



FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008

**AMERISUR RESOURCES PLC**  
(formerly CHACO RESOURCES PLC)

REGISTERED NUMBER: 4030166 (England and Wales)

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**CORPORATE DIRECTORY**

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**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

**REGISTERED OFFICE**

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**BANKERS**

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97 Bute Street  
CARDIFF  
CF10 5NA, UNITED KINGDOM

## 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 29<sup>th</sup> 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 5<sup>th</sup> October 2007 to 15<sup>th</sup> 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 km<sup>2</sup> 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 11<sup>th</sup> September 2008. The commitment during the second phase is a single exploration well, which must be completed by 11<sup>th</sup> 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.









































































