



**Echo Energy plc**

**Interim Report to 30 June 2023**

# Interim Report 2023

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

In the 2022 Annual Report, released at the same time as this 2023 Interim Report, the following statement was made.

“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100%+ per annum inflation in Argentina and Argentine currency exchange controls, which have prevented funds being withdrawn from the country without significant penalties.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 to 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 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. “

In addition, the directors draw attention to the Accounting Policy notes regarding Going Concern, Estimates and the previous audit on pages 9 and 10.

James Parsons  
**Chairman**

Martin Hull  
**Chief Executive Officer**

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## Financial Statements

### Consolidated Statement of Comprehensive Income

Period ended 30 June 2023

|   | Notes | Unaudited<br>1 January 2023<br>to 30 June 2023<br>US \$ | Unaudited<br>1 January 2022<br>to 30 June 2022<br>US \$ | Audited<br>Year to<br>31 December 2022<br>US \$ |
|---|-------|---|---|---|
| <b>Continuing operations</b>  |       |   |   |   |
| Revenue   | 3     | -   | 6,230,288   | 86  |
| Cost of sales   | 4     | -   | (7,256,796)   | -   |
| <b>Gross (loss)/profit</b>  |       | -   | (1,026,508)   | 86  |
| Exploration expenses  |       | -   | (143,545)   | -   |
| Administrative expenses   |       | (857,722)   | (1,125,073)   | (2,951,806)                                     |
| <b>Operating loss</b>   |       | (857,722)   | (2,295,126)   | (2,951,720)                                     |
| Financial income  | 5     | 175,311   | 2,161,898   | 1,618,844                                       |
| Financial expense   | 6     | (77,263)  | (1,834,643)   | (2,981,409)                                     |
| <b>Loss before tax</b>  |       | (759,654)   | (1,967,871)   | (4,314,285)                                     |
| Taxation  | 8     | -   |   | 62,477  |
| <b>Loss from continuing operations</b>                                  |       | (759,654)   | (1,967,871)   | (4,382,427)                                     |
| Loss after taxation for the year from discontinued operations           | 10    | (5,818,517)   | -   | (5,204,409)                                     |
| <b>Gain on sale of discontinued operations</b>                          |       | 17,115,930  | -   | -   |
| <b>Profit/(loss) for the period</b>                                     |       | 10,537,759  | (1,967,871)   | (9,586,836)                                     |
| <b>Other comprehensive income:</b>                                      |       |   |   |   |
| Exchange difference on translating foreign operations                   |       | -   | 26,834  | -   |
| <b>Total comprehensive profit/(loss) for the period</b>                 |       | 10,537,759  | (1,941,036)   | (9,586,836)                                     |
| Profit/(loss) attributable to: Owners of the parent                     |       | 10,537,759  | (1,941,036)   | (9,586,836)                                     |
| Total comprehensive profit/(loss) attributable to: Owners of the parent |       | 10,537,759  | (1,941,036)   | (9,586,836)                                     |
| <b>Profit/(loss) per share (cents)</b>                                  |       |   |   |   |
| Basic   | 9     | 0.19  | (0.14)  | (0.50)  |
| Diluted   |       | 0.19  | (0.14)  | (0.50)  |
| <b>Profit/(loss) per share (cents) for continuing operations</b>        |       |   |   |   |
| Basic   |       | 0.19  | (0.14)  | (0.27)  |
| Diluted   |       | 0.19  | (0.14)  | (0.27)  |

The notes on pages 9 to 17 form an integral part of these financial statements.

## Financial Statements

### Consolidated Statement of Financial Position

Period ended 30 June 2023

|  | Notes | Unaudited<br>1 January 2023<br>to 30 June 2023<br>US \$ | Unaudited<br>1 January 2022<br>to 30 June 2022<br>US \$ | Audited<br>Year to<br>31 December 2022<br>US \$ |
|--|-------|---|---|---|
| <b>Non-current assets</b>                                  |       |   |   |   |
| Property, plant and equipment                              | 11    | 2,299   | 2,668,770   | 2,299   |
| Other intangibles  | 12    | -   | 6,662,805   | -   |
| Available-for-sale financial assets                        | 13    | 555,562   | -   | -   |
|  |       | 557,861   | 9,331,575   | 2,299   |
| <b>Current Assets</b>                                      |       |   |   |   |
| Inventories  |       | -   | 1,415,225   | -   |
| Other receivables  |       | 349,590   | 3,566,742   | 769,551   |
| Cash and cash equivalents                                  | 14    | 994,504   | 1,314,969   | 1,132,616                                       |
|  |       | 1,344,094   | 6,296,936   | 1,902,166                                       |
| Assets of group held for resale                            | 10    | -   | -   | 18,739,291                                      |
| <b>Total assets</b>  |       | <b>1,901,955</b>  | <b>15,648,511</b>                                       | <b>20,643,756</b>                               |
| <b>Current Liabilities</b>                                 |       |   |   |   |
| Trade and other payables                                   |       | (1,661,557)   | (19,511,235)  | (1,329,991)                                     |
|  |       | (1,661,557)   | (19,511,235)  | (16,023,500)                                    |
| <b>Liabilities of disposal group held for resale</b>       |       | <b>-</b>  | <b>-</b>  | <b>(29,620,264)</b>                             |
| <b>Non-current liabilities</b>                             |       |   |   |   |
| Loans due in over one year                                 | 17    | (5,341,036)   | (28,031,316)  | (5,463,301)                                     |
| Provisions   |       | -   | (3,039,911)   | -   |
| <b>Total Liabilities</b>                                   |       | <b>(7,002,593)</b>                                      | <b>(50,582,462)</b>                                     | <b>(36,413,556)</b>                             |
| <b>Net Liabilities</b>                                     |       | <b>(5,100,638)</b>                                      | <b>(34,953,951)</b>                                     | <b>(15,769,800)</b>                             |
| <b>Equity attributable to equity holders of the parent</b> |       |   |   |   |
| Share capital  | 15    | 19,893,385  | 7,686,151   | 19,795,863                                      |
| Shares not issued  |       | -   | -   | 97,523  |
| Share premium  | 16    | 83,790,504  | 64,884,556  | 83,790,504                                      |
| Capital contribution reserve                               |       | 7,212,492   | -   | 7,212,492                                       |
| Warrant reserve  |       | 260,201   | 12,589,970  | 1,433,428                                       |
| Share option reserve                                       |       | 644,560   | 1,522,499   | 644,560   |
| Foreign currency translation reserve                       |       | (3,481,041)   | (3,504,752)   | (3,481,041)                                     |
| Retained earnings  |       | (113,420,740)   | (118,132,375)   | (125,263,129)                                   |
| <b>Total Equity</b>  |       | <b>(5,100,638)</b>                                      | <b>(34,953,951)</b>                                     | <b>(15,769,800)</b>                             |

The notes on pages 9 to 17 form an integral part of these financial statements.

## Financial Statements

### Consolidated Statement of Changes in Equity

Period ended 30 June 2023

|   | Retained earnings<br>US \$ | Share capital<br>US \$ | Shares to be issued<br>US\$ | Share premium<br>US \$ | Capital contribution reserve<br>US\$ | Warrant reserve<br>US \$ | Share option reserve<br>US \$ | Foreign currency translation reserve<br>US \$ | Total equity<br>US \$ |
|---|----------------------------|------------------------|-----------------------------|------------------------|--------------------------------------|--------------------------|-------------------------------|---|-----------------------|
| 1 January 2023                          | (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)          |
| Loss for the period                     | (759,654)                  | -                      | -                           | -                      | -                                    | -                        | -                             | -   | (759,654)             |
| Discontinued operations                 | (5,818,517)                | -                      | -                           | -                      | -                                    | -                        | -                             | -   | (5,818,517)           |
| Profit on sale of discontinued business | 17,115,930                 | -                      | -                           | -                      | -                                    | -                        | -                             | -   | 17,115,930            |
| Total comprehensive loss for the period | 10,048,159                 | -                      | -                           | -                      | -                                    | -                        | -                             | -   | 10,048,159            |
| Warrants lapsed                         | 1,071,987                  | -                      | -                           | -                      | -                                    | (1,071,987)              | -                             | -   | -                     |
| Warrants exercised                      | 101,239                    | -                      | -                           | -                      | -                                    | (101,239)                | -                             | -   | -                     |
| Share issue                             | -                          | 97,523                 | (97,523)                    | -                      | -                                    | -                        | -                             | -   | -                     |
| 30 June 2023                            | (113,420,740)              | 19,893,385             | -                           | 83,790,504             | 7,212,492                            | 260,201                  | 644,560                       | (3,481,041)                                   | (5,100,638)           |
| 1 January 2022                          | (116,164,504)              | 7,209,086              | -                           | 64,977,243             | --                                   | 12,177,786               | 1,522,499                     | (3,531,587)                                   | (33,809,477)          |
| Loss for the period                     | (1,967,871)                | -                      | -                           | -                      | -                                    | -                        | -                             | -   | (1,967,871)           |
| Exchange Reserve                        | -                          | -                      | -                           | -                      | -                                    | -                        | -                             | 26,835  | 26,835                |
| Total comprehensive loss for the period | (1,967,871)                | -                      | -                           | -                      | -                                    | -                        | -                             | 26,835  | (1,941,036)           |
| Warrants issued                         | -                          | 433,696                | -                           | 400,735                | -                                    | -                        | -                             | -   | 834,431               |
| Share issue                             | -                          | -                      | -                           | (412,184)              | -                                    | 412,184                  | -                             | -   | -                     |
| Transaction costs                       | -                          | 43,369                 | -                           | (81,238)               | --                                   | -                        | -                             | -   | (37,869)              |
| 30 June 2022                            | (118,132,375)              | 7,686,152              | -                           | 64,884,556             | -                                    | 12,589,970               | 1,522,499                     | (3,504,752)                                   | (34,953,951)          |

## Financial Statements

## Consolidated Statement of Changes in Equity (continued)

Period ended 30 June 2023

|   | Retained<br>earnings<br>US \$ | Share<br>capital<br>US \$ | Shares to be<br>issued<br>US\$ | Share<br>premium<br>US \$ | Capital<br>contribution<br>reserve<br>US\$ | Warrant<br>reserve<br>US \$ | Share<br>option<br>reserve<br>US \$ | Foreign<br>currency<br>translation<br>reserve<br>US \$ | Total equity<br>US \$ |
|---|-------------------------------|---------------------------|--------------------------------|---------------------------|--|-----------------------------|-------------------------------------|--|-----------------------|
| 1 January 2022                                | (116,164,504)                 | 7,209,086                 | -                              | 64,977,243                | -  | 12,177,786                  | 1,522,499                           | (3,531,587)  | (33,809,477)          |
| Loss for the period                           | (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 period       | (9,586,834)                   | -                         | -                              | -                         | -  | -                           | -                                   | 50,546   | (9,536,288)           |
| New shares issued                             | -                             | 12,586,777                | -                              | 7,521,415                 | -  | -                           | -                                   | -  | 20,108,192            |
| Capital contribution on debt<br>restructuring | -                             | -                         | -                              | -                         | 7,212,492                                  | -                           | -                                   | -  | 7,212,492             |
| Cash received for shares not issued           | -                             | -                         | 97,523                         | -                         | -  | -                           | -                                   | -  | 97,523                |
| Warrants lapsed                               | -                             | -                         | -                              | 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 9 to 17 form an integral part of these financial statements.

## Financial Statements

### Consolidated Statement of Cash Flows

Period ended 30 June 2023

|   | Unaudited<br>1 January 2023<br>to 30 June 2023<br>US \$ | Unaudited<br>1 January 2022<br>to 30 June 2022<br>US \$ | Year to<br>31 December 2022<br>US \$ |
|---|---|---|--------------------------------------|
| <b>Cash flows from operating activities</b>                         |   |   |                                      |
| Profit/(loss) from continuing operations                            | (759,654)   | (1,967,871)   | (4,382,425)                          |
| Loss from discontinued operations                                   |   |   | (5,204,409)                          |
|   | (759,654)   | (1,967,871)   | (9,586,834)                          |
| Adjustments for:  |   |   |                                      |
| Depreciation and depletion of property, plant and equipment         | -   | 8,449   | 16,537                               |
| Depreciation and depletion of intangible assets                     | -   | 503,706   | 1,419,193                            |
| Impairment of intangible assets and goodwill                        | -   | -   | 506,818                              |
| Share-based payments  | -   | -   | 157,757                              |
| Sale of interest in joint venture for non-cash consideration        | (555,562)   | -   | -                                    |
| Financial income  | -   | (2,161,898)   | -                                    |
| Financial expense   | 77,263  | 1,834,643   | 2,980,994                            |
| Exchange difference   | (141,286)   | (171,072)   | (1,582,441)                          |
|   | (1,379,239)   | 13,828  | 3,498,858                            |
| Increase)/decrease in inventory                                     | -   | (50,000)  | 863,196                              |
| Decrease in other receivables                                       | 259,128   | 657,790   | 978,758                              |
| Increase in trade and other payables                                | (150,932)   | 1,371,642   | 2,150,092                            |
|   | 108,196   | 1,979,432   | 3,992,046                            |
| <b>Net cash used in operating activities</b>                        | (1,271,043)   | 25,389  | (2,095,912)                          |
| <b>Cash flows from investing activities</b>                         |   |   |                                      |
| Purchase of intangible assets                                       | -   | (34,604)  | (61,233)                             |
| Purchase of property, plant and equipment                           | -   | (2,813)   | (217,578)                            |
| Sale of interests in joint venture                                  | 1,133,172   |   |                                      |
| <b>Net cash used in investing activities</b>                        | 1,133,172   | (37,417)  | (278,811)                            |
| <b>Cash flows from financing activities</b>                         |   |   |                                      |
| Interest received   | -   | 26  | -                                    |
| Bank fees and other finance cost                                    | -   | (42,276)  | -                                    |
| Issue of share capital  | -   | 834,430   | 2,714,574                            |
| Share issue costs   | -   | (37,867)  | -                                    |
| <b>Net cash from financing activities</b>                           | -   | 754,313   | 2,714,574                            |
| Net (decrease)/increase in cash and cash equivalents                | (137,871)   | 742,286   | 339,853                              |
| <b>Cash and cash equivalents at the beginning of the period</b>     | 1,132,375   | 742,339   | 742,339                              |
| <b>Foreign exchange gains/(losses) on cash and cash equivalents</b> | -   | (169,655)   | 50,447                               |
| <b>Cash and cash equivalents at the end of the period</b>           | 994,504   | 1,314,969   | 1,132,375                            |

The notes on pages 9 to 17 form an integral part of these financial statements.



## Notes to the Financial Statements

Period ended 30 June 2023

### 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.

#### BASIS OF PREPARATION

The condensed and consolidated interim financial statements for the period from 1 January 2023 to 30 June 2023 and have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting, and on the going concern basis. They are in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2022 and are expected to be applied for the year ending 31 December 2023.

The comparatives shown are for the period 1 January 2022 to 30 June 2022, and for the year ended 31 December 2022, and do not constitute statutory accounts, as defined in section 435 of the Companies Act 2006, but are based on the statutory financial statements for the year ended 31 December 2022.

A copy of the Company’s statutory accounts for the year ended 31 December 2022 is being delivered to the Registrar of Companies; the accounts will very soon be available to download from the Company website at [www.echoenergyplc.com](http://www.echoenergyplc.com).

#### GOING CONCERN

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

The consolidated statement of financial position at 31 December 2022 showed a negative net asset position. Moreover, after persistent difficulties, the board made the difficult decision in late 2022 to divest of 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.

## **1. ACCOUNTING POLICIES (CONTINUED)**

### **GOING CONCERN**

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.

### **ESTIMATES**

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to consolidated financial statements for the year ended 31 December 2022. 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 Group's going concern assessment.

### **PREVIOUS AUDIT**

For reasons set out therein, the auditors did not express an opinion in their report on the accounts for the year ended 31 December 2022.

In addition to the December 2022 balance sheet forming the starting point for these accounts to 30 June 2023, similar difficulties have manifested themselves in obtaining information relating to the operations in Argentina for the preparation of the interim accounts to June 2023. As a result certain figures contained herein are necessarily based on estimates

Accordingly, the directors have taken a prudent view in evaluating certain figures, including but not limited to the assets and liabilities retained in Argentina, particularly trade debtors and tax assets and liabilities, following the completion of the sale of the majority of its interests there.

### **REVENUE RECOGNITION**

Revenue comprises the invoice value of goods and services supplied by the Group, net of value added taxes and trade discounts. Revenue is recognised in the case of oil and gas sales when goods are delivered and title has passed to the customer. This generally occurs when the product is physically transferred into a pipeline or vessel. Echo recognised revenue in accordance with IFRS 15. We have a contractual arrangement with our joint venture partner who 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 the national transportation system, control of the gas is transferred at the point at which the gas enters this network, this is the point at which gas revenue is 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.

Echo receive a monthly average of gas prices attained. Oil shipments are priced in advance of a cargo and revenue is recognised at the point at which cargoes are loaded onto a shipping vessel at terminal.

## 2. 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.

## 3. REVENUE

|                      | <b>Unaudited</b><br><b>1 January 2023</b><br><b>to 30 June 2023</b><br><b>US \$</b> | Unaudited<br>1 January 2022<br>to 30 June 2022<br>US \$ | Audited<br>Year to<br>31 December 2022<br>US \$ |
|----------------------|---|---|---|
| Oil revenue          | -   | 2,514,419   | -   |
| Gas revenue          | -   | 3,715,668   | -   |
| Other income         | -   | 201   | 86  |
| <b>Total Revenue</b> | <b>-</b>  | <b>6,230,288</b>  | <b>86</b>                                       |

Revenue for December 2022 and 2023 all derives from discontinued operations held for resale and is shown in Note 10. At June 2022, those operations had not been discontinued.

## 4. COST OF SALES

|                                | <b>Unaudited</b><br><b>1 January 2023</b><br><b>to 30 June 2023</b><br><b>US \$</b> | Unaudited<br>1 January 2022<br>to 30 June 2022<br>US \$ | Audited<br>Year to<br>31 December 2022<br>US \$ |
|--------------------------------|---|---|---|
| Production costs               | -   | 5,870,851   | -   |
| Selling and distribution costs | -   | 928,235   | -   |
| Movement in stock of crude oil | -   | (50,000)  | -   |
| Depletion                      | -   | 507,710   | -   |
| <b>Total Costs</b>             | <b>-</b>  | <b>7,256,796</b>  | <b>-</b>  |

Revenue for December 2022 and 2023 all derives from discontinued operations held for resale and is shown in Note 10. At June 2022, those operations had not been discontinued.

## 5. FINANCE INCOME

|                            | Unaudited<br>1 January 2023<br>to 30 June 2023<br>US \$ | Unaudited<br>1 January 2022<br>to 30 June 2022<br>US \$ | Audited<br>Year to<br>31 December 2022<br>US \$ |
|----------------------------|---|---|---|
| Interest income            | -   | 340   | 622   |
| Net foreign exchange gains | 175,331   | 2,161,558   | 1,618,222                                       |
| <b>Total</b>               | <b>175,331</b>  | <b>2,161,898</b>  | <b>1,618,884</b>                                |

## 6. FINANCIAL EXPENSE

|  | Unaudited<br>period to<br>30 June 2023<br>US \$ | Unaudited<br>period to<br>30 June 2022<br>US\$ | Audited<br>Year to<br>31 December 2022<br>US \$ |
|--|---|--|---|
| Interest payable                         | -   | 227  | 415   |
| Net foreign exchange losses              | -   | 432,660  | -   |
| Unwinding of discount on long term loan  | 77,263  | 1,272,735                                      | 2,598,746                                       |
| Amortisation of loan fees                | -   | 86,745   | 234,101   |
| Bank fees and overseas transaction taxes | -   | 42,276   | -   |
| <b>Total</b>                             | <b>77,263</b>                                   | <b>1,834,643</b>                               | <b>8,993,432</b>                                |

## 8. TAXATION

The Group has tax losses available to be carried forward in certain subsidiaries and the parent company. Due to uncertainty around timing of the Group's projects, management have not considered it appropriate to anticipate an asset value for them. No tax charge has arisen during the six-month period to 30 June 2023, or in the six-month period to June 2022, or the year to 31 December 2022.

## 9. LOSS PER SHARE

The calculation of basic and diluted loss per share at 30 June 2023 was based on the loss attributable to ordinary shareholders. The weighted average number of ordinary shares outstanding during the period ended 30 June 2023 and the effect of the potentially dilutive ordinary shares to be issued are shown below.

|   | Period to<br>30 June 2023 | Period to<br>30 June 2022 | Year to<br>31 December 2022 |
|---|---------------------------|---------------------------|-----------------------------|
| Net profit/(loss) for the year (US \$)                              | 10,537,759                | (1,967,871)               | (9,586,834)                 |
| Basic weighted average ordinary shares in issue during the period   | 5,527,427,674             | 1,440,666,214             | 1,909,205,746               |
| Diluted weighted average ordinary shares in issue during the period | 5,527,427,674             | 1,440,666,214             | 1,909,205,746               |
| Loss per share (cents)  |                           |                           |                             |
| Basic   | 0.19                      | (0.14)                    | (0.27)                      |
| Diluted   | 0.19                      | (0.14)                    | (0.27)                      |

## 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 £825,000 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.

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

|  | Period to<br>30 June 2023<br>US \$ | Period to<br>30 June 2022<br>US\$ | Year to<br>31 December 2022<br>US \$ |
|--|------------------------------------|-----------------------------------|--------------------------------------|
| Oil and gas revenue  | 3,632,389                          | -                                 | 14,114,331                           |
| <b>Cost of sales</b>   |                                    | -                                 |                                      |
| Production costs   | (7,912,008)                        | -                                 | (16,933,985)                         |
| Depletion  | -                                  | -                                 | (1,419,193)                          |
| <b>Total cost of sales</b>                                       | <b>(7,912,008)</b>                 | -                                 | <b>(18,353,178)</b>                  |
| <b>Gross loss</b>  |                                    | -                                 | <b>(15,147,779)</b>                  |
| Exploration expenses   | -                                  | -                                 | (287,919)                            |
| Impairment of plant and equipment                                | -                                  | -                                 | (506,818)                            |
| Administrative expenses  | (490,245)                          | -                                 | (578,011)                            |
| <b>Operating loss from discontinued activities</b>               | <b>(4,769,864)</b>                 | -                                 | <b>(5,611,595)</b>                   |
| Finance revenue  | -                                  | -                                 | -                                    |
| Finance expense  | (4,157,561)                        | -                                 | (788,847)                            |
| Foreign exchange gain  | 3,413,143                          | -                                 | 1,208,083                            |
| Loss for the period before taxation from discontinued operations | (5,818,517)                        | -                                 | (5,192,359)                          |
| Deferred tax asset write-off                                     | -                                  | -                                 | (12,050)                             |
| Loss for the period after taxation from discontinued operations  | <b>(5,818,517)</b>                 | -                                 | <b>(5,204,409)</b>                   |

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

|   | As at<br>31 December 2022<br>US \$ |
|---|------------------------------------|
| 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                                |
| <b>Assets of disposal group held for sale</b> | <b>18,739,291</b>                  |
| <b>Liabilities</b>                            |                                    |
| 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                         |
| <b>Net liabilities</b>                        | <b>(10,880,794)</b>                |

## 11. PROPERTY, PLANT AND EQUIPMENT

|  | PPE – O&G<br>Properties<br>US \$ | Fixtures &<br>Fittings<br>US \$ | Total<br>US \$ |
|--|----------------------------------|---------------------------------|----------------|
| <b>30 JUNE 2023</b>  |                                  |                                 |                |
| <b>Cost</b>  |                                  |                                 |                |
| 1 January 2023   | -                                | 98,210                          | 98,210         |
| Additions  | -                                | -                               | -              |
| Disposals  | -                                | -                               | -              |
| 30 June 2023   | -                                | 98,210                          | 98,210         |
| <b>Depreciation</b>  |                                  |                                 |                |
| 1 January 2023   | -                                | 95,911                          | 95,911         |
| Charge for the period  | -                                | -                               | -              |
| Disposals  | -                                | -                               | -              |
| 30 June 2023   | -                                | 95,911                          | 95,911         |
| <b>Carrying amount</b>   |                                  |                                 |                |
| 30 June 2023   | -                                | 2,299                           | 2,299          |
| <b>30 JUNE 2022</b>  |                                  |                                 |                |
| <b>Cost</b>  |                                  |                                 |                |
| 1 January 2022   | 2,873,147                        | 95,397                          | 2,968,544      |
| Additions  | -                                | 2,813                           | 2,813          |
| Disposals  | -                                | -                               | -              |
| 30 June 2022   | 2,873,147                        | 98,210                          | 2,971,357      |
| <b>Depreciation</b>  |                                  |                                 |                |
| 1 January 2022   | 202,718                          | 91,421                          | 294,139        |
| Charge for the period  | 4,004                            | 4,445                           | 8,449          |
| Disposals  | -                                | -                               | -              |
| 30 June 2022   | 206,722                          | 95,866                          | 302,588        |
| <b>Carrying amount</b>   |                                  |                                 |                |
| 30 June 2021   | 2,666,425                        | 2,344                           | 2,668,769      |
| <b>31 DECEMBER 2022</b>  |                                  |                                 |                |
| <b>Cost</b>  |                                  |                                 |                |
| 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)                      | (1,858)                         | (2,873,147)    |
| 31 December 2022   | -                                | 98,210                          | 98,210         |
| <b>Depreciation</b>  |                                  |                                 |                |
| 1 January 2021   | 202,718                          | 91,421                          | 294,139        |
| Charge for the year  | 12,047                           | 4,490                           | 16,337         |
| Reclassification of assets of disposal group held for sale (note 10) | (214,765)                        | -                               | (214,765)      |
| 31 December 2022   | -                                | 95,911                          | 95,911         |
| <b>Carrying amount</b>   |                                  |                                 |                |
| 31 December 2022   | -                                | 2,299                           | 2,299          |
| 31 December 2021   | 2,541,980                        | 3,976                           | 2,674,405      |

## 12. INTANGIBLE ASSETS

Argentina  
Exploration & Evaluation  
US \$

|  |                  |
|--|------------------|
| <b>30 June 2023</b>  |                  |
| <b>Cost</b>  |                  |
| 1 January 2023   | -                |
| Additions  | -                |
| Disposals  | -                |
| 30 June 2023   | -                |
| <b>Impairment</b>  |                  |
| 1 January 2023   | -                |
| Depletion  | -                |
| Depreciation decommissioning assets                                  | -                |
| Impairment charge for the period                                     | -                |
| 30 June 2023   | -                |
| <b>Carrying amount</b>   |                  |
| 30 June 2023   | -                |
| <b>30 JUNE 2022</b>  |                  |
| <b>Cost</b>  |                  |
| 1 January 2022   | 10,875,022       |
| Additions  | 34,604           |
| Disposals  | -                |
| 30 June 2022   | 10,909,626       |
| <b>Impairment</b>  |                  |
| 1 January 2022   | 3,743,115        |
| Depletion  | 443,706          |
| Depreciation decommissioning assets                                  | 60,000           |
| Impairment charge for the period                                     | -                |
| 30 June 2021   | 4,246,821        |
| <b>Carrying amount</b>   |                  |
| 30 June 2022   | 6,662,805        |
| <b>30 June 2021</b>  | <b>7,773,210</b> |
| <b>31 DECEMBER 2022</b>  |                  |
| <b>Cost</b>  |                  |
| 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          |
| <b>Impairment</b>  |                  |
| 1 January 2022   | 3,743,115        |
| Disposals  | -                |
| Depletion  | 1,419,193        |
| Impairment charge for the year                                       | 506,818          |
| Reclassification of assets of disposal group held for sale (note 10) | (5,162,308)      |
| 31 December 2022   | 506,818          |
| <b>Carrying amount</b>   |                  |
| 31 December 2022   | -                |
| 31 December 2021   | 7,131,907        |

### 13. AVAILABLE-FOR-SALE FINANCIAL ASSETS.

The company retains a passive 5% minority stake in the joint venture in Argentina, the valuation being based on the achieved price on the sale of the majority, discounted to reflect the minority status. The company intends to hold this investment for the medium-to-long term.

### 14. CASH AND CASH EQUIVALENTS

|                                     | Unaudited<br>At 30 June 2023<br>US \$ | Unaudited<br>At 30 June 2022<br>US \$ | Audited<br>31 December 2022<br>US \$ |
|-------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Cash held by joint venture partners | -                                     | 54,604                                | -                                    |
| Cash and cash equivalents           | 994,504                               | 1,260,365                             | 1,132,616                            |
| <b>Total</b>                        | <b>994,504</b>                        | <b>1,314,969</b>                      | <b>1,132,616</b>                     |

### 15. SHARE CAPITAL

|  | Unaudited<br>At 30 June<br>2023<br>US \$ | Unaudited<br>At 30 June 2022<br>US \$ | Audited<br>31 December 2022<br>US \$ |
|--|--|---------------------------------------|--------------------------------------|
| <b>Issued, Called Up and Fully Paid</b>                            |  |                                       |                                      |
| 5,560,618,550.32c (June 2022: 1,452,491,345 0.32c) ordinary shares |  |                                       |                                      |
| 1 January  | 19,795,863                               | 7,209,086                             | 7,209,086                            |
| Equity shares issued   | 97,523                                   | 477,065                               | 12,586,777                           |
| <b>30 June / 31 December</b>                                       | <b>19,893,385</b>                        | <b>7,686,151</b>                      | <b>19,795,863</b>                    |

The holders of 0.32c (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.

During the six-month period to 30 June 2023, 97,523 shares were issued.

### 16. SHARE PREMIUM ACCOUNT

|  | Unaudited<br>At 30 June 2023<br>US\$ | Unaudited<br>At 30 June 2022<br>US \$ | Audited<br>31 December 2022<br>US \$ |
|--|--------------------------------------|---------------------------------------|--------------------------------------|
| 1 January  | 83,790,504                           | 64,977,243                            | 64,977,243                           |
| Premium arising on issue of equity shares/warrants | -                                    | 400,735                               | 7,521,415                            |
| Warrants Issued                                    | -                                    | (412,184)                             | 11,291,846                           |
| Transaction costs                                  | -                                    | (81,238)                              | -                                    |
| <b>30 June</b>                                     | <b>83,790,504</b>                    | <b>64,884,556</b>                     | <b>83,790,504</b>                    |



## 17. LOANS (DUE OVER 1 YEAR)

|                         | <b>Unaudited<br/>At 30 June 2023</b> | Unaudited<br>At 30 June<br>2022 | Audited<br>31 December 2022 |
|-------------------------|--------------------------------------|---------------------------------|-----------------------------|
| Five-year secured bonds | <b>(4,000,154)</b>                   | (20,909,700)                    | (4,170,086)                 |
| Additional net funding  | -                                    | (5,871,466)                     | (6,059,126)                 |
| Other loans             | <b>(1,340,882)</b>                   | (1,250,150)                     | (1,293,215)                 |
| <b>Total</b>            | <b>(5,341,036)</b>                   | (28,031,316)                    | (5,463,301)                 |

  

|                                     | Balance as at<br>31 December 2022<br>US \$ | Amortised finance<br>charges less cash<br>interest paid<br>US \$ | Repayment of<br>principle<br>US\$ | Exchange<br>adjustments<br>US \$ | <b>30 June 2022<br/>US\$</b> |
|-------------------------------------|--|--|-----------------------------------|----------------------------------|------------------------------|
| €20 million five-year secured bonds | 4,170,086                                  | 44,188   | -                                 | (214,120)                        | <b>4,000,154</b>             |
| Other loans                         | 1,293,215                                  | 33,075   | -                                 | 14,592                           | <b>1,340,882</b>             |
| <b>Total</b>                        | <b>5,463,301</b>                           | <b>77,263</b>  |                                   | <b>(199,528)</b>                 | <b>5,341,036</b>             |

## Shareholder Information

AIM Rule 26 information

### Dealing Information

Country of incorporation

England & Wales (Registered Number 05483127)

### 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 on any other exchange or platform.

There are no restrictions on the transfer of ordinary shares.

### Address

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85 Great Portland Street

First Floor

London, W1W 7LT

[info@echoenergyplc.com](mailto:info@echoenergyplc.com)

[www.echoenergyplc.com](http://www.echoenergyplc.com)

Tel: +44 (0)20 7190-9930

### Nominated Adviser

Cavendish Financial plc

6 7 8 Tokenhouse Yard

London

EC2R 7AS

### Company Secretary

Amba Secretaries Limited

400 Thames Valley Park Drive

Reading, Berkshire

RG6 1PT

### Brokers

Arden Partners plc

125 Old Broad Street

London

EC2N 1AR

### Solicitors

Fieldfisher

Riverbank House

London

EC4R 3TT

### Auditors

Crowe U.K. LLP

55 Ludgate Hill

London

EC4M 7JW

### Registrars

Link Group

10th Floor

Central Square

29 Wellington Street

Leeds

LS1 4DL

## Glossary

|                   |  |
|-------------------|--|
| <b>AIM</b>        | The market of that name operated by the London Stock Exchange Plc            |
| <b>bbl</b>        | barrel   |
| <b>bbl/d</b>      | barrel(s) per day  |
| <b>Board</b>      | the Board of Directors of Echo Energy plc                                    |
| <b>boe</b>        | barrel(s) of oil equivalent  |
| <b>boe/d</b>      | barrel(s) of oil equivalent per day  |
| <b>Capex</b>      | capital expenditure  |
| <b>CDL</b>        | Fracción C, Fracción D, and laguna De Los Capones licences                   |
| <b>CGC</b>        | Compañía General de Combustibles S.A.  |
| <b>Company</b>    | Echo Energy plc  |
| <b>E&amp;E</b>    | exploration and evaluation   |
| <b>E&amp;P</b>    | exploration and production   |
| <b>FRC</b>        | Financial Reporting Council  |
| <b>G&amp;A</b>    | general and administration expenses  |
| <b>Group</b>      | the Company and its subsidiaries   |
| <b>IAS</b>        | International Accounting Standards   |
| <b>IFRS</b>       | International Financial Reporting Standards as adopted by the European Union |
| <b>ISAs (UK)</b>  | International Standards on Auditing  |
| <b>JEA</b>        | joint evaluation agreement   |
| <b>JV</b>         | joint venture  |
| <b>mmbbls</b>     | million barrels  |
| <b>mmbtu</b>      | million British thermal units  |
| <b>NAV</b>        | net asset value  |
| <b>NOMAD</b>      | nominated adviser  |
| <b>Opex</b>       | operations costs   |
| <b>Spud</b>       | to commence drilling a well  |
| <b>Tcf</b>        | trillion cubic feet  |
| <b>TEA</b>        | technical evaluation agreement   |
| <b>WAEP</b>       | Weighted Average Exercise Price  |
| <b>workover</b>   | an invasive well intervention involving a rig                                |
| <b>\$ / US \$</b> | United States Dollar   |