



*Echo Energy Canada Inc.*

## News Release

# Update on Echo Energy litigation and corporate restructuring

PRESS RELEASE – FOR IMMEDIATE RELEASE

Echo Energy Canada Inc.  
Listing: TSX Venture Exchange (“EEL.V”)  
Issued Common Shares: 60,208,086

TORONTO, ONTARIO – MARCH 22, 2010: Charles Edey, President of Echo Energy Canada Inc. (“Echo Energy” or the “Company”), announced that a claim has been issued against the Company by the former Chairman. He also provided an update today on the steps the Company is taking to address low gas prices and financial pressures by restructuring certain aspects of its business and operations.

### **Former Chairman issues claim regarding share purchase**

The Company has been sued by the former Chairman, who is a significant shareholder, for \$2.4 million based on alleged misrepresentations upon which he claims to have relied in purchasing his shares. Echo Energy is evaluating these claims and entering into discussions regarding the possibility of settling these claims in exchange for shares.

### **Divestiture of Investment in Wind Farms**

Echo Energy sold its 37.78% interest in the equity of Echo Power Generation Inc. (“EPG”) to a related party, Exclusive Asset Management Inc., for a cash payment of \$100,000. Echo Energy’s investment in EPG was written off in 2006 because of continued losses and requirements for additional funding. Mr. Edey said, “It could be another year before the wind projects come to fruition and they are unlikely to yield more than \$100,000 to Echo Energy. In any event, we don’t have the resources to continue funding the EPG project.”

### **Discussions with Neighbouring Resources Company Regarding Gas Assets**

Echo Energy has entered into discussions with a neighbouring resources company regarding possible sale of Echo Energy’s gas and pipeline assets.



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### **Pipeline and Compressor System**

Echo Energy has made arrangements with USA Compression Partners, LP to replace the existing oversized compressor with a smaller compressor with a capacity of one million cubic feet per day. This will reduce compressor lease costs by \$12,000 per month and is also expected to significantly reduce parasitic load. The Company is also permanently shutting the Maybees Corners connection, which is redundant.

### **Offices**

Echo Energy has shut down its London, Ontario office and has moved administrative functions and staffing to an office in Kincardine, Ontario on a contract basis. The new address is 147 Mahood Johnston Dr., Kincardine, ON, N2Z 3A2. The Toronto office remains unchanged at 777 Bay Street, Suite 1910, Toronto ON, M5G 2C8.

### **Update on Financing**

Work continues by Klein Farber Corporate Finance Inc. (“Klein Farber”) as exclusive agent, adviser and arranger to Echo Energy with respect to expeditious repayment of its senior ranking indebtedness.

Negotiations are now completed regarding the terms of a forbearance agreement with the TD Bank which is expected to be in place this week. Progress is also being made on the possibility of the Company obtaining new financing.

### **Acquisition of Leader Energy Gas Assets**

The Company has entered into negotiations with Leader Energy Corporation regarding the possibility of acquiring the gas assets of Leader Energy Corporation in exchange for shares of Echo Energy. “Acquisition of adjacent producing wells and reserves for shares would increase our borrowing base with the bank and create a more attractive package of assets for potential acquirers,” Edey said.

### **Setting of date of Special Meeting**

A Special Meeting of Echo Energy shareholders has been set for April 29, 2010 for the shareholders to consider (1) a consolidation of all of the Company’s issued and outstanding common shares and (2) a going private transaction by way of a consolidation of all of the Company’s issued and outstanding common shares.

The going private transaction is intended to provide liquidity for the holders of Echo Energy’s common shares and to enable the Company to reduce its expenses by delisting its common shares from the TSX



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Venture Exchange and ceasing to be a reporting issuer for the purposes of applicable securities laws. Further details will be sent to shareholders in due course.

**About Echo Energy Canada Inc.**

Echo Energy Canada Inc. is a publicly traded energy company with revenue producing natural gas production operations near Port Burwell, Ontario, Canada on the shores of Lake Erie.

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*Statements in this news release that are not historical facts, including statements about plans and expectations regarding properties, reserves, transactions and opportunities, capital resources and future financial results are forward-looking. Forward-looking statements involve risks and uncertainties, which may cause the Company's actual results in future periods to differ materially from those expressed. These uncertainties and risks include changing gas and commodity prices and currency exchange rates, demand for gas, lack of success of future exploration and development, competition and other factors discussed from time to time in the company's filings with the Ontario Securities Commission.*

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