

9 September 2020

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

Operational Update

Echo Energy, the Latin American focused upstream oil and gas company, is pleased to provide an update on operations at its Santa Cruz Sur blocks onshore Argentina.

Infrastructure Investment

The Santa Cruz Sur Joint Venture has recently purchased four gas compressors, which were previously leased on a monthly basis. Two of these compressors are located on the Cerro Norte field, one on Oceano and one on Campo Bremen.

The compressors are used to increase the pressure of the gas for pipeline transportation from the fields. The purchase of these compressors at a gross cost of US\$2.2 million will be paid off over thirty-six monthly instalments, with a three-month grace period before the first payment is required.

This arrangement is expected to reduce gross monthly operating expenditure by around US\$100,000 when compared to the previous lease arrangement, as well as providing security for future gas production.

By securing ownership of this important infrastructure the Santa Cruz Joint Venture is better able to facilitate anticipated future increases in production levels resulting from planned production enhancement activities.

Production Increases

As a result of improved market conditions, the Company has been undertaking upfront work focused on increasing liquids production at Santa Cruz Sur, in a phased approach, by bringing wells back into production that had previously been shut in earlier this year as a response to the oil price at that time.

The initial phase of these operations have focused on oil wells that have historically shown a lower volume of produced water and five oil wells have now been successfully brought back on stream. This has increased average gross liquids daily production by 108 barrels of oil per day across the Santa Cruz Sur assets. Projected forward into Q4 2020, this additional oil production from the initial phase of reinstated wells is expected to generate gross additional monthly operating revenue from liquids (oil and condensate) of approximately US\$120,000, assuming a Brent oil price of US\$45/bbl..

The wells which have now successfully been brought back online are producing at an average rate approximately 13% higher than the pre shut-in levels potentially due to pressure build up in the reservoir during the period of shut-in. The Company continues to closely monitor this development with a view to understanding whether similar initial production increases can be achieved across the remaining inventory of wells which had previously been shut in. Net 2020 Santa Cruz Sur production (net to the Company) over the period 1 January to 7 September was an aggregate of 511,416 barrels of oil equivalent with an average production rate of 2,040 barrels of oil equivalent per day.

Martin Hull, CEO of Echo Energy, commented:

"We are now moving into a period where we are both looking to invest in infrastructure in anticipation of future growth, to add value for shareholders wherever we can, such as through our purchase of the compressors at Santa Cruz Sur, and also increase output from certain wells to maximise returns from our assets. This combination of investment and active management of the portfolio demonstrates that we are now entering an important period of growth for Echo, as we look to the future and deploy both time and resource above and beneath the surface to build our business."

Enquiries:

Echo Energy

via Vigo Communications

Martin Hull, Chief Executive Officer

Vigo Communications (PR Advisor)

+44 (0) 20 7390 0230

Patrick d'Ancona
Chris McMahon

Cenkos Securities (Nominated Adviser)

+44 (0) 20 7397 8900

Ben Jeynes
Katy Birkin

Shore Capital (Corporate Broker)

+44 (0) 20 7408 4090

Jerry Keen

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