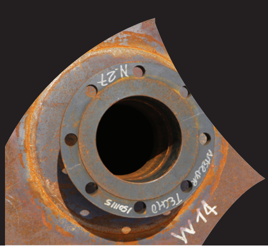
amerisur resources plc





ANNUAL REPORT 2015

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For the year ended 31 December 2015

CORPORATE DIRECTORY

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Giles Clarke (Chairman)

John Wardle (Chief Executive Officer)

Nick Harrison (Finance Director)

Victor Valdovinos (Executive Director)

George Woodcock (Executive Director)

Stephen Foss
(Senior Independent Non-Executive Director)

Douglas Ellenor (Non-Executive Director)

Nigel Luson (Non-Executive Director)

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CHAIRMAN'S STATEMENT

We are pleased to announce the Company's Results for the year ended 31 December 2015. 2015 was another busy year for the Company with significant cost reductions delivered early to help preserve the Company's cash position, a broadening of the Company's asset base through opportunistic low cost acquisitions, a focus on executing the OBA pipeline, a strategically important regional asset and ongoing capital discipline. Particular progress was made in 2015 with the OBA pipeline which is expected to be operational shortly.

Early in 2015, in the face of the rapidly falling oil price, the Company revised its operating activity plan to fit the lower oil price environment and to ensure its healthy balance sheet and track record of excellent capital discipline was maintained. The Board took a conservative view (at the time) of oil prices, assuming WTI oil prices of $48 per barrel for the year. In that context the Board conducted a review of the 2015 plan, with the aim of minimising the use of high cost transportation until such time as the OBA pipeline to Ecuador was operational, and / or a return to a higher oil price, thus protecting the Company's balance sheet and highly valuable reserve base. In short, production from higher cost pads in the Platanillo field was stopped and more volume was sent through the lower cost Orito pipeline, with trucking to Rio Loro halted.

Strategy

The Company's strategy is to ensure the lowest cost profitable production from the Platanillo field, to increase 1P and 2P reserves and to diversify the Company's production base through both continuing exploration on current assets and pursuing opportunistic and attractive, low cost acquisitions. The objective is to broaden its drilling opportunities from solely Platanillo, leading to production from more than one oil field while creating attractive and extensive running room in a balanced and diversified portfolio.

In line with this strategy, in June 2015 Petro Dorado South America SA ("PDSA"), a subsidiary of Petro Dorado Energy Ltd ("PDEL") was acquired. We paid a total of $8.4 million, compromising of $6 million of Amerisur stock and the replacement of $2.4 million of deposits to support cash guarantees. Post period end, the Company acquired Platino Energy (Barbados) Ltd ("Platino"), a private company, from COG Energy ("COG") for a total consideration of $7 million satisfied in shares. These recent acquisitions will help deliver a diversified production base and in turn allow us to reach our goal faster than we would have been able to without the oil price fall and associated consequential difficulties felt by over indebted oil companies operating in the Putumayo. In both cases much work has been done to de-risk the journey to diversified production. The OBA pipeline, now in the final stages of construction, will allow us to operate and produce oil at a vastly lower cost to rivals and is no doubt the key to unlocking the potential from the Putumayo.

Whilst Amerisur produces solely from one oil field the Board is unlikely to recommend payment of a dividend and for the year ended 31st December 2015 no dividend payment will be made. Returns to shareholders however are discussed regularly by the Board and firmly remain a goal.

I was pleased to note that despite the constraints of the Company's work programme in 2015 in the interests of capital discipline, the executive managed to increase reserves slightly during the period, a testament to their exceptional abilities and their knowledge of the Platanillo field.

Board, Corporate Governance and People

During the year all our staff, the vast majority of which are located in Bogota in Colombia, worked tirelessly to reduce costs, increase the efficiency of our existing assets, grow our asset base and deliver the OBA pipeline, a transformational project for the Company providing significantly improved economics. I would personally like to thank them for their hard work and dedication in challenging market conditions.

The Company recognises the importance of good corporate governance and the Company's direction of travel in that regard is positive. In January 2015, Stephen Foss was appointed Senior Independent Non-Executive Director. Mr Foss has over 30 years of experience in the capital markets industry, having spent his career in Australia, Canada and the UK. He previously led the Royal Bank of Canada's International Equities business for Europe and Australasia, prior to joining its global investment banking division in February 2011 to concentrate on senior client coverage, Sovereign Wealth Funds and origination in the natural resources sector. After graduating with a Bachelor of Arts with Honours from the University of Western Ontario, Mr Foss began his career at the Sydney Stock Exchange and subsequently held a number of senior management positions with another global investment bank. Mr Foss chairs the Remuneration Committee and sits as a member of the Audit Committee.

In addition, there have been a number of remuneration changes during the year. The Remuneration Committee is now fully independent. Following consultation with shareholders on its remuneration during the first half of 2015, the Committee appointed h2glenfern Remuneration Advisory to carry out a review of its board remuneration policies. This was followed, at the beginning of 2016, by further consultation with shareholders after which the Remuneration Committee made a number of changes to its remuneration policy. The key area where changes are to be made is in relation to long-term incentives and given the low oil price environment, executive pay levels have been largely frozen.

During the year, Dr. Douglas Ellenor, Non-Executive Director of the Company, renounced all of his 300,000 options over new ordinary shares at 0.1p each which he held under the Company's 2013 LTIP scheme. As of 31 December 2015, Dr. Ellenor had zero LTIP share options in the Company. In addition, on 10 December 2015 Jade Oil & Gas Consulting, which Dr. Ellenor is a shareholder and a Director, terminated its Technical Consulting Services agreement with Amerisur Resources. As a result, Dr. Ellenor is deemed an independent Director under the UK Corporate Governance Code of the Financial Reporting Council which sets out the best practice and as a result Amerisur Resources has a total of three independent Non-Executive Directors.

The Company's achievements were recognized last year when Amerisur won "Best Oil & Gas PLC" at the 2015 UK Stock Market Awards. The awards, which celebrate the best of UK PLC and recognize companies which have created shareholder value, were held on Thursday 26 March 2015. The other nominees for the category of "Best Oil & Gas PLC" included; BP, Shell, Sound Oil and Premier Oil.

Governments

The Governments of both Colombia and Ecuador have shown great foresight in agreeing to the building and commissioning of the OBA pipeline. Bi-lateral infrastructure projects between two countries are extremely complicated as the building of the Channel Tunnel between the UK and France demonstrated. Both President Correa and President Santos have shown visionary leadership, and both governments have worked closely to create this major project. Amerisur is proud to play its part.

Post balance sheet

Post balance sheet, the Company raised $35 million of new equity capital following a roadshow to inform shareholders where the Company was with the OBA pipeline. It was clear from both shareholders and prospective investors that there was support for an acceleration of the 2016 activity programme to take advantage of lower drilling costs to increase reserves, and production to increase flows through the OBA pipeline which is expected to reduce cash opex per barrel from approximately $27 to $15. Due to the support from institutional investors, the Company was able to raise the capital we wanted to expand more rapidly.

Outlook

With the OBA pipeline now in the final stages of construction and due to be operating in May, the economics of the Company's production improve dramatically, with cash operating costs per barrel anticipated to reduce significantly over period of time as production gradually ramps up. The lower opex costs will enable us to increase production from the Platanillo field despite the low oil price environment, which, following the advice received from Schlumberger in a report commissioned by Amerisur, will be done carefully and responsibly so as to preserve the long term integrity of the reservoir. The new capital raised in March has enabled us to accelerate the 2016 activity plan to increase reserves and production. We are proceeding with: social consultations and environmental licensing for a Long Term Test (LTT) and further wells in Coati together with a 3D seismic programme on the Coati license to optimise drilling locations and further define the potential of the field; two step out wells drilled from Platanillo Pad 2N; a well on Put-8 from the Platanillo West pad; a development well on Coati; a Put-8 South N sand anomaly well and two further Platanillo infill wells.

In our planning assumptions, we have used $35 per barrel as the basis for Amerisur's activities in 2016 and the Board remains committed to the high levels of capital discipline shown to date by the Company.

Giles Clarke

Chairman

6 April 2016

CHIEF EXECUTIVE'S STATEMENT

The team worked hard in 2015 in the context of the falling oil price to cut costs, to advance the OBA pipeline project, ensure the oil production we decided to produce was economic while remaining focused on cost management and capital discipline. We also took the opportunity of making two small but attractive acquisitions during this low oil price period allowing us to consolidate our position in the Putumayo while maximising the potential returns of the OBA pipeline investment and efforts and increase profitable production. We were pleased to have increased reserves during the period, despite the low activity levels on the Platanillo block and look to 2016 with confidence given the accelerated activity plan following the successful $35 million placing in March 2016.

Profitable Production

At the start of the year the Board conducted a review of the 2015 activity plan, with the aim of minimising or eliminating the use of high cost transportation until such time as the pipeline to Ecuador was operational, and / or oil price returned to higher levels, thus protecting the Company's balance sheet and highly valuable reserve base.

Due to reductions in production implemented by other operators in the area, available discharge volume at Orito increased thus allowing the Company to take advantage of this increased available capacity. As a result, the Company suspended production from higher cost pads where transportation and lifting costs were higher and produced approximately 4,500 BOPD from Pads 5 and 9, which could be lifted at a cost of approximately $12 per barrel and transported through Orito at a cost of approximately $15 per barrel. Rio Loro transportation at a cost of $23 per barrel was, by virtue of our increased capacity at Orito, eventually suspended.

Amerisur has also made significant progress in the reduction of field operating costs, with important discounts being obtained from contractors and other suppliers. This led to the Company reactivating a limited production volume from Pad 3N in May due to an improvement in operational netback from this production pad. Additionally, the Company implemented structural changes in the operation of Pads 9 and 5, including the use of produced gas for power generation and the installation of fully electrically powered lifting systems in place of diesel prime movers.

During the period Platanillo field production was 1,619,682 barrels, averaging 4,437 BOPD. It is the Company's intention to increase production as the OBA pipeline becomes operational and infill wells come on stream, projecting an exit rate of 7,200 BOPD at the end of 2016. The cash opex per barrel of oil produced at Platanillo and transported through the OBA pipeline is expected to be below $15, creating a strong positive effect on the netbacks of the increased production.

Successful delivery of the Colombia Ecuador OBA Interconnector Pipeline System

Much focus during the year was on obtaining the appropriate permissions to construct and operate the OBA interconnector pipeline. Significant progress was made during the period, including in Colombia the modification of the Platanillo environmental license to approve the construction and operation of the pipeline in Colombian territory. We were also delighted to announce post period end that in February 2016, PETROAMAZONAS EP had been awarded by the Ecuadorian Ministry of the Environment the environmental license for the completion of the construction and operation of the 10.8" (nominal) pipeline to the Victor Hugo Ruales ("VHR") field from the VHR-20 location to the Ecuadorian-Colombian border. Since that time the Company has begun the drilling of the under river crossing and construction of the last 3.8km of OBA line from Pad VHR-20 to the point at which the under river crossing reaches surface. To reach this milestone we successfully signed an agreement with PETROAMAZONAS EP in May 2015 entitled "Convenio de Cooperacion para el Uso de la Red de Oleoductos del Distrito Amazonico" which permited the construction and operation of the 10" (nominal – 10.8" physical) pipeline from the Ecuadorian border to the point of connection with the Red de Oleoductos Amazona ("RODA") gathering system for the transport of Amerisur's crude oil. In addition the agreement included the definition of construction and responsibilities during use of the system, a minimum volume commitment and transport tariffs applicable to Amerisur crude oil. The minimum transport volume guaranteed by PETROAMAZONAS EP to Amerisur is 5,000 BOPD. The transport tariff from the point of reception to the point of delivery at Lago Agrio has been agreed at $1.09 per bbl. Negotiations are underway to confirm the routes, usages and tariffs for onward transport and potentially local sale for refining.

The technical capacity of OBA is between 50,000 and 70,000 BOPD, hence additional transport capacity may become available in the future as the system is commissioned and upgrades to RODA are implemented.

Post period end, strong progress has been made on the construction of the OBA and it is expected that the pipe will be brought under the river in April.

Acquisitions of low cost, attractive, value accretive assets

We recently made two acquisitions containing a number of promising assets with significant resource potential, at attractive valuations and with associated tax losses, the majority in locations near to our existing portfolio, with the consideration being in shares. This provides the Company with greater flexibility and diversity when planning for the future. We acquired PDSA for a total of $8.4 million, compromising of $6 million of Amerisur stock and the replacement of $2.4 million of deposits to support cash guarantees. This consideration was paid in Amerisur stock, based on the 5 day VWAP preceding the due date for each instalment, at the election of Amerisur. We also agreed to the provision of a 2.5% net royalty to PDEL on production arising from the assets acquired. This royalty is post any overriding government royalties. We paid 50% of PDSA net costs (approximately $2 million net) for the 405km^2 3D seismic programme in Block CPO-5. Amerisur will reimburse PDEL for the remaining 50% of those seismic costs from a further 2.5% royalty until those costs have been recovered.

The assets acquired through the transaction were 30% (non-operated) working interest in the CPO-5 contract, located in the Llanos basin with ONGC Videsh Ltd ("ONGC") holding a 70% working interest and is the Operator and a 49.5% (non-operated) working interest in the Tacacho contract, located in the Caguan-Putumayo basin. Pacific Stratus Energy holds 50.5% and is the Operator. PDSA carries current tax losses of approximately $57 million, representing a potential tax benefit to the Company of up to approximately $20 million.

Post period end, we acquired Platino for a total consideration of $7 million paid in stock through the issuance of 22,711,494 Ordinary Shares. The payment was based on the 30 day VWAP prior to closing. In addition, Amerisur replaced $1.7 million of cash guarantees with the *Agencia Nacional de Hidrocarburos* ("ANH"), relating to the Platino assets and Amerisur will also pay a 2% net royalty per block to the vendor, COG, once net production in each block exceeds 5,000 BOPD. Platino carries tax losses of approximately $24 million which may be offset against future income and the Putumayo assets acquired will have access to Amerisur's OBA pipeline, ensuring lower transportation and commercialisation costs. The transaction adds 190 million barrels of oil ("MMBO") of unrisked resources to Amerisur's asset base and carries low capital commitments.

The assets acquired through the Platino transaction are a 50% (non-operated) working interest in PUT-8 Block adjacent to the west of Platanillo. Vetra Energia S.L. ("Vetra") holds a 50% working interest and is the Operator. The block is currently in Phase 1 of exploration. We also acquired 100% (Operator) working interest in the Coati Evaluation Area with the discovered Temblon Field within the Coati Block located in the South West of the Putumayo basin. A third party operator, active in Colombia, after fulfilment of a carry in the next exploration well of US$2.7MM will be entitled to a 20% working interest in the exploration area of the block, which does not include the Coati Evaluation area (Temblon field), which will remain 100% to Amerisur. The Company is currently conducting social consultations and preparing the application for an environmental license to advance the planned Coati Long Term Test ("LTT") and exploration programme. We also acquired a 100% owned and operated Andaquies Block located in the north east of the Putumayo Basin with a one well commitment by May 2017.

Platanillo

Platanillo has now produced a total of 6.59 MMBO. Given the production history now established, the shutting in of the northern pads and trimming of production in remaining wells, Amerisur commissioned an integrated study by Schlumberger of the entire field well inventory. This study encompassed petrophysical, reservoir core, production data and fluids characteristics. The objective of the study was to recommend an ongoing production strategy for the field, together with individual well recommendations for optimum performance. These recommendations ranged from chemical treatments to alleviate scale and asphaltene formation, (now partially tested in the interventions performed on Pads 9 and 5 during the period) to recompletions and changes to perforation strategy. The study included both the U sand and T sand reservoirs.

As the OBA comes on line the Company intends to further trial and apply both internal and Schlumberger recommendations for field management and optimisation.

58km^2 of 3D seismic in the northern portion of the Platanillo block was completed in July, within budget. The analysis of this data reveals some exciting structures which are independent of the Platanillo main field and gives us greater confidence of additional potential to the north of Platanillo. However, given the geographical location of those structures in relation to both Put-12 and Put-8 prospects, they are unlikely to be drilled until beyond 2017.

Following the Company's successful placing of $35 million in March 2016 we intend to accelerate exploration, appraisal and development activity on the Company's licenses in Colombia in order to take advantage of current low drilling and service costs. In Platanillo we intend to increase our low cost production through the drilling of at least two further infill wells, which carry low risk and additionally to drill a step out well from the northern pad 2N. On success in this continuation of the Platanillo structure, at least one further well would be drilled there.

Reserves

At the end of each year, Petrotech Engineering Ltd, using the standards set by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers, undertakes an independent study of the Company's reserves and resources. I was encouraged that the 2015 work programme, whilst limited and constrained by the Company's strict capital discipline, added value and reserves to the asset base. Despite producing 1.62 MMBO from Platanillo with no new wells drilled, we did produce for the first time over an extended period from the T sands during the year, and also carried out considerable work with Schlumberger on the operation of the wells to review enhancing production and increase the recovery rates per well completing the successful treatments of well Platanillo-14 and Platanillo-20. These works resulted in a slight technical increase to the Company's certified 1P (Proven) gross field reserves from year end 2014 to 15.2 MMBO (2014: 16.2 MMBO) after production of 1.62 MMBO during 2015 and 2P (Proven and Probable) gross field reserves were 23.7 MMBO (2014: 24.55 MMBO).

The Board expects an increase in reserves once production increases again from currently shut in pads, which will happen gradually with the operation of the OBA pipeline which is due shortly. In addition, the additional drilling activity planned on Platanillo in 2016, including the infill wells and up to two wells from the northern pad 2N, which on success will extend the field limits, together with the drilling of wells on Put-8 and Coati and the Long Term Test of the Temblon discovery to the south of the Coati block, should result in an increase in both 1P and 2P reserves. However, it is worth noting that six months of LTT is normally required before resources can be categorised as reserves, hence timing will dictate whether those new reserves will be incorporated by the end of 2016.

Putumayo-8

Acquired in January 2016, the Put-8 Block is adjacent to the west of the Platanillo field and is in Phase 1 of its exploration period with a 2% X Factor and low work commitments of one exploration well and 208km^2 of 3D seismic. Amerisur has a 50% (non-operated) working interest and Vetra holds the remaining 50% and is Operator. The block has had limited exploration and is bordered by a number of proven oil fields. Two drill-ready prospects have been identified on new 3D seismic, adjacent to the Platanillo field and significant upside has been identified in the N sands adjacent to the Cohembi field. The block has unrisked resources of 45 MMBO and is currently awaiting an environmental license to advance the exploration programme.

We are currently reviewing design considerations to drill a well in the northern part of Put-8, one option being to drill from the Platanillo 5S Pad, which will reduce both time and cost.

Coati Block

Acquired in January 2016 as part of the Platino transaction, the Coati Block, 100% owned and operated by Amerisur (a third party is currently completing commitments to acquire 20% working interest in the exploration sector of the block), is located in the South West of the Putumayo basin, adjacent to the Loro and Hormiga oil fields and is in Phase 3 of its exploration period with no X Factor and low work commitments. Seven prospects and leads have been identified on 2D seismic with unrisked resources of 79 MMBO. Towards the southern end of the block, in the Coati Evaluation Area which contains the Temblon field, there is a proven hydrodynamic trap in the Caballos Formation and a structural accumulation in the T and U sands which have flowed oil and are awaiting extended LTT. The Temblon field is currently in an evaluation period. Amerisur estimates that the currently defined closure of the Temblon field may hold 23.2 MMBO of resources. Management believe that the potential may indeed be superior to that, hence the plan to acquire a 3D seismic survey over the field. Additional prospectivity has been identified in the exploration areas of the block with the Nasua prospect drill ready and N sands with stratigraphic potential in the North of the block. The block is awaiting an exploration environmental license to advance the planned exploration programme. A "consulta previa" with indigenous communities is required by law in order to commence the LTT of these discoveries and is underway.

We plan to acquire 3D seismic data across the Temblon field and further 2D in the northern parts of the block during 2016, followed by development and exploration drilling.

Putumayo-12

The acquisition of the 2D seismic programme has been delayed due to social issues in the Putumayo region, which have prevented the entry of the technical teams. These issues are directed against the National Government and in some cases other operators in the region; however Amerisur has been affected in a knock-on manner. The currently planned programme is directed at the western prospects in the block, which are the most relevant for now, since on success they can be rapidly tied back into the Platanillo infrastructure and the OBA pipeline. It is envisaged that the 2D seismic programme will commence again in Q3 2016 and, with receipt of the required environmental license; the first well in Put-12 could be spudded in the early part of 2017. There is an X factor of 29% in this block and thus the superior economics of Put-8, with a 2% X factor, together with similar, nearby structures will lead us to prioritise the northern part of Put-8 in terms of drilling.

Putumayo-30

In October 2014 the Company announced the award of a new exploration license, Put-30 to Talisman Colombia Oil & Gas Ltd. ("Talisman Colombia") in the Ronda Colombia 2014 licensing round. The block has a 4% X factor. The Company formed a joint venture with Talisman Colombia, an affiliate of Talisman Energy Inc. (subsequently acquired by Repsol) with the parties each holding a 50% working interest in the license. Put-30 covers approximately 38,514 hectares and lies within the northern Putumayo basin, approximately 65km from the Company's 100% owned Platanillo field. During the period local scouting activity took place in line with Phase 1 of the Contract and the next activity in the contract will be to acquire a 2D seismic programme covering 209km. This is expected to commence in early 2017.

Andaquies Block

The Andaquies Block, 100% owned and operated by Amerisur was also part of the Platino acquisition and is located in the north of the Putumayo Basin with no X Factor and low work commitments of one exploration well by May 2017. The block has multiple proven reservoir targets, six mapped leads targeting both proven and novel plays and unrisked resources of 66 MMBO and sits to the north east of a proven structural play within the Putumayo Basin. The block's exploration environmental license has been granted.

CPO-5

CPO-5 was acquired in June 2015 as part of the PDSA transaction. Amerisur has a 30% (non-operated) working interest in CPO-5 with ONGC holding 70% and Operatorship. It is an Exploration and Production Contract with an 8% sliding scale royalties and a 23% X Factor. It covers 198,000Ha and is located to the south of block Llanos 34 and to the east of the Corcel fields. The block includes the evaluation area related to the Loto-1 oil discovery. That well was drilled in 2013 and tested oil in the Mirador formation during a short test however lack of zonal isolation prevented performance of a LTT. Core and electric log data indicate 61ft of net pay within the Mirador. 405km^2 of new 3D data has been acquired in the north western sector of the block, adjacent to the Guatiquia and Akira discoveries, and covering the entirety of the Loto structure. A further two wells within the north western sector of the block, Kamal and Metica also tested oil, and these structures are also covered by the new 3D data. Amerisur interpretation of the existing data indicates potential oil in place for the Loto structure of approximately 44.46 MMBO. The contract is currently in Phase 2, where exploration commitments are 250km^2 of 3D seismic and one exploration well.

Well Loto-2 was successfully drilled in October 2015 to a total depth of 10,320 ft MD, and a liner was run and cemented. Two zones within the Mirador formation, L1 and L3 were tested, where electric log analysis indicated the existence of 54ft net pay. L1 tested water and oil with water cut (BS&W) of 96% and 16º API oil and L3 tested water and oil with BS&W of 97% and 10º API oil. Loto-2 has been temporarily suspended pending further analysis of these results. The well was drilled for a total cost of $3.98 million, $1.19 million net to Amerisur/PDSA and testing costs were $0.80 million net to Amerisur. The operations were completed on time and under budget, at 69% of the planned expenditure, due to excellent operational planning and execution. Following technical review with our partner, the Company plans to re-enter Loto-1 to further test the L4 interval of the Mirador formation. This is expected to begin in May 2016.

The Company and ONGC are currently reviewing a number of other drilling opportunities within CPO-5.

Tacacho Contract

As part of the PDSA transaction, Amerisur acquired a 49.5% (non-operated) working interest in the Tacacho Exploration and Production contract located in the Caguan-Putumayo basin with Pacific Stratus Energy holding the remaining 50.5% and Operatorship. The contract has an 8% sliding scale royalties and a 0% X Factor, covering 238,000Ha in the eastern Caguan-Putumayo basin. This is a heavy oil exploration play, supported by regional studies which indicate a continuation of the heavy oil trend extending from the eastern Llanos basin through to the ITT field complex in the eastern Oriente basin of Ecuador. Additionally, the well Solita-1, drilled nearby by Texaco in 1948 indicated the presence of hydrocarbons in the Pepino formation. Large structures have been defined on existing 2D seismic, with closures at both the base and top of the Pepino formation. The contract is currently in Phase 1, where the exploration commitment is 480km of 2D seismic, has an estimated cost of US$9 million (gross). The phase is currently suspended while social consultations and security planning is performed.

Paraguay

Amerisur has the largest acreage position in the country with two exploration and production and three prospecting permits covering 5.8 million hectares. We plan to drill the Jaguareté-1 well in the San Pedro block, Parana basin in April 2016 which is expected to take 38 days. Current drilling costs are much lower than previously during the time of high oil price, and the expected dry hole cost with logging of the well is expected to be approximately $9 million. This well is targeting the Santa Elena and Lima formations and carries prospective resources of 106 MMBO.

2016 capex / work programme

With the OBA pipeline almost completed and operational at the time of writing, internal resources and the funds from the placing will be used to accelerate activity to increase reserves and increase production through the OBA pipeline. 2016 will be a much busier year for the Company than originally anticipated, with a great deal of value driving activity, including:

- Coati 3D seismic, locating drilling opportunities
- Two further Platanillo infill wells
- Up to two step out wells from Platanillo northern Pad 2N
- A well on Put-8 potentially from the Platanillo 5S Pad
- Coati development well
- Put-8 South N sand anomaly well
- Coati LTT on at least the successful well Coati-1
- Drilling of the Jaguareté-1 well in Paraguay with the potential to open up a new hydrocarbon province where the Company has a large acreage position

Capex for the year is planned to be $62 million of which $9m relates to the completion of the OBA.

Financial Review – robust balance sheet with no debt

2015 was a challenging year for the company, and indeed the whole oil industry. Average realised prices reduced from $90.04 per barrel in 2014 to $42.85 in 2015. This coupled with the planned reduction in production levels, discussed earlier, had a significant impact on revenue which reduced to $61 million (2014 – $199 million).

The second half of the year was further impacted by reduced oil prices resulting in an operating loss for the year of $24 million. Gross realised selling prices averaged $50.58 per barrel in the first half of the year and fell to $34.45 in the second half. The average realised price for the year averaged at $42.85 per barrel. Inevitably this resulted in reduced cash generation in the second half the year and consequently a slowing down of our capital program. Production will remain constrained until the OBA is commissioned and stronger netbacks can be realised. The gross loss for the year of $12 million is stated after a non-cash charge of $24 million for amortisation and depreciation resulting in a positive cash contribution from sales during the year of $12 million

The Company decided not to sell production at the end of December when WTI was around $30 per barrel but rather hold it in storage until prices recovered in the early part of the year. This had an impact on 2015 sales and also is reflected in an increase in inventory and reduced year end receivables. Inventory at the end of December was 229,000 barrels with $3.5 million of costs relating to this inventory expensed in 2015. As reported at the half year, our non-cash amortisation charge increased significantly year on year to $23 million following the reduction in reserves at the start of the year and our first half costs were impacted by approximately $4 million of port related charges which did not reoccur in the second half.

Administrative expenses reduced to $11 million in 2015. At the period end, the Group had a cash position of $42 million and no debt. All commitments and planned discretionary programmes for 2016 are fully funded from internal resources and the Company remains focused on efficient cost management. The capital expenditure programme for

2016 is $62 million, including approximately $9 million for the completion of the construction of the Ecuador Interconnector Pipeline and associated facilities. The Directors will not be recommending payment of a dividend.

In March, the Company undertook an equity placing of 106,000,000 new ordinary shares of 0.1 pence each at a price of 25 pence per Placing Share, raising net proceeds of approximately US$35 million. The Placing Shares represented approximately 9.6 per cent. of the issued share capital. Simultaneously to the Placing, the Joint Bookrunners placed approximately 9.4 million existing Amerisur shares to institutional investors on behalf of Petrodorado Energy Ltd.

John Wardle
Chief Executive Officer
6 April 2016

DIRECTORS' REPORT

The Directors present their report for the year ended 31 December 2015.

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 December 2015 and/or as at the date of this report were as follows:

GILES CLARKE (Chairman)

Mr Clarke (62) became Chairman in March 2007. Together with John Wardle he reorganised the Company, closed three offices and raised £15 million of new capital at 6p. Mr Clarke has considerable experience in the City and a number of commercial interests as well as being an experienced entrepreneur who: founded Majestic Wine in 1981 and built it into a national chain of wine warehouses; co-founded Pet City Plc in 1990, which he expanded nationwide before it was listed and subsequently sold in 1996 for $150 million; co-founded Safestore plc and orchestrated the sale of the company to Bridgepoint in 2003. He is currently Chairman of Westleigh Investments Holdings Ltd, a shareholder in the Company, as well as Ironveld plc, Sovereign Mines of Africa PLC and Kennedy Ventures Plc. He is a Director of the International Cricket Council and Chairman of several private organisations.

Mr Clarke focuses on the Company's relations with governments and their agencies, as well as major investors and partners and Board governance. In recognition of the key role Mr Clarke undertakes for the Company he is defined as being a Chairman rather than as a Non-Executive Chairman.

JOHN WARDLE (Executive Director – Chief Executive Officer)

Dr Wardle (56) 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 began his career with Britoil/BP, and has held a number of senior management positions with E&P companies. Dr Wardle first arrived in Colombia in 1994, when he was working for BP Exploration Colombia, and subsequently was General Manager for Emerald Energy in Colombia, where he was responsible for the discovery of the Campo Rico and Vigia oilfields.

Dr Wardle brings strategic vision, leadership and technical expertise to the Board. John has been the vision and driving force behind the growth and positioning of the Company and the OBA pipeline. He has very close and long standing professional relationships at all levels within Colombia, Paraguay, Ecuador and the UK. John is recognised as one of the most experienced oil executives in the areas the Company operates, with a proven track record of successful contract negotiation, exploration and field development.

VICTOR M. VALDOVINOS (Regional Director – South America)

Mr Valdovinos (51) is a Paraguayan lawyer, with a Master's 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 and he has a thorough knowledge of the environmental permitting process.

GEORGE WOODCOCK (Executive Director)

Mr Woodcock (75) holds a degree in Pure and Applied Physics from the University of Salford, started his career in the oil industry in 1968 when he joined BP Exploration. During 20 years with BP he occupied multiple technical and managerial posts, most notably Vice President Exploration and Production BP Developments Australia (North West Shelf Project), and Chief Geophysicist BP Colombia, where he was responsible for the discovery of the Cusiana field.

Mr Woodcock brings geological expertise to the Board and helps the Company implement their strategy and has extensive experience in key operational locations such as Colombia.

NICK HARRISON (Finance Director)

Mr Harrison (57) is a graduate of Liverpool University. He is a Chartered Accountant having qualified with Arthur Andersen and subsequently held senior positions at Deloitte, Midland Bank (International) and Coopers & Lybrand. He was Finance Director of Pet City Plc and has held Board positions at a number of private companies with international activities. He is currently a Non-Executive Director of Ironveld plc and Kennedy Ventures plc.

Mr Harrison has extensive experience of running the finances of successful businesses.

DOUGLAS ELLENOR (Non-Executive Director – Technical)

Dr Ellenor (72) has over 45 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 the end of 2004. From 2004 to 2005 he was CEO of Orca Petroleum Inc.

Dr Ellenor brings a wealth of technical knowledge to the Company combining a Doctorate in geology with a proven track record in discovering oil and in South America.

STEPHEN FOSS (Senior Independent Non-Executive Director)

Mr Foss (56) has over 30 years of experience in the capital markets industry, having spent his career in Australia, Canada and the UK. He previously led the Royal Bank of Canada's International Equities business for Europe and Austral-Asia, prior to joining its global investment banking division in February 2011 to concentrate on senior client coverage, Sovereign Wealth Funds and origination in the natural resources sector. After graduating with a Bachelor of Arts with Honours from the University of Western Ontario, Mr. Foss began his career at the Sydney Stock Exchange and subsequently held a number of senior management positions with another global investment bank. He is currently a Non-Executive Director at New & Lingwood Ltd.

Mr Foss brings Corporate Governance and Capital Markets expertise to the Board.

NIGEL LUSON (Non-Executive Director)

Mr Luson (60) is the Chairman of the British & Colombian Chamber of Commerce in London and is an independent consultant on foreign trade and investment. He has many years of experience advising international companies on risk management and business development, and has held a number of Board-level roles involved in international compliance and risk, investment fund management and international M&A. Originally an Economics graduate of Reading University, he spent 28 years with Lloyds Banking Group in Europe and the Americas, including three years as General Manager in Colombia and subsequently Deputy Director for Latin America. He is a visiting lecturer in politics and economics at the European School of Economics**.**

Mr Luson chairs the Audit Committee.

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 1 January 2015 (or date of appointment, if later) and 31 December 2015 were as follows:

SHARES	Shares Held 1 January 2015	Shares Held 31 December 2015
G. Clarke	16,556,776	16,755,227
J. Wardle	19,724,505	19,972,505
N. Harrison	5,660,152	5,710,152
V. Valdovinos	2,750,000	2,750,000
D. Ellenor	1,000,000	1,200,000
G. Woodcock	1,276,000	1,500,000
S. Foss	-	600,000
N. Luson	-	130,000
	46,967,433	48,617,884

Notes:
On 12 February 2015, an RBC trust, an entity in which Stephen Foss, Senior Independent Director has an interest, completed the purchase of 300,000 shares at an average price of 31.08p per share.

On 10 April 2015, Giles Clarke, Chairman of the Company purchased 198,451 shares at 25.18p to take his total holding to 16,755,227 shares, or 1.58% of the issued share capital of Amerisur.

On 10 April 2015, George Woodcock, then Non-Executive Director, now an Executive Director, purchased 79,000 shares at 24.00p, and 145,000 shares at 25.00p. He now holds 1,500,000 shares or 0.14% of the issued share capital of Amerisur.

On 13 April 2015, John Wardle, Chief Executive Officer, purchased 185,000 shares at 24.25p per share and 63,000 shares at 23.75p per share. Following these purchases, Tracarta Limited, a company in which John Wardle has a beneficial interest holds 19,972,505 shares, representing 1.86% of the issued share capital of Amerisur.

On 13 April 2015, Nick Harrison, Finance Director purchased 50,000 shares at 24.63p per share. Following this purchase Nick Harrison holds 5,710,152 shares, representing 0.53% of the issued share capital of Amerisur.

On 13 April 2015, Douglas Ellenor, Non-Executive Director purchased 200,000 shares at 24.97p per share taking his holding to 1,200,000 shares or 0.11% of the issued share capital of Amerisur.

On 20 April 2015, an RBC trust, an entity in which Stephen Foss, Senior Independent Director has an interest, completed the purchase of 300,000 shares at an average price of 30.25p per share. Following the purchase of shares, entities in which Stephen Foss has an interest in the Company held a total of 600,000 shares or 0.06% of the issued share capital of Amerisur.

On 21 April 2015, Nigel Luson, Non-Executive Director of the Company, purchased 100,000 ordinary shares at an average price of 30.5p per share, and a further 30,000 ordinary shares at an average price of 30.2p per share. Following the transactions Nigel Luson holds 130,000 shares of Amerisur.

RESULT AND DIVIDENDS

There was a loss for the year after taxation of $26,744,000 (December 2014 profit of: $27,388,000).

The Directors recommend that no final dividend be declared or paid for the year ended 31 December 2015 (December 2014: $nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group uses financial instruments, other than derivatives, comprising 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's 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. The Group's operating cash flow is driven by annual production from the Platanillo reserves. This cash has principally been used to fund the Group's continued investments in its development, exploration and appraisal activities.

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 have been managed by holding both US dollars and Colombian Pesos which are used to settle foreign currency payments thus reducing transaction risk.

Interest Rate Risk

The Group finances its operations through equity placing and internally generated funds. It also has an undrawn reserves based lending facility. Deposits made at banks receive interest at commercial rates which are variable and therefore exposed to movements in those rates.

Price Risk

The Company sells in products on International markets and as such is exposed to fluctuations in commodity prices. The Board monitors this risk on a regular basis both in relation to production costs and costs and benefits associated with financial instruments. No financial instruments have been utilized during the course of the year.

Credit Risk and Liquidity Risk

The Group's policies for managing the credit risk and liquidity risk are disclosed within Note 15 to the financial statements.

Bribery and Corruption Risk

Amerisur carries out its businesses with high standards of honesty and integrity. The Company does not tolerate bribery and corruption. Our employees, or any person representing our business are prohibited by giving, requesting, accepting and agreeing any payment which can be considered a bribe in any form.

The Company maintains an Anti-Bribery and Corruption Policy. The Policy:
(a) sets out the Company's, employees and agents' responsibilities, in observing and upholding our position on bribery and corruption; and
(b) provides information and guidance on how to recognise and deal with bribery and corruption issues.
All employees receive a copy of the Policy on joining the Company and it is available on the Company intranet, from the human resources department and from line managers.

Amerisur aims to be compliant with UK Bribery Act 2010. Failure to comply with the policy may lead to disciplinary action, up to and including dismissal or termination of employment. Should any employee or person associated to Amerisur suspect that the policy has not been applied, then the procedures for using the Company's Whistleblowing mechanisms should be followed. Reporting a genuine concern in good faith would not lead to any form of demotion or sanction. The Company will respond to all genuine concerns raised and encourages regular training for its employees and agents. The necessary procedures to update the policy are in line with requirements.

Whistleblowing Policy

Amerisur operates a whistleblowing policy which enables employees and agents, in confidence to raise concerns about possible improprieties or non-compliance with Amerisur's company policies. The Board receives regular reports on whistleblowing incidents and ensures the procedures in place incorporate arrangements for the appropriate and independent investigation of matters raised and for the appropriate follow-up action.

NEW FINANCIAL REPORTING STANDARDS

Following the publishing of a suite of new financial reporting standards by Financial Reporting Council (FRC), Amerisur Resources plc ("Amerisur", "Company" or the "Group") is required to change its accounting framework for its entity financial statements, which is currently UK GAAP, for periods commencing on or after 1 January 2015.

Under this new framework, the Group will continue to prepare consolidated financial statements under EU-adopted International Financial Reporting Standards (IFRS), but will now publish its parent financial statement in IFRS also.

GOING CONCERN

The directors have reviewed the cash position of the Group for a period of two years from the year end against the expected recurring operational income, expenditure and anticipated specific contractual costs in Colombia and Paraguay. On this basis the Directors consider that the Group has more than sufficient resources to continue in operational existence for the foreseeable future.

As discussed in the CEOs report the Company is in the process of construction a pipeline from the Platanillo field to join with the pipeline system in Ecuador which will substantially reduce the Company's cash operating costs and enable is to be cash generative should oil prices remain depressed. Post period end the company strengthened its balance sheet by raising approximately $35m by way of a placing.

For these reasons, they continue to adopt the going concern basis in preparing the Group's financial statements.

The cash held in Group bank accounts at the balance sheet date was $42,323,000 (Dec 2014: $95,629,000).

SHARE OPTIONS

Unissued shares
As at the balance sheet date there were 45,882,807 unissued ordinary shares of 0.1p under options. Note 20 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.

POLITICAL DONATIONS

The company made no political donations during the year (2014 – Nil).

POST BALANCE SHEET EVENTS

Subsequent to the year end the company acquired Platino Energy (Barbados) Ltd – the details of which are set out in note 24 of the consolidated financial statements.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on the date stated in the Notice of Meeting, which has been sent to shareholders.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' and Strategic 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 both the consolidated and parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs have been followed in the consolidated and parent company financial statements, 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that so far as each director is 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 as directors in order 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

Grant Thornton UK LLP has expressed its willingness to continue in office as auditors and a resolution will be proposed to reappoint them at the Annual General Meeting.

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

N. Harrison
Director
6 April 2016

CORPORATE GOVERNANCE REPORT

The Directors are committed to maintaining high standards of corporate governance to ensure accountability and transparency and to protect the interests of all of our shareholders. As an AIM listed company, Amerisur is not obliged to comply with the UK Corporate Governance Code ("the Code"), although the Board has used the Code as a guide for best practise guidelines and the Directors' intend to comply with its main provisions as far as is practicable for a Company of our size and the international reach of our operations. The Board does not consider that the Company is fully compliant with the September 2014 version of the Code as yet, and as we are committed to continuing our journey of improving corporate governance at Amerisur, we will be seeking to be fully compliant in the future.

Governance improvements during 2015

The Board feels that the direction of travel has been positive and that overall compliance with governance best practice has improved during the year under review, with the following having being achieved:

- Stephen Foss' appointment as Senior Independent Director and Chairman of the Remuneration Committee;
- The Board comprises of sufficient Independent Directors and there is the possibility of adding additional Independent Directors to the Board and the search for competent and experienced candidates continues;
- The Chairman is neither Executive or Non-Executive and is now considered to be an Higgsian chairman;
- Following the reorganisation of the Audit and Remuneration Committees they are now fully independent;
- George Woodcock became an Executive Director; and
- The decision to stop awarding share-based incentives to the Non-Executives and Non-Executives have renounced their Share Options.

The Board of Directors

The Board of Directors is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions, and reporting to the shareholders. The Chairman ensures that all Directors are properly briefed and have access to independent professional advice and to the services of the Company Secretary, and receive the appropriate training, as necessary and as determined by an annual review. All directors receive detailed induction training upon joining the Board.

The Board met fifteen times during the year and all meetings have a formal schedule of matters reserved for its decisions. Directors also have on-going contact on a variety of issues between formal meetings. The Non-Executive Directors are encouraged to constructively challenge and they can suggest agenda items for Board meetings. The Board is planning to review the most appropriate method for undertaking an annual evaluation of its own performance and that of the individual directors.

Retirement of Directors

All directors are submitted for shareholder approval at regular interval. In accordance with the Company's Articles of Association, Giles Clarke, John Wardle, Nick Harrison and Nigel Luson will retire by rotation and will be seeking re-election. The Board of Directors is detailed on page 13-14.

Board Composition

The Board consists of eight Directors, comprising of the Chairman, four Executive Directors and three independent Non-Executive Directors.

		Date of appointment	**Independent by Company**
Chairman	Giles Clarke	28 February 2007	n/a
Executive Directors	Nicholas Harrison	17 April 2007	No
	Victor Valdovinos	15 November 2004	No
	John Wardle	27 February 2007	No
	George Woodcock	23 November 2011	No
Non-Executive Directors	Douglas Ellenor	21 January 2008	Yes
	Stephen Foss	05 January 2015	Yes
	Nigel Luson	14 May 2013	Yes

The Board has carefully considered the independence of the Non-Executive Directors and has concluded that all of: Douglas Ellenor; Stephen Foss; and Nigel Luson are independent for the purposes of the Code.

The Code also recommends that the Board should appoint one of the independent Non-Executive Directors to be the Senior Independent Director to provide a sounding board for the Chairman and to serve as an intermediary for the other directors when necessary. The Senior Independent Director should be available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or other Executive Directors has failed to resolve or for which such contact is inappropriate. Stephen Foss was appointed as the Senior Independent Director on 5th January 2015.

Board and Committee Meetings

Director	**Board meetings**	**Audit meetings committee**	**Nomination committee meetings**	**Remuneration committee meetings**
Giles **Clarke**	**15/15**		**1/1**	**_**
Nicholas **Harrison**	**15/15**			
Victor **Valdovinos**	**14/15**			
John **Wardle**	**15/15**		**1/1**	
George **Woodcock**	**14/15**			
Stephen **Foss**	**13/15**	**4/4**	**1/1**	**5/5**
Douglas **Ellenor**	**14/15**	**4/4**		**5/5**
Nigel **Luson**	**13/15**	**4/4**		**5/5**

Board Committees

As envisaged by the Code, the Board has established Nomination, Remuneration and Audit Committees, with formally delegated duties and responsibilities. The Terms of reference for these Committees are available upon request from the Company.

Audit Committee

The Audit Committee is responsible for the nomination of the external auditors, reviewing the independence and objectivity of the external auditors, and reviewing the adequacy of the scope and quality of the annual statutory audit process and half year review. It is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. If required, Executive Directors and senior members of the management can be invited to attend meetings at the request of the Chairman of the Audit Committee. The Committee liaises with the auditor and reviews the reports from the auditor relating to the accounts.

The Code recommends that in companies below the FTSE 350 the Audit Committee should compromise of at least two independent Non-Executive Directors and at least one member should have recent and relevant financial experience. Amerisur consider that they exceed this requirement with a fully independent committee comprising of three Non-Executive Directors.

The current members of the Audit Committee are:
N. Luson (Chairman)
D. Ellenor
S. Foss

Giles Clarke retired from the committee at the 2015 Annual General Meeting, at which time Nigel Luson took over the role of committee chairman. Stephen Foss joined the committee in January 2015. Mr Nigel Luson is considered to be a financial expert on the Committee.

The Terms of Reference of the Audit Committee: The Audit Committee is responsible for ensuring that the financial activities of the Group are properly monitored, controlled and reported on. A brief overview of key responsibilities includes:

- Reviewing of the annual and interim financial statements and of accounting policies;
- Reviewing internal and external controls, including the management of the effectiveness of internal controls and the review with the Group's external auditors of the scope and results of their audit;
- Periodically reviewing the requirement for an internal audit function;

- Appointing of an external auditor and review the auditor's remuneration, and to oversee the effectiveness of the external audit process;
- Reviewing the findings of the audit with the external auditor;
- Discussing whistle blowing and non-audit issues; and
- Meeting regularly to discuss the matters outlined above, and aim for this to be at least quarterly.

The Committee review of the necessity for an internal audit function considers the: focused nature of operations; close involvement of management with operations; and the size of the Company and concludes that there is currently no requirement for such a function.

The activities of the Committee for the year under review are outlined in the Audit Committee Report on page 24.

Nomination Committee

The Nomination Committee is responsible for ensuring that the Board is well equipped to continue to discharge its responsibilities and to canvas future candidates for the position of director, to ensure that the Company continues to be governed by appropriately qualified people. The Committee can recommend and review nominees for the appointment of new Directors to the Board, and ensure there is due process used in selecting candidates.

Stephen Foss was appointed to the Nominations Committee in early 2016.

The current members of the Nomination Committee are:
G. Clarke (Chairman)
J. Wardle
S. Foss

The Terms of Reference of the Nomination Committee: The Nomination Committee is responsible for ensuring that the Board has the appropriate structure, competencies, experience, skills and independence of oversight to ensure effective functioning. A brief overview of key responsibilities includes:

- Identifying, evaluating and recommending nominees for the role of director;
- Reviewing the merits of the candidates and the relevance of their background, and that appointees do not have time commitment issues;
- Periodically review the succession planning for Directors and other senior executives;
- Ensuring that upon appointment Non-Executive Directors receive a formal letter of appointment setting out what is expected of them, and what training might be required; and
- Making recommendations to the Board on the re-appointment of any Non-Executive Directors, including a review of their performance, contributions to date and ability to commit enough time to the role.

Remuneration Committee

The Remuneration Committee is made up solely of independent Non-Executive Directors and is responsible for determining and reviewing compensation arrangements for the directors and the executive management. Stephen Foss was appointed to the committee, as chairman in January 2015.

The current members of the Remuneration Committee are:
S. Foss (Chairman)
N. Luson
D. Ellenor

The Terms of Reference of the Remuneration Committee: The Committee is responsible for ensuring that the remuneration practices of the Company move towards best practice and are linked with the interests of shareholders. A brief overview of the principal responsibilities of the Committee includes:

- Determining and recommending to the Board the remuneration policy for the Chairman, Executive Directors and senior executives;
- Ensuring this policy, 'to recruit, motivate and retain individuals of a high calibre with significant technical and strategic expertise', is carried out;
- Reward key employees on a basis which is aligned to the performance of the Company;
- Setting salaries for individual members of the management team which are competitive, but not egregious;
- Reviewing the design of any share based incentive plans;

- Aligning management rewards to the interests of shareholders; and
- Overseeing the work of external remuneration consultants where hired.

The Committee has undertaken numerous reforms during the year and their activities disclosed in the Remuneration Report section on page 27-30.

Internal financial control and reporting

The Board is responsible for establishing and maintaining the Group's system of internal controls and reviewing its effectiveness. The procedures, which include financial, compliance and risk management, are reviewed on an on-going basis. The Board approves the annual budget and performance against budget is monitored and reported by the Board. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has considered the need for an internal audit function but does not consider it necessary at the current time with the current controls in place and the relative complexity of the business.

Internal Relations

Amerisur aims to operate responsibly in its everyday business activities. The Company puts an importance on safety, integrity and transparency and treats its employees with respect and fairness. Amerisur recognises that employees and how they operate are critical to business success and in recognition of this, has in place a suite of policies addressing: ethical conduct, human rights, employment, health & safety and diversity.

Ethical Conduct Statement: Amerisur conducts its business with a high ethical standard. The Company helps to manage its ethical conduct risks and protect its licence to operate through its approach to anti-bribery and corruption risk and fraud detection and awareness.

Conflicts of Interest Policy: Amerisur's Board is committed to ensure that any conflicts of interest are managed fairly. The Conflicts of Interest policy aims to take reasonable steps to maintain and operate effective requirements to identify and manage conflicts of interest.

Human Rights Policy: Amerisur wants its employees and wider stakeholders to be treated with dignity and respect. Amerisur endorses the UN Declaration of Human Rights. The Company does not tolerate child labour and forced labour; Amerisur respects freedom of association and the rights of employees to be represented by trade unions and work council and does not discriminate on the basis of gender, religion, age, disability and ethnicity. We encourage all who work with Amerisur to adhere to the same principles.

Modern Slavery Statement: Amerisur is committed to identify and combat slavery and trafficking in all parts of its business and supply chain. The Company's risk policies and processes seek to identify high risk areas. Training is provided for all employees and on-going review of the relevant company policies, audit processes and due diligence arrangements are in force.

Health & Safety Statement: Amerisur is committed to the safety of its staff and workplace. To support this aim we have achieved OSHAS 18001:2007 Occupational Health and Safety Management Standard, for our operations, which are intended to help to control occupational health and safety risks.

Employee Compensation Statement: Amerisur wants to provide the opportunity for staff to be part of a team and mutually share in our success. To help achieve this aim the Group operates an equity settled share based compensation plans for the remuneration of its employees.

Employment of Disabled Persons Policy: The Group maintains a policy of giving fair consideration to applications from physically disabled persons, bearing in mind their respective aptitudes and abilities. In the event of employees becoming disabled, every effort is made to ensure that their employment with the Company continues and that the appropriate training is arranged.

Diversity Statement: Amerisur recognises the benefits of diversity, including gender diversity, throughout the Company and on the Board, to help ensure there is an appropriate balance of skills and experience within the Company.

Quality Statement: Amerisur focuses on quality management and has in place an effective system to manage and improve the quality of their products or services. In support of this the Company has held ISO 9001:2008 Quality Management Standard since October 2012.

External Relations

Environment Policy Statement: Amerisur works to reduce environmental impacts and protect biodiversity and ecosystems. It is committed to limiting its environmental impact in the areas where the Company operates and has a formal environmental policy and framework in place to protect the environment. The Company aims to comply with all relevant regulatory and legislative requirements and industry best practise and has been awarded the following certificates: OHSAS 18001, Occupational Health and Safety Management Systems; ISO 14001:2004 Environmental Management Standard; and ISO 9001:2008 Quality Management Standard.

To help manage its environmental risks the ISO 14001:2004 Environmental Management Standard has been in place since October 2012 and the Company communicates its environmental policy to all employees and agents. The Standard is valid until October 2018 and there is a yearly review in order to check compliance and processes are regularly reviewed by external parties.

Relationships with Communities: Amerisur is committed to building and maintaining good relationships with the communities within the localities of it operations. The Company focuses on responsible behaviour and risk management. Areas of activity are in:

- Respect for communities' rights, culture and heritage;
- Engagement in open dialogue;
- Responding and listening to grievances; and
- Supporting community development.

Community Case Study – The Chevening Scholarship Scheme
Amerisur has co-funded the Chevening scheme which provides approximately 20 annual Chevening scholarships to Colombian students, and additionally, the Company has begun to co-fund four scholarships available to Paraguayan applicants.

Through the scholarship, Amerisur supports talented Colombian and Paraguayan professionals helping them gain international experience through post graduate study at a UK university for one year. The professionals subsequently return to Colombia and Paraguay to apply their newly gained knowledge and support their countries' economic development.

In Colombia scholarships have been awarded in the following subjects: politics and government, economics, commerce, natural resources, climate change, sustainability, infrastructure and transport, defence and security.
In Paraguay, scholarships have been awarded in the following subjects: public policy management, petroleum and gas, geosciences, engineering, economics, finance or international relations.

About Chevening
Chevening is the UK government's international awards scheme aimed at developing global leaders since 1983. Funded by the Foreign and Commonwealth Office (FCO) and partner organisations, Chevening offers two types of award – Chevening Scholarships and Chevening Fellowships – the recipients of which are personally selected by British Embassies and High Commissions throughout the world.

Relationships with Governments
In accordance with best practice, Amerisur publishes royalties paid to governments. The Company did not make any political donations during the year.

Relations with shareholders
The Board is committed to maintaining an on-going dialogue with the Company's shareholders through press releases, general presentations, face to face meetings and reports to shareholders twice a year at its annual and interim results.

The Company uses its website to communicate with shareholders. In addition, the Senior Independent Non-Executive Director is available to attend meetings with major shareholders without the Executive Directors present.

The Group dispatches the notice of its Annual General Meeting, together with a description of the items of special business, at least 21 days before the meeting and shareholders are encouraged to participate. Each substantially separate issue is the subject of a separate resolution and all shareholders have the opportunity to put questions to the Board at the Annual General Meeting. The Chairmen of the Audit and Remuneration Committees normally attend the Annual General Meeting and will answer questions which may be relevant to their responsibilities.

Vote outcomes relating to the 2015 AGM:

Resolution	Vote outcome
1. Report and Accounts	Passed
2. Re-elect George Woodcock as Director	Passed
3. Elect Stephen Foss as Director	Passed
4. Reappoint Grant Thornton UK LLP as Auditors	Passed
5. Authorise Board to Fix Remuneration of Auditors	Passed
6. Authorise Issue of Equity with Pre-emptive Rights	Passed
7. Authorise Issue of Equity without Pre-emptive Rights	Withdrawn*
8. Authorise Market Purchase of Ordinary Shares	Passed

Note: * Special Resolution 7 was withdrawn prior to the meeting due to a typographical error in the resolution.

As part of Amerisur's ongoing engagement programme with shareholders their views on key matters have been discussed at Board level during the year under review. One such example of being responsive to shareholders' feedback is that the directors had considered presenting the non-consolidated financial statements of the parent company under the FRS 101 Reduced Disclosure Framework (FRS 101), for the year ending 31 December 2015 to save costs, but decided against it following shareholder feedback.

AUDIT COMMITTEE REPORT

The Audit Committee's key responsibility is to exercise oversight over the integrity and robustness of financial reporting and the external audit process, including oversight of internal control within the company. The terms of reference of the Committee were reviewed by the Board in May 2015 under the particular optic of ensuring the Committee had full independence from executive management and exercised its role effectively. At the same time the Board decided that wider oversight of business risks would remain an undelegated function of the main Board.

As a demonstration of independence, Nigel Luson (Non-Executive Director) was appointed Chairman of the Committee in May 2015, replacing Giles Clarke (Chairman), and he is joined by Stephen Foss (Senior Independent Director) and Douglas Ellenor (Non-Executive Director). The Board is satisfied that the membership of the Committee meets the need for recent and relevant financial and governance experience.

Meetings and Activities
The Committee is required to meet three times per year and to report its findings to the Board, identifying any matters on which it considers action or improvement is needed.

Attendance at Audit Committee meetings								
	Member/ Guest	Jan 2015	Apr 2015	May 2015	Sept 2015	Jan 2016	Feb 2016	Mar 2016
Giles Clarke	M/G	x	x					
Nigel Luson	M	x	x	x	x	x	x	x
Doug Ellenor	M	x	x	x	x	x	x	x
Stephen Foss	M		x	x	x	x	x	x
Nick Harrison	G	G	G				G	G
Carlos Martinez	G						G	

Note: Giles Clarke retired from the committee at the 2015 Annual General Meeting, and now occasionally attends as a guest.

In January 2015 the Committee reviewed and approved the auditors' work plan, taking note of the key risk areas identified as requiring close attention, the materiality threshold and the proposed audit fee. In April the Committee met to receive Grant Thornton's report on their audit work, and resolved to recommend the financial statements to the Board for approval.

In May the newly-constituted committee met with the Lead Audit Partner without the presence of executive management. This meeting reviewed the whole annual process of financial accounting and audit, appraised the competence of all financial staff and executives, and confirmed that such non-audit work as was done by Grant Thornton for the company was not of a kind or magnitude to compromise the firm's independence.

The announcement of half-year (unaudited) results in September 2015 occasioned a meeting to review material changes in the accounts, and to discuss issues arising from full conversion of accounts at parent company level to IFRS at year-end. It was noted that Deloitte were engaged in a consultancy capacity to advise on IFRS conversion issues. The Committee also discussed the FRC's findings from its inspection of the audit practice of Grant Thornton UK LLP, and noted the actions taken by Grant Thornton in response to the findings.

In January 2016 the Committee met to consider the auditors' work plan for the 2015 financial year, noting the additional complexity of consolidating PetroDorado, an acquisition into the Group accounts. Particular attention was paid to the likely impact of lower oil prices, including on materiality and cash flow. It was noted that the oil price and assessment of 2P reserves would be critical determinants of any impairment charge; and that management judgements in respect of impairment, depreciation and reserves would be closely scrutinised both by auditors and by this committee.

In February 2016, Nigel Luson, the Chairman of the Audit Committee met individually with the Chairman, Finance Director and General Manager to assess their risk-awareness in respect of internal issues with the potential to affect the company; these included executive strengths and weaknesses, key man risks, and internal control. The findings were reported back to the Board and reflected both appropriate recognition of risks particular to the company, and corresponding measures of mitigation. Due note was also made of additional corporate governance measures that have been adopted, in line with what is expected of a maturing company.

In March 2016 the Committee met to receive the auditors' findings pursuant to the work plan, to review the 2015 full-year results and to recommend them for formal Board approval.

External Audit
Grant Thornton have been external auditors to the company since its registration on the AIM market in 2007. The Committee has reviewed the effectiveness of Grant Thornton's audit process in the UK and in Colombia, and concluded that it satisfactorily meets the company's needs. There has been rotation of lead audit engagement partner and appropriate handling of key accounting and audit judgements. The Committee has satisfied itself that Grant Thornton is both independent and objective in its dealings with the company and has approved the fees charged for audit services. Details of audit and non-audit fees in the year under review are provided in note 5 to the accounts.

Nigel Luson
Chairman of the Audit Committee
6 April 2016

REMUNERATION REPORT

The Directors' Remuneration Report for the year to 31 December 2015 has been prepared by the Remuneration Committee and approved by the Board.

The Remuneration Committee ("the Committee") comprises Stephen Foss (chairman), Nigel Luson and Douglas Ellenor all of whom are deemed independent Non-Executive Directors under the Code. The Committee is responsible for reviewing and determining the terms and conditions of service of the full time Executive Directors and the Chairman and the administration of the Company's share incentive schemes.

A summary of improvements during 2015 and planned for 2016
There have been a number of remuneration changes including:

- The Remuneration Committee is now fully independent;
- External consultants have assessed the remuneration practices of the Company and made recommendations to the committee;
- Executive pay levels have been largely frozen for 2016;
- The Remuneration Committee is planning to make 2016 incentive awards as performance shares with the following key features:
    - Awards subject to balance of absolute and comparative total shareholder return (TSR) performance conditions
    - Minimum three year vesting
    - Performance conditions tested once at end of vesting period;
- The Remuneration Committee will be consulting with major shareholders on these planned 2016 awards
- Non-Executive Directors do not receive share awards; and
- An advisory vote on the remuneration report is being voluntarily put to shareholders at the AGM.

Remuneration Policy

The Company's approach to remuneration is that the overall package should be sufficiently attractive to recruit, motivate and retain individuals of a high calibre with significant technical and strategic expertise. The Company needs to ensure that key personnel are capable of delivering the Company's objectives and value for all shareholders in a competitive market environment and challenging region of the world. It is the aim of the Committee to reward key employees on a basis which is aligned to the performance of the Company.

Following consultation with shareholders on its remuneration during the first half of 2015, the Committee appointed h2glenfern Remuneration Advisory to carry out a review of its board remuneration policies. They were selected on a competitive basis and are considered to be independent and have no other affiliations, or consultancy work with the Company.

There are four main elements of the remuneration package: base salary and fees, benefits, annual performance related bonus and long term share incentives.

Basic salary and fees
The Remuneration Committee reviews basic salaries, fees and the level and type of benefits offered to Executive Directors and the Chairman annually. The Committee takes into account the circumstances of the Company, the executive's responsibilities, experience and performance and market competitiveness as well as the location where the executive is based.

In the light of the challenging circumstances faced by the industry, the Remuneration Committee determined that no changes will be made to the basic remuneration levels of the Executive Directors or the Chairman for 2016, and this is the same for Non-Executive Director fees.

Benefits and Pensions
The Company's CEO receives a car benefit, and an expatriate living allowance to cover local living expenses, taking account of the fact that his family is based in the UK. The Finance Director receives a company pension contribution at 10% of his basic salary, private healthcare and a car benefit. The Regional Director receives no benefits above his basic salary. The Chairman receives a pension contribution at 10% of his fee and private healthcare.

Annual performance related bonus

The Committee operates a discretionary annual bonus scheme under which bonuses may be paid to executives in cash for achieving operational, financial, strategic and personal objectives. Bonuses are paid up to a normal maximum of 100% of an Executive Director's basic salary remuneration.

During 2015, the Company made bonus payments to executive directors in respect of performance during 2014 as set out in the table below.

For 2016, the Company is developing the structure of its executive annual bonus. This reflects the company's continuing growth and development. Annual bonus remains discretionary. At the start of each year the Remuneration Committee specifies targets in a number of areas and assigns an indicative weighting to each reflecting the Company's priorities in that year. For 2016 these will include operations, production, new business development/corporate priorities, financial performance and HSEQ. The normal maximum level of bonus which may be paid to an executive director remains 100% of salary.

Non-Executive Directors

The remuneration of Non-Executive directors comprises of a base fee set at a level sufficient to attract individuals with appropriate knowledge and experience and additional fees for being the Senior Independent Director and for chairing committees.

The Non-Executive base fee for 2015 was £58,000, with additional fees of: £10,000 for chairing the audit committee; £8,500 for chairing the remuneration committee; and £6,000 for being Senior Independent Director.

There will be no increase in Non-Executive fees for 2016.

In addition to his Non-Executive fee, Douglas Ellenor received additional consultancy fees of $60,000 per annum for technical consultancy services provided to the company by Jade Oil & Gas Consulting, a company which Douglas Ellenor is a shareholder and a Director. This contract was terminated on 10 December 2015.

Schedule of directors' remuneration

						2015				2014
	Fixed cash remuneration Salary and Fees $'000	Annual bonus $'000	Pension & other cash benefits $'000	Total cash based remuneration *** $'000	Non-cash benefits $'000 *	Total $'000		Fixed cash remuneration Salary and Fees *** $'000	Non-cash benefits $'000	Total $'000
Wardle**	850	850	-	1,700	2,098	3,798		1,659	1,887	3,546
Harrison	275	127	45	447	338	785		418	382	800
Valdovinos	142	-	-	142	6	148		149	19	168
Clarke	310	-	34	344	338	682		357	382	739
Ellenor**	146	-	-	146	-	146		139	19	158
Woodcock	146	-	-	146	6	152		139	19	158
Luson	98	-	-	98	-	98		86	-	86
Foss	112	-	-	112	-	112		-	-	-
Totals	2,079	977	79	3,135	2,786	5,921		2,947	2,708	5,655

Notes:
* Non-cash benefits include the fair value of LTIP share awards. These are the directors' proportion of the IFRS 2 charge as disclosed in Note 20. These are not representative of the actual cash amount paid to the director. No director has received a cash benefit in relation to these awards. Performance conditions associated with these awards are also set out in Note 20.
** Details of consultancy fees paid to companies under the control of these Directors can be found in note 23 to the financial statements. Included within D Ellenor and G Woodcock's fees are $86,000 relating to Non-Executive Director fees and $60,000 per annum for technical consultancy services provided to the company.
The aggregate gain made by the Directors in the year in exercising their share options amounts to $Nil. The gain relating to the highest paid Director is $Nil (2014: $3,632,651). Details can be found within note 23 to the financial statements.
*** Cash payments are made in local currency and then translated into US$. Exchange rate changes therefore impact on levels of cash remuneration.

Directors' contracts and payments for loss of office
Full-time Executive Directors have contracts which can be terminated by either party on 12 months' notice. The CEO will be entitled to a lump sum payment of 12 months of his annual fee in the event he or the Company terminates the contract within six months of a change in control. The Finance Director will be entitled to a lump sum payment of up to 18 months of his annual salary in the event he or the Company terminates the contract within six months of a change in control.

The appointment of the Non-Executive Directors and George Woodcock can be terminated by either party on three months' notice. The appointment of the Chairman can be terminated by either party on 12 months' notice.

Service contacts
No Director has a service contract with a notice period longer than a year.

Long term incentives
Up until 2011, the Company used market options as its principle long term incentive structure. No awards of market value options have been made since 2011.

A key element of the executive remuneration package is the granting of share awards under the Company's Long Term Incentive Plan ("LTIP") introduced in 2011. Up until 2015, an absolute total shareholder returns (TSR) performance condition was applied to the awards.

Following shareholder feedback, the 2015 LTIP award was amended to become subject to a combination of absolute share price and operational targets. 63% of the awards made to the CEO and all the awards made to the Chairman and the FD were subject to a share price performance target. The base price for the share price growth target is 37.22p, a substantial premium to the closing price at the time of the awards. 50% will vest when a 33% growth from the base price share price has been achieved within three years (10% per annum compound), a further 25% on a 52% increase from the base price, (15% per annum compound) over three years and the final 25% on a 73% increase from the base price, (20% per annum compound) over three years. The share price target must also be held for 30 calendar days.

For the CEO 37% of the award will vest on the successful installation of the OBA pipeline and commencement of operations. The vesting of this portion of the award will be determined by the Remuneration Committee's assessment of the results of the commissioning and operations of the pipeline.

Share options

	1 Jan 2015	Granted	Exercised	31 Dec 2015	Exercise price	Exercise period begins	Exercise period ends
Clarke	3,000,000			3,000,000	15.0p	23/12/09	23/12/19
Wardle	3,000,000			3,000,000	11.1p	23/12/09	23/12/19
Harrison	3,000,000			3,000,000	15.0p	23/12/09	23/12/19

Performance share awards

	1 Jan 2015	Granted	Exercised	31 Dec 2015	Exercise price	Exercise period begins	Exercise period ends
Clarke	1,500,000			1,500,000	0.1p	19/01/12	19/01/17
	1,300,000			1,300,000	0.1p	06/02/13	06/02/16
	1,500,000			1,500,000	0.1p	15/02/14	15/02/17
		1,500,000		1,500,000	0.1p	07/02/15	07/02/18
Wardle	3,500,000			3,500,000	0.1p	06/02/13	06/02/16
	3,500,000			3,500,000	0.1p	15/02/14	15/02/17
		10,140,000		10,140,000	0.1p	07/02/15	07/02/18
Harrison	1,500,000			1,500,000	0.1p	19/01/12	19/01/17
	1,300,000			1,300,000	0.1p	06/02/13	06/02/16
	1,500,000			1,500,000	0.1p	15/02/14	15/02/17
		1,500,000		1,500,000	0.1p	07/02/15	07/02/18
Valdovinos	300,000			300,000	0.1p	06/02/13	06/02/16
Ellenor	300,000			-	0.1p	06/02/13	06/02/16
Woodcock	300,000			300,000	0.1p	06/02/13	06/02/16

Notes:
The assumptions inherent in the use of these models have been set out in Note 20.

The Remuneration Committee determined in 2015 that no new share awards will be made to Non-Executive Directors. Indeed, Douglas Ellenor renounced all of his 300,000 options over new ordinary shares at 0.1p each which he held under the Company's 2013 ("LTIP") scheme. As of 31 December 2015, Douglas Ellenor will have zero LTIP share options in the Company. As a result, Douglas Ellenor is deemed an independent Director under the UK Corporate Governance Code of the Financial Reporting Council which sets out standard of best practice and Amerisur Resources will have a total of three independent Non-Executive Directors.

2016 Performance Share awards

The Remuneration Committee has developed proposals as to the level and structure of LTIP awards to be made in 2016. The Remuneration Committee is planning that the awards be subject to balance of absolute and comparative total shareholder return (TSR) performance conditions, minimum three year vesting and that the performance conditions are tested once at end of vesting period. The performance conditions reflect the objectives of delivering both strong absolute returns and strong performance relative to industry peers. The Remuneration Committee is of the view that it is difficult to set appropriate long term operational and financial targets at present. The Remuneration Committee will be consulting on these proposals with its largest shareholders. The Company intends to make 2016 LTIP awards during the second quarter of 2016. On an ongoing basis, the Remuneration Committee intends to pitch and structure LTIP awards each year to reflect the circumstances of the Company.

Stephen Foss
Chairman of the Remuneration Committee
6 April 2016

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report on the group for the year ended 31 December 2015.

Review of Business

Amerisur Resources is an independent full-cycle oil and gas company focused on South America, with assets in Colombia and Paraguay and production from the Platanillo field in southern Colombia. Amerisur's strategy is to acquire, explore and develop large acreage positions in major under explored basins located in South America. The Company's distinctive approach has been to own 100% of its assets at early stages in order to have full control over the fields' development. That requirement is now being relaxed as a sound production baseline has been established and in response to the widening opportunity set to which the Company has access.

In Colombia, the Company is operator and has a 100% working interest in the Platanillo block which includes the Platanillo field. The 11,341 hectare block is located in the Putumayo Basin. The Company has a 60% working interest and operatorship in block Put-12, a 55,000 hectare block which is adjacent to Platanillo and shares its geology and a 50% working interest in Put-30 a 38,514 hectare block, approximately 55km to the north of the Company's 100% owned Platanillo field. In addition, the Company has a 30% working interest in the CPO-5 contract, located in the Llanos basin and a 49.5% working interest in the Tacacho contract, located in the Caguan-Putumayo basin. The Company has recently acquired 50% working interest in PUT-8 Block adjacent to the west of Platanillo, a 100% working interest and operatorship in the Coati Evaluation Area (Temblon Field) within the Coati Block located in the South West of the Putumayo basin and a 100% working interest and operatorship in the Andaquies Block located in the north east of the Putumayo basin.

In Paraguay, Amerisur is the largest acreage holder in the country, with 5.2 million hectares covering five 100% owned oil and gas permits in the Paraguayan part of the Chaco and Parana Basins.

<u>Operational review</u>

The 2015 operational activities and the post period end updates are provided in detail on page 5 to 12 of the Chairman's Statement and Chief Executive's Statement and this is considered to form part of the strategic report.

<u>Trading performance</u>

Average production during 2015 was 4,437 BOPD which is substantially lower than 2014 production, due to the Board's responsible decision in early 2015 to stop production from unprofitable pads at Platanillo and preserve the valuable reserves until the OBA pipeline came into operation and/or the oil price environment is higher. Revenue was constrained by transport and reception facilities and impacted by the fall in oil prices in the second half of the year.

As a result of failing oil prices and in order to position the business for growth in a low oil price environment, post year end production remains constrained.

<u>Financial Performance</u>

Revenue for the period was $61 million. Loss before tax was $25 million and operating profit decreased from $69 million to operating loss of $24 million, largely driven by falling oil prices and constrained production.

The second half of the year was further impacted by reduced oil prices resulting in an operating loss for the year of $24 million. Gross realised selling prices averaged $50.58 per barrel in the first half of the year and fell to $34.45 in the second half. The average realised price for the year averaged of $42.85 per barrel. Inevitably this resulted in reduced cash generation in the second half the year and consequently a slowing down of our capital program. Production will remain constrained until the OBA is commissioned and stronger netbacks can be realised.

The Company decided not to sell production at the end of December when WTI was around $30 per barrel but rather hold it in storage until prices recovered in the early part of the year. This had an impact on 2015 sales and also is reflected in an increase in inventory and reduced year end receivables. Inventory at the end of December was 229,000 barrels with $3.5m of costs relating to this inventory expensed in 2015. As reported at the half year, our non-cash amortisation charge increased significantly year on year to $23m following the reduction in reserves at the start of the year and our first half costs were impacted by approximately $4m of port related charges which did not reoccur in the second half.

Administrative expenses reduced to $12m in 2015. At the period end, the Group had a cash position of $42 million and no debt. All commitments and planned discretionary programmes for 2016 are fully funded from internal resources and the Company remains focused on efficient cost management.

Earnings per share
Basic EPS decreased 197% to -2.51 cents per share (2014: 2.58 cents per share), and diluted EPS decreased 197% to -2.48 cents per share (2014: 2.55 cents per share). During 2015 the number of shares in issue increased by 10,318,384 to 1,073,038,018.

Key Performance Indicators
The Directors have considered the financial and non-financial key performance indicators (KPIs) for the group and consider the following to be relevant on assessing performance:

- Production as measured in "barrels of oil per day". In the 12 months to December 2015 this figure amounted to 4,437 BOPD (2014: 6,242BOPD);
- The development of proven and probable (2P) reserves. As at December 2015 the company had 23.7 MMBO of 2P reserves. The comparable figure at December 2014 was 24.55 MMBO;
- The execution of the company's capital expenditure/ drilling program (in the twelve months to December 2015; the company drilled 1 well (2014: 6); and
- The implementation and execution of the companies Health and Safety and Environmental policies as measured by the safe running of its operations.

Strategy
On a Group basis, the strategy is contained within the Chairman's Statement and Chief Executive's Statement and these are considered to form part of this strategic report.

Principal Risks, Uncertainties and Mitigation Strategies

The group faces a number of business risks in its operations. These are recognised by the Board and are addressed in a systematic way. The principal risks and mitigation strategies are summarised as follows:

Oil price fluctuations – the group takes a conservative view of oil prices when undertaking capital appraisal. This means that excessive investment or other expenditure based on expectations of a rise are avoided. The group also has the ability to curtail production when the oil prices do not generate the levels of return required. The business has a relatively low level of operating costs, which will reduce further with the new pipeline to Ecuador becoming operational which means that the impact of any reduction in oil prices is not as significant and can be managed.

Inability to fund capital expenditure – the group takes a prudent approach to budgeting and business planning so that funds are not committed without the Group being certain of obtaining such funds. The business relies on substantial investment in drilling and exploration which are both capital intensive. Restrictions on the availability of this funding would curtail the growth of the Group.

Shortfall in operational cash flow – the group undertakes scenario planning for both oil price and production volumes to provide comfort as to funding headroom. It is essential that production is maintained and revenues secured and to ensure this the group holds substantial cash sums. Current cash balances are sufficient to provide for all operational purposes on any scenario stress test.

Health, safety and environmental incidents – the group has rigorous health, safety, environment and quality processes and procedures. Regulatory regimes monitoring the environmental impact of the Groups operations can impose sanctions which would potentially disrupt and ultimately levy penalties, increasing costs unnecessarily.

Ineffective capital expenditure – the group undertakes rigorous analysis before any drilling programme or other capital expenditure. Expert analyses of all aspects of the geological and physical environment are examined and only when it is deemed appropriate are funds allocated to capital projects. A record of successful exploration is also essential for the credibility of the Group in its future fund raising.

Failure to maintain regulatory approval for projects/operations – the group has a detailed understanding of legal and regulatory requirements and has regular engagement with government and regulators to ensure compliance. Local and industry experts are used to ensure the smooth running of this aspect of project management. Legal sanctions are possible if compliance is not adequate and increased costs or penalties are possible.

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

N. Harrison
Director
6 April 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMERISUR RESOURCES PLC

We have audited the group financial statements of Amerisur Resources Plc for the year ended 31 December 2015 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Amerisur Resources Plc for the year ended 31 December 2015.

Rhian Owen
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
CARDIFF
6 April 2016

Consolidated income statement
for the year ended 31 December 2015

	Notes	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000
Revenue	3	61,201	199,464
Cost of sales		(73,534)	(117,501)
Gross (loss) / profit		(12,333)	81,963
Total administrative expenses		(11,459)	(13,168)
Operating (loss) / profit		(23,792)	68,795
Impairment of intangible assets	10	-	(26,485)
Net foreign exchange gains		1,230	5,081
Finance charge		(2,767)	-
Finance income	7	191	103
(Loss) / profit before tax	5	(25,138)	47,494
Capital taxation	8	(625)	(522)
(Loss) / profit after capital taxation		(25,763)	46,972
Income taxation	8	(981)	(19,584)
(Loss) / profit attributable to equity holders of the parent		(26,744)	27,388
(Loss)/Earnings per share			
Basic (cents per share)	9	(2.51)	2.58
Diluted (cents per share)	9	(2.48)	2.55

Consolidated statement of comprehensive income
for the year ended 31 December 2015

	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000
(Loss) / profit attributable to equity holders of the parent	(26,744)	27,388
Other comprehensive income:		
Items that may be classified subsequently to (loss)/ profit		
Foreign exchange differences on retranslation to presentational currency*	421	65
Recycle of profit on available-for-sale financial asset to income statement for the year	-	(704)
Total other comprehensive income / (loss)	421	(639)
Total comprehensive (loss) / income for the year	(26,323)	26,749

*The deferred tax effect of these adjustments is not considered to be material.

Consolidated balance sheet

	Notes	31 December 2015 $'000	31 December 2014 $'000
Assets			
Non-current assets			
Goodwill	10	514	514
Other intangible assets	10	27,002	8,215
Property, plant and equipment	11	141,437	135,303
Total non-current assets		168,953	144,032
Current assets			
Trade and other receivables	16	13,571	28,006
Inventory (crude oil)	14	6,958	550
Investments	13	-	-
Cash and cash equivalents	17	42,323	95,629
Total current assets		62,852	124,185
Total assets		231,805	268,217
Equity and liabilities			
Equity			
Issued capital	21	1,560	1,544
Share premium	21	113,555	109,070
Investments revaluation reserve	22	-	-
Other reserve		10,979	7,060
Foreign exchange reserve		9,829	9,408
Retained earnings		53,723	80,179
Total equity		189,646	207,261
Non-current liabilities			
Remediation provision	19	2,730	7,350
Deferred tax liability	12	10,515	10,084
Total non-current liabilities		13,245	17,434
Current liabilities			
Trade and other payables	18	28,914	34,383
Current tax liabilities		-	9,139
Total current liabilities		28,914	43,522
Total liabilities		42,159	60,956
Total equity and liabilities		231,805	268,217

The financial statements were approved by the Board of Directors and authorised for issue on 6 April 2016 They were signed on its behalf by:

N. Harrison
Director

Company number: 04030166

Consolidated statement of changes in equity

	Share capital $'000	Share premium $'000	Investments revaluation reserve $'000	Other reserves $'000	Foreign exchange reserve $'000	Retained earnings $'000	Total equity $'000
At 1 January 2014	**1,535**	**108,160**	**704**	**3,932**	**9,343**	**52,281**	**175,955**
Share options exercised	9	910	-	(510)	-	510	919
Equity settled share options	-	-	-	3,638	-	-	3,638
Transactions with owners	9	910	-	3,128	-	510	**4,557**
Profit for the year	-	-	-	-	-	27,388	27,388
Other comprehensive income:							
Foreign exchange differences on retranslation to presentational currency	-	-	-	-	65	-	65
Recycle of profit on available-for-sale financial asset to profit and loss for the year	-	-	(704)	-	-	-	(704)
Total comprehensive income	-	-	(704)	-	65	27,388	26,749
At 31 December 2014	**1,544**	**109,070**	**-**	**7,060**	**9,408**	**80,179**	**207,261**
Share options exercised	16	4,485	-	(288)	-	288	4,501
Equity settled share options				4,207			4,207
Transactions with owners	16	4,485	-	3,919	-	288	**8,708**
Loss for the year	-	-	-	-	-	(26,744)	(26,744)
Other comprehensive income:	-	-	-	-	-	-	-
Foreign exchange differences on retranslation to presentational currency	-	-	-	-	421	-	421
Total comprehensive loss	-	-	-	-	421	(26,744)	(26,323)
At 31 December 2015	**1,560**	**113,555**	**-**	**10,979**	**9,829**	**53,723**	**189,646**

Consolidated cash flow statement

	Notes	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000
Cash flows from operating activities			
(Loss)/Profit for the year		(26,744)	27,388
Adjustments for:			
Finance income in the income statement		(191)	(103)
Tax in the income statement		1,606	20,106
Depreciation		23,860	20,005
Impairment		-	26,485
Share options charge		4,207	3,638
Finance Charge		2,767	-
Loss on disposal of investments		-	381
(Increase)/Decrease in inventory		(6,408)	654
Decrease/(Increase) in trade and other receivables		14,435	(7,305)
Decrease in trade and other payables		(9,668)	(1,406)
Net cash generated by operations		3,864	89,843
Tax paid		(10,314)	(26,671)
Net cash (used in)/generated by operating activities		(6,450)	63,172
Cash flows from investing activities			
Interest received		191	103
Payments for property, plant and equipment		(29,994)	(42,339)
Payments for investments		-	(6,695)
Disposal of investments		-	16,989
Payments for exploration and evaluation assets		(18,787)	(8,120)
Net cash used in investing activities		(48,590)	(40,062)
Cash flows from financing activities			
Proceeds from issue of equity shares on exercise of options		4,501	919
Finance charge		(2,767)	-
Net cash generated by financing activities		1,734	919
Net (decrease)/increase in cash and cash equivalents		(53,306)	24,029
Foreign exchange differences		-	-
Cash and cash equivalents at the start of the year		95,629	71,600
Cash and cash equivalents at the end of the year	17	42,323	95,629

1. Accounting policies - basis of preparation

The consolidated financial statements are for the year ended 31 December 2015. They have been prepared under the historic cost convention and in compliance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union and those parts of the Companies Act 2006 that are applicable to companies reporting under IFRS as at 31 December 2015.

Going concern

The directors have reviewed the cash position of the Group as at the year end against the expected recurring operational income, expenditure and anticipated specific contractual costs in Colombia and Paraguay for a period of two years from the balance sheet date. On this basis the Directors consider that the Group has more than sufficient resources to continue in operational existence for the foreseeable future. As discussed in the CEOs report the Company are in the process of construction a pipeline from the Platanillo field to join with the pipeline system in Ecuador which will substantially reduce the Company's cash operating costs and enable is to be cash generative should oil prices remain depressed. Post period end the company strengthened its balance sheet by raising approximately $35m by way of a placing. For these reasons, they continue to adopt the going concern basis in preparing the Group's financial statements.

New standards, amendments and interpretations issued and effective during the financial year beginning 1 January 2015

The following relevant new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2015, but had no significant impact on the Company:

Standard	Key requirements	Effective date as adopted by the EU
Amendment to IAS 19, 'Employee benefits'	The amendments address updates on employee contributions.	1 February 2015
IFRIC Interpretation 21 Levies	The interpretation clarifies the recognition of a liability for a levy.	17 June 2014

Standards issued but not yet effective

The following relevant new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2015, as adopted by the European Union, and have not been early adopted:

Standard	Key requirements	Effective date as adopted by the EU
Amendment to IFRS 11, 'Accounting for Acquisitions of Interests in Joint Operations'	Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to: • apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 • disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).	1 January 2016

Standard	Key requirements	Effective date as adopted by the EU
Amendments to IAS 16 and IAS 38	Clarifies of acceptable methods of depreciation and amortisation.	1 January 2016
Amendments to IAS 27	Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.	1 January 2016
Amendments to IAS 1	Disclosure amendments	1 January 2016

2. Summary of significant accounting policies

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company has the power over the investee, is exposed to or has rights to variable return from its involvement with the investees and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The Group uses the acquisition 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. 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 non-controlling interest. The excess of the fair value of consideration paid 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.

Consolidation adjustments have been made where necessary to align the subsidiaries' accounts with Group accounting policies.

Trade and Asset Acquisition

To conclude whether a transaction is a business combination the definition in IFRS 3 - Business combinations is applied, which requires that the assets acquired and liabilities assumed constitute a business. When an asset or group of assets does not meet the definition of a "business" then the transaction is treated as a trade and asset acquisition rather than a business combination. Under the trade and assets acquisition identifiable assets acquired and liabilities and contingent liabilities assumed in the acquisition are capitalised.

Jointly controlled operation

A Jointly controlled operation is an arrangement in which two or more parties have joint control over shared assets. Each party recognises its share of the assets, liabilities, revenues and expenses of the operation.

2. Summary of significant accounting policies (continued)

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.

Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM is the person or Group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its CODM is the Executive Board of Directors of the Group (excluding non-executive directors).

Foreign currency translation

1. Transactions and balances
   Foreign currency transactions are translated into the functional currency of each group entity using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates. 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.

2. 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 in other comprehensive income and accumulated as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken through the statement of comprehensive income. Differences initially brought to equity are reclassified 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 as this is when the risks and rewards of ownership are considered to have passed to the customer. 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. Revenue is stated gross of any prevailing sales royalties that are payable, which are levied based on a contractual percentage rate, dependant on production. The corresponding costs in respect of sales royalties payable, arising from sales made in the year, are included within cost of sales on an accruals basis. Operating expenses are recognised in the income statement upon utilisation of the service.

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

Oil and natural gas exploration and development expenditure
The Group adopts the successful efforts method of accounting for exploration, evaluation and development costs.

Exploration and evaluation expenditure - intangible 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

2. Summary of significant accounting policies (continued)

feasibility and commercial viability activities) and appraisals are accumulated and capitalised as intangible exploration and evaluation (E & E) assets, pending determination. These assets are split on a geographical basis.

E & E costs are not amortised prior to the conclusion of appraisal activities. At completion of appraisal activities if technical feasibility is demonstrated, commercial reserves are discovered and commercial viability is demonstrable, then, following development sanction, the carrying value of the relevant E & E asset will be reclassified as a development and production asset in Property, Plant and Equipment, 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 having consideration for the impairment indicators outlined within IFRS 6 and include the point at which determination is made as to whether commercial reserves exist. As part of the review it is also considered if discounted future cash flows justify the carrying value of the asset in the financial statements. If an indicator of impairment exists an impairment review is performed. If the carrying value of the assets is estimated to exceed the recoverable amount, which is the higher of value in use and fair value less costs to sell then the excess carrying value is reduced by writing off the difference to the income statement in that period.

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 amortised until production commences. Amortisation is estimated on a unit of production method based on commercial reserves. All commercial reserves are proven and probable oil and gas reserves (commonly referred to as 2P reserves), which geological, geophysical and engineering data demonstrate with reasonable certainty to be commercially recoverable in future years from known reserves under existing economic conditions. 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. The depreciation is charged to Cost of Sales within the Consolidated Income Statement.

Impairment
An impairment review is performed each year to assess whether 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 recoverable amount of the assets, based on the discounted future cash flows from sale of oil and gas based on 1P and 2P reserves, then the excess value is written off to the income statement in that period.

Remediation provision
The Group recognises a remediation provision where it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

An obligation generally arises when an oil field asset is installed or when the ground and environment is disturbed at a field location. When the liability is initially recognised, the estimated cost is capitalised by increasing the carrying amount of the related asset to the extent that it was incurred by the development or construction of the field and is subsequently expensed to the income statement as part of the amortisation of the asset. As per IAS 37 the provision is carried at amortised cost which discounts the future liability using an industry standard interest rate.

2. Summary of significant accounting policies (continued)

Non oil and gas exploration assets

Property, plant and equipment
Property, plant and equipment (PPE) is 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:

Land and buildings	20 years
Office equipment	10 years
Computer equipment	4 years
Motor vehicles	4 years
Plant and machinery	8 years

Impairment
The Group's goodwill, other intangible assets and property, plant and equipment are subject to annual 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 monitors 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 is in excess of the recoverable amount.

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.

Inventory
The Group's stocks of crude oil resulting from drilling operations are valued on the basis of the average actual operating cost. The inventory value of crude oil is recognised at the lower of cost and NRV.

Financial assets
Financial assets consist of cash and trade and other receivables and available for sale financial assets (refer Available for sale financial assets policy). 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 and other receivables are subsequently measured at amortised cost less any impairment. Cash and cash equivalents are measured at amortised cost at the balance sheet date.

De-recognition of financial assets occurs when the rights to receive cash flows 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 discounted at the original effective interest rate.

2. Summary of significant accounting policies (continued)

Available for sale ("AFS") financial assets

AFS financial assets are non-derivative assets that are either designated as AFS or are not classified as loans and receivables, held to maturity investments or financial assets through profit or loss.

Listed shares and redeemable notes held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in note 13. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method
and foreign exchange gains and losses on monetary assets, which are recognised directly in the profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is classified to profit or loss.

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. 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. Taxes on capital are levied in Colombia by the government to fund certain programmes during their term in office. The charge in relation to this is included within the income statement. 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.

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 to other comprehensive income or equity in which case the related deferred tax is also charged or credited to other comprehensive income or equity.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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).

2. Summary of significant accounting policies (continued)

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 shares 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.

National insurance contributions are accrued as a current liability in the financial statements where it is considered likely that certain share options will be exercised.

Equity

Equity comprises the following:

- “Issued capital” represents the nominal value of equity shares;
- "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;
- “Investments Revaluation reserve” represents the increase in valuation of investments available for sale of financial assets;
- "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 foreign operations and differences arising on translation to the presentational currency in US Dollars; and
- "Retained earnings" represents retained profits and losses.

Use of accounting estimates and judgements

Several 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:

Critical accounting judgements

In the application of the Group’s accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Petrodorado South America S.A (PDSA) as trade and asset aqcuisition

The application of IFRS 3 on the definition of a business is an area where significant judgement is required. Judgement is required in assessing whether the above assets or group of assets acquired constitute a business as set out in IFRS 3.

As purchase of licences held by Petrodorado South America S.A (‘PDSA’) does not meet the criteria for IFRS 3 – Business combinations the Group has treated the purchase as an asset acquisition. The acquisition of PDSA licenses does not represent the purchase of a business as defined under IFRS 3, namely:

- PDSA was not capable of an ‘'integrated set of activities and assets being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.’

- PDSA does not constitute a business as it cannot be said to comprise a set of inputs followed by processes upon these inputs leading finally to outputs.

It is under this understanding that the acquisition has been treated as an asset acquisition.

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. Capitalisation is required where it is judged that there will be future benefits in excess of the costs which are capitalised.

Functional currencies

Identification of functional currencies requires analysis of the economic environments of the parent and subsidiaries of the Group and the selection of the presentational currency must reflect the requirements of the users of those statements. The functional currency of the parent company has been considered to be USD, based on the fact the parent's operations are effectively an extension of its subsidiaries' operations.

Joint operation

Upon adopting of IFRS 11 the Group applied judgement when assessing whether its joint arrangements qualify as a joint operation. The Group determined the type of joint arrangement in which it is involved by considering its rights and obligations arising from the arrangement including the assessment of the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Key sources of estimation uncertainty

Useful lives of intangibles and PPE assets

Estimates are required as to asset carrying values, revaluations and impairment charges, which apply to Goodwill, Intangible assets and PPE. The carrying value of Goodwill, intangible assets and PPE totals $168,953,000 (notes 10 and 11) (2014: $144,032,000).

Impairment of intangible assets

Management assesses impairment in respect of intangible exploration and evaluation assets with reference to indicators in IFRS 6 and the specific facts and circumstances of each asset. In making the assessment management is required to make judgements on the status of each project and the future plans towards finding 1P and 2P reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to be impaired in future periods.

Remediation provision

The level of remediation provision is calculated in accordance with guidelines specified by Colombia's Agencia Nacional de Hidrocarburos (ANH).

Share based payments

Calculation of fair value used in share based payments require estimates of the share price volatility, the risk free interest rate and which method or model to use to calculate the fair value. See note 20 for further information.

3. Segmental reporting

Segment Reporting
Our management information system produces reports for the Executive Board grouping financial performance under the following business segments:

- Colombia; and
- Paraguay.

The UK is considered to be an administration extension of the operations which are conducted within Colombia and Paraguay. The results of the UK entity are disclosed separately with the parent company accounts.

3. Segmental reporting (continued)

All business segments are responsible initially for the exploration and evaluation of oil reserves and then the development and production of oil wells. As permitted by IFRS 8, since these business segments are deemed to have similar economic characteristics and are similar, if not the same, in all of the following at they:

- Derive their revenue from the supply of crude oil;
- Have the same production and distribution processes;
- Supply to similar customers; and
  Are subject to the same regulatory environment.

The business segments have been aggregated into a single reportable operating segment, namely oil exploration and development. Each month the CODM is presented with financial information prepared in accordance with IFRS as adopted in the EU and the accounting policies set out in Note 2 to the financial information as such information regarding this operating segment has already been disclosed in the financial statements.

In the year under review two customers contributed to the majority of revenue:

Customer B 47.3% $28,919,886 (2014: 21% $41,302,000)
Customer D 25.1% $15,373,012 (2014: Nil)

Geographical information

	Non-current assets		**Revenue**	
	Dec 2015	Dec 2014	Year to Dec 2015	Year to Dec 2014
	$'000	$'000	$'000	$'000
Colombia	161,253	136,930	61,201	199,464
Paraguay	6,912	6,482	-	-
United Kingdom	788	620	-	-
	168,953	144,032	61,201	199,464

The revenue split is based on revenue by origin by supply.

4. Remuneration of key management personnel

	Year to Dec 2015 $'000	Year to Dec 2014 $'000
Short term employee benefits	1,221	1,079
Social security	(396)	(155)
Pension costs	58	70
Amounts paid to third parties in respect of directors	1,855	1,798
Share based payments	689	821
Share based payments paid to third parties in respect of directors	2,098	1,887
	5,525	5,500

Retirements benefits are accruing for two directors.

Any gains made on the exercise of share options are disclosed within the directors' report.

	Year to Dec 2015 $'000	Year to Dec 2014 $'000
Highest paid director's emoluments – see note 23	1,700	1,659
Highest paid director's emoluments – share based payment charge	2,098	1,887
	3,798	3,546

The directors consider the key management personnel of the Group to be the Board of Directors. Further details of the remuneration of the directors are given in the Directors Report.

5. (Loss)/ Profit before tax

(Loss)/Profit before tax has been arrived at after charging / (crediting):	Year to Dec 2015 $'000	Year to Dec 2014 $'000
Foreign exchange differences	(1,230)	(5,081)
Depreciation, amortisation and impairment:		
Depreciation of other property, plant and equipment	734	575
Depreciation of D&P assets	23,126	19,430
Impairment of intangible assets	-	26,485
Employee benefits expense:		
Employee costs (Note 6)	9,195	9,667
Audit and non-audit services:		
Fees payable to the Company's auditor for the audit of the Group accounts	108	124
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	24	24
Tax compliance services	14	14
All other taxation advisory services	-	22

6. Employees

	Year to Dec 2015 $'000	Year to Dec 2014 $'000
Employee costs (including directors):		
Wages and salaries	5,048	5,739
Social security costs, including those accruing on share based payments	(271)	13
Pension costs – defined contribution plans	211	277
Share based payments	4,207	3,638
	9,195	9,667
The average number of employees (including directors) during the year was made up as follows:		
Management	14	13
Administration	32	33
Operational staff	34	37
	80	83

7. Finance income and charges

	Year to Dec 2015 $'000	Year to Dec 2014 $'000
Finance charge*	2,767	-
Total interest income	191	103

*In the prior year the company entered into a reserve based lending facility with a consortium of banks. The facility remains undrawn. The finance charge includes fees relating to this facility.

8. Taxation

	Year to Dec 2015 $'000	Year to Dec 2014 $'000
Current Tax:		
Overseas tax - Colombia	550	20,800
Adjustment in respect of prior periods	-	(602)
	550	20,198
Deferred tax		
Origination and reversal of temporary differences (see note 12)	431	(614)
Tax on profit for the year	981	19,584

The only country in which the group is currently paying tax is Colombia. The standard rate of corporate income tax in Colombia for 2015 is 25% (2014: 25%) plus a 14% (2014: 9%) CREE tax. CREE is an additional profits tax that was introduced in 2014 to fund social investment programmes until 31 December 2018. The rate of CREE is 9% however surcharges were introduced in 2015 to increase the rate by the following percentages: 2015 5%; 2016 6%; 2017 8%; 2018 9%.

There was a tax loss in Colombia in 2015 but a corporate income tax charge still arises which is calculated at the rate of corporate income tax in Colombia multiplied by 3% of the company's net worth at the end of the previous tax year. This is the presumptive tax charge.

The deferred tax liabilities for 2015 and 2014 have been calculated at the combined tax rate at which the balances are expected to reverse.

The combined Colombian rate of 39% (2014: 34%) has been used to explain the expected charge at this standard rate and the actual tax charge. The differences are explained below:

	Year to Dec 2015 $'000	Year to Dec 2014 $'000
(Loss)/profit for the year before tax	(25,763)	46,972
(Loss)/profit for year multiplied by the Colombian tax rate of 39% (2014: 34%)	(10,048)	15,971
Effects of:		
Expenses not deductible for tax purposes	4,499	1,970
Share options	1,642	1,210
Carry forward of unutilised tax losses	2,178	572
Presumptive tax charge	550	-
UK deferred tax asset not recognised	(2)	6
Colombia presumptive tax adjustment	-	(209)
Overseas tax losses forfeited	740	258
Prior year deferred tax	1,159	1,034
Adjustment in respect of prior period	-	(602)
Deferred tax rate change	263	(626)
Tax on (loss)/profit for the year	981	19,584

Unrelieved UK 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 due to a lack of certainty over future profits. Losses carried forward in the UK total $44,454,000 – tax effect is $8,002,000 at 18% (2014: $38,968,000 – tax effect is $7,794,000 at 20%) In addition there are capital losses in the UK carried forward at 31 December 2015 of $44,133,000 (2014: $47,817,000).

There are tax losses to carry forward in Colombia of $6,351k (2014: nil) – tax effect is $2,540k at 40% (2014:nil).

The tax losses in respect of Paraguay are restricted in use and are not available to offset against future taxable profits.

Capital taxation

In 2011 a tax on capital (patrimony) was levied in Colombia at a rate of 4.8% with a surtax of 1.2% of capital employed in the business payable over four years, 2014 was the last year this was payable. The 2014 charge is $522,000.

On 1 January 2015 a wealth tax was introduced in Colombia for tax years 2015, 2016 and 2017. It is based on the net worth of the entity at 1 January each year multiplied by progressive tax rates of between .20% and 1.15%. The 2015 charge is $625,000.

9. (Loss)/Earnings per share

	Year to Dec 2015 $'000	Year to Dec 2014 $'000
(Loss)/Profit for the year attributable to equity shareholders	(26,744)	27,388
(Loss)/Earnings per share		
Basic (cents per share)	(2.51)	2.58
Diluted (cents per share)	(2.48)	2.55
	Shares	Shares
Issued ordinary shares at start of the year	1,062,719,634	1,057,094,034
Ordinary shares issued in the year	10,318,384	5,625,600
Issued ordinary shares at end of the year	1,073,038,018	1,062,719,634
Weighted average number of shares in issue for the year	1,066,433,185	1,061,516,923
Dilutive effect of options in issue	12,053,082	13,269,277
Weighted average number of shares for diluted earnings per share	1,078,486,267	1,074,786,200

10. Intangible assets

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

	PDSA*	PUT - 30	PUT-12	Fenix	Other – Paraguay	Total
Share of field	30%/49.5%	50%	60%	100%	100%	
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
1 January 2014	-	-	-	24,749	1,831	26,580
Additions	-	-	1,933	1,736	4,451	8,120
31 December 2014	-	-	1,933	26,485	6,282	34,700
Additions	11,809	604	6,374	-	-	18,787
Disposals	-	-	-	-	-	-
31 December 2015	11,809	604	8,307	26,485	6,282	53,487
Amortisation						
1 January 2014	-	-	-	-	-	-
Impairment	-	-	-	26,485	-	26,485
31 December 2014	-	-	-	26,485	-	26,485
31 December 2015	-	-	-	26,485	-	26,485
Net book value						
31 December 2015	11,809	604	8,307	-	6,282	27,002
31 December 2014	-	-	1,933	-	6,282	8,215
31 December 2013	-	-	-	24,749	1,831	26,580

**CPO5 block 30% and Tacacho block 49.5%.*

The impairment charge of $26,485,000 in the year to 31 December 2014 writes down to $nil the carrying value of the non-producing Fenix E&E asset as, in the current economic environment, the development programme on this asset has been suspended. The charge has been included in the consolidated income statement.

Goodwill

The Group has goodwill resulting from past business combinations:

	Goodwill on acquisition $'000
At 1 January 2014	514
Foreign exchange	-
At 31 December 2014	514
Foreign exchange	-
At 31 December 2015	514

11. Property, plant and equipment

	Oil and gas D&P	Land and buildings	Plant and machinery	Office and computer equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
At 1 January 2014	125,126	653	2,198	718	448	129,143
Additions	38,142	322	3,516	104	255	42,339
Disposals	-	-	-	(12)	(66)	(78)
At 31 December 2014	163,268	975	5,714	810	637	171,404
Additions	13,326	1,019	15,533	61	55	29,994
At 31 December 2015	176,594	1,994	21,247	871	692	201,398
Depreciation						
At 1 January 2014	14,820	259	744	219	132	16,174
Charge for the year	19,430	40	309	122	104	20,005
Disposals	-	-	-	(12)	(66)	(78)
At 31 December 2014	34,250	299	1,053	329	170	36,101
Charge for the year	23,126	40	464	125	105	23,860
Disposals	-	-	-	-	-	-
At 31 December 2015	57,376	339	1,517	454	275	59,961
Net book value						
At 31 December 2015	119,218	1,655	19,730	417	417	141,437
At 31 December 2014	129,018	676	4,661	481	467	135,303
At 31 December 2013	110,306	394	1,454	499	316	112,969

Oil and gas development and production assets relate to the 100% owned Platanillo field.

Within plant and machinery are assets under construction of $7,730k relating to the interconnector pipeline between Colombia and Ecuador. Depreciation will commence when the pipeline is operational.

12. Deferred taxation

	$'000
At 1 January 2014	(10,698)
Charged in the year	614
At 31 December 2014	(10,084)
Charged in the year	(431)
At 31 December 2015	(10,515)

The Group has recognised a deferred tax liability arising from:

	Year to Dec 2015	Year to Dec 2014
	$'000	$'000
Tax on accrued sales and expenses	-	(741)
Tax relief in excess of depreciation charge	(13,055)	(9,620)
Tax losses carried forward	2,540	277
	(10,515)	(10,084)

13. Investments

	Current $'000
Available for sale investments carried at fair value	
Cost	
At 1 January 2014	10,675
Additions	6,695
Disposals	(17,370)
At 31 December 2014	
Additions	-
Disposal	-
At 31 December 2015	-
Revaluation – unrealised gain	
At 1 January 2014	704
Disposal - recycle of profit on available-for-sale financial asset to income statement for the year	(704)
At 31 December 2014	-
Revaluation	-
At 31 December 2015	-
Net book value	
At 31 December 2015	-
At 31 December 2014	-
At 31 December 2013	11,379

The shares included above represent investments in listed equity securities that present the group with opportunity for return through dividend income and trading gains. These shares were not held for trading and accordingly are classified as available for sale. The fair value measurement of the investment is level 1. The fair values of all equity securities are based on quoted market prices.

In the year ended 31 December 2014 the group disposed of all of its investments realising a loss of $381,000 in the consolidated income statement.

14. Inventories

	Dec 2015 $'000	Dec 2014 $'000
Crude oil		
Gross Value	8,845	1,707
Writedown	(1,887)	(1,157)
Net Value	6,958	550

Trading Inventories are valued at the lower of cost and Net Realisable Value (NRV).

15. 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

	Dec 2015 $'000	Dec 2014 $'000
Financial assets – available for sale financial asset investments	-	-
Financial assets – loans and receivables:		
Trade and other receivables	11,192	14,389
Cash and cash equivalents	42,323	95,629
	53,515	110,018
Trade and other receivables – assets not within the scope of IAS 39	2,379	13,617
Total current assets	55,894	123,635
Financial liabilities at amortised cost:		
Trade and other payables	28,325	33,051
Remediation provision	2,730	7,350
	31,055	40,401
Trade and other payables – liabilities not within scope of IAS 39	589	1,332
Total trade, provisions and other payables	31,644	41,733

There is no material difference between the book value and the fair value of these financial assets and financial liabilities.

Capital
The Group objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing products and service commensurately with the level of risk; and
- to maintain an optimal capital structure to reduce the cost of capital.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The directors have determined that no dividend will be paid during the year.

15. Financial instruments (continued)

There is currently no debt in the Group and capital is made up only of cash and cash equivalents.

Foreign currency risk
The non US Dollar denominated cash balances carried within the Group comprise the following currency holdings:

	Dec 2015 $'000	Dec 2014 $'000
British Pound	769	2,215
Colombian Peso	2,139	594
Paraguayan Guarani	233	55
Canadian Dollar	1	1
	3,142	2,865

The effect of a 10% weakening or strengthening of the British Pound, Colombian Peso, Paraguayan Guarani or Canadian Dollar against the US Dollar, which the Group considers reasonable based on experience of historic currency price fluctuations with these currencies, would give rise to an increase/decrease respectively (all other variables remaining constant) in the year-end balance and hence on profit or loss and equity:

	Dec 2015 $'000	Dec 2014 $'000
British Pound	77	222
Colombian Peso	214	59
Paraguayan Guarani	23	6
Canadian Dollar	-	-

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 have been managed by holding both US dollars and Colombian Pesos, which are used to settle foreign currency payments thus reducing transaction risk.

Interest rate risk
The Group finances its operations through equity fundraising and internally generated funds and therefore does not carry significant borrowings. Interest rate risk is therefore considered to be immaterial based on the prevailing rates currently being earned. 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. Deposits are held at interest rates of between 0.1% and 1.5% and a fall of interest rates over the year of 1% would have resulted in a decrease in deposit interest income of $191,000 (2014: $103,000), whilst an increase of 1% would have resulted in an increase of $191,000 (2014: $923,000) all other variables remaining constant.

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. Sales of the Group are made to two customers who are multi-national oil companies and form part of the state owned oil group with the government being the main shareholder. In this regard the risk is relatively low but the Group regards it as essential that relationships are maintained with alternative potential customers in case this source of revenue should reduce.

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. The Group's operating cash flow is driven by annual production from the Platanillo reserves. This cash has principally been used to fund the Group's continued investments in its development, exploration and appraisal activities.

16. Trade and other receivables

	Dec 2015 $'000	Dec 2014 $'000
Trade receivables	2,361	13,990
Other receivables	829	399
Corporation Tax debtor	8,002	-
VAT	38	120
Prepayments	2,341	13,497
	13,571	28,006

All trade, VAT and other receivables are due within three months. There were no trade receivables overdue for receipt. Prepayments include bank facility fees, which will be released to the consolidated income statement over three years.

17. Cash and cash equivalents

	Dec 2015 $'000	Dec 2014 $'000
Cash at bank and short term deposits	42,323	95,629

18. Trade and other payables

	Dec 2015 $'000	Dec 2014 $'000
Trade payables	22,244	14,710
Other payables	3,438	4,141
Social security and other taxes	589	1,332
Accrued expenses	2,643	14,200
	28,914	34,383

19. Remediation provision

	Dec 2015 $'000	Dec 2014 $'000
At 1 January 2015	7,350	5,092
(Decrease)/Increase in provision	(4,620)	2,258
At 31 December 2015	2,730	7,350

The Group recognises a remediation provision where it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

An obligation generally arises when an oil field asset is installed or when the ground and environment is disturbed at a field location.

Decrease in provision primarily relates to discounting of opening provision, as required under IAS 37 and exchange rate impact when recalculating from Peso to Dollars.

20. Share based payments

During 2015 the Company had in place Share Option Schemes. The charge in relation to this arrangement is shown below, with further details of the scheme following:

	31 December 2015 $'000	31 December 2014 $'000
Share Option Scheme expense	-	-
LTIP expense	4,207	3,638
	4,207	3,638

Of the total LTIP charge, $2,787,000 (2014: $2,708,000) relates to Directors of the Company as at 31 December 2015.

Share Option Scheme

Share options are granted to Directors and to selected employees and consultants. The exercise price of the granted options is equal the market price of the shares at the time of the award of the options. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The options were valued on grant date using a Black-Scholes option pricing model which calculates the fair value of an option by using the vesting period, the expected volatility of the share price, the current share price, the exercise price and the risk free interest rate. The fair value of the option is amortised over the vesting period. There is no requirement to revalue the option at any subsequent date.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	31 December 2015		**31 December 2014**	
	Average exercise price in pence per share	**Number of options**	**Average exercise price in pence per share**	**Number of options**
Outstanding at the beginning of the year	13.68	9,000,000	9.82	14,000,000
Granted	-	-	-	-
Lapsed	-	-	-	-
Exercised	-	-	11.05	(5,000,000)
Outstanding at the end of the year	13.68	9,000,000	13.68	9,000,000
Exercisable at the end of the year	13.68	9,000,000	13.68	9,000,000

There are no vesting conditions on the share options granted prior to 2009.

The average share price of the options during the year was 30.38 pence (2014: 56.5 pence). None exercised this year.

The weighted average remaining contractual life of the options outstanding at 31 December 2015 was 3 years 11 months (2014: 4 years 11 months). All of the outstanding options can be exercised at an average of £0.1368 (2014: £0.1368) over a 4 year period.

20. Share based payments (continued)

Long term incentive plan scheme

From 1 January 2012 awards were granted under the company's LTIP scheme.

Awards issued on 19 January 2012

Awards issued on 19 January 2012 are eligible to vest over a three year period subject to achieving performance levels which create value for shareholders. Vesting is on a sliding scale which depends upon the effective shareholder return during the Vesting Period:

Total Shareholder Return (p.a.)		Level of Vesting (%)
20%	(73% compound over three years)	100%
15%	(52% compound over three years)	65%
10%	(33% compound over three years)	35%

The total shareholder return ("TSR") target is calculated from a base price of the average closing share price in the 30 day period prior to the date of award, which was 17.38p. Options will vest during the Vesting Period when any of the three percentage thresholds for three year TSR is achieved for a 30 day period based on the average closing share price for that period. The options expire on the fifth anniversary of the grant.

Awards issued on 22 October 2012

Awards granted under the Companies LTIP scheme in October 2012 are eligible to vest subject to achieving a total shareholder return (TSR) of 33.1% at any point over the three year period. The TSR target is calculated from a base price of the average closing share price in the 30 day period prior to date of the award which was 37.76p. The TSR threshold will be achieved when the % threshold has been achieved for a 30 day period based on the closing share price for that period.

Awards issued on 6 February 2013

Of the 7,085,000 awards granted under the Companies LTIP scheme in February 2013, 1,500,000 did not have performance conditions. The remaining 5,585,000 awards are eligible to vest in three installments at the point that the total shareholder return growth (TSR) reaches 33% (35% of options will vest), 52% (a further 30% will vest) and 73% (the final 35% will vest) over the three year period. The TSR target is calculated from a base price of the average closing share price in the 30 day period prior to date of the award which was 49.06p. The TSR threshold will be achieved when the % threshold has been achieved for a 30 day period based on the closing share price for that period.

Awards issued on 17 December 2013

Awards granted under the Companies LTIP scheme in December 2013 are eligible to vest in three equal installments on the three anniversaries of the grant subject to achieving a total shareholder return (TSR) of 33.1% at any point over the three year period. The awards vest at the later of the anniversary date or the date the condition is met. The TSR target is calculated from a base price of the average closing share price in the 30 day period prior to date of the award which was 46.76p. The TSR threshold will be achieved when the % threshold has been achieved for a 30 day period based on the closing share price for that period.

Awards issued on 15 February 2014

Of the 6,500,000 awards granted under the Companies LTIP scheme in February 2014, 1,750,000 did not have performance conditions. The remaining 4,750,000 awards are eligible to vest in three installments at the point that the total shareholder return growth (TSR) reaches 33% (50% of awards will vest), 52% (a further 25% will vest) and 73% (the final 25% will vest) over the three year period. The TSR target is calculated from a base price of the

20. Share based payments (continued)

average closing share price in the 30 day period prior to date of the award which was 53.9p. The TSR threshold will be achieved when the % threshold has been achieved for a 30 day period based on the closing share price for that period.

Options issued on 7th February 2015
The 9,370,000 options awarded to the Directors are eligible to vest in three instalments at the point that the total shareholder return growth (TSR) reaches 33% (50% of options will vest), 52% (a further 25% will vest) and 73% (the final 25% will vest) over the three year period. The TSR target is calculated from a base price of the average closing share price in the 30 day period prior to date of the award which was 37.22p. The TSR threshold will be achieved when the % threshold has been achieved for a 30 day period based on the closing share price for that period.

The 5,165,000 options awarded to staff are eligible to vest in three instalments at the point that the total shareholder return growth (TSR) exceeds 10% (one third of options will vest), 21% (a further one third will vest) and 33.1% (the final third will vest) over the three year period. The TSR target is calculated from a base price of the average closing share price in the 30 day period prior to date of the award which was 37.22p. The TSR threshold will be achieved when the % threshold has been achieved for a 30 day period based on the closing share price for that period.
An additional 3,770,000 options were awarded to John Wardle. These options have the opportunity to vest at any time during the vesting period upon successful installation of the pipeline between Colombia and Ecuador and commencement of operations. Vesting of the options are to be determined by the Remuneration Committee.

Movements in the number of LTIPs outstanding and their related weighted average exercise prices are as follows:

	31 December 2015		31 December 2014	
	Average exercise price in pence per share	Number of options	Average exercise price in pence per share	Number of options
Outstanding at the beginning of the year	0.1	20,265,800	0.1	14,624,800
Granted	0.1	18,305,000	0.1	6,500,000
Lapsed	0.1	(658,335)	0.1	(233,400)
Exercised	0.1	(1,029,658)	0.1	(625,600)
Outstanding at the end of the year	0.1	36,882,807	0.1	20,265,800
Exercisable at the end of the year	0.1	3,485,800	0.1	3,595,800

The average share price of the options exercised during the year was 24 pence.

The LTIP awards were valued using a Monte Carlo simulation model using the following inputs:

Date of grant	Date of vesting	Exercise price (pence)	Risk-free rate	Share price at grant (pence)	Volatility of share price	Fair value (pence)	Number outstanding
07.02.15 With conditions	February 2015-February 2018	0.10p	1.23%	31.25p	51.9%	37.220	9,370,000
07.02.15 With conditions	February 2015-February 2018	0.10p	1.23%	31.25p	51.99%	14.700	5,165,000
07.02.14 Pipeline Conditions	February 2015-February 2018	0.10p	1.23%	31.25p	51.99%	31.240	3,770,000

The following assumptions have been made:

- Expected volatility was determined by calculating the historic share price over the two years prior to the grant date
- The expected life used in the model has been adjusted based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations
- It has been assumed that no variables change during the life of the option (e.g. dividend yield)
- The option life is at the end of the allowed period

20. Share based payments (continued)

- the risk free rate is 0.5%

As any dividends earned are to be re-invested into the business the impact of dividends has been ignored in the calculation of the LTIP share option charge.

The weighted average remaining contractual life of the options outstanding at 31 December 2015 was 3 years 3 months (2014 2 years 8 months). All of the outstanding options can be exercised at £0.001 over a 3 to 5 year period.

21. Share capital

The authorised share capital of the Company is £1,250,000 comprising 1,250,000,000 of 0.1pence each.

	Shares	Nominal Value (0.1p)	Premium net of costs	Total
		$'000	$'000	$'000
Issued share capital				
1 January 2014	1,057,094,034	1,535	108,160	109,695
Option exercises	5,625,600	9	910	919
31 December 2014	1,062,719,634	1,544	109,070	110,614
Shares allotted	9,288,726	14	4,485	4,499
Option exercises	1,029,658	2	-	2
31 December 2015	1,073,038,018	1,560	113,555	115,115

22. Investment revaluation reserve

	Available for sale investments	Total
	$'000	$'000
Balance as at 1 January 2014	704	704
Reclassification adjustment for loss included in profit for the year	(704)	(704)
Balance as at 31 December 2014	-	-
Increase in fair value of available for sale investments	-	-
Balance as at 31 December 2015	-	-

23. Related party transactions

On 10 December 2015 Jade Oil & Gas Consulting, which Douglas Ellenor is a shareholder and a Director, terminated its Technical Consulting Services agreement with Amerisur Resources and therefore Mr Ellenor is no longer in a related party transaction. The group had made payments of $146,267 (2014: $138,895) for Non-Executive director fees and consultancy services to Jade Oil & Gas Consulting Limited, a company in which D. Ellenor has an interest.

Amerisur Resources Plc paid $152,982 (2014: $159,348) for accounting and other office services to Westleigh Investment Holdings Limited, where Giles Clarke and Nick Harrison have an interest.

During the year the group paid $1,700,000 (2014: $1,658,637) and had a share based payment charge of $2,098,206 (2014: $1,887,406) relating to outstanding share options issued for consultancy services to Tracarta Limited, a company in which J. Wardle has an interest. Tracarta Limited had Nil (2014: 5,000,000) shares assigned under the share option scheme, the gain on which was $Nil (2014: $3,632,651) in the year.

23. Related party transactions (continued)

During the year the Company made payments of $9,186 (2014 –$9,847) to Enalco Ltd a company in which Mr N Luson has an interest.

24. Events after the balance sheet date

Amerisur Resources Plc acquired Platino Energy (Barbados) Ltd ("Platino"), a private company, from COG Energy ("COG") on the 26th January 2016 for a total consideration of US$7m. The consideration was paid in Amerisur stock and the Company issued 22,711,494 Ordinary Shares.

A further payment of $590,000 was made to COG on the 16th March 2016 following finalization of the closing balance sheet, for the net non-cash current assets of the company. This payment was satisfied by the issuing of 1,620,480 ordinary shares.

In addition to the above Amerisur replaced US$1.7m of cash guarantees with the Agencia Nacional de Hidrocarburos ("ANH"), relating to the Platino assets. Amerisur will also pay a 2% net royalty per block to COG, once net production in each block exceeds 5,000 barrels of oil per day ("BOPD").

The assets acquired through this transaction are:

- 50% (non-operated) working interest in PUT-8 Block adjacent to the west of Platanillo
- 100% (Operator) working interest in the Coati Evaluation Area (Temblon Field) within the Coati Block located in the South West of the Putumayo basin. A third party operator, active in Colombia, after fulfilment of a carry in the next exploration well of US$2.7MM will be entitled to a 20% working interest in the exploration area of the block, which does not include the Coati Evaluation area (Temblon field), which will remain 100% to Amerisur.
- 100% owned and operated Andaquies Block located in the north east of the Putumayo Basin.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMERISUR RESOURCES PLC

We have audited the parent company financial statements of Amerisur Resources Plc for the year ended 31 December 2015 which comprise the balance sheet, the cash flow statement, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015;
- have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of Amerisur Resources Plc for the year ended 31 December 2015.

Rhian Owen
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
CARDIFF
6 April 2016

PARENT COMPANY BALANCE SHEET

	Notes	31 December 2015 $'000	31 December 2014 $'000	31 December 2013 $'000
Assets				
Non-current assets				
Intangible assets	5	106	106	106
Property, Plant and Equipment	6	-	-	6
Amounts due from group undertakings falling due in more than one year	9	30,123	-	4,300
Investments	7	21,281	9,315	19,594
Total non-current assets		51,510	9,421	24,006
Current assets				
Trade and other receivables	10	2,567	3,669	68
Cash at bank and at hand	11	37,532	94,571	70,396
Total current assets		40,099	98,240	70,464
Total Assets		91,609	107,661	94,470
Equity and liabilities				
Equity				
Issued capital		1,560	1,544	1,535
Share premium		113,555	109,070	108,160
Other reserve		10,979	7,060	3,932
Retained earnings	14	(36,798)	(28,632)	(21,042)
Total equity		89,296	89,042	92,585
Non-current liabilities				
Amounts due/to group undertakings falling due in more than one year	9	-	17,188	-
Total non-current liabilities		-	17,188	-
Current liabilities				
Trade and other payables	12	2,313	1,431	1,885
Total current liabilities		2,313	1,431	1,885
Total liabilities		2,313	18,619	1,885
Total equity and liabilities		91,609	107,661	94,470

The financial statements were approved by the Board of Directors and authorised for issue on 6 April 2016. They were signed on its behalf by:

N Harrison
Director

Company number: 04030166

Parent Company statement of changes in equity

	Share capital $'000	Share premium $'000	Other Reserves $'000	Retained earnings $'000	Total equity $'000
At 1 January 2013	**1,504**	**106,350**	**3,866**	**(17,428)**	**94,292**
Share options exercised	31	1,810	(1,618)	1,618	1,841
Equity settled share options	-	-	1,684	-	1,684
Transactions with owners	31	1,810	66	1,618	**3,525**
Loss for the year	-	-	-	(5,232)	(5,232)
At 31 December 2013	**1,535**	**108,160**	**3,932**	**(21,042)**	**92,585**
Share options exercised	9	910	(510)	510	919
Equity settled share options	-	-	3,638	-	3,638
Transactions with owners	9	910	3,128	510	**4,557**
Loss for the year	-	-	-	(8,100)	(8,100)
At 31 December 2014	**1,544**	**109,070**	**7,060**	**(28,632)**	**89,042**
Share options exercised	16	4,485	(288)	288	4,501
Equity settled share options	-	-	4,207	-	4,207
Transactions with owners	16	4,485	3,919	288	**8,708**
Loss for the year	-	-	-	(8,454)	(8,454)
At 31 December 2015	**1,560**	**113,555**	**10,979**	**(36,798)**	**89,296**

Parent company cash flow statement

	Notes	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000
Cash flows from operating activities			
(Loss)/Profit for the year		(8,454)	(8,100)
Adjustments for:			
Finance income in the income statement		(107)	(36)
Tax in the income statement		173	301
Impairment		-	3,293
Share options charge		3,919	3,128
Finance Charge		2,767	-
Increase in trade and other receivables		(29,021)	(3,601)
(Decrease)/increase in trade and other payables		(16,018)	21,544
Net cash (used in)/generated by operations		(46,741)	16,529
Tax (paid)		(173)	(301)
Net cash (used in)/generated by operating activities		(46,914)	16,228
Cash flows from investing activities			
Interest received		107	36
Payments for property, plant and equipment		-	6
Payments for investments		(11,966)	(915)
Disposal of investments		-	10,675
Payments for exploration and evaluation assets		-	(2,774)
Net cash (used)/generated in investing activities		(11,859)	7,028
Cash flows from financing activities			
Proceeds from issue of equity shares on exercise of options		4,501	919
Finance Charge		(2,767)	-
Net cash generated by financing activities		1,734	919
Net (decrease)/increase in cash and cash equivalents		(57,039)	24,175
Foreign exchange differences		-	-
Cash and cash equivalents at the start of the year		94,571	70,396
Cash and cash equivalents at the end of the year	11	37,532	94,571

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting convention

These are the Company's first financial statements prepared in accordance with IFRS; IFRS1 First-time Adoption of International Financial Reporting Standards has been applied with an explanation of the effects of transition contained in note 18.

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.

Going concern

The directors have reviewed the cash position of the Company as at the year-end against the expected recurring operational income, expenditure and anticipated specific contractual for a period of two years from the balance sheet date. On this basis the Directors consider that the Company has sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's financial statements.

2. Principal accounting policies

Investments
Investments held as non-current assets are stated at the lower of cost and net realisable value, less provision for any impairment. They comprise investments in subsidiary undertakings.

Available for sale ("AFS") financial assets
AFS financial assets are non-derivative assets that are either designated as AFS or are not classified as loans and receivables, held to maturity investments or financial assets through profit or loss.

Listed shares and redeemable notes held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in note 13 to the group accounts. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method
and foreign exchange gains and losses on monetary assets, which are recognised directly in the profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is classified to profit or loss.

Intangible non-current assets
Intangible non-current 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.

Intangible non-current assets: exploration and evaluation expenditure
Capitalisation
Costs incurred prior to acquiring the rights to explore are charged directly to the profit and loss account.

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. These assets are split on a geographical basis.

The Paraguay deferred exploration and evaluation costs has been moved from intangible fixed assets to investments as the parent company adopts IFRS in the current year.

The transition to IFRS resulted in the capitalisation of prior year Paraguay balances from intercompany and intangible assets to investments to reflect the Parent's overall investment in the subsidiary company to support future economic benefit in that entity. The investment position is assessed for impairment on an annual basis.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Share based payments

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'. The expense is recognised in the profit and loss account of the entity in the country which the employee is employed.

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

2. Principal accounting policies (continued)

National insurance contributions are accrued as a current liability in the financial statements where it is expected that certain share options will be exercised.

3. Company income statement

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The parent company's loss for the year ended 31 December 2015 was $8,454,000 (2014: loss of $8,100,000, 2013: loss of $5,232,000). The parent company auditor's remuneration is disclosed in note 5 to the Group accounts.

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.

5. Intangible assets

	Deferred exploration and evaluation costs	Other intangible assets	Total intangible assets
	$'000	$'000	$'000
Cost			
At 1 January 2013	532	106	638
Transfer to Investments – IFRS adjustment	(532)	-	(532)
At 31 December 2013	-	106	106
Additions	2,774		2,774
Transfer to Investments – IFRS adjustment	(2,774)	-	(2,774)
At 31 December 2014	-	106	106
At 31 December 2015	-	106	106
Amortisation			
At 1 January 2013, 31 December 2013, 31 December 2014 and 31 December 2015	-	-	-
Net book value			
At 31 December 2015	-	106	106
At 31 December 2014	-	106	106
At 31 December 2013	-	106	106

Other intangible assets 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. Deferred exploration and evaluation assets represent the costs incurred on an airborne magnetic survey flown over the San Pedro area in Paraguay.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The Paraguay deferred exploration and evaluation costs has been moved from intangible fixed assets to investments as the parent company adopts IFRS in the current year. Please refer to note 18 for further information.

6. Property, Plant and Equipment

	Office equipment $'000
Cost	
At 1 January 2013, 31 December 2013, 31 December 2014 and 31 December 2015	12
Depreciation	
At 1 January 2013	2
Charge for the year	4
At 31 December 2013	6
Charge for the year	6
At 31 December 2014	12
Charge for the year	-
At 31 December 2015	12
Net book value	
At 31 December 2015	-
At 31 December 2014	-
At 31 December 2013	6

7. Investments

	Dec 2015 $'000	Dec 2014 $'000	Dec 2013 $'000
Investments in subsidiaries	21,281	9,315	8,919
Investments in listed equity securities	-	-	10,675
	21,281	9,315	19,594

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

7. Investments (continued)

Investments in subsidiaries	Subsidiary undertakings $'000
Cost	
At 1 January 2013	3,901
Additions	557
Transfer from Intercompany debtor – IFRS adjustment	3,929
Transfer from Intangible assets – IFRS adjustment	532
At 31 December 2013	8,919
Additions	915
Transfer from Intangible assets – IFRS adjustment	2,774
At 31 December 2014	12,608
Additions	11,966
At 31 December 2015	24,574
Impairment	
At 1 January and 31 December 2013	-
Impairment	3,293
31 December 2014	3,293
Impairment	-
31 December 2015	3,293
Net book value	
At 31 December 2015	21,281
At 31 December 2014	9,315
At 31 December 2013	8,919

The additions during the year relate to acquisition of Petrodorado South America S.A for $8,366k, increase in investment in Paraguay subsidiary $2,042k, Ecuador subsidiary $167k and share options granted to employees of Colombian subsidiary $1,391k.

Prior year adjustments relate to transfer of Paraguay deferred exploration and evaluation costs of $3,306k and transfer of Paraguay intercompany balance of $3,929k.

The acquisition of 100% of the shares of Petrodorado South America SA was agreed under the following terms:

- Payment of US$6m in three instalments, US$3m upon closing, and two further instalments of US$1.5m at three-monthly intervals.

This consideration was paid by the issuing of stock as follows:

- On 2 July 2015, Amerisur elected to issue stock for the first instalment and issued 5,148,447 new Ordinary Shares.
- On 8 October 2015, Amerisur elected to issue stock for the second instalment and issued 4,140,279 new Ordinary Shares.
- On 2 February 2016, Amerisur elected to issue stock for the final instalment and issued 4,702,972 new Ordinary Shares.
- In addition to the above Amerisur replaced US$2.4 of cash guarantees with the Agencia Nacional de Hidrocarburos ("ANH"), relating to the Petrodorado South America assets

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

7. Investments (continued)

The assets acquired through this transaction were:

- 30% (non-operated) working interest in the CPO-5 contract, located in the Llanos basin.
- 49.5% (non-operated) working interest in the Tacacho contract, located in the Caguan-Putumayo basin.

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
Amerisur Exploracion (Colombia) Limited	100	British Virgin Islands	Intermediate holding company
E-Plus S.A. (sub – subsidiary)	100	Paraguay	Dormant

Investments in listed equities

	Non current assets
Investment in listed equities held fair value	$'000
Cost	
At 1 January 2013	-
Additions	10,675
At 31 December 2013	10,675
Additions	6,695
Disposal	(17,370)
At 31 December 2014 and 31 December 2015	-
Net book value	
At 31 December 2014 and 31 December 2015	-
At 31 December 2013	10,675

The shares included above represent investments in listed equity securities that present the group with opportunity for return through dividend income and trading gains. The shares were sold in the year-ended 31 December 2014.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

8. Financial instruments

Risk management
The Company manages its capital to ensure that it 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 Company 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

	Dec 2015 $'000	Dec 2014 $'000	Dec 2013 $'000
Financial assets – available for sale financial asset investments	-	-	10,675
Financial assets – loans and receivables:			
Trade and other receivables	226	127	38
Cash and cash equivalents	37,532	94,571	70,396
Total current assets	37,758	94,698	70,434

Current other receivables, prepayments and accrued income included within note 18 include items not classified as financial assets are:

	Dec 2015 $'000	Dec 2014 $'000	Dec 2013 $'000
Trade and other receivables	2,341	3,542	30
Financial liabilities at amortised cost:			
Trade and other payables	(2,313)	(1,431)	(1,885)
Total trade, provisions and other payables	(2,313)	(1,431)	(1,885)

There is no material difference between the book value and the fair value of these financial assets and financial liabilities.

Capital
The Company objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing products and service commensurately with the level of risk; and
- to maintain an optimal capital structure to reduce the cost of capital.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The directors have determined that no dividend will be paid during the year.

There is currently no debt in the Company and capital is made up only of cash and cash equivalents.

8. Financial instruments (continued)

Foreign currency risk
The non US Dollar denominated cash balances carried within the Company comprise the following currency holdings:

	Dec 2015 $'000	Dec 2014 $'000	Dec 2013 $'000
British Pound	769	2,215	4,378

The effect of a 10% weakening or strengthening of the British Pound, Colombian Peso, Paraguayan Guarani or Canadian Dollar against the US Dollar, which the Group considers reasonable based on experience of historic currency price fluctuations with these currencies, would give rise to an increase/decrease respectively (all other variables remaining constant) in the year-end balance and hence on profit or loss and equity:

	Dec 2015 $'000	Dec 2014 $'000	Dec 2013 $'000
British Pound	77	221	438

The Company 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 have been managed by holding both US dollars and Colombian Pesos, which are used to settle foreign currency payments thus reducing transaction risk.

Interest rate risk
The Company finances its operations through equity fundraising and internally generated funds and therefore does not carry significant borrowings. Interest rate risk is therefore considered to be immaterial based on the prevailing rates currently being earned. The Company'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. Deposits are held at interest rates of between 0.1% and 1.5% and a fall or increase of interest rates over the year of 1% would have immaterial impact in deposit interest income.

Credit risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. In order to minimise this risk the Company 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. Majority of sales of the Company are made to two customers who are multi-national oil companies and form part of the state owned oil group with the government being the main shareholder. In this regard the risk is relatively low but the Company regards it as essential that relationships are maintained with alternative potential customers in case this source of revenue should reduce.

Liquidity risk
The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably. The Company's operating cash flow is driven by annual production from the Platanillo reserves. This cash has principally been used to fund the Company's continued investments in its development, exploration and appraisal activities.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

9. Amounts due greater than one year

	Dec 2015 $'000	Dec 2014 $'000	Dec 2013 $'000
Amounts due from/(to) Group undertakings	30,123	(17,188))	4,300
	30,123	(17,188))	4,300

10. Trade and other receivables

	Dec 2015 $'000	Dec 2014 $'000	Dec 2013 $'000
Prepayments and sundry debtors	2,567	3,669	68
	2,567	3,669	68

Prepayments includes bank facility fees which will be released to the consolidated income statement over three years.

11. Cash and cash equivalents

	Dec 2015 $'000	Dec 2014 $'000	Dec 2013 $'000
Cash at bank and short term deposits	37,532	94,571	70,396

12. Trade and other payables

	Dec 2015 $'000	Dec 2014 $'000	Dec 2013 $'000
Trade payables	30	72	-
Other payables and accruals	2,283	1,359	1,885
	2,313	1,431	1,885

13. Share capital and share based payments

For share based payment and share capital disclosures see notes 20 and 21 respectively in the Group financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

14. Reserves

	Share premium $'000	Other reserves $'000	Profit and loss account $'000
At 1 January 2013	106,350	3,866	(17,428)
Share options exercised	1,810	(1,618)	1,618
Equity settled share options	-	1,684	-
Loss for the year	-	-	(5,232)
At 31 December 2013	108,160	3,932	(21,042)
Share options exercised	910	(510)	510
Equity settled share options	-	3,638	-
Loss for the year	-	-	(8,100)
At 31 December 2014	109,070	7,060	(28,632)
Share options exercised	4,485	(288)	288
Equity settled share options	-	4,207	-
Loss for the year	-	-	(8,454)
At 31 December 2015	113,555	10,979	(36,798)

15. Reconciliation of shareholders funds

	$'000
At 1 January 2013	94,292
Share options exercised	1,841
Equity settled share options	1,684
Loss for the year	(5,232)
At 31 December 2013	92,585
Share options exercised	919
Equity settled share options	3,638
Loss for the year	(8,100)
At 31 December 2014	89,042
Share options exercised	4,501
Equity settled share options	4,207
Loss for the year	(8,454)
At 31 December 2015	89,296

16. Related party transactions

On 10 December 2015 Jade Oil & Gas Consulting, which Douglas Ellenor is a shareholder and a Director, terminated its Technical Consulting Services agreement with Amerisur Resources and therefore Mr Ellenor is no longer in a related party transaction. The Company also made payments of $146,267 (2014: $138,895) for Non-Executive director fees and consultancy services to Jade Oil & Gas Consulting Limited, a company in which D. Ellenor has an interest.

Amerisur Resources Plc paid $152,982 (December 2014: $159,348) for accounting and other office services to Westleigh Investment Holdings Limited, where Giles Clarke and Nick Harrison have an interest.

During the year the group paid $1,700,000 (2014: $1,658,637) and had a share based payment charge of $2,098,206 (2014: $1,887,406) relating to outstanding share options issued for consultancy services to Tracarta Limited, a company in which J. Wardle has an interest. Tracarta Limited had Nil (2014: 5,000,000) shares allotted under the share option scheme, the gain on which was $Nil (2014: $3,632,651) in the year.

16. Related party transactions (continued)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

During the year the Company made payments of $9,186 (2014 –$9,847) to Enalco Ltd a company in which Mr N Luson has an interest.

17. Events after the balance sheet date

Amerisur Resources Plc acquired Platino Energy (Barbados) Ltd ("Platino"), a private company, from COG Energy ("COG") on the 26th January 2016 for a total consideration of US$7m. The consideration was paid in Amerisur stock and the Company issued 22,711,494 Ordinary Shares.

A further payment of $590,000 was made to COG on the 16th March 2016 following finalization of the closing balance sheet, for the net non-cash current assets of the company. This payment was satisfied by the issuing of 1,620,480 ordinary shares

In addition to the above Amerisur replaced US$1.7m of cash guarantees with the Agencia Nacional de Hidrocarburos ("ANH"), relating to the Platino assets. Amerisur will also pay a 2% net royalty per block to COG, once net production in each block exceeds 5,000 barrels of oil per day ("BOPD").

The assets acquired through this transaction are:

- 50% (non-operated) working interest in PUT-8 Block adjacent to the west of Platanillo
- 100% (Operator) working interest in the Coati Evaluation Area (Temblon Field) within the Coati Block located in the South West of the Putumayo basin. A third party operator, active in Colombia, after fulfilment of a carry in the next exploration well of US$2.7MM will be entitled to a 20% working interest in the exploration area of the block, which does not include the Coati Evaluation area (Temblon field), which will remain 100% to Amerisur.
- 100% owned and operated Andaquies Block located in the north east of the Putumayo Basin.

18. Explanation of transition to IFRS and prior period adjustments

The Company's Annual Report for the year ending 31 December 2015 are the first annual financial statements that comply with IFRS. These financials statements have been prepared in accordance with the significant accounting policies described in note 2. The Company has applied IFRS 1, "First-time Adoption of International Financial Reporting Standards" in preparing these financial statements.

The transition to IFRS resulted in no changes, compared to the previously adopted framework, UK GAAP, as the policies in place were similar to the newly adopted IFRS policies.

Transition changes

The transition to IFRS resulted in the capitalisation of prior year Paraguay balances from intercompany and intangible assets to investments to reflect the Parent's overall investment in the subsidiary company to support future economic benefit in that entity. The investment position is assessed for impairment on an annual basis.

- For the year ended 31 December 2013, $532k of Paraguay deferred exploration and evaluation costs and $3,929k of Paraguay intercompany balance were transferred to investments in subsidiary.
- For the year ended 31 December 2014, in addition to 2013 transfers an additional $2,774k of Paraguay deferred exploration and evaluation costs were transferred to investments in subsidiary.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Amerisur parent balance sheet under UK GAAP

	31 December 2013 $'000	IFRS Adjustments $'000	Final 31 December 2013 $'000
FIXED ASSETS			
Intangible assets	638	(532)	106
Tangible assets	6	-	6
Investments	15,133	4,461	19,594
	15,777	-	**19,706**
CURRENT ASSETS			
Debtors due within one year	68	-	68
Debtors due in more than one year	8,229	(3,929)	4,300
Cash at bank and at hand	70,396	-	70,396
	78,693	-	**74,764**
CREDITORS			
Amounts falling due within one year	(1,885)	-	(1,885)
NET CURRENT ASSETS	**76,808**	-	**72,879**
TOTAL ASSETS LESS CURRENT LIABILITIES	**92,585**	-	**92,585**
Amounts due to Group undertakings falling due in more than one year	-	-	-
NET ASSETS	**92,585**	-	**92,585**
CAPITAL AND RESERVES			
Called up share capital	1,535	-	1,535
Share premium	108,160	-	108,160
Other reserves	3,932	-	3,932
Profit and loss account	(21,042)	-	(21,042)
SHAREHOLDER'S FUNDS	**92,585**	-	**92,585**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

	31 December 2014 $'000	IFRS Adjustments $'000	Final 31 December 2014 $'000
FIXED ASSETS			
Intangible assets	3,412	(3,306)	106
Tangible assets	-	-	-
Investments	2,080	7,235	9,315
	5,492	-	**9,421**
CURRENT ASSETS			
Debtors due within one year	3,669	-	3,669
Debtors due in more than one year	-	-	-
Cash at bank and at hand	94,571	-	94,571
	98,240	-	**98,240**
CREDITORS			
Amounts falling due within one year	(1,431)	-	(1,431)
NET CURRENT ASSETS	**96,809**	-	**96,809**
TOTAL ASSETS LESS CURRENT LIABILITIES	**102,301**	-	**106,230**
Amounts due to Group undertakings falling due in more than one year	(13,259)	(3,929)	(17,188)
NET ASSETS	**89,042**	-	**89,042**
CAPITAL AND RESERVES			
Called up share capital	1,544	-	1,544
Share premium	109,070	-	109,070
Other reserves	7,060	-	7,060
Profit and loss account	(28,632)	-	(28,632)
SHAREHOLDER'S FUNDS	**89,042**	-	**89,042**