



FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

AMERISUR RESOURCES PLC
(formerly CHACO RESOURCES PLC)

REGISTERED NUMBER: 4030166 (England and Wales)

CONTENTS OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

	PAGE
Corporate Directory	3
Chairman's Statement	4
CEO's Review	5
Report of the Directors	9
Report of the Independent Auditor	15
Consolidated income statement	17
Consolidated balance sheet	18
Consolidated statement of changes in equity	19
Consolidated cash flow statement	20
Notes to the financial statements	21
Report of the Independent Auditor on the parent company financial statements	42
Parent company balance sheet	44
Notes to the parent company financial statements	45

CORPORATE DIRECTORY

DIRECTORS

Giles Clarke (Non Executive Chairman)
Dick van den Broek (Non Executive Deputy
Chairman)
John Wardle (Chief Executive Officer)
Victor Valdovinos (Executive Director)
Nick Harrison (Finance Director)
Douglas Ellenor (Non Executive Director)

SECRETARY

Brian James ACCA

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Chairman's Statement

Introduction

It is with great pleasure that I address shareholders for the second time and for the first time having been Chairman for an entire financial year. It has been nothing short of a transformational year for your Company. During the year, Amerisur has restructured the Board and has negotiated a controlling interest in the new acreage at Fénix, which is now 100% owned. In Platanillo we have been appointed as Operator of the block, an extremely significant step in the development of the Company, we have re-entered and completed the existing well Alea-1 and drilled two new wells, one of which delivered exciting oil discoveries, and have delivered the Group's first oil production and cash flows. John Wardle the Company's CEO will provide more detail as to the assets and the progress made on those assets in the CEO's review.

We have restructured the Board, which is now streamlined and strengthened. Jon Pither, Deputy Chairman, Doug Jendry and Martin Groák, non executive Directors, and Nicola Brookes, Finance Director all stood down from the Board in April 2007.

At the same time, Nick Harrison was appointed Finance Director. Nick qualified with Arthur Andersen and subsequently worked at Deloitte, Midland Bank (International) and Coopers & Lybrand. Nick was Finance Director of Pet City PLC and has been Finance Director of a number of private companies with international activities.

We have also strengthened the non-executive team. Dick van den Broek has played a critical role in the restructuring of the Company, which is now largely completed, and as such, Dick has decided not to put himself up for re-election at the AGM on 29th July, however will be staying on as a consultant to the business.

Douglas Ellenor also joined the Board as a non-executive Director during the period. Douglas has over 37 years experience in the E&P industry, having spent 25 of those on international assignments with the Royal Dutch Shell Group in Australasia, Europe, and North and South America. Douglas left Royal Dutch Shell in 1996 after four years as CEO of the Shell Companies of Colombia to become CEO of the Colombian E&P company Hocol SA, which he retired from recently.

During the period, the Company announced a fund raising of £15 million before expenses, by way of the placing with institutional and other investors, 250 million new ordinary shares of 0.1 pence each in the capital of the Company were placed at 6 pence per new ordinary share. At the period end, the Company had cash in the bank of £11.1m and remains very well capitalised to deliver upon our strategic goals. In July 2007, to support the changes to the business, the Company changed its name from Chaco Resources plc to Amerisur Resources plc.

Outlook

Amerisur is in better shape than it has ever been. We have a clear strategy, we have a controlling interest in our Fénix asset, we have two new discoveries in our Platanillo block, where, as operator, we will generate significant cash flows this year and we are well capitalised to take advantage of the opportunities open to us as a Company.

The directors look to the future with confidence.

Giles Clarke
Chairman
25 June 2008

CEO's Review

Introduction

This has been an intense year for Amerisur, with the acquisition of new information in the Fénix block which has led to significant new understanding of this exciting area, the completion of the first stage of exploration and appraisal work in Platanillo and good progress in Paraguay. The management has focused on pushing forward our work programmes during the last 12 months, and all our contractual commitments have been satisfied on time and within budget.

Colombia

Platanillo Block

Location: Putumayo Basin

Area: 14,204 Ha

Ownership:

Amerisur Exploración Colombia - 25%

Repsol Exploracion Colombia - 35%

ECOPETROL S.A. - 40%

The Company and its partners in the Platanillo block constructed an access road, which involved 20.4 km of upgrade to an existing track and 9.6 km of new road, complete with four heavy duty bridges, all of which are capable of both movement of heavy oilfield equipment and the export of crude oil. We also drilled two exploration wells, Platanillo-1 and Platanillo-2, and re-entered the existing discovery well, Alea-1, which had been drilled by ECOPETROL in 1988. The Platanillo-2 well resulted in the discovery of two further oil accumulations in the block, which are detailed below.

Alea-1 was re-entered using the workover rig Pride-6, and the zone originally tested in 1988 was re-perforated, completed for natural flow and placed on test production. Alea-1 was tested over the period from 5th October 2007 to 15th February 2008, when it was closed in for both pressure build up (PBU) tests and an upgrade to production facilities which was required by the Ministry of Mines and Energy (MME) as a precondition for the continuation of the Long Term Test (LTT), in particular when more than one well was to be flowed into those facilities. The other reservoir zones in Alea-1, which are potentially oil bearing on the basis of electric log analysis, were not tested at that time and remain targets for further appraisal in the future, particularly in light of the results from Platanillo-2.

Platanillo-1 was drilled at a position significantly down-dip from Alea-1, on approximately the P50 contour of the original structural base map. The well was drilled to a total depth of 8,390ft in 23 days. The target formations were intersected and found to be similar to those observed at Alea-1. Despite encouraging shows of oil and gas while drilling, the electric logs indicated that the well may have intersected the Oil-Water transition zone within the Lower "U" sandstone, which is the productive interval in Alea-1. The well was temporarily abandoned, leaving 9.5/8" casing cemented at 3,297ft. The well is a potential candidate for a sidetrack up-dip or eventual conversion to a water injector.

Platanillo-2 was drilled as a directional well from the Alea-1 location, which was extended to accommodate the additional activity. The well was drilled to a total measured depth of 8,578ft in 25 days towards the South South East, and encountered the target formation at a distance of approximately 600m from Alea-1. The Lower U Sandstone was found to be approximately 20ft higher than at Alea-1, and 75ft higher than Platanillo-1. Electric logs indicated the Lower U sand to be oil bearing, and in addition two deeper intervals indicated oil saturation. A short test was performed on the B limestone from 8,395ft to 8,402ft. This produced oil at 21 to 32 degrees API with a water cut of from 2% to 30% at rates up to 450 barrels of fluid per day (BFPD) in natural flow through a 32/64" choke. Subsequently the deeper T sandstone from 8,450ft to 8,455ft was tested and produced oil of 33.4 degrees API at rates up to 430 barrels of oil per day (BOPD) in natural flow through a 22/64" choke. During the test the water cut increased very rapidly, to 70%, at which point the test was suspended. Amerisur, after review of the well logs, believes that the lower zones of the T sand, outside of the perforated interval are water wet, and that water entered the oil stream due to a breakdown in zonal isolation or other vertical transmission mechanism. The lower U sandstone was then re-perforated and tested over the interval 8,295ft to 8,298ft. It should be noted that all perforation intervals are in the upper part of each formation, this being standard practice to enable efficient management when aquifer water eventually arrives at the well, and the perforated intervals do not therefore necessarily define the thickness of the reservoir interval. This interval flowed 32 degrees API oil at a controlled rate of approximately 160 BOPD, 0% water through a 16/64" choke.

On the basis of these results, the Company and its partners presented a “Notice of Discovery” in relation to the new B and T zones to the Agencia Nacional de Hidrocarburos, (ANH) the contract licensing body, together with a proposal for further evaluation of the block during an evaluation period. This effectively suspends the exploration commitments in the block, and allows the partners one year to study the results of the exploration effort.

The results from both the new wells prompted a review of the structural interpretation, since it was apparent that the initial model was not completely accurate. Amerisur has now completed that analysis and this indicates that Platanillo-1 was located on the down-dip edge of closure within the Alea structure, and that significant further reserves potential may exist to the north along the Alea fault trend. Amerisur considers, and our specialist consultants agree, that an initial estimate of contingent resources in the structure, and those reserves developed by the 2 wells Platanillo-2 and Alea-1 requires a further period of testing, and as such we feel that we will be in a position to make those estimations early in 2009. Amerisur is optimistic about the potential of the Platanillo project, and has continued negotiations to increase our working interest. These have proven more complex and lengthy than we anticipated, however we envisage these will be completed shortly.

In the light of the requirements of MME for the further production and testing of the wells, it was proposed that Ecopetrol pass the operatorship of the Platanillo contract to Amerisur. The partners agreed to this change and as announced previously, Amerisur has been awarded Operatorship of this contract. We expect to assume full operational control during June 2008. This is a great step forward for Amerisur, and besides reiterating the progress we have made during this last year, it demonstrates the confidence which our partners hold in Amerisur. Additionally, we believe that this change will give us access to a reduced cost base and more flexible technical options for the future appraisal and development of this exciting project. In concert with our operations last year, we have succeeded in building the basis of a world class technical team within Colombia, a process which is particularly difficult in these days of high activity and shortage of trained, able and responsible personnel.

Since February 2008 Amerisur has designed and commissioned the construction of suitable production, storage, treatment and export facilities for the Alea-1R and Platanillo-2 wells. This equipment is now complete, and we expect that it will be installed during late June through early July 2008, with re-commencement of production from both wells once the requisite regulatory approvals have been awarded. We expect this to be received during the mid part of July, with simultaneous testing of the two wells beginning soon after. Our current operational plan is to produce the wells under natural flow for a period of approximately two months, followed by the installation of a hydraulic lift pump in one or both wells. This pump or pumps will allow us to investigate the behaviour of the reservoir at significantly higher production rates. The production facilities mentioned above have been designed to accommodate those higher flow rates.

Fénix Block

Location: Middle Magdalena Basin

Area: 24,117 Ha

Ownership:

Amerisur Exploración Colombia - 65%

Fénix Oil & Gas S.A. - 35%

The Fénix block is in an area of proven oil fields of very commercially attractive size, in a proven petroleum system with previous wells on the block discovering oil, albeit using exploration and production techniques extant in the 1920's to 1960's. The region itself has been a prolific producer of oil over many years with discovered reserves of approximately 1.9 billion barrels of oil and 2.5 TCF of gas in over 41 distinct fields.

During July and August 2007 we acquired 103 km² of 3D seismic data in the Fénix block. Initial processing was completed in January 2008, and we are currently interpreting the data. We have also integrated reprocessed 2D data into the model, and are currently performing structural analysis of this very complex system. To date we have identified 3 areas of interest, broadly referred to as South, Central and North West. The southern lead is a look-alike of the Bonanza field, operated by ECOPETROL, which lies alongside. The central prospect is an extension of the La Tigra structure, both to the north and deeper than the previous productive wells. The North West lead is concentrated on a faulted structure on the west flank of the La Tigra anticline. We now expect to complete these analyses, leading to risked drilling prospects, with their associated potential reserve estimates by mid July. The current contractual phase ends on 11th September 2008. The commitment during the second phase is a single exploration well, which must be completed by 11th November 2009.

During the latter part of 2007 Amerisur negotiated to purchase the remaining interests in the block from partners by acquiring the holding companies and the Company, through those subsidiaries, now has effective control and a 100% holding in the block. Our intention once we have completed our technical work of upgrading and defining our prospects, is to farm out at least one well within the block. Depending upon our final risk analysis, the Company may

also decide to drill a low-risk well without partners. We expect that well or wells to be drilled during the first and second quarters of 2009. The fact that we have control of the block is of great benefit in seeking the best and most creative options for this tremendously interesting and prospective area.

The Company has continued to seek out and evaluate new opportunities during the year, however our analysis indicated that these were less attractive than the continuing upside within the blocks where we are already established. The level of interest and activity in Colombia has increased immensely of late, and this in general, together with the escalating oil price has affected the economics of new opportunities. However, we are pleased to inform that the ANH has launched today a new initiative, opening up areas which were previously reserved, in what is termed the "Mini-Round 2008". This round includes some very interesting blocks where we feel we have a technical, commercial and logistical edge. We intend to be part of the bidding for these new opportunities, which, according to the current timetable issued by ANH should be awarded during late October 2008.

Paraguay

Amerisur has a very strong acreage position in Paraguay where, although no commercial hydrocarbon reserves have yet been discovered, the sedimentary basins are shared with adjoining countries where discoveries and production exist. The potential of Paraguay has increasingly been recognised, and this has been reflected by an increased level of interest and activity over the last year.

Our strategy is that we must manage risk by ensuring that all technical avenues are investigated in the definition of leads and prospects. On the basis of our analysis of our acreage, it was concluded that the potential prospectivity of the Alto Parana block was low, and we have decided to exercise our right to terminate the contract with the vendors of this block prior to the ratification by the Paraguay senate. This ratification would have triggered the payment of 8,196,721 shares of Amerisur to the vendors. We believe that with our existing two licences, both 100% held by the Company, we have the right amount of acreage to focus our efforts on. We are now very close to a position where we can say that the next step should be the acquisition of further, high quality and focused data, or, in some cases, the drilling of a well during the current financial year.

Our licences are situated in the Paraná and Curupayty basins. The Curupayty basin is shared with Bolivia to the north, the Paraná with Brazil to the west. The San Pedro Exploration and Production (E&P) permit covers approximately 800,000 hectares in the north west of the Paraná basin. Approximately 1,000 km of 2D seismic data has been reprocessed in Bogotá, and has been interpreted. This interpretation has indicated the presence of 14 structural, fault controlled leads within the San Pedro block. The existing wells, Asunción 1 and 2, drilled by Pecten (a Shell company) during the years 1982-83, and which demonstrated indications of hydrocarbons, are located just outside 2 of those leads. The Company believes that there is high potential in this block, and we intend to acquire a 2D seismic test line during 3Q 2008, potentially using "Accelerated Drop Weight" technology. Should that test be satisfactory, the costs of 2D acquisition would be much reduced over the explosive method. It is expected that the focused programme of 120 km 2D would be part of the farm-out deal we seek for Paraguay, and it is hoped to perform that survey before the end 2008, with further interpretation leading to potential drilling locations during 1Q 2009.

The Curupayty block is held as an E&P permit, and extends over approximately 800,000 hectares of the Curupayty basin located in the north of Paraguay, close to the border with Bolivia.

The existing data in the block was reprocessed and interpreted during 2006. This analysis indicates that the principal plays within this part of the basin rely upon the filling of ancient, glacially cut channels with suitable reservoir sediments. However, the lack of maturity in this area suggests that hydrocarbon charge could only be achieved by relatively long range migration from the north and/or west. These situations are not unlikely given the nature of the area, however we feel it prudent to consider the application of technologies which could both define the existence of the channels and the migration of hydrocarbons. These may involve remote sensing techniques, such as Aerogravimetry/Aeromagnetometry and Geochemical sampling. We expect to confirm that programme during the latter part of 2008.

It is important to understand that Paraguay is a frontier area, and as such has limited access to services and equipment. Given the rising interest in the area, we believe that situation will be ameliorated within the medium term of the next one to two years, when sharing of equipment and services will become possible as other companies become active in the country.

Given the interest in Paraguay as a potential hydrocarbon province, and our placement in terms of acreage, we feel that we can achieve excellent farm-in terms with industry partners. We intend to perform that exercise prior to the end of 2008.

John Wardle
Chief Executive Officer
25 June 2008

REPORT OF THE DIRECTORS

The Directors present their report for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The principal continuing activity of the Company and the Group is investing in oil and gas exploration and development in South America, principally in Paraguay and Colombia.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES OF DIRECTORS

The names and details of the Directors of the Company in office during the year to 31 March 2008 and/or as at the date of this report were as follows:

GILES CLARKE (Chairman – Non Executive)

Mr Clarke (54) has considerable experience in the City and a number of commercial interests. He is Chairman of the England and Wales Cricket Board and Chairman of several private organisations. He founded Majestic Wine in 1981 and built it into a national chain of wine warehouses. He also co-founded Pet City in 1990, which he expanded nationwide before it was listed and subsequently sold in 1996 for \$150 million. He also co-founded Safestore plc and orchestrated the sale of the company to Bridgepoint in 2003.

DICK VAN DEN BROEK (Deputy Chairman – Non Executive)

Mr. van den Broek (69) has spent 33 years working on many different assignments worldwide for Royal Dutch Shell (RDS). His last assignment with RDS was as Regional Director for Latin America & Africa, and a Director of Shell International Petroleum, with full responsibilities for all RDS activities in those continents, both upstream and downstream. In Latin America these included significant upstream transactions in Colombia, Peru, Argentina and Venezuela, and many negotiations with government bodies throughout the region.

Since his retirement from RDS he has acted as a consultant on strategic and policy related issues to various international institutions, such as Accenture in Russia and India, the European Bank for Reconstruction and Development for the Romanian oil industry and the Commonwealth Development Corporation in the Philippines.

He is an active participant in institutions focused on Latin America such as Canning House and the Anglo-Venezuelan Society. He is of Dutch nationality, based in London, and has a Masters degree in Economics from Erasmus University in Rotterdam (NL).

JOHN WARDLE (Executive Director – Chief Executive Officer and Technical)

Dr Wardle (48) has been Amerisur's Resident Manager in Colombia since 2006, where he has responsibility for the implementation of all of Amerisur's operations. He holds a B.Sc. in Mining Engineering from the University of Nottingham and a Ph.D. in Rock Mechanics and Geophysics from the University of Wales. He is an experienced drilling engineer, having worked with BP, and has held a number of senior management positions with oil exploration companies. Dr Wardle has been resident in Colombia since 1994, when he was working for BP Exploration Colombia, and subsequently was General Manager for Emerald Energy in Colombia, when he was responsible for the discovery of the Campo Rico and Vigia oilfields.

VICTOR M. VALDOVINOS (Regional Director – South America)

Mr Valdovinos (43) is a Paraguayan lawyer, with a Masters degree in Energy and Environmental Law from Tulane University School of Law, and is resident in Asunción. He has been a legal adviser to both the United Nations Development Programme and the Minister of the Environment for the Government of Paraguay and has a professional affiliation to the Environmental Law Institute in Washington. Mr Valdovinos is the Group's Regional Director for South America, dealing with administrative issues in Paraguay and Colombia.

NICK HARRISON (Finance Director)

Mr Harrison (49) is a graduate of Liverpool University. He qualified with Arthur Andersen and subsequently worked at Deloitte, Midland Bank (International) and Coopers & Lybrand. He was Finance Director of Pet City Plc and has been Finance Director of a number of private companies with international activities.

DOUGLAS ELLENOR (Non Executive Director – Technical)

Mr Ellenor (64) has over 37 years experience in the E&P industry, having spent 25 of those on international assignments with the Royal Dutch Shell Group in Australasia, Europe, and North and South America. Douglas left Royal Dutch Shell in 1996 after four years as CEO of the Shell Companies of Colombia to become CEO of the Colombian E&P company Hocol SA, a position he held until 1998. After a posting as Business Development Director in London with Nimir Petroleum Limited, he returned to Canada and established an oil and gas consulting company. In 2002 Douglas returned to Hocol SA on temporary assignment as CEO, serving until end 2004. In 2004-05 he was CEO of Orca Petroleum Inc.

The following Directors held office during the financial year but no longer hold office as of the date of this report:

Mr Jon Pither – Deputy Chairman – resigned 17 April 2007
Mr Doug Jendry – Non Executive Director – resigned 17 April 2007
Ms Nicola Brookes – Finance Director – resigned 17 April 2007
Mr Martin Groák – Non Executive Director – resigned 17 April 2007
Mr John Morris – Non Executive Director – resigned 2 May 2007
Mr Graeme Stephens – Non Executive Director – resigned 30 June 2007

The following Directors were appointed during the financial year:

Mr Nick Harrison – Finance Director – Appointed 17 April 2007
Mr Dick van den Broek – Deputy Chairman – Appointed 3 May 2007
Mr Douglas Ellenor – Non Executive Director – Appointed 6 February 2008

DISCLOSURE OF DIRECTORS' INTERESTS

The beneficial and other interests of the Directors and their families in the shares of the Company and its subsidiary undertakings as at 31 March 2008 and 1 April 2007 (or date of appointment, if later) were as follows:

	Shares Held 1 April 2007 (or date of appointment if later)	Shares Held 31 March 2008
G Clarke	2,912,268	6,132,268
D van den Broek**	-	400,000
J Wardle	883,333	7,963,333
N Harrison*	100,000	630,000
V Valdovinos	-	1,000,000
D Ellenor ***	-	-

* Appointed 17 April 2007

** Appointed 3 May 2007

*** Appointed 6 February 2008

	Unlisted Options Held 1 April 2007 (or date of appointment if later)	Unlisted Options Held 31 March 2008
G Clarke	-	26,100,000
D van den Broek**	-	1,450,000
J Wardle	-	8,500,000
N Harrison*	-	8,720,000
V Valdovinos	1,000,000	-
D Ellenor ***	-	-

* Appointed 17 April 2007

** Appointed 3 May 2007

*** Appointed 6 February 2008

The Company had a joint venture agreement with Expet S.A., a South American firm in which Dr Wardle is a Partner. This agreement was terminated during the year.

RETIREMENT OF DIRECTORS

In accordance with the Company's Articles of Association, John Wardle will retire by rotation and will be seeking re-election. Mr Ellenor, being a Director appointed since the last Annual General Meeting, will retire and seek re-election. Mr van den Broek is retiring from the Board at the AGM and will not be seeking re-election.

RESULT AND DIVIDENDS

There was a loss for the year after taxation of £932,000 (2007: loss of £5,398,000).

The Directors recommend that no final dividend be declared or paid for the year ended 31 March 2008.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Placing of shares

On 24 May 2007 the Company raised £15,000,000 (before expenses) through the placing of 250,000,000 new ordinary shares at 6p per share. The placing was made to institutional investors and to provide the Company with further working capital for its ongoing operations in South America.

Fénix farm-in agreement

On 25 April 2007 the Company announced that it had signed a farm-in agreement with Fénix Oil and Gas S.A. acquiring an interest of 48.75% in the Fénix field.

Acquisition of Fénix Oil and Gas

On 30 November 2007 the Company announced that it had acquired Fénix Oil and Gas S.A., which has a 35% interest in the Fénix field.

Increased working interest in Fénix

On 13 December 2007 the Company announced it had increased its working interest in Fénix to 65% by the acquisition of the 16.25% interest in the field owned by Petex. This effectively gives the Group a 100% interest in the field.

Re entry to Alea 1/ Drilling of Platanillo 1 and 2

On 30 November 2007 the Company announced the re entry to Alea 1 and that Platanillo 1 and 2 had been drilled on time and within budget.

BUSINESS REVIEW

On a Group basis, the business review is contained within the Chairman's Statement and CEO's Review. It includes:

- A review of the business during the year
- A description of the principal risks and uncertainties facing the Group at this stage in its development

An analysis of the business using financial and non-financial Key Performance Indicators is not included as, in the opinion of the Directors, given the current stage of development of the business and its operations, there are no appropriate financial or non-financial Key Performance Indicators that can be disclosed at this time.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group financial instruments are liquidity risk and foreign currency risk and, to a limited extent, interest rate risk. The Directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Liquidity Risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably. During the exploration phases of the Group's development, fundraising has been achieved through private placings, which are regarded as the most cost-effective method of fundraising. The Group policy throughout the year has been to ensure continuity of funding so that planned fundraisings cover at least 100% of contractual obligations and 12 months of operating and administration costs. Short term flexibility is achieved by overdraft facilities.

Currency Risk

The Group is exposed to transaction and translation foreign exchange risk. In relation to translation risk, assets held in foreign currency are in the form of cash for specific obligations in that same currency and are therefore not separately hedged. Transaction exposures are hedged when known, mainly using the forward hedge market.

Interest Rate Risk

The Group finances its operations through a mixture of equity placing and limited short-term bank borrowings. The Group's exposure to interest rate fluctuations on its borrowings is therefore not material.

GOING CONCERN

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

SUBSTANTIAL SHAREHOLDERS

At 16 June 2008 the following had a disclosable interest in 3% or more of the nominal value of any class of the Company's shares carrying voting rights:

Name	Shareholding	Percentage
Pershing Nominees	137,497,478	16.59
Nortrust Nominees	52,450,000	6.33
HSBC Global Custody Nominees (UK)	50,000,000	6.03
Chase Nominees	33,260,000	4.01
TD Waterhouse Nominees (Europe)	28,406,951	3.43

SHARE OPTIONS

Unissued shares

As at the balance sheet date there were 46,610,000 unissued ordinary shares of 0.1p under options. Note 16 of the financial statements sets out further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

PAYMENT POLICY AND PRACTICE

It is the Company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. Trade creditors at the year-end were paid at an average of 21 days (2007: 21 days).

AUDITOR

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with section 385 of the Companies Act 1985. A resolution to reappoint Grant Thornton UK LLP as auditor will be put to shareholders at the Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on the date stated in the Notice of Meeting, which accompanies this Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the parent company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European Union and UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any change that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board in accordance with a resolution of the Directors.

N. Harrison
Director
25 June 2008

**REPORT of the INDEPENDENT AUDITOR TO THE MEMBERS OF
AMERISUR RESOURCES PLC**

We have audited the group financial statements of Amerisur Resources Plc for the year ended 31 March 2008 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and notes 1 to 22. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Amerisur Resources Plc for the year ended 31 March 2008.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements. The information given in the Report of the Directors includes that specific information presented in the CEO's Review and Chairman's Statement that is cross referred from the Business Review section of the Report of the Directors.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited group financial statements. The other information comprises only the Report of the Directors, the Chairman's Statement and the CEO's Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the group financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2008 and of its loss for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

**GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
Leicester**

25 June 2008

Consolidated income statement

		Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
	Notes		
Revenue	3	96	-
Impairment reversal / (charge) on jointly controlled assets		785	(4,295)
Other administrative expenses		(1,013)	(1,302)
Share option charge		(1,431)	(23)
Total administrative expenses		<u>(1,659)</u>	<u>(5,620)</u>
Operating loss		(1,563)	(5,620)
Finance income	7	<u>640</u>	<u>222</u>
Loss before tax	5	(923)	(5,398)
Income tax	8	<u>(9)</u>	<u>-</u>
Loss attributable to equity holders of the parent		<u>(932)</u>	<u>(5,398)</u>
Loss per share – total and continuing			
Basic & diluted (pence per share)	9	(0.12)	(1.01)

Consolidated balance sheet

		31 March 2008 £'000	31 March 2007 £'000
	Notes		
Assets			
Non-current assets			
Goodwill	10	537	537
Intangible assets	10	12,504	5,798
Property, plant and equipment	11	58	13
		<hr/>	<hr/>
Total non-current assets		13,099	6,348
Current assets			
Trade and other receivables	13	378	242
Cash and cash equivalents	14	11,081	2,103
		<hr/>	<hr/>
Total current assets		11,459	2,345
		<hr/>	<hr/>
Total assets		24,558	8,693
Equity and liabilities			
Equity			
Issued capital	18	829	555
Shares to be issued		150	167
Share premium		28,797	13,583
Other reserve		1,454	23
Foreign exchange reserve		1,180	7
Retained earnings		(8,099)	(7,167)
		<hr/>	<hr/>
Total equity		24,311	7,168
Current liabilities			
Trade and other payables	15	247	1,525
		<hr/>	<hr/>
Total current liabilities		247	1,525
		<hr/>	<hr/>
Total liabilities		247	1,525
		<hr/>	<hr/>
Total equity and liabilities		24,558	8,693

The financial statements were approved by the Board of Directors on 25 June 2008

N Harrison
Director

Consolidated statement of changes in equity

	Share capital £'000	Shares to be issued £'000	Share premium £'000	Other reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2006	507	167	7,888	-	-	(1,769)	6,793
Exchange differences on translation of foreign operations					7		7
Net income recognised directly in equity					7		7
Loss for the year						(5,398)	(5,398)
Total recognised income and expense					7	(5,398)	(5,391)
Issue of shares	48		6,026				6,074
Associated share issue costs			(331)				(331)
Equity settled share options				23			23
At 31 March 2007	555	167	13,583	23	7	(7,167)	7,168
Exchange differences on translation of foreign operations					1,173		1,173
Net income recognised directly in equity					1,173		1,173
Loss for the year						(932)	(932)
Total recognised income and expense					1,173	(932)	241
Issue of shares	274	(17)	16,035				16,292
Associated share issue costs			(821)				(821)
Equity settled share options				1,431			1,431
At 31 March 2008	829	150	28,797	1,454	1,180	(8,099)	24,311

Consolidated cash flow statement

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Notes		
Cash flows from operating activities		
Loss for the year	(932)	(5,398)
Adjustments for:		
Finance income in the income statement	(545)	(325)
Income tax in the income statement	9	-
Depreciation	9	1
Share option charge	1,431	23
Impairment (reversal) / charge	(785)	4,295
Increase in trade and other receivables	(170)	(220)
(Decrease) / increase in trade and other payables	(459)	1,384
Net cash used in operations	(1,442)	(240)
Income tax paid	(9)	-
Net cash used in operating activities	(1,451)	(240)
Cash flows from investing activities		
Interest received	545	325
Payments for property, plant and equipment	(54)	(11)
Payments for intangible assets	(4,327)	(9,286)
Net cash used in investing activities	(3,836)	(8,972)
Cash flows from financing activities		
Proceeds from issue of equity shares	15,106	6,074
Issue costs	(821)	(331)
Net cash generated by financing activities	14,285	5,743
Net increase / (decrease) in cash and cash equivalents	8,998	(3,469)
Foreign exchange differences	(20)	7
Cash and cash equivalents at the start of the year	2,103	5,565
Cash and cash equivalents at the end of the year	14	11,081
		2,103

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies - basis of preparation

The consolidated financial statements are for the year ended 31 March 2008. They have been prepared in compliance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 December 2007.

In the current year the Group has adopted International Financial Reporting Standards for the first time and has applied IFRS 1 'First time adoption of IFRS' from the transition date of 1 April 2006. Please refer to note 22 for the details of the adjustments required to present the accounts under IFRS.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group in the 31 December 2007 financial statements

At the date of authorisation of these financial statements certain new Standards, amendments and Interpretations to existing standards have been published but are not yet effective. The Group has not early adopted any of these pronouncements. The new Standards, amendments and Interpretations that are expected to be relevant to the Group's financial statements are as follows:

IAS 1 Presentation of Financial Statements (Revised 2007) (effective for reporting periods beginning on or after 1 January 2009)

This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures. Management is currently assessing the detailed impact of this amendment on the Group's financial statements.

IFRS 3 (Revised) Business combinations (effective for combinations on or after 1 January 2009)

The revised Standard introduces significant changes to the accounting requirements for business combinations, transactions with non-controlling interests (i.e. minority interests) and the loss of control of a subsidiary.

IFRS 8 Operating segments (effective for reporting periods beginning on or after 1 January 2009)

This IFRS specifies how an entity should report information about its operating segments in its financial statements. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Implementation of this standard is expected to increase the number of reportable segments as well as the manner in which the segments are reported. i.e. in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to groups of cash generating units based on segment level, the change will also require the reallocation of goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment of goodwill.

Management anticipate that all the above pronouncements will be adopted in the Group's financial statements for the period beginning 1 April 2009.

Other new Standards and Interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

2. Summary of significant accounting policies

Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of over one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated on the date control ceases.

The Group uses the purchase method of accounting for the acquisition of a subsidiary. The cost of an acquisition is measured by the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

All Group subsidiaries draw up their accounts to 31 December each year in line with local law. For the purposes of consolidation into these financial statements, management accounts up to the Group year end have been used.

Goodwill

Goodwill arising from business combinations is the difference between the fair value of the consideration paid and the fair value of the assets acquired and liabilities and contingent liabilities assumed. It is recognised initially as an intangible asset at cost and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired. Details of impairment testing are described in the accounting policies.

Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which is when strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group is party to the joint ownership and control of assets but without setting up a separate entity. The Group therefore accounts for its share of the incomes, costs, assets and liabilities resulting from the utilisation of the jointly controlled assets on the basis of the agreed percentage of ownership and including any amounts incurred jointly with the other venturers.

Jointly held assets relate to agreements where the parties act together to control the activity. Each of the parties sharing control must consent to all essential decisions relating to the well's operating, investing and financial activities. The percentages in the table (in note 10) relate to profit and asset share alone and are not linked to rights of control such as voting rights.

Segmental reporting

A business segment is a group of assets and operations engaged in production that is subject to risks and returns that are different from those of other business segments. A geographical segment is where operations are engaged in production within a particular economic environment that is different from that in segments operating in other economic environments.

The Group's one principal activity is the exploration for and production of oil and gas, which is traded as a commodity on a world wide basis. This activity is carried out in two identifiable areas and therefore the secondary segmental reporting basis is geographical comprising UK (head office), Colombia and Paraguay.

Foreign currency translation

1. Functional and presentational currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Company's functional currency and the Group's presentational currency is Sterling.
2. Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.
3. Group companies
The results and financial position of all Group entities that have a functional currency different from the presentation currency adopted in these Group financial statements are translated into the presentation currency as follows:
 - i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
 - ii) Income and expenses for each income statement are translated at the actual rate on the date of the transaction, and;
 - iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to equity. Differences initially brought to equity are recycled to the income statement on disposal of the business.

Income and expense recognition

Revenues associated with the sale of oil, natural gas, natural gas liquids and liquefied natural gas and all other such items are recognised when the title passes to the customer. Generally revenues from the production of oil and natural gas properties in which the Group has an interest with joint venture partners are recognised on the basis of the Group's working interest in these properties (the entitlement method). Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes. Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective rate applicable.

Borrowing costs

All borrowing costs are expensed to the income statement as incurred except interest on borrowings to finance exploration which is capitalised and depreciated with the rest of the costs associated with viable exploration projects or written off where the project is not deemed viable.

Oil and gas expenditure

Intangibles - exploration and evaluation assets

Capitalisation

Costs incurred prior to acquiring the rights to explore are charged directly to the income statement.

Licence acquisition costs and all costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs and other direct costs of exploration (drilling, trenching, sampling and technical feasibility and commercial viability activities) and appraisals are accumulated and capitalised as intangible exploration and evaluation (E & E) assets, pending determination.

E & E costs are not amortised prior to the conclusion of appraisal activities. At completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered, then, following development sanction, the carrying value of the relevant E & E asset will be reclassified as a development and production asset, but only after the carrying value of the E & E asset has been assessed for impairment and, where appropriate, its carrying value adjusted. If, after completion of appraisal activities in an area, it is not possible to determine technical feasibility and commercial viability or if the legal rights to explore expire or if the Group decides not to continue exploration and evaluation activities then the costs of such unsuccessful exploration and evaluation are written off to the income statement in the period the relevant events occur.

Impairment

On an annual basis a review for impairment indicators is performed. If an indicator of impairment exists an impairment review is performed. The recoverable amount is the higher of its fair value less costs to sell and its value in use. If the carrying value exceeds the recoverable amount the carrying value is reduced by writing off the difference to the income statement in that period.

Tangibles – development and production assets

Capitalisation

Development and production (D&P) assets represent the cost of developing the commercial reserves and bringing them into production together with the E & E expenditures incurred in finding the commercial reserves previously transferred from intangible E & E assets as outlined in the policy above.

Development assets are not depreciated until production commences. Depreciation is estimated on a unit of production method based on commercially provable reserves. The calculation takes account of the estimated future costs of development of recognised proven and probable reserves, based on current price levels. Changes in reserve quantities and cost estimates are recognised prospectively from the last reporting date.

Impairment

An impairment review is performed each year for any indication that the value of the Group's oil and gas D&P assets may be impaired. If the carrying value of the assets is estimated to exceed the value in use of the assets based on the discounted future cash flows then the excess value is written off to the income statement in that period.

No allocation has yet been made to D&P assets as appraisal activities are not complete.

Non oil and gas exploration assets

Property, plant and equipment

Property, plant and equipment are recorded at cost net of accumulated depreciation and any provision for impairment. Depreciation is provided using the straight line method to write off the cost of the asset less any residual value over its useful economic life as follows:

Office equipment	10 years
Computer equipment	4 years
Motor vehicles	4 years

Impairment

The Group's goodwill, other intangible assets and property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Goodwill is allocated to those cash generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Individual assets or cash generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Financial assets

Financial assets consist of cash and trade and other receivables and initial recognition is at fair value. Financial assets are assigned to their different categories by management on initial recognition depending on the contractual arrangements. Trade receivables are subsequently measured at amortised cost less any impairment.

Derecognition of financial instruments occurs when the rights to receive cash flows from the assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities consist of trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in 'Finance costs' in the income statement.

Trade payables are recognised initially at their fair value and subsequently measured at amortised costs less settlement payments.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Income taxes

Current income tax assets and liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out its operations. They are calculated according to the tax rates and tax laws applicable to the fiscal period and the country to which they relate. All changes to current tax liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. IAS 12 'Income taxes' does not require deferred tax to be recognised on temporary differences relating to the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and that affected neither the accounting nor taxable profit.

Provision of deferred tax is required on the unremitted profits of joint ventures if either the investor is unable to control the timing of the remittance or it is probable that reversal will not take place in the foreseeable future.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and include deposits repayable on demand by banks and other short term investments with original maturities of three months or less.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the present obligations arising from legal or constructive commitments resulting from past events will probably lead to an outflow of economic resources from the Group which can be estimated reliably.

Provisions are measured at the present value of the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Exploration and drilling operations are generally subject to decommissioning costs at the end of their producing lives. Provisions in the accounts are made when obligations arise and can be quantified. The directors do not believe that there is yet a requirement to provide for decommissioning as no production has been undertaken.

Share based employee compensation

The Group operates equity settled share based compensation plans for the remuneration of its employees.

All employee services received in exchange for the grant of any share based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share option awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability or sales growth targets).

All share based compensation is ultimately recognised as an expense in the income statement with a corresponding credit to the other reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium. At this time, the appropriate balance in the other reserve relating to the share options exercised is transferred to retained earnings by way of a transfer within reserves.

Equity

Equity comprises the following:

- "Issued capital" represents the nominal value of equity shares.
- "Shares to be issued" represents the nominal value of equity shares still to be issued as deferred consideration.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Other reserve" represents equity-settled share-based employee remuneration until such share options are exercised.
- "Foreign exchange reserve" represents the differences arising from translation of investments in overseas subsidiaries.
- "Retained earnings" represents retained profits and losses.

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies

- a) Capitalisation of exploration costs: detailed analysis of the technical feasibility and commercial viability of projects is needed to decide whether the costs incurred should be capitalised or expensed.
- b) Assessment of the impairment of assets is a judgement based on analysis of the likely future cash flows from the relevant income generating unit and an estimate of value in use.
- c) The directors must judge whether future profitability is likely in making the decision whether or not to create a deferred tax asset.
- d) Identification of functional currencies requires analysis of the economic environments of the subsidiaries of the Group and the selection of the presentational currency must reflect the requirements of the users of those statements.

Sources of estimation uncertainty

- a) Depreciation rates are based on estimates of the useful lives and residual values of the assets involved.
- b) Estimates of future profitability are required for the decision whether or not to create a deferred tax asset.
- c) Estimates are required as to asset carrying values and impairment charges.

3. Segmental reporting

The Group's one principal activity is the exploration for and production of oil and gas, which is traded as a commodity on a worldwide basis. This activity is carried out in two identifiable areas and therefore the secondary segmental reporting basis is geographical comprising UK (Head office), Colombia and Paraguay.

	2008 £'000	2007 £'000
Total revenue by location		
UK (Head office)	-	-
Colombia	96	-
Paraguay	-	-
	96	-
Total assets by location		
UK (Head office)	13,210	2,767
Colombia	11,157	5,751
Paraguay	191	175
	24,558	8,693
Costs to acquire assets by location		
UK (Head office)	2,018	5,568
Colombia	2,513	8
Paraguay	6	159
	4,537	5,735

4. Remuneration of key management personnel

	2008 £'000	2007 £'000
Directors' emoluments	431	342
Share based payment	1,431	23
	1,862	365
Aggregate gains made on the exercise of share options	143	407
	2,005	772
Highest paid director's emoluments	100	96
Share based payment	828	-
	928	96
Aggregate gains made on the exercise of share options	-	199
	928	295

5. Loss before tax

	2008 £'000	2007 £'000
Loss before tax has been arrived at after charging / (crediting):		
Foreign exchange differences	(95)	103
Impairment (reversal) / charge (Note10)	(785)	4,295
Depreciation and amortisation:		
Depreciation of property, plant and equipment	9	1
Employee benefits expense:		
Employee costs (Note 6)	572	412
Audit and non-audit services:		
Fees payable to the company's auditor for the audit of the Group accounts	30	26
Fees payable to the company's auditor and its associates for other services:		
The audit of the company's subsidiaries pursuant to legislation	3	2
Tax services	20	18
Other services pursuant to legislation	12	4

6. Employees

	2008 £'000	2007 £'000
Employee costs (including directors):		
Wages and salaries	545	400
Social security costs	20	5
Pension costs – defined contribution plans	7	7
	572	412
The average number of employees (including directors) during the year was made up as follows:		
Management	5	6
Administration	5	3
	10	9

7. Finance income

	2008 £'000	2007 £'000
Foreign exchange gains / (losses)	95	(103)
Interest income	545	325
	640	222

8. Income tax expense

	2008 £'000	2007 £'000
Current Tax:		
Overseas tax - Colombia	9	-
Total current tax	9	-
Tax on loss for the year	9	-

The tax assessed for the period differs from the standard rate of corporation tax as applied in the respective trading domains where the Group operates. The differences are explained below:

	2008 £'000	2007 £'000
Loss for the year before tax	(923)	(5,398)
Loss for year multiplied by the respective standard rate of corporation tax applicable in each domain (average 30%) (2007: 30%)	(277)	(1,619)
Effects of:		
Expenses not deductible for tax purposes	444	49
Provision for impairment of intangibles	(236)	1,288
Tax relief on exercise of share options	(54)	(114)
Carry forward of unutilised tax losses	132	396
Tax on loss for the year	9	-

Unrelieved tax losses remain available to offset against future taxable profits. These losses have not been recognised as deferred tax assets within the financial statements as they do not meet the conditions required in accordance with IAS 12. Losses carried forward in the UK total £3,737,000 – tax effect is £1,046,000 (2007: £3,248,000 – tax effect is £974,000). Losses carried forward in Paraguay since acquisition total £296,000 – tax effect is £83,000 (2007: £222,000 – tax effect is £67,000). No losses are carried forward in Colombia. In addition there are capital losses in the UK carried forward at 31 March 2008 of £30,272,000.

9. Loss per share

	2008 £'000	2007 £'000
Loss for the year attributable to equity shareholders	(932)	(5,398)
Loss per share Basic & diluted (pence per share)	(0.12)	(1.01)
	Shares	Shares
Issued ordinary shares at start of the year	555,434,554	507,467,887
Ordinary shares issued in the year	273,450,750	47,966,667
Issued ordinary shares at end of the year	<u>828,885,304</u>	<u>555,434,554</u>
Weighted average number of shares in issue for the year	<u>752,228,675</u>	<u>532,954,006</u>

The diluted loss per share does not differ from the basic loss per share as the exercise of share options would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33.

10. Intangible assets

The Group has made investments in deferred exploration costs as follows:

	Puerto Lopez Oeste 54% £'000	Platanillo 25% £'000	Primavera 55% £'000	Fénix 100% £'000	Other - Paraguay £'000	Total £'000
1 April 2006	604	-	-	-	202	806
Additions	-	4,270	3,511	1,298	207	9,286
Impairment	(604)	-	(3,511)	-	(179)	(4,294)
31 March 2007	-	4,270	-	1,298	230	5,798
Foreign exchange		915		278		1,193
Additions		1,005		1,288	15	2,308
Acquisition				2,019		2,019
Purchase of assets				1,186		1,186
Impairment reversal			785			785
Accrual not required			(785)	-		(785)
31 March 2008	<u>-</u>	<u>6,190</u>	<u>-</u>	<u>6,069</u>	<u>245</u>	<u>12,504</u>

The carrying value of the deferred exploration costs was impaired, as part of the normal testing procedure, during the period 1 April 2006 to 31 March 2007 as shown above. This resulted in the carrying value being reduced for the following reasons:

- The Puerto Lopez Oeste exploration returned seismic data which indicated that no structures large enough to be commercially viable were present. The Group consequently decided to withdraw from the next stage of the exploration.
- The wells comprising the Primavera exploration did not encounter commercial quantities of hydrocarbons and as a result were plugged and abandoned.

At 31 March 2007 the Primavera deferred exploration costs included a number of accrued costs. During the current year a number of these costs have been recorded at less than the accrued amount and therefore an amount of £785,000 has been reversed out of the costs. An impairment reversal has also been made, with a resulting credit to the Income Statement.

Acquisition

As a result of the acquisition of Fénix Oil and Gas S.A. the ownership of the Fénix block increased by 35% (see note 17).

Purchase of assets

On 13 December 2007 the Group acquired, from Petex Offshore Inc, the remaining 16.25% interest in the Fénix block. In addition, as part of the agreement Amerisur is no longer required to pay Petex Offshore 15% of Amerisur's net profits from the Platanillo block. The total consideration for the transaction with Petex Offshore Inc was 18,240,000 new ordinary shares of 0.1p each in Amerisur. The consideration amounted to £1,186,000 based on the market price of the shares at the date of acquisition.

Goodwill

The Group has goodwill resulting from past business combinations:

	Goodwill on acquisition £'000
At 1 April 2006	537
Impairment	-
At 31 March 2007	<u>537</u>
Impairment	<u>-</u>
At 31 March 2008	<u><u>537</u></u>

Impairment of goodwill

The annual impairment review of the goodwill carried by the Group has been undertaken. The whole of the historical goodwill results from the acquisition of the subsidiary companies in Paraguay and whilst the Group is in the exploration and evaluation stage of exploitation the value in use of the blocks can only be based on the broadest estimates of future potential.

Amerisur has a very strong acreage position in Paraguay where, although no commercial hydrocarbon reserves have yet been discovered, the sedimentary basins are shared with adjoining countries where discoveries and production exist. The potential of Paraguay has increasingly been recognised, and this has been reflected by an increased level of interest and activity over the last year.

Our strategy is that we must manage risk by ensuring that all technical avenues are investigated in the definition of leads and prospects. On the basis of our analysis of our acreage, it was concluded that the potential prospectivity of the Alto Parana block was low, and we have decided to terminate our involvement in the contractual process currently before the Paraguay senate with regard to that block. We believe that with our two licences, both 100% held by the Company, we have the right amount of acreage to focus our efforts on. We are now very close to a position where we can say that the next step should be the acquisition of further, high quality and focused data or, in some cases, the drilling of a well.

Our licences are situated in the Paraná and Curupaty basins. The Curupaty basin is shared with Bolivia to the north, the Paraná with Brazil to the west. The San Pedro Exploration and Production (E&P) permit covers approximately 800,000 hectares in the north west of the Paraná basin. Approximately 1,000 km of 2D seismic data has been reprocessed in Bogotá, and has been interpreted. This interpretation has indicated the presence of 14 structural, fault controlled leads within the San Pedro block. The existing wells, Asunción 1 and 2, demonstrated indications of hydrocarbons and are located just outside 2 of those leads. The Company believes that there is high potential in this block, and we intend to acquire a 2D seismic test line during 3Q 2008, using "Accelerated Drop Weight" technology. Should that test be satisfactory, the costs of 2D acquisition would be much reduced over the explosive method. It is expected that the focused programme of 120 km 2D would be part of the farm-out deal we seek for Paraguay, and it is hoped to perform that survey before the end 2008, with potential drilling locations defined during 1Q 2009.

The Curupayty block is held as an E&P permit, and extends over approximately 800,000 hectares of the Curupayty basin located in the north of Paraguay, close to the border with Bolivia. The existing data in the block was reprocessed and interpreted during 2006. This analysis indicates that the principal plays within this part of the basin rely upon the filling of ancient, glacially cut channels with suitable reservoir sediments. However, the lack of maturity in this area suggests that hydrocarbon charge could only be achieved by relatively long range migration from the north and/or west. These situations are not unlikely given the nature of the area, however we feel it prudent to consider the application of technologies which could both define the existence of the channels and the migration of hydrocarbons. These may involve remote sensing techniques, such as Aerogravimetry/Aeromagnetometry and Geochemical sampling. We expect to confirm that programme during the latter part of 2008.

It is important to understand that Paraguay is a frontier area, and as such has limited access to services and equipment. Given the rising interest in the area, we believe that situation will be ameliorated within the medium term of the next one to two years, when sharing of equipment and services as other companies become active will become possible.

Given the interest in Paraguay as a potential hydrocarbon province, and our placement in terms of acreage, we feel that we can achieve excellent farm-in terms with industry partners. We intend to perform that exercise prior to the end of 2008 and the Directors do not believe the goodwill attached to this site has been impaired.

11. Property, plant and equipment

	Office and computer equipment £'000
Cost	
At 1 April 2006	3
Additions	11
	<hr/>
At 31 March 2007	14
Additions	54
	<hr/>
At 31 March 2008	68
	<hr/>
Depreciation	
At 1 April 2006	-
Charge for the year	1
	<hr/>
At 31 March 2007	1
Charge for the year	9
	<hr/>
At 31 March 2008	10
	<hr/>
Net book value	
At 1 April 2006	3
	<hr/>
At 31 March 2007	13
	<hr/>
At 31 March 2008	58
	<hr/> <hr/>

12. Financial instruments

Risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern whilst maximising the return to stakeholders through the effective management of liquid resources raised through share issues. The principal risks faced by the Group resulting from financial instruments are liquidity risk, foreign currency risk and, to a certain extent, interest rate risk. The Directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Categories of financial instrument

	2008 £'000	2007 £'000
Financial assets		
- Cash & cash equivalents	11,081	2,103
- Loans and receivables	412	242
Financial liabilities		
- At amortised cost	281	1,525

Foreign currency risk

The cash balances carried within the Group comprise the following currency holdings:

	2008 £'000	2007 £'000
Sterling	3,303	779
US dollars	7,769	1,295
Peso	4	24
Guarani	5	5
	11,081	2,103

The majority of the Group's transactions are carried out in US dollars and significant cash deposits are carried in escrow accounts in that currency which are controlled by the operating subsidiaries. Exposure to fluctuations in the exchange rate with the dollar is mitigated by use of the forward hedge market. These economic hedges are not accounted for as such under IAS 39.

Interest rate risk

The Group finances its operations through equity fundraising and therefore does not carry significant borrowings. Interest rate risk is therefore considered to be immaterial. The Group's cash balances and short term deposits are held at floating interest rates based on LIBOR and are reviewed to ensure maximum benefit is obtained from these resources.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount.

The Group has not yet reached the Development and Production phase of activity and therefore does not have trade receivables resulting from sales of gas and oil production except for a small volume of revenue resulting from the sale of oil obtained during exploration. Other receivables consist predominantly of interest. Management do not consider that there is any concentration of risk within either trade or other receivables.

Liquidity risk

The Group currently holds substantial cash balances in both Sterling and US dollars to provide funding for E & E activity. Whilst no oil or gas production takes place the Group is dependent on equity fundraising through private placings which the Directors regard as the most cost effective method of fundraising. The Group policy is to ensure continuity of funding so that planned fundraisings cover at least 100% of contractual obligations and 12 months of operating and administration costs. Management expects to continue this method successfully in the future. Short term flexibility is achieved by the use of overdraft facilities.

There is no material difference between the fair values and the book values of these financial instruments.

13. Trade and other receivables

	2008 £'000	2007 £'000
Other receivables	25	226
VAT	9	12
Prepayments	344	4
	378	242
	378	242

There were no trade receivables overdue for receipt.

14. Cash and cash equivalents

	2008 £'000	2007 £'000
Cash at bank and in hand	11,081	2,103
	11,081	2,103
	11,081	2,103

15. Trade and other payables

	2008 £'000	2007 £'000
Trade payables	69	181
Other payables	73	67
Emoluments payable to directors	4	27
Social security and other taxes	5	5
Accrued expenses(see note 10)	96	1,245
	247	1,525
	247	1,525

16. Share based payments

The Group has an unapproved share option plan for the benefit of employees.

Options in issue	Exercise Price (pence)	Exercise period on or before:
1,000,000	2.16	17 December 2009
500,000	3.00	4 March 2010
44,760,000	7.15	31 May 2012
350,000	6.45	12 September 2012

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2008 WAEP		2007 WAEP	
	Number	pence	Number	pence
Outstanding at the beginning of the year	6,800,000	3.74	10,600,000	3.02
Granted during the year	45,110,000	7.14	1,000,000	11.10
Exercised during the year	4,300,000	2.47	4,800,000	3.68
Forfeited during the year	-	-	-	-
Expired during the year	1,000,000	11.10	-	-
Outstanding at the year end	<u>46,610,000</u>	<u>6.99</u>	<u>6,800,000</u>	<u>3.74</u>
Exercisable at the year end	<u>46,610,000</u>	<u>6.99</u>	<u>6,800,000</u>	<u>3.74</u>

The fair value of options granted after 7 November 2002 but not vested at 1 April 2006 has been arrived at using a Black-Scholes model. The assumptions inherent in the use of this model are as follows:

- The option life is assumed to be at the end of the allowed period
- There are no vesting conditions
- No variables change during the life of the option (e.g. dividend yield)
- Volatility has been calculated based on historic share price over the two years prior to the grant date

Date of grant	Vesting period (yrs)	Date of vesting	Exercise price (pence)	Risk-free rate	Share price at grant (pence)	Volatility of share price	Fair value (pence)	Number outstanding
31.5.07	None	31.5.07	7.15	5%	6.59	74%	3.17	44,760,000
12.9.07	None	12.9.07	6.45	5%	6.75	74%	3.26	350,000

The Group recognised total expenses of £1,431,000 (2007: £23,000) related to equity-settled share based payment transactions during the year.

17. Acquisition of assets

Fénix Oil and Gas S.A.

On 6 December 2007 the Company acquired the entire issued share capital of Fénix Oil and Gas S.A. for a total consideration of US\$4.3m satisfied in cash from existing resources. Fénix Oil and Gas S.A. has a 35% working interest in the Fénix block and no other material assets. The acquisition of the assets increased the Group's working interest in the block to 83.75%. The Fénix block is an area of 24,117 hectares located in the Middle Magdalena Basin of Colombia.

The effect of this transaction together with the purchase of assets from Petex Offshore Inc (see note 10) was to increase the economic interest the Group has in the Fénix block to 100%.

The net assets acquired and the allocation of the costs is shown below:

	£'000 Book value	£'000 Fair value adjustment	£'000 Fair value
Intangibles – Fénix block exploration cost	-	2,019	2,019
Net assets	165	-	165
	165	2,019	2,184
Net consideration and net cash flow			<u>2,184</u>

18. Issued share capital

	Shares	Nominal Value (0.1p) £'000	Premium net of costs £'000	Total £'000
In issue on 1 April 2006	507,467,887	507	7,888	8,395
Issue 18 May 2006	26,666,667	27	3,748	3,775
Exercise of share options	4,800,000	4	145	149
Issue 27 February 2007	16,500,000	17	1,802	1,819
31 March 2007	555,434,554	555	13,583	14,138
Exercise of share options	4,300,000	4	102	106
Placing 30 June 2007	250,000,000	250	13,929	14,179
Issue 22 November 2007	910,750	1	16	17
Asset purchase 12 Dec 2007	18,240,000	19	1,167	1,186
31 March 2008	828,885,304	829	28,797	29,626

The placing on 30 June 2007 raised capital for the continuing exploration of the blocks. The placing was at 6p per share and raised £15 million prior to issue costs of £821,000. The issue on 22 November 2007 represented the deferred consideration (shares to be issued) in respect of Bohemia in Paraguay due to the execution of the concession contract for exploration and subsequent exploitation. The issue on 12 December 2007 provided consideration for the purchase of the assets held by Petex Offshore Inc which comprised the remaining 16.25% share of the Fénix block (see Note 10).

19. Authorised share capital

At an AGM of members held on 28 June 2007 the Company's authorised share capital was increased from £700,000 comprising 700,000,000 ordinary shares of 0.1pence each to £1,250,000 comprising 1,250,000,000 ordinary shares of 0.1pence each.

20. Related party transactions

John Wardle, Chief Executive Officer of Amerisur, acquired a beneficial holding of 6,080,000 new ordinary share of 0.1p each in Amerisur. This holding was paid to Tracarta Limited pursuant to the announcement on 13 December 2007. John Wardle, Chief Executive Officer of Amerisur, has an interest in Tracarta Limited, which holds a one third interest in Petex Offshore Inc.

Following the new ordinary shares being admitted to AIM, John Wardle has a direct and indirect interest in the issued share capital of the Company of 7,963,333 (0.96%).

John Wardle is also a director of Expet S.A. There have been no transactions with Expet during the year and the joint venture agreement between Expet and Amerisur was terminated during 2007.

Amerisur Resources Plc paid £22,000 for accounting and other office services to Westleigh Investments Holdings Limited, where Giles Clarke and Nick Harrison have an interest.

21. Events after the balance sheet date

Subsequent to the balance sheet date Amerisur has exercised its right to terminate the contract with the vendors of the Alto Parana block prior to the ratification by the Paraguay senate. This ratification would have triggered the payment of 8,196,721 shares of Amerisur to the vendors.

22. IFRS transitional adjustments

The previously published financial statements under UK GAAP were restated on an IFRS basis in the interim accounts for the six months to 30 September 2007. The following optional exemptions have been adopted:

- a) Cumulative translation differences which exist at the date of transition can be transferred into retained earnings and the foreign exchange reserve therefore only shows differences arising after transition. Upon disposal, pre-transition foreign exchange differences will not be recycled (IFRS 1 'First time adoption of IFRS').
- b) Business combinations that occurred before the opening IFRS balance sheet date are exempt from the application of the standard (IFRS 3 'Business Combinations'). This means that goodwill shown on the balance sheet at transition under UK GAAP will be maintained and, thereafter, be subject to impairment but not amortisation.

A reconciliation of equity at 1 April 2006 (the transition date) and 31 March 2007, together with a reconciliation of profit for the year to 31 March 2007 are shown below together with an explanation of the adjustments:

IFRS 3 'Business combinations'

Under UK GAAP the goodwill resulting from a business combination is amortised over a relevant period, however, under IFRS 3 goodwill is no longer amortised but becomes subject to regular impairment testing.

IAS 31 'Joint ventures'

In the last reported financial statements, the Group presented its share of the assets of the joint arrangement within "investments" on the balance sheet. The assets that Amerisur control all relate to exploration assets. Amerisur has incurred no liabilities as a result of these arrangements and to date has neither incurred expenses nor earned income. Accordingly, these assets are now presented in intangible assets as exploration assets and there is no amendment to this presentation on transition to IFRS.

IAS 21 'The effects of changes in foreign exchange rates'

Under UK GAAP the Group reported differences in exchange rates on consolidation in a foreign exchange reserve. Under IFRS the Group has claimed the exemption from retrospective application of IAS 21, including all exchange differences recognised up to transition within the income statement. The Group is now required to show all post transition differences on consolidation as a separate item within equity.

Cash Flow

As a result of the transition to IFRS the following changes have resulted in the cash flow statement.

Under UK GAAP payments to acquire property, plant and equipment were classified as part of 'Capital expenditure and financial investment' whilst under IFRS such payments have been reclassified as part of 'Investing activities'.

There are no other material differences between the cash flow statement presented under IFRS and that presented under UK GAAP.

Reconciliation of equity as at 1 April 2006

Balance sheet

	UK GAAP £'000	IFRS 3 £'000	IAS 31 £'000	IAS 21 £'000	IFRS £'000
Assets					
Non-current assets					
Goodwill	537				537
Intangible assets	202		604		806
Property, plant and equipment	3				3
Investments	604		(604)		-
Total non-current assets	1,346				1,346
Current assets					
Trade and other receivables	22				22
Cash and bank balances	5,565				5,565
Total current assets	5,587				5,587
Total assets	6,933				6,933
Equity and liabilities					
Equity					
Issued capital	507				507
Shares to be issued	167				167
Share premium	7,888				7,888
Foreign exchange reserve	3			(3)	-
Retained earnings	(1,772)			3	(1,769)
Total equity	6,793				6,793
Current liabilities					
Trade and other payables	140				140
Total liabilities	140				140
Total equity and liabilities	6,933				6,933

Reconciliation of equity as at 31 March 2007

Balance sheet

	UK GAAP £'000	IFRS 3 £'000	IAS 31 £'000	IAS 21 £'000	IFRS £'000
Assets					
Non-current assets					
Goodwill	508	29			537
Intangible assets	230		5,568		5,798
Property, plant and equipment	13				13
Investments	5,568		(5,568)		-
Total non-current assets	6,319	29			6,348
Current assets					
Trade and other receivables	242				242
Cash and bank balances	2,103				2,103
Total current assets	2,345				2,345
Total assets	8,664	29			8,693
Equity and liabilities					
Equity					
Issued capital	555				555
Shares to be issued	167				167
Share premium	13,583				13,583
Other reserve	23				23
Foreign exchange reserve	10			(3)	7
Retained earnings	(7,199)	29		3	(7,167)
Total equity	7,139	29			7,168
Current liabilities					
Trade and other payables	1,525				1,525
Total liabilities	1,525				1,525
Total equity and liabilities	8,664	29			8,693

Reconciliation of loss for the year ended 31 March 2007

	UK GAAP £'000	IFRS 3 £'000	IFRS £'000
Administration expenses	1,354	(29)	1,325
Impairment charge	4,295		4,295
Finance income	(222)		(222)
Loss before tax	5,427		5,398
Taxation	-		-
Loss for the period	5,427		5,398

**REPORT of the INDEPENDENT AUDITOR TO THE MEMBERS OF
AMERISUR RESOURCES PLC**

We have audited the parent company financial statements of Amerisur Resources Plc for the year ended 31 March 2008 which comprise the parent company balance sheet and notes 1 to 12. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of Amerisur Resources Plc for the year ended 31 March 2008.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Annual Report and the parent company financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements. The information given in the Report of the Directors includes that specific information presented in the CEO's Review and Chairman's Statement that is cross referred from the Business Review section of the Report of the Directors.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Report of the Directors, the Chairman's Statement and the CEO's Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

**GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
Leicester**

25 June 2008

PARENT COMPANY BALANCE SHEET

		31 March 2008 £'000	31 March 2007 £'000
	Notes		
FIXED ASSETS			
Intangible assets	5	70	70
Investments	6	2,784	600
		<u>2,854</u>	<u>670</u>
CURRENT ASSETS			
Debtors	7	10,404	6,475
Cash at bank and at hand		10,547	1,924
		<u>20,951</u>	<u>8,399</u>
CREDITORS			
Amounts falling due within one year	8	(135)	(1,344)
NET CURRENT ASSETS		<u>20,816</u>	<u>7,055</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,670</u>	<u>7,725</u>
CAPITAL AND RESERVES			
Called up share capital	9	829	555
Shares to be issued	10	150	167
Share premium	10	28,787	13,583
Other reserves	10	1,454	23
Profit and loss account	10	(7,560)	(6,603)
SHAREHOLDERS' FUNDS		<u>23,670</u>	<u>7,725</u>

The parent company financial statements were approved by the Board of Directors on 25 June 2008

N Harrison
Director

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting convention

The parent company financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention and comply with the Companies Act 1985 as amended by the Companies Act 1989 and applicable accounting standards. The particular accounting policies adopted by the directors are described below and are considered suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates in accordance with FRS 18.

After making appropriate enquiries the Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the 'going concern' basis in preparing these financial statements.

2. Principal accounting policies

Investments

Investments held as fixed assets are stated at the lower of cost and net realisable value, less provision for any impairment. They comprise investments in subsidiary undertakings and investments in jointly controlled assets not an entity (JANE). In the opinion of the directors the value of such investments is not less than that shown at the balance sheet date.

Intangible fixed assets

Intangible fixed assets are included at cost and amortised on a straight line basis over their useful economic life, which will be based on the expected life of the exploration area, once determined.

Share based payments

All share based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements. All goods and services received in exchange for the grant of any share based payment are measured at their fair values. Where employees are rewarded using share based payments the fair values of their services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (e.g. profitability and sales growth targets).

All equity settled share based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to 'other reserves'.

Upon exercise of share options the proceeds received, net of attributable transaction costs, are credited to share capital and, where appropriate, share premium.

3. Company profit and loss account

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year ended 31 March 2008 was £957,000 (2007:£967,000).

4. Directors and employees

The directors are the only employees of the parent company. Disclosure of their emoluments is given in note 4 to the Group financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

5. Intangible fixed assets

	Other intangible assets £'000
Cost	
At 1 April 2007	70
At 31 March 2008	70
Amortisation	
At 1 April 2007	-
At 31 March 2008	-
Net book value	
At 1 April 2007	<u>70</u>
At 31 March 2008	<u>70</u>

This represents the capitalised market value of 1,000,000 ordinary shares awarded to Expet S.A. as consideration for introduction services rendered to the Company in Colombia in the year ended 31 March 2006.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

6. Investments

	Subsidiary undertakings £'000	JANE £'000	Total £'000
Cost			
At 1 April 2007	600	4,115	4,715
Additions	2,184	-	2,184
At 31 March 2008	2,784	4,115	6,899
Impairment			
At 1 April 2007	-	4,115	4,115
At 31 March 2008	-	4,115	4,115
Net book value			
At 1 April 2007	600	-	600
At 31 March 2008	2,784	-	2,784

The parent company holds the following investments in subsidiary undertakings:

Name of subsidiary	% voting rights and shares held	Country of incorporation	Business
Amerisur S.A.	100	Paraguay	Mineral resource hydrocarbon E&P permit applications
Bohemia S.A.	100	Paraguay	Mineral resource hydrocarbon E&P permit applications
Amerisur Exploracion Limited (Colombia)	100	British Virgin Islands	Intermediate holding company
E-Plus S.A. (sub – subsidiary)	100	Paraguay	Dormant
Fénix Oil & Gas S.A. (sub-subsidiary)	100	Colombia	Mineral resource hydrocarbon E&P permit applications
Cindra Equities Corporation	100	British Virgin Islands	Intermediate holding company

7. Debtors

	2008 £'000	2007 £'000
Amounts due from Group undertakings	10,367	6,241
Prepayments and sundry debtors	37	234
	<u>10,404</u>	<u>6,475</u>

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

8. Creditors – amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	25	20
Emoluments owed to directors	4	27
Other creditors and accruals	106	1,297
	135	1,344

9. Share capital

For share capital and share based payment disclosures see notes 16 and 18 respectively in the Group financial statements.

10. Reserves

	Shares to be issued £'000	Share premium £'000	Other reserves £'000	Profit and loss account £'000
At 1 April 2006	167	7,888	-	(1,626)
Shares issued in the year		6,026		
Costs of issuing shares		(331)		
Share based payments			23	
Retained loss for the year				(4,977)
	167	13,583	23	(6,603)
At 31 March 2007	(17)	16,035		
Shares issued in the year		(821)		
Costs of issuing shares				
Share based payments			1,431	
Retained loss for the year				(957)
	150	28,797	1,454	(7,560)

11. Related party transactions

John Wardle, Chief Executive Officer of Amerisur, acquired a beneficial holding of 6,080,000 new ordinary share of 0.1p each in Amerisur. This holding was paid to Tracarta Limited pursuant to the announcement on 13 December 2007. John Wardle, Chief Executive Officer of Amerisur, has an interest in Tracarta Limited, which holds a one third interest in Petex Offshore Inc.

Following the new ordinary shares being admitted to AIM, John Wardle has a direct and indirect interest in the issued share capital of the Company of 7,963,333 (0.96%).

John Wardle is also a director of Expet S.A. There have been no transactions with Expet during the year and the joint venture agreement between Expet and Amerisur was terminated during 2007.

Amerisur Resources Plc paid £22,000 for accounting and other office services to Westleigh Investments Holdings Limited, in which Giles Clarke and Nick Harrison have an interest.

12. Events after the balance sheet date

Please refer to note 21 of the Group accounts.