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This document is an admission document required by the rules of AIM, a market operated by the London Stock Exchange. This document does not constitute an offer to the public in accordance with the provisions of Section 102B of the Financial Services and Markets Act 2000 ("FSMA") as amended by the Prospectus Regulations 2005 and is not a prospectus as defined in Section 85 of FSMA. Accordingly, this document has not been and will not be examined or approved by the Financial Conduct Authority in accordance with such rules. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Smith & Williamson, 25 Moorgate, London, EC2R 6AY for a period of one month from the date of Admission (as defined below).

The Directors, whose names appear on page 5 of this document, and the Company accept responsibility, individually and collectively, for all the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Application will be made to the London Stock Exchange for the Enlarged Share Capital of the Company to be admitted to trading on AIM.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies, to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. It is expected that Admission will take place, and dealings in the Enlarged Share Capital will commence on AIM, on 4 January 2018.

The whole of this document should be read and, in particular, your attention is drawn to the section entitled "Risk Factors" in Part III of this document.



Echo Energy plc

(Incorporated and registered in England & Wales under the Companies Act 2006 with registered number 5483127)

Proposed acquisition of interests in oil and gas assets in Argentina

Placing of 36,391,412 new Ordinary Shares of 0.25 pence each at 17.5 pence per Ordinary Share

**Intended Open Offer of up to 11,428,572 new Ordinary Shares of 0.25 pence each
at 17.5 pence per Ordinary Share**

Admission of Enlarged Share Capital to trading on AIM

and

Notice of General Meeting

Nominated Adviser



**Co-ordinating Bookrunner
and Joint Broker**



**Joint Bookrunner
and Joint Broker**



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This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares to any person in any jurisdiction in which such an offer or solicitation is unlawful. In particular the Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933 as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable laws of any of other Restricted Jurisdiction and, may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act ("Regulation S") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, or to any national, resident or citizen of other Restricted Jurisdiction. The Ordinary Shares are being offered and sold outside the United States in accordance with Regulation S. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States (or any of its territories or possessions), other Restricted Jurisdiction, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The Ordinary Shares will, on Admission, rank in full for all dividends or other distributions hereafter declared, made or paid in the ordinary share capital of the Company and will rank *pari passu* in all other respects with the existing issued ordinary shares of the Company.

Notice of a General Meeting to be held at the offices of Link Asset Services, 65 Gresham Street, London EC2V 7NQ on 3 January 2018 at 2.00 p.m. is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed which, if you wish to validly appoint a proxy, should be completed and signed in accordance with the instructions printed thereon, and returned to the Company's registrars, Link Asset Services, PXS The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to be received by the Company's registrars no later than 48 hours before the time appointed for the General Meeting. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting, or any adjournment thereof, should you wish to do so.

Forward-looking Statements

This document contains statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "believes", "could", "envisages", "estimates", "expects", "intends", "may", "plans", "projects", "should", "will" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs and current expectations of the Company or the Directors concerning, *inter alia*, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Group and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Group or developments in the industry in which the Group operates may differ materially from the future results, performance or achievements or industry developments expressed or implied by the forward-looking statements contained in this document. Prospective investors are strongly recommended to read the risk factors set out in Part III of this document for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Group operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. The forward-looking statements contained in this document speak only as at the date of this document. Neither the Company, Smith & Williamson, Hannam nor Shore Capital undertake any obligation to update or revise publicly the forward-looking statements contained in this document to reflect any change in expectations or to reflect events or circumstances occurring or arising after the date of this document, except as required in order to comply with their legal and regulatory obligations (including under the AIM Rules).

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PLACING, OPEN OFFER AND ADMISSION STATISTICS

Number of Existing Ordinary Shares in issue as at the date of this document	364,539,733
Number of Warrants in issue as at the date of this document	286,223,645
Number of Options in issue on Admission ⁽¹⁾	75,123,143
Number of Placing Shares	36,391,412
Number of Open Offer Shares	up to 11,428,572
Price per Placing Share and Open Offer Share	17.5 pence
Enlarged Share Capital on Admission	400,931,145
Gross proceeds of the Placing	£6.4 million
Estimated net proceeds of the Placing receivable by the Company	£4.7 million
Gross proceeds of the Open Offer ⁽⁴⁾	£2.0 million
Market capitalisation of the Company at the Placing Price on Admission	£70.2 million
Placing Shares expressed as a percentage of the Enlarged Share Capital	9.1 per cent.
Open Offer Shares expressed as a percentage of the Enlarged Share Capital ⁽⁴⁾	2.9 per cent.
TIDM for the Ordinary Shares	ECHO
ISIN for the Ordinary Shares	GB00BF0YPG76
SEDOL for the Ordinary Shares	BF0YPG7
Legal Entity Identifier ("LEI")	2138006SNII7SKIGG445

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	15 December 2017
Latest time and date for receipt of completed Forms of Proxy	2.00 p.m. on 1 January 2018
General Meeting	2.00 p.m. on 3 January 2018
Completion of the Acquisition, Admission effective and dealings in the Placing Shares to commence on AIM	8.00 a.m. on 4 January 2018
CREST accounts credited with Placing Shares (where applicable)	4 January 2018
Expected date of despatch of definitive share certificates for Placing Shares (as applicable)	18 January 2018

Notes:

- (1) As at the date of this document, 45,123,143 Options are in issue. A further 30,000,000 Options are intended to be issued following announcement and publication of this document, further details of which are provided at paragraph 10.4 of Part VI of this document.
- (2) References to time in this document are to London (GMT) time unless otherwise stated
- (3) If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service
- (4) Assuming that the Open Offer is fully subscribed

DIRECTORS, SECRETARY AND ADVISERS

Directors	James Parsons, <i>Non-executive Chairman</i> Fiona MacAulay, <i>Chief Executive Officer</i> Stephen Whyte, <i>Non-Executive Director</i> Marco Fumagalli, <i>Non-Executive Director</i> All are of the Company's registered office below
Company Secretary	Amanda Bateman
Company Website	www.echoenergyplc.com
Registered Office	40 George Street London W1U 7DW
Nominated Adviser	Smith & Williamson Corporate Finance Limited 25 Moorgate London EC2R 6AY
Co-ordinating Bookrunner and Joint Broker	Hannam & Partners (Advisory) LLP 2 Park Street London W1K 2HX
Joint Bookrunner and Joint Broker	Shore Capital Stockbrokers Limited 14 Clifford Street London W1S 4JU
Legal Adviser to the Company (UK)	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Legal Adviser to the Company (Argentina)	Mitrani Caballero Ojam & Ruiz Moreno – Abogados Alicia Moreau de Justo 400, 3rd Floor Buenos Aires Argentina (C1107AAH)
Legal Adviser to the Nominated Adviser and Joint Bookrunners	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
Auditor and Reporting Accountant	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Competent Person	Gaffney, Cline & Associates Limited Bentley Hall Blacknest Road Alton Hampshire GU34 4PU
Registrar	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

“2015 Deferred Shares”	deferred shares of 0.9p each in the capital of the Company as described in paragraph 4.1 of Part VI of this document
“2016 Deferred Shares”	deferred shares of 0.09p each in the capital of the Company as described in paragraph 4.1 of Part VI of this document
“Act”	the Companies Act 2006, as amended
“Acquisition” or the “Farm-In”	the proposed acquisition of interests in oil and gas assets owned by CGC by the Company, pursuant to the terms of the Acquisition Agreements
“Acquisition Agreements”	the CDL Farmout Agreement and the TA Farmout Agreement
“Additional Investment”	the costs and investments that are additional to the activities or works agreed in the CDL Farmout Agreement
“Admission”	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange, as amended from time to time
“AR\$”	Argentine peso
“Articles”	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part VI of this document
“Assupa”	Asociación de Superficialarios de la Patagonia
“Board” or “Directors”	the board of directors of the Company set out on page 5 of this document
“Business Day”	a day on which the London Stock Exchange is open for the transaction of business
“certificated” or “in certificated form”	in relation to an Ordinary Share, recorded on the Company’s register as being held in certificated form (that is not in CREST)
“CDL Farmout Agreement”	the farmout agreement offer for the areas Santa Cruz I – Fracción C, Santa Cruz I – Fracción and Laguna De Los Capones dated 31 October 2017 between the Company and CGC (as amended)
“CDL Participation Interest”	50 per cent. of the undivided participation in the rights and obligations under the Concessions
“CGC”	Compañía General de Combustibles S.A.

“CGC Assets” or “Licences”	together the Concessions and the Exploration Permit currently held 100 per cent. by CGC and more particularly described in paragraph 13.10 of Part VI of this document
“City Code”	the City Code on Takeovers and Mergers
“Company” or “Echo”	Echo Energy plc, incorporated and registered in England & Wales with registered number 5483127 and, where the context permits, its subsidiaries
“Competent Person” or “GCA”	Gaffney, Cline & Associates Limited, the competent person in relation to Admission, as defined by the AIM Rules, and author of the Competent Person’s Report
“Competent Person’s Report” or “CPR”	the report relating to the CGC Assets produced by the Competent Person, set out in Part IV of this document
“Completion”	completion of the Acquisition
“Concessions”	the Concessions for the conventional exploitation of hydrocarbons over the areas known as Santa Cruz I – Fracción C, Santa Cruz I – Fracción D and Laguna De Los Capones as set out in Provincial Decrees No. 2216/2015, Provincial Decree No. 1274/2016 and Provincial Law No. 3500
“CREST”	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear UK & Ireland is the operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
“CREST Manual”	the rules governing the operation of CREST as published by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time, and any applicable rules made under those regulations
“CSOP”	Company Share Option Plan
“Deferred Shares”	the 2015 Deferred Shares and the 2016 Deferred Shares
“EMI Plan”	EMI Share Option Plan
“Enlarged Share Capital”	the issued share capital of the Company on Admission, comprising the Existing Ordinary Shares and the Placing Shares
“Euroclear UK & Ireland” or “Euroclear”	Euroclear UK & Ireland Limited, the Central Securities Depository for the UK market and Irish securities and the operation of CREST
“Existing Ordinary Shares”	the 364,539,733 Ordinary Shares in issue as at the date of this document
“Exploration Permit” or “Tapi Aike”	the exploration permit for the area known as “Tapi Aike” as set out in the Provincial Decree No. 775/2017

“Fracción C”	the concession for the conventional exploitation of hydrocarbons over the area known as Santa Cruz I – Fracción C set out in Provincial Decrees No. 2216/2015, Provincial Decree No. 1274/2016 and Provincial Law No. 3500
“Fracción D”	the concession for the conventional exploitation of hydrocarbons over the area known as Santa Cruz I – Fracción D set out in Provincial Decrees No. 2216/2015, Provincial Decree No. 1274/2016 and Provincial Law No. 3500
“Financial Conduct Authority” or the “FCA”	the UK Financial Conduct Authority
“Form of Proxy”	the form of proxy accompanying this document for use by Shareholders at the General Meeting
“FPO”	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
“FSMA”	the UK Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the Company to be held at 2.00 p.m. on 3 January 2018 (and any adjournment of such meeting) at the offices of Link Asset Services, 65 Gresham Street, London EC2V 7NQ, notice of which is set out at the end of this document
“Greenberry”	Greenberry plc
“Group”	the Company and its subsidiaries as at the date of this document
“Hannam”	Hannam & Partners (Advisory) LLP, the Company’s co-ordinating bookrunner and joint broker
“HMRC”	HM Revenue and Customs
“IFRS”	International Financial Reporting Standards as adopted by the European Union
“Initial Term”	the maximum term for the performance of the first stage of work as set out in the CDL Farmout Agreement
“ISIN”	International Security Identification Number
“ITEPA”	Income Tax (Earnings and Pensions) Act 2003
“Laguna De Los Capones”	the concession for the conventional exploitation of hydrocarbons over the area known as Laguna De Los Capones as set out in Provincial Decrees No. 2216/2015, Provincial Decree No. 1274/2016 and Provincial Law No. 3500
“Loan Notes”	the loan notes as described in paragraph 13.8 of Part VI of this document
“London Stock Exchange”	London Stock Exchange plc
“MAR” or “Market Abuse Regulation”	the EU Market Abuse Regulation (Regulation 596/2014)
“Notice of General Meeting”	the notice convening the General Meeting set out in Part VII of this document

“Official List”	the official list of the UK Listing Authority
“Open Offer”	the intended open offer of the Open Offer Shares at the Placing Price intended to be launched by the Company in January 2018, further details of which will be included in a separate circular to Shareholders
“Open Offer Shares”	the up to 11,428,572 new Ordinary Shares intended to be offered, allotted and issued at the Placing Price by the Company under the Open Offer
“Options”	share options granted or issued pursuant to the Share Option Plan
“Ordinary Shares”	ordinary shares of 0.25 pence each in the capital of the Company
“Pegasus”	Pegasus Alternative Fund Ltd. SAC
“Placees”	certain existing and new investors acquiring Placing Shares pursuant to the Placing
“Placing”	the conditional placing of the Placing Shares with Placees at the Placing Price pursuant to the terms of the Placing Agreement and certain subscription agreements entered into directly with the Company
“Placing Agreement”	the conditional agreement dated 15 December 2017 between the Company (1); the Directors (2); Smith & Williamson (3); Hannam (4); and Shore Capital (5) relating to the Placing, details of which are set out in paragraph 13.3 of Part VI of this document
“Placing Price”	17.5 pence per Placing Share
“Placing Shares”	36,391,412 new Ordinary Shares to be allotted and issued at the Placing Price by the Company pursuant to the Placing, conditional on, <i>inter alia</i> , the passing of Resolution 1, Admission and Completion
“Prospectus Directive”	EU Prospectus Directive 2003/71/EC including any relevant measure in each member state of the European Economic Area that has implemented Directive 2003/71/EC
“Prospectus Rules”	the prospectus rules made by the FCA under Part 6 of FSMA
“Proposals”	the Acquisition, the Placing and Admission, in each case as described in this document
“QCA”	the Quoted Companies Alliance
“QCA Guidelines”	Quoted Companies Alliance published Corporate Governance Guidelines for smaller quoted companies
“Register of Oil Companies”	the Argentinian register “Registro de Empresas Petroleras Del Upstream” referred to in Article 50 of the Hydrocarbons Law, originally created by Decree 5906/1967 and, subsequently, amended by Law No. 26.659 and Resolution No. 407/2007 of the former Secretariat for the Nation’s Energy and (ii) the “Provincial Oil Company Register” created by Provision 001/DPE/05 of the former Secretariat for the Nation’s Energy of the Province of Santa Cruz amended by Provision 04/SEE/06 of the former Secretariat for the Nation’s Energy of the Province of Santa Cruz

“Resolutions”	the resolutions proposed to be passed by Shareholders at the General Meeting, as set out in the Notice of General Meeting
“Restricted Jurisdiction”	the United States, Australia, Canada, Japan and the Republic of South Africa
“SDRT”	Stamp Duty Reserve Tax
“Second Term”	the maximum term for the performance of the second stage of work as set out in the CDL Farmout Agreement
“Securities Act”	United States Securities Act of 1933, as amended
“Shareholders”	holders of Ordinary Shares from time to time
“Share Option Plan”	has the meaning given to that term in paragraph 10 of Part VI of this document
“Shore Capital”	Shore Capital Stockbrokers Limited, the Company’s joint bookrunner and joint broker
“Smith & Williamson”	Smith & Williamson Corporate Finance Limited, the Company’s nominated adviser
“Takeover Panel”	the Panel on Takeovers and Mergers
“TA Farmout Agreement”	the farmout agreement offer for the “Tapi Aike” Area (Cuenca Austral – Province of Santa Cruz) dated 31 October 2017 between the Company and CGC (as amended)
“TA Participation Interest”	means 50 per cent. of the undivided participation in the rights and obligations under the Exploration Permit
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code (formerly the Combined Code) issued from time to time by the Financial Reporting Council
“UK Listing Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“US” or “United States”	United States of America, its territories and possessions, any state of the United States and the District of Columbia
“VAT”	means value added tax in the UK charged at a rate of 20 per cent. on taxable good and services
“Warrants”	warrants granted or issued by the Company as detailed in paragraph 11 of Part VI of this document
“YPF”	YPF S.A.
“£” or “GBP”	the lawful currency of the United Kingdom
“\$” or “US\$”	the lawful currency of the United States

GLOSSARY

“1C”	low estimate of contingent resources in accordance with SPE-PRMS
“1P”	proved reserves in accordance with SPE-PRMS
“2C”	best estimate of contingent resources in accordance with SPE-PRMS
“2P”	proved plus probable reserves in accordance with SPE-PRMS
“3C”	high estimate of contingent resources in accordance with SPE-PRMS
“3P”	proved reserves plus probable reserves plus possible reserves, in accordance with SPE-PRMS
“2D seismic”	a vertical section of seismic data consisting of numerous adjacent traces acquired sequentially
“3D seismic”	a set of numerous closely-spaced seismic lines that provide a high spatially sampled measure of subsurface reflectivity
“barrels” or “bbl”	a unit of volume measurement used for petroleum and its products (for a typical crude oil 7.3 barrels (equal to 42 U.S. gallons) = 1 tonne: 6.29 barrels = 1 cubic metre)
“basin” and “sub-basin”	a basin is a depression or low area in the earth’s crust which has filled with sediments and a sub-basin is a smaller indentation which has formed within the overall depression
“bcf”	billion standard cubic feet of natural gas
“bcfe”	billion standard cubic feet of natural gas equivalent
“Best Estimate”	the middle value in a range of estimates considered to be the most likely. If based on a statistical distribution, can be the mean, median or mode depending on usage
“boe”	barrels of oil equivalent
“boepd”	barrels of oil equivalent per day
“bopd”	barrels of oil per day
“Brent”	blend of crude oil from a critical group of North Sea fields, Brent is the standard contract for ICE crude oil futures trading, and the most commonly referenced crude in Europe
“btu”	British thermal unit, which is the heat required to raise the temperature of a one pound mass of water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit under specific conditions
“contingent resources”	those quantities of petroleum estimated, as at a given date, to be potentially recoverable from known accumulations but where the applicable project(s) are not yet considered mature enough for commercial development due to one or more contingencies

“development well”	a well drilled within the area of a known oil or gas reservoir to the depth of a stratigraphic horizon known to be productive in an attempt to recover undeveloped reserves
“EMV10”	expected monetary value discounted at a rate of ten per cent.
“farm-in” and “farm-out”	a contractual arrangement whereby a third party buys (farms-in) or sells (farms-out) an interest in an exploration licence or production sharing contract
“GIIP”	gas initially in place, the volume of gas in a reservoir before production
“hydrocarbon”	any liquid or gas made up of an appreciable volume of combustible organic compounds
“km”	kilometres
“km²”	square kilometres
“mcf”	thousand standard cubic feet of natural gas
“mcfe”	thousand cubic feet of natural gas equivalent
“mcf/d”	thousand cubic feet of natural gas per day
“mbbl”	thousand barrels of oil
“mmbbl”	millions of barrels of oil
“mmboe”	millions of barrels of oil equivalent
“mmbtu”	million British Thermal Units
“mmscfe/d”	million standard cubic feet of natural gas equivalent per day
“mmscf/d”	million standard cubic feet of natural gas per day
“natural gas”	hydrocarbons that at a standard temperature of sixty degrees Fahrenheit (60°F) and a standard pressure of one atmosphere are in a gaseous state, including wet mineral gas and dry mineral gas, casing head gas, residual gas remaining after separation treatment, processing, or extraction of liquid hydrocarbons
“NPV10”	the present value of a future sum of money or stream of cash flows at a discount rate of ten per cent.
“oil equivalent”	international standard for comparing the thermal energy of different fuels
“operator”	the entity that runs the day-to-day operation of the exploration and production programme on behalf of the working interest holders in the project
“royalty interest”	a royalty interest that is carved out of a lessee’s working interest under an oil and gas lease
“prospective resources”	quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations

“proved reserves”	those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations
“proved undeveloped reserves”	proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion
“PUD”	proved undeveloped reserves
“PV” or “present value”	the present value of a future sum of money or stream of cash flows given a specific discount rate e.g. PV 18 means the present value at a discount rate of 18 per cent.
“recoverable”	a description of hydrocarbon resources that identifies them as technically or economically feasible to extract
“reserves”	those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions
“reservoir”	a subsurface body of rock having sufficient porosity and permeability to store and transmit fluids. A reservoir is a critical component of a complete petroleum system
“resources”	all quantities of petroleum (recoverable and unrecoverable) naturally occurring on or within the Earth’s crust, discovered and undiscovered, plus those quantities already produced. Reserves, contingent resources and prospective resources are specific types of resources
“SPE-PRMS”	the Petroleum Resources Management System as published by the Society of Petroleum Engineers in March 2007
“undeveloped acreage”	lease acreage on which wells have not been participated in or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether such acreage contains proved reserves
“working interest”	a cost bearing interest which gives the owner the right to drill, produce, and conduct oil and gas operations on the property, as well as a right to a share of production therefrom
“workover”	operations on a producing well to restore or increase production
“seismic”	waves of elastic energy, such as that transmitted by P-waves and S-waves, in the frequency range of approximately 1 to 100 Hz, studied to interpret the composition, fluid content and geometry of rocks in the subsurface
“tcf”	trillion standard cubic feet of natural gas
“tcf_e”	trillion standard cubic feet of natural gas equivalent

KEY INFORMATION

The following information is derived from, and should be read in conjunction with, the full text of this document and prospective investors should read the whole document and not just rely on the key information set out below. In particular, attention is drawn to Part III of this document which is entitled “Risk Factors”.

Echo Energy

- Echo is a South and Central American focused upstream oil and gas company pursuing a growth strategy launched in April 2017, following Shareholder approval of change of name and board changes.
- Strong management team with significant expertise, capability, local knowledge and regional relationships.
- Estimated unaudited cash balances of £22.2 million as at 31 October 2017.
- The Directors believe that the combination of recently increasing economic growth across South and Central America and the increasing shortage of gas in the major South American markets of Brazil and Argentina, together with a historical period of regional underinvestment in the oil and gas sector, provides attractive opportunities for the Group in South and Central America.

The Acquisition

- The Company announced on 1 November 2017 that, in line with its stated strategy, it had entered into a conditional farm-in agreement with CGC for the acquisition by the Company of 50 per cent. working interests in certain of the onshore Argentinian gas and oil assets of CGC.
- Echo is to acquire 50 per cent. working interests in each of the Fracción C, Fracción D and Laguna De Los Capones Concessions and in the Tapi Aike Exploration Permit each located in the Austral basin of Santa Cruz province, onshore Argentina, and covering a total of 11,153km².
- The Acquisition is expected to provide the Company with a compelling blend of multi tcf exploration potential, appraisal and production.
- Existing gross production of a total of approximately 11.2 mmscfe/d (net production of 5.6 mmscfe/d, pre-royalty) on Fracción C and Fracción D with, the Directors believe, potential to significantly increase current gross production across the Concessions to over 80 mmscfe/d (net production of 40 mmscfe/d) over a five year period.
- The Acquisition will provide the Company with a material position in Argentina, with strong local gas prices, and a well-respected local strategic partner.
- Completion of the Acquisition is conditional, *inter alia*, on the passing of Resolution 1 at the General Meeting.

Placing and Open Offer

- The Company has conditionally raised £6.4 million, before expenses (£4.7 million net of expenses) through the Placing of 36,391,412 Placing Shares at 17.5 pence per Placing Share.
- The Placing Shares will represent approximately 9.1 per cent. of the Enlarged Share Capital on Admission.
- Following Admission, Echo intends to deploy the Company's existing cash balances and net proceeds of the Placing towards the development of the Licences, and towards the Company's working capital requirements.
- The Company intends to undertake an Open Offer in January 2018 of up to 11,428,572 Offer Shares at 17.5 pence per Offer Share to raise up to £2.0 million, before expenses.



PART I

LETTER FROM THE CHAIRMAN OF ECHO ENERGY PLC

(Incorporated in England and Wales with registered number 5483127)

Directors:

James Parsons, *Non-Executive Chairman*
Fiona MacAulay, *Chief Executive Officer*
Stephen Whyte, *Non-Executive Director*
Marco Fumagalli, *Non-Executive Director*

Registered Office:

40 George Street
London
W1U 7DW

To Shareholders and, for information only, to holders of Options and Warrants

15 December 2017

Proposed acquisition of interests in oil and gas assets in Argentina

Placing of a total of 36,391,412 Ordinary Shares of 0.25 pence each at 17.5 pence per Ordinary Share

Intended Open Offer of up to 11,428,572 new Ordinary Shares of 0.25 pence each at 17.5 pence per Ordinary Share

Admission of Enlarged Share Capital to trading on AIM

Notice of General Meeting

1. Introduction

On 1 November 2017, the Board of Echo Energy announced that the Company had entered into a conditional farm-in agreement with Compañía General de Combustibles S.A. ("CGC"), a privately-owned affiliate of the Argentinian conglomerate Corporación América Internacional, for the acquisition by Echo of a 50 per cent. working interest in each of the Fracción C, Fracción D and Laguna De Los Capones Concessions and the Tapi Aike Exploration Permit, located onshore in Argentina.

The Licences are located in the Austral basin (also known as the Magallanes basin) in the Santa Cruz province of southern Argentina and cover an aggregate of 11,153km². The Acquisition is expected to provide the Company with a compelling blend of multi tcf exploration potential, appraisal and production of both oil and gas.

The Company's existing cash balances and the net proceeds of the Placing will be applied towards the Acquisition and initial work programme across the Licences.

The Company has conditionally raised £6.4 million through the issue of a total of 36,391,412 new Ordinary Shares pursuant to the Placing at 17.5 pence per Placing Share. The Placing Price is equal to the closing mid-market price per Existing Ordinary Share of 17.5 pence on 27 October 2017 being the last date prior to the Existing Ordinary Shares being suspended from trading on AIM pending publication of this document. In addition, the Company is intending to launch an Open Offer in January 2018 to raise up to a further £2.0 million (gross) through the issue of an aggregate of up to 11,428,572 new Ordinary Shares at the Placing Price.

At the Placing Price on Admission, Echo will be valued at approximately £70.2 million.

In view of the size of the Farm-In relative to the Company, in aggregation with the changes to the business since March 2017, the Acquisition constitutes a reverse takeover of Echo under Rule 14 of the AIM Rules for Companies and accordingly the Existing Ordinary Shares were suspended from trading on AIM on 30 October 2017 pending publication of this document. Trading in the Existing Ordinary Shares is expected to be restored following publication of this document.

Under the AIM Rules, the Acquisition requires the prior approval of a majority of Shareholders voting on an ordinary resolution to be put to Shareholders at a General Meeting, notice of which is set out at the end of this document.

If Resolution 1 to approve the Acquisition is duly passed at the General Meeting, the Company's existing quotation on AIM will be cancelled and the Company will apply for the Enlarged Share Capital to be re-admitted to trading on AIM.

The issue of the Placing Shares is conditional on, *inter alia*, the passing of Resolution 1 at the General Meeting.

Application will be made for the Placing Shares to be admitted to trading on AIM, subject to the passing of Resolution 1. It is expected that Admission will take place, and dealings in the Placing Shares will commence on AIM, on 4 January 2018.

The purpose of this document is to provide you with information on the Proposals and to explain why the Directors consider the Proposals to be in the best interests of the Company and the Shareholders, and why they recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

2. Background to, and reasons for, the Acquisition

On 18 April 2017, Shareholders approved, *inter alia*, a change of the Company's name to 'Echo Energy plc' and the Company announced its intention to pursue a South and Central American regional exploration and production strategy.

The Company is pursuing this strategy focussed on low cost, onshore gas piped to high value, growing markets – with the intention of identifying, acquiring and developing exploration, development, appraisal and/or producing oil and gas assets in South and Central America. The Directors consider the Acquisition to be in accordance with such strategy.

The Directors expect the Acquisition to deliver:

- A material position in Argentina with a well-respected local strategic partner.
- Existing gross production of a total of approximately 11.2 mmscfe/d (net production of 5.6 mmscfe/d, pre-royalty) on the Fracción C and Fracción D Concessions, with, the Directors believe, potential to significantly increase current gross production across the Concessions to over 80 mmscfe/d (net production of 40 mmscfe/d) over a five year period, underpinned by strong local Argentinian gas prices.
- Combined net 2P and net 2C (pre-royalty) reserves and resources of 39.2 bcfe⁽¹⁾.
- Access to multi tcf exploration potential on the Exploration Permit.
- Access to significant exploration and appraisal potential across the Fracción C and Fracción D Concessions.
- First operations under the Initial Term work programme on the Concessions in Q1 2018, followed by an active drilling and operational work programme across the Licences.
- Technical operatorship by the Company of the Concessions.

⁽¹⁾ From Table All:1 "Summary of Reserves" and Table All:2 "Summary of Contingent Resources" of the CPR included at Part IV of this document (pages 105 and 106 of this document). Summation by Echo; oil volumes converted to equivalent gas volumes at 5.6138 mscfe/bbl.

3. Principal terms of the Acquisition Agreements

Pursuant to the Acquisition Agreements and subject to Shareholder approval of the Acquisition at the General Meeting, the Company has agreed to farm-in to 50 per cent. working interests in the Licences on the following terms.

Fracción C, Fracción D and Laguna De Los Capones Concessions

Fracción C, which surrounds the Laguna De Los Capones Concession, covers an area of 5,288km² and includes 3 existing production facilities and a gas export pipeline connecting directly to the main pipeline to Buenos Aires operated by Transportadora de Gas del Sur S.A. The Laguna De Los Capones Concession covers an area of just under 400km². These two Concession areas benefit from 1,192km² of existing 3D seismic, extensive legacy 2D seismic coverage and existing gross production of 10.8 mmscfe/d.

Fracción D is a 280km² Concession with existing production facilities and a small initial level of production. The Company has identified significant development, appraisal and exploration potential within the Fracción D Concession.

The area has a proven gas cap already penetrated by a number of wells. The work programme agreed in the CDL Farmout Agreement is designed to explore, appraise and bring into production these resources, utilising existing production facilities and a new 28km pipeline to the gas metering point.

A combined net total of 39.2 bcfe (7.0 mmmboe) of 2P reserves and 2C contingent resources⁽²⁾ are mapped across the Concessions.

In addition, thirteen exploration prospects within the Concessions are reported on in the CPR included at Part IV of this document with a total EMV10 of US\$69.2 million⁽³⁾. These are all considered to have a reasonable chance of success.

All discoveries across the Concessions are expected to be capable of being brought on stream rapidly and with low incremental costs due to the proximity to existing infrastructure.

The consideration payable under the CDL Farmout Agreement for the acquisition by Echo of the CDL Participation Interest and the TA Participation Interest comprises the following elements:

- US\$2.5 million cash which was paid on signature of the CDL Farmout Agreement in November 2017.
- Echo to meet 100 per cent. of the costs of the works agreed to be undertaken in the Initial Term across the Concessions anticipated to run for approximately 18 months (the carry by Echo of CGC's 50 per cent. working interest on the agreed work programme across the Concessions estimated by the Company to be between US\$9 million and US\$12 million) which will include:
 - reprocessing and analysis of existing Laguna De Los Capones 3D seismic;
 - acquisition of c.500km² of 3D seismic on Fracción C;
 - drilling and testing of 4 exploration wells on Fracción C and the completion of each of those wells as producing wells in the event of drilling success in each case;
 - workover of 3 existing wells on Fracción D;
 - drilling, testing and completion (or abandonment) of 1 new well in Fracción D, contingent on satisfactory results arising from the Fracción D workovers; and
 - acquisition of c.230km² of 3D seismic on Fracción D, subject to satisfactory results arising from the workovers and/or contingent development well described above. This requirement to acquire additional 3D seismic may be transferred to Fracción C
- A deferred cash payment of US\$2.5 million on completion of the Initial Term on the Concessions.

⁽²⁾ From Table AIII:1 "Summary of Reserves" and Table AIII:2 "Summary of Contingent Resources" of the CPR included at Part IV of this document (pages 105 and 106 of this document); summation of 2P and 2C volumes by Echo; oil volumes converted to equivalent gas volumes by Echo at 5.6138 mscfe/bbl.

⁽³⁾ Extracted from Table 9 of the CPR included at Part IV (page 88 this document).

After the completion of the Initial Term on the Concessions, the Company has the option to progress to the Second Term on the Concessions for which a provisional work programme has been envisaged, including expanding the total seismic acquisition across the Concessions (including that acquired in the Initial Term) to 2,000km² and drilling a further 8 exploration wells across the Concessions.

On election by the Company to progress to the Second Term on the Concessions, the total carry of CGC's interests in the Concessions by Echo (including all expenditure during the Initial Term) would be capped at a total of US\$35 million and during the Second Term a further deferred consideration payment of US\$5 million would be payable by Echo which may, at the election of the Company and in certain circumstances be contributed as part of CGC's share towards additional investments.

CGC and the Company will enter into a joint operating agreement on completion of the Acquisition with Echo being appointed as technical operator of Fracción C, Fracción D and Laguna De Los Capones.

The main terms of the Concessions are as follows:

	<i>Date of grant of extension</i>	<i>Date of expiry of extension</i>	<i>Relinquishment Obligations</i>	<i>Rights</i>	<i>Work Programme Obligations</i>	<i>Other Obligations</i>
Fracción C	22 November 2016	13 November 2027	Fracción C and Fracción D Concessions	Exclusive right to produce hydrocarbons from the area specified by the Concessions	Development work programme requirement of US\$14.5 million from 2016 to 2020 in CGC's 7 concessions held (including the Concessions)	Incurring and paying opex expenditure of an average amount of US\$13.2 million per year for the Concessions
Fracción D	22 November 2016	13 November 2027	required to be relinquished if, by 30 June 2020, the relevant Concession does not have an audited reserves to production ratio of 4 years taking into account the cumulative production of the last 12 months preceding this date.	Right to build pipelines and infrastructure to treat, transport and market hydrocarbons production	Exploration work in the exploration acreage of one work unit (US\$5,000) per year for every km ² of exploration acreage	
Laguna De Los Capones	22 November 2016	18 April 2026	Exploration acreage to be relinquished if exploration work at a rate of 1 Work Unit (US\$ 5000) per year per km ² is not maintained throughout the term of the Concessions			

Tapi Aike

The Exploration Permit is one of the largest onshore blocks in Argentina, covering an area of 5,187km² in the foothills of the Andes Mountains, south west of the Concessions. The Exploration Permit benefits from 3,400km of legacy 2D seismic and a total of 14 wells have been drilled in Tapi Aike over the last 45 years, mostly in the eastern part of the licence and targeting the conventional Springhill/Tobifera play. Although no commercial discovery has yet been made, there have been encouraging signs of the presence of gas. Some 41 leads have been identified in several potential play types, although 3D seismic acquisition is required before any of them will be considered ready for drilling.

The consideration payable by the Company to CGC for the acquisition of the TA Participation Interest does not include any upfront cash consideration. Instead, Echo has agreed under the TA Farmout Agreement to carry CGC for 15 per cent. of the total committed work programme costs (total of 65 per cent. of costs

attributable to Echo) during the first phase of the Exploration Permit period of 3 years (4 years in the event of tight gas classification).

The work programme over that period comprises reprocessing of selected existing 2D seismic, acquisition and processing of 1,200km² of 3D seismic and the drilling of 4 exploration wells. Echo's 15 per cent. carry of CGC for the work programme is anticipated to be between US\$9 million and US\$12 million (with anticipated gross work programme costs in the order of US\$60 million).

The Exploration Permit work programme in the first two years following completion of the TA Farmout Agreement is anticipated to comprise 2D seismic re-processing, 3D seismic acquisition planning and the initiation of 3D seismic acquisition.

The main terms of the Exploration Permit are as follows:

	<i>Date of grant</i>	<i>Date of expiry</i>	<i>Relinquishment Obligations</i>	<i>Rights</i>	<i>Work Programme Obligations</i>	<i>Other Obligations</i>
Tapi Aike	8 September 2017	8 September 2020	At the end of the first exploration period or second optional exploration period	Exclusive right to perform all operations relating to the search of hydrocarbons from the area specified by the Exploration Permit Entitlement to obtain an exclusive 25 year concession for the exploitation of any discovery of hydrocarbons in the area specified by the Exploration Permit	Exploration work programme of 15,280 work units (approximately US\$5,000 per work unit and US\$76.4 million in total based on the Argentinian government's current tariffs in respect of hydrocarbon exploration work) during the term	Signature bonus of AR\$12,000,000

Further details of the Acquisition Agreements are set out in paragraphs 13.1 and 13.2 of Part VI of this document.

Should the Acquisition not be completed by 2 February 2018 or a subsequent date which the parties may mutually agree, the Acquisition Agreement will lapse uncompleted and the initial US\$2.5 million consideration payment in relation to the CDL Farmout Agreement will not be refundable, other than to the extent of US\$0.5 million in certain limited circumstances.

In the event that the Company fails to obtain Shareholder approval for the Acquisition and fails to satisfy the other conditions in the CDL Farmout Agreement, a further sum of US\$2.5 million will become payable by the Company to CGC. This additional US\$2.5 million payment would be made by the Company from existing cash balances and would be refundable only in certain limited circumstances.

If the Company fails to obtain Shareholder approval for the Acquisition and fails to satisfy the other conditions in the TA Farmout Agreement, the TA Farmout Agreement shall terminate.

Completion of the Acquisition is conditional, *inter alia*, on the passing of Resolution 1 at the General Meeting. At the time of Completion, it is anticipated that not all of the consents required for the transfer of the participating interests in the Licences to the Company will have been obtained. It is anticipated that these consents, further details of which are contained in paragraphs 13.1 and 13.2 of Part VI of this document, will be obtained within six months following completion of the Acquisition. Should any of the consents not be obtained, then the Company

will be granted an economic interest in the Licences until such time as the Company can obtain full legal title.

4. Information on the Licences

Overview⁽⁷⁾

Exploration for hydrocarbons in the Concession areas began in the 1960s. On the basis of 2D seismic, five oil and gas fields were discovered in Fracción C, Laguna De Los Capones and Fracción D, although all five are now mature and only a few wells remain in production. A further discovery was recently made in 2015 at Laguna de Maria in Fracción C, and the discovery well is currently in production.

Reserves are attributed to continued production from the currently producing wells. Proved plus probable (2P) reserves net to a 50 per cent. working interest amount to 0.51 mmbbl of oil and 6.3 bcf of gas after deduction of the royalty (0.60 mmbbl and 7.5 bcf pre-royalty).

The potential exists to further develop the Laguna de Maria discovery at Fracción C and an earlier discovery adjacent to the Estancia La Maggie field, within Fracción C that has never been developed. There is also the possibility of monetising gas from Fracción D, which until now has had no export route; the Cañadon Salto field contains a gas cap, and there is a gas discovery below the main oil producing reservoir. However, a pipeline would need to be constructed to link the field with the existing San Martin pipeline some 28 km to the west, and it is likely that prior to sanctioning the pipeline, additional discoveries in Fracción D would be required.

Contingent resources are attributed to these potential projects. 2C contingent resources net to a 50 per cent. working interest amount to 0.57 mmbbl of oil and 20.9 bcf of gas after deduction of royalty (0.67 mmbbl and 24.5 bcf pre-royalty).

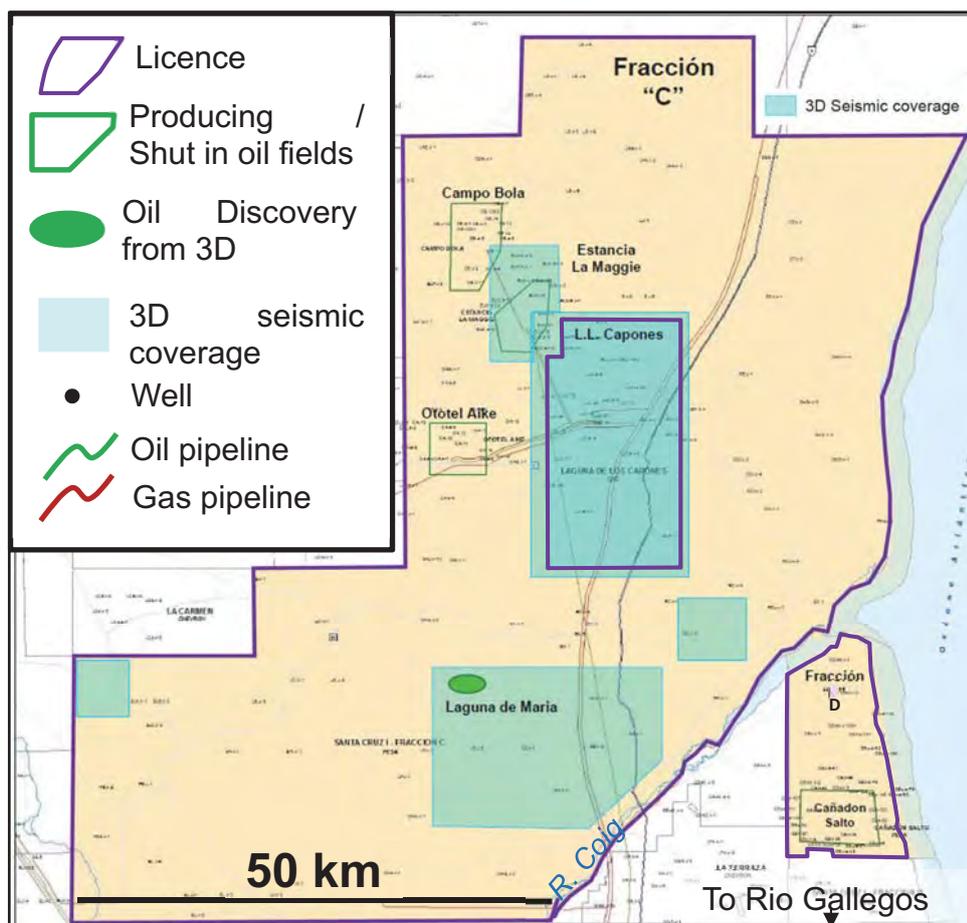
Thirteen exploration prospects have been identified and reported on in the CPR within Fracción C, Laguna De Los Capones and Fracción D, five of which contain two separate reservoir targets. Five prospects (all in Fracción C) are oil prospects, the remainder gas with condensate. These are all considered to have a reasonable chance of success, given the proximity to existing fields and the fact that a significant part of Fracción C and Laguna De Los Capones is now covered with 3D seismic. Prospective resources attributed to individual prospects at the gross (100 per cent.) level are typically 10-20 bcf or 1-11 mmbbl at the best estimate level, while the dry hole cost of an exploration well is in the order of US\$2 million.

In contrast to the relatively mature Fracción C, Laguna De Los Capones and Fracción D, Tapi Aike is still at the exploration stage. It is one of the biggest onshore exploration blocks in Argentina, covering an area of 5,187km² in the foothills of the Andes Mountains. There is a legacy 2D seismic grid over a large part of the area (3,400km²), which is of reasonable quality but has a wide line spacing (average 4 km). Over the last 45 years, 14 wells have been drilled in Tapi Aike; mostly in the eastern part of the licence and targeting the Springhill/Tobífera play established in Fracción C, Laguna De Los Capones and Fracción D; none has made a commercial discovery, but there have been encouraging signs of the presence of gas, including a reported blow-out and a 120m interval that logged gas but which did not flow on test.

A large number of leads have been identified in Tapi Aike at depths ranging from 1,300m to 4,100m below ground level. All are being evaluated as dry gas leads. There are a number of potential play types, different from those in Fracción C, Laguna De Los Capones and Fracción D, and individual leads are much larger, typically with gross (100 per cent.) prospective resources of 50-600 bcf at the best estimate level, though also of significantly higher risk at this stage of their evaluation. Consistent with the definition of a lead, more work is needed before any of these will be considered ready for drilling, and acquisition of 3D seismic is planned as the next step.

⁽⁷⁾ The information contained in this paragraph 4 on the Licences has been extracted without material adjustment from pages 65 to 73 of the Competent Person's Report included at Part IV of this document

Fracción C, Laguna De Los Capones and Fracción D location map



Source: Modified from CGC dataset

Exploitation History

Fracción C and Laguna De Los Capones

Exploration for hydrocarbons in the Concession areas began in the 1960s. On the basis of 2D seismic data acquired at that time, three hydrocarbon fields were discovered within Fracción C:

- Campo Bola: discovered in 1967, currently (July 2017) producing approximately 5.8 mmscf/d gas and 112 bopd;
- Ototel Aike: discovered in 1976, now shut-in; and
- Estancia La Maggie: discovered in 1988 and currently producing approximately 590 bopd.

Approximately 60 exploration and development wells were drilled in Fracción C up to the mid-1990s on the 2D seismic data.

The first 3D seismic data was acquired in 1995 and there are now several areas of 3D coverage, although most of the area remains under-explored with only a poor quality 2D seismic grid. It is known from elsewhere in the basin that 3D is important to define the geometry of the reservoirs.

In 2015, a discovery was made in the Tobífera Formation at Laguna de Maria, in a well originally targeting the Springhill play. The discovery well currently produces approximately 63 bopd, with production being trucked to the existing processing facilities.

Contained entirely within Fracción C, Laguna De Los Capones is a separate concession containing one field of the same name, an oil field discovered in 1977 but which is no longer producing.

Fracción D

Fracción D lies south east of Fracción C and is similarly covered by a network of 2D seismic data. It contains the Cañadon Salto oil and gas field.

Discovered in 1979, Cañadon Salto covers an area of 51.1km². The reservoir is the Springhill formation, at a depth of approximately 1,300m below ground level. There are more than 100 wells in the field, which has produced 8.2 mmbbl, but currently the field produces only 25 bopd and 0.25 mmscf/d gas from two active wells. A water injection project was conducted for a period in the 1990s, with good results. Gas has historically been used for fuel or flared, as the field lies some 28km from the nearest gas pipeline (San Martin).

Tapi Aike

The Exploration Permit is one of the biggest onshore exploration blocks in Argentina, covering an area of 5,187km², and was obtained by CGC in the last bid round in August 2017. It is located in the foothills of the Andes Mountains, south west of Fracción C, Fracción D and Laguna De Los Capones. Most of the area (3,400 km²) is covered by a legacy 2D seismic grid, which is of reasonable quality but has a wide line spacing.

Over the last 45 years, 14 wells have been drilled in Tapi Aike, mostly targeting the Springhill formation in the east of the licence. There have been no commercial discoveries, but there have been encouraging signs of the presence of gas:

- The TA.X-1 well, drilled by YPF in 1974 drilled to a TD of 3,406m, detected high pressure gas and was abandoned due to technical issues; the rig was moved 30m and a second well-bore (TA.X-1 bis) was drilled to 1,871m before being abandoned due to a pressure blowout. The two well-bores are reported to have communicated during drilling.
- The Cancha Carrera well, CC.es-1, drilled by YPF in 1973, logged gas over 120m in two 60m sandstone intervals in the Cerro Torro Formation at a depth of approximately 2,600m, but failed to flow when tested.
- The TA.x-1001 well, drilled in 1994 by Perez Companc to a TD of 3,491m, logged gas in the Cerro Cazador formation but was abandoned after failing to produce any gas after a small hydraulic fracture treatment.

Gas was also encountered in the Ea.Ch.SO.x-1 well drilled in an analogue setting to the lobes leads (Lower Magallanes lobes, etc.) in the neighbouring, CGC-operated, Estancia Chiripa block.

Group Reserves and Contingent Resources Summary

The following table sets out the total reserves and contingent resources of the Fracción C, Fracción D, and Laguna De Los Capones Concessions, which together with Tapi Aike will constitute the material assets of the Group on Admission, as further detailed in tables AIII.1 and AIII.2 of the CPR on pages 105 and 106 of this document:

	Gross Field			Net to 50% Working Interest					
				Pre-Royalty			Post-Royalty		
	Proved	Proved + Probable	Proved + Probable + Possible	Proved	Proved + Probable	Proved + Probable + Possible	Proved	Proved + Probable	Proved + Probable + Possible
Reserves – Oil (mmbbl)	1.10	1.21	1.30	0.55	0.60	0.65	0.47	0.51	0.55
Reserves – Gas (bscf)	13.1	14.9	15.8	6.5	7.5	7.9	5.6	6.3	6.7
Contingent Resources – Oil and Condensate (mmbbl)	0.60	1.35	3.01	0.30	0.67	1.50	0.25	0.57	1.28
Contingent Resources – Gas (bscf)	21.4	49.1	110.7	10.7	24.5	55.4	9.1	20.9	47.1

Source: Pages 105 and 106, Competent Person's Report included at Part IV of this document

Additionally, the CPR reports on prospective resources associated with the CGC Assets as detailed in tables AIII:3 and AIII:4 of the CPR on pages 107 to 111 of this document.

5. Information on CGC

CGC is an independent energy company operating in Argentina that engages in the exploration, development and production of hydrocarbons, including natural gas, crude oil and, to a lesser extent, upstream liquid natural gas. CGC has a portfolio of 40 oil and gas fields in Argentina, with substantially all of the exploration and production activities focused onshore across the Austral basin in the province of Santa Cruz in the southern part of the country.

Founded in 1920 as a fuel oil and diesel transportation and commercialisation company, CGC holds direct interests in and operates approximately 23 oil and gas fields across eight areas in the Austral basin. In addition, CGC holds direct and indirect interests in a further 17 oil and gas fields in five additional areas in the Neuquina, Noroeste and Golfo de San Jorge basins in Argentina. CGC's licence areas in Argentina cover an aggregate of a gross 24,888km² (net area of 20,882km²), with CGC's licence areas in Santa Cruz Oeste in the Austral basin comprising the majority of CGC's production and reserves, and constituting its core areas of activity and ongoing focus.

In addition to CGC's upstream business, CGC has interests in a network of pipelines in northern and central Argentina, with stakes in the Transportadora de Gas del Norte (TGN), which is the largest natural gas pipeline system in the country in terms of capacity according to the Argentinian national regulator of gas (ENARGAS), Gasoducto GasAndes (GasAndes) and Transportadora de Gas del Mercosur (TGM) pipeline systems.

For the fiscal year ending 31 December 2016, CGC reported revenues of US\$3.5 million, gross profit of US\$0.8 million and a net loss of US\$0.2 million.

CGC's controlling shareholder, Latin Exploration S.L.U., is beneficially owned by the Southern Cone Foundation, which also controls the conglomerate known as Corporación América. Corporación América has interests in airport, agribusiness, energy, infrastructure, services and technology companies in ten countries and had revenues of approximately US\$1.4 billion and a workforce of approximately 12,300.

6. Overview of Global Energy Markets

Consumption of natural gas worldwide is projected to increase from 120 tcf in 2012 to 203 tcf in 2040 in the International Energy Outlook 2016 ("IEO2016") Reference case. By energy source, natural gas accounts for the largest increase in world primary energy consumption. Abundant natural gas resources and robust production contribute to the strong competitive position of natural gas among other resources.

Natural gas remains a key fuel in the electric power sector and in the industrial sector. In the power sector, natural gas is an attractive choice for new generating plants because of its fuel efficiency. Natural gas also burns cleaner than coal or petroleum products, and as more governments begin implementing national or regional plans to reduce carbon dioxide (CO₂) emissions, they may encourage the use of natural gas to displace more carbon-intensive coal and liquid fuels.

World consumption of natural gas for industrial uses is projected to increase by an average of 1.7 per cent. per year, and natural gas consumption in the electric power sector by 2.2 per cent. per year, from 2012 to 2040 in the IEO2016 Reference case. The industrial and electric power sectors together account for 73 per cent. of the total increase in world natural gas consumption, and they account for about 74 per cent. of total natural gas consumption through to 2040. Annual natural gas consumption in the OECD Americas region rises steadily to 40.1 tcf in 2040, including increases of 1.0 tcf from 2012 to 2020 (0.4 per cent./year) and 7.3 tcf from 2020 to 2040 (1.0 per cent./year). The OECD Americas region accounts for 41 per cent. of the total increase in natural gas use by OECD countries and 13 per cent. of the increase in total world natural gas consumption over the projection period.

7. Overview of the Oil & Gas Exploration and Production Industry in Argentina

Overview of Argentina

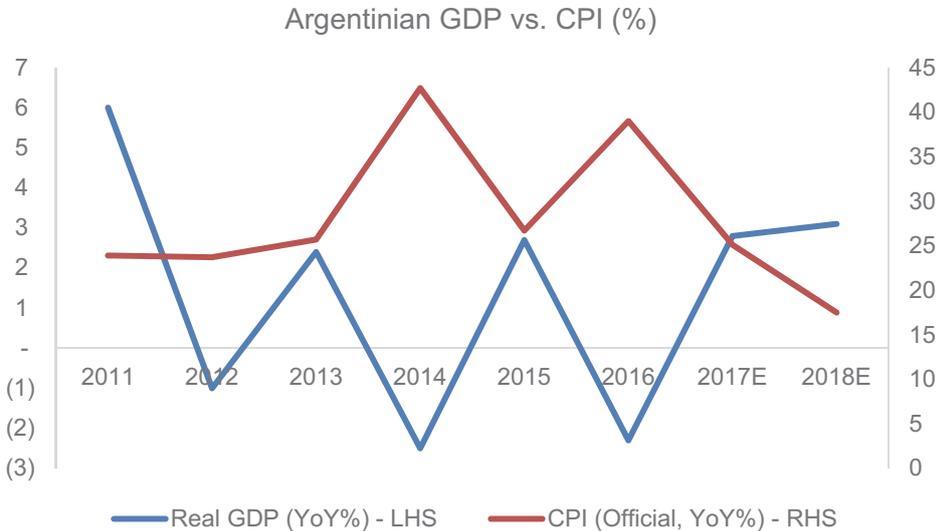
Argentina is the second largest country in South America, after Brazil. It shares common boundaries with five South American countries: Brazil, Bolivia, Chile, Paraguay and Uruguay, and lies adjacent to the Atlantic Ocean. Argentina has one of the largest economies in South America and has a population of approximately 44 million people. It is divided into 23 provinces and one autonomous city (its capital Buenos Aires). (Source: *CIA World Factbook, October 2017*).

Spanish is the official language and is the most widely spoken. Argentina’s currency is the Argentinian peso, the average value of which was approximately 17.3 pesos per US\$1 as at 13 December 2017.

The election of President Mauricio Macri in December 2015 brought the start of a process of political and economic transformation. This included steps towards liberalising the economy, lifting capital controls, floating the peso, removing export controls on some commodities and a gradual removal of energy subsidies. Argentina negotiated debt payments with holdout bond creditors and returned to international capital markets in April 2016.

In the October 2017 midterm elections President Macri secured a decisive mandate to implement some important pro-market tax and fiscal reforms. The reforms are expected to boost economic growth (estimates indicate 0.5 per cent. for at least 5-years and investment increases from 15 per cent. to 17 per cent. of GDP). Tax reforms largely focus on reducing corporate tax burdens and simplifying the tax code. On the back of this improved competitiveness and what is perceived to be a sustainable economic growth model, S&P has upgraded its credit rating for Argentina from B to B+.

The new government in place has a focused and clear strategy to bring investment into the country and in particular to the energy sector. The improved market conditions can be observed through various indicators such as the reduced CPI and improving GDP growth in the figure below.



Source: Bloomberg

Overview of Argentina’s oil & gas market

Argentina has a long history of oil and gas production stretching back to the start of the 20th century, with the first discovery made in 1905 and first production in 1907. Argentina currently produces some 641,000 bpd of oil and around 3.7 bcf/d of gas. This represents around 93 per cent. of domestic oil consumption and 77 per cent. of domestic gas consumption. Gas imports include approximately 560 mmscf/d from Bolivia and there is LNG regasification capacity of 1,000 mmscf/d when required to cope with seasonal demand.

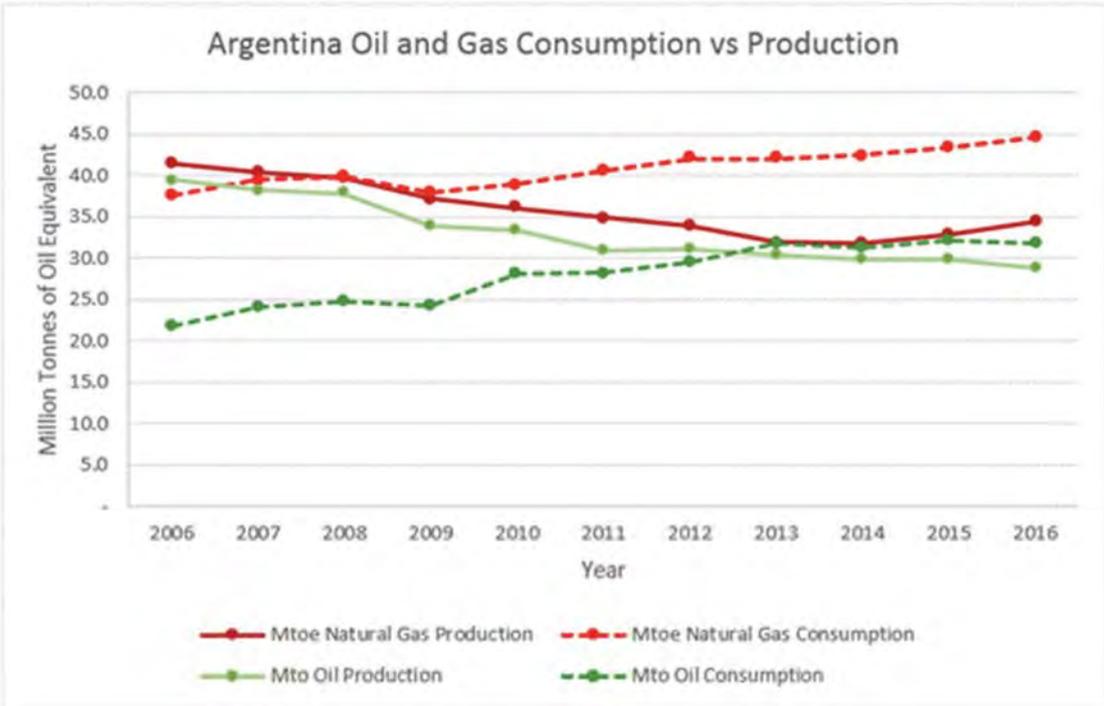
During Argentina’s more than a century old oil and gas industry track record, approximately 7,300 exploration and production wells have been drilled across the various basins. As is the case with many countries, hydrocarbons are a strategic resource and control over access has therefore been the subject of significant political involvement over the years. The state majority-owned oil company, YPF, is the largest industry player in the country, although there are more than fifty other oil and gas companies, ranging from super majors to small and medium size local players. The largest players by reserves include PanAmerican Energy, Total, Wintershall, Shell, ExxonMobil, Chevron and Pluspetrol.

Argentina was a net exporter of both oil and gas until 2011. However, regulated hydrocarbon prices since 2002 have severely curtailed investment in the country’s oil and gas sector. In addition, the expropriation of YPF (the dominant producer in the country) from Repsol in 2012 further impacted the energy sector. This led to a sharp drop in oil production with the country becoming a net importer of crude oil and natural gas.

In the gas sector, low (subsidised) domestic prices have led to a fast growth in demand, while upstream investment has reduced. This has resulted in gas shortages during recent winters, with LNG being imported.

Although conventional oil and gas production is now in decline, there is excellent potential for both conventional and unconventional oil and gas (tight/shale) in Argentina, particularly in the Austral basin for conventional plays and the Vaca Muerta shale in the Neuquén basin. The Vaca Muerta shale has similar geology to some of the most successful shale plays in the United States. In November 2011, YPF announced the discovery of 927 mmbob of recoverable resources in the Neuquén basin of Argentina; its largest oil discovery to date. Since then, the play has emerged as one of the most attractive unconventional plays outside North America, with a number of major international oil companies such as Chevron, ExxonMobil and Total committing significant investments in the country to appraise and develop the Vaca Muerta area in partnership with national company YPF. In addition, recent competitive bid rounds for newly licenced Austral basin exploration acreage have attracted bids from companies such as YPF, CGC and Enap, whilst ConocoPhillips are in negotiations to enter Enap’s El Turbio Este block.

In 2016, Argentina consumed 1.75 tcf of gas, of which 0.44 tcf was imported via either pipeline or LNG.



BP Statistical Analysis (2017)

Service and Infrastructure in Argentina

As a mature oil province, Argentina has a well-developed service market and infrastructure network. The country has extensive infrastructure in place including over 3,171km of oil pipelines and 17,884km of gas pipelines, 11 oil refineries with 666,000 bopd total refining capacity and a nascent unconventional infrastructure framework.

The country also has a well-developed service industry with key international players with a large presence including Schlumberger, Baker Hughes and Halliburton. Indeed, Schlumberger recently announced a joint venture with YPF under which it will have a direct involvement in the upstream oil and gas industry highlighting their commitment to the country.

Oil and Gas prices in Argentina⁽⁸⁾

Prior to the end of 2015, Argentinian government policy set the domestic price at US\$77/bbl for Medanito oil, which is a reference blend in Argentina. While this was substantially below world prices in the first half of 2014 (and effectively reflected the tax on any oil exported), the oil price crash that started in late 2014 quickly led to Argentine oil prices being above those elsewhere in the world. From 31 December, 2015, the incoming Macri administration reduced the Medanito oil price to US\$67.50/bbl. A new agreement was put in place in late 2016 between the government, the producers and the refiners in Argentina. Commencing in January 2017, the Medanito reference price was set at US\$59.40/bbl, following which it is set to decrease at a rate of US\$0.70/bbl per month until it matches and tracks the international Brent price, although with a floor of US\$55/bbl.

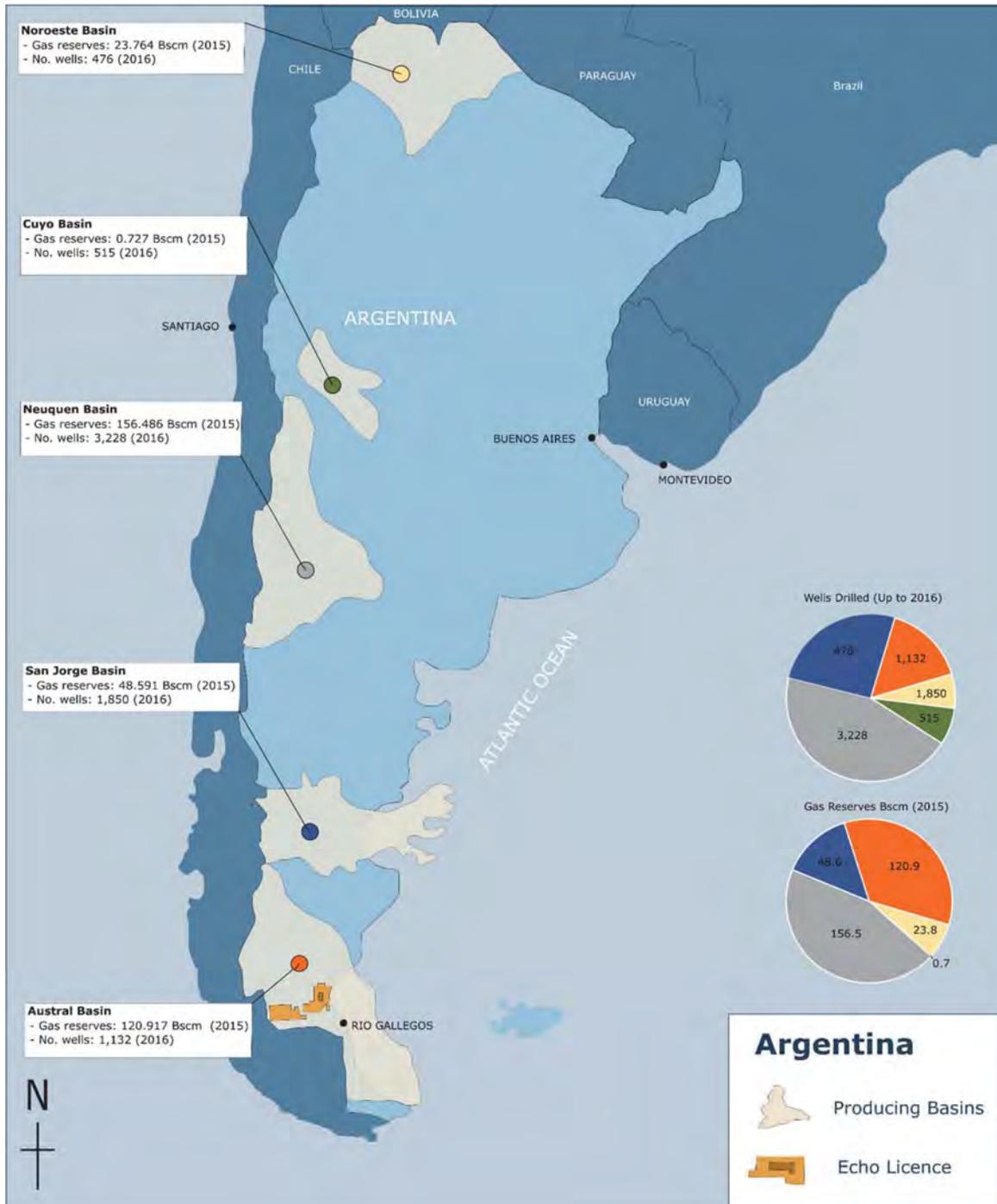
The gas market in Argentina is divided into four different sectors, namely local domestic consumption, compressed natural gas (CNG), power generation and industry. The first three are all regulated whilst contracts with industry are set by the market. As Argentina is importing gas both from Bolivia and by liquid natural gas, the government is planning to pay up to US\$5.00/mmbtu for gas from conventional reservoirs and up to US\$7.50/mmbtu for gas from unconventional or tight reservoirs. This was formally sanctioned in January 2017.

The geological setting

The southern cone of South America has gone through an intricate geological history with different stages of subsidence and inversion from major reorganisations of regional stress fields. Many of the Mesozoic basins broadly overlie pre-existing depositional centres reflecting repeated reactivation of pre-existing structures and basement lineaments. The three key periods of development are Palaeozoic-Jurassic, the Late Jurassic-Neocomian and the Late Cretaceous-Recent.

Argentina features 18 sedimentary basins. Of these, only five (Noroeste, Cuyo, Neuquén, San Jorge and Austral) are currently in production. Exploration has been concentrated in these basins with only limited activity in the other basins.

⁽⁸⁾ Extracted from paragraph 9.2 of the CPR included at Part IV of this document (page 84 of this document).



Description of the Austral Basin

The interests to be acquired by the Company from CGC are all located in the Austral basin in Southern Argentina.

The Austral basin (also known as the Magallanes basin) is situated at the southern tip of South America. Covering a total area of 230,000km² the Austral basin stretches across Argentina and Chile and also offshore. The basin produces gas and oil from both onshore and offshore developments.

The Austral basin features significant quantities of gas. While the Transportadora de Gas del Sur S.A. gas trunkline connects the basin with the main demand centres in the country, Austral basin developments have been hampered by high development costs and distance to markets. Oil is also present but is relatively less important. The offshore acreage has been explored almost exclusively by a Total/Pan American Energy/Wintershall consortium and this has yielded some large gas finds, notably the Carina, Aries and Vega-Pléyade fields.

Fiscal Overview

Argentina operates a concession system. These are managed by the different provinces and, while there are local differences, the basic terms for each are similar. Unexploited blocks are tendered out by the respective province, offering three to five year contracts for exploration and 25 years for conventional exploitation after a commerciality declaration. Exploitation contracts for unconventional resources are for 35 years.

At the end of the contract period, operator companies have the right to extend the contract indefinitely through ten year extension periods, subject to renegotiating royalty, investment commitments and bonuses. Provinces can increase the royalty by 3 per cent. for each extension, up to a maximum of 18 per cent.

Revenues from concession contracts are subject to three fiscal charges. Royalty ranges from 12 per cent. to 15 per cent. depending on the contract and a further sales tax (Ingresos Brutos tax), that varies by province, but is 3 percent in general for upstream, up to 3.5 percent in general for downstream. Corporate net profits are then taxed at a Federal rate of 35 per cent., although both royalties and provincial taxes are deductible as an expense in the Federal tax assessment. In general, depreciation of capital spent in Argentina is done on a unit of production basis.

Several provinces have recently introduced systems of lower royalties and longer concession periods on unconventional concessions and should the Group move to the exploitation phase on the Licences that are prospective for unconventional development it could likely benefit from these longer concessions and lower royalties.

8. Information on the Company

History and Background of the Group

The Company (then named Independent Resources plc) was admitted to AIM in December 2005 having raised £5.1 million by way of a placing of new ordinary shares. The former board's objective at that time was to build an integrated energy group with assets initially in Italy and Tunisia and with the possibility of integrating additional projects from further afield.

The Company subsequently acquired additional interests in Egypt but was ultimately unable to deliver meaningful Shareholder value under this strategy. As a result, the Company's assets in Egypt have been disposed of. The Company has also begun preparations to exit its assets and interests in Italy and is in the process of conducting a strategic review of its interests in Tunisia.

On 6 March 2017 the Company announced, *inter alia*, the appointment of James Parsons, Marco Fumagalli and Stephen Whyte as non-executive directors of the Company and that the Company proposed to change its name to 'Echo Energy plc' and to pursue an alternative oil and gas strategy.

In April 2017, Shareholders approved the Company's change of name to 'Echo Energy plc' and the Company announced, on 18 April 2017, that the Company would be pursuing a strategy focussed on South and Central American gas.

Fiona MacAulay was appointed to the Board as Echo's Chief Executive Officer in July 2017.

From the launch of Echo in March 2017, the Company has raised a total of £24 million in equity and debt funding which the Directors intend to deploy in the evaluation, drilling and development of any assets acquired in line with the Company's South and Central American strategy.

The Company has since announced its ongoing evaluation of the onshore Huayco and Rio Salado blocks in Bolivia by means of a technical evaluation agreement with Pluspetrol and, on 1 November 2017, the Company announced that it had entered into the Acquisition Agreements for the acquisition by the Company of the CDL Participation Interest and the TA Participation Interest in the Licences.

Group Strategy

On Admission, the Group's primary focus will be the initial work programme across the Concessions and on the Exploration Permit and the development and maturation of the Licences to deliver Shareholder value.

The Company intends to re-invest any cash flows from existing production from the Concessions in the development of the Licences.

Echo's strategy is to leverage the expertise, capability and local knowledge of the Echo management team to pursue a South and Central American regional exploration strategy focussed on low cost, onshore gas piped to high value, growing markets.

Acquisition Strategy

Following Admission, the Company intends to concentrate its focus on the development of the Licences. However, the Company intends to continue to seek to identify, acquire and develop additional potential exploration, development, appraisal and/or producing oil and gas assets in South and Central America in the future.

The Company will continue its evaluation of the onshore Huayco and Rio Salado blocks in Bolivia, but the acquisition of any interest by the Company in the Huayco and/or Rio Salado blocks remains contingent on final commercial terms being agreed.

9. Directors and Senior Management

The Board comprises one executive director and three non-executive directors. It is the intention of the Board to appoint an additional non-executive director in the 12 months following Admission.

Directors

James Parsons, age 45, Non-executive Chairman

James Parsons has over 20 years' experience in the fields of strategy, management, finance and corporate development in the energy industry. James is Chief Executive Officer of AIM quoted Sound Energy plc, an African and Mediterranean focussed upstream gas company and non-executive chairman of Saffron Energy plc. James started his career with the Royal Dutch Shell group in 1994 and spent 12 years with Shell working in Brazil, the Dominican Republic, Scandinavia, the Netherlands and London. Leading up to 2006, when he left Shell to join Inter Pipeline Fund, a Toronto-listed resources business, James held various positions in Shell's exploration and production business, latterly as Vice President, Finance, of New Business. James is a qualified accountant and has a BA Honours in Business Economics.

Fiona Margaret Barkham (professional name: MacAulay, former names: MacAulay and Oxley), age 54, Chief Executive Officer

Fiona MacAulay has over 30 years' experience in the oil and gas industry, most recently as Chief Operating Officer and Technical Director of AIM quoted Rockhopper Exploration plc. Fiona, a Chartered Geologist, started her career with Mobil North Sea Limited in 1985 and has subsequently held senior roles in a number of leading oil and gas firms, including Amerada Hess and BG Group. Fiona is a non-executive director of Saffron Energy plc.

Fiona is the European President of the American Association of Petroleum Geologists.

Marco Fumagalli, age 47, Non-Executive Director

Marco Fumagalli is Founding Partner at Continental Investment Partners SA, a Swiss-based fund and a significant shareholder of AIM quoted Sound Energy plc. Marco is a well-known Italian businessman who was previously a Group Partner at 3i and is a non-executive director of AIM quoted Sound Energy plc and Saffron Energy plc. Marco is a qualified accountant and holds a degree in Business Administration from the University "Bocconi" of Milan.

Stephen James Whyte, age 51, Non-Executive Director

Stephen Whyte has over 25 years' experience in the oil and gas industry. He was Chief Operating Officer and Executive Director for Exploration and Production at Galp Energia for three years until 2014, having previously spent three years as Senior Vice President Commercial at BG Group. Stephen previously spent a total of 14 years with Shell and six years with Clyde Petroleum. Stephen was formerly Shell's Country Chairman in Brazil and speaks Portuguese. Stephen is non-executive chairman of Sound Energy plc and non-executive chairman of General Energy plc.

Senior Management

William Peter Holland, age 45, Chief Financial Officer

Will Holland has more than 20 years' operational experience in the upstream oil and gas industry. Originally with a technical background, Will has spent the majority of his career in commercial, financial and corporate development roles with the likes of Halliburton and Macquarie and has significant experience in corporate acquisitions, founding and growing small cap exploration and production companies. Throughout his career Will has worked deals across Latin America. Will has an engineering degree from Warwick University and an MBA from Heriot Watt University.

Dr. Julian Lindsay Bessa, age 49, Vice President of Exploration

Julian Bessa is a geologist with over 20 years' exploration experience across South America, including at BG Group where he spent time as Bolivian Exploration Manager and as Vice President Exploration Brazil. Julian is a Fellow of the Geological Society and a Member of the Petroleum Exploration Society of Great Britain. Julian holds a D.Phil from the University of Oxford and an MBA from the Rotterdam School of Management.

Andres Fernando Brockmann Rojas, age 38, Country Representative

Andres Brockmann is a Bolivian national and has held a number of senior executive roles in Bolivia and internationally, including 15 years' experience with Petrobras. Andres is a Production Engineer, a director of the Bolivian Chamber of Hydrocarbons and Energy and has an MBA from The Wharton School of the University of Pennsylvania.

10. Summary Financial Information, Current Trading and Prospects

The table below shows selected summary historical financial information extracted without material adjustment from Echo's consolidated audited accounts for the three years ended 31 December 2016, which were prepared under IFRS, and from Echo's unaudited interim results for the six months ended 30 June 2017. In accordance with AIM Rule 28 of the AIM Rules for Companies, the London Stock Exchange has authorised the omission of financial information required by section 20.1 of Annex I from this document.

The Company's report and accounts for the three years ended 31 December 2016 can be accessed, together with the Company's unaudited interim results for the six months ended 30 June 2017, on the Company's website at www.echoenergyplc.com.

	<i>Year ended 31 December 2014 (Audited) £'000</i>	<i>Year ended 31 December 2015 (Audited) £'000</i>	<i>Year ended 31 December 2016 (Audited) £'000</i>	<i>Six months ended 30 June 2017 (Unaudited) £'000</i>
Income statement (extracts)				
Revenue	–	–	–	–
Loss before income tax	(1,573)	(1,813)	(7,250)	(1,651)
Loss for the period	(6,480)	(1,909)	(7,254)	(1,676)
Statement of financial position (extracts)				
Total assets	6,296	6,619	943	26,190
Cash and cash equivalents	426	101	185	25,546
Net assets	5,407	4,984	514	15,453

The Directors believe that the combination of recently increasing growth across the region and the increasing shortage of gas in the major South American markets of Brazil and Argentina, together with a historical period of regional underinvestment in the oil and gas sector and the recent changes in the political climate in Argentina, provides attractive opportunities for the Group in South and Central America. With the net proceeds of the Placing and the Company's existing cash balances to be applied towards the Company's commitments under the CDL Farmout Agreement, the Directors look forward with confidence to a successful future.

11. Competition

The petroleum industry is competitive in all its phases. The Company will compete with numerous other participants in the search for, and the acquisition of, oil properties and in the marketing of oil, within Central and South America. Many of the Company's competitors include oil and natural gas companies that have substantially greater financial resources, staff levels and facilities than the Company and its subsidiaries.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices will reduce the demand for crude oil and other liquid hydrocarbons. Echo cannot predict the impact of changing demand for oil and natural gas products, and any major changes would have a material adverse effect on Echo's business, financial condition, results of operations and cash flow.

12. Details of the Placing and Use of Proceeds

The Company has conditionally raised £6.4 million, before expenses (£4.7 million net of expenses) through the Placing being undertaken directly by the Company with certain investors and through Hannam and Shore Capital of in aggregate 36,391,412 Placing Shares at 17.5 pence per Placing Share from certain existing and new investors.

The Placing Price is equal to the closing mid-market price per Existing Ordinary Share of 17.5 pence on 27 October 2017 being the date prior to when the Existing Ordinary Shares were suspended from trading on AIM pending publication of this document. The Placing Shares will represent approximately 9.1 per cent. of the Enlarged Share Capital on Admission. The Placing is not underwritten or guaranteed.

On 15 December 2017, the Company, the Directors, Hannam, Shore Capital and Smith & Williamson entered into the Placing Agreement pursuant to which Hannam and Shore Capital agreed, subject to certain conditions, to use their reasonable endeavours to procure subscribers for 25,662,846 of the Placing Shares pursuant to the Placing.

The issue of the Placing Shares is conditional, *inter alia*, upon:

- (i) Resolution 1 to be proposed at the General Meeting being passed without amendment;
- (ii) compliance by the Company with its obligations under the Placing Agreement;
- (iii) Completion of the Acquisition; and
- (iv) Admission becoming effective by not later than 8.00 a.m. on 4 January 2018.

Under the Placing Agreement, which may be terminated by Hannam, Shore Capital and Smith & Williamson in certain circumstances (including *force majeure*) prior to Admission, the Company and the Directors have given certain warranties and indemnities to Hannam Shore Capital and Smith & Williamson concerning, *inter alia*, the accuracy of the information contained in this document.

The Company has also entered into certain subscription agreements with investors in respect of 10,728,566 Placing Shares at the Placing Price.

Further details of the Placing Agreement and the subscription agreements are set out in paragraph 13.3 of Part VI of this document.

Use of proceeds

Together with the Company's existing cash balances as at 31 October 2017 of £22.2 million, the net proceeds of the Placing will be applied towards the Acquisition consideration, the immediate work programme for the Licences and the working capital requirements of the Group, as follows:

	£m	US\$m
<i>Initial Licence expenditure in relation to:</i>		
Concession work programme	14.4	19.3
Tapi Aike work programme	3.5	4.7
Concession acquisition consideration ⁽¹⁾	3.7	5.0
Working capital	5.3	7.0
Total	26.9	36.0
Cash balances as at 31 October 2017	22.2	29.7
Net proceeds of the Placing	4.7	6.3

(1) Of which US\$2.5 million was paid by the Company from existing cash balances in November 2017

13. The Open Offer

The Company is grateful for the support of all of its Shareholders. The Company therefore intends to launch an Open Offer of up to 11,428,572 Open Offer Shares at the Placing Price of 17.5 pence per Offer Share in January 2018. Should the Offer be fully subscribed, the Offer Shares would amount to 2.9 per cent. of the Enlarged Share Capital. It is intended that qualifying Shareholders on the register in early January 2018 would be entitled to subscribe for, in aggregate, a maximum of 11,428,572 new Ordinary Shares. A circular containing full details of the Open Offer is intended to be posted to Shareholders in January 2018.

14. Admission, Settlement and Dealings

Dealings in the Existing Ordinary Shares will recommence on publication of this document.

As a consequence of the Acquisition constituting a reverse takeover, the Company is required to apply for admission to AIM of the Enlarged Share Capital and application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital including the Placing Shares will commence on AIM on 4 January 2018. The Placing Shares will rank, on issue, *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and distributions paid or made in respect of the Ordinary Shares. The Placing Shares will be issued free from all liens, charges and encumbrances.

In the case of Placees requesting their Placing Shares in uncertificated form, it is expected that the appropriate CREST accounts will be credited with the Placing Shares comprising their Placing participation on 4 January 2018.

For those Placees who have requested their Placing Shares to be delivered in certificated form it is expected that certificates in respect of such shares will be despatched by post not later than 18 January 2018. Pending despatch of definitive share certificates or crediting of CREST accounts, the Company's registrars will certify any instrument of transfer against the register.

15. Share incentive arrangements

The Board believes that the Company's success is highly dependent on the quality and loyalty of the current and future directors and employees. To assist in the recruitment, retention and motivation of high quality directors and employees as necessary, the Board believes that the Company must have an effective remuneration strategy. The Board considers that an important part of this remuneration strategy is the ability to award equity incentives and, in particular, share options.

On Admission, Options and Warrants will be outstanding over a total of 331,346,788 Ordinary Shares, of which 56,000,000 Options will be held by Directors (including 24,000,000 Options intended to be issued to Fiona MacAulay following publication of this document) and Marco Fumagalli will be indirectly interested in Warrants held by Greenberry over a further 30,653,292 Ordinary Shares. Further details of all of the Options and Warrants currently outstanding are provided in paragraphs 10 and 11 of Part VI of this document.

Following Admission, further share options may be granted to employees and Directors in accordance with the Group's remuneration policies from time to time.

16. Lock-in and Orderly Market Arrangements

The Board's aggregate interests in Ordinary Shares following Admission will amount to 40,261,631 Ordinary Shares, representing approximately 11.04 per cent. of the Existing Ordinary Shares and 10.04 per cent. of the Enlarged Share Capital. On Admission the Directors will also hold Options over a further 56,000,000 Ordinary Shares and Marco Fumagalli will be interested in Warrants held by Greenberry over a further 30,653,292 Ordinary Shares, details of which are set out in paragraphs 7.2 and 7.3 of Part VI of this document.

The Directors and Greenberry (being a related party of the Company as defined by the AIM Rules) have undertaken, in respect of themselves and each of their connected persons, save in limited circumstances, not to dispose of any of their interests in Ordinary Shares held at Admission (and any further interests in Ordinary Shares they may acquire after such time), Options or Warrants at any time prior to the first anniversary of Admission.

In order to ensure an orderly market in the Ordinary Shares the Directors and Greenberry have further undertaken that for a further period of 12 months thereafter they will not (subject to certain limited exceptions) deal or otherwise dispose of any such interests through the Company's broker and after having given notice to Smith & Williamson.

17. Corporate Governance and Internal Controls

The Board comprises one executive director and three non-executive directors. It is the intention of the Board to appoint an additional non-executive director in the 12 months following Admission. The Company is not required to comply with the provisions of the UK Corporate Governance Code. However, the Directors recognise the importance of sound corporate governance and comply with the QCA Guidelines, where relevant, which they believe is appropriate for a company with shares admitted to trading on AIM. In particular, the Directors are responsible for overseeing the effectiveness of the internal controls of the Company designed to ensure that proper accounting records are maintained, and that the financial information on which business decisions are made and which is issued for publication is reliable and that the assets of the Company are safeguarded.

The Company holds regular board meetings throughout the year at which reports relating to the Group's operations, together with financial reports, are considered. The Board is responsible for formulating, approving and reviewing the Group's strategy, budgets, major items of expenditure and senior personnel appointments.

The Company has established an audit committee and a remuneration and nomination committee, each with formally delegated duties and responsibilities.

The Audit Committee

The Company has established an audit committee, which comprises Marco Fumagalli (Chairman) and Stephen Whyte. The audit committee's main functions include, *inter alia*, 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, making recommendations to the Board in relation to the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications.

The Remuneration and Nomination Committee

The Company has established a remuneration and nomination committee, which comprises James Parsons (Chairman), Marco Fumagalli and Stephen Whyte. The remuneration and nomination committee meets as often as required to enable it to fulfill its obligations to the Company. The remuneration and nomination committee is responsible for reviewing the performance of the executive directors, for setting the scale and structure of their remuneration, paying due regard to the interests of Shareholders as a whole and the

performance of the Group. The remuneration and nomination committee will also approve the design of and determine targets for any performance-related pay schemes operated by the Company.

The remuneration and nomination committee's main functions also include, *inter alia*, reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure that the Board operates effectively. The remuneration and nomination committee will also identify and nominate suitable candidates to join the Board when vacancies arise and make recommendations to the Board for the re-appointment of any non-executive directors.

Share dealing code

The Company has adopted a code for dealings in Ordinary Shares which is appropriate for an AIM company, in compliance with Rule 21 of the AIM Rules for Companies and with the Market Abuse Regulation.

18. City Code and Concert Party

As a company incorporated in England & Wales whose Ordinary Shares are admitted to trading on AIM the City Code applies to the Company.

Under the City Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest in Ordinary Shares which (taken together with Ordinary Shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the Takeover Panel) to make a cash offer for the Ordinary Shares not already owned by the acquirer and its concert parties (if any) at a price not less than the highest price paid for Ordinary Shares by the acquirer or its concert parties (if any) during the previous 12 months.

A similar obligation to make such a mandatory cash offer would also arise when any person (together with persons acting in concert with him) is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of the Company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested.

The City Code defines persons "acting in concert" as comprising persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. "Control" means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control. A person and each of its affiliated persons will be deemed to be acting in concert with each other.

The Company's advisers have liaised with the Takeover Panel and, based on the information available, the Takeover Panel has confirmed that there is currently a concert party consisting of Continental Investment Partners SA, Greenberry, Marco Fumagalli, James Parsons and Stephen Whyte (the "Concert Party").

Greenberry, Marco Fumagalli, James Parsons and Stephen Whyte currently hold an aggregate of 40,118,865 Ordinary Shares, representing 11.01 per cent. of the Existing Ordinary Shares. In addition, the Concert Party also hold in aggregate a further 62,653,292 Options and Warrants. Assuming the exercise by the Concert Party of all of the Options and Warrants held by them and no exercise of Options and/or Warrants by any other party, the Concert Party would hold in aggregate 102,772,157 Ordinary Shares representing 24.06 per cent. of the current issued share capital and 22.17 per cent. of the enlarged share capital (assuming in each case the exercise of all Options and Warrants held by the Concert Party and no exercise of any Warrants or Options held by any other party). Continental Investment Partners SA does not hold an interest in the Ordinary Shares.

If the Concert Party was to increase the percentage of the aggregate voting rights it is interested in to 30 per cent. or more of the Enlarged Share Capital then they would be obliged, except with the consent of the Takeover Panel, to make a mandatory offer as referred to above.

19. Dividend Policy

The Company is primarily seeking to achieve capital growth for its Shareholders. However, the Directors intend to commence payment of dividends when it becomes commercially viable to do so, subject to the working capital requirements of the Company and the availability of distributable funds and will adopt a progressive but prudent dividend policy thereafter.

20. Taxation

Information regarding United Kingdom taxation is set out in paragraph 18 of Part VI of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law. Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

21. CREST

As is the case with the Existing Ordinary Shares, the Enlarged Share Capital will continue to be enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if Shareholders so wish.

22. General Meeting

A notice convening a General Meeting of the Company, to be held at 2.00 p.m. on 3 January 2018 at the offices of Link Asset Services, 65 Gresham Street, London EC2V 7NQ, is set out at the end of this document. At that meeting Resolution 1 will be proposed in order to obtain Shareholder approval for the Acquisition. Further details of the Resolutions are set out below:

Resolution 1 – Approval of the Acquisition

Resolution 1 is an ordinary resolution to approve the Acquisition. As the Acquisition constitutes a reverse takeover under the AIM Rules for Companies, Shareholder approval is required under the AIM Rules for Companies. The Acquisition is conditional, *inter alia*, upon the passing of this Resolution and therefore if it is not approved by Shareholders, the Acquisition will not be completed.

Resolution 2 – Authority to allot shares

Resolution 2 is an ordinary resolution to authorise the Directors under Section 551 of the Act to issue and allot Ordinary Shares. The Act requires that the authority of Directors to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or convert any security into shares (“relevant securities”) should be subject to the approval of Shareholders in a general meeting or to an authority set out in the Company’s Articles. Accordingly, Resolution 2 will be proposed to authorise the directors to allot relevant securities up to a total nominal value of £330,768.19 representing 132,307,277 new Ordinary Shares (being approximately one third of the Enlarged Share Capital. This authority will expire at the conclusion of the Company’s next Annual General Meeting.

Resolution 3 – Disapplication of statutory pre-emption rights

Resolution 3 is a special resolution to disapply statutory pre-emption rights under Section 571 of the Act in respect of equity securities (as defined in Section 560 of the Act). The Act requires that any equity shares issued wholly for cash must be offered to existing Shareholders in proportion to their existing shareholdings unless otherwise approved by Shareholders in general meeting or accepted under the Company’s Articles. A special resolution will be proposed at the General Meeting to give the Directors authority to allot equity securities for cash up to a total nominal value of £330,768.19 representing 132,307,277 new Ordinary Shares (being approximately one third of the Enlarged Share Capital. These authorities will expire at the conclusion of the next Annual General Meeting of the Company.

The issue of the Placing Shares and completion of the Acquisition are conditional upon, among other things, Shareholders passing Resolution 1 being proposed at the General Meeting. If Shareholders do not pass Resolution 1, the issue of the Placing Shares and the Acquisition will not proceed.

23. Risk Factors

Certain risk factors in relation to the Company and its business are brought to your attention in Part III of this document.

24. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting you are requested to complete, sign and return the Form of Proxy to the Company's registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but, in any event, so as to arrive by no later than 2.00 p.m. on 1 January 2018. The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

25. Recommendation and Voting Intentions

The Directors consider that the Placing and the Acquisition are in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of the Resolutions at the General Meeting as they have irrevocably committed to do so in respect of their own beneficial holdings amounting, in aggregate, to 142,766 Existing Ordinary Shares, representing 0.04 per cent. of the Existing Ordinary Shares.

In addition, the Company has also received an irrevocable undertaking from Greenberry to vote in favour of the Resolutions in respect of 40,118,865 Existing Ordinary Shares (representing 11.01 per cent. of the Existing Ordinary Shares).

As a result, the Company has received irrevocable undertakings to vote in favour of the Resolutions in respect of a total of 40,261,631 Existing Ordinary Shares, representing approximately 11.04 per cent. of the Existing Ordinary Shares.

26. Further Information

Your attention is drawn to the remaining parts of this document which contain further information on Echo, the CGC Assets and the Proposals. In particular, your attention is drawn to the Risk Factors set out in Part III of this document.

Yours faithfully

James Parsons

Non-Executive Chairman

PART II

SUMMARY OF THE REGULATORY REGIME OF THE REPUBLIC OF ARGENTINA

Government policy objectives

The Argentine Government's primary objective is to obtain hydrocarbon self-sufficiency. Other objectives include exploring for, producing, industrialising, transporting and commercialising hydrocarbons in order to: (i) guarantee economic development with social equity; (ii) create jobs within Argentina; (iii) increase the competitiveness of diverse economic sectors; and (iv) promote the equitable and sustainable growth of the provinces and regions within Argentina.

Regulation of the oil and gas industry in Argentina

(a) *Regulatory bodies*

The Government of Argentina acts within the framework of a federal system. Argentina is divided into 24 jurisdictions, 23 of which are provinces, and one is the autonomous City of Buenos Aires. Each jurisdiction has its own constitution and laws.

Regulation of oil and gas extraction has been a subject of discussion since 1958, when hydrocarbon resources were carved out from the general mining code and the National Government was vested with eminent domain over hydrocarbon resources originally owned by provincial states. In 1994, the National Constitution of Argentina was amended and the provinces were recognised as owners of the natural resources that exist in their territory. But it was only in 2014 that this amendment was put into full practice after the enactment of Hydrocarbons Amendment Law 27,007.

In practice, provincial states have generally issued legislation regulating the extraction of oil and gas within their respective provinces whilst the federal executive power is responsible for the design of energy policy at a national level. The federal Argentine Government and the oil and gas-producing provincial states have their own regulatory authorities that control, manage and supervise the extraction of oil and gas in accordance with applicable regulations.

With regard to natural gas, the provinces' powers do not cover transport and distribution. The transport and distribution of natural gas is subject to federal jurisdiction.

Each province has its own regulatory authority for health, safety and the environment.

(b) *The legal and regulatory regime*

The following principal laws in Argentina govern and regulate the oil and gas sector:

- (i) Laws No. 17,319 (enacted June 1967) and Laws No. 26,197 (enacted December 2006) and 27,007 (enacted October 2014) contain the basic framework applicable to oil and gas exploration and production;
- (ii) Law No. 24,076 governs the transport and distribution of natural gas; and
- (iii) Law No. 26,659 (enacted March 2011, as amended by Law 26,915) regulates offshore exploration and production activities.

In addition, further legislation was issued by the federal Argentine Government in 2012 and 2013. These include:

- (i) Law No. 26,741 which, among other things, approved the expropriation of 51 per cent. of the shares of YPF, the main oil and gas company in Argentina;
- (ii) Executive Order No. 1277/2012 which, among other things, created the Commission for Planning and Strategic Coordination of the National Hydrocarbons Plan and regulates the National Plan of Hydrocarbon Investments; and
- (iii) Executive Order No. 929/2013 which established incentives for oil and gas exploration and production.

The exploration and production of oil and gas is generally carried out by the granting of exploration permits and production concessions. The federal Argentine Government and provincial states, as owners of the hydrocarbon reserves grant these permits and concessions to individuals, or public or private companies (including foreign companies registered in Argentina).

The federal regulatory authority is the Ministry of Energy and Mining, whilst the regulatory authority for the transport and distribution of all natural gas (subject to federal jurisdiction) is the national gas regulator, Ente Nacional Regulador de Gas. Each provincial state (that is, an oil and gas-producing province) has its own regulatory authority.

The powers of the federal Argentine Government and provincial states, and their regulatory authorities, include, among others, power to:

- (i) grant exploration permits, production concessions and transport concessions;
- (ii) control and supervise compliance of the terms set out in the permits and concessions that have been granted;
- (iii) enforce the compliance of legal or contractual obligations; and
- (iv) grant time extensions to permits and concessions.

Rights to oil and gas

The provinces are the owners of the natural resources (including hydrocarbons) that exist in their territory. Liquid and gas hydrocarbon reserves located in Argentina belong (depending on their location) to the federal state or the provincial states.

Hydrocarbon reserves located in the provincial territories, including those located at sea next to its shores up to a distance of 12 nautical miles, belong to the provincial state of that territory, whilst those hydrocarbon reserves located at sea over a distance of 12 nautical miles belong to the federal state.

Mineral rights, including oil and gas, are severable from the general ownership of a person's property within Argentina. Therefore, a land owner does not own, by virtue of owning the land, the oil and gas located beneath his property.

The federal Government of Argentina and provincial states generally grant exploration permits or production concessions to public entities, or private individuals or entities. Permit or concession holders are the owners of the hydrocarbons that they extract and can transport, industrialise and commercialise them pursuant to applicable regulations. Additionally, an exploration permit allows the holder (among other things) to:

- (a) explore for hydrocarbons in a specified area for a certain period of time;
- (b) obtain a production concession;
- (c) construct infrastructures required to transport and market the hydrocarbons produced (i.e. roads, buildings and other installations); and
- (d) own the hydrocarbons extracted.

However, there are supply privileges that favour the domestic market to the detriment of the export market, including hydrocarbon export restrictions, domestic price controls, export duties and domestic market supply obligations which are implemented from time to time.

An exploration permit is usually granted through a public bid. In some cases, the permits are granted to the provincial oil and gas company that, in turn, carries out a public bid to contract private partners. Permits (or rights of association) are usually granted to the bidder that offers to carry out the greatest amount of investment in the applicable area.

A hydrocarbon production concession allows the holder (among other things) to:

- (a) explore and produce hydrocarbon reserves located in the area;
- (b) obtain a transport concession;

- (c) carry out the acts required to produce hydrocarbons (including the construction of oil pipeline treatment and refinement plants, roads, buildings and other installations); and
- (d) own the hydrocarbons extracted.

Transportation by pipeline

Pipelines that run through two or more provinces, or to/from a foreign country, are subject to federal jurisdiction. Pipelines located exclusively in a province are subject to the jurisdiction of that province. Licences for the transport and distribution of natural gas are granted by the federal state. Such licence holders have the obligation to build, maintain and operate pipelines in accordance with the terms of the concession.

Production concession holders have the right to obtain a transport concession to transport their hydrocarbon production through pipelines and other transport infrastructure that are subject to open access.

Health, safety and the environment

(a) *Health and safety*

Law No. 19,587 and National Decree No. 351/99 set out general health and hygiene guidelines and standards applicable to all activities, including the oil and gas industry. Under the regulations, employers must comply with specific requirements in connection with on-site personnel protection, such as drinking water quality standards, noise limits, air quality levels, and fire protection measures.

Further, both the federal Government of Argentina and provinces have enacted a wide array of regulations addressing different safety risks involved in the exploration and exploitation of hydrocarbon activities, such as contingency plans, well abandonment, control measures for fuel storage tanks and transportation.

Regarding liquid hydrocarbon transportation, the National Energy Secretariat has enacted various technical requirements and safety standards applicable to oil pipelines and safety requirements applicable to fuel elaboration and storage facilities.

(b) *Environmental permits*

Apart from the environmental impact assessment rules, companies must also:

- (i) comply with other federal and provincial environmental rules and standards applicable to oil and gas exploration and exploitation activities; and
- (ii) obtain different permits and/or licences involving various matters, such as generation of waste and/or water or air quality protection.

Provinces have their own permit regulatory regime and, therefore, the requirements vary from province to province.

Decommissioning

The transfer of a block or concession back to the state implies the transfer (for no consideration) of rights to the wells located there, including the machines and equipment normally required for their operation and maintenance and of other infrastructure permanently located there (such as buildings). Equipment not exclusively involved in the production of the reserves is excluded. There is concurrent national and provincial legislation and regulations relating to the abandonment of inactive wells (whether or not they have been abandoned temporarily or permanently). Abandonment of wells is carried out by the permission or concession holder.

Lack of compliance with any resolution set by the incumbent authorities in regard to abandonment can result in administrative sanctions. In addition, the permit or concession holder may be liable for the environmental damage (or other types of damage) it causes.

Enforcement of regulations

Regulators are usually authorised to issue resolutions and orders with respect to matters subject to their jurisdiction. These include general orders (applicable to an undetermined amount of persons) and specific orders (applicable to a specific person).

The regulator can impose a number of penalties including fines, warnings, termination of an exploration permit or production concession and/or the suspension or elimination of the applicable person from the registry.

PART III

RISK FACTORS

This document contains forward-looking statements, which have been made after due and careful enquiry and are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, *inter alia*, the risk factors described in this Part III. The Board believes that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement.

Factors that might cause a difference include, but are not limited to, those discussed in this Part III. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. The Company disclaims any obligation to update any such forward looking statements in the document to reflect future events or developments.

Prior to making an investment decision in respect of the Ordinary Shares, prospective investors should consider carefully all of the information within this document, including the risk factors set out in this Part III. The Board believes these risks to be the most significant for potential investors.

However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority.

If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deem immaterial, may also have an adverse effect upon the Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.

RISKS RELATING TO THE ACQUISITION

The Acquisition may not complete

Completion of the Acquisition is subject to the satisfaction of a number of conditions precedent contained in the Acquisition Agreements including but not limited to, the approval of the Acquisition by the Shareholders at the General Meeting. If Shareholders do not approve the Acquisition at the General Meeting, the Acquisition will not complete.

Should the Acquisition not complete the Placing will not proceed and the Company must pay US\$2.5 million to CGC pursuant to the CDL Farmout Agreement. In addition the initial consideration payment of US\$2.5 million paid by the Company to CGC under the CDL Farmout Agreement will not be refundable, other than in certain limited circumstances.

Due diligence on the CGC Assets

The Company has carried out due diligence on the CGC Assets, however, given the nature of the CGC Assets and the fact that most of the CGC Assets are underground and unproved, the due diligence carried out may not reveal all defects in the physical condition or ownership of the CGC Assets acquired. Whilst the Acquisition Agreements provide some contractual protection as to the ownership and condition of the CGC Assets, any warranty claims will be subject to customary contractual limitations and Argentine law which may restrict the Company's ability to recover all or a substantial proportion of any losses suffered. A material level of defects could have an adverse impact on the Group's ability to implement its business plan and could adversely impact the Group's ability to realise the benefits of the Acquisition or delay their realisation.

The Group may not be able to fully realise the benefits of the Acquisition

The Group's success will partially depend upon the Company's ability following the Acquisition to integrate the CGC Assets. The Acquisition will be a significant acquisition for the Company and this integration may divert management's attention from other operational matters and raise unexpected issues and may take longer or prove more costly than anticipated. Although the Directors believe that such disruption is unlikely, issues may come to light during the course of integrating the CGC Assets into the Group that may have an adverse effect on the financial condition and results of operations of the Group. There is no assurance that the Company will realise the potential benefits of the Acquisition including, without limitation, discovery of the prospective hydrocarbons from the CGC Assets to the extent and within the time frame contemplated. If the Company is unable to integrate the CGC Assets successfully into the Group then this could have a significantly negative impact on the results of operations and/or financial condition of the Group. The Group's success will partially depend on there being no adverse change in the CGC Assets between the date of this document and the date of the completion of the Acquisition.

The legal transfer of the CDL Participation Interest and the TA Participation Interest are conditional on various regulatory and other consents required for the transfer of the participation interests in the Licences to the Company which will not have been obtained at the time of completion of the Acquisition. Whilst, it is anticipated that these consents will be obtained within six months following completion of the Acquisition, there can be no guarantee that this will happen in the timeframe or at all. Should any of the consents not be obtained, then the Company will be granted an economic interest in the Licences until such time as the Company can obtain full legal title, however, such economic interest may not provide the Company with the same benefits and protections as full legal ownership of the relevant participation interests.

RISKS RELATING TO THE GROUP

Risks relating to the Group's activities and the oil and gas industry

There are numerous factors which may affect the success of the Group's business which are beyond its control including local, national and international economic, legal and political conditions. The Group's business involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome.

Prospective investments and growth strategy execution risks

The Group may seek to acquire additional licences in the future and there can be no assurance that such assets will be available at an acceptable price, or at all. Whilst the Company is initially focused on the development of the CGC Assets, it may seek to further expand its operations and therefore may expend significant costs on, *inter alia*, conducting due diligence into potential investment opportunities in further businesses, assets or prospects/projects that may not be successfully completed or result in any acquisition being made. Such failure to complete or acquire, could have a material adverse effect on its business, operating results and financial condition.

Farm down of the Company's assets

In due course the Company may, subject to receipt of any necessary consents, farm down part of its Licence interests to third parties, some of which may act as operator. Operating agreements with third party operators typically provide for a right of consultation or consent in relation to significant matters and generally impose standards and requirements in relation to the operator's activities. However, in the event that the Company does not act as operator in respect of certain of its licence interests, the Company will generally have limited control over the day-to-day management or operations of those assets and will therefore be dependent upon the third party operator. A third party operator's mismanagement of an asset may result in significant delays or materially increased costs to the Company. The Company's return on assets operated by others will therefore depend upon a number of factors that may be outside the Company's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices. Generally, a failure by any licence partner (whether the operator or otherwise) to fulfil its financial obligations may increase the Company's exposure related to the licence in question. Any significant increase in costs as a consequence of joint and several liabilities may materially adversely affect the financial condition of the Company.

Dependence on key executives and personnel

The future performance of the Company will, to a significant extent, be dependent on its ability to retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel to form a high calibre management team. Such key executives are expected to play an important role in the development and growth of the Company, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers.

There is a risk that the Company will struggle to recruit the key personnel required to run an exploration and appraisal programme. Shortages of labour, or of skilled workers, may cause delays or other stoppages during exploration and appraisal activities. Many of the Company's competitors are larger, have greater financial and technical resources, as well as staff and facilities, and have been operating in a market-based competitive economic environment for much longer than the Company. There can be no assurance that the Company will retain the services of any key executives, advisers or personnel who have entered into service agreements or letters of appointment with the Company. The loss of the services of any of the key executives, advisers or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Company.

The Company currently has no key-man insurance policy in place and, therefore, there is a risk that the unexpected departure or loss of a key individual could have a material adverse effect on the business, financial condition and results of operations of the Company, and there can be no assurance that the Company will be able to attract or retain a suitable replacement.

Financial resources

The Group will finance the Acquisition and its share of the CDL Participation Interest and the TA Participation Interest set out in paragraph 3 of Part I of this document through a combination of the net proceeds of the Placing and its existing cash resources. The Group may require additional funds to fund exploration and development commitments and may attempt to raise additional funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to holders of Ordinary Shares and any debt financing beyond the existing facilities, if available, may require restrictions to be placed on the Group's future financing and operating activities. The Group may be unable to obtain additional financing beyond the existing facilities on acceptable terms or at all if market and economic conditions, the financial condition or operating performance of the Group or investor sentiment (whether towards the Group in particular or towards the market sector in which the Group operates) are unfavourable. The Group's inability to raise additional funding may hinder its ability to grow in the future or to maintain its existing levels of operation.

The Group will require cash to meet obligations under its indebtedness and sustain the business operations, and the Group's ability to meet its obligations under its indebtedness will depend on many factors beyond its control

The Group's ability to meet its obligations under its indebtedness, including making principal, interest and other payments when due, as well as its ability to fund ongoing business operations, will depend upon future operating performance and the Group's ability to generate cash or to raise additional financing in the future, which, in turn, will be affected to some extent by general economic conditions and by financial, competitive, legislative, regulatory and other factors, including those factors discussed in this Part III and elsewhere in this document.

If, on the maturity date of any of the indebtedness, including the Loan Notes, the Group does not have sufficient cash flows from operations and other capital resources to repay and/or redeem the debt in full or pay other debt obligations, as the case may be, the Group may be required to undertake alternative financing plans, such as refinancing or restructuring the debt, selling assets, reducing or delaying capital investments or raising additional debt or equity financing in amounts that could be substantial or on unfavourable terms.

The Group's access to debt, equity and other financing as a source of funding for operations and for refinancing maturing debt, including the Loan Notes, will also be subject to many factors, including the cash needs of the Group and the then prevailing conditions in the financial markets, including in the corporate bond, term loan and equity markets.

In the longer term, if the Group was unable to generate sufficient cash flows to satisfy its debt obligations or to refinance its indebtedness on acceptable terms, or at all, it would materially and adversely affect its business, prospects, financial condition and results of operations, as well as its ability to pay the principal and interest on its indebtedness. Any failure to refinance its indebtedness, on or prior to the applicable maturity date, may result in the Group defaulting on such indebtedness.

Capital expenditure estimates may not be accurate

Estimated capital expenditure requirements are estimates based on anticipated costs and are made on certain assumptions. Should the Group's capital expenditure requirements turn out to be higher than currently anticipated (for example, if there are unanticipated difficulties in drilling or connecting to infrastructure or price rises) the Group or its partners may need to seek additional funds which it may not be able to secure on reasonable commercial terms to satisfy the increased capital expenditure requirements. If this happens, the Group's business, cash flow, financial condition and operations may be materially adversely affected.

Failure to meet commitments under the Licenses or the Acquisition Agreements

The Group may, indirectly, be subject to contractual work commitments, from time to time, which may include minimum work programmes to be fulfilled within certain time restraints. Specifically these commitments may cover certain depths of wells to be drilled, seismic surveys to be performed and other data acquisition. Failure to comply with such obligations, whether inadvertent or otherwise, may lead to fines, penalties, restrictions and withdrawal of licences with consequent material adverse effects.

Dependence upon third party operatorship

CGC holds operatorship of the assets in Argentina, in which the Company will have a participating interest. As a result, the Company will be dependent on the operator for the timing of activities related to such properties and will be largely unable to control the operations of those assets or their associated costs, which could adversely affect the Company's financial performance. The Company's cash flows and return on assets operated by CGC will therefore depend upon a number of factors that may be outside of the Company's control, including the timing and amount of capital expenditures, potential delays by the operator in remitting payments, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Exit of legacy assets

One of the Company's wholly owned subsidiaries, Independent Resources (Ksar Hadada) Limited, held a 100 per cent. interest in the Ksar Hadada exploration permit in Tunisia which lapsed on 7 August 2017. The last extension to this exploration permit contained certain work obligations that were unfulfilled at the time of expiry of the exploration permit and which are estimated at US\$8 million. While these work obligations remain a potential liability of the Company's wholly owned subsidiary, the Company has not provided a guarantee of the subsidiary's work obligations pursuant to the exploration permit and given that the lapsed exploration permit cannot be extended unless a discovery is made, the Directors do not believe this will have an adverse impact on the Group.

Title matters and payment obligations

There is no guarantee that an unforeseen defect in title, changes in law or change in the interpretation of law or political events will not arise to defeat or impair the claim of the Group to any properties which it currently owns or may acquire which could result in a material adverse effect on the Group, including a reduction in any revenues generated.

Currency exchange rates risk

The Group's functional currency is Sterling and some of its major contracts are denominated in US Dollars. A portion of the Group's operating, marketing and administrative expenses will be paid in Argentinian Pesos and the net proceeds of the Placing will be denominated in Sterling. Hence, the Company is exposed to fluctuations in exchange rates, in particular, between the US Dollar, Argentinian Pesos and Sterling. Such exposure may affect the Company's results. The Company will consider, on a case by case basis,

implementing policies to limit its currency exposure, if appropriate, and may examine currency hedging instruments when they prove to be available and cost effective.

Success of acquisition strategy not guaranteed

Returns ultimately achieved by investors in the Company will be reliant upon the quality and performance of the assets being acquired directly or indirectly by the Company including the CGC Assets. The success of the Company's strategy also depends on the Directors' ability to identify potential assets, and the acquisition of the assets on favourable terms and to generate value from the assets. No assurance is given that the strategy to be used will be successful under all or any market conditions nor that the Company will be able to invest its capital directly or indirectly to acquire assets on attractive terms and to generate returns for investors.

Issues resulting from limited due diligence on future acquisitions

The Group may, in the future, acquire directly or indirectly additional oil and gas assets. The Group intends to perform a review in respect of any potential assets prior to such acquisition. Although it is intended that any such review would be consistent with industry practice, such reviews are inherently incomplete. Even an in-depth review of assets and records may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the assets to assess fully their deficiencies and capabilities.

Prospective investments and growth strategy execution risks

In order to expand its operations, the Group may expend costs on, *inter alia*, conducting due diligence into potential investment opportunities in further businesses, assets or prospects/projects that may not be successfully completed or result in any acquisition being made, which could have a material adverse effect on its business, operating results and financial condition.

Risks relating to taxation

Any change in the Company's or its subsidiaries' tax status or in tax legislation could affect the Company's ability to provide returns to shareholders. Statements in this document in relation to tax and concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the specific circumstances of the relevant investor.

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties in a number of jurisdictions and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group.

Lastly, due to the Group's parent company being a UK based entity which will operate and hold assets in Argentina following Completion, any changes in Argentinian national tax law or tax rulings unfavourable to the Group structure related to non Argentinian owned parent companies could have material impact on the Group's effective tax rate, cash flows and results of operations.

Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

Labour

Certain of the Group's operations may be carried out under potentially hazardous conditions. Whilst the Group intends to operate in accordance with relevant health and safety regulations and requirements, the Group remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be beyond the Group's control.

In addition, attracting and retaining additional skilled personnel may be required to ensure the development of the Group's business. The Group faces significant competition for skilled personnel in the oil and gas sector. Accordingly, the Group may struggle to recruit sufficient number of employees and any shortages of labour, or of skilled workers, may cause delays or other stoppages during exploration and appraisal activities.

Retention of key business relationships

The Group will rely significantly on strategic relationships with other entities, on good relationships with regulatory and governmental departments and on third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the Group could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts could adversely impact the Group, its business, operating results and prospects.

Local risk factors

The Group's operations following Completion will be conducted in Argentina and, as such, the Group's operations, financial condition and operating results are exposed to various levels of political, economic and other risks and uncertainties over which it has no control. These risks and uncertainties vary and can include, but are not limited to: currency exchange rates; high rates of inflation; terrorism; war; labour unrest; border disputes between countries; renegotiation or nullification of existing concessions, licences, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Future political actions cannot be predicted and may adversely affect the Group.

Changes, if any, in petroleum or investment policies or shifts in political attitude in the country of Argentina and border disputes affecting the Group's rights to explore and develop for oil and gas may adversely affect the Group's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people and water use. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out.

Failure to comply strictly with applicable laws or regulations relating to the petroleum regime, including licences to blocks and petroleum agreements governing exploration activity on the blocks, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Group's consolidated business, results of operations and financial condition.

Market perception

Market perception of junior extraction companies, in particular those operating in energy markets, as well as all oil and gas companies in general, may change, which could impact on the value of investors' holdings and the ability of the Group to raise further funds through the issue of further Ordinary Shares in the Company or otherwise.

Insurance coverage and uninsured risks

The Group insures its operations in accordance with industry practice and plans to insure the risks it considers appropriate for the Group's needs and circumstances. However, the Group may elect not to have insurance for certain risks, due to the high premium costs associated with insuring those risks or for various other reasons, including an assessment in some cases that the risks are remote.

No assurance can be given that the Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it or the relevant operator obtains, if applicable, and any proceeds of insurance, will be adequate and available to cover any claims arising. The Group may become subject to liability for

pollution, blow-outs or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible. Any indemnities the Group may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources.

In the event that insurance coverage is not available or the Group's insurance is insufficient to fully cover any losses, claims and/or liabilities incurred, or indemnities are difficult to enforce or the Group elects not to have insurance for certain risks and claims and/or liabilities are incurred, the Group's business and operations, financial results or financial position may be disrupted and adversely affected.

The payment by the Group's insurers of any insurance claims may result in increases in the premiums payable by the Group for its insurance cover and adversely affect the Group's financial performance. In the future, some or all of the Group's insurance coverage may become unavailable or prohibitively expensive. CGC does not hold all of the insurance that is required pursuant to applicable laws. Infringement of such laws can carry a fine which may be material.

Functioning insurance market

Operational insurance policies are usually placed in one year contracts and the insurance market can withdraw cover for certain risks, which can greatly increase the costs of risk transfer. Such increases are often driven by factors unrelated to the Group as well control elsewhere in the world.

Bank default

Recent credit market events have demonstrated the possibility of banks, previously thought to be secure, defaulting on their deposits. A good rating from a reputable rating agency does not provide adequate protection against default risk and as a corporate depositor the Group may fall outside any deposit protection schemes. However, if one or more of the Group's banks defaults on its deposits it would have a material adverse effect on the Group's ability to fund its commitments. In such an economic environment the Group would be unlikely to be able to sell assets at reasonable values or raise equity finance and consequently might be unable to continue its business.

Future litigation

From time to time, the Group may be subject, directly or indirectly, to litigation arising out of its proposed operations. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may materially impact the Group's business, results of operations or financial condition. While the Group assesses the merits of each lawsuit and defends itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Group's business.

The United Kingdom's withdrawal from the EU may have a negative effect on global economic conditions, financial markets and the Group's business

Following the vote of a majority of the eligible members of the electorate in the United Kingdom to withdraw from the EU in the national referendum held on 23 June 2016, the UK government served notice under Article 50 of the Treaty of the European Union on 29 March 2017 to formally initiate a withdrawal process. The United Kingdom and the EU have a two-year period under Article 50 to negotiate the terms for withdrawal. Any extension of the negotiation period for withdrawal will require the consent of all of the remaining 27 member states.

The referendum and withdrawal have created significant uncertainty about the future relationship between the United Kingdom and the EU. Lack of clarity about future UK laws and regulations as the United Kingdom determines which EU-derived laws and regulations to replace or replicate as part of a withdrawal, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws and employment laws, could decrease foreign direct investment in the United Kingdom, increase costs, depress economic activity and restrict the Group's access to capital. If the United Kingdom and the EU are unable to negotiate

acceptable withdrawal terms or if other EU member states pursue withdrawal, barrier-free access between the United Kingdom and other EU member states or among the European economic area overall could be diminished or eliminated. These developments, or the perception that any of them could occur, have had and may continue to have a significant adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. Any of these factors could have a significant adverse effect on the Group's business, financial condition, results of operations and prospects.

RISKS RELATING TO THE OIL AND GAS MARKETS

Oil and gas prices, including the recent decline in domestic pricing for oil and gas, could affect Echo Energy's business

The Company will budget capital expenditures related to exploration and development by taking into account, among other things, current and expected local and international market prices for its hydrocarbon products.

The international price of crude oil has fluctuated significantly in the past and may continue to do so in the future. During the period 2015 to November 2017, the international price of a barrel of Brent averaged US\$50.53, well below the average price of previous years, and reached a low of US\$27.88 on 20 January 2016 and a high of US\$67.77 on 6 May 2015. In Argentina, the prior government administration introduced a policy setting domestic prices for local oil benchmarks such as Medanito, the blend against which all crude oil trades domestically; the set price was reduced by the incoming Macri administration in December 2015 after oil prices internationally had fallen since late 2014. Subsequently, as oil prices recovered, the government removed the set price in October 2017, allowing domestic crude oil prices to be freely set by supply and demand dynamics. Thus while in the past, domestic oil prices in Argentina have not generally reflected increases or decreases in international oil prices, the significant fluctuation in Brent prices discussed above, as well as the new pricing policy set by the government, resulted in an approximately US\$6.6 decrease during 2017 of the average domestic price per barrel compared to the average domestic price per barrel in effect during 2016.

Natural gas prices are heavily regulated in Argentina and have been kept artificially low relative to international benchmarks since 2001. The low gas pricing environment negatively affected developments, led to a significant reduction in production and resulted in the country shifting from a net exporter of gas into a net importer over the past decade. In 2016-17, in order to incentivise new gas developments and in an attempt to reduce import requirements, the government started to gradually increase wellhead prices and established a series of stimulus programmes for new tight-gas and shale-gas developments (Resolutions 74/2016 and 46-E/2017 from the Ministry of Energy & Mining) in the Neuquen basin. The tight-gas and shale-gas incentive plans guarantee a minimum price path of US\$7.5/mmbtu for calendar year 2018, US\$7.0/mmbtu for 2019; US\$6.50/mmbtu for 2020; and US\$6.0/mmbtu for 2021. While the Company expects domestic gas prices to continue to converge towards import price parity, there is no guarantee that the price incentives provided for the Neuquen basin will be extended to other basins, particularly the Austral basin in which the CGC Assets are located.

If international crude prices were to drop for an extended period of time and this were to be reflected in the domestic price of oil, which the Group will not be able to control, and domestic gas prices were to remain artificially low relative to international benchmarks, the economic viability of drilling projects and new developments may be reduced. This could lead to changes to the Group's development plans, which could in turn lead to the loss of proved developed reserves, proved undeveloped reserves or contingent resources. It could also affect the Group's assumptions and estimates and, as a result, affect the recovery value of certain assets as well as the Group's ability to generate cash and its results of operations could be materially adversely affected.

Furthermore, the Group may be required to write down the carrying value of its properties if estimated oil and gas prices decline or if there are substantial downward adjustments to its estimated proved reserves and contingent resources and increases in its operating costs, which could also have a material adverse impact on its business, prospects, financial condition and results of operations.

Current reserves and resources data in this document are only estimates and are inherently uncertain

The reserves and resources data set forth in this document including the Competent Person's Report contained in Part IV of this document involve subjective judgements and determinations and are based on available geological, technical, contractual and economic information. The estimation of underground accumulations of oil and gas is a subjective process aimed at understanding the statistical probabilities of recovery. These are not exact determinations. Estimates of the quantity of economically recoverable oil and gas reserves, rates of production, net present value of future cash flows and the timing of development expenditures depend upon several variables and assumptions, including the following: (i) historical production from the area compared with production from other comparable producing areas; (ii) interpretation of geological and geophysical data; (iii) effects of regulations adopted by governmental agencies; (iv) future percentages of international sales; (v) future oil and gas prices; (vi) capital expenditure; and (vii) future operating costs, tax on the extraction of commercial hydrocarbons, development costs and workover and remedial costs. The assumptions upon which the estimates of the Company's hydrocarbon reserves, resources or production profiles (including in relation to the CGC Assets to be acquired on Admission) have been based may change over time or prove to be incorrect. The Company may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this document and if this proves to be the case, the Group's business, reputation, prospects, financial condition and results of operations could be materially adversely affected.

As all reserves and resources estimates are subjective, each of the following items may differ materially from those assumed in estimating reserves and resources: (i) the quantities and qualities of oil and gas that are ultimately recovered; (ii) the production and operating costs and capital expenditure incurred; (iii) the amount and timing of additional exploration and future development expenditures; and (iv) future oil and gas prices.

Many of the factors, assumptions and variables used in estimating reserves and resources are beyond the Company's control and may prove to be incorrect over time. Evaluations of reserves and resources necessarily involve multiple uncertainties. The accuracy of any reserves or resources evaluation depends on the quality of available information and petroleum engineering and geological interpretation. Exploration drilling, interpretation and testing and production after the date of the estimates may require substantial upward or downward revisions to the Company's reserves or resources data (including in relation to the CGC Assets to be acquired on Admission). A decline in the market price for oil and gas could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves as resources. Moreover, different reservoir engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves and resources will vary from estimates, and the variances may be material. The estimation of reserves and resources may also change because of acquisitions and disposals, new discoveries and extensions of existing fields as well as the application of improved recovery techniques.

The estimates may prove to be incorrect and potential investors should not place reliance on the forward looking statements contained in this document (including data included in the Competent Person's Report or taken from the Competent Person's Report and whether expressed to have been certified by the Competent Person or otherwise) concerning the CGC Assets' resources and reserves or production levels. If the assumptions upon which the estimates of the CGC Assets' hydrocarbon resources have been based prove to be incorrect, the Group (or the operator of an asset in which the Group has an interest) may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this document and the Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

Oil and gas exploration is speculative, capital intensive and can result in a complete loss of capital

There can be no guarantee that any hydrocarbons discovered will be developed into profitable production or that hydrocarbons will be discovered in commercial quantities. The business of exploration and development of hydrocarbon deposits is speculative and involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Hydrocarbon deposits assessed by the Group may not ultimately contain economically recoverable volumes of resources and even if they do, delays in the construction and commissioning of production projects or other technical difficulties may result in any projected target dates for production being delayed or further capital expenditure being required.

The risks associated with oil and gas exploration include, but are not limited to, encountering unusual or unexpected geological formations or pressures; seismic shifts; unexpected reservoir behaviour; unexpected or different fluids or fluid properties; premature decline of reservoirs; uncontrollable flow of oil, gas or well fluids; inaccurate subsurface seismic drilling; equipment failures; extended interruptions due to (amongst other things) adverse weather conditions; environmental hazards; industrial accidents; lack of availability of exploration and production equipment; explosions; pollution; oil or gas escapes; industrial action; and shortages of manpower. Encountering any of these can greatly reduce the profitability of operations. Extreme weather, adverse geological conditions and other field operating conditions may delay seismic, drilling or appraisal and development activities and can also increase costs. Oil and gas exploration and appraisal projects often involve unprofitable activities, resulting either from dry wells or from wells that may be put into production but do not generate sufficient revenues to return a profit after development, operating and other costs. Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. Any of the above factors could result in a total loss of investment in certain projects, which could have a material adverse effect on the Group's business, reputation, prospects, financial condition and results of operations.

Appraisal results for discoveries are also uncertain. Appraisal and development activities involving the drilling of wells across a field may be unpredictable and not result in the outcome planned, targeted or predicted, as only by extensive testing can the properties of the entire field be fully understood.

Exploration, development and production operations may produce unforeseen issues and drilling activities may not be successful

Exploration, development and production operations involve risks common to the industry including dry wells, blowouts, oil spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal geological pressures. In the event that any of these occur, environmental damage, injury to persons and loss of life, failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves could result. Drilling activities may be unsuccessful and the actual costs incurred in drilling, operating wells and completing well workovers may exceed budget. There may be a requirement to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. The occurrence of any of these events could have a material adverse effect on the Group's business, prospects, financial condition and operations.

Companies operating within the oil and gas industry are subject to stringent regulations including environmental, and health and safety

The Group's operations are subject to environmental, health and safety regulations in the jurisdictions in which they operate. Whilst both the Company and CGC believe that each carries out its activities and operations in material compliance with these environmental, safety and health and sanitary regulations, there can be no guarantee that their contractors or staff will individually comply with the policies and practices in place.

The discharge of oil, gas or other pollutants into the air, soil or water may give rise to liabilities to local, provincial and federal governments and third parties and may require the Group to incur significant penalties and/or costs to remedy such discharge. The Group is acquiring the indicated asset package on an 'as is' basis, including the requirement to abandon up to 114 existing wells in Fracción C, Fracción D and Laguna De Los Capones. While the Company has conducted due diligence on the assets, no assurance can be given that changes in environmental laws or their application to the Group's operations will not result in further remediation costs, a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect its business, prospects, financial condition and results of operations.

Obtaining exploration, development or production licences and permits may also become more difficult or be the subject of delay by reason of governmental, regional or local environmental consultation, approvals or other considerations or requirements. For example, part of the Fracción C block lies within the boundaries of the Los Leones National Park and the Group's activities may impact protected species. As such, securing

exploration and development permits in Fracción C may also be subject to more stringent environmental obligations and/or operational restrictions. These factors may lead to delayed, reduced or prohibited exploration, development or production activity in addition to increased costs, which may be significant.

In addition, due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, new regulatory requirements to reduce greenhouse gas emissions, such as carbon taxes, increased efficiency standards or the adoption of cap and trade regimes. Argentina recently issued new rules which began to phase in more stringent regulations to lower the amount of sulphur contained in diesel and gasoline fuels that may result in an increase in the cost of production or reduction in realised prices, thus potentially affecting the Group's results of operations. Furthermore, if additional requirements were adopted in Argentina following Admission, these requirements could make the Group's products more expensive as well as shift hydrocarbon demand toward relatively lower-carbon sources such as renewable energy.

Oil and gas exploration and production may cause damage to persons, property and the environment for which the Company may not be adequately insured

Exploration for oil and gas carries inherent risks. The Group's exploration, development and production activities present several risks such as those of explosions in wells and pipelines and escape of hazardous materials and contamination; major process safety incidents; failure to comply with approved policies; effects of natural disasters and pandemics; social unrest; civil war and terrorism; exposure to general operational hazards; personal health and safety; and crime. The occurrence of any of these events or other accidents could result in personal injuries, loss of life, severe environmental damage entailing containment, clean-up and repair expenses, equipment damage and civil or, in certain limited instances, criminal proceedings against the Group, any of which could result in material legal sanctions and financial liabilities, as well as significant reputational damage, and may have a material adverse effect on the Group's business, prospects, financial condition and results of operations. Although precautions to minimise risk are taken, even a combination of careful evaluation, experience and knowledge may not eliminate all of the hazards and risks. In addition, not all of these risks are insurable.

The Group's insurance policies may not cover all liabilities, and the proceeds of insurance applicable to covered risks may not be adequate to cover expenses relating to such losses or liabilities. Insurance may not be available for all risks. In certain circumstances, the Group may elect not to obtain insurance to deal with specific events due to the high premiums associated with such insurance or for other reasons.

Companies within the oil and gas industry are subject to increases in drilling costs, access restrictions and reliant on the availability of equipment

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the Group's ability to invest directly or indirectly in prospects and to purchase or hire equipment, supplies and services. Oil and gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Group and may delay exploration and development activities. There can be no assurance that sufficient seismic, drilling and completion equipment, services and supplies will be available when needed. Shortages could delay the Group's proposed exploration, development and sales activities and could have a material adverse effect on its business, reputation, prospects, financial condition and result of operations. If the demand for, and wage rates of, qualified crews rise in the seismic and drilling industry then the oil and gas industry may experience shortages of qualified personnel to operate seismic equipment and drilling rigs. This could delay the Group's operations and adversely affect its financial condition and results of operations.

Delays in production, marketing and transportation

Various production, marketing and transportation conditions, if assets have been explored and developed, may cause delays in oil production and adversely affect the Group's business.

The marketability and price of oil and natural gas that may directly or indirectly be acquired or discovered by the Group will be affected by numerous factors beyond the control of the Group. The Group is also

subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of reserves to adequate pipeline and processing facilities, and extensive government regulations relating to price, taxes, royalties, licences, land tenure, allowable production, the export of oil and natural gas, and many other aspects of the oil and natural gas business. Any or all of these factors may result in an adverse impact on the financial returns anticipated by the Group.

Decommissioning costs

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's properties. The Group is acquiring the indicated asset package on an 'as is' basis, including the requirement to abandon up to 114 existing wells in Fracción C, Fracción D and Laguna De Los Capones. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Interruptions in availability of exploration, production or supply infrastructure

The Group may suffer, indirectly, from delays or interruptions due to lack of availability of drilling rigs or construction of infrastructure, including pipelines, storage tanks and other facilities, which may adversely impact the operations and could lead to fines, penalties and criminal sanctions against the Group and/or its officers or its current or future licences or interests being terminated. Delays in obtaining licences, permissions and approvals required by the Group or its partners in the pursuance of its business objectives could likewise have a material adverse impact on the Group's business and the results of its operations.

Third party contractors and providers of capital equipment are in short supply and can be expensive

The contracting or leasing services and equipment from third-party providers and suppliers may be problematic in that such equipment and services can be in short supply and may not be readily available at the times and places required. In addition, the costs of third-party services and equipment have fluctuated significantly over recent years and these costs may increase considerably going forward. This may, therefore, have an adverse effect on the Group's business. In addition, the failure of a third party provider or supplier of equipment or services could have a material adverse impact on the Group's business and the results of its operations.

Risk of loss of oil and gas rights

The Group's activities are dependent upon the maintenance of appropriate leases, licences, concessions, permits and regulatory consents which may be withdrawn or made subject to qualifications. Although the Group believes that the authorisations in relation to all of the Group's interests in Argentina following Completion will not be withdrawn and will be maintained (as the case may be), there can be no guarantee that such authorisations will not, in the future, be withdrawn, fail to be renewed or granted. There can be no assurance as to the terms of such future grants or renewals.

Natural disasters

Any interest held by the Group is subject to the impacts of any natural disaster such as earthquakes, epidemics, fires and floods etc. No assurance can be given that the Group will not be affected by future natural disasters.

Environmental factors

The Group's operations are, and will be, subject to environmental regulation (with regular environmental impact assessments and evaluation of operations required before any permits are granted to it) in Argentina and any other regions in which the Group may operate. Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement measures being implemented, increases in fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a

heightened degree of responsibility for companies and their directors and employees. Compliance with environmental regulations could increase the Group's costs. Should the Group's operations not be able to comply with this mandate, financial penalties may be levied. Environmental legislation can provide for restrictions and prohibitions on spills, releases of emissions of various substances produced in association with oil, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments. The Group's operations will be subject to such environmental policies and legislation.

Environmental legislation and policy is periodically amended. Such amendments may result in stricter standards of enforcement and in more stringent fines and penalties for non-compliance. Environmental assessments of existing and proposed projects may carry a heightened degree of responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations could require significant expenditure, and breaches of such regulations may result in the imposition of material fines and penalties. In an extreme case, such regulations may result in temporary or permanent suspension of exploration, development and/or production operations. There can be no assurance that these environmental costs or effects will not have a material adverse effect on the Group's future financial condition or results of operations.

There are a number of environmental permits held by CGC in respect of the Concessions that have expired and which have not currently been renewed. If activities which require environmental permits are carried out without the necessary permit in place, a material fine could be imposed on the concession holder and the Concessions or the Exploration Permit could also be revoked.

There is a requirement to carry out certain remediation work under the terms of the Concessions. Following Completion, the Company will also be subject to this obligation along with CGC as holders of the Concessions. The Company has the benefit of an indemnity in relation to the historic costs of remediation work prior to the Company's ownership and would need to pursue CGC under the terms of the CDL Farmout Agreement and would be relying on the creditworthiness of CGC to meet the remediation costs in full.

RISKS RELATING TO ARGENTINA AND OTHER COUNTRIES WHERE THE COMPANY OPERATES

The business of the Group will be largely dependent upon economic conditions in Argentina

Once the Acquisition is completed, most of the Group's operations, properties and customers will be located in Argentina, and, as a result, its business will be to a large extent dependent upon economic conditions prevailing in Argentina. Changes in economic, political and regulatory conditions in Argentina and in the Santa Cruz province where the licences are located, and measures taken by the Argentinian federal government and the Santa Cruz provincial government may have a significant impact on the Group.

The Argentinian economy has experienced significant volatility in past decades, including numerous periods of low or negative growth and high and variable levels of inflation and currency devaluation. No assurances can be given that the rate of growth experienced in past years will be achieved in subsequent years or that the national economy will not suffer recession. If economic conditions in Argentina were to slow down, or contract, if inflation were to accelerate further, or if the Argentinian government's measures to attract or retain foreign investment and international financing in the future are unsuccessful, such developments could adversely affect Argentina's economic growth and in turn affect the Group's business, prospects, financial condition and results of operations.

Argentina has experienced and continues to experience inflationary pressures. According to inflation data published by the National Statistics Institute (Instituto Nacional de Estadística y Censos) ("INDEC"), from January to September 2017, the Argentinian alternative consumer price index ("CPI") increased by an average 1.8 per cent. per month. High or increased rates of inflation in Argentina could increase the Group's costs of operation, and may negatively impact its business, prospects, financial condition and results of operations. There can be no assurance that inflation rates will not increase in the future.

Argentinian economic conditions are dependent on a variety of factors, including, but not limited to, the following:

- international demand for Argentina's principal exports;
- international prices for Argentina's principal commodity exports;

- stability and competitiveness of the Argentinian peso against foreign currencies;
- stability of the political environment in Argentina and its neighbouring countries;
- competitiveness and efficiency of domestic industries and services;
- levels of consumer consumption and foreign and domestic investment and financing; and
- the rate of inflation.

The Argentinian economy is also particularly sensitive to local political developments. In spite of certain measures that the Argentinian government, elected on 10 December 2015 (the “Macri administration”), has already taken, such as the elimination of exchange restrictions, the partial adjustment of gas and electricity prices and the elimination or reduction of export taxes for certain products, it continues to face challenges in respect of Argentina’s economy.

Argentina’s economy is also vulnerable to adverse developments affecting its principal trading partners. A continued deterioration of economic conditions in Brazil, Argentina’s main trading partner, and a deterioration of the economies of Argentina’s other major trading partners, such as the European Union, China or the United States, could have a material adverse impact on Argentina’s balance of trade and adversely affect Argentina’s economic growth and may consequently adversely affect the Group’s business, prospects, financial condition and results of operations. Furthermore, a significant devaluation of the currencies of Argentina’s trading partners or trade competitors may adversely affect the competitiveness of Argentina and consequently adversely affect Argentina’s economy and the Company’s business, prospects, financial condition and results of operations.

Certain risks are inherent in any investment in a company operating in emerging markets such as Argentina

Argentina and the other countries in which the Group may operate, are emerging market economies, and investing in emerging markets generally carries risks. These risks include political, social and economic instability that may affect the economic results of emerging markets such as Argentina, which can stem from many factors, including the following:

- adverse external economic events or factors;
- high interest rates;
- abrupt changes in currency values;
- high levels of inflation;
- exchange and capital controls;
- wage and price controls;
- regulations to import equipment and other necessities relevant for operations;
- disruption to operations, including strikes, civil actions, international conflict or political interference;
- changes to the fiscal regime including changes in the rates of income and corporation taxes or changes to the terms of the production sharing contracts or the concession agreements;
- fiscal deficits;
- reversal of current policies encouraging foreign investment or foreign trade by the government;
- other government intervention such as expropriation or nationalisation;
- dependence on external financing;
- limited access to markets for periods of time;
- restrictive actions by local governments, including the imposition of tariffs and limitations on imports and exports;
- modification or renegotiation of contracts;
- fluctuations in Central Bank reserves;
- expropriation or forced divestment of assets;

- internal security issues, particularly any activities targeting oil and gas production and transportation infrastructure; and
- political and social tensions.

Further, once the Group, or an operator of assets in which the Group has an interest, has established hydrocarbon exploration and/or production operations in a particular country, it may be expensive and logistically burdensome to discontinue such operations should economic, political, physical or other conditions subsequently deteriorate.

In Argentina, certain of the CGC Assets assets have ethnic communities residing within or near the project area of influence that are seeking to constitute and/or extend their territory. If such communities and/or land-owners believe that the projects within these areas affect them, they may file legal actions to be consulted about the project. Should this occur, such consultation may delay or impact the project schedule, which could have a material adverse effect on the Group's business, reputation, prospects, financial condition and results of operations.

Any of these factors, as well as volatility in the capital markets, may adversely affect the financial condition and results of operations of the Group or the liquidity, trading markets and value of its securities.

Argentinian domestic operations are subject to extensive regulation

The Argentinian oil and gas industry is subject to government regulation and control. As a result, the Group's business will be to a large extent dependent upon regulatory and political conditions prevailing in Argentina and its results of operations may be adversely affected by regulatory and political changes in Argentina. Therefore, although the Macri administration has softened some government regulations in relation to the oil and gas industry, the Group may face risks and challenges relating to government regulation and control of the energy sector, including those set forth below and elsewhere in these risk factors:

- limitations on the Group's ability to increase local prices or to reflect the effects of higher domestic taxes, increases in production costs or increases in international prices of crude oil and other hydrocarbon fuels and exchange rate fluctuations on its domestic prices;
- new or higher taxes on exports of hydrocarbons;
- restrictions on hydrocarbon export volumes, driven mainly by the requirement to satisfy domestic demand;
- in connection with the Argentinian government's policy to provide absolute priority to domestic demand, regulatory orders to supply natural gas and other hydrocarbon products to the domestic retail market in excess of previously contracted amounts;
- in connection with the former and current incentive programmes established by the Argentinian government for the oil and gas industry, such as the Natural Gas Additional Injection Stimulus Programme and cash collection of balances with the Argentinian government;
- legislation and regulatory initiatives relating to hydraulic stimulation and other drilling activities for unconventional oil and gas hydrocarbons, which could increase the Group's cost of doing business or cause delays and adversely affect its operations;
- restrictions on imports of products which could affect the Group's ability to meet its delivery commitments or growth plans, as the case may be; and
- the implementation or imposition of stricter quality requirements for petroleum products in Argentina.

In recent years, the Argentinian government has made certain changes in regulations and policies governing the energy sector to give absolute priority to domestic supply at stable prices in order to sustain economic recovery. As a result of the above-mentioned changes, for example, on days during which a gas shortage occurs, exports of natural gas (which are also affected by other government curtailment orders), any restriction in the incentive programmes established by the Argentinian government and the provision of gas supplies to industries, electricity generation plants and service stations selling compressed natural gas are interrupted for priority to be given to residential consumers at lower prices. The Expropriation Law (ley No. 21,499 Expropiaciones) has declared achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialisation, transportation and sale of hydrocarbons, a national public interest and a

priority for Argentina. In addition, its stated goal is to guarantee socially equitable economic development, the creation of jobs, increasing the competitiveness of various economic sectors and the equitable and sustainable growth of the Argentinian provinces and regions. There can be no assurance that changes in applicable laws and regulations, or adverse judicial or administrative interpretations of such laws and regulations, will not adversely affect the Group's business, prospects, financial condition and results of operations.

Argentinian oil and gas production concessions and exploration permits are subject to certain conditions and may be cancelled or not renewed

From Admission, the Group will conduct a significant part of its business pursuant to public concessions granted by the Argentinian Government. As modified by Law No. 27,007, the Hydrocarbons Law (ley No. 27,007 Hidrocarburos) provides for oil and gas concessions to remain in effect for 25 years as from the date of their award, 35 years for unconventional concessions and 30 years for offshore concessions. It further provides that concession terms may be extended for periods of up to 10 years each. The authority to extend the terms of current and new permits, concessions and contracts has been vested in the governments of the provinces in which the relevant area is located (and the federal government in respect of offshore areas beyond 12 nautical miles). In order to be eligible for an extension of a concession, under the modifications of Law No. 27,007, concessionaires must (i) have complied with their obligations, (ii) be producing hydrocarbons in the concession under consideration and (iii) submit an investment plan for the development of such areas as requested by the competent authorities up to one year prior to the termination of each term of the concession. Under the Hydrocarbons Law, non-compliance with the obligations and standards set out therein may also result in the imposition of fines and in the case of material breaches, following the expiration of applicable cure periods, the revocation of the concession or permit.

There can be no assurance that any of the Licences to be acquired by the Group will be extended as a result of the consideration by the relevant authorities of the investment plans the Company may submit in the future for the development of the areas, or that other requirements will not be imposed on the Group, in order to obtain extensions as at the date of expiration. Additional royalty payments of 3 per cent., up to a maximum of 18 per cent., are provided for in extensions under Law No. 27,007. The termination of, or failure to obtain the extension of, a concession or permit, or its revocation, could have a material adverse effect on the business, reputation, prospects, financial condition and results of operations of the Group.

Under the terms of the Concessions, the Concessions may be terminated if the holder fails to remedy or commence remediation of a breach following a written notice from the Province of Santa Cruz. The Province of Santa Cruz must provide a reasonable period to remedy the breach taking into account the nature of the works and such period must be at least 30 days. The remedy period may therefore be relatively short and there is a risk that the Concessions may be terminated before any such breach is remedied.

Expropriation policies could adversely affect the Argentinian economy and, as a result, the Group's business and results of operations

The Argentinian federal government has in the recent past (under prior administrations) nationalised companies in various sectors. On 3 May 2012, the federal congress expropriated 51 per cent. of the share capital of YPF, the principal Argentinian oil company, whose shares were owned by Repsol S.A. and its affiliates, and imposed major changes to the legal framework in which oil companies operate.

In February 2014, the federal government announced that it had agreed to pay Repsol S.A. US\$5.0 billion in Argentinian sovereign bonds as compensation for the seizure of the YPF shares, which although subsequently ratified by Repsol S.A.'s shareholders and the federal congress, represented approximately half of the amount originally demanded by Repsol S.A. On 23 April 2014, the agreement with Repsol S.A. was approved by the federal congress and, accordingly, on 8 May 2014, Repsol S.A. received the Argentinian sovereign bonds.

In addition, on 23 September 2015, the Fernández de Kirchner administration passed Law No. 27,181, which declared the protection of shareholder interests or equity participations held by the federal government as a minority interest to be a matter of public interest, including those shares held within the investment portfolio of the Guarantee Sustainability Fund of the Argentinian Integrated Social Security System (Fondo de Garantía de Sustentabilidad del Sistema Integrado Previsional Argentino, or "GFS"), or when held by the

National Ministry of Economy and Public Finance (Ministerio de Hacienda y Finanzas Públicas), currently divided into two ministries, the Ministry of Treasury (Ministerio de Hacienda) and the Ministry of Finance (Ministerio de Finanzas). The federal government is as a result forbidden from transferring those shares or equity interests and/or performing any action that limits, alters or suppresses or changes ownership, or that changes the way in which any returns from those interests are spent unless such change is mandated by a two-thirds vote of the federal congress. In addition, the federal government's shares in YPF could never be transferred pursuant to applicable law. In June 2016, the federal congress began to discuss the repeal of Law No. 27,181, with the aim of, among other matters, removing the restrictions on the disposal of the shares of the ANSES' Guarantee Sustainability Fund. The subsequent enactment of Law No. 27,260 enabled, under certain particular circumstances, the sale of shares of the ANSES' Guarantee Sustainability Fund for the payment of amounts due to those beneficiaries of the Argentinian Integrated Social Security System ("SIPA") who have judicially approved agreements with the ANSES under the Programme established by Law No. 27,260.

Expropriation and other interventions by the federal government such as the one related to YPF or other measures recently adopted by the Macri administration can have an adverse impact on foreign investments in Argentina, the access of Argentinian companies to the international capital markets and relations between Argentina and other countries and, as a consequence, adversely affect the financial condition or results of operations of the Group.

The impact of the new administration on the future economic and political environment of Argentina remains uncertain, but likely to be material

Since taking office on 10 December 2015, the Macri administration has announced and implemented several significant economic and policy reforms, including: declaring a state of emergency of the national electricity system and subsequently beginning reform; reform of INDEC; certain reforms to the foreign exchange market regulatory framework that provided greater flexibility and easier access to the foreign exchange market; certain foreign trade reforms; and reaching agreements to settle outstanding claims with a large majority of holdout creditors.

As at the date of this document, the impact that these measures and any future measures to be taken by the Macri administration will have on the Argentinian economy as a whole and, following Completion the Group's business in particular, cannot be fully anticipated. While the planned liberalisation of the economy is expected to stimulate economic activity and, therefore, create a positive effect on the Group's business, it is not possible to predict such effect with certainty and such liberalisation could also be disruptive to the economy and fail to benefit or harm the Group's business. As at the date of this document, political parties opposed to the Macri administration retain a significant number of the seats in the Argentinian Congress, which requires the Macri administration to seek political support from the opposition for its economic proposals and creates uncertainty as to the ability of the Macri administration to pass any measure which it may wish to implement. The impact that these measures or any future measures taken by the Macri administration will have on the Argentinian economy may materially adversely affect the Group's business, prospects, financial condition and results of operations.

RISKS RELATING TO INVESTMENT AND AIM

Share price volatility and liquidity

On publication of this document, trading in the Existing Ordinary Shares is expected to be restored. There can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained. In addition, although the Company is applying for the Enlarged Share Capital to be admitted to trading on AIM, there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained. AIM is a market designed primarily for emerging or smaller growing companies which carry a higher than normal financial risk and tend to experience lower levels of liquidity than larger companies. Accordingly, AIM may not provide the liquidity normally associated with the Official List or some other stock exchanges. The Ordinary Shares may therefore be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might otherwise be the case. An investment in shares traded on AIM carries a higher risk than those listed on the Official List.

The Company is principally aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares traded, and thus the Ordinary Shares may be difficult to sell at a particular price.

Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company will increase. Investors may therefore realise less than, or lose all of, their original investment.

The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Group and its operations. These factors include, without limitation, the performance of the Company and the overall stock market, large purchases or sales of Ordinary Shares by other investors, changes in legislation or regulations and changes in general economic, political or regulatory conditions and other factors which are outside of the control of the Company.

Shareholders may sell their Ordinary Shares in the future to realise their investment. Sales of substantial amounts of Ordinary Shares following Admission and/or termination of the lock-in agreements (the terms of which are summarised in paragraph 13.11 of Part VI of this document), or the perception that such sales could occur, could materially adversely affect the market price of the Ordinary Shares available for sale compared to the demand to buy Ordinary Shares. Such sales may also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate. There can be no guarantee that the price of the Ordinary Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Ordinary Shares may decline below the Placing Price.

AIM

The Enlarged Share Capital will be admitted to AIM and it is emphasised that at this time no application is being made for admission of the Ordinary Shares to the Official List or to any other stock exchange. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The rules of AIM are less demanding than those of the Official List. Further, the London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Company's sector and other events and factors outside of the Company's control.

Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares.

Economic conditions and current economic weakness

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's assets and/or hydrocarbons produced. A more prolonged economic downturn will restrict the Group's ability to realise a profit. The markets in which the Group operates are directly affected by many national and international factors that are beyond the Group's control.

Market risks

The Group may be affected by general market trends which are unrelated to the performance of the Group itself. The Group's success will depend on market acceptance of the hydrocarbons produced from the CGC Assets and there can be no guarantee that this acceptance will be forthcoming. Market opportunities targeted by the Group may change and this could lead to an adverse effect upon its revenue and earnings.

Investment risk

An investment in the Company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time. While various oil and gas investment opportunities are available, potential investors should consider the risks that pertain to oil and gas exploration projects in general, as described more particularly above.

Dividends

There can be no assurance as to the level of future dividends. Subject to compliance with the 2006 Act and the Company's Articles, the declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors, and will depend on, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits. A dividend may never be paid and at present, there is no intention to pay a dividend.

Significant shareholders and Concert Party

Following Admission, the Concert Party consisting of Continental Investment Partners SA, Greenberry, Marco Fumagalli, James Parsons and Stephen Whyte will, hold 40,118,865 Ordinary Shares representing approximately 10.01 per cent. of the Enlarged Share Capital. In addition the Concert Party will also hold in aggregate a further 62,653,292 Options and Warrants. Assuming the exercise by the Concert Party of all of the Options and Warrants held by them and no exercise of Options and/or Warrants by any other party, the Concert Party would hold in aggregate 102,772,157 Ordinary Shares representing 22.17 per cent. of the enlarged share capital (assuming the exercise of all Options and Warrants held by the Concert Party and no exercise of any Warrants or Options held by any other party). As a consequence, the Concert Party may be able to exert significant influence over the Company.

Restrictions on transfers under US legislation

The Ordinary Shares and Warrants have not been registered in the United States under the Securities Act or under other applicable securities law and are subject to restrictions on transfer contained in such law. They may not be resold in the United States, except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities law.

Forward-looking statements

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the net asset value, present and future business strategies and income flows and the environment in which the Company will operate in the future.

These forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

PART IV

COMPETENT PERSON'S REPORT

**Gaffney,
Cline &
Associates**

**Competent Person's Report
on Certain Oil and Gas Assets
in Argentina**

Prepared for

Echo Energy plc

14th December, 2017

www.gaffney-cline.com

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Appendices

Appendix I:	Abbreviated Form of PRMS
Appendix II:	Glossary of Abbreviations
Appendix III:	Reserves and Resources
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14th December, 2017

The Directors
Echo Energy plc
4th Floor, 40 George Street,
London, W1U 7DT, United Kingdom.

The Directors
Smith & Williamson Corporate Finance Limited
25 Moorgate,
London, EC2R 6AY, United Kingdom.

Dear Directors,

Introduction

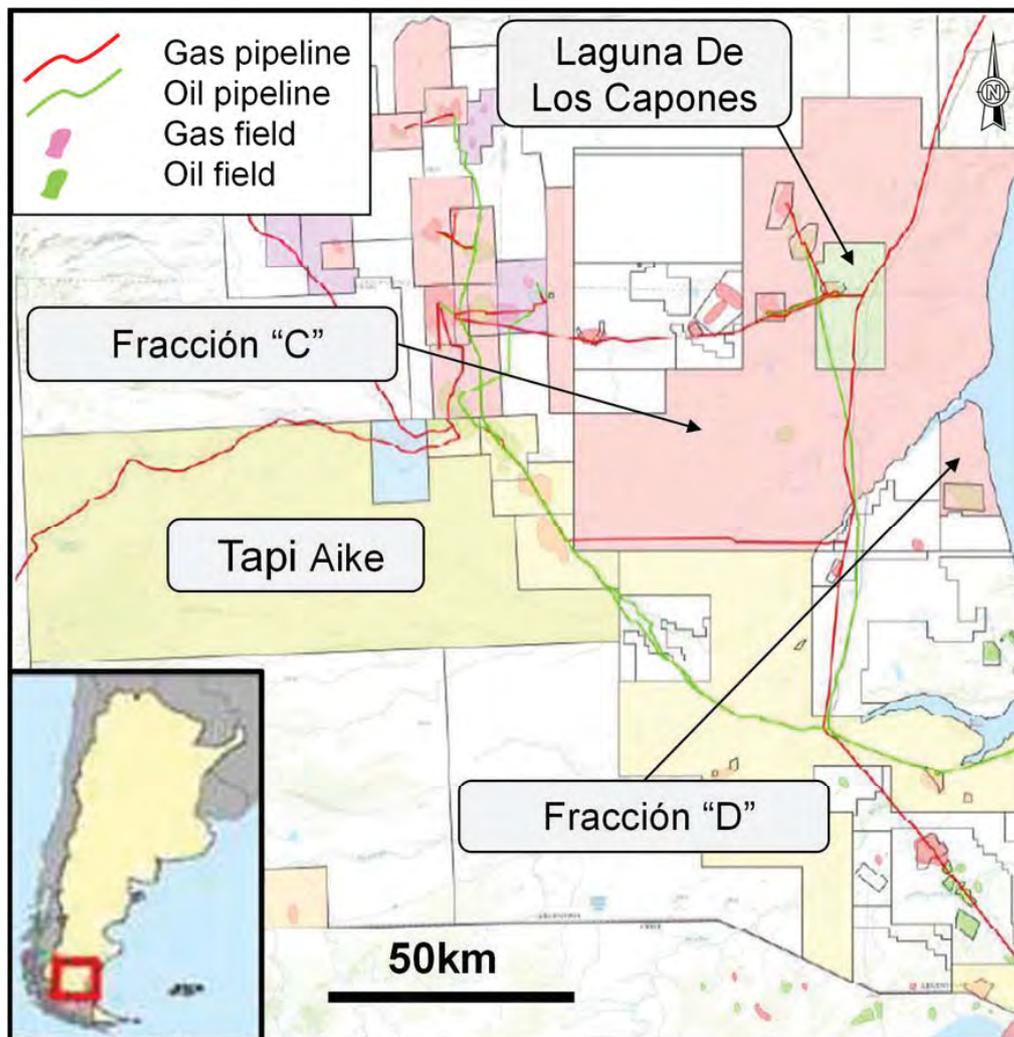
At the request of Echo Energy plc (Echo), Gaffney, Cline & Associates (GCA) has prepared a Competent Person's Report (CPR) on the Santa Cruz 1 – Fracción C (Fracción C), Laguna De Los Capones (LLC), Santa Cruz 1 – Fracción D (Fracción D) and Tapi Aike licences (the Assets), located in Argentina (Figure 1), as at an Effective Date of 31st August, 2017.

The Assets are currently held by Compañía General de Combustibles S.A. (CGC), with a 100% working interest (WI). GCA understands that Echo intends to acquire a 50% WI in the Assets from CGC, and that the transaction would constitute a reverse takeover under the rules of AIM, the London Stock Exchange market on which Echo is listed. This CPR has been prepared for inclusion in an AIM admission document to be published in connection with the reverse takeover, and must only be used for that purpose.

In preparing this CPR, GCA has followed the requirements of the "AIM Note for Mining and Oil & Gas Companies" dated June, 2009. GCA has performed an independent assessment of the Reserves, Contingent Resources and Prospective Resources in the Assets. GCA has used definitions of Reserves and Resources contained within the Petroleum Resources Management System (PRMS), which was approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers in March 2007 (an abbreviated form is included as Appendix I).

The assessment has been conducted on the basis of a data set of technical information made available to GCA by Echo (and, at Echo's instruction, by CGC) through November, 2017, including details of licence interests and agreements, geological and geophysical data, interpretations and technical reports, historical production and engineering data, cost and commercial data, and development plans as they existed at the Effective Date. GCA's work included such checks and calculations as were considered necessary.

Figure 1: Location of the Assets



Source: CGC

This report relates specifically and solely to the subject matter as defined in the scope of work, as set out herein, and is conditional upon the specified assumptions. It must be considered in its entirety.

A glossary of abbreviations used in this report is contained in Appendix II.

Summary

License Summary

Table 1 lists the licenses held by CGC as at 31st August, 2017, in which Echo intends to acquire a 50% WI. CGC currently holds a 100% WI in each of the assets and will remain the nameplate Operator of all of them, although it is understood that on completion of the transaction, Echo will be assigned the role of Technical Operator for Fracción C, LLC and Fracción D. The fiscal regime applicable to the licences is tax/royalty.

Table 1: Licence Summary as at 31st August, 2017

Licence	Operator	Interest (%)	Status	Licence Expiry	Licence Area (km ²)
Fracción C	CGC	Note 3	Exploitation	13 th November, 2027	5,288
LLC	CGC	Note 3	Exploitation	18 th April, 2026	398
Fracción D	CGC	Note 3	Exploitation	13 th November, 2027	280
Tapi Aike	CGC	Note 3	Exploration	8 th September, 2020	5,187

Notes:

1. A 10-year extension to the production licences is likely to be possible subject to a bonus payment and an increased Royalty rate.
2. Tapi Aike is in a first 3-year exploration period with commitments to acquire 1,200 km² of 3D seismic data and drill 4 wells. It is possible to extend this first period by 1 year subject to certain requirements. A second 3-year exploration period is possible with a commitment to drill 1 well. A 25-year production licence would be granted for any commercial discovery made.
3. CGC currently holds 100% WI in each of the licences; Echo intends to acquire a 50% WI in each of the licences.
4. All licences are in Argentina.

Overview

Exploration for hydrocarbons in the Assets began in the 1960s. On the basis of 2D seismic, five oil and gas fields were discovered in Fracción C, LLC and Fracción D, although all five are now mature and only a few wells remain in production. A further discovery was made recently (2015) at Laguna de Maria in Fracción C, and the discovery well is currently in production.

Reserves are attributed to continued production from the currently producing wells. Proved plus Probable (2P) Reserves Net to a 50% working interest amount to 0.51 MMBbl of oil and 6.3 Bscf of gas after deduction of royalty (0.60 MMBbl and 7.5 Bscf pre-royalty).

Potential exists to further develop the Laguna de Maria discovery and an earlier discovery adjacent to the Estancia La Maggie field that has never been developed. There is also the possibility of monetizing gas from Fracción D, which hitherto has had no export route; the Cañadon Salto field contains a gas cap, and there is a gas discovery below the main oil producing reservoir. However, a pipeline would need to be constructed to link the field with the existing San Martin pipeline some 28 km to the west, and it is likely that prior to sanctioning the pipeline, additional discoveries in Fracción D would be required.

Contingent Resources are attributed to these potential projects. 2C Contingent Resources Net to a 50% working interest amount to 0.57 MMBbl of oil and 20.9 Bscf of gas after deduction of royalty (0.67 MMBbl and 24.5 Bscf pre-royalty).

Thirteen exploration Prospects have been reported on within Fracción C, LLC and Fracción D, five of which contain two separate reservoir targets. Five Prospects (all in Fracción C) are oil Prospects, the remainder gas with condensate. These are all considered to have a reasonable chance of success, given the proximity to existing fields and the fact that a significant part of Fracción C and LLC is now covered with 3D seismic. Prospective Resources attributed to individual Prospects at the gross (100%) level are typically 10-20 Bscf or 1-11 MMBbl at the best estimate level, while the dry hole cost of an exploration well is in the order of US\$2.0 MM.

In contrast to the relatively mature Fracción C, LLC and Fracción D, Tapi Aike is still at the exploration stage. It is one of the biggest onshore exploration blocks in Argentina, covering an area of 5,187 km² in the foothills of the Andes Mountains. There is a legacy 2D seismic grid over a large part of the area (3,400 km²), which is of reasonable quality but has a wide line spacing (average 4 km). Over the last 45 years, 14 wells have been drilled in Tapi Aike, mostly in the eastern part of the licence and targeting the Springhill/Tobífera play established in Fracción C, LLC and Fracción D; none has made a commercial discovery, but there have been encouraging signs of the presence of the gas, including a reported blow-out and a 120 m interval that logged gas but which did not flow on test.

A large number of Leads have been identified in Tapi Aike at depths ranging from 1,300 to 4,100 m below ground level. All are being evaluated as dry gas Leads. There are a number of potential play types, different from those in Fracción C, LLC and Fracción D, and individual Leads are much larger, typically with gross (100%) Prospective Resources of 50-600 Bscf at the best estimate level, though also of significantly higher risk at this stage of their evaluation. Consistent with the definition of a Lead, more work is needed before any of these will be considered ready for drilling, and acquisition of 3D seismic is planned as the next step.

Reserves and Resources Summary

The oil and gas Reserves attributable to the Assets are shown in Table AIII.1 in Appendix III. All the Reserves volumes are Developed Producing.

The oil and gas Contingent Resources attributable to the Assets are shown in Table AIII.2.

The oil, gas and condensate Prospective Resources attributable to the Prospects are shown in Table AIII.3. Prospective Resources attributable to the Leads are shown in Table AIII.4.

All Reserves and Resources volumes are shown:

- At the Gross Field level, i.e. 100% of the estimated future production or potential future production from the Assets;
- Net to a 50% WI before deduction of 15% State and Provincial Royalty (the “Working Interest” basis); and
- Net to a 50% WI after deduction of the 15% Royalty (the “Net Revenue Interest” or “Net Economic Entitlement” basis).

Net Present Value of Reserves

Reference Pre- and Post-Tax NPVs at 10% discount rate (NPV10) have been attributed to the Proved, the Proved plus Probable, and the Proved plus Probable plus Possible Reserves cases. Discounting has been done on a mid-period basis to 31st August, 2017.

The assessment has been based upon GCA’s understanding of the fiscal and contractual terms governing the assets, as described herein. All NPVs quoted are those exclusively attributable to a 50% working interest in the properties under review.

The fiscal regime applicable to the licences is tax/royalty. Revenues are subject to Royalty at a rate of 15% and a further sales tax (“IIBB”) levied at 3%. Corporate net profits are then taxed at a rate of 35%, although both royalties and IIBB are deductible as an expense in the Federal tax assessment. No allowance has been made for any undepreciated balances or tax losses carried forward, or for any carry arrangement that Echo may enter into as part of the transaction.

For the present assessment, GCA has used the oil and gas price scenario shown in Table 2. GCA's Brent Crude oil price scenario for 3Q 2017, has been used as the reference oil price. Medanito (a reference crude for Argentina) has been assumed to trade at parity with Brent, with a floor of US\$55/Bbl, and oil and condensate from Fracciones C and D at a discount of US\$8.0/Bbl to Medanito. Costs have been escalated at 2.0% p.a. from 2018.

Table 2: Oil and Gas Price Scenario

Year	Oil			Gas (US\$/MMBTU)
	Brent (US\$/Bbl)	Medanito (US\$/Bbl)	Fracción C&D (US\$/Bbl)	
2017 (last 4 months)	48.93	55.00	47.00	2.68
2018	50.82	55.00	47.00	4.20
2019	57.91	57.91	49.91	4.80
2020	65.00	65.00	57.00	4.90
2021+	+2.0% p.a.	+2.0% p.a.	Medanito less US\$8.0/Bbl	+2.0% p.a.

The resulting NPV10s are shown in Table 3. Sensitivity of the Pre- and Post-Tax NPVs to variations in discount rate, costs and commodity prices are presented in Section 9.4.

Table 3: Summary of NPV (US\$ MM) at 10% Discount Rate of Future Revenue from Reserves, Net to a 50% Working Interest, as at 31st August, 2017

(a) Pre-Tax

Asset	Proved	Proved + Probable	Proved + Probable + Possible
Fracción C	18.5	20.6	22.9
Fracción D	1.1	1.1	1.1
Total	19.6	21.7	24.0

(b) Post-Tax

Asset	Proved	Proved + Probable	Proved + Probable + Possible
Fracción C	12.0	13.3	14.9
Fracción D	0.7	0.7	0.7
Total	12.7	14.1	15.6

Notes:

1. The NPVs are calculated from discounted cash flows incorporating the fiscal terms governing the Assets.
2. All cash flows are discounted on a mid-period basis to 31st August, 2017.
3. The reference NPVs reported here do not represent an opinion as to the market value of a property nor any interest therein.
4. Totals may not exactly equal the sum of the individual entries due to rounding.

Discussion

1 Oil and Gas in Argentina

Argentina has a long history of oil and gas production dating back to the start of the 20th century, with the first discovery being made in 1907. The country currently produces a little over 500 Mbpd of oil, and just over 4,000 MMscfd of gas. This represents around 75% of domestic oil consumption and 85% of domestic gas consumption. Gas imports include approximately 500 MMscfd from Bolivia, and there is LNG regasification capacity of 800 MMscfd when required to cope with seasonal demand.

As is the case with many countries, hydrocarbons are a strategic resource and control over access has therefore been the subject of significant political involvement over the years. The state majority-owned oil company, Yacimientos Petrolíferos Fiscales (“YPF”), is by far the largest E&P sector player in the country, although there are more than fifty other oil and gas companies, ranging from super Majors to small and medium size local players, including CGC.

The election of the Macri government in December, 2015 heralded another cycle of opening of the industry that has involved the dismantling of a number of regulations, the most significant of which was the removal of currency controls that had been hampering investment. Ironically, while the world suffered a significant collapse in oil price in the second half of 2014, policies introduced by the prior administration had kept oil prices for domestic sales at above the prevailing world price. However, these same Macri government reforms have also led to changes in domestic oil prices with these being gradually reduced to match global prices. This is having a dampening effect on oil related-activity.

The picture for gas is rather brighter as domestic needs have caused “incentive pricing” to be paid. While generally there has been a downward pressure on gas prices elsewhere, the lack of a global gas price has meant that the Argentine market is more insulated from these effects. The degree to which this position may be sustainable over the longer term remains to be seen.

Details of the oil and gas prices used in this assessment are provided in Section 9.2.

1.1 Risk Factors in Argentina’s Oil and Gas Sector

As a result of its political and financial situation, Argentina is subject to several risk factors. From a political point of view the present administration, in following market oriented policies, is suffering in the opinion polls and has a minority in both chambers of Congress. High inflation, a large deficit and debt service obligations, high unemployment and relationships with the unions are all adding to the challenges of managing the economy,

Argentina has a long history of oil and gas and has a resource base that, in a different location, might have been exploited far more aggressively. The combination of the foregoing factors as they exist now or may exist again in the future, that have resulted in cycles of negative and pro-industry taxation and regulatory reform, is one of the main risks associated with investment in the E&P sector.

On the upside, the conditions for onshore operations are (mostly) benign and while costs are perhaps high (relative to these conditions), this offers an opportunity for significant cost improvement if the political and economic factors do not get in the way.

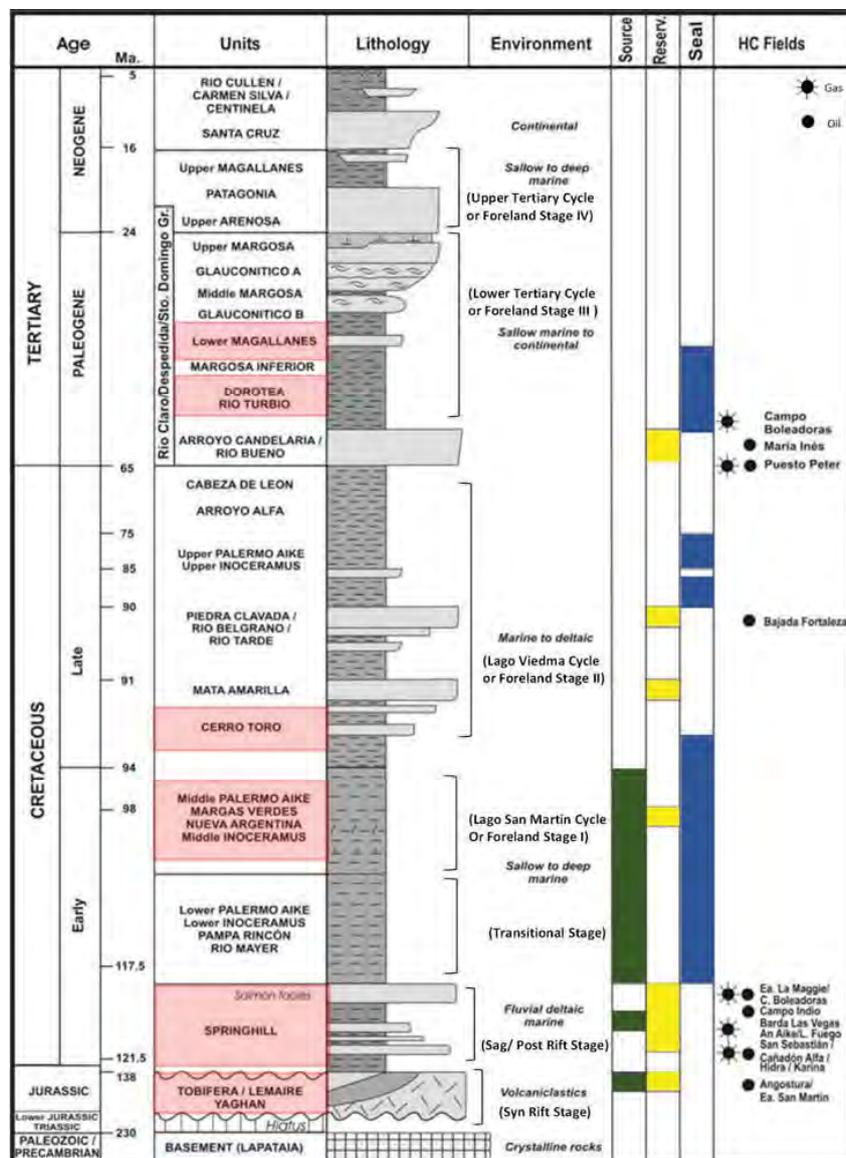
2 Geological Setting

Geographically, the Assets lie within Santa Cruz province, in southern Argentina. Geologically, they lie within the Austral (also known as Magallanes) Basin, which is bounded by the Andes Mountains to the west, southwest and south. It extends south onto Tierra del Fuego and also offshore, having a total areal extent of 230,000 km².

2.1 Stratigraphy

A representative stratigraphic column for the Austral Basin is shown in Figure 2. The geological evolution of the basin can be divided into four main stages:

Figure 2: Austral Basin Stratigraphic Column



Source: Modified from Rosello et al.2008.

- Syn-Rift Stage: during rifting in the mid- to late-Jurassic period, graben formed and were predominantly filled by volcanic and volcanoclastic rocks including the Tobífera Formation. Historically the Tobífera was considered non-productive, but several commercial discoveries have been made in this Formation during the last two decades including one by CGC in Fracción C in 2015.
- Sag/Post-Rift Stage: after rifting ceased, the interbedded fluvial and marine sandstones of the Springhill Formation were deposited; these have fair to excellent reservoir characteristics and many commercial discoveries have been made therein. This has been the main reservoir in the basin.
- Transitional Stage: subsequently, during a rapid opening of the Atlantic Ocean and the Weddell Sea, the shales of the Palermo Aike Formation were deposited; these form the source rock of the basin.
- Foreland Stage: several cycles of rising and falling sea levels followed, during which the Andes Mountains were formed and migrated eastwards and northwards; many potential source and reservoir rocks were deposited during this period:
 - I. Lago San Martín Cycle: characterised by source rock development including the Middle Palermo Aike Formation and with the development of slope fans and basin floor fans or turbidites of the Cerro Toro Formation that are prospective targets in Tapi Aike.
 - II. Lago Viedma Cycle: consisting of a thick, transgressive deep-marine to shallow-marine section.
 - III. Lower Tertiary Cycle: the transgressive sequence includes the Río Turbio and Magallanes Formations deposited in the external platform setting, that are prospective targets in Tapi Aike.
 - IV. Upper Tertiary Cycle: the transgressive hemicycle includes the Patagonia Formation among others.

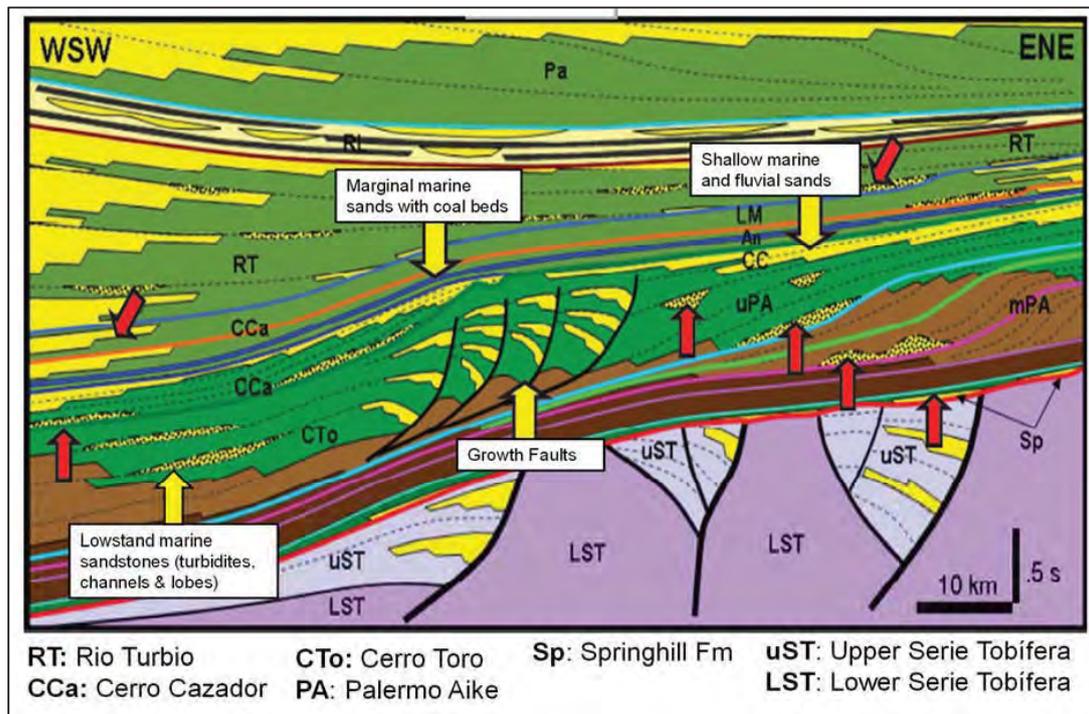
2.2 Petroleum Systems

The key source, reservoir and seal units were shown in Figure 2. Hydrocarbon migration from the foreland hydrocarbon kitchen in the west of the basin occurs laterally through carrier bed sandstones such as the Springhill Formation or vertically along fault planes that cut through the sedimentary column.

Traps are structural, stratigraphic or combined and sealed in general by “condensed sections” (thick, laterally continuous shales), which developed between the various foreland orogenic cycles.

In the eastern part of the Austral Basin, the established Springhill and Tobífera plays predominate. However, in the west, including the Tapi Aike area, the prospective targets are in the Cretaceous and Tertiary marine plays found in sequences such as the Cerro Cazador, Cerro Toro and Río Turbio, overlying the Springhill and Tobífera (Figure 3). The present day gas kitchen sits under Tapi Aike on the west of the basin.

Figure 3: Hydrocarbon Plays at the Tapi Aike Concession



Source: Modified from CGC dataset

3 Exploitation History

3.1 Fracción C and LLC

Exploration for hydrocarbons in the Assets began in the 1960s. On the basis of 2D seismic data acquired at that time, three hydrocarbon fields were discovered within the Fracción C licence (Figure 4):

- Campo Bola: discovered in 1967, currently (July, 2017) producing approximately 5.8 MMscfd gas and 112 bopd;
- Ototel Aike: discovered in 1976, now shut-in; and
- Estancia La Maggie: discovered in 1988 and currently producing approximately 407 bopd and 1.6 MMscfd gas.

Approximately 60 exploration and development wells were drilled in Fracción C up to the mid-1990s on the 2D seismic data.

period in the 1990s, with good results. Gas has historically been used for fuel or flared, as the field lies some 28 km from the nearest gas pipeline (San Martin).

3.3 Tapi Aike

Tapi Aike is one of the biggest onshore exploration blocks in Argentina, covering an area of 5,187 km², and was obtained by CGC in the last Bid Round (August, 2017). It is located in the foothills of the Andes Mountains, south west of the other Assets (Figure 1). Most of the area (3,400 km²) is covered by a legacy 2D seismic grid, which is of reasonable quality but has a wide line spacing.

Over the last 45 years, 14 wells have been drilled in Tapi Aike, mostly targeting the Springhill Formation in the east of the licence. None has made a commercial discovery, but there have been encouraging signs of the presence of gas:

- The TA.x-1 well, drilled by YPF in 1974 to a TD of 3,406 m, detected high pressure gas and was abandoned due to technical issues; the rig was moved 30 m and a second well-bore (TA.x-1bis) was drilled to 1,871 m before being abandoned due to a pressure blowout. The two well-bores are reported to have communicated during drilling.
- The Cancha Carrera well, CC.es-1, drilled by YPF in 1973, logged gas over 120 m in two 60 m sandstone intervals in the Cerro Torro Formation at a depth of approximately 2,600 m, but failed to flow when tested.
- The TA.x-1001 well, drilled in 1994 by Perez Companc to a TD of 3,491 m, logged gas in the Cerro Cazador Formation but was abandoned after failing to produce any gas after a small hydraulic fracture treatment.

Gas was also encountered in the Ea.Ch.SO.x-1 well drilled in an analogue setting to the lobes Leads (Lower Magallanes lobes, etc.) in the neighbouring, CGC-operated, Estancia Chiripa block.

4 Methodology

In early October, 2017, GCA attended meetings with CGC and Echo regarding the Assets. The presentations included background on the geology of the basin, and review of the seismic and pertinent log data as well as seismic and petrophysical interpretations.

On 20th October, GCA participated in a second data room at CGC offices, to review the seismic project covering Fracciones C and D with Echo and CGC geophysicists and geologists.

CGC provided GCA with its volume estimates for the discoveries and prospective targets in the Assets, accompanied by supporting data for the parameters used to generate these estimates, which included:

- Structure, thickness and amplitude maps and cross sections of the prospective intervals;
- Location and prospect/lead maps;
- Average petrophysical parameters (thickness, porosity, water saturation); and
- Formation volume factors and recovery factors.

In general, GCA considers that CGC's seismic and geological interpretations in time and depth structural maps are reasonable, and that CGC's estimated closure areas are within the range of reasonable expectations for each potential accumulation.

GCA made its own estimates of potential volumes initially in place and recoverable, using a probabilistic (Monte Carlo) approach. Considering the inherent uncertainty of the prospects/leads, GCA applied log-normal probabilistic distributions for areas and net thickness, normal distributions for porosity and hydrocarbon saturation and uniform distributions for formation volume factor and recovery factor.

GCA performed an independent review of the wells with available log data across the target reservoirs to assess and validate the rock properties proposed by CGC. In addition, GCA reviewed images of petrophysical interpretation, to assess rock properties. The data provided is consistent with publically available information. Based on this analysis, GCA estimated minimum and maximum values for the petrophysical parameters including net thickness, average porosity and average water saturation.

4.1 Geological Chance of Success

Each Prospect and Lead was assessed for geological risk. The estimation of the Geological Chance of Success (GCoS) of a Prospect or Lead is routinely undertaken within the industry as one of the steps in assessing that Prospect or Lead. GCA considered the following risk factors for each Prospect/Lead, the product of which resulted in a corresponding GCoS estimate:

- Trap and Seal
- Reservoir presence and quality
- Hydrocarbon Source (presence/quality, maturity, migration)
- Geologic Timing

The GCoS estimates presented here are independent for each individual Prospect or Lead, and do not necessarily represent the chance of discovery should a single wellbore target multiple zones.

5 Hydrocarbons Initially in Place

Echo has requested that estimates of the stock tank oil and gas initially in place (STOIIP and GIIP) present in the discoveries and potentially present in the Prospects and Leads are reported. The results of GCA's probabilistic analysis are shown in the tables in Appendix IV. The Mean, P90, P50 and P10 estimates are provided.

The potentially recoverable volumes of oil and gas were also estimated probabilistically. Mean, P90, P50 and P10 recoverable volume estimates are also shown in Appendix IV. The P90, P50 and P10 estimates correspond to the 1C, 2C and 3C Contingent Resources for the discoveries, and to the Low, Best and High Prospective Resources for the Prospects and Leads as shown in the tables in Appendix III. The mean estimates do not correspond to any category of resources recognised by the PRMS.

6 Reserves

Reserves are attributed only to continued production from the currently producing wells. Future production from these wells up to the end of the current production licence was estimated by GCA using decline curve analysis.

Actual and budgeted OPEX data was supplied by Echo/CGC. However, the Assets are currently operated as part of a larger group of fields and there is no breakdown based on

specific licences. GCA understands that Echo and CGC have agreed a split based on current levels of production (4.6% of the total for Fracción C including LLC, 0.02% for Fracción D), and GCA has applied this to the overall OPEX supplied by CGC.

GCA further estimated a split of the OPEX into fixed and variable components and used these to estimate future OPEX for current production.

The oil and gas Reserves attributable to the Assets, both gross (100%) and net to a 50% working interest share, are shown in Table AIII.1 in Appendix III. Table 4 shows the breakdown by of the gross (100%) reserves by field.

**Table 4: Field Level Breakdown of Gross Field Reserves
as at 31st August, 2017**

(a) Oil

Field	Gross Field		
	Proved	Proved + Probable	Proved + Probable + Possible
Campo Bola	0.30	0.33	0.35
Estancia La Maggie	0.69	0.76	0.82
Laguna de Maria	0.09	0.09	0.11
Cañadon Salto	0.02	0.02	0.02
Total	1.10	1.21	1.30

(b) Gas

Field	Gross Field		
	Proved	Proved + Probable	Proved + Probable + Possible
Campo Bola	9.9	11.5	12.1
Estancia La Maggie	2.6	2.8	3.1
Laguna de María	0.0	0.0	0.0
Cañadon Salto	0.6	0.6	0.6
Total	13.1	14.9	15.8

Notes:

1. The Reserves shown here are included in the Reserves shown in Appendix III.
2. Gas reserves shown here for Cañadon Salto are volumes used as fuel in operations.
3. Totals may not exactly equal the sum of the individual entries due to rounding.

7 Contingent Resources

No further developments are currently firmly planned in the existing fields and discoveries. However, four potential projects have been identified.

For the economic evaluation of the Contingent Resources and the Prospects, GCA estimated a production profile for each Project or Prospect using type well profiles based on actual

production performance observed in existing wells. GCA estimated the required well count and derived costs based on estimates provided by Echo/CGC.

7.1 Estancia La Maggie X-1004

The Estancia La Maggie X-1004 (ELMX-1004) structure was penetrated by two wells drilled in 1987 and 1989. The first well found 55 m (gross thickness) of Tobífera Formation at 1,485 m depth (MD). Two 2.5 m intervals in the upper Tobífera were tested, producing up to 2.0 MMscfd gas and 50 bpd of condensate. The second well also encountered the Upper Tobífera productive levels with gas, but with lower pressure than the first well.

Contingent Resources are attributed to a potential development of this discovery, which would require approximately 5 wells and a short pipeline to connect to existing infrastructure.

7.2 Laguna de Maria

As noted above, a discovery was made at Laguna de Maria in 2015 with a Springhill exploration well deepened to the Tobífera. The discovery well found 27.5 m of gross thickness in the Upper Tobífera Formation at a depth of 2,100 m. Two deeper intervals were also tested, but the first did not flow and the second produced water. The well currently produces approximately 63 bopd, with production being trucked to the existing processing facilities.

Contingent Resources are attributed to a potential development of this discovery, which is estimated to require approximately 5 wells.

7.3 CS Tobífera and CS Central Gas Cap

In 1981 and 1983, two wells were drilled into the Tobífera Formation beneath the Cañadon Salto (CS) field, at a depth of approximately 1,300 m. The first well was located at the crest of the structure and tested approximately 3.4 MMscfd of gas. The second well was located some 3 km away on the flank of the structure, and tested approximately 3.1 MMscfd of gas.

Contingent Resources are attributed to a potential development of this discovery, which is estimated to require approximately 5 wells.

There is also a gas cap in the main reservoir in the CS field, i.e. the Springhill Formation, which has never been directly exploited, although some of the gas is likely to have been produced, and consumed as fuel or flared, during oil production. The current position of the GOC, and the current reservoir pressure in the gas cap, are uncertain.

Contingent Resources are attributed to a potential development of the gas cap. The productivity of dedicated gas wells is uncertain, and there are plans to test this via a series of work-overs in existing wells. Based on current estimates, up to 12 wells may be needed to drain the gas cap fully and the project has been evaluated on that assumption.

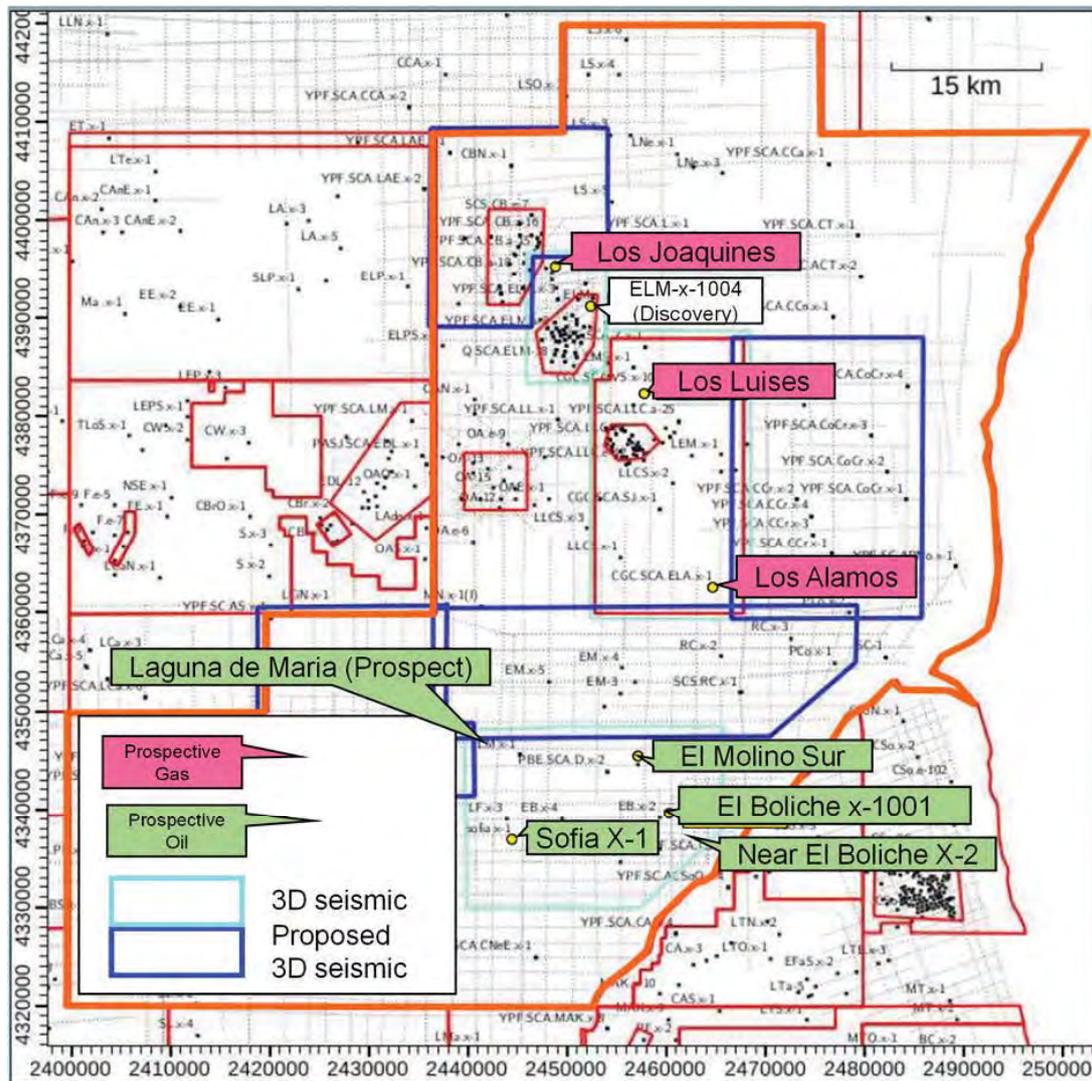
As noted previously, there is currently no gas export route from Cañadon Salto, and a pipeline would need to be constructed to link the field with the existing San Martin pipeline some 28 km to the west. It is likely that prior to sanctioning the pipeline, additional discoveries in Fracción D would be required.

8 Prospective Resources

8.1 Fracción C (including LLC)

Three gas prospects (two with two separate reservoir targets) and five oil prospects (two with two targets) have been reported on in the Fracción C and LLC licences. Their locations are shown in Figure 5, according to the expected fluid type. They are either in the Tobifera or Springhill sequences and are principally structural traps, being either 4-way dip closures or 3-way closures against faults.

Figure 5: Locations of Prospects, Fracción C

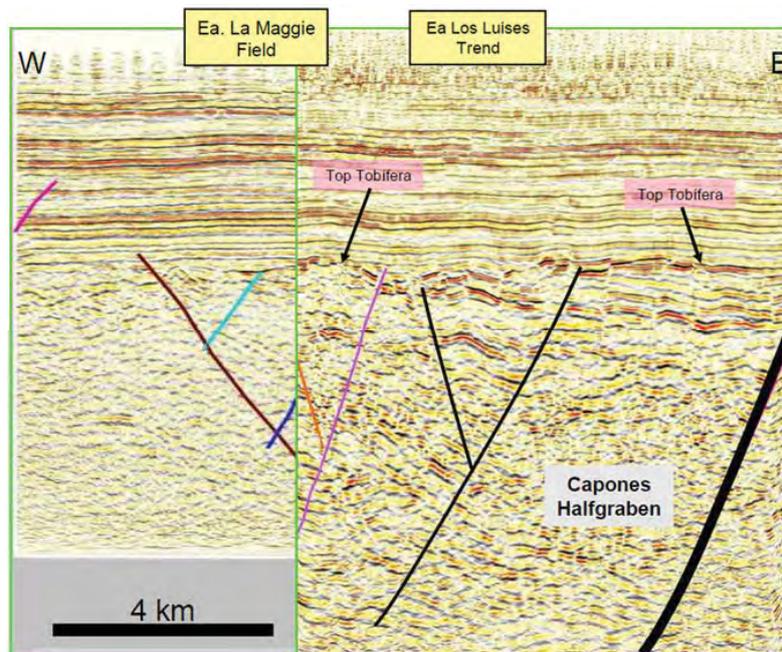


Source: Modified from CGC database; the proposed 3D seismic areas shown here demonstrate the optionality to locate future 3D surveys in Fracción C but do not represent any agreed future plan between Echo and CGC.

One prospect, Los Joaquines, is based on amplitude support in the absence of structural closure. Other closures, such as in LLC on the Los Luises trend, are due to tectonic transpression causing inversion pop-ups (Figure 6).

GCA made its own estimates of GCoS for each Prospect and Lead, as shown in Appendix III. The main risks are related to the trap/seal and to reservoir presence. The thickness, lateral continuity and presence of Springhill on the flanks of the “bald highs” is uncertain, as well as the chance to get petrophysical properties in Tobífera Formation good enough for hydrocarbon delivery. There is little source or timing risk because the petroleum system is proven by a large number of wells in Fracci3ns C and D.

Figure 6: West-East Seismic Section through Laguna De Los Capones



Source: CGC

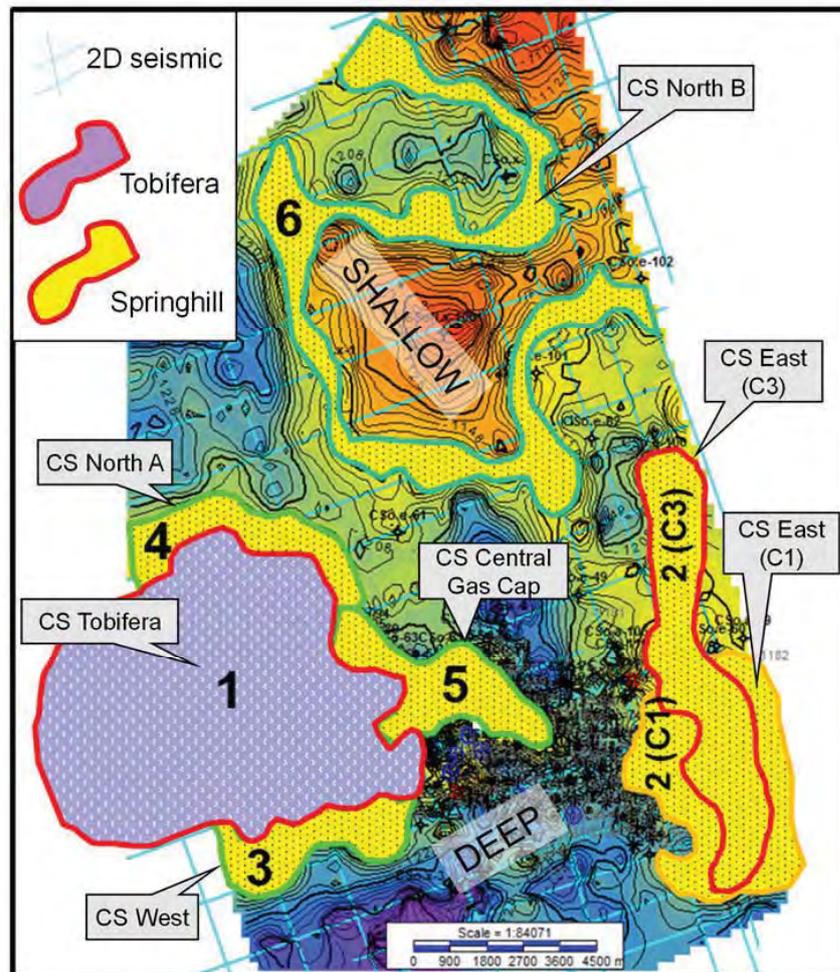
8.2 Fracci3n D

Five gas Prospects (one with two targets) have been reported on in the Fracci3n D concession around the Cañad3n Salto (CS) field (Figure 7). They all lie at depths of approximately 1,300 m below sea level.

One Prospect is in the Tobífera Formation, for which reservoir quality is uncertain. The others target sandstones in the Springhill Formation, for which the major risk is the thickness and lateral extent of this unit away from existing well control. It is not possible to map the sand presence directly based on the 2D seismic grid, so proximity to known thick sands is a factor. Hydrocarbon charge and timing are considered very likely based on the proximity of these prospects to the Cañad3n Salto accumulation.

For the Fracci3n D Prospects, the short-term exploration work programme includes one new well and the acquisition of 230 km² of 3D seismic data.

Figure 7: Location of Prospects in Fracción “D” overlain on Top Tobifera Depth Surface



Source: Modified from CGC database

8.3 Tapi Aike

For Tapi Aike, GCA received maps in time and depth as well as seismic anomaly maps. These are based on the available 2D seismic data, which is of reasonable quality but has a line spacing (average 4 km) that is too wide to be effective for trap definition in several of the Leads. Well log data was also available (in PDF form) for three key wells (CCes-1, TA.x-1101 and EaChSO.x-1). In addition several presentations with historical documentation (“*Legajos de Pozos*”) were shared with GCA.

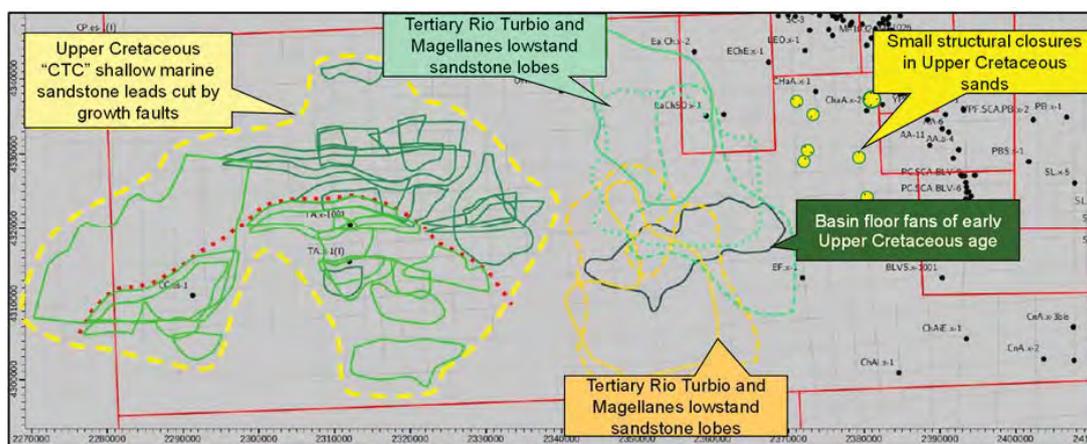
In the Tapi Aike concession some 41 gas leads have been identified by Echo/CGC. Targets lie at depths ranging from 1,300 to 4,100 m below ground level.

GCA estimated potential GIIP probabilistically by taking a range of areal extents for each Lead and a range of expected reservoir characteristics based on the existing wells (when appropriate) or geological insight at the deeper levels (not yet drilled) or for currently untested plays. The resulting volume range (P90/P10) for each Lead is intentionally wide, reflecting the early stage of the definition of these Prospective Resources. It is expected to become tighter as additional data is obtained.

While there is a Cretaceous Palermo Aike Basin Floor Fan Lead, the vast majority of the Leads in Tapi Aike occur in the younger sedimentary succession.

Changes in relative sea level during the Late Cretaceous/Early Tertiary generated strong discontinuities and sand progradation and retrogradation. Consequently, Leads are geographically clustered according to their deposition settings. A huge sedimentary wedge developed on the downthrown (SW) flank of the platform, which is predicted to contain numerous potential reservoirs (Figure 3). Of particular interest are the Cretaceous Cerro Toro and Cerro Cazador (CTC) Formations in the south west of the concession (within the yellow dashed polygon on Figure 8) and in the Eocene Rio Turbio (RT) and Lower Magallanes (LM) Formation sandstones in the north east of the concession (pale green polygons on Figure 8). The Magallanes targets in particular show up as strong amplitudes even on 2D seismic data.

Figure 8: Tapi Aike Leads Location Map

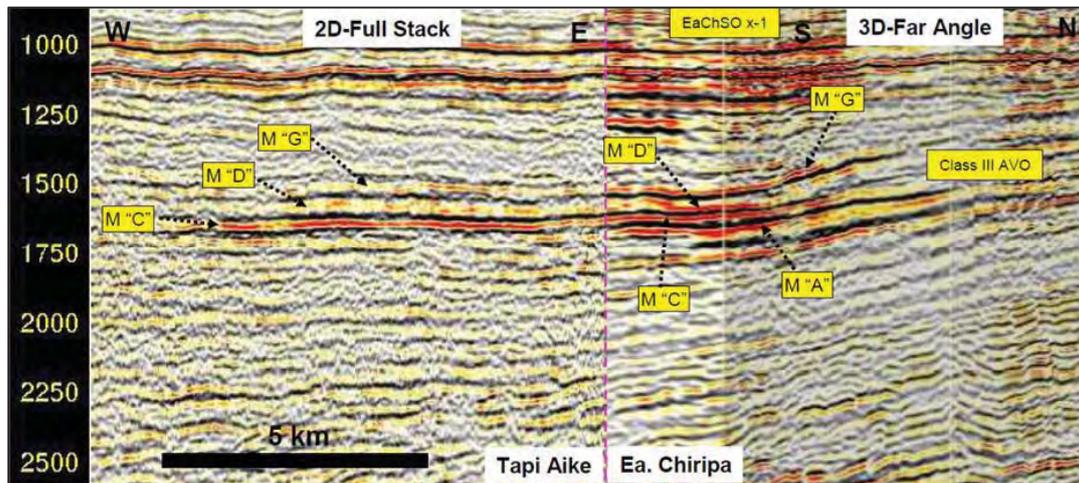


Source: Modified from CGC database

The main lead types are:

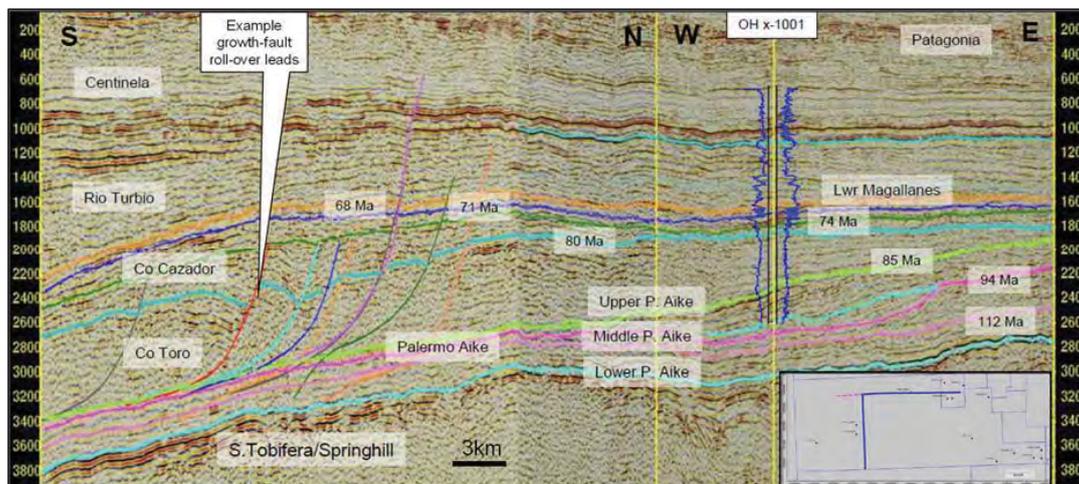
- Lobes: These leads are stratigraphic traps in which lowstand sand bodies are surrounded by and sealed by overlying shale units. They are not usually possible to map without 3D seismic data but can be clearly seen on vertical intersections even on 2D (Figure 9) and are present in the east and north-east of the licence (orange and pale green polygons in Figure 8).
- Growth Faults: Arrays of growth faults associated with the edge of the platform have developed in the south east of the licence, cutting through the Cretaceous section and likely soling out on the Palermo Aike source rock (Figure 10). The Cretaceous section being cut like this includes shallow-marine and fluvial sands expected to have been deposited during sea-level highstands. Roll-over geometries which form in the hangingwalls to these faults provide potential structural tops if the roll-over is sufficient for 4-way dip closure, or 3 way dip closure against the bounding fault. Stratigraphic downdip extension is a potential upside leading to a combination trap geometry. To the south of the red dashed line on Figure 8 the rotation is greater and most of the leads are 3 way dip closed against faults.

Figure 9: Seismic Section through an Example Magellanes Lead, Tapi Aike



Source: CGC

Figure 10: Seismic Section through the Tapi Aike Block showing Growth Faults in the CTC Section



Source: CGC

All the Tapi Aike leads are immature and require further mapping on 3D seismic data, once that has been acquired.

GCA has estimated potential recovery factors in the range of 40-70% with a best estimate of 55%. The low side reflects the fact that in the shallow interval the reservoirs have been found to be tight and the extent to which gas will flow with or without stimulation is a significant uncertainty. The deeper levels have not yet been tested, so recovery performance is neither demonstrated nor shown by analogue.

8.3.1 Geological Chance of Success

GCA made its own estimates of GCoS for each Lead based evidence supplied by CGC and Echo. For all of the Leads:

- Trap/Seal carry high risk because given the currently sparse 2D seismic grid there is not enough data to confirm the trap geometry and the effectiveness of the seal.
- Reservoir presence also carries high risk because:
 - The deeper target has never been penetrated and its potential presence is conceptual;
 - Although the shallower target has been penetrated, it has been found to be tight so its effectiveness as a reservoir is still being evaluated.
- Source rock is in general present in the area: CC.es.1 and TA.x-1001 have demonstrated gas presence and in TA.x-1001, gas and oil shows were detected at several levels (2,700 and 3,000 m MD); however, an interval of Palermo Aike shales was apparently tested with a small entry of heavy oil, so the migration history is uncertain.
- Timing is favourable, but there is still uncertainty because the area is located in the foothills of the Andes, where complex structural deformation is expected and trap breaching is possible; the evidence for gas in the existing wells is not sufficient to prove trap and seal preservation across all the Leads.

8.3.2 Exploration Plans

The Tapi Aike concession has two explorations periods, of 3 years duration each. The first exploration period may be extended for 1 year if the reservoirs are classified as tight gas. No relinquishment is required before embarking on the Second Period.

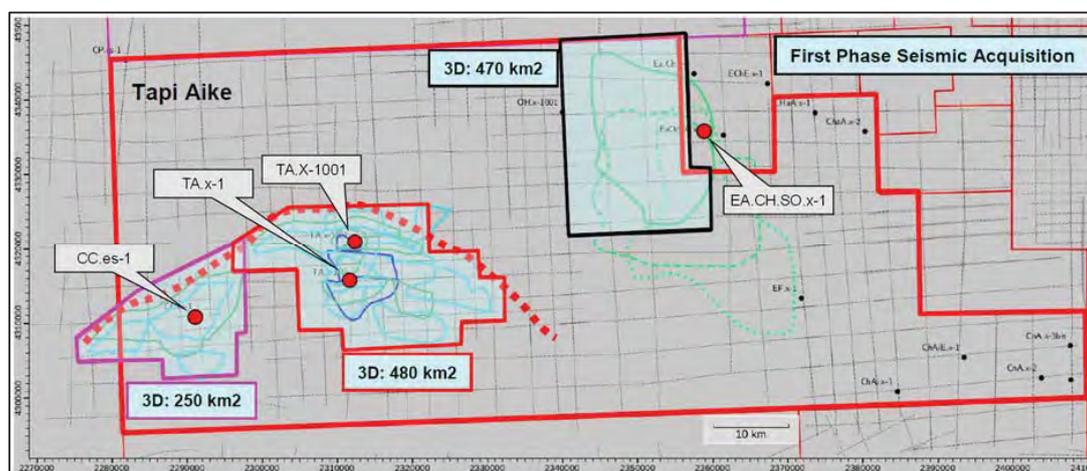
For the first exploration phase, the work program in Tapi Aike requires acquisition of over 1,200 km² of 3D seismic data and the drilling and completion of four exploration wells in order to investigate the existing plays.

In the second exploration phase, the work program requires one exploration well to be drilled with no further seismic commitment.

To fulfil its first phase seismic acquisition commitments, Echo/CGC is planning a significant seismic acquisition programme, focussed around the most prospective areas. Current understanding is that seismic may be distributed as: 250 km² in Cancha Carrera area, 480 km² in the Growth Fault (or Travesía de Arriba) area and 470 km² in Lower Magallanes Lobes area (near Estancia Chiripa block) as shown in Figure 11. The red circles on this figure indicate existing well data points which will be important for calibrating the new data and maturing the Leads into Prospects.

Additional 3D seismic may be acquired, for example over the south and north of the Growth Fault area and to the south of Estancia Chiripa block, depending on results.

Figure 11: Proposed First Phase Seismic Acquisition Programme



Source: Modified from CGC database

9 Economic Assessment

GCA has conducted an economic limit test (ELT) for each Reserves case to assess Proved, Proved plus Probable and Proved plus Probable plus Possible Reserves. The economic limit (or economic cut-off) is defined as the production rate beyond which the net operating cash flows would be negative; this is the point in time that defines the end of the project's economic life.

GCA has estimated NPVs at certain discount rates for each Reserves category from the projected cash flows, discounted on a mid-period basis to 31st August, 2017.

GCA has also assessed unrisks NPVs for each project to which Contingent Resources have been attributed, i.e. the NPV the project would have if it were to go ahead. GCA has not made any quantitative assessment of the chance that any of these projects will go ahead (the "Chance of Development") as that depends in part on non-technical factors, such as legal, social and environmental approvals, permitting, and company and partner intentions; GCA does not have all the information that would be required to make a quantitative estimate and therefore considers it would be inappropriate do so.

Finally, GCA has assessed each Prospect on an EMV basis.

GCA's assessments have been based upon GCA's understanding of the fiscal and contractual terms governing these assets, and the various economic and commercial assumptions described herein. No allowance has been made for any undepreciated balances or tax losses carried forward, or for any carry arrangement that Echo may enter into as part of the transaction.

9.1 Concession and Fiscal Terms

Argentina operates a concession system. This is managed by the different provinces and while there are local differences the basic terms for each are the same. Unexploited blocks are put out to tender by the respective province, offering 3-6 year contracts for exploration and 25 years for conventional exploitation after a commerciality declaration. At the end of the

contract period, operator companies have the right to extend the contract indefinitely through ten year extension periods, subject to renegotiating royalty, investment commitments and bonuses.

Revenues from concession contracts are subject to three fiscal charges. Royalty ranges from 12% to 18% depending on the contract and a further sales tax (“IIBB”), which varies by province, lies in the range 2.5% to 3.5%. Corporate net profits are then taxed at a Federal rate of 35%, although both royalties and provincial taxes are deductible as an expense in the Federal tax assessment.

For Fracción C, Fracción D and Tapi Aike, the applicable rates are 15% for Royalty and 3% for IIBB.

9.2 Oil and Gas Prices

Prior to the end of 2015, government policy set the domestic price at US\$77/Bbl for Medanito oil, which is a reference blend in Argentina. While this was substantially below world prices in the first half of 2014 (and effectively reflected the tax on any oil exported), the oil price crash that started in late 2014 quickly led to Argentine oil prices being above those elsewhere in the world. From 31st December, 2015, the incoming Macri administration reduced the Medanito oil price to US\$67.50/Bbl. A new agreement was put in place in late 2016 between the government, the producers and the refiners in Argentina. Starting January, 2017, the Medanito reference price was set at US\$59.40/Bbl, following which it is set to decrease at a rate of US\$0.70/Bbl per month until it matches and tracks the international Brent price, although with a floor of US\$55/Bbl.

For the present assessment, GCA’s Brent Crude oil price scenario for 3Q 2017, shown in Table 5, has been used as the reference oil price. Medanito has been assumed to trade at parity with Brent, with a floor of US\$55/Bbl, and oil and condensate from Fracciones C and D at a discount of US\$8.0/Bbl to Medanito, as also shown in Table 5.

Table 5: Oil and Gas Price Scenario

Year	Oil			Gas (US\$/MMBTU)
	Brent (US\$/Bbl)	Medanito (US\$/Bbl)	Fracción C&D (US\$/Bbl)	
2017 (last 4 months)	48.93	55.00	47.00	2.68
2018	50.82	55.00	47.00	4.20
2019	57.91	57.91	49.91	4.80
2020	65.00	65.00	57.00	4.90
2021+	+2.0% p.a.	+2.0% p.a.	Medanito less US\$8.0/Bbl	+2.0% p.a.

The gas market in Argentina is divided into four different sectors, namely local domestic consumption, compressed natural gas (CNG), power generation and industry. The first three are all regulated whilst contracts with industry are set by the market. As Argentina is importing gas both from Bolivia and by LNG, the government is planning to pay up to US\$5.00/MMBTU for gas from conventional reservoirs and up to US\$7.50 /MMBTU for gas from unconventional or tight reservoirs. This was formally sanctioned in January, 2017.

GCA understands that CGC currently sells gas from Fracciones C&D to a variety of different offtakes at various prices, averaging US\$2.75/MMBTU in 2017 and projected to rise to US\$4.00/MMBTU or higher in 2018. For the present assessment, GCA has used the gas

price scenario shown in Table 5, which is in line with CGC's expectations from 2017-2019 and escalated at 2.0% per annum thereafter.

9.3 Costs

CAPEX, OPEX and ABEX estimates for each asset and/or project are described in the appropriate sections of this report. Costs have been escalated at 2% p.a. from 2018 onwards.

9.4 Net Present Value of Reserves

Reference Post-Tax NPVs at 10% discount rate attributed to the Proved, the Proved plus Probable and the Proved plus Probable plus Possible Reserves cases are presented in Table 3.

9.4.1 Sensitivity to Discount Rate

The sensitivity to variation in discount rates of the reference Post-Tax NPVs attributed to the Proved plus Probable Reserves cases is presented in Table 6. The NPV10s in these tables are the same as those shown in Table 3.

Table 6: Sensitivity to Discount Rate of Post-Tax NPV (US\$ MM) of Future Revenue from Proved plus Probable Reserves, Net to 50%WI, as at 31st August, 2017

(a) Pre-Tax

Licence	Discount Rate		
	7.5%	10.0%	12.5%
Fracción C	22.1	20.6	19.4
Fracción D	1.2	1.1	1.0
Total	23.3	21.7	20.4

(b) Post-Tax

Licence	Discount Rate		
	7.5%	10.0%	12.5%
Fracción C	14.3	13.3	12.5
Fracción D	0.8	0.7	0.6
Total	15.1	14.0	13.2

Notes:

1. The NPVs are calculated from discounted cash flows incorporating the fiscal terms governing the assets.
2. All cash flows are discounted on a mid-period basis to 31st August, 2017.
3. The reference NPVs reported here do not represent an opinion as to the market value of a property nor any interest therein.

9.4.2 Sensitivity to Costs and Commodity Prices

The sensitivity to variation in costs and commodity prices of the reference Post-Tax NPVs attributed to the Proved plus Probable Reserves cases, at a discount rate of 10.0%, have been evaluated. Specifically, in the first instance, the reference oil and gas prices (Table 5) have been varied by $\pm 20\%$. Secondly, the future OPEX for each

field has been varied by $\pm 20\%$. There is no future CAPEX envisaged in any of the Reserves cases. Results of these sensitivities are presented in Table 7. As before, discounting has been done on a mid-period basis to 31st August, 2017. The base NPV10s in these tables are the same as those shown in Table 3.

Table 7: Sensitivity to Costs and Commodity Prices of Post-Tax NPV10 (US\$ MM) of Future Revenue from Proved plus Probable Reserves, Net to 50% WI, as at 31st August, 2017

(a) Pre-Tax

Licence	Base	Oil and Gas Prices		OPEX	
		-20%	+20%	-20%	+20%
Fracción C	20.6	12.1	29.3	24.6	16.8
Fracción D	1.1	0.8	1.3	1.1	1.1
Total	21.7	13.0	30.6	25.7	17.9

(b) Post-Tax

Licence	Base	Oil and Gas Prices		OPEX	
		-20%	+20%	-20%	+20%
Fracción C	13.3	7.8	19.0	15.9	10.8
Fracción D	0.7	0.5	0.9	0.7	0.7
Total	14.1	8.4	19.8	16.6	11.5

Notes:

1. The NPVs are calculated from discounted cash flows incorporating the fiscal terms governing the assets.
2. All cash flows are discounted on a mid-period basis to 1st August, 2017, at a discount rate of 10% p.a.
3. The NPVs shown here are for the Proved plus Probable Reserves.
4. The reference NPVs reported here do not represent an opinion as to the market value of a property nor any interest therein.

9.5 Economic Evaluation of Contingent Resources

Unrisked reference Pre- and Post-Tax NPVs at 10% discount rate (NPV10) have been estimated for the Contingent Resources (Table 8). These unrisked NPVs represent estimates of the mean NPV of the incremental cash-flows that would be generated if the project goes ahead in the form assumed in this assessment, with first production in 2019. They have not been adjusted for the risk of the project not going ahead or being significantly modified or delayed.

Table 8: Unrisked Mean NPV (US\$ MM) at 10% Discount Rate of Future Revenue from Contingent Resources, Net to a 50% Working Interest, as at 31st August, 2017

Project	Unrisked Mean NPV10 (US\$ MM)	
	Pre-Tax	Post-Tax
Estancia La Maggie	27.0	16.9
Laguna de Maria Tobífera Wedge	2.3	0.9
CS Tobífera	26.7	16.5
CS Gas Cap	3.1	1.0

Notes:

1. The unrisked NPVs are calculated from discounted cash flows incorporating the fiscal terms governing the Assets.
2. All cash flows are discounted on a mid-period basis to 31st August, 2017.
3. The NPVs reported here are “unrisked” in the sense that no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e. no “Chance of Development” factor has been applied).
4. The Mean NPVs should not be aggregated with each other, or with NPVs for Reserves, because of the different levels of risk involved.
5. The reference NPVs reported here do not represent an opinion as to the market value of a property nor any interest therein.
6. CS = Cañadon Salto.

9.6 Economic Evaluation of Prospective Resources

The Prospects have been assessed on an expected monetary value (EMV) basis. Table 9 shows unrisked reference Pre- and Post-Tax mean NPVs at 10% discount rate (NPV10) for the success case, where a discovery is made and developed, as well as the Risk Capital (cost of the exploration well), the GCoS and the resulting EMV at 10% discount rate (EMV10). No adjustment has been made of the risk that a discovery, if made, may not be developed, or for any delay in drilling the exploration well and subsequently developing any discovery. Each Prospect is evaluated assuming the exploration well will be drilled in 2018, and if any discovery is made, first production would occur in 2019.

Five of the Prospects have two separate reservoir targets that could be tested with a single exploration well. For these Prospects, the unrisked mean NPV10s and the EMV10s presented in Table 9 are those for each Prospect as a whole. Table 10 shows the unrisked mean NPV10s associated with specific outcomes in these Prospects, namely both targets being successful, or just one or other of the targets. All these potential outcomes (and the no discovery case) are factored into the unrisked mean NPV10s and the EMV10s presented in Table 9.

**Table 9: Economic Assessment of Prospects
Net to a 50% Working Interest, as at 31st August, 2017**

Licence	Prospect	Unrisked Mean NPV10 (US\$ MM)		Risk Capital (US\$ MM)	GCoS (%)	EMV10 (US\$ MM)	
		Pre-Tax	Post-Tax			Pre-Tax	Post-Tax
Fracción C	Los Alamos	17.4	10.5	1.2	50	8.2	4.8
	Los Joaquines	24.0	15.0	1.3	36	7.9	4.7
	Los Luises	42.0	26.4	1.1	48	19.6	12.2
	El Boliche X-1001	11.2	5.9	1.3	50	5.0	2.4
	Near El Boliche X-2	29.7	18.1	1.3	24	6.2	3.4
	Near El Molino Sur X-1	114.3	69.8	1.3	36	40.4	24.3
	Sofía X-1	22.6	9.0	1.4	50	10.7	3.9
Laguna de Maria X-1	14.8	6.1	1.4	63	7.4	2.7	
Fracción D	CS Tobífera B	26.7	16.5	1.3	36	8.9	5.2
	CS East	15.6	8.0	1.3	50	7.2	3.4
	CS West	3.0	1.7	1.3	36	0.3	-0.1
	CS North B	4.1	2.3	1.3	36	0.8	0.1
	CS North A	17.6	10.1	1.3	36	4.5	2.2
Total		-	-	16.4	-	127.2	69.2

Notes:

1. The unrisked mean NPVs are calculated from discounted pre-tax cash flows reflecting the fiscal terms governing these assets, assuming that a discovery is made and subsequently developed.
2. Cash flows are discounted (at 10%) on a mid-period basis to 31st August, 2017.
3. The Risk Capital is 50% of the cost of an exploration well.
4. The GCoS reported here represents an estimate of the probability that drilling this Prospect would result in a discovery (for Prospects with two targets, that at least one would be a discovery). This does not include any assessment of the risk that a discovery, if made, may not be developed.
5. For Prospects with two targets, the unrisked mean NPV10 and the EMV10 are those for the prospect as a whole, taking into account all four possible outcomes.
6. The unrisked mean NPVs should not be aggregated with each other, or with NPVs for Reserves or Contingent Resources, because of the different levels of risk involved.
7. The reference NPVs and EMVs reported here do not represent an opinion as to the market value of a property or any interest in it.
8. CS = Cañadon Salto.

**Table 10: Breakdown of Economic Assessment of Prospects with Two Targets
Net to a 50% Working Interest, as at 31st August, 2017**

Prospect	Both Targets			Upper Target Only			Lower Target Only		
	Chance (%)	Mean NPV10 (US\$ MM)		Chance (%)	Mean NPV10 (US\$ MM)		Chance (%)	Mean NPV10 (US\$ MM)	
		Pre-Tax	Post-Tax		Pre-Tax	Post-Tax		Pre-Tax	Post-Tax
Los Alamos	21.6	27.7	17.2	14.4	7.2	3.9	14.4	12.1	7.1
Los Luises	21.6	61.0	38.8	14.4	23.8	14.6	12.0	29.5	18.4
El Boliche X-1001	21.6	22.2	13.0	14.4	3.0	0.6	14.4	3.0	0.6
Sofia X-1	21.6	57.1	31.3	14.4	-3.2	-7.7	14.4	-3.2	-7.7
CS East	21.6	24.7	13.4	14.4	9.0	3.9	14.4	8.4	4.1

Notes:

1. The unrisks mean NPVs are calculated from discounted pre-tax cash flows reflecting the fiscal terms governing these assets, assuming that a discovery is made and subsequently developed.
2. Cash flows are discounted (at 10%) on a mid-period basis to 31st August, 2017.
3. The Chance reported here represents an estimate of the probability that drilling this Prospect would result in the relevant discoveries. This does not include any assessment of the risk that a discovery, if made, may not be developed.
4. The unrisks mean NPVs should not be aggregated with each other, or with NPVs for Reserves or Contingent Resources, because of the different levels of risk involved.
5. The unrisks mean NPVs shown here are **not** in addition to those shown in Table 9.
6. The reference EMVs reported here do not represent an opinion as to the market value of a property or any interest in it.

Basis of Opinion

This document reflects GCA's informed professional judgment based on accepted standards of professional investigation and, as applicable, the data and information provided by, or at the direction of, Echo and/or obtained from other sources (e.g., public domain), the limited scope of engagement, and the time permitted to conduct the evaluation.

In line with those accepted standards, this document does not in any way constitute or make a guarantee or prediction of results, and no warranty is implied or expressed that actual outcomes will conform to the outcomes presented herein. GCA has not independently verified any information provided by, or at the direction of, Echo and/or obtained from other sources, and has accepted the accuracy and completeness of this data. GCA has no reason to believe that any material facts have been withheld, but does not warrant that its inquiries have revealed all of the matters that a more extensive examination might otherwise disclose.

The opinions expressed herein are subject to and fully qualified by the generally accepted uncertainties associated with the interpretation of geoscience and engineering data and do not reflect the totality of circumstances, scenarios and information that could potentially affect decisions made by the report's recipients and/or actual results. The opinions and statements contained in this report are made in good faith and in the belief that such opinions and statements are representative of prevailing physical and economic circumstances.

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas resources assessments must be recognized as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way. Estimates of oil and gas resources prepared by other parties may differ, perhaps materially, from those contained within this report.

The accuracy of any resource estimate is a function of the quality of the available data and of engineering and geological interpretation. Results of drilling, testing and production that post-date the preparation of the estimates may justify revisions, some or all of which may be material. Accordingly, resource estimates are often different from the quantities of oil and gas that are ultimately recovered, and the timing and cost of those volumes that are recovered may vary from that assumed.

Oil and condensate reserves and resources volumes are reported in millions (10^6) of barrels at stock tank conditions (MMBbl). Natural gas volumes have been quoted in billions (10^9) of standard cubic feet (Bscf). Standard conditions are defined as 14.7 psia and 60°F.

GCA has not undertaken a site visit and inspection because it was not requested. As such, GCA is not in a position to comment on the operations or facilities in place, their appropriateness and condition, or whether they are in compliance with the regulations pertaining to such operations. Further, GCA is not in a position to comment on any aspect of health, safety, or environment of such operation.

This report has been prepared based on GCA's understanding of the effects of petroleum legislation and other regulations that currently apply to these properties. However, GCA is not in a position to attest to property title or rights, conditions of these rights (including environmental and abandonment obligations), or any necessary licenses and consents (including planning permission, financial interest relationships, or encumbrances thereon for any part of the appraised properties).

Definition of Reserves and Resources

Reserves are those quantities of petroleum that are anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria, based on the development project(s) applied: discovered, recoverable, commercial and remaining (as of the evaluation date).

Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status. All categories of reserves volumes quoted herein have been derived within the context of an economic limit test (ELT) assessment (pre-tax and exclusive of accumulated depreciation amounts) prior to any net present value (NPV) analysis.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development because of one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no evident viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

It must be appreciated that the Contingent Resources reported herein are unrisks in terms of economic uncertainty and commerciality. There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources. Once discovered, the chance that the accumulation will be commercially developed is referred to as the “chance of development” (per PRMS).

Prospective Resources are those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated “chance of discovery” (referred to herein as the Geological Chance of Success (GCoS)) and a “chance of development”. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates, assuming their discovery and development, and may be sub-classified based on project maturity.

There is no certainty that any portion of the Prospective Resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Prospective Resource volumes are presented as unrisks (that is, on the pre-drill estimates of size, if discovered).

For the avoidance of doubt, Contingent Resources and Prospective Resources do not include Reserves.

Use of Net Present Values

It should be clearly understood that the NPVs and EMVs contained herein do not represent a GCA opinion as to the market value of the subject property, nor any interest in it.

In assessing a likely market value, it would be necessary to take into account a number of additional factors including reserves and resources risk (i.e., that Reserves and Resources may not be realised within the anticipated timeframe for their exploitation); perceptions of economic and sovereign risk, including potential change in regulations; potential upside; other benefits, encumbrances or charges that may pertain to a particular interest; and, the competitive state of the market at the time. GCA has explicitly not taken such factors into account in deriving the NPVs and EMVs presented herein.

Qualifications

GCA is an independent international energy advisory group of more than 50 years’ standing, whose expertise includes petroleum reservoir evaluation and economic analysis.

In performing this study, GCA is not aware that any conflict of interest has existed. As an independent consultancy, GCA is providing impartial technical, commercial, and strategic advice within the energy sector. GCA’s remuneration was not in any way contingent on the contents of this report.

In the preparation of this document, GCA has maintained, and continues to maintain, a strict independent consultant-client relationship with Echo. Furthermore, the management and employees of GCA have no interest in any of the assets evaluated or related with the analysis performed, as part of this report.

Staff members who prepared this report are professionally-qualified with appropriate educational qualifications and levels of experience and expertise to perform the work.

The team was led by Dr John Barker, Technical Director, Reservoir Engineering, who has 32 years' industry experience. He holds an M.A. in Mathematics from the University of Cambridge and a Ph.D. in Applied Mathematics from the California Institute of Technology. He is a member of the Society of Petroleum Engineers and of the Society of Petroleum Evaluation Engineers.

GCA confirms that, to the best of its knowledge and belief, there has been no material change in circumstances to those stated in this CPR since the effective date of 31st August, 2017.

Yours sincerely,

Gaffney, Cline & Associates

A handwritten signature in black ink that reads "John Barker". The signature is written in a cursive style with a horizontal line underneath the name.

John Barker, Technical Director

Appendix I Abbreviated Form of PRMS

Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers

Petroleum Resources Management System

Definitions and Guidelines ⁽¹⁾

March 2007

Preamble

Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be-discovered accumulations; resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework.

International efforts to standardize the definition of petroleum resources and how they are estimated began in the 1930s. Early guidance focused on Proved Reserves. Building on work initiated by the Society of Petroleum Evaluation Engineers (SPEE), SPE published definitions for all Reserves categories in 1987. In the same year, the World Petroleum Council (WPC, then known as the World Petroleum Congress), working independently, published Reserves definitions that were strikingly similar. In 1997, the two organizations jointly released a single set of definitions for Reserves that could be used worldwide. In 2000, the American Association of Petroleum Geologists (AAPG), SPE and WPC jointly developed a classification system for all petroleum resources. This was followed by additional supporting documents: supplemental application evaluation guidelines (2001) and a glossary of terms utilized in Resources definitions (2005). SPE also published standards for estimating and auditing reserves information (revised 2007).

These definitions and the related classification system are now in common use internationally within the petroleum industry. They provide a measure of comparability and reduce the subjective nature of resources estimation. However, the technologies employed in petroleum exploration, development, production and processing continue to evolve and improve. The SPE Oil and Gas Reserves Committee works closely with other organizations to maintain the definitions and issues periodic revisions to keep current with evolving technologies and changing commercial opportunities.

The SPE PRMS document consolidates, builds on, and replaces guidance previously contained in the 1997 Petroleum Reserves Definitions, the 2000 Petroleum Resources Classification and Definitions publications, and the 2001 "Guidelines for the Evaluation of Petroleum Reserves and Resources"; the latter document remains a valuable source of more detailed background information.,

These definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum resources. It is expected that SPE PRMS will be supplemented with industry education programs and application guides addressing their implementation in a wide spectrum of technical and/or commercial settings.

It is understood that these definitions and guidelines allow flexibility for users and agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein should be clearly identified. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

The full text of the SPE PRMS Definitions and Guidelines can be viewed at:
www.spe.org/specma/binary/files/6859916Petroleum_Resources_Management_System_2007.pdf

¹ These Definitions and Guidelines are extracted from the Society of Petroleum Engineers / World Petroleum Council / American Association of Petroleum Geologists / Society of Petroleum Evaluation Engineers (SPE/WPC/AAPG/SPEE) Petroleum Resources Management System document ("SPE PRMS"), approved in March 2007.

RESERVES

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further subdivided in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability. There must be a reasonable expectation that all required internal and external approvals will be forthcoming, and there is evidence of firm intention to proceed with development within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While 5 years is recommended as a benchmark, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons, or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented. To be included in the Reserves class, there must be a high confidence in the commercial producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.

On Production

The development project is currently producing and selling petroleum to market.

The key criterion is that the project is receiving income from sales, rather than the approved development project necessarily being complete. This is the point at which the project “chance of commerciality” can be said to be 100%. The project “decision gate” is the decision to initiate commercial production from the project.

Approved for Development

All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is under way.

At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity’s current or following year’s approved budget. The project “decision gate” is the decision to start investing capital in the construction of production facilities and/or drilling development wells.

Justified for Development

Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.

In order to move to this level of project maturity, and hence have reserves associated with it, the development project must be commercially viable at the time of reporting, based on the reporting entity’s assumptions of future prices, costs, etc. (“forecast case”) and the specific circumstances of the project. Evidence of a firm intention to proceed with development within a reasonable time frame will be sufficient to demonstrate commerciality. There should be a development plan in sufficient detail to support the assessment of commerciality and a reasonable expectation that any regulatory approvals or sales contracts required prior to project implementation will be forthcoming. Other than such approvals/contracts, there should be no known contingencies that could preclude the development from proceeding within a reasonable timeframe (see Reserves class). The project “decision gate” is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.

Proved Reserves

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes:

- (1) the area delineated by drilling and defined by fluid contacts, if any, and
- (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.

In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the lowest known hydrocarbon (LKH) as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves (see "2001 Supplemental Guidelines," Chapter 8). Reserves in undeveloped locations may be classified as Proved provided that the locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially productive. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.

Probable Reserves

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.

It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

Possible Reserves

Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves

The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.

Probable and Possible Reserves

(See above for separate criteria for Probable Reserves and Possible Reserves.)

The 2P and 3P estimates may be based on reasonable alternative technical and commercial interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally

higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing, faults until this reservoir is penetrated and evaluated as commercially productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil (HKO) elevation and there exists the potential for an associated gas cap, Proved oil Reserves should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

Developed Reserves

Developed Reserves are expected quantities to be recovered from existing wells and facilities.

Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.

Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves

Shut-in Reserves are expected to be recovered from:

- (1) completion intervals which are open at the time of the estimate but which have not yet started producing,
- (2) wells which were shut-in for market conditions or pipeline connections, or
- (3) wells not capable of production for mechanical reasons.

Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future re-completion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves

Undeveloped Reserves are quantities expected to be recovered through future investments:

- (1) from new wells on undrilled acreage in known accumulations,
- (2) from deepening existing wells to a different (but known) reservoir,
- (3) from infill wells that will increase recovery, or
- (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to
 - (a) recomplete an existing well or
 - (b) install production or transportation facilities for primary or improved recovery projects.

CONTINGENT RESOURCES

Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Development Pending

A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.

The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g. drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time frame. Note that disappointing appraisal/evaluation results could lead to a re-classification of the project to “On Hold” or “Not Viable” status. The project “decision gate” is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.

Development Unclassified or on Hold

A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.

The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, or substantial further appraisal/evaluation activities are required to clarify the potential for eventual commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a reasonable expectation that a critical contingency can be removed in the foreseeable future, for example, could lead to a reclassification of the project to “Not Viable” status. The project “decision gate” is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.

Development Not Viable

A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time due to limited production potential.

The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project “decision gate” is the decision not to undertake any further data acquisition or studies on the project for the foreseeable future.

PROSPECTIVE RESOURCES

Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.

Prospect

A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.

Project activities are focused on assessing the chance of discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.

Lead

A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.

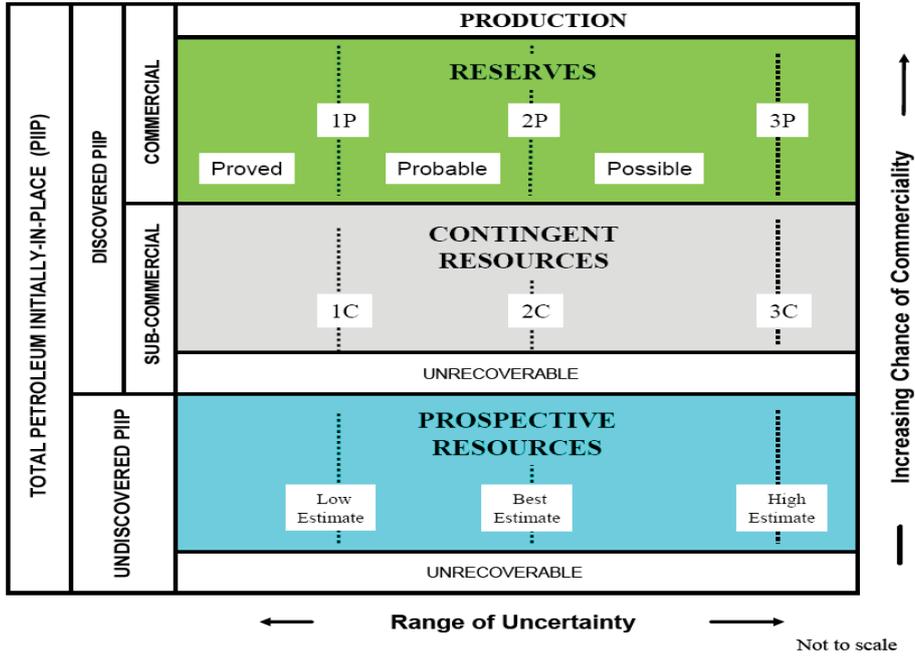
Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the lead can be matured into a prospect. Such evaluation includes the assessment of the chance of discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.

Play

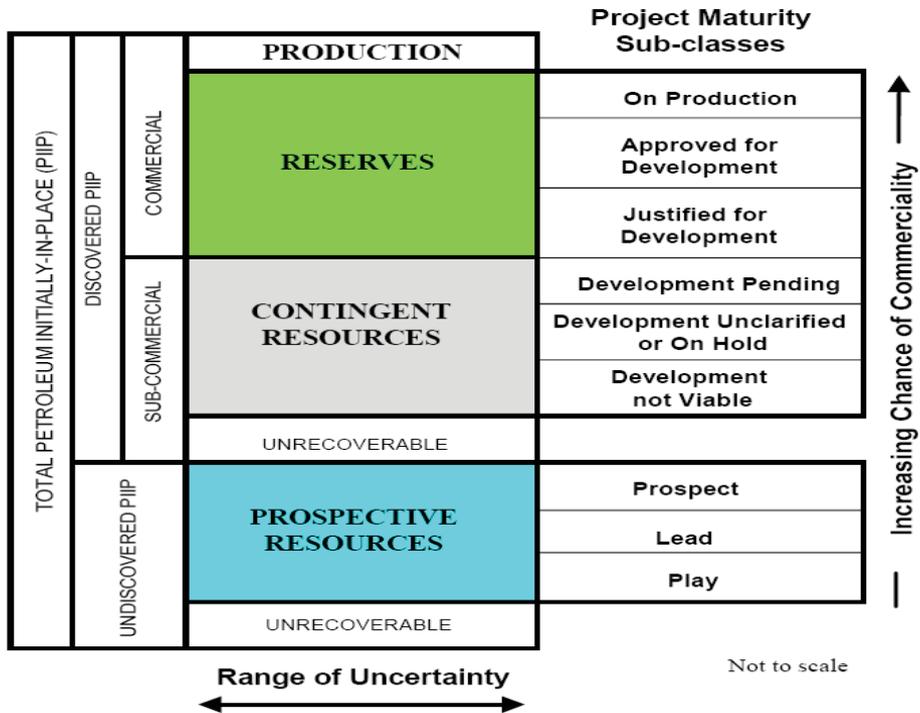
A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects.

Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific leads or prospects for more detailed analysis of their chance of discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

RESOURCES CLASSIFICATION



PROJECT MATURITY



Appendix II Glossary of Abbreviations

GLOSSARY

B	Billion (10 ⁹)
Bbl	Barrels
/Bbl	Per barrel
bopd	Barrels of oil per day
bpd	Barrels per day
Bscf	Billion standard cubic feet
BTU	British thermal units
CAPEX	Capital expenditure
E&P	Exploration and production
ELT	Economic Limit Test
EMV	Expected Monetary Value
EMV10	Expected Monetary Value at 10% annual discount rate
°F	Degrees Fahrenheit
ft	Foot or feet
GCoS	Geological chance of success
GIIP	Gas initially in place
km	Kilometres
km ²	Square kilometres
LLC	Laguna De Los Capones
LNG	Liquefied natural gas
m	Metres
M	Thousand
MBbl	Thousand barrels
Mbpd	Thousands of barrels per day
MD	Measured depth
MM	Million
MMBbl	Million barrels
MMBTU	Million British thermal units
MMscf	Million standard cubic feet
MMscfd	Million standard cubic feet per day
Mscf	Thousand standard cubic feet
Ma	Million years ago
NPV	Net Present Value
NPV10	Net Present Value at 10% annual discount rate
OPEX	Operating Expenditure
p.a.	Per annum
PRMS	Petroleum Resources Management System (published by SPE)
psia	Pounds per square inch (absolute)
P10	Value with a 10% chance of being exceeded
P50	Value with a 50% chance of being exceeded
P90	Value with a 90% chance of being exceeded
scf	Standard cubic feet

scfd	Standard cubic feet per day
SPE	Society of Petroleum Engineers
STOIIP	Stock tank oil initially in place
TD	Total depth
US\$	United States Dollar
WI	Working Interest
1C	Low estimate of Contingent Resources
2C	Best estimate of Contingent Resources
3C	High estimate of Contingent Resources
2D	Two-dimensional
3D	Three-dimensional
1P	Proved Reserves
2P	Proved plus Probable Reserves
3P	Proved plus Probable plus Possible Reserves

Appendix III Reserves and Resources

Table AIII.1: Summary of Reserves as at 31st August, 2017

(a) Oil (MMBbl)

Licence	Gross Field			Net to 50% Working Interest					
	Proved	Proved + Probable	Proved + Probable + Possible	Pre-Royalty			Post-Royalty		
				Proved	Proved + Probable	Proved + Probable + Possible	Proved	Proved + Probable	Proved + Probable + Possible
Fracción C	1.08	1.19	1.28	0.54	0.59	0.64	0.46	0.50	0.55
Fracción D	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01
Total	1.10	1.21	1.30	0.55	0.60	0.65	0.47	0.51	0.55

(b) Gas (Bscf)

Licence	Gross Field			Net to 50% Working Interest					
	Proved	Proved + Probable	Proved + Probable + Possible	Pre-Royalty			Post-Royalty		
				Proved	Proved + Probable	Proved + Probable + Possible	Proved	Proved + Probable	Proved + Probable + Possible
Fracción C	12.5	14.3	15.2	6.2	7.2	7.6	5.3	6.1	6.5
Fracción D	0.6	0.6	0.6	0.3	0.3	0.3	0.3	0.3	0.3
Total	13.1	14.9	15.8	6.5	7.5	7.9	5.6	6.3	6.7

Notes:

1. Gross Field Reserves are 100% of the volumes expected to be recovered from the asset under the intended development plan.
2. Reserves Net to 50% Working Interest are shown both prior to and after deduction of 15% State and Provincial Royalty.
3. Gas reserves shown here for Fracción D are volumes used as fuel in operations.
4. Totals may not exactly equal the sum of the individual entries due to rounding.
5. All licences are operated by CGC.

Table AIII.2: Summary of Contingent Resources as at 31st August, 2017

(a) Oil and Condensate (MMBbl)

Licence	Gross Field			Net to 50% Working Interest					
				Pre-Royalty			Post-Royalty		
	1C (Low)	2C (Best)	3C (High)	1C (Low)	2C (Best)	3C (High)	1C (Low)	2C (Best)	3C (High)
Fracción C	0.51	1.14	2.47	0.26	0.57	1.23	0.22	0.48	1.05
Fracción D	0.08	0.21	0.54	0.04	0.11	0.27	0.04	0.09	0.23
Total	0.60	1.35	3.01	0.30	0.67	1.50	0.25	0.57	1.28

(b) Gas (Bscf)

Licence	Gross Field			Net to 50% Working Interest					
				Pre-Royalty			Post-Royalty		
	1C (Low)	2C (Best)	3C (High)	1C (Low)	2C (Best)	3C (High)	1C (Low)	2C (Best)	3C (High)
Fracción C	10.3	20.3	38.5	5.2	10.1	19.2	4.4	8.6	16.4
Fracción D	11.1	28.8	72.3	5.5	14.4	36.1	4.7	12.2	30.7
Total	21.4	49.1	110.7	10.7	24.5	55.4	9.1	20.9	47.1

Notes:

1. Gross Field Contingent Resources are 100% of the volumes estimated to be recoverable from the field or project in the event that development goes ahead.
2. Contingent Resources Net to 50% Working Interest are shown both prior to and after deduction of 15% State and Provincial Royalty.
3. The volumes reported here are "unrisked" in the sense that no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e. no "Chance of Development" factor, as defined under PRMS, has been applied).
4. GCA has not estimated any "Chance of Development" or "Risk Factor": these depend in part on non-technical matters, such as approvals and company and partner intentions; GCA does not have all the information that would be required to make a quantitative estimate and therefore considers it would be inappropriate to do so.
5. Contingent Resources should not be aggregated with Reserves because of the different levels of risk involved and the different basis on which the volumes are determined.
6. Fracción C volumes shown here include some in LLC.
7. Totals may not exactly equal the sum of the individual entries due to rounding.
8. All licences are operated by CGC.

Table AIII.3: Summary of Prospective Resources (Prospects)
as at 31st August, 2017

(a) Oil and Condensate (MMBbl)

Licence	Prospect	Target	Gross Field			Net to 50% Working Interest						GCoS (%)
			Low	Best	High	Pre-Royalty			Post-Royalty			
						Low	Best	High	Low	Best	High	
Fracción C (including LCC)	Los Alamos	Spr	0.09	0.18	0.34	0.05	0.09	0.17	0.04	0.08	0.14	36
		Tob	0.12	0.28	0.64	0.06	0.14	0.32	0.05	0.12	0.27	36
	Los Joaquines	Tob	0.13	0.38	1.03	0.07	0.19	0.51	0.06	0.16	0.44	36
		Tob	0.16	0.47	1.33	0.08	0.23	0.67	0.07	0.20	0.57	30
	Los Luises	Spr	0.12	0.33	0.86	0.06	0.16	0.43	0.05	0.14	0.37	36
		L Tob	0.34	1.02	2.97	0.17	0.51	1.48	0.15	0.44	1.26	36
	El Boliche X-1001	M Tob	0.34	1.01	2.97	0.17	0.51	1.48	0.14	0.43	1.26	36
		Spr	0.95	2.85	8.35	0.48	1.43	4.18	0.40	1.21	3.55	24
	Near El Bolicho X-2	Spr	4.24	11.38	29.60	2.12	5.69	14.80	1.80	4.84	12.58	36
		L Tob	1.89	4.58	10.66	0.94	2.29	5.33	0.80	1.95	4.53	36
	Sofia X-1	M Tob	1.83	4.25	9.81	0.92	2.13	4.91	0.78	1.81	4.17	36
		U Tob	0.51	2.43	11.57	0.25	1.21	5.79	0.22	1.03	4.92	63
Laguna de Maria X-1	Tob	0.05	0.14	0.36	0.03	0.07	0.18	0.02	0.06	0.15	36	
	CS Tobifera B	0.04	0.11	0.34	0.02	0.06	0.17	0.02	0.05	0.15	36	
CS East	Spr C1	0.03	0.09	0.27	0.01	0.04	0.14	0.01	0.04	0.12	36	
	Spr C3	0.03	0.08	0.21	0.02	0.04	0.11	0.01	0.04	0.09	36	
CS West	Spr	0.05	0.13	0.33	0.03	0.06	0.16	0.02	0.05	0.14	36	
	Spr	0.10	0.38	1.46	0.05	0.19	0.73	0.04	0.16	0.62	30	

(Table continued on next page)

(b) Gas (Bscf)

Licence	Prospect	Target	Gross Field			Net to 50% Working Interest						GCoS (%)
			Low	Best	High	Pre-Royalty			Post-Royalty			
						Low	Best	High	Low	Best	High	
Fracción C (including LCC)	Los Alamos	Spr	5.2	10.1	19.1	2.6	5.1	9.5	2.2	4.3	8.1	36
		Tob	4.6	10.8	25.1	2.3	5.4	12.5	2.0	4.6	10.7	36
	Los Joaquines	Tob	5.2	14.9	40.3	2.6	7.4	20.2	2.2	6.3	17.1	36
Fracción D	Los Luises	Tob	6.3	18.4	52.4	3.2	9.2	26.2	2.7	7.8	22.3	30
		Spr	6.6	18.3	48.3	3.3	9.1	24.2	2.8	7.8	20.5	36
Fracción D	CS Tobífera B	Tob	7.1	18.8	48.5	3.6	9.4	24.3	3.0	8.0	20.6	36
		Spr C1	4.9	15.3	46.2	2.5	7.7	23.1	2.1	6.5	19.6	36
	CS East	Spr C3	3.7	11.6	36.5	1.8	5.8	18.2	1.6	4.9	15.5	36
	CS West	Spr	0.9	2.3	6.0	0.4	1.2	3.0	0.4	1.0	2.6	36
	CS North B	Spr	1.4	3.6	9.2	0.7	1.8	4.6	0.6	1.5	3.9	36
	CS North A	Spr	2.8	10.7	41.0	1.4	5.4	20.5	1.2	4.6	17.4	30

Notes:

1. Gross Prospective Resources are 100% of the volumes estimated to be recoverable from the Prospect, in the event that a discovery is made and subsequently developed.
2. Prospective Resources Net to 50% Working Interest are shown both prior to and after deduction of 15% State and Provincial Royalty.
3. The GCoS reported here represents an estimate of the probability that drilling this Prospect would result in a discovery. This does not include any assessment of the risk that a discovery, if made, may not be developed.
4. The volumes reported here are "unrisked" in the sense that no adjustment has been made for the risk that no discovery will be made or that any discovery would not be developed.
5. Identification of Prospective Resources associated with a Prospect is not indicative of any certainty that the Prospect will be drilled, or will be drilled in a timely manner.
6. Prospective Resources should not be aggregated with each other, or with Reserves or Contingent Resources, because of the different levels of risk involved.
7. All licences are operated by CGC.
8. Spr = Springhill Formation; CS = Cañadon Salto; Tob = Tobífera Formation; L, M, U = Lower, Middle, Upper respectively.

Table AIII.4: Summary of Prospective Resources (Leads) as at 31st August, 2017
(Page 1 of 3)

Lead	Target	Gross Field						Net to 50% Working Interest						GCoS (%)
		Gas (Bscf)			Gas (Bscf)			Pre-Royalty			Post-Royalty			
		Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High	
BFF	PA	106.7	395.9	1,447.8	53.3	198.0	723.9	45.3	168.3	615.3	10			
Lobe G	LM	48.3	153.5	479.9	24.2	76.8	240.0	20.5	65.2	204.0	20			
Lobe D	LM	26.8	72.6	195.8	13.4	36.3	97.9	11.4	30.9	83.2	20			
Lobe D	LM	26.4	73.6	195.8	13.2	36.8	97.9	11.2	31.3	83.2	20			
Lobe C	LM	83.9	225.2	602.7	41.9	112.6	301.4	35.7	95.7	256.1	34			
Lobe A-1	RT	25.6	81.4	254.6	12.8	40.7	127.3	10.9	34.6	108.2	18			
Lobe A-2	RT	26.4	81.9	249.9	13.2	40.9	125.0	11.2	34.8	106.2	18			
Lobe A-3	RT	25.8	80.3	250.0	12.9	40.2	125.0	11.0	34.1	106.2	18			
Lobe B-1	RT	30.5	91.2	270.2	15.2	45.6	135.1	13.0	38.8	114.8	18			
Lobe B-2	RT	30.2	91.3	269.3	15.1	45.6	134.7	12.9	38.8	114.5	18			
Lobe B-3	RT	29.8	91.3	270.3	14.9	45.6	135.2	12.7	38.8	114.9	18			
GF A Dp	CTC	31.2	74.3	176.7	15.6	37.2	88.3	13.3	31.6	75.1	18			
GF B Dp	CTC	41.1	128.2	407.7	20.6	64.1	203.8	17.5	54.5	173.3	18			
GF C Dp	CTC	40.0	132.3	434.6	20.0	66.1	217.3	17.0	56.2	184.7	18			
GF D Dp	CTC	11.1	29.9	79.7	5.5	15.0	39.9	4.7	12.7	33.9	14			
GF E Dp	CTC	45.5	127.3	349.0	22.8	63.7	174.5	19.4	54.1	148.3	18			
GF F Dp	CTC	27.6	66.1	155.9	13.8	33.1	78.0	11.7	28.1	66.3	14			
GF G Dp	CTC	20.3	50.6	120.0	10.2	25.3	60.0	8.6	21.5	51.0	14			
GF H Dp	CTC	20.2	62.8	193.2	10.1	31.4	96.6	8.6	26.7	82.1	14			
GF I Dp	CTC	11.9	39.3	132.5	5.9	19.7	66.2	5.1	16.7	56.3	14			

(Table continued on next page)

Table AIII.4: Summary of Prospective Resources (Leads) as at 31st August, 2017
(Page 2 of 3)

Lead	Target	Gross Field			Net to 50% Working Interest						GCoS (%)
		Low	Best	High	Pre-Royalty			Post-Royalty			
					Low	Best	High	Low	Best	High	
GF J Dp	CTC	11.9	38.0	121.3	5.9	19.0	60.7	5.0	16.2	51.6	14
GF K Dp	CTC	13.0	47.9	172.9	6.5	23.9	86.5	5.5	20.3	73.5	14
GF L Dp	CTC	15.7	55.4	196.4	7.8	27.7	98.2	6.7	23.5	83.4	14
GF M Dp	CTC	10.9	32.7	94.4	5.5	16.3	47.2	4.7	13.9	40.1	14
GF N Dp	CTC	13.3	31.4	74.8	6.6	15.7	37.4	5.6	13.4	31.8	14
GF C Mid	CTC	120.3	302.7	747.9	60.2	151.4	373.9	51.1	128.7	317.8	18
GF D Mid	CTC	27.4	70.3	179.4	13.7	35.1	89.7	11.6	29.9	76.3	18
GF F Mid	CTC	28.0	68.2	166.6	14.0	34.1	83.3	11.9	29.0	70.8	18
GF G Mid	CTC	23.9	49.2	97.2	12.0	24.6	48.6	10.2	20.9	41.3	18
GF I Mid	CTC	34.2	94.4	265.4	17.1	47.2	132.7	14.5	40.1	112.8	18
GF K Mid	CTC	33.4	83.0	211.2	16.7	41.5	105.6	14.2	35.3	89.7	14
GF L Mid	CTC	41.9	112.7	297.5	20.9	56.4	148.7	17.8	47.9	126.4	14
GF M Mid	CTC	10.5	28.4	76.0	5.3	14.2	38.0	4.5	12.1	32.3	14
GF J Mid	CTC	114.2	305.3	794.5	57.1	152.6	397.3	48.5	129.7	337.7	14
C Carrera	CTC	174.5	614.1	2,120.8	87.3	307.1	1,060.4	74.2	261.0	901.4	32
GF D Sh	CTC	14.1	38.0	99.6	7.0	19.0	49.8	6.0	16.2	42.3	20
GF F Sh	CTC	6.8	19.7	58.6	3.4	9.9	29.3	2.9	8.4	24.9	20
GF I Sh	CTC	3.6	8.3	18.9	1.8	4.2	9.5	1.5	3.5	8.0	20
GF J Sh	CTC	3.2	10.4	34.0	1.6	5.2	17.0	1.4	4.4	14.5	20

(Table continued on next page)

Table AIII.4: Summary of Prospective Resources (Leads) as at 31st August, 2017
(Page 3 of 3)

Lead	Target	Gross Field			Net to 50% Working Interest						GCoS (%)
		Low	Best	High	Pre-Royalty			Post-Royalty			
					Low	Best	High	Low	Best	High	
GF L Sh	CTC	4.7	13.5	38.0	2.4	6.8	19.0	2.0	5.8	16.2	20
GF M Sh	CTC	4.9	13.4	35.8	2.4	6.7	17.9	2.1	5.7	15.2	20

Notes:

1. Gross Prospective Resources are 100% of the volumes estimated to be recoverable from the Lead, in the event that a discovery is made and subsequently developed.
2. Prospective Resources Net to 50% Working Interest are shown both prior to and after deduction of 15% State and Provincial Royalty.
3. The GCoS reported here represents an estimate of the probability that drilling this Lead would result in a discovery. This does not include any assessment of the risk that a discovery, if made, may not be developed.
4. The volumes reported here are “unrisked” in the sense that no adjustment has been made for the risk that no discovery will be made or that any discovery would not be developed.
5. Prospective Resources should not be aggregated with each other, or with Reserves or Contingent Resources, because of the different levels of risk involved.
6. All Leads are in the Tapi Aike concession area, which is operated by CGC
7. Spr = Springhill Formation; BFF = Basin Floor Fan; PA = Palermo Aike Formation; LM = Lower Magallanes Formation; RT = Rio Turbio Formation; GF = Growth Fault; CTC = CoToro Cazador Formation; Dp, Mid and Sh = Deep, Middle and Shallow respectively.

Appendix IV Other Volumetric Estimates

Table AIV.1: Volumetric Estimates (Page 1 of 3)

Lic- ence	Name	Classification	Target	GCoS	GIIP (Bscf)				STOIIP (MMBbl)				Recoverable Gas (Bscf)				Recoverable Oil (MMBbl)				
					Mean	P90	P50	P10	Mean	P90	P50	P10	Mean	P90	P50	P10	Mean	P90	P50	P10	
Fracción C (including LLC)	Los Alamos	Prospect	Spr	36%	18	8	16	29	-	-	-	-	11	5	10	19	0.2	0.1	0.2	0.3	
	Los Alamos	Prospect	Tob	36%	22	8	18	41	-	-	-	-	13	5	11	25	0.3	0.1	0.3	0.6	
	Los Joaquines	Prospect	Tob	36%	34	9	25	67	-	-	-	-	20	5	15	40	0.5	0.1	0.4	1.0	
	Los Luises	Prospect	Tob	30%	43	11	31	88	-	-	-	-	26	6	18	52	0.7	0.2	0.5	1.3	
	Los Luises	Prospect	Spr	36%	38	10	28	75	-	-	-	-	25	7	18	48	0.4	0.1	0.3	0.9	
	Ea La Maggie	Discovery	Tob	100%	38	18	34	63	-	-	-	-	23	10	20	38	0.6	0.3	0.5	1.0	
	El Boliche X-1001	Prospect	L Tob	36%	-	-	-	-	9.6	2.3	6.9	19.7	-	-	-	-	1.4	0.3	1.0	3.0	
	El Boliche X-1001	Prospect	M Tob	36%	-	-	-	-	9.5	2.3	6.8	19.6	-	-	-	-	1.4	0.3	1.0	3.0	
	Near El Boliche X-2	Prospect	Spr	24%	-	-	-	-	16.2	3.8	11.4	33.5	-	-	-	-	4.0	1.0	2.9	8.4	
	Near El Molino Sur X-1	Prospect	Spr	36%	-	-	-	-	59.9	17.3	45.8	117.0	-	-	-	-	15.0	4.2	11.4	29.6	
	Sofia X-1	Prospect	L Tob	36%	-	-	-	-	37.9	13.0	30.7	70.6	-	-	-	-	5.7	1.9	4.6	10.7	
	Sofia X-1	Prospect	M Tob	36%	-	-	-	-	34.9	12.3	28.4	64.3	-	-	-	-	5.2	1.8	4.3	9.8	
	Laguna de Maria x1	Discovery	U Tob	100%	-	-	-	-	5.2	1.7	4.2	9.8	-	-	-	-	0.8	0.3	0.6	1.5	
	Laguna de Maria x1	Prospect	U Tob	54%	-	-	-	-	33.3	3.4	16.2	75.3	-	-	-	-	5.0	0.5	2.4	11.6	
	Fracción D	CS Tobifera	Discovery	Tob	100%	41	12	32	80	-	-	-	-	25	7	19	49	0.2	0.1	0.1	0.4
		CS Tobifera	Prospect	Tob	36%	41	12	31	81	-	-	-	-	25	7	19	49	0.2	0.1	0.1	0.4
		CS East Layer C1	Prospect	Spr	36%	34	8	24	71	-	-	-	-	22	5	15	46	0.2	0.0	0.1	0.3
CS East Layer C3		Prospect	Spr	36%	27	6	18	56	-	-	-	-	17	4	12	36	0.1	0.0	0.1	0.3	
CS West		Prospect	Spr	36%	5	1	4	9	-	-	-	-	3	1	2	6	0.1	0.0	0.1	0.2	
CS North B		Prospect	Spr	36%	7	2	6	14	-	-	-	-	5	1	4	9	0.2	0.1	0.1	0.3	
CS Central Gas Cap		Discovery	Spr	100%	19	6	15	36	-	-	-	-	12	4	10	23	0.1	0.0	0.1	0.2	
CS North A		Prospect	Spr	30%	29	4	16	63	-	-	-	-	19	3	11	41	0.7	0.1	0.4	1.5	

Table AIV.1: Volumetric Estimates (Page 2 of 3)

Lic- ence	Name	Classification	Target	GCOS	GIIP (Bscf)				STOIIP (MMBbl)				Recoverable Gas (Bscf)				Recoverable Oil (MMBbl)			
					Mean	P90	P50	P10	Mean	P90	P50	P10	Mean	P90	P50	P10	Mean	P90	P50	P10
Tapi Alke	BFF	Lead	Spr	10%	1,222	201	730	2,644	-	-	-	-	669	107	396	1,448	-	-	-	
	Lobe G	Lead	PA	20%	413	90	282	864	-	-	-	-	228	48	154	480	-	-	-	
	Lobe D	Lead	LM	20%	179	51	133	352	-	-	-	-	98	27	73	196	-	-	-	
	Lobe D	Lead	LM	20%	180	49	136	353	-	-	-	-	99	26	74	196	-	-	-	
	Lobe C	Lead	LM	34%	552	158	416	1,083	-	-	-	-	303	84	225	603	-	-	-	
	Lobe A-1	Lead	LM	18%	219	48	151	461	-	-	-	-	121	26	81	255	-	-	-	
	Lobe A-2	Lead	RT	18%	219	49	152	450	-	-	-	-	120	26	82	250	-	-	-	
	Lobe A-3	Lead	RT	18%	220	48	148	454	-	-	-	-	121	26	80	250	-	-	-	
	Lobe B-1	Lead	RT	18%	238	56	169	489	-	-	-	-	131	30	91	270	-	-	-	
	Lobe B-2	Lead	RT	18%	237	57	168	491	-	-	-	-	130	30	91	269	-	-	-	
	Lobe B-3	Lead	RT	18%	236	56	167	491	-	-	-	-	130	30	91	270	-	-	-	
	GF A Dp	Lead	RT	18%	169	59	137	314	-	-	-	-	93	31	74	177	-	-	-	
	GF B Dp	Lead	CTC	18%	354	76	236	750	-	-	-	-	194	41	128	408	-	-	-	
	GF C Dp	Lead	CTC	18%	368	75	245	789	-	-	-	-	202	40	132	435	-	-	-	
	GF D Dp	Lead	CTC	14%	73	21	55	144	-	-	-	-	40	11	30	80	-	-	-	
	GF E Dp	Lead	CTC	18%	318	86	234	639	-	-	-	-	175	46	127	349	-	-	-	
	GF F Dp	Lead	CTC	14%	151	52	122	282	-	-	-	-	83	28	66	156	-	-	-	
	GF G Dp	Lead	CTC	14%	115	39	93	216	-	-	-	-	63	20	51	120	-	-	-	
	GF H Dp	Lead	CTC	14%	166	38	116	346	-	-	-	-	91	20	63	193	-	-	-	
	GF I Dp	Lead	CTC	14%	111	22	72	238	-	-	-	-	61	12	39	132	-	-	-	
	GF J Dp	Lead	CTC	14%	103	23	71	215	-	-	-	-	57	12	38	121	-	-	-	
	GF K Dp	Lead	CTC	14%	144	24	88	317	-	-	-	-	79	13	48	173	-	-	-	
	GF L Dp	Lead	CTC	14%	163	29	103	358	-	-	-	-	89	16	55	196	-	-	-	
	GF M Dp	Lead	CTC	14%	83	20	60	172	-	-	-	-	46	11	33	94	-	-	-	
GF N Dp	Lead	CTC	14%	72	25	58	135	-	-	-	-	40	13	31	75	-	-	-		
GF C Mid	Lead	CTC	18%	702	229	555	1,344	-	-	-	-	387	120	303	748	-	-	-		
GF D Mid	Lead	CTC	18%	167	52	130	319	-	-	-	-	92	27	70	179	-	-	-		
GF F Mid	Lead	CTC	18%	159	53	126	299	-	-	-	-	88	28	68	167	-	-	-		

Table AIV.1: Volumetric Estimates (Page 3 of 3)

Licence	Name	Classification	Target	GCoS	GIIP (Bscf)			STOIIP (MMBbl)			Recoverable Gas (Bscf)			Recoverable Oil (MMBbl)			
					Mean	P90	P50	P10	Mean	P90	P50	P10	Mean	P90	P50	P10	
Tapi Alike	GF G Mid	Lead	CTC	18%	103	46	90	173	-	-	-	56	24	49	97	-	-
	GF I Mid	Lead	CTC	18%	238	64	174	480	-	-	-	131	34	94	265	-	-
	GF K Mid	Lead	CTC	14%	196	63	154	378	-	-	-	108	33	83	211	-	-
	GF L Mid	Lead	CTC	14%	273	78	206	535	-	-	-	151	42	113	297	-	-
	GF M Mid	Lead	CTC	14%	70	20	52	137	-	-	-	38	11	28	76	-	-
	GF J Mid	Lead	CTC	14%	734	216	563	1,442	-	-	-	404	114	305	795	-	-
	C Carrera	Lead	CTC	32%	1,810	329	1,138	3,844	-	-	-	996	175	614	2,121	-	-
	GF D Sh	Lead	CTC	20%	92	27	69	181	-	-	-	51	14	38	100	-	-
	GF F Sh	Lead	CTC	20%	52	13	36	106	-	-	-	28	7	20	59	-	-
	GF I Sh	Lead	CTC	20%	18	7	15	34	-	-	-	10	4	8	19	-	-
	GF J Sh	Lead	CTC	20%	29	6	19	61	-	-	-	16	3	10	34	-	-
	GF L Sh	Lead	CTC	20%	34	9	25	68	-	-	-	19	5	14	38	-	-
	GF M Sh	Lead	CTC	20%	33	9	25	64	-	-	-	18	5	13	36	-	-

Notes:

1. Volumes reported here are 100% of the volumes estimated to be in or recoverable from the accumulation, if present.
2. The GCoS reported here represents an estimate of the probability that drilling the Prospect or Lead would result in a discovery. This does not include any assessment of the risk that a discovery, if made, may not be developed.
3. The volumes reported here are "unrisked" in the sense that no adjustment has been made for the risk that no discovery will be made or that any discovery would not be developed.
4. Volumes from different accumulations should not be aggregated with each other, because of the different levels of risk involved.
5. Recoverable condensate reported as oil.

PART V – FINANCIAL INFORMATION

SECTION A – HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1. Financial information on the Group

The following information is incorporated into this document by reference.

Information

Turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, minority interest and earnings and dividends per share for the Group for each of the three years ended 31 December 2016 and for the six months ended 30 June 2017

A statement of the assets and liabilities shown in the audited accounts for the Group and the Company for each of the three years ended 31 December 2016 and for the six months ended 30 June 2017

A cash flow statement as provided in the audited accounts for the Group and the Company for each of the three years ended 31 December 2016 and for the six months ended 30 June 2017

Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures and for the six months ended 30 June 2017

Audit reports

Source of information

Echo annual report and accounts 2015; page 16

Echo annual report and accounts 2016; page 12

Echo interim results 2017; page 4

Echo annual report and accounts 2015; pages 17 and 18

Echo annual report and accounts 2016; pages 13 and 14

Echo interim results 2017; page 5

Echo annual report and accounts 2015; pages 20 and 21

Echo annual report and accounts 2016; pages 16 and 17

Echo interim results 2017; page 7

Echo annual report and accounts 2014; page 20

Echo annual report and accounts 2015; page 22

Echo annual report and accounts 2016; page 18

Echo interim results 2017; page 8

Echo annual report and accounts 2014, page 12

Echo annual report and accounts 2015; page 14

Echo annual report and accounts 2016; page 10

2. Availability of documentation

The Company's results for each of the three years ended 31 December 2016 are available, together with the Company's unaudited interim results for the six months ended 30 June 2017, free of charge on the Company's website www.echoenergyplc.com or in hard copy from the Company's registered office 40 George Street, London W1U 7DW, telephone number is +44(0)20 7190 9930. Except to the extent expressly set out above in paragraph 1 of Section A of this Part V above, neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of this document and investors should not rely on it.

PART V – FINANCIAL INFORMATION

SECTION B – UNAUDITED PRO FORMA FINANCIAL INFORMATION

Set out below is the unaudited pro-forma statement of net assets of the Group (the “Pro Forma Financial Information”), which has been prepared on the basis of the Group’s unaudited interim financial information as at 30 June 2017, as adjusted for:

- the receipt of the net proceeds from the Placing; and
- the Acquisition

as set out in the notes below. The Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature will not represent the actual consolidated financial position of the Group as at the date of Admission.

Unaudited pro-forma financial information

	<i>(Unaudited)</i> <i>Group</i> <i>as at</i> <i>30 June</i> <i>2017</i> <i>(Note 1)</i> <i>£'000</i>	<i>(Adjustment)</i> <i>Acquisition</i> <i>(Note 2)</i> <i>£'000</i>	<i>(Adjustment)</i> <i>Net proceeds</i> <i>from the</i> <i>Placing</i> <i>(Note 3)</i> <i>£'000</i>	<i>(Unaudited)</i> <i>Pro forma</i> <i>Financial</i> <i>Information</i> <i>£'000</i>
Non-current assets				
Property, plant and equipment	2	–	–	2
Other intangible assets	432	–	–	432
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-current assets	434	–	–	434
Current assets				
Other receivables	118	–	–	118
Assets held for distribution	92	–	–	92
Cash and cash equivalents	25,546	(1,891)	4,688	28,343
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	25,756	(1,891)	4,688	28,553
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	26,190	(1,891)	4,688	28,987
	<hr/>	<hr/>	<hr/>	<hr/>
Current liabilities				
Trade and other payables	(480)	–	–	(480)
Borrowings	–	–	–	–
Liabilities directly associated with assets held for distribution	(12)	–	–	(12)
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	(492)	–	–	(492)
	<hr/>	<hr/>	<hr/>	<hr/>
Non-current liabilities				
Borrowings	(10,246)	–	–	(10,246)
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-current liabilities	(10,246)	–	–	(10,246)
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	(10,737)	–	–	(10,737)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	15,453	(1,891)	4,688	18,250
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes:

1. The financial information relating to the Group has been extracted, without further adjustment, from the Group's unaudited interim financial information for the six-month period ended 30 June 2017, as referred to in Section A "Historical Financial Information of the Group" of Part V "Financial Information" of the document. No account has been taken of the activities of the Group subsequent to 30 June 2017.
2. Adjustment 2 represents the consideration paid by the Company in respect of the farm-in agreement signed with CGC on 1 November 2017. On signing of the farm-in agreement, an initial payment of US\$2.5 million (£1.9 million) was made.
Other deferred elements of the consideration include:
 - A deferred cash payment of US\$2.5 million on completion of the initial term work programme; and
 - After the completion of the initial term work programme, the Company has the option to progress to the second term on the licences which would trigger a second deferred payment of US\$5 million.
3. Adjustment 3 represents the issue of the Placing Shares at the Placing Price, for total consideration of £6,368,497 the Placing Price. Associated costs of the Placing are expected to be £1,680,884 million (excluding VAT). The net proceeds of the Placing receivable by the Group are expected to be approximately £4,687,613.

PART V – FINANCIAL INFORMATION

SECTION C – ACCOUNTANT’S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION



15 December 2017

The Directors
Echo Energy plc
40 George Street
London W1U 7DW

The Directors
Smith & Williamson Corporate Finance Limited
25 Moorgate
London EC2R 6AY

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Dear Sirs,

Introduction

We report on the unaudited pro forma statement of net assets of the Group (the “Pro Forma Financial Information”) set out in Section B “*Unaudited Pro Forma Financial Information*” of Part V “*Financial Information*” of Echo Energy plc’s (the “Company”) AIM admission document dated 15 December 2017 (the “Admission Document”). The Pro Forma Financial Information has been prepared on the basis of the notes thereto, for illustrative purposes only, to provide information about how the acquisition of interests in oil and gas assets owned by Compania General de Combustibles S.A. and the receipt of net proceeds from the issue of the placing shares at the placing price might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing its unaudited interim financial information as at 30 June 2017. This report is required by Schedule Two of the AIM Rules for Companies (the “AIM Rules”) and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro Forma Financial Information. It is our responsibility to form an opinion on the Pro Forma Financial Information as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting 4000 as issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial information with the Directors. We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial

Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully,

Crowe Clark Whitehill LLP
Chartered Accountants

PART VI
ADDITIONAL INFORMATION

1. Responsibility Statement

- 1.1 The Company and the Directors, whose names and functions are set out on page 5 of this document, accept responsibility, both individually and collectively, for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Gaffney, Cline & Associates Limited accepts responsibility for its report set out in Part IV of this document. To the best of the knowledge of Gaffney, Cline & Associates Limited (which has taken all reasonable care to ensure that said is the case), the information contained in such report is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent that GCA has relied on information provided by the Company in compiling the CPR, GCA has assumed that such information is accurate and complete.

2. Incorporation and status of the Company

- 2.1 The Company was incorporated in England and Wales on 16 June 2005 as a public limited company under the Act, with number 05483127 and under the name Independent Resources plc. On 18 April 2017, the Company changed its name to Echo Energy plc.
- 2.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder. The liability of the Members is limited.
- 2.3 The Company's registered office is 40 George Street, London, W1U 7DW and its telephone number is +44 (0) 20 7190 9930. The Company's website, at which the information required by Rule 26 of the AIM Rules can be found, is https://www.echoenergyplc.com/aim_rule.
- 2.4 The Company is a gas exploration and production company.
- 2.5 The Company is domiciled in the United Kingdom.
- 2.6 The Company has no administrative, management or supervisory bodies other than the Board, the audit committee and the remuneration and nomination committee.

3. Subsidiaries

3.1 The Group has the following subsidiary undertakings as at the date of this document:

<i>Name</i>	<i>Principal activity</i>	<i>Percentage owned at the date of this document</i>	<i>Country of incorporation</i>	<i>Shareholder</i>
Echo Energy Argentina Holdings Limited	Holding company	100%	England & Wales	Echo Energy plc
Echo Energy Bolivia (Hold Co 1) UK Limited	Holding company	100%	England & Wales	Echo Energy Holdings (UK) Limited
Echo Energy Bolivia (Hold Co 2) UK Limited	Holding company	100%	England & Wales	Echo Energy Holdings (UK) Limited
Echo Energy Bolivia (Op Co 1) UK Limited	Holder of Bolivian branch assets	100%	England & Wales	Echo Energy Bolivia (Hold Co 1) UK Limited
Echo Energy Bolivia (Op Co 2) UK Limited	Holding company	100%	England & Wales	Echo Energy Bolivia (Hold Co 2) UK Limited
Echo Energy C D and LLC Limited	Holding company	100%	England & Wales	Echo Energy Argentina Holdings Limited
Echo Energy Holdings (UK) Limited	Holding company	100%	England & Wales	Echo Energy plc
Echo Energy Tapi Aike Limited	Holding company	100%	England & Wales	Echo Energy Argentina Holdings Limited
Eco Energy CDL OP Limited	Holder of Argentinian branch assets	100%	England & Wales	Echo Energy C D and LLC Limited
Eco Energy TA OP Limited	Holder of Argentinian branch assets	100%	England & Wales	Echo Energy Tapi Aike Limited
Independent Gas Management srl	Management of appraisal of underground gas storage facilities	100%	Italy	Echo Energy plc
Independent Resources (Ksar Hadada) Limited	Appraisal of oil and gas exploration permit	100%	England & Wales	Echo Energy plc
Rivara Gas Storage srl	Appraisal of underground gas storage facilities	100%	Italy	Independent Gas Management SRL
Independent Resources (Sahara) Limited	Dormant	100%	England & Wales	Echo Energy plc
Independent Resources (Tunisia) Limited	Dormant	100%	England & Wales	Echo Energy plc

4. Share Capital of the Company

4.1 The issued fully paid up share capital of the Company as at the date of this document and as it is expected to be immediately following Admission is as follows:

	<i>Issued share capital £</i>	<i>Number of shares</i>
As at the date of this Document		
Ordinary Shares	£911,349.33	364,539,733
2015 Deferred Shares	£1,823,322.312	202,591,368
2016 Deferred Shares	£377,915.288	419,905,876
Immediately following Admission		
Ordinary Shares	£1,002,327.863	400,931,145
2015 Deferred Shares	£1,823,322.312	202,591,368
2016 Deferred Shares	£377,915.288	419,905,876

The 2015 Deferred Shares and the 2016 Deferred Shares have no value or voting rights and the shareholders were not issued with a share certificate, nor are they admitted to trading on AIM. The 2015 Deferred Shares and the 2016 Deferred Shares remain issued, called up and fully paid.

4.2 On incorporation, the authorised share capital of the Company was £50,000 divided into 50,000 ordinary shares of £1 each of which all were fully paid up and issued.

4.3 The following is a summary of the changes of the issued share capital of the Company since 1 January 2014 to 14 December 2017, being the last practicable date prior to publication of this document:

4.3.1 on 14 May 2015, 18,400,000 ordinary shares of 1p were allotted to certain investors;

- 4.3.2 on 28 May 2015, 61,600,000 ordinary shares of 1p were allotted to certain investors;
- 4.3.3 on 28 July 2015, 17,448,038 ordinary shares of 1p were allotted to certain investors;
- 4.3.4 on 16 November 2015, the Company sub-divided its ordinary shares of 1p into 202,591,368 ordinary shares of 0.1p and 202,591,368 deferred shares of 0.9p;
- 4.3.5 on 18 November 2015, 133,333,333 ordinary shares of 0.1p were allotted to certain investors;
- 4.3.6 on 26 February 2016, 6,000,000 ordinary shares of 0.1p were allotted to certain investors;
- 4.3.7 on 3 March 2016, 77,981,175 ordinary shares of 0.1p were allotted to certain investors;
- 4.3.8 on 26 April 2016, the Company sub-divided its ordinary shares of 0.1p each into 419,905,876 ordinary shares of 0.01p and 419,905,876 2016 Deferred Shares;
- 4.3.9 on 16 May 2016, 245,788,895 ordinary shares of 0.01p were allotted to certain investors;
- 4.3.10 on 1 June 2016, 69,428,571 ordinary shares of 0.01p were placed and allotted to certain investors;
- 4.3.11 on 3 June 2016, a total of 527,380,952 ordinary shares of 0.01p were allotted to certain investors at 0.048p per share;
- 4.3.12 on 19 July 2016, 75,000,000 ordinary shares of 0.01p were allotted to certain investors;
- 4.3.13 on 9 December 2016, 958,245,000 ordinary shares of 0.01p were placed and allotted to certain investors;
- 4.3.14 on 6 February 2017, 57,699,283 ordinary shares of 0.01p were allotted to certain investors;
- 4.3.15 on 9 March 2017, 1,002,971,638 ordinary shares of 0.01p were allotted to Greenberry;
- 4.3.16 on 20 March 2017, 507,250,000 ordinary shares of 0.01p were allotted to certain investors following an exercise of warrants;
- 4.3.17 on 20 March 2017, 22,750,000 ordinary shares of 0.01p were allotted to certain investors following an exercise of warrants;
- 4.3.18 on 30 March 2017, 16,666,666 ordinary shares of 0.01p were allotted to certain investors following an exercise of warrants;
- 4.3.19 on 5 April 2017, 10,000,000 ordinary shares of 0.01p were allotted to certain investors following an exercise of warrants;
- 4.3.20 on 11 April 2017, 10,000,000 ordinary shares of 0.01p were allotted to certain investors following an exercise of warrants;
- 4.3.21 on 19 April 2017, 2,236,280,127 ordinary shares of 0.01p were allotted to existing shareholders pursuant to an open offer;
- 4.3.22 on 22 May 2017, a total of 17 ordinary shares of 0.01p were allotted to an employee in order to facilitate a consolidation of shares at the ratio of 1:25;
- 4.3.23 on 23 May 2017, the ordinary shares of 0.01p each were consolidated on the basis of one Ordinary Share for every 25 ordinary shares of 0.01p each (the "Consolidation");
- 4.3.24 on 25 May 2017, 15,246,290 Ordinary Shares were allotted to certain investors following an exercise of warrants;
- 4.3.25 on 9 June 2017, 1,166,666 Ordinary Shares were allotted to certain investors due to the exercise of warrants;
- 4.3.26 on 14 June 2017, 98,765,429 Ordinary Shares were allotted to certain investors;
- 4.3.27 on 3 July 2017, 666,667 Ordinary Shares were allotted to certain investors following an exercise of warrants; and
- 4.3.28 on 7 August 2017, 2,400,000 Ordinary Shares were allotted to certain investors following an exercise of warrants.

- 4.4 On 27 June 2017 at the Company's Annual General Meeting (the "AGM") the shareholders approved the following authorities:
- 4.4.1 in substitution for all existing authorities, the Directors were generally and unconditionally authorised under Section 551 of the Act to exercise all powers of the Company to allot shares or to grant rights to subscribe for or to convert any security in to shares in the Company:
- (a) up to an aggregate nominal amount of £307,378; and
 - (b) in addition to the amount referred to in paragraph (a) above up to a further aggregate nominal amount of £307,378 in connection with a rights issue to:
 - (i) holders of ordinary shares made in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date that the Directors may determine for such allotment; and
 - (ii) holders of any other class of equity securities if this is required by the rights attaching to those securities or if the Directors consider it necessary, as permitted by the rights of those securities,but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever,
 - (c) provided that such authorities shall expire at the conclusion of the AGM of the Company in 2018 or on 30 June 2018 whichever is the earlier, save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights to be granted, after such expiry and the Directors may allot shares, or grant rights to subscribe for or to convert any securities into shares, in pursuance of any such offer or agreement as if the authorities conferred by the resolution had not expired.
- 4.4.2 the Directors were generally and unconditionally empowered under Section 570 of the Act to allot equity securities (as defined in Section 560(1) of the Act) wholly for cash pursuant to the authority conferred by the previous authority in 4.4.1 above as if sub-section (1) of Section 561 of the Act did not apply to any such allotment. Such authority to be limited to: (i) an allotment of equity securities in connection with an offer of such securities by way of rights issue, open offer or other pre-emptive offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical issues under the laws of any territory or the requirements of any regulatory body or stock exchange; and (ii) otherwise limited to the allotment of equity securities up to an aggregate nominal value of £307,378 and shall expire at the conclusion of the AGM of the Company in 2018 or on 30 June 2018 whichever is the earlier (unless renewed, varied or revoked by the Company prior to its expiry), save that the Company may before such expiry make an offer or agreement which would or might require securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred by the resolution had not expired.
- 4.5 The provisions of section 561(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the unissued share capital of the Company except to the extent disapplied by the resolution referred to in sub-paragraph 4.4.2 above.
- 4.6 Other than pursuant to the Placing and the Open Offer and on exercise of the Options and Warrants as described in paragraphs 10 and 11 of Part VI of this document, the Company has no present intention to issue any further Ordinary Shares in the Company.
- 4.7 Save as disclosed in this paragraph 4 of Part VI of this document, the Company does not have in issue any securities not representing share capital.

- 4.8 No Ordinary Shares are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 4.9 Save as disclosed in paragraphs 4, 13.6 and 13.9 of Part VI of this document, there has been no issue of share or loan capital of the Company in the three years immediately preceding the date of this document.
- 4.10 Save as disclosed in this paragraph 4 of Part VI, no commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of the Company or any other member of the Group in the three years immediately preceding the date of this document.
- 4.11 Save as disclosed in paragraph 10 of Part VI of this document, on Admission no share or loan capital of the Company or any other member of the Group will be under option or has been agreed conditionally or unconditionally to be put under option.
- 4.12 None of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM other than pursuant to the Placing.
- 4.13 The Ordinary Shares are in registered form and may be held in accordance with the Company's Articles in certificated form or in uncertificated form through CREST.
- 4.14 The Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. There are no acquisition rights and/or obligations over authorised but unissued share capital of the Company or any undertakings to increase the capital of the Company.
- 4.15 The International Security Identification Number for the Ordinary Shares is GB00BF0YPG76.

5. Articles of Association

- 5.1 In this paragraph 5 of Part VI, "Statutes" means the Act and every other statute or statutory instrument, rule, order or regulation from time to time in force concerning companies so far as they apply to the Company.

The Articles contain provisions, among others, to the following effect:

5.2 Objects of the Company

Under the Act, the objects of the Company are unrestricted.

5.3 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares and to any other provisions of these Articles or the Statutes:

- (i) on a show of hands every member present in person shall have one vote;
- (ii) on a show of hands every proxy present who has been duly appointed by one or more members shall have one vote subject to (iii) below;
- (iii) on a show of hands every proxy present who has been duly appointed by one or more members shall have one vote for and one vote against the resolution, if the proxy has been instructed by one or members to vote for the resolution, and instructed by one or more members to vote against the resolution;
- (iv) on a poll every member present in person or by proxy who is entitled to vote on the relevant matter shall have one vote for every share held by him.

In the case of joint holders, the vote of the senior holder who votes shall be accepted to the exclusion of the votes of the other joint holders. Seniority shall be determined by the order in which the names of the holders stand in the Register of Members in respect of the joint holding.

A member in respect of whom an order has been made by any court or official having jurisdiction (whether in the UK or elsewhere) in matters concerning mental disorder or incapacity may vote, on a show of hands or on a poll, by his guardian or other person duly authorised to act on his behalf, who may vote by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming the right to vote shall be deposited at the Company's registered office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised, and in default the right to vote shall not be exercisable.

Subject to the provisions of the Act and to any rights conferred on the holders of any other Ordinary Shares, the Company may, with the sanction of a special resolution, issue Ordinary Shares which are to be redeemed. The Articles do not contain provisions relating to the conversion of Company securities other than in relation to the Deferred Shares.

5.4 **Dividends**

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid. Dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Any dividend which has remained unclaimed for a period of 12 years from the date it became due for payment is forfeited and ceases to remain owing by the Company.

Where a section 793 notice is served on a member, or another person appearing to be interested in shares held by that member, and the member or other person has failed in relation to any default shares to give the Company the information required within 14 days of the service of the section 793 notice and the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class then, unless the Board otherwise decides, any dividend (or any part of a dividend) or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it and the member is not entitled to elect to receive shares instead of a dividend.

5.5 **Distribution of assets on a winding up**

If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company and whether or not the assets consist of property of one kind or of different kinds and may for this purpose set such value as he deems fair on any class or classes of property and may determine on the basis of that valuation and in accordance with the then existing rights of members how such division shall be carried out as between the members or different classes of members. The liquidator may, with the same authority, vest any part of the assets in the trustees upon such trust for the benefit of members as the liquidator may think fit but so that no member shall be compelled to accept any asset in respect of which there is a liability or potential liability.

5.6 **Variation of class rights**

Subject to the Statutes, the rights attached to any class of shares may be modified, varied or abrogated:

- (a) in such manner (if any) as may be provided by those rights; or
- (b) in the absence of provision, either with the consent in writing of the holders of at least three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of that class.

5.7 **Transfer of shares**

Subject to the provisions of the Articles, any member may transfer all or any of his certificated shares by instrument of transfer in any usual form or in such other form as the Board may approve and the instrument must be executed by or on behalf of the transferor and (except in the case of a share which

is fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.

Subject to the provisions of Articles, the Board may refuse to register a transfer of a certificated share unless it is:

- (a) in respect of only one class of shares;
- (b) in favour of not more than four joint transferees;
- (c) duly stamped (if required);
- (d) delivered for registration to the registered office of the Company from time to time or such other place as the Board may decide accompanied by the certificate for the shares to be transferred (save in the case of a transfer by a recognised person to whom no certificate was issued) and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so. The Board may impose restrictions on the transfer of a certificated share which is not fully paid, provided that the restrictions are not such as to prevent dealings in the shares from taking place on an open and proper basis.

Subject to the Uncertificated Securities Regulations 2001, the Board may permit shares of any class to be held in uncertificated form and to be transferred by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

The Board may refuse to register the transfer of an uncertificated share in any circumstances permitted by the Uncertificated Securities Regulation 2001 and the rules and practices of the operator of the relevant system.

Where a section 793 notice is served on a member, or another person appearing to be interested in shares held by that member, and the member or other person has failed in relation to any default shares to give the Company the information required within 14 days from the date of service of the section 793 notice and such shares represent at least 0.25 per cent. in nominal value of the issued shares of their class, then, unless the Board otherwise decides, no transfer of any of the default shares shall be registered unless the transfer is an "excepted transfer" (as defined in the Articles) or the member is not himself in default in supplying the information required and the member proves to the satisfaction of the Board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer or the transfer is required by the Uncertificated Securities Regulations 2001.

Other than as set out above, the Articles contain no restrictions as to the free transferability of fully paid shares.

5.8 **Alterations to capital**

Subject to the Act, the Company may by ordinary resolution:

- (a) consolidate and divide all or any of its authorised share capital into shares of a larger amount than its existing shares; and
- (b) sub-divide all or any of its shares into shares of a smaller amount and may by the resolution determine that the shares resulting from such sub-division may have any preferred or other special rights or be subject to any restrictions, as compared with the others.

5.9 **Borrowing powers**

The Board may exercise all the powers of the Company to borrow money. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final repayment) remaining undischarged of all moneys borrowed by the Group does not at any time without the previous sanction of an ordinary resolution exceed a sum equal to two times the aggregate of:

- (a) the amount paid up on the allotted or issued share capital of the Company or £500,000,000, whichever is the higher; and
- (b) the amount standing to the credit of the consolidated capital and revenue reserves of the Group (including any share premium account and capital redemption reserve) plus or minus the credit or debit balance, as the case may be, of the consolidated profit and loss account all as shown in the then latest audited consolidated balance sheet of the Group, adjusted as specified in the Articles.

5.10 **Directors**

Unless and until otherwise determined by the Company by ordinary resolution the number of directors shall be not less than three (3), and not more than fifteen (15). The Board may appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the Board. A director so appointed shall hold office only until the dissolution of the annual general meeting following next after his appointment, unless he is reappointed during the meeting. A director so retiring shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.

The remuneration of a director appointed to hold employment or executive office in accordance with the Articles may be a fixed sum of money or in whole or in part by participation in profits or otherwise as the Board may determine and may be in addition to or instead of a fee payable to him for his services as director pursuant to the Articles.

The directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in the performance of their duties as directors, including their expenses of travelling to and from meetings of the Board or committees of the Board or general meetings or separate meetings of the holders of a class of shares and any expenses incurred by them in obtaining independent professional advice.

The Board may establish, maintain, participate in or contribute to or procure the establishment or maintenance of, participation in or contribution to any pension, superannuation, benevolent or life assurance fund, scheme or arrangement (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances, benefits and emoluments to, any persons who are or were at any time in the employment or service of or who have at any time been directors of the Company or of any company which is or was a member of the Group or any of their predecessors in business (and for any member of his family, including a spouse or civil partner or former spouse or former civil partner or a person who is or was dependent on him). Any director or former director shall be entitled to participate in and retain for his own benefit any such donations, gratuities, pensions, allowances, benefits or emoluments. The Board may arrange for this to be done by the Company either alone or in conjunction with any other person.

Without prejudice to the requirements of the Statutes, a director who is in any way, directly or indirectly, interested in a contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first taken into consideration, if he knows his interest then exists, or, in any other case, at the next meeting of the directors after he knows that he is or has become interested.

Except as provided in the Articles, a director may not vote in respect of any contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he is, to his knowledge, materially interested, directly or indirectly otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. This prohibition does not apply to any resolution concerning any of the following matters namely:

- (a) the giving to him of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility, in whole or in part, under a guarantee or indemnity or by the giving of security;

- (c) a contract, arrangement, transaction or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;
- (d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise (relevant company) if he is not directly or indirectly the holder of or beneficially interested in one per cent. or more of a class of equity share capital of the relevant company (excluding any shares held as treasury shares) or of the voting rights available to members of the relevant company or able to cause one per cent. or more of those voting rights to be cast at his direction (and for the purposes of this Article, shares held by a director as bare or custodian trustee and in which he has no beneficial interest, shares comprised in a trust and in which the director's interest is in reversion or is in remainder, if and so long as another person is entitled to receive the income from the trust, and shares comprised in an authorised unit trust scheme in which the director is interested only as a unit holder are disregarded);
- (e) a contract, arrangement, transaction or proposal concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or personal pension plan or employees' share scheme under which he may benefit and which has been approved by or is subject to and conditional on approval by HM Revenue & Customs for taxation purposes or which does not accord to any director as such any privilege or benefit not accorded to the employees to whom the scheme or fund relates;
- (f) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiary undertakings under which the director benefits in a similar manner to the employees and which does not accord to any director as such any privilege or benefit not accorded to the employees to whom it relates; or
- (g) a contract, arrangement, transaction or proposal concerning the maintenance or purchase of any insurance policy for the benefit of directors or for the benefit of persons including directors.

5.11 **Directors' indemnity**

Subject to the provisions of the Act, the Company may:

- (a) indemnify any person who is or was a director, or a director of any associated company, directly or indirectly (including by funding any expenditure incurred or to be incurred by him), against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company; and/or
- (b) indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any liability incurred by him in connection with the company's activities as trustee of an occupational pension scheme; and/or
- (c) purchase and maintain insurance for any person who is or was a director, or a director of any associated company, against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company.

5.12 **General meetings**

At least 21 clear days' notice of every annual general meeting and at least 14 clear days' notice of every other general meeting shall be given, to such members as are, under the Articles, or the terms of issue of shares, entitled to receive such notices from the Company and to the Directors and the auditors of the Company.

Every notice of meeting shall specify the place, date and time of the meeting and the general nature of the business to be transacted and, if a meeting is convened to pass a special resolution, the intention to propose the resolution as a special resolution.

5.13 **Deferred Shares**

The following rights and restrictions are attached to the Deferred Shares:

(a) *Income, capital and voting*

The holders of the Deferred Shares shall not be entitled to receive any dividend or any other distribution out of the profits of the Company whatsoever.

On a return of capital or liquidation, the holders of the:

- (i) 2015 Deferred Shares shall only be entitled to receive the nominal amount paid up on such share after there shall have been distributed (in cash or in specie) to the holders of the Ordinary Shares the amount of £100,000,000 in respect of each Ordinary Share held by them; and
- (ii) 2016 Deferred Shares shall only be entitled to receive the nominal amount paid up on such share after: (i) there shall have been distributed (in cash or in specie) to the holders of the Ordinary Shares the amount of £100,000,000 in respect of each Ordinary Share held by them; and (ii) the amount paid up on the 2015 Deferred Shares had been paid to the holders of the 2015 Deferred Shares.

The holders of the Deferred Shares shall not be entitled to receive notice of or to attend or speak at any general meeting of the Company or to vote on any resolution to be proposed at any general meeting of the Company.

(b) *Variation of rights*

The rights attached to the Deferred Shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares.

(c) *Share certificates*

Notwithstanding any other provision of the Articles and unless specifically required by the provisions of the Act, the Company shall not be required to issue any certificate in respect of the Deferred Shares.

(d) *General*

The Company shall have irrevocable authority to appoint any person on behalf of any holder of Deferred Shares to enter into an agreement to transfer such Deferred Shares to such other person (whether or not an officer of the Company) as the Board may determine to act as the custodian thereof.

6. **Other Regulatory Matters**

(a) ***Disclosure of interests in Ordinary Shares***

A shareholder in a public company incorporated in the UK whose shares are admitted to trading on AIM is required pursuant to Rule 5 of the Disclosure and Transparency Rules to notify the Company of the percentage of his voting rights if the percentage of voting rights which he holds as a shareholder or through his direct or indirect holding of financial instruments reaches, exceeds or falls below certain thresholds. In addition, AIM Rule 17 requires notification without delay of any changes to the holding of a significant shareholder (as defined in the AIM Rules, which may include a Director) above three per cent. which increase or decrease such holding through any single percentage. Schedule 5 to the AIM Rules specifies what information must be disclosed.

Pursuant to Part 22 of the Act and the Articles, the Company is empowered by notice in writing to require any person whom the Company knows, or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, interested in the Company's shares, within a reasonable time to disclose to the Company particulars of any interests, rights, agreements or arrangements affecting any of the shares held by that person or in which such other person as aforesaid is interested.

(b) **Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares**

The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquiror and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquiror or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

6.2 **Squeeze-out**

Under the Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

6.3 **Sell-out**

The Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6.4 **Other**

6.4.1 There are no mandatory takeover bids outstanding in respect of the Company and none has been made either in the last financial year or the current financial year of the Company.

6.4.2 No public takeover bids have been made by third parties in respect of the Company's issued share capital in the current financial year nor in the last financial year.

7. Directors' and Other Interests

- 7.1 The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) in the issued share capital of the Company and the interests of connected persons of a Director within the meaning of section 346 of the Act which would, if the connected person were a Director, as construed by the AIM Rules for Companies (the existence of which is known to or could with reasonable diligence be ascertained by that Director) as at the date of this document and as expected to be immediately following Admission are as follows:

<i>Name</i>	<i>Number of Existing Ordinary Shares</i>	<i>% of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares immediately following Admission</i>	<i>% of Enlarged Share Capital</i>
James Parsons	–	–	–	–
Fiona MacAulay	142,766	0.04	142,766	0.04
Stephen Whyte	–	–	–	–
Marco Fumagalli	40,118,865*	11.01	40,118,865*	10.01

**Consisting of 40,118,865 Ordinary Shares held by Greenberry. Marco Fumagalli is indirectly interested in 25 per cent. of Greenberry plc's issued share capital. Greenberry is an affiliate of Continental Investment Partners SA by virtue of its common ownership. Marco Fumagalli is founding partner of, and a 25 per cent. shareholder in, Continental Investment Partners SA.*

- 7.2 In addition to the interests of the Directors set out in paragraph 7.1 above, the following Options have been granted to Directors over Ordinary Shares, in each instance pursuant to an option agreement, and are in force at the date of this document:

<i>Name</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise Price</i>	<i>Earliest exercise date</i>	<i>Latest exercise date</i>
James Parsons	24,000,000	1.625p	09.03.2020	09.03.2022
Marco Fumagalli	4,000,000	1.625p	09.03.2020	09.03.2022
Stephen Whyte	4,000,000	1.625p	09.03.2020	09.03.2022

As further described in paragraph 10.4 of this Part VI and as previously announced on 12 June 2017, the Company intends to grant an Option over 24,000,000 Ordinary Shares to Fiona MacAulay pursuant to the EMI Plan following announcement and publication of this document.

- 7.3 In addition to the interests of the Directors set out in paragraphs 7.1 and 7.2 above, the Directors have the following interests in Warrants over Ordinary Shares and are in force at the date of this document:

<i>Name</i>	<i>Number of Ordinary Shares under warrant</i>	<i>Vesting date</i>	<i>Exercise Price (pence)</i>	<i>Latest exercise date</i>
Marco Fumagalli	30,653,292*	22.05.2017	15.1875	22.05.2022

**Consisting of 30,653,292 warrants over Ordinary Shares held by Greenberry. Marco Fumagalli is indirectly interested in 25 per cent. of Greenberry plc's issued share capital. Greenberry is an affiliate of Continental Investment Partners SA by virtue of its common ownership. Marco Fumagalli is founding partner of, and a 25 per cent. shareholder in, Continental Investment Partners SA.*

8. Directors' Agreements and Letters of Appointment

- 8.1 James Parsons has agreed to act as Non-executive Chairman of the Company pursuant to a letter of appointment dated 3 March 2017. Mr Parsons receives an annual salary of £70,000 pursuant to his letter. The agreement may be terminated by either party giving three months' written notice.
- 8.2 Fiona MacAulay has agreed to act as Chief Executive Officer of the Company pursuant to a service agreement dated 5 July 2017. Mrs MacAulay receives an annual salary of £345,000 plus a discretionary bonus pursuant to her agreement. The agreement may be terminated by either party giving six months' written notice. Mrs MacAulay is entitled to health, life and income protection insurance pursuant to the Company's benefit schemes. Mrs MacAulay is also entitled to 25 days holiday (plus public holidays)

per annum. The agreement imposes certain restrictions on Mrs MacAulay as regards the use of confidential information and intellectual property. In addition, Mrs MacAulay will be subject to certain restrictive covenants following termination of the agreement.

- 8.3 Stephen Whyte has agreed to act as Non-executive director of the Company pursuant to a letter of appointment dated 3 March 2017. Mr. Whyte receives an annual salary of £45,000 pursuant to his letter. The agreement may be terminated by either party giving three months' written notice.
- 8.4 Marco Fumagalli has agreed to act as Non-executive director of the Company pursuant to a letter of appointment dated 28 March 2017. Mr. Fumagalli receives an annual salary of £45,000 pursuant to his letter. The agreement may be terminated by either party giving three months' written notice.
- 8.5 The aggregate remuneration paid or payable by any company in the Group (including benefits in kind) to the Directors during the year ended 31 December 2016 was £303,156. The aggregate estimated remuneration paid or payable to the Directors by any company in the Group for the current financial year under the arrangements in force is expected to amount to £887,083, which included £441,250 relating to settlement costs with former directors of the Company.
- 8.6 Save as disclosed above, there are no existing or proposed service contracts between any Director and the Company or any other company in the Group and there are no existing or proposed service contracts between any Director and the Company or any company in the Group which provide for benefits upon termination of employment.

9. Additional Information on the Directors

- 9.1 In addition to directorships of the Company, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document.

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
James Parsons	Sound Oil Limited Sound Energy Meridja Limited Sound Energy Morocco South Limited Sound Energy Morocco East Limited Sound Energy Holdings Italy Limited Sound Energy Plc Saffron Energy plc Apennine Energy Spa Sound Oil International Limited (BVI) Sound Oil (Asia) Limited (BVI) Mitra Energia Citarum (Mauritius)	Echo Energy Holdings (UK) Ltd Echo Energy Bolivia (Op Co 1) UK Ltd Echo Energy Bolivia (Op Co 2) UK Ltd Echo Energy Bolivia (Hold Co 2) UK Ltd Echo Energy Bolivia (Hold Co 1) UK Ltd
Fiona MacAulay	Eco Energy CDL OP Ltd Eco Energy TA OP Ltd Echo Energy Tapi Aike Ltd Echo Energy C D and LLC Ltd Echo Energy Argentina Holdings Ltd Echo Energy Holdings (UK) Ltd Echo Energy Bolivia (Op Co 1) UK Ltd Echo Energy Bolivia (Op Co 2) UK Ltd Echo Energy Bolivia (Hold Co 2) UK Ltd Echo Energy Bolivia (Hold Co 1) UK Ltd Independent Resources (Ksar Hadada) Ltd Independent Resources (Tunisia) Ltd Independent Resources (Sahara) Limited Saffron Energy plc	Rockhopper Exploration (Petrochemicals) Limited Rockhopper Resources Limited Rockhopper Exploration (Oil) Limited Rockhopper Exploration (Hydrocarbons) Limited Rockhopper Croatia Limited Rockhopper Mediterranean Limited Rockhopper Civita Limited Desire Petroleum Limited Falkland Oil and Gas Limited Rockhopper Exploration (Oil) Limited Rockhopper Egypt Pty Limited Rockhopper Italia SpA Malta Oil Pty. Ltd Melita Exploration Company Limited

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Stephen Whyte	Genel Energy plc KazMunayGas NC Mckechnie Oil Limited Sound Energy Plc	BG Norge A.S. Petrogal S.A. Galp Exploracao E Producao (Timor-Leste), S.A. Gdp – Gas De Portugal Sgps, S.A. Galp Gas Natural Distribuicao, Dgps, S.A. Galp Power, Sgps, S.A. Galp Energia, S.A. Galp Energia Espana, S.A.U. Petrogal Brasil, S.A. Galp Energia E&P, B.V. Galp Sinopec Brazil Services, B.V. Petrogal Brasil, B.V. Galp E&P Brasil B.V. Galp Energia Portugal Holdings B.V. Galp Exploracao E Producao Petrolifera, Sgps, S.A. Galp Exploracao Servicos Do Brasil, Lda. Galp Energia Overseas, B.V. Galp Energia Rovuma, B.V. Windhoek Pel 23, B.V. Windhoek Pel 24, B.V. Windhoek Pel 28, B.V. Galp Energia Tarfaya, B.V. Galp East Africa B.V. 3g Holdings Ltd 3g Company, S.A. Galp Energia Brasil, S.A Peturos Oil & Gas Limited
Marco Fumagalli	Sound Energy plc Protea Capital SA Ministerium Capital SA CIP Management SA Sherwood Holdings Limited Corin Group plc Corin Orthopaedics Holdings Limited ECommerce Outsourcing Srl (Italy) Programma 101 Holding SICAF SPA P101 SGR Saffron Energy plc Ivy Merchant Capital Limited CIP Merchant Capital Limited Merchant Capital Manager Limited Merchant Capital GP Limited	Continental Investment Partners SA Terashop Srl Deribas Capital SA Metano Capital SA Greenberry SA No Paper Jam Srl Corin Italia Srl Programma 101 Spa P101 Srl

9.2 None of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) had any bankruptcy order made against him or entered into any voluntary arrangements;
- (c) been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- (d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

- (e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

9.3 Save as disclosed in this document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Group and remains in any respect outstanding or unperformed.

9.4 No loans made or guarantees granted or provided by the Group to or for the benefit of any Director are outstanding.

9.5 There is no Director nor member of a Director's family (as defined in the AIM Rules for Companies) who has a related financial product (as defined in the AIM Rules for Companies) referenced to the Ordinary Shares.

10. Share Option Plans

The Company has adopted the CSOP and the EMI Plan.

10.1 CSOP

Part A of the CSOP satisfies the requirements for tax relief under Schedule 4 of ITEPA.

The rules of Part B of the CSOP conform substantially to those of Part A, except to the extent that they do not need to satisfy the requirements for tax relief under Schedule 4 of ITEPA. In addition, there is no £30,000 limit under Part B.

The following is a summary of the rules of Part A of the CSOP:

10.1.1 Eligibility

All employees and full-time directors of the Group are eligible to participate at the discretion of the remuneration committee.

10.1.2 Grant of options

Options may be granted at any time, unless the Company is otherwise prohibited from granting Options by any law or regulation, or the Company's own dealing code. Options may not be granted more than ten years after the date of adoption of the CSOP.

No consideration is payable for the grant of an Option. Options granted under the CSOP are personal to the option holder and, except on death, may not be transferred or assigned.

When granting Options, the Board may specify objective performance targets to be satisfied before those Options can be exercised.

10.1.3 Individual limit

No Option may be granted to a participant which would result in the aggregate exercise price of Ordinary Shares under Option (which remain unexercised, and have not lapsed or been cancelled or surrendered) granted to him under the CSOP and any other equivalent Schedule 4 plan of the Company or any associated company exceeding £30,000.

10.1.4 Company limit

The maximum number of Ordinary Shares in respect of which Options may be granted under the CSOP and any other share incentive plan adopted by the Company shall not exceed

ten per cent. of the Company's issued share capital in any ten year period. Options or other rights to acquire Ordinary Shares which lapse or have been released do not count towards this limit.

10.1.5 *Exercise price*

The price at which option holders may acquire Ordinary Shares shall not be less than the greater of the nominal value of an Ordinary Shares and its market value on the date of grant. Market value will normally be taken as the closing price for an Ordinary Share on the business day ending immediately prior to the date of grant.

10.1.6 *Exercise, lapse and exchange of Options*

Options may normally be exercised in whole or in part during the period between the third and fifth anniversaries of their grant provided any performance targets specified at the date of grant have been achieved. Options may be satisfied by the issue of Ordinary Shares or the transfer of existing Ordinary Shares.

Options will normally lapse on cessation of employment. However, exercise is permitted for a limited period following cessation of employment for specified reasons such as redundancy, ill-health or retirement, or in other circumstances, at the discretion of the remuneration committee.

In the event of a takeover or winding up of the Company, Options may be exercised within certain time limits. There are also provisions for the exchange of Options in specified circumstances.

10.1.7 *Adjustments*

The number of Ordinary Shares under Option and/or the exercise price may be adjusted if any capitalisation issue, rights issue or any sub-division, reduction or consolidation of the Company's share capital occurs, provided the legislative requirements are met.

10.1.8 *Rights attaching to shares*

All Ordinary Shares allotted under the CSOP will rank equally with all other Ordinary Shares for the time being in issue, except as regards any rights arising by reference to a record date prior to the date of allotment. Application will be made for permission for any such Ordinary Shares to be admitted to trading on AIM.

10.1.9 *Amendments*

The Directors may at any time amend the CSOP provided that no amendment may be made to a key feature of the CSOP which would result in it no longer satisfying the requirements of Schedule 4 of ITEPA.

10.1.10 *Income tax and national insurance*

The option holder indemnifies the Company for any income tax liability and primary Class 1 (employee) national insurance liability which arises on the exercise by him of an Option. The Directors have the ability to require option holders to pay any secondary Class 1 (employer) national insurance contributions which may arise for the Company on gains made on exercise of Options.

10.2 **EMI Plan**

Part A of the EMI Plan satisfies the requirements for tax relief under Schedule 5 of ITEPA.

The rules of Part B of the EMI Plan conform substantially to those of Part A, except to the extent that they do not need to satisfy the requirements for tax relief under Schedule 5 of ITEPA. In addition, there is no £250,000 limit under Part B.

The rules of the EMI Plan conform substantially to those of the CSOP.

10.3 The following options have been granted over Ordinary Shares (after adjusting for the Consolidation) and are in force at the date of this document:

<i>Granted pursuant to:</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise Price (pence)</i>	<i>Vesting date</i>	<i>Latest exercise date</i>
Historical share Option plan	8,000	25.000	04.03.2013	01.03.2018
Historical share Option plan	105,143	75.000	10.10.2015	01.03.2018
Historical share Option plan	10,000	75.000	27.02.2015	27.02.2025
Option agreements and CSOP	41,000,000	1.625	09.03.2020	09.03.2022
CSOP	150,000	16.120	12.06.2020	12.06.2022
CSOP	3,850,000	10.250	15.05.2020	05.07.2022

10.4 The Company intends to issue the following Options over Ordinary Shares following announcement and publication of this document:

<i>Granted pursuant to:</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise Price (pence)</i>	<i>Vesting date</i>	<i>Latest exercise date</i>
EMI Plan	24,000,000*	16.120	05.07.2020	05.07.2022
EMI Plan	6,000,000	13.750	05.07.2020	05.07.2022

*As announced by the Company on 12 June 2017, the Company intends to grant this Option over 24,000,000 Ordinary Shares to Fiona MacAulay following announcement and publication of this document.

11. Warrants

The following warrants have been granted over Ordinary Shares (after adjusting for the consolidation) and are in force at the date of this document:

<i>Number of Ordinary Shares under warrant (in aggregate)</i>	<i>Exercise Price (pence)</i>	<i>Latest exercise date</i>
160,000	30.0000	28.05.2018
240,000	18.0000	18.11.2018
499,999	3.0000	09.12.2018
64,538,461	3.0000	09.03.2022
218,785,185*	15.1875	22.05.2022
2,000,000	16.1200	13.09.2022

*of which 30,653,292 are held by Greenberry. Marco Fumagalli is indirectly interested in 25 per cent. of Greenberry plc's issued share capital. Greenberry is an affiliate of Continental Investment Partners SA by virtue of its common ownership. Marco Fumagalli is founding partner of, and a 25 per cent. shareholder in, Continental Investment Partners SA.

12. Employees

12.1 As at 31 December 2016, the Group had 4 employees and as at the date of this document, the Group has 10 employees, 9 of whom were located in the UK and one in Bolivia.

13. Material Contracts

Transaction Agreements

13.1 CDL Farmout Agreement

On 31 October 2017, the Company and CGC entered into the CDL Farmout Agreement, whereby the Company conditionally agreed to acquire from CGC the CDL Participation Interest for a total consideration of (i) US\$10 million (the "Cash Price"); and (ii) 100 per cent. of all costs relating to the activities or works agreed for the Initial Term and the Second Term up to a maximum of US\$70,000,000. At the end of the Initial Term, the Company has the option to enter into the Second Term and carry out

the work agreed. If the Company gives notification that it does not wish to proceed with the Second Term, the Company shall withdraw from the CDL Farmout Agreement, the associated joint operating agreements and the Concessions. If the parties agree an alternative work programme for any or all of the Concessions, the Company is not required to withdraw from such Concession in accordance with the terms agreed.

The Cash Price is due in three instalments as follows:

- (a) US\$2,500,000 on the date of the CDL Farmout Agreement;
- (b) US\$2,500,000 payable at the end of the Initial Term (which may in certain circumstances be contributed as part of CGC's share towards the Additional Investment); and
- (c) US\$5,000,000 payable within 12 months of the end of the Second Term (which may in certain circumstances be contributed as part of CGC's share towards the Additional Investment) and if the Company does not proceed to the Second Term, this will not be payable.

The CDL Farmout Agreement is conditional upon, amongst other things, the transaction being approved by each of CGC and the Company's shareholders and its board of directors and CGC's declarations and guarantees continuing to be true and correct, in all substantial respects. The conditions to the CDL Farmout Agreement must be satisfied on or before 2 February 2018. If the conditions in the CDL Farmout Agreement relating to (i) the Company's shareholders and its board of directors approving the transaction; and (ii) the Company receiving approvals and consents of third parties are not satisfied then the Company shall in certain circumstances pay to CGC a termination amount of US\$2.5 million.

Pending satisfaction of the conditions, CGC has agreed to notify the Company of any fact or event which will have a significant adverse effect in the business, operations or financial situation and to perform activities in relation to the Concession in the framework of its ordinary business activities.

On the closing date, the parties will enter into a joint operating agreement in the form attached to the CDL Farmout Agreement to govern the conduct of operations in relation to the Concessions.

Following the satisfaction of the conditions or the registration of the Company with the Registers of Oil Companies, the Company and CGC will sign the assignment authorisation to assign the CDL Participation Interest which shall be submitted for approval to the awarding authority. If the awarding authority refuses the assignment authorisation, CGC shall grant the Company an economic interest in the Concessions until such time that the Company can obtain full legal title to the Concessions.

CGC has given warranties to the Company regarding its title to Concessions and assets and the validity of the Concessions. In addition, the Company has given certain warranties to CGC in relation to itself.

13.2 TA Farmout Agreement

On 31 October 2017, the Company and CGC entered into the TA Farmout Agreement, whereby the Company conditionally agreed to acquire from CGC the TA Participation Interest for a total consideration of (i) the Company paying 65 per cent. of all the costs and investments corresponding to the exploration programme and work and activities as detailed in the TA Farmout Agreement; and (ii) reimbursing CGC 50 per cent. of certain licence expenses incurred by CGC.

The TA Farmout Agreement is conditional upon, amongst other things, the transaction being approved by each of CGC and the Company's shareholders and its board of directors and CGC's declarations and guarantees continuing to be true and correct, in all substantial respects. The conditions to the TA Farmout Agreement must be satisfied on or before 2 February 2018.

Pending satisfaction of the conditions, CGC has agreed to notify the Company of any fact or event which will have a significant adverse effect in the business, operations or financial situation and to perform activities in relation to the Exploration Permit in the framework of its ordinary business activities.

On the closing date, the parties will enter into a joint operating agreement in the form attached to the TA Farmout Agreement to govern the conduct of operations in relation to the Exploration Permit.

Following the satisfaction of the conditions or the registration of the Company with the Registers of Oil Companies, the Company and CGC will sign the assignment authorisation to assign the TA Participation Interest which shall be submitted for approval to the awarding authority. If the awarding authority refuses the assignment authorisation, CGC shall grant the Company an economic interest in the Exploration Permit until such time that the Company can obtain full legal title to the Exploration Permit.

The Company has agreed that if the Province of Santa Cruz requires the Company to replace and/or substitute the performance bond given by CGC in proportion to the TA Participation Interest or the Uniones Transitorias to issue a new performance bond that replaces and/or substitutes the performance bond provided by CGC, CGC will back the Company vis-à-vis the insurance company that issues such performance bond and the Company will indemnify and keep CGC harmless for 50 per cent. of the obligations, liabilities, claims and costs assumed by CGC relating to the performance bond.

CGC has given warranties to the Company regarding its title to the Exploration Permit and assets and the validity of the Exploration Permit. In addition, the Company has given certain warranties to CGC in relation to itself.

13.3 *Placing Agreement and Subscription Agreements*

On 15 December 2017, the Company, Smith & Williamson, Hannam and Shore Capital entered into the Placing Agreement pursuant to which, conditional upon, *inter alia*, Completion occurring and Admission taking place on or before 4 January 2018 (or such later date as the Company, Smith & Williamson, Hannam and Shore Capital may agree, being not later than 18 January 2018), Hannam and Shore Capital have agreed to use their reasonable endeavours to procure Placees for 25,662,846 of the Placing Shares at the Placing Price. The Placing Agreement contains indemnities and warranties from the Company in favour Smith & Williamson, Hannam and Shore Capital together with provisions which enable Smith & Williamson, Hannam and Shore Capital to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any of the warranties are found to be untrue or inaccurate in any material respect. The Company has agreed to pay Hannam and Shore Capital an aggregate commission of 5 per cent. of the aggregate value, at the Placing Price of the Placing Shares placed with investors procured by each of them.

On or around 12 December 2017, the Company entered into subscription agreements with certain investors pursuant to which, conditional upon the Resolutions having been passed at the General Meeting and Admission taking place on or before 4 January 2018 (or such later date as the parties may agree, being 18 January 2018), the investors have agreed to subscribe for 10,728,566 Placing Shares at the Placing Price.

Material Agreements

13.4 *Nostra Terra Share Purchase Agreement*

On 14 June 2017 the Company (as seller) and Nostra Terra Oil and Gas Company plc (“Nostra Terra”) entered into a share purchase agreement relating to the sale and purchase of the entire issued share capital of Independent Resources (Egypt) Limited (“IRE”). The consideration payable by Nostra Terra consists of the following:

- (a) US\$100,000 payable within 10 business days of receiving written approval from the Egyptian General Petroleum Corporation for the registration of any member of Nostra Terra’s group as a party to the concession agreement, dated 5 June 2007, between Vegas Oil & Gas S.A. and the Egyptian General Petroleum Corporation as approved and enacted into legislation in the form of Law No.9 of 2007 for petroleum exploration and exploitation of the East Ghazalet Area (as defined under the agreement);
- (b) US\$200,000 payable within 10 business days of the date of production of at least 800 bopd from the East Ghazalet Area for 30 consecutive days; and
- (c) US\$200,000 payable within 10 business days of the date of production of at least 1,000 bopd from the East Ghazalet Area for 30 consecutive days.

Nostra Terra may, in its sole discretion, satisfy the payments set out in paragraphs 13.1(b) and 13.1(c) in part or in full by the issue and allotment of such number of ordinary shares of Nostra Terra.

The Company has indemnified Nostra Terra for all losses and liabilities which may be suffered or incurred in connection with any liability incurred by IRE before 13 October 2015.

13.5 *Greenberry Subscription Agreement*

On 3 March 2017, Greenberry, Continental Investment Parties SA (“CIP”) and the Company entered into a subscription agreement whereby Greenberry subscribed for 1,002,971,638 ordinary shares of 0.01p at a price of 0.065p per share on a pre-consolidated basis to raise gross proceeds of approximately £650,000 before expenses. The agreement contained customary warranties from the Company in favour of Greenberry. Pursuant to the agreement, the Company agreed to pay an arrangement fee to CIP equal to 10 per cent. of the funds.

13.6 *Greenberry Loan Agreement*

On 3 March 2017, the Company and Greenberry entered into a loan agreement in relation to the provision by Greenberry of a £1 million three year secured loan to the Company (“Loan”). The Loan has a 12 per cent. annual coupon which is payable quarterly in arrears on any drawn amounts. A £50,000 commitment fee which was also payable to CIP. The Loan is repayable in full on the maturity date (9 March 2020) and may be repaid or prepaid by the Company at any time prior to this maturity date without penalty. The Loan is secured by way of an account charge granted by the Company over its bank account with Barclays Bank plc in favour of Greenberry.

The Loan was assigned from Greenberry to Spartan Class O, a sub-fund of Spartan Fund Limited SAC pursuant to a transfer deed entered into on or around 25 May 2017.

13.7 *March 2017 Lock-in Agreements*

On 3 March 2017, Greenberry and Brandon Hill Capital Limited (“Brandon Hill”) (Greenberry and Brandon Hill together the “Locked-in Parties”) each executed a deed of undertaking pursuant to which the Locked-in Parties agreed not to dispose of any interest in Ordinary Shares for the period of 6 months following admission to trading on AIM of the subscription shares issued pursuant to the subscription agreement referred to in paragraph 13.5 of this Part VI, except pursuant to acceptance of a general, partial or tender offer made to acquire the whole or part of the issued share capital of the Company, an intervening court order or any shares acquired by a Locked-in Party following the date of their respective deed of undertaking.

13.8 *Greenberry Loan Notes Agreement*

On 14 May 2017, Greenberry and the Company entered into subscription agreement whereby Greenberry subscribed for a total of up to €20,000,000 principal secured loan notes (the “Loan Notes”). Initially Greenberry subscribed for Loan Notes with an aggregate principal amount of €15,000,000 but then subsequently subscribed for further Loan Notes in an aggregate principal amount of €5,000,000. The Loan Notes were constituted pursuant to a trust deed between the Company and Capita Trust Company Limited dated 15 May 2017 and are admitted to the Official List of the Luxembourg Stock Exchange and trading on the Luxembourg Stock Exchange Euro MTF Market. The Loan Notes will be due for repayment on 15 May 2022 and bear an annual interest rate of 8 per cent. which is payable quarterly in arrears. The Company has the right to redeem the Loan Notes at any time provided that it has adhered to certain terms of redemption. The Loan Notes are secured pursuant to a charge over the entire issued share capital of Echo Energy Holdings (UK) Limited, a wholly-owned subsidiary of the Company.

13.9 *Pegasus Subscription Agreement*

On 19 May 2017, Pegasus and the Company entered into a subscription agreement whereby Pegasus subscribed for 98,765,429 Ordinary Shares at a price of 10.125p per share to raise gross proceeds of approximately £10,000,000 before expenses. The subscription agreement contained customary warranties from the Company in favour of Pegasus. Pursuant to the agreement, an arrangement fee equal to 10 per cent. of the subscription amount was payable to Pegasus or such other person as nominated by Pegasus.

13.10 *The Concessions and the Exploration Permit*

The Fracción C and Fracción D Concessions were initially granted on 13 November 1992 with an expiry date of 13 November 2017. The Laguna De Los Capones Concession was granted on 18 April 1991 with an expiry date of 18 April 2016. On 27 June 2016, CGC entered into an extension agreement which was ratified by the Provincial Decree # 1274/2016. of the Province of Santa Cruz gazetted on 13 September 2016 and Provincial Law # 3500 of the Province of Santa Cruz gazetted on 22 November 2016 (the “Extension Agreement”). The Extension Agreement extended the expiry date of each of the concessions for a period of 10 years from the expiry date of each Concession. The Concessions give the holder the exclusive right to produce hydrocarbons from the area specified and also the right to build pipelines and infrastructure to treat, transport and market hydrocarbon production. The work programme obligations consist of a development work programme of US\$14,482,000 from 2016 until 2020 in CGC’s seven concessions (including the Concessions). There is also an obligation to carry out exploration work in the complementary exploration acreage and incur and pay operating expenditure of an average amount of US\$13,181,820 per year. If, by 30 June 2020, each of the Fracción C and Fracción D Concessions do not have an audited reserves to production ratio of four years, taking into account the cumulative production during the 12 months immediately preceding such date, the relevant Concession is required to be relinquished. The exploration acreage specified in the Concessions is to be relinquished if exploration work at a rate of 1 work unit (US\$5,000) per year per km² is not maintained throughout the term of the Concessions.

The Exploration Permit was granted on 7 September 2017 for a period of three years. It provides the exclusive right to perform all operations relating to the search of hydrocarbons from the area specified by the Exploration Permit. It also entitles the holder to obtain an exclusive 25 year concession for the exploitation of any discovery of hydrocarbons in the area specified by the Exploration Permit. The work programme consists of an exploration work programme of 15280 work units (approximately US\$5,000 per work unit and US\$76,400,000 in total based on the Argentinian government’s current tariffs in respect of hydrocarbon exploration work) during the term. A signature bonus of AR\$12,000,000 was payable. Relinquishment of the Exploration Permit is required at the end of the first exploration period or at the end of the second option exploration period.

13.11 *Lock-in Agreements*

On 15 December 2017, the Company, Greenberry, Smith & Williamson, Shore Capital and Hannam entered into a lock-in deed and each of the Directors entered into the Placing Agreement pursuant to which the Directors and Greenberry have agreed not to dispose of any interest in Ordinary Shares for the period of 12 months following Admission, except pursuant to acceptance of a general, partial or tender offer made to acquire the whole or part of the issued share capital of the Company, an intervening court order or in the event of the death of the Director. The Directors have also agreed for a further period of 12 months to only dispose of an interest in Ordinary Shares following consultation with Smith & Williamson, Shore Capital and Hannam and provided such disposal is effected through the Company’s broker and in such manner as the broker may reasonably require with a view to maintenance of an orderly market in the Ordinary Shares.

13.12 *Smith & Williamson Engagement Letter*

Pursuant to a letter of engagement dated 31 October 2017, the Company appointed Smith & Williamson to act as its nominated adviser in connection with the Proposals. The Company agreed to pay to Smith & Williamson a corporate finance fee payable on Admission. The Company agreed to reimburse Smith & Williamson for any expenses and disbursements as Smith & Williamson, in its discretion, incurs in connection with its appointment under the letter of engagement. The letter of engagement is governed by English law, and the parties irrevocably submit to the jurisdiction of the courts of England and Wales.

13.13 *Majorlink Introduction Agreement*

On 7 December 2017, the Company and Majorlink Executive Services DAC (“Majorlink”) entered into an introducer agreement pursuant to which Majorlink agreed, on a non-exclusive basis, to procure investors on behalf of the Company. As consideration, the Company agreed to pay a commission equal to 10 per cent. on any investments procured by Majorlink. Commission of £475,250 is expected to be paid to Majorlink by the Company in connection with the Placing.

14. Significant Shareholders

14.1 The Company is aware of the following persons who will, immediately following Admission, hold, directly or indirectly, voting rights representing three per cent. or more of the Enlarged Share Capital of the Company to which voting rights are attached:

Name	Number of Ordinary Shares held as at date of this document	% of Existing Ordinary Shares	Number of Ordinary Shares held on Admission	% of Enlarged Share Capital
Greenberry	40,118,865	11.01	40,118,910	10.01
Pegasus	26,745,910	7.34	26,745,910	6.67

14.2 The Ordinary Shares held by the Shareholders set out in paragraph 14.1 above rank *pari passu* with all other Existing Ordinary Shares and, in particular, have no different voting rights than other existing Shareholders. Following the Placing, neither the Directors nor any significant Shareholders will have different voting rights to other Shareholders.

14.3 So far as the Directors are aware, save as disclosed in paragraph 14.1 above, there are no persons who, immediately following the Placing, will, directly or indirectly, be interested in three per cent. or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

15. Litigation

Save as disclosed in this paragraph 15 below, there are no governmental, legal or arbitration proceedings active, pending or threatened against, or being brought by, any member of the Group which are having, or may have or have had during the 12 months preceding the date of this document a significant effect on the Groups' financial position or profitability.

CGC is a defendant in a collective environmental damage claim brought by Assupa (a non governmental organisation, which the Company understands represents landowners' interests) against all of the oil and gas operators in the Austral Basin (the "Assupa Claim"). The claim relates to the environmental impact of oil and gas activities in the Province of Santa Cruz, the restoration of the environment to its original stage before hydrocarbon works commenced and any future environmental impact in the Austral Basin. The Company is not a party to the proceedings and understands that the class of defendants has been fixed so the claim cannot be extended to include the Company.

Pursuant to the Acquisition Agreements, CGC has agreed to defend the claim and to keep the Company informed of the progress of the case. CGC has agreed that in no circumstances, would it join the Company as a third party in relation to the Assupa Claim. However, from March 2025, the Company has agreed to indemnify CGC and hold it harmless of its 50 per cent. share of any environmental obligations, claims and loss relating to the Assupa Claim that relate to the Licences.

16. Working capital

The Directors are of the opinion, having made due and careful enquiry, after taking into account the net proceeds of the Placing, that following Admission the Group will have sufficient working capital for its present requirements, that is for at least the 12 month period following Admission.

17. Related Party Transactions

17.1 Save as set out in the historical financial information incorporated by reference into Part V of this document, there are no related party transactions that the Group has entered into during the period covered by the historical financial information incorporated by reference into Part V up to the date of this document.

18. Taxation

18.1 The following information is based on UK tax law and HMRC practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

18.2 *Tax treatment of UK investors*

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- (i) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- (ii) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- (iii) who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

18.3 *Dividends*

Where the Company pays dividends, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received before 6 April 2018 by UK tax resident individuals will have a £5,000 annum dividend tax allowance and, subject to Royal Assent of the Finance Act 2017, a £2,000 dividend allowance after 6 April 2018. Dividend receipts in excess of £5,000 or £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. higher rate taxpayers and 38.1 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax or withholding tax imposed.

18.4 *Disposals of Ordinary Shares*

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent. and for upper rate and additional rate taxpayers, the rate is 20 per cent.

For Shareholders within the charge to UK corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to a Shareholder's UK taxable profits is currently 19 per cent., falling to 17 per cent. after 1 April 2020.

18.5 Further information for Shareholders subject to UK income tax and capital gains tax – Transactions in securities

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities".

18.6 Stamp Duty and Stamp Duty Reserve Tax

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- (a) the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- (b) AIM continues to be accepted as a "recognised growth market" as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances.

Any transfer of sale shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or SDLT.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

19. General

19.1 Save for the Placing and the Acquisition and as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 June 2017, the date to which unaudited interim financial information has been prepared.

19.2 The financial information set out in this document relating to the Group does not constitute statutory accounts. Crowe Clark Whitehill LLP, chartered accountants of St. Bride's House, 10 Salisbury Square, London, EC4Y 8EH, have been the auditors of the Group for the six financial years ended 31 December 2016 and have given qualified audit reports on the accounts of the Group for the financial year ended 31 December 2016 and qualified audit reports, inclusive of an emphasis of matter, for the financial years ended 31 December 2015 and 31 December 2014.

19.3 Each of GCA, as Competent Person, and Crowe Clark Whitehill LLP, a member of the Institute of Chartered Accountants in England & Wales, has given and not withdrawn its written consent to the inclusion in this document of its reports set out in Parts IV and V, respectively, of this document and to the references to their reports, opinions and names in the form and context in which they appear.

- 19.4 Smith & Williamson is registered in England and Wales under number 04533970 and its registered office is at 25 Moorgate, London, EC2R 6AY. Smith & Williamson is regulated by the Financial Conduct Authority and is acting in the capacity of nominated adviser to the Company.
- 19.5 Smith & Williamson has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 19.6 Hannam is registered in England and Wales under number OC386968 and its registered office is at 2 Park Street, London, W1K 2HX. Hannam is regulated by the Financial Conduct Authority and is acting in the capacity of joint bookrunner and co-ordinating broker to the Company.
- 19.7 Hannam has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 19.8 Shore Capital is registered in England and Wales under number 01850105 and its registered office is at 14 Clifford Street, London W1S 4JU. Shore Capital is regulated by the Financial Conduct Authority and is acting in the capacity of joint bookrunner and joint broker to the Company.
- 19.9 Shore Capital has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 19.10 GCA is registered in England and Wales under number 01122740 and its registered office is Bentley Hall, Blacknest, Alton, Hampshire GU34 4PU. GCA is acting in the capacity of Competent Person to the Company. GCA has no material interests in the Company.
- 19.11 Save as otherwise disclosed in this document, there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.
- 19.12 Save as disclosed in this Part VI of this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- 19.12.1 received, directly or indirectly, from the Company within the 12 months preceding the date of application for Admission; or
- 19.12.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission;
- any of the following:
- (a) fees totalling £10,000 or more;
- (b) securities in the Company with a value of £10,000 or more calculated by reference to the expected price of an Ordinary Share at Admission; or
- (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 19.13 The Company has not made any payments aggregating over £10,000 to any government or regulatory authority or similar body with regard to the Acquisition or maintenance of Licences.
- 19.14 The total costs and expenses relating to the Placing and Admission payable by the Company are estimated to be approximately £1.7 million (excluding VAT).
- 19.15 The accounting reference date of the Company is 31 December.
- 19.16 Save as set out in this document the Group, there are no principal investments in progress or principal future investments on which the Board has made a firm commitment.
- 19.17 Save as disclosed in this document, the Directors are unaware of:
- (a) any significant trends in production, sales and inventory and costs and selling prices from 30 June 2017 (being the date to which the financial information incorporated by reference in Part V of this document was prepared) to the date of this document;

- (b) any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year; or
- (c) any exceptional factors which have influenced the Company's activities.

19.18 There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

19.19 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.20 No environmental issues have arisen in the past 12 months which would have had a significant effect on the Company's financial position or profitability. Save as disclosed in this document, the Company is not aware of any material environmental issues or risks affecting the utilisation of the Group's tangible fixed assets or its operations.

19.21 There are no mandatory takeover bids outstanding in respect of the Company and no public takeover bids have been made by third parties either in the last financial year or the current financial year of the Company.

20. Availability of Document

Copies of this document will be available for inspection normal business hours on any day (except Saturdays, Sundays and UK public holidays) at the registered office of the Company and on the Company's website at www.echoenergyplc.com from the date of this document until the date which is one month after Admission.

15 December 2017

PART VII

NOTICE OF GENERAL MEETING

ECHO ENERGY PLC (Company)

(Incorporated and registered in England & Wales under the Companies Act 2006 with registered number 5483127)

NOTICE is hereby given that a General Meeting of Echo Energy plc (the "**Company**") will be held at 2.00 p.m. on 3 January 2018 at the offices of Link Asset Services, 65 Gresham Street, London EC2V 7NQ for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 and 2 shall be proposed as ordinary resolutions and resolution 3 shall be proposed as a special resolution:

1. THAT, the Acquisition (as defined in the Admission Document) be and is hereby approved and the Directors (or any duly authorised committee thereof) be and are hereby authorised:
 - (a) to proceed with the farm-in substantially on the terms and subject to the conditions set out in the farm-in agreements dated 31 October 2017 between the Company and CGC (the "**Farm-in Agreements**"), copies of which will be produced to the meeting and initialled by the Chairman for the purposes of identification, and all other agreements and ancillary documents contemplated by the Farm-in Agreements;
 - (b) to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as the Directors consider necessary, desirable or expedient to implement, or otherwise in connection with, the farm-in; and
 - (c) to agree such modifications, variations, revisions, waivers, extensions, additions or amendments to any of the terms and conditions of the Acquisition and/or to any documents relating to it, as the Directors (or any duly authorised committee thereof) may in their absolute discretion think fit, provided such modifications, variations, revisions, waivers, extensions, additions or amendments are not of a material nature.
2. THAT, the Directors be and they are hereby authorised generally and unconditionally pursuant to and for the purposes of Section 551 of the Act to allot shares in the Company or grant Rights up to an aggregate nominal amount of £330,768.19 provided that this shall be limited to the allotment of equity securities up to an aggregate nominal amount of thirty three per cent. of the Enlarged Share Capital (as defined in the Admission Document) and this authority shall be in substitution for all existing authorities under Section 551 of the Act and shall expire at the conclusion of the next Annual General Meeting of the Company and save that the Company may make an offer or agreement before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights pursuant thereto as if the authority conferred hereby had not expired.
3. THAT, the Directors be and they are hereby generally empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by Resolution 2 above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - (a) allotments made in connection with offers of equity securities to the holders of ordinary shares in proportion (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of any overseas territory or the requirements of any recognised regulatory body or any stock exchange in any territory; and
 - (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of further equity securities up to an aggregate nominal amount of £330,768.19 provided that this shall be limited to the allotment of equity securities up to an aggregate nominal amount of thirty three per cent. of the Enlarged Share Capital (as defined in the Admission Document),

and that this authority shall be in substitution for all existing authorities under Section 570 of the Act and shall expire at the conclusion of the next Annual General Meeting of the Company and save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant thereto as if the power conferred hereby had not expired.

By order of the Board

Amanda Bateman
Secretary

Registered Office:

40 George Street
London W1U 7DW

Dated : 15 December 2017

Notes:

1. Any member entitled to attend, vote and speak at the meeting convened by the above notice is entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him. A proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member, but a member may not appoint more than one proxy to exercise rights attached to any one share.
2. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you) in the boxes indicated on the form of proxy. Please also indicate if the proxy instruction is one of multiple instructions being given. To appoint more than one proxy please see the instructions on the enclosed form of proxy. All forms must be signed and should be returned together in the same envelope.
3. To be valid, the enclosed form of proxy for the meeting convened by the above notice and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the Company's registrars' office (Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU) not less than 48 hours (excluding any part of a day that is not a working day) before the time for holding the meeting. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the General Meeting is close of business 2 days (excluding any part of a day that is not a working day) prior to the time for holding the meeting, or if the meeting is adjourned close of business 2 days (excluding any part of a day that is not a working day) prior to the time for holding the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the issuer's agent (Link Asset Services, ID RA10) not less than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
10. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.

