

6<sup>th</sup> April 2011

**AMERISUR RESOURCES PLC (“Amerisur”, “the Company” or “the Group”)**

**Audited Results for the nine months ended 31 December 2010**

Amerisur Resources PLC, the oil and gas producer and explorer focused on South America announces results for the nine months ended 31 December 2010\*.

**Results highlights:**

- Operating profit for nine months US\$2.2 million (2009\*\*: loss of US\$2.8 million)
- Platanillo production enhancement delivers uplift from 89 BOPD (18/10/2009) to 570 BOPD at period end
- Maximum recorded Platanillo daily production of over 645 BOPD (9/11/10)
- Platanillo Exploitation Area extended to the National Border
- Acquired 125km<sup>2</sup> 3D3C seismic survey over the entire Platanillo Contract
- Period end cash position US\$20.7 million, following Placing in April 2010 raising US\$20.8 million

**Post period end highlights:**

- During January a new high monthly cash flow from sales of US\$1.73m was achieved
- Continue to generate positive monthly cashflow
- Processed 125 km<sup>2</sup> 3D3C seismic survey
- Important upside prospectivity identified
- Rig contracted for Platanillo drilling campaign

**Giles Clarke, Chairman of Amerisur Resources said:**

We are pleased to report that we have made excellent operational and financial progress during the period; the enhanced production at Platanillo has increased our revenues and improved our cash position, all this while conducting safe and environmentally responsible operations.

As announced previously we have moved our financial year end to 31 December, this change in reporting will bring us in line with other companies, reduce costs and also align us with the statutory bodies in the countries where we operate.

Looking forward, we anticipate another exciting period for the Company. Post period end we have modified our operational plan following the positive results of the interpretation of the 3D3C seismic survey over Platanillo and we expect to begin drilling before mid-year.

Lastly, we would like to thank all our shareholders, host Governments, local communities and employees for their support during this exciting phase for the Company.

\*This follows the Company changing its financial year end from 31 March to 31 December.

\*\*The comparison against the 12 months ended 31 December 2009 will be referred to as ‘2009’, and as previously stated all Company accounts are now stated in US dollars.

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Competent person: Technical information in this announcement has been reviewed by John Wardle Ph.D., the Company's Chief Executive. John Wardle has 25 years' experience in the industry, having worked for BP, Britoil, Emerald Energy and Pebercan, and is a trained drilling engineer.

## Chief Executive's Statement

### Colombia

#### Platanillo

Our strategy in Platanillo during the period was to maximise the yield of the wells, using techniques which do not pose a risk to the established production, and without significant well intervention. We have worked hard to define the full field potential via 3D3C seismic and have strengthened our operating base in this challenging and, in some ways frontier area. Hence throughout the period we have been focused on enhancing and maintaining the production from the existing wells in the field. These efforts have been successful, and the average production during the 9 months was 452 barrels of oil per day ("BOPD"), for a total of 124,273 net BO produced. Given the limited zones which are currently in production we feel this is a considerable achievement, and a strong turnaround from the days of 180 BOPD and fewer in 2009. That production generated net revenue of US\$9M as detailed in the accounts. We also focused upon reducing average operating costs, achieving US\$10.16/barrel of oil ("bbl") by period end.

As part of our forward planning we have also installed and commissioned enhancements to our processing and storage facilities, with a view to minimising future delays in placing new production on line. Additionally, looking further into the future to potential new environmental legislation we are currently trialling a produced water concentration/evaporation system.

Post period end, the lifting cost at Platanillo has been further reduced and stood at US\$9.94/bbl in January 2011, resulting in netback to the Company of approximately US\$85 per barrel of oil at current prices. Production was reduced during March due to a pump failure at Platanillo, however we are now trialling a new system, and expect to return to previous levels shortly.

Following receipt of an independent reserves report as at 31 December 2010 undertaken by Petrotech Engineering Ltd ("Petrotech") using the standards set by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers, certified 2P reserves increased to 3.6 MMBO from 1 MMBO of internally calculated reserves in 2009. The structural model used in this analysis was that existing at 31 December 2010. These 2P reserves were evaluated by Petrotech as representing a Net Present Value ("NPV") of US\$200m undiscounted and a 10% discounted NPV of US\$115m.

We have long considered that the Platanillo accumulation is on trend with the VHR field in Ecuador, and so it was particularly important that Amerisur acquired the acreage between the original contract boundary and the national border. This was achieved without additional cost or work commitment and the extension of our exploitation area by these 705 Ha was ratified by ANH (the National Hydrocarbons Agency) post period end. As you will see below, this area has important value for the Company.

However, the most important and challenging work programme has been the design, acquisition, processing and interpretation of a 125 km<sup>2</sup> 3D3C seismic survey over the entire block, from the national border in the south to the northern contractual limit. This survey used the latest digital technology and sensors which detect 3 orthogonal wave components. Usually only the vertical component is recorded, which is generally dominated by the compressional, or "P" wave. The benefit of recording additional components comes from capturing aspects of the shear or "S" wave. This wave can be used to indicate rock and rock fluid characteristics in the zones of interest. Multi component processing is still at an early stage globally, but we are sure this data will be most useful. Acquisition was completed on 23 December 2010, and post period end processing to date has utilised the vertical component, and has been performed in both Bogota and Buenos Aires.

This data has been interpreted and a new structural map of the southern half of the block has been created. This mapping has resolved a previous ambiguity regarding the presence and degree of throw of the bounding fault at some points along the structure, with confirmation of continuity towards the north, and importantly towards the south, into the extended commercial area. In addition, the structure observed to the south of the existing Alea-1R and Platanillo-2 wells is significantly more developed than previously supposed. The 3D3C structure map and petrophysical data were analysed in a Monte Carlo simulation and indicated the following management estimated prospective resources within the Platanillo Field:

P90	45 MMBO
P50	69 MMBO
P10	95 MMBO

The operational plan was modified to take account of the new high potential in the southern section, and the drilling programme has been redesigned. This has necessitated some further environmental licensing activity and will require civil work road construction in the next months. It is envisaged that the first new wells will now be located in the southern sector, followed by wells to the north in the area previously called "Platanillo-3". The Company expects to begin this 6 well drilling programme before mid-year. The objective is to prove up 35 MMBO of 2P reserves, and exit the year with a production rate of 5,000 BOPD.

Also post period end, the Company signed a Letter of Intent with Calmena Energy Services for the use of the Calmena Rig 836. Calmena is an experienced drilling contractor that currently operates one rig in Colombia. Rig 836 has been previously working on wells up to 10,000ft for Pemex in Mexico, and is expected to be mobilised to Colombia during April 2011.

### Fenix

Isabel-1 continued on Long Term Test with production levels steady at approximately 20 BOPD, having declined strongly from initial test flow rates. This information, though unwelcome, has been important in understanding the reservoir. Based on well behaviour and the interpretation of the data acquired while drilling we conclude that the orientation of the well was not optimised with respect to where the oil bearing sands are located. The thrust plane rises towards the west; hence the wells should be drilled from west to east beneath the fault, not east to west as in the case of Isabel-1.

Iguasa-1 has been the subject of a series of clean up and stimulation treatments, which, although showing improvement in oil delivery have subsequently tended to decline sharply and lose their effect. The Company believes that the natural tightness of the reservoir is further affected in this part of the structure by some compartmentalisation, which further impacts productivity per zone. The well continues to produce at low levels in natural flow.

The Fronterra study has been delivered and the Company is currently reviewing the conclusions. An additional geological study of the block has also defined a previously undetected structure in the back limb of the block which is under review.

During the period the Company received a number of offers for participation in the Fenix Block, which are being evaluated. This demonstrates that, despite the issues resulting from the complex geology, there is clear value and opportunity in this block.

### **Paraguay**

Amerisur has commissioned a 12,800 line km Aeromagnetic survey over its San Pedro block and the Parana basin up to the border with Brazil. This survey is designed to map the general development of the sedimentary series in the basin, and give detailed data within the San Pedro block, which will allow the Company to refine the structural forms and confirm the sourcing pathways to the block which were indicated by the Company's previous Geochemical work.

The company contracted to acquire and process this survey is Fugro Geophysical, based in Brazil. The Company plans to mobilise the survey during April 2011, with completion during July.

### **Financial Review**

Revenue for the period increased to US\$9 million (2009: US\$2.8 million). The profit before tax for the nine months was US\$2.3 million (2009: loss of \$2.0 million).

At the period end, the Group had cash of US\$20.7 million (2009: US\$8.0 million), following the successful completion of a Placing to raise US\$ 20.8 million in April 2010.

### **Outlook**

The coming year is a key period in Amerisur's development. The locations in which we work are extremely demanding environments, and require understanding and delicate management to achieve success. However those demands create attractive opportunities for those who can operate efficiently. Our careful contractual and technical work has brought us to the point of a great opportunity to transform the Company's profile, with significant reserves, uplifted production, further exploration work in Fenix, the potential for the addition of new assets in Colombia and the materialisation of drilling prospects in Paraguay. It is a dynamic and ambitious programme, and the Board is confident that it has the correct strategy and resources to deliver the right result.

**Consolidated income statement  
for the 9 months ended 31 December 2010**

	9 mths ended 31 December	Restated Year ended 31 March
	2010	2010
	\$'000	\$'000
Revenue	9,013	2,753
Cost of sales	(4,693)	(1,486)
Gross profit	4,320	1,267
Other administrative expenses	(2,077)	(2,276)
Share option charge	-	(1,840)
Total administrative expenses	(2,077)	(4,116)
Operating profit / (loss)	2,243	(2,849)
Finance charge	(56)	-
Finance income	71	886
Profit / (loss) before tax	2,258	(1,963)
Taxation	(1,041)	2,778
Profit attributable to equity holders of the parent	1,217	815
<b>Earnings per share</b>		
Basic (cents per share)	0.13	0.10
Diluted (cents per share)	0.13	0.10

**Consolidated statement of comprehensive income  
for the 9 months ended 31 December 2010**

	9 mths ended 31 December	Restated Year ended 31 March
	2010	2010
	\$'000	\$'000
Profit attributable to equity holders of the parent	1,217	815
Other comprehensive income:		
Foreign exchange differences	(1,502)	5,923
Total other comprehensive income	(1,502)	5,923
Total comprehensive income for the year	(285)	6,738

**Consolidated balance sheet**

	31 December 2010 \$'000	Restated 31 March 2010 \$'000	Restated 31 March 2009 \$'000
<b>Assets</b>			
Non-current assets			
Goodwill	514	514	485
Other intangible assets	42,165	31,365	21,823
Property, plant and equipment	754	633	554
Deferred tax asset	1,852	2,640	-
Total non-current assets	45,285	35,152	22,862
Current assets			
Trade and other receivables	2,071	1,700	244
Inventory (crude oil)	95	101	-
Cash and cash equivalents	20,656	7,978	13,035
Total current assets	22,822	9,779	13,279
<b>Total assets</b>	<b>68,107</b>	<b>44,931</b>	<b>36,141</b>
<b>Equity and liabilities</b>			
Equity			
Issued capital	1,307	1,180	1,178
Share premium	60,677	40,982	40,929
Other reserve	4,248	4,276	2,538
Foreign exchange reserve	9,871	11,373	5,450
Retained earnings	(13,021)	(14,266)	(15,081)
Total equity	63,082	43,545	35,014
Current liabilities			
Trade and other payables	5,025	1,386	1,127
Total current liabilities	5,025	1,386	1,127
Total liabilities	5,025	1,386	1,127
<b>Total equity and liabilities</b>	<b>68,107</b>	<b>44,931</b>	<b>36,141</b>

## Consolidated statement of changes in equity

	Share capital \$'000	Share premium \$'000	Other reserve \$'000	Foreign exchange reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1 April 2009</b>	<b>1,178</b>	<b>40,929</b>	<b>2,538</b>	<b>5,450</b>	<b>(15,081)</b>	<b>35,014</b>
Share options exercised	2	53	-	-	-	55
Equity settled share options	-	-	1,738	-	-	1,738
Total transactions with owners	2	53	1,738	-	-	1,793
Profit for the year	-	-	-	-	815	815
Other comprehensive income	-	-	-	5,923	-	5,923
Total comprehensive income	-	-	-	5,923	815	6,738
<b>At 31 March 2010</b>	<b>1,180</b>	<b>40,982</b>	<b>4,276</b>	<b>11,373</b>	<b>(14,266)</b>	<b>43,545</b>
Share placing	126	19,650	-	-	-	19,776
Share options exercised	1	45	(28)	-	28	46
Equity settled share options	-	-	-	-	-	-
Transactions with owners	127	19,695	(28)	-	28	19,822
Profit for the year	-	-	-	-	1,217	1,217
Other comprehensive income	-	-	-	(1,502)	-	(1,502)
Total comprehensive income	-	-	-	(1,502)	1,217	(285)
<b>At 31 December 2010</b>	<b>1,307</b>	<b>60,677</b>	<b>4,248</b>	<b>9,871</b>	<b>(13,021)</b>	<b>63,082</b>

**Consolidated cash flow statement**

	9 mths ended 31 December	Restated Year ended 31 March
	2010 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>		
<b>Profit for the year</b>	1,217	815
<b>Adjustments for:</b>		
Finance income in the income statement	(15)	(886)
Tax in the income statement	1,041	(2,778)
Depreciation	89	125
Amortisation	1,848	292
Share option charge	-	1,840
Decrease / (increase) in inventory	6	(101)
(Increase) in trade and other receivables	(371)	(1,441)
Increase in trade and other payables	3,639	192
	<hr/>	<hr/>
Net cash generated by / (used in) operations	7,454	(1,942)
Interest paid	(56)	-
Tax paid	(253)	(17)
	<hr/>	<hr/>
Net cash generated by / (used in) operating activities	7,145	(1,959)
<b>Cash flows from investing activities</b>		
Interest received	71	886
Payments for property, plant and equipment	(229)	(170)
Payments for intangible assets	(13,629)	(4,980)
	<hr/>	<hr/>
Net cash used in investing activities	(13,787)	(4,264)
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	20,905	55
Issue costs	(1,083)	-
	<hr/>	<hr/>
Net cash generated by financing activities	19,822	55
Net increase / (decrease) in cash and cash equivalents	13,180	(6,168)
Foreign exchange differences	(502)	1,111
Cash and cash equivalents at the start of the year	7,978	13,035
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	20,656	7,978

## **Notes to the preliminary announcement**

### **1 Basis of preparation**

The summary accounts do not constitute statutory accounts as defined in section 435 of the Companies Act 2006, but has been extracted from the statutory accounts for the period ended 31 December 2010 on which an unqualified audit report has been issued. The statutory financial statements for the period ended 31 December 2010 were approved by the directors on 5th April 2011, but have not yet been delivered to the Registrar of Companies.

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as adopted by the EU. The Group financial statements consolidate those of the company and of its subsidiary companies drawn up to 31 December 2010.

Intra-group transactions are eliminated on consolidation and all figures relate to external transactions only. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting except for those qualifying as group reconstructions where merger accounting is used. The results of newly acquired companies are consolidated from the date that control passed.

### **2 Posting of accounts**

The Report and Accounts for the period ended 31 December 2010 will shortly be available on the Company's website and will be sent to registered shareholders who have elected to receive paper communications by post in due course.

### **3 Change in financial reporting date**

The Board has changed the financial year end of the Group from 31 March to 31 December. As a result of this change, the Group is publishing, in these financial statements, audited results for the 9 months ending 31 December 2010. The next audited results will be for the 12 months to 31 December 2011.

The next set of interim accounts produced will be for the 6 months to 30 June 2011.

### **4 Change of accounting policy**

#### *Presentational currency*

The group has selected US dollars as its presentational currency for the purposes of financial reporting. All comparatives have been restated in US dollars.

#### *Functional currency*

The functional currency of the parent company and the Colombian subsidiary has been changed from Sterling and Colombian Peso respectively to US Dollars with effect from 1 April 2010. This was not a policy choice but driven by the change in circumstances due to the change in commercial activities of the entities in the United Kingdom and Colombia. The change in functional currency has been applied prospectively from 1 April 2010.

The parent entity is operating as an extension of its Colombian subsidiary, Amerisur Exploracion (Colombia) Limited and provides strategic administrative and managerial support to the entity. This has been the case since Platanillo's transition from exploration to production at the end of the March 2010 accounting period when the first revenues were recorded. This is the first accounting period where the entity has traded throughout.

The Parent Entity's balance sheet is primarily in US Dollar denominated assets and liabilities, and the change in functional currency reflects the underlying transactions that are undertaken between the entities.

The circumstances of Amerisur Exploracion (Colombia) Limited have changed since full production has commenced in that all revenue is US Dollar denominated and the significant majority of all expenditure and capital transactions are undertaken in US Dollars which is the industry norm. This has led to the decision to change the entity's functional currency from Colombian Peso's to reflect the currency of the day to day transactions of the entity.