary undertakings that have a different functional currency to US \$ are treated as follows:

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

The principal accounting policies are summarised below:

(a) Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards. These financial statements are for the year 1 January 2022 to 31 December 2022. The comparatives shown are for the year 1 January 2021 to 31 December 2021.

New standards and interpretations not applied

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

(b) Basis of consolidation

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

1. ACCOUNTING POLICIES (CONTINUED)

(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, when the company holds a majority stake, the Group accounts for its share of assets, liabilities, income and expenditure of these joint operations, classified in the appropriate statement of financial position and income statement headings.

Where the Group's interest is in a minority, relinquishing control and having only a right to profits, with an indemnity against future costs, the Group account on an investment basis, only recognising income on receipt of, effectively, dividend income.

(d) Revenue

Revenue comprises the invoice value of goods and services supplied by the Group, net of value added taxes and trade discounts. Revenue is recognised in the case of oil and gas sales when goods are delivered and title has passed to the customer. This generally occurs when the product is physically transferred into a pipeline or vessel. Echo recognised revenue in accordance with IFRS 15. Our joint venture partner markets gas and crude oil on our behalf. Gas is transferred via a metred pipeline into the regional gas transportation system, which is part of national transportation system, control of the gas passes at the point at which the gas enters this network, this is the point at which gas revenue would be recognised. Gas prices vary from month to month based on seasonal demand from customer segments and, production in the market as a whole. Our partner agrees pricing with their portfolio of gas clients based on agreed pricing mechanisms in multiple contracts. Some pricing is regulated by government such as domestic supply. Oil shipments are priced in advance of a cargo and revenue is recognised at the point at which cargoes are loaded onto a 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. 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
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Oil and gas properties are depleted on a unit of production basis commencing at the start of commercial production or depreciated on a straight-line basis over the relevant asset's estimated useful life. Expenditure is depreciated on a unit of production basis; the depletion charge is calculated according to the proportion that production bears to the recoverable reserves for each property. Depreciation will not be charged on an asset in the course of construction, depreciation commences when the asset is brought into use and will be depleted according to the proportion that production bears to the recoverable reserves for each property.

1. ACCOUNTING POLICIES (CONTINUED)

(f) Property right of use asset

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

(g) Other intangible assets - exploration and evaluation costs

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

(h) Impairment of tangible and intangible assets excluding goodwill

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

(i) Discontinued operations, assets and businesses held for sale

Cash flows and operations that relate to a major component of the business or geographical region that has been sold or is classified as held for sale are shown separately from continuing operations.

Assets and businesses classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. No depreciation is charged on assets and businesses classified as held for sale. Assets and businesses are classified as held for sale if their carrying amount will be recovered or settled principally through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the assets or businesses are available for immediate sale in their present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Finance income or costs are included in discontinued operations only in respect of financial assets or liabilities classified as held for sale or derecognised on sale.

(j) 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.

(k) Taxation (continued)

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.

(l) Conversion of foreign currency

Foreign currency transactions are translated at the average exchange rates over the year, material transactions are recorded at the exchange rate ruling on the date of the transaction. Assets and liabilities are translated at the rates prevailing at the balance sheet date. The Group has significant transactions and balances denominated in Euros and GBP. The year-end exchange rate to USD was US \$1 to GBP £0.8292 and US \$1 to €0.8869 (2021: US \$1 to GBP £0.7388, US \$1 to €0.8790) US \$1 to ARS \$147.423 (2021: US \$1 to ARS \$102.397) and the average exchange rate during 2022 was US \$1 to GBP £0.8019 (2021: US \$1 to GBP £0. 7253).

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

1. ACCOUNTING POLICIES (CONTINUED)

(m) Share-based payments

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

(n) 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 in hand and demand deposits.

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.

(n) Financial instruments

Equity instruments

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

(o) Borrowings

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

(p) Inventory

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

(q) 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.

(r) Government assistance grants

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

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

GOING CONCERN

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

The consolidated statement of financial position at 31 December 2022 again shows a negative net asset position. Moreover, after persistent difficulties, the board made the difficult decision in late 2022 to divest its operating assets in Argentina. This decision came to fruition in June 2023 when, apart from a small 5% retention holding, Echo Energy sold its interest in the SCS assets to its joint venture partner and obtained a full, 100%, indemnity against any future costs arising from those SCS operations.

The cash received from that sale was sufficient to partly, but not fully, pay down backlog creditors. Further, the delay in publishing the December 2022 Annual Report gave rise to an automatic suspension of the trading in the company's shares on AIM, preventing any equity fund raising until the Annual Report is published and the suspension lifted.

Nevertheless, the directors have held positive discussions with potential financial intermediaries with a view to raise additional funding and also are in advanced negotiations to acquire a number of assets including outside South America to replace the SCS assets.

Consequently, the directors consider the going concern assumption continues to be appropriate although there remain material uncertainties as to;

1. Successfully raising sufficient funds.
2. Finding an appropriate investment within a suitable timescale
3. That investment being sufficiently cash-positive to fund the Group going forwards.

USE OF ESTIMATE AND JUDGEMENTS

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

AMOUNTS CAPITALISED TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

Prior to the decision to dispose of the majority of its SCS interest, expenses incurred in the UK relating to SCS were capitalised. All such capitalised UK costs were then impaired to nil value following the disposal decision.

VALUATION OF ASSETS

In line with the requirements of IFRS 5, management have considered impairment in the assets held for sale by comparing the expected fair value less costs to sell (which was agreed in June 2023 and the carrying value of the disposal group. On the basis the fair value less costs to sell were in excess of the carrying value of the disposal group no impairments were considered necessary.

The parent company's investment in subsidiary has been written down to the fair value less costs to sell as the value achieved is indicative of the value at the balance sheet date and the majority of the activity of the subsidiaries is linked to the discontinued operations.

Management have impaired \$506,818 of intangible assets which were costs associated with asset capitalised in the parent company. This intangible has not been disposed of but is linked to the activities of the discontinued operations and therefore have been fully impaired at 31 December 2022.

FUNCTIONAL CURRENCY

The groups principal activities, prior to the criteria of discontinued operation being met, are undertaken in Argentina. Judgement is required to assess to the functional currency of the group's subsidiaries. Consistent with previous years, management have determined that the functional currency is USD on the basis that revenues, a portion of the cost base and financing activities are denominated in USD. If a different judgement was made and if Argentine Peso was considered the functional currency management would need to consider the impacts of IAS 29. On the basis the activities have been discontinued, this judgement will not impact the group significantly in future accounting periods.

Settlement of financial liabilities

As detailed in Note 26, during the year the company renegotiated and / or settled certain financial liabilities. These were on favourable terms to the group judgement is required to assess whether the counterparties to the liabilities were acting in their capacity as shareholders of the group. On the basis of the favourable terms management have determined they were acting in their capacity as shareholders and have accounted for the renegotiation or settlement accordingly as detailed in Note 26.

CARRYING VALUE OF INVESTMENT IN SUBSIDIARIES

An impairment provisions has been made on the carrying value of investment in subsidiaries, writing them down to the disposal value achieved on the sale of the underlying SCS interests in June 2023.

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.

At the balance sheet date, there is only one business segment, being the company, its activity disclosed in within continuing operations.

Activity in Argentina, being the Santa Cruz Sur operations are set out within discontinued operations within note 10.

Activity within the group's Bolivian subsidiary is immaterial.

4. REVENUE

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Oil revenue	-	-
Gas revenue	-	-
Other income	86	23,318
Total Revenue	86	23,318

Revenue for 2022 all derives from discontinued operations held for resale and is shown in Note 10.

5. COST OF SALES

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Production costs	-	-
Selling and distribution costs	-	-
Movement in stock of crude oil	-	-
Depletion	-	-
Total Costs	-	-

Cost of sales for 2022 all derives from discontinued operations held for resale and is shown in Note 10

6. EXPENSES AND AUDITOR'S REMUNERATION

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
The operating loss is stated after charging the following amounts:		
Depreciation of property, plant and equipment – owned	92	127,656
Loss on disposal of property, plant and equipment	-	1,858
Fees payable to the Company's auditor for the audit of the Company's annual accounts	60,587	53,977
Fees payable to the overseas auditor and its associates for other services:		
- Corporate finance services	-	11,456
- Audit and subsidiaries	10,502	10,499
Share-based payments	-	271,038

7. STAFF COSTS AND NUMBERS

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

	Year to 31 December 2022	Year to 31 December 2021
Administration	10	7

Group employment costs – all employees including executive directors:

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Wages and salaries	1,159,651	1,066,589
Social security costs	147,922	131,487
Pension contributions	37,574	45,764
Share-based payments – equity-settled	157,757	271,038
Total	1,502,904	1,514,878

Directors' remuneration is set out in the Directors Remuneration Report on page 23 of this report.

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

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Wages and salaries	541,915	583,974
Social security costs	61,098	103,329
Bonus	-	59,288
Pension Contributions	12,239	25,099
Private Health Insurance	5,963	13,107
Share-Based Payments	157,757	244,383
Total	621,215	1,029,180

8. FINANCIAL INCOME

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Interest income	622	249,351
Net foreign exchange gain	1,618,222	4,105,983
Total	1,618,884	4,355,334

9. FINANCIAL EXPENSE

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Interest payable	415	11,912
Net foreign exchange losses	-	5,122,810
Unwinding of discount on long- term loan	2,980,994	3,394,647
Unwinding of abandonment provision	-	59,955
Bank fees and overseas transaction tax	-	170,007
Total	2,981,409	8,993,432

10. DISCONTINUED OPERATIONS

In November 2022 the company committed to selling virtually all of its interest in the Santa Cruz oil and gas operations in Argentina to its joint-venture partner InterOil. A term of the sale was for Echo to relinquish any management and accounting in respect of the joint venture, instead receiving a profit share in proportion to the remaining 5% holding in the joint venture, effectively as investment income.

The sale was completed on 26 June 2023, satisfied by £750,000 in cash, shares to the value of £400,000 in InterOil and £150,000 investment in Echo Energy PLC shares by InterOil. At 31 December 2022 the Argentinian operations were classified as a disposal group held for sale and as discontinued operations.

With the classification as discontinued operations, the Santa Cruz operations in Argentina have been excluded from the segmental note (note 3).

The results of the Argentinian operations for the year are presented below

	31 December 2022 US \$	31 December 2021 US \$
Revenue		
Oil revenue	5,365,928	4,060,802
Gas revenue	8,748,402	7,036,861
Other income	-	3,707
	14,114,331	11,101,369
Cost of sales		
Production costs	(16,933,985)	(12,024,454)
Selling and distribution costs	-	(1,684,320)
Movement in stock of crude oil	-	181,274
Depletion	(1,419,193)	(1,620,279)
Total cost of sales	(18,353,178)	(15,147,779)
Gross loss	(4,238,847)	(4,046,410)
Exploration expenses	(287,919)	(205,651)
Impairment of plant and equipment	(506,818)	-
Administrative expenses	(578,011)	(510,807)
Operating loss from discontinued operations	(5,611,595)	(4,762,869)
Finance revenue	-	249,351
Finance expense	(788,847)	(5,362,783)
Foreign exchange gain	1,208,083	-
Loss for the year before taxation from discontinued operations	(5,192,359)	(9,876,301)
Deferred tax asset write-off	(12,050)	-
Loss for the year after taxation from discontinued operations	(5,204,409)	(9,876,301)

10. DISCONTINUED OPERATIONS (CONTINUED)

The major classes of assets and liabilities of the Argentinian operations classified as held for sale as at 31 December 2022 are as follows

	31 December 2022 US \$
Assets	
Property, plant and equipment	2,658,382
Intangible assets	5,267,129
Inventories	716,794
Joint venture receivables	9,729,937
Other receivables	279,012
Prepayments	87,916
Cash	121
Assets of disposal group held for sale	18,739,291
Liabilities	
Trade and other payables	(14,095)
Joint venture payables	26,594,448
Provisions	3,039,911
Liabilities of disposal group held for sale	29,620,264
Net liabilities	(10,880,974)

The net cash flows of the Argentinian operations were

	31 December 2022 US \$	31 December 2021 US \$
Net cash flow from operating activities	(5,830,067)	(434,026)
Net cash flow from investing activities	(217,578)	-
Net cash flow from financing activities	-	249,351
Net cash outflow	(6,047,645)	(184,675)

11. JOINT ARRANGEMENTS

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

As set out in Note 10, in December 2022 to the decision was made to divest the SCS concessions, following which, in June 2023 that interest was reduced to a 5% holding and the joint arrangement thereby has been treated in the accounts as discontinued operations.

12. TAXATION

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Tax on profit on ordinary activities		
Taxation charged based on profits for the period	-	-
UK corporation tax based on the results for the period	-	-
Deferred tax asset write-off in Bolivian subsidiary	68,142	
Total tax expense in income statement	68,142	-

RECONCILIATION OF THE TAX EXPENSE

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2021: 19%). The references are explained below:

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Loss on ordinary activities before taxation	(4,382,425)	(11,770,112)
Loss from discontinued operations	(5,204,409)	-
Loss for the year before tax	(9,586,834)	(11,770,112)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(1,821,498)	(2,236,321)
Effects of:		
Expenses disallowed for tax purposes	92	40,246
Deferred tax not provided – tax losses carried forward	1,821,406	2,196,075
Deferred tax asset in Bolivian subsidiary written off	68,142	-
Total current tax	68,142	-

The parent entity has tax losses available to be carried forward, and further tax losses are available in certain subsidiaries. With anticipated substantial lead times for the Group's projects, and the possibility that these may expire before their use, it is not considered appropriate to anticipate an asset value for them. The amount of tax losses carried forward for which a deferred tax asset has not been recognised is US \$50,533,098 (2021: US \$48,711,692)

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

13. LOSS PER SHARE

The calculation of basic and diluted loss per share at 31 December 2022 was based on the loss attributable to ordinary shareholders. The weighted average number of ordinary shares outstanding during the year ended 31 December 2022 and the effect of the potentially dilutive ordinary shares to be issued are shown below.

	Year to 31 December 2022	Year to 31 December 2021
Net loss for the year (US \$) before exchange on translating foreign operations	(9,586,834)	(1,893,811)
Net loss on continuing operations (US \$)	(4,382,425)	(9,876,301)
Basic weighted average ordinary shares in issue during the year (No.)	1,909,205,746	1,270,891,563
Diluted weighted average ordinary shares in issue during the year (No.)	1,909,205,746	1,270,891,563
Loss per share (cents)		
Basic and diluted (cents)	(0.50)	(0.15)
Loss per share on continuing operations (cents)	(0.23)	(0.78)

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

14. LOSS OF THE PARENT COMPANY

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

15. PROPERTY, PLANT AND EQUIPMENT (GROUP)

	PPE – O&G Properties US \$	Fixtures & Fittings US \$	Total US \$
31 DECEMBER 2022			
Cost			
1 January 2022	2,873,147	95,397	2,968,544
Additions	-	2,813	2,813
Reclassification of assets of disposal group held for sale (note 10)	(2,873,147)	-	(2,873,147)
31 December 2022	-	98,210	98,210
Depreciation			
1 January 2022	202,718	91,421	294,139
Charge for the year	12,047	4,490	16,537
Reclassification of assets of disposal group held for sale (note 10)	(214,765)	-	(214,765)
31 December 2022	-	95,911	95,911
Carrying amount			
31 December 2022	-	2,299	2,299
31 December 2021	2,670,429	3,976	2,674,405
31 DECEMBER 2021			
Cost			
1 January 2021	2,621,921	97,255	2,719,176
Additions	251,226	-	251,226
Disposals	-	(1,858)	(1,858)
31 December 2021	2,873,147	95,397	2,968,544
Depreciation			
1 January 2021	79,941	86,542	166,483
Charge for the year	122,777	4,879	127,656
Disposals	-	-	-
31 December 2021	202,718	91,421	294,139
Carrying amount			
31 December 2021	2,670,429	3,976	2,674,405
31 December 2020	2,541,980	10,713	2,552,693

Included within property, plant and equipment are amounts of US \$nil (2021: US \$996,505) in relation to assets in construction and as a result these are not depreciated on the unit of production basis; this commenced when they became available for use.

15. PROPERTY, PLANT AND EQUIPMENT (COMPANY)

	Fixtures & Fittings US \$
31 DECEMBER 2022	
Cost	
1 January 2022	92,903
Additions	-
Disposals	-
31 December 2022	92,903
Depreciation	
1 January 2022	90,726
Charge for the year	2,176
Disposals	-
31 December 2022	90,902
Carrying amount	
31 December 2022	1
31 December 2021	2,177
31 DECEMBER 2021	
Cost	
1 January 2021	92,903
Additions	-
Disposals	-
31 December 2021	92,903
Depreciation	
1 January 2021	84,864
Charge for the year	5,862
Disposals	-
31 December 2021	90,726
Carrying amount	
31 December 2021	2,177
31 December 2020	8,039

16. INTANGIBLE ASSETS (GROUP)

	SCS Production Assets US \$
31 DECEMBER 2022	
Cost	
1 January 2022	10,875,022
Additions	61,233
Reclassification of assets of disposal group held for sale (note 10)	(10,429,437)
31 December 2022	506,818
Depletion	
1 January 2022	3,743,115
Depletion	1,419,193
Depreciation decommissioning assets	-
Impairment	506,818
Reclassification of assets of disposal group held for sale (note 10)	(5,162,308)
31 December 2022	506,818
Carrying amount	
31 December 2022	-
31 December 2021	7,131,907
31 DECEMBER 2021	
Cost	
1 January 2021	10,756,306
Additions	118,716
Disposals	-
Transfers	-
31 December 2021	10,875,022
Depletion and impairment	
1 January 2021	2,244,684
Disposals	-
Depletion	1,375,931
Depreciation decommissioning assets	122,500
Impairment charge for the year	-
31 December 2021	3,743,115
Carrying amount	
31 December 2021	7,131,907
31 December 2020	8,511,622

All intangible assets relate to oil & gas activities. The Group's oil & gas assets were assessed for impairment at 31 December 2022. The intangibles are held within one CGU, the SCS licence concession.

In 2022, the Santa Cruz operations were reclassified as Discontinued operations held for sale. No further general impairment was considered necessary as the proceeds of the sale exceed the net liabilities of the discontinued operations. However, in exception, the value of UK costs capitalised up to the time of the decision to sell of \$506,818 was assessed as irrecoverable and has been fully impaired.

16. INTANGIBLE ASSETS CONTINUED (COMPANY)

	Argentina Production assets US \$	Total US \$
31 DECEMBER 2022		
Cost		
1 January 2022	445,585	445,585
Additions	61,233	61,233
31 December 2022	506,818	506,818
Impairment		
1 January 2022	-	-
Provided	516,818	516,818
31 December 2022	506,818	506,818
Carrying amount		
31 December 2022	-	-
31 December 2021	445,585	445,585
31 DECEMBER 2021		
Cost		
1 January 2021	326,869	326,869
Additions	118,716	118,716
31 December 2021	445,585	445,585
Impairment		
1 January 2021	-	-
Impairment charge for the year	-	-
31 December 2021	-	-
Carrying amount		
31 December 2021	445,585	445,585
31 December 2020	326,869	326,869

17. INTEREST IN SUBSIDIARY UNDERTAKINGS

	Year to 31 December 2022 US \$	Year to 31 December 2021 US \$
Cost		
1 January	30,521,648	30,521,648
Additions in year	-	-
31 December	30,521,648	30,521,648
Impairment		
1 January	14,516,604	14,516,604
Impairment	14,442,723	-
31 December	28,959,327	14,516,604
Carrying amount		
31 December	1,562,321	16,005,044

17. INTERESTS IN SUBSIDIARY UNDERTAKINGS (CONTINUED)

Details of the subsidiaries are as follows:

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

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

18. INVENTORIES

	31 December 2022		31 December 2021	
	Group US \$	Company US \$	Group US \$	Company US \$
Crude oil	-	-	691,528	-
Parts and supplies	-	-	673,697	-
Total	-	-	1,365,225	-

19. TRADE AND OTHER RECEIVABLES

	31 December 2022		31 December 2021	
	Group US \$	Company US \$	Group US \$	Company US \$
Non-current				
Amounts owing by subsidiary undertakings	-	11,358,845	-	11,813,525
Impairment in year	-	(11,358,845)	-	-
Total	-	-	-	11,813,525
Current				
Trade receivables	531,815	-	387,965	-
Accrued income	-	-	291,336	-
Other receivables	61,243	57,685	1,322,407	82,818
Prepayments	176,493	176,493	106,730	89,771
Total	769,551	234,178	2,108,438	172,589

Other receivables in the Group principally comprise recoverable Value Added Tax and, in 2021, joint venture receivables and, for the company, inter-company balances. The directors consider that the carrying amount of trade and other receivables approximated to their fair value.

20. CASH AND CASH EQUIVALENTS

	31 December 2022		31 December 2021	
	Group US \$	Company US \$	Group US \$	Company US \$
Cash held by joint venture partners	-	-	500,719	37,007
Cash and cash equivalents	1,132,616	146,928	241,620	-
Total	1,132,616	146,928	742,339	37,007

In 2021 Echo had advanced cash to joint venture partners; this cash was held by our partners in a ring-fenced account. We recognised our equity share of the balance held.

21. FINANCIAL INSTRUMENTS AND TREASURY RISK MANAGEMENT

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying values of financial assets and liabilities are considered to be materially equivalent to their fair values, with the exception of the Eurobond loan which is calculated at present value as disclosed in note 26. The fair value is approximately \$7.2m higher due to the impact of using a market rate of interest.

TREASURY RISK MANAGEMENT

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

CREDIT RISK

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

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

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

The maximum exposure due to credit risk for the Group on other receivables and amounts due from equity accounted joint operations during the year was US \$1,880,113 (2021: US \$3,253,335). No collateral is held in respect of these amounts.

The maximum exposure due to credit risk for the Company on inter-company receivables and other receivables during the year was US \$27,818,569 (2021: US \$28,509,152). No collateral is held in respect of these amounts. Inter-group funding is assessed for indications of impairment on a periodic basis. Investments and subsidiaries and inter-group loans in the amount of US \$25,801,568 (2021: US \$14,516,604) are considered to be impaired and have been provided against down to the level of the disposal consideration. All other amounts are expected to be received in full.

CURRENCY RISK

The Group's operations are primarily located in South America, and the United Kingdom, with the main exchange risk being between the US Dollar and the Argentine Peso. The Argentine Peso has devalued by approximately 72% (2021: 9%) over the year. The Group addressed this risk by minimising exposure to the currency. The majority of Group revenues for the year were denominated in US Dollars but certain liabilities and revenues were denominated in Argentine Pesos. In certain instances the counterparty for settlement of Pesos income and expenditure was the same. In these instances

Pesos balances were offset. Balances were held in dollars until settlement was due, and where short-term Pesos balances were held these were placed on overnight deposit.

21. FINANCIAL INSTRUMENTS AND TREASURY RISK MANAGEMENT (CONTINUED)

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

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

	31 December 2022 US \$	31 December 2021 US \$
US Dollars	45	5,248
GBP Sterling	146,903	35,419
Euro	(19)	41
Argentine Peso	985,436	699,578
Bolivian Boliviano	250	2,053
Total	1,132,616	742,339

The consolidated statement of comprehensive income would be affected by US \$14,690 (2021: US \$4,247) if the exchange rate between US \$ and GBP changed by 10%. There would be a loss of US \$98,543 (2021: US \$199,162) if the exchange rate between the Argentine Peso and the US Dollar weakened by 10%.

The Group has exposure to the Euro, Echo hold €3.9million (2021: €25million) bond notes, the Group held Euro-denominated funds at the beginning of the period to cover servicing of debt during the accounting year. The primary source of funds for the Group in the period was equity raised in GBP, these funds are predominantly translated into USD to fund exploration, acquisition and production activity in Argentina. No hedging products were used during this accounting period, but management actively review currency requirements to assess the suitability of hedging products. The Group consolidated statement of income would be affected by approximately US \$417,009 (2021: US \$2,782,192) by a reasonably possible 10 percentage points fluctuation in the exchange rate between US Dollars and Euros.

The VAT regime in Argentina differs from international practice as VAT investment activities are not immediately recoverable but must be offset against revenue streams. The Company made substantial investments in Argentina in 2018, 2019 and 2021 and has accordingly built up a material VAT receivable balance. A new mechanism has been approved by government through Law No. 27430 and Decree 813/2018. The mechanism will allow Technical VAT credits associated with the purchase of capital assets from 1 January 2018 to be recovered through application if the Company has not been able to recover the VAT within six months. Echo received a VAT refund during 2022, but going forward withholds VAT received from customers to offset any VAT credit balances.

21. FINANCIAL INSTRUMENTS AND TREASURY RISK MANAGEMENT (CONTINUED)

The Group used Blue-Chip Swaps during the year to repatriate funds from Argentina to the UK. A Blue-Chip Swap is when a domestic investor purchases a foreign asset and then transfers the purchased asset to an offshore entity. The Group's Argentine subsidiary purchased shares in highly stable and liquid companies that are traded on both domestic and offshore stock exchanges. These shares were held for a fixed period in accordance with Argentinian regulation. Following the end of the fixed period the shares were sold offshore and the resulting funds were then repatriated to the parent company. This type of transaction is therefore exposed to stock price volatility during the hold period and incurs transaction fees. During the year, the Group swapped 132,500,000 Pesos into \$471,105 net of transaction fees and forex losses.

INTEREST RATE RISK

The Group holds debt instruments that were issued at a fixed rate. As part of the Group's policy to maximise returns on cash held, cash held is placed in interest-bearing accounts where possible. During the course of 2022, Echo invested cash into operations and did not hold significant cash balances for prolonged periods of time. The consolidated statement of comprehensive income would be affected by US \$6 (2021: US \$30) by a one percentage point change floating interest rate on a full-year basis.

LIQUIDITY RISK

The Group's actively manages its working capital to ensure the Group has sufficient funds for operations and planned activities. Operational cash flow represents receipts from revenue, together with on-going direct operational support costs, exploration, appraisal, administration and business development costs. The Group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Group's policy is to ensure facilities are available as required, to issue equity share capital and form strategic alliances in accordance with long-term cash flow forecasts. The Group had no undrawn committed facilities as at 31 December 2022.

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

The Group holds Euro-denominated long-term debt. See Note 26. Other than long-term debts, all financial liabilities are due for settlement within 12 months. The Group held cash balances of US \$1,132,616 (2021: US \$742,33).

The Group does not currently use derivative financial instruments to hedge currency and commodity price risk as it is not considered necessary. Should the Group identify a requirement for the future use of such financial instruments, a comprehensive set of policies and systems as approved by the directors will be implemented.

COMMODITY PRICE RISK

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

A 10% increase in the price of Gas would have increased revenue in the discontinued operations by approximately US \$874,840 (2021: US \$703,686).

A 10% increase in the price of Oil would have increased revenue in the discontinued operations by approximately US \$536,593 (2021: US \$406,080).

21. FINANCIAL INSTRUMENTS AND TREASURY RISK MANAGEMENT (CONTINUED)

CAPITAL MANAGEMENT

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

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

CATEGORIES OF FINANCIAL INSTRUMENTS

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

22. TRADE AND OTHER PAYABLES

	31 December 2022		31 December 2021	
	Group US \$	Company US \$	Group US \$	Company US \$
Trade payables	657,923	556,536	495,379	492,190
Taxation and social security costs	388,422	105,121	395,684	269,311
Non-trade payables	120,244	120,244	39,042	39,023
Accruals	163,401	162,468	131,137	64,173
Total	1,329,991	944,369	1,061,242	864,697

23. DERIVATIVE FINANCIAL LIABILITIES

Level 3 fair value measurements

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

	31 December 2022 US \$	31 December 2021 US \$
At 1 January	-	62,477
Fair value movements recognised through profit or loss	-	(62,477)
Total	-	-

24. SHARE CAPITAL

	31 December 2022		31 December 2021	
	Group US \$	Company US \$	Group US \$	Company US \$
Issued, Called Up and Fully Paid				
5,527,427,674 0.31c (2021 1,309,013,085 0.31c) ordinary shares				
1 January	7,209,086	7,209,086	6,288,019	6,288,019
Equity shares issued	12,586,777	12,586,777	921,067	921,067
31 December	19,795,863	19,795,863	7,209,086	7,209,086

The holders of 0.31c (0.25p) ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company.

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

- On 14 January 2022, Echo issued 143,478,260 ordinary shares at 0.46p per share to raise gross cash proceeds of £660,000 (US\$880,189).
- On 29 August 2022, Echo issued 242,000,000 ordinary shares at 0.25p per share to raise gross cash proceeds of £605,000 (US\$709,271). In addition 48,220,000 shares were issued to settle adviser fees.

The following shares were issued pursuant to the restructuring of the company's debt:

- On 29 August 2022, Echo issued 213,949,943 ordinary shares in settlement of accrued interest on the Lombard facility totalling €625,803.
- On 2 December 2022, Echo issued 3,570,766,386 ordinary shares to in settlement of financial liabilities as part of the debt restructuring as detailed in note 26.

Pursuant to the exercise of share warrants, on 22 December 2022 the company received cash of £87,977 (US\$97,523), but the 33,190,876 ordinary shares were not issued until 2 January 2023. These are shown within shareholders' funds as 'cash received on shares to be issued'.

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

Further shares issued during the year was as follows:

	Date	Shares	Price (p)	Prices (US \$)
1 January 2022		1,309,013,085		
Shares issued @ 0.25p	25/01/2022	143,478,260	0.46	0.55
Shares issued @ 0.25p	29/08/2022	504,169,943	0.25	0.30
Shares issued @ 0.25p	02/12/2022	3,570,766,386	0.27	0.54
31 December 2022		5,527,427,674		

24. SHARE CAPITAL (CONTINUED)

(A) SHARE OPTIONS

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

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

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

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

Share Options	WAEP*		WAEP*	
	Number 31/12/2022	(c) 31/12/2022	Number 31/12/2021	(c) 31/12/2021
Outstanding as at 1 January	120,254,120	3	95,491,107	5
Granted during the year	-	-	35,750,000	1
Forfeited during the period	(8,987,636)	2	(8,236,987)	4
Cancelled during the year	(40,000,001)	3	(2,750,000)	1
Options outstanding as at 31 December	71,266,483	3	120,254,120	3
Exercisable at 31 December	33,266,483	4	41,195,714	3

*Weighted Average Exercise Price (WAEP)

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

The weighted average outstanding life of vested share options is 1.5 years. The price for outstanding options ranges between 0.8c and 16c (0.7p and 13.2p). The outstanding share options are not subject to any share performance-related vesting conditions, but vesting is conditional upon continuity of service.

The Group recognised total expenses of US \$157,757 (2021: US \$271,038) 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.

24. SHARE CAPITAL (CONTINUED)

(B) WARRANTS OVER ORDINARY SHARES

The Company issued warrants over ordinary shares to subscribers of new ordinary shares and as fundraising commission in respect of debt restructuring completed during the year to 31 December 2022.

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

Warrants	2022		2021	
	Number	WAEP* (c)	Number	WAEP* (c)
Outstanding as at 1 January	551,716,990	9	460,222,521	10
Granted during the year	402,418,260	1	170,939,567	1
Exercised during the year	-	-	(79,445,098)	4
Lapsed in year	(389,118,950)	8	-	-
Outstanding as at 31 December	565,016,300	1	551,716,990	9

*Weighted Average Exercise Price (WAEP)

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

Warrants	14 January 2022	28 June 2022	10 October 2022
Market stock price	0.49p	0.31p	0.25p
Option strike price	0.65p	0.65p	0.25p
Volatility	102.64%	73.32%	68.32%
Expiration of the option	2 years	2 years	2 year
Risk-free rate	0.797%	2.121%	4.353%
Future value	\$579,447	\$620,853	\$714,610
Expense	\$201,469	\$60,175	\$285,844

The weighted average price for outstanding warrants as at 31 December 2022 ranges between 0.28c and 0.91c (0.25p and 0.75p). The residual weighted average contractual life for the warrants is 1.2 years.

25. SHARE PREMIUM ACCOUNT

	31 December 2022		31 December 2021	
	Group US \$	Company US \$	Group US \$	Company US \$
1 January	64,977,243	64,977,243	64,961,905	64,961,905
Premium arising on issue of equity shares	7,521,415	7,521,415	813,207	813,207
Warrants lapsed	-	-	(717,698)	(717,698)
Warrants issued	11,291,846	11,291,846	-	-
Transaction costs	-	-	(80,171)	(80,171)
31 December	83,790,504	83,790,504	64,977,243	64,977,243

26. LOANS DUE IN OVER ONE YEAR

	31 December 2022 US \$		31 December 2021 US \$	
Five-year secured bonds	(4,170,086)		(21,385,663)	
Additional net funding	-		(6,059,126)	
Other loans	(1,293,215)		(1,323,591)	
Total	(5,463,301)		(28,768,380)	

	Balance as at 31 December 2021 US \$	Amortised finance charges US \$	Exchange adjustments US \$	Capital contribution reserve US\$	Swap to equity US\$	31 December 2022 US \$
€20 million five-year secured bonds	21,385,663	2,337,007	(1,074,839)	(7,212,492)	(11,265,253)	4,170,086
€5 million Lombard Odier secured convertible debt facility	6,059,124	509,771	(343,008)	-	(6,225,887)	-
Other loans	1,323,593	134,216	(164,594)	-		1,293,215
Total	28,768,380	2,980,994	(1,582,441)	(7,212,492)	(17,491,140)	5,463,301

Lombard Odier secured convertible debt facility renegotiation

On 2 December 2022, the company announced a settlement in full of the Lombard Odier outstanding principle plus interest of \$6.2m by Ordinary shares in the company, issuing 1,347,777,877 ordinary shares. On the basis the settlement of the loan was on favourable terms to the group, management considered Lombard Odier were acting in their capacity as shareholders of the Group and therefore the criteria in IFRIC 19 – Extinguishment of financial liabilities with Equity Instruments did not apply. Therefore the value of the shares issued have been deemed to be the same as the carrying value of the loan.

Lombard Odier are considered a Related Party to the Group by virtue of them being a shareholder.

Euro-bond renegotiation

On the same date, a partial (50%) settlement of the principle and accrued interest was agreed on the existing Euro-secured denominated bonds, \$11.3m of the debt being settled by the issue of 2,436,938 ordinary shares. On the basis the settlement of the loan was on favourable terms to the group management considered the counterparty was acting in their capacity as shareholders of the Group, and therefore the criteria in IFRIC 19 – Extinguishment of financial liabilities with Equity Instruments did not apply. Therefore the value of the shares issued has been deemed to be the same as the carrying value of the loan.

In addition and at the same time, the repayment date for the remaining bonds was moved back from 2024 until 2032 and the interest rate reduced from 8% to 2%. This is a substantial modification to the loan terms, management calculated the present value of the new loan and compared to the carrying value. The difference has been recorded as a capital contribution to the group of \$7.2m.

The Euro bondholders are also considered to be Related Parties by virtue of them being shareholders.

26. LOANS DUE IN OVER ONE YEAR (CONTINUED)

MATURITY ANALYSIS

Contractual undiscounted cash flows:

	31 December 2022 US \$	31 December 2021 US \$
Amounts due within one year	-	-
Amounts due between one and five years	1,293,215	28,768,380
Amounts due over five years	4,170,086	-
	5,463,301	28,768,380

27. PROVISIONS

	31 December 2022 US \$	31 December 2021 US \$
Assessment of decommissioning provision	-	3,039,911
	-	3,039,911

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

On sale of (the majority of) the interests in the SCS licences, decommissioning becomes a liability that will no longer fall upon the group and, accordingly, no further provision was made by the Group in 2022.

28. RELATED PARTY TRANSACTIONS

INTER-GROUP BALANCES

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

	31 December 2022 US \$	31 December 2021 US \$
Amounts owed to Echo Energy plc from:		
Echo Energy Bolivia Op Co 1	562,130	551,500
Eco Energy CDL Op Limited	1,156,518	1,627,623
Eco Energy TA Op Limited	9,640,324	9,634,402
	11,358,972	11,813,525

Lombard Odier is a significant shareholder in the Company. Please refer to Note 26 for details of the debt transactions which relate to these counterparties.

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

29. CONTROLLING PARTY

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

30. COMMITMENTS

Echo had no committed expenditure in relation to capital projects in the SCS asset at the end of 31 December 2022. It will continue to pay operational costs as cash called by the joint venture partner.

31. SUBSEQUENT EVENTS

As described in note 11, on 27 June 2023, the company completed the previously announced sale of 65% of its 70% interest in the joint venture operating the SCS licences.

Shareholder Information

AIM Rule 26 information

Dealing Information

Country of incorporation
England & Wales (Registered Number 5483127)

Main country of operation

Argentina

Trading information

Shares in Echo Energy plc are only traded on AIM, a market operated by the London Stock Exchange plc, and the Company has not applied or agreed to have any of its securities admitted or traded to any other exchange or platform.
There are no restrictions on the transfer of ordinary shares.

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Glossary

AIM	Alternative Investment Market
Board	the Board of Directors of Echo Energy plc
capex	capital expenditure
CDL	Fracción C, Fracción D, and laguna De Los Capones licences
CGU	Cash Generating Unit
Company	Echo Energy plc
E&E	exploration and evaluation
E&P	exploration and production
FRC	Financial Reporting Council
G&A	general and administration expenses
Group	the Company and its subsidiaries
HSE	health, safety and environment
IAS	International Accounting Standards
IFRS	UK-adopted international accounting standards
ISAs (UK)	International Standards on Auditing
JV	joint venture
KPI	key performance indicators
NAV	net asset value
NOMAD	nominated advisor
opex	operations expenditure
QCA Code	Quoted Companies Alliance Corporate Governance Code
SCS	Santa Cruz Sur
WAEP	Weighted Average Exercise Price
\$ / US \$	United States Dollar

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