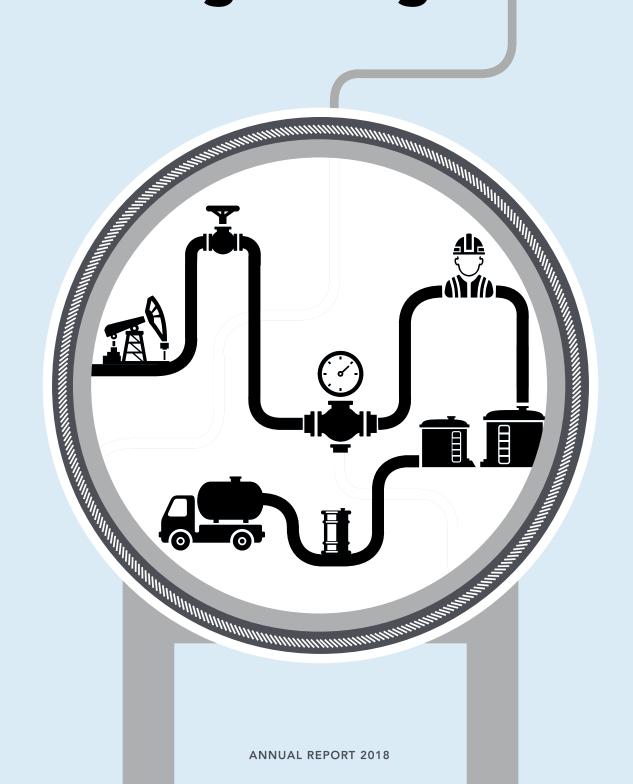


Unlocking potential Strengthening value





2018 HIGHLIGHTS

Production and OBA

- \$\text{\$\geq}\$ 2018 average production increased 10% to 5,356 BOPD
- FY18 OBA throughput average of 4,113 BOPD, with maximum throughput of 6,540 BOPD
- Average cash transport costs per barrel reduced further to \$3.5 (2017: \$3.9)
- Delivery of Chiritza pumping station, increasing Amerisur's capacity right within the Petroamazonas pipeline system to a minimum of 9,000 BOPD, was successfully commissioned in November 2018 on time and on budget
- Continued diversification of production base from two to three fields following further exploration success

Exploration and appraisal

- Acquired 100% operated working interest in the Put-14 block adding additional prospective acreage to our Terecay-Tacacho play fairway
- Transformational farm-out deal signed with Occidental Andina LLC ("Oxy"), with Oxy delivering a \$93.25m exploration and appraisal programme, including five carried wells, between 2019 and 2021 across four blocks
- Exploration success at Indico-1X on CPO-5 in December adding significant reserves

Corporate

Board strengthened with the appointment of Elodie Grant Goodey as an independent Non-executive Director with corporate social responsibility experience

Outlook

- Fully funded work programme, with up to ten exploration and development wells planned across CPO-5 and the Putumayo targeting gross prospective resources of 145 MMBO
- Wholly owned OBA offers further growth potential with the export of third party crude expected to begin in the coming months

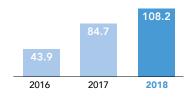
Financial

Production growth and higher oil prices with an average realised oil price of \$64.8/bbl delivered a strong financial performance in 2018

Revenue

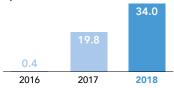
\$108.2m

Strong revenue growth of 28%



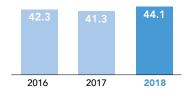
\$34.0m

Adjusted EBITDA increased by 72%



Cash and cash equivalents \$44.1m*

Robust cash position of \$44.1m and zero debt



Includes restricted cash.

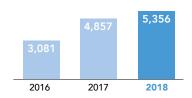
Operating profit/(loss) \$11.0m

Strong growth in operating profit to \$11.0m



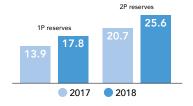
Average daily production 5.356

Average daily production – growth of 10.3%



2017 v 2018 1P and 2P reserves

An increase of 27.8% in 1P and 23.6% in 2P reserves over year end 2017, due to CPO-5 drilling success



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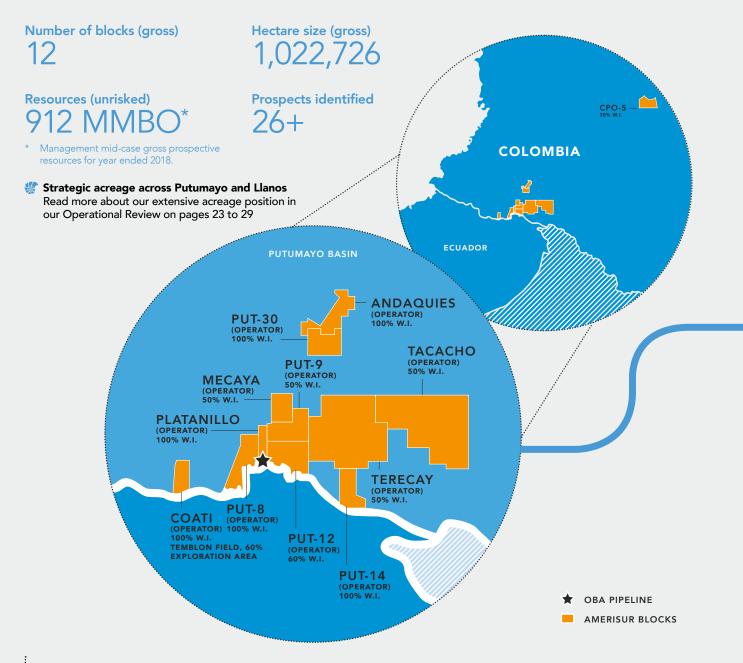
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Amerisur is an experienced Colombian Operator with a strategic acreage position in the underexplored Putumayo basin with Oxy, and a high-impact acreage position in Llanos in CPO-5 with ONGC Videsh ("ONGC")

The Company has its own strategic export infrastructure, the OBA pipeline, which is a reliable, low-cost route to commercialisation with technical capacity to support future growth



OUR INVESTMENT HIGHLIGHTS DEMONSTRATE THE DELIVERY OF OUR STRATEGY

Low-cost production base

Production from three fields



Operational Review

Read more about our growing operations on pages 23 to 29

Own strategic export infrastructure

Exported 1.5m barrels in 2018



OBA case study

Read more about our cross-border infrastructure, the OBA, and its benefits on page 11

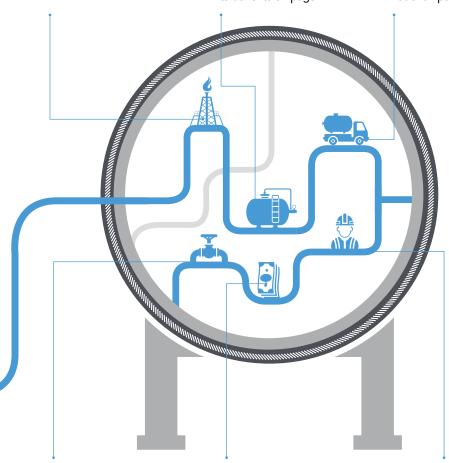
Delivering strong operating margins

Cash netbacks of \$43/bbl



Business model

Read more about our robust and sustainable business model on pages 12 and 13



Acreage position in **Putumayo and Llanos**

Fully funded work programme of up to ten wells



Strategy

Read more about our strategy to deliver sustainable shareholder returns on pages 14 and 15 **Robust financial position**

Cash of \$44.1m*



Financial review

Read more about our strong financial position on pages 30 and 31

Including restricted cash

Experienced Board and management team

Elodie Grant Goodey joined the Board as a NED



Board of Directors

Read more about the experience of our Board of Directors on pages 36 and 37

A transformational year for Amerisur



Our transformational farm-out to Oxy and our CPO-5 drilling success mean we exited 2018 in a very strong position. We have developed a clear path to deliver sustainable growth."



Overview of the year

During 2018, we delivered another robust financial performance following a number of operational and corporate successes across our two core regions in Colombia, the Putumayo and CPO-5 in the Llanos basin. Our successes included our transformational farm-out to Oxy, which will see Oxy fund a \$93.25m exploration and appraisal programme, including five carried wells, between 2019 and 2021 across four blocks in the Putumayo, in parallel to our existing drilling programme. We delivered an exceptional drilling result at Indico-1X on the CPO-5 block and completed the Chiritza repumping station on time and to budget. We also extended our portfolio in the Putumayo by the acquisition of the Put-14 block and increased our 2P reserves by 23.6% compared to the prior year (from 20.70 MMBO to 25.59 MMBO working interest reserves). We further strengthened and refreshed our Board, ensuring the Company is well positioned for

Our 2018 capex spend was lower than anticipated given delivery of our drilling programme in the Putumayo was delayed due to social problems related to the peace process, and adverse weather conditions delayed drilling at CPO-5 in H1.

In the latter half of the year, we made a strong start to our fully funded drilling programme and, as a result of our continued success at CPO-5, we delivered full year average production of 5,356 BOPD across our two fields, adding a third field, Indico-1X, at the end of the year. The promising results seen on the CPO-5 block prompted the commencement of a fully funded augmented drilling programme targeting 49.3 MMBO from up to five additional wells to determine the prospectivity of the area.

People, Board and corporate governance

I would like to thank both Amerisur's management and the in-country team which have worked tirelessly over the year. The Board continues to recognise the great benefit in maintaining high standards of corporate governance and I am pleased to report that best practice is embedded in the Company. In 2018, we continued our Board refreshment programme, achieved



We are delighted to have added a third field, Indico, to our producing portfolio."



full compliance with the Quoted Companies Alliance Code for our website disclosure and appointed a new auditor following a competitive tender process.

As part of our Board refreshment, we looked to appoint a Director with corporate social responsibility and developing world experience in the natural resources industry and I was delighted to welcome Elodie Grant Goodey to the Board as an independent Non-executive Director in October. Elodie has extensive experience in social performance and global stakeholder engagement programmes and spent 17 years at BP, latterly as the Head of Societal Issues and Stakeholder Engagement. Elodie sits on the Remuneration Committee.

During the period, we were informed by Stephen Foss of his intention to step down from the Board, with effect from 1 February 2019. I would like to thank Stephen for his service to Amerisur and the major contribution he made to improving corporate governance during that time. I also thank Dr Douglas Ellenor for his advice and counsel over the last ten years, as his retirement from the Board took effect on 31 December 2018. Following these changes, our refreshed Board includes four high-calibre independent Non-executive Directors with experience in international E&P, audit, M&A and corporate responsibility, all of which are invaluable to the Company.

Political and social developments

We are committed to supporting Colombia in its transition towards peace following the signing of the historic deal in 2016, with the FARC guerrilla group now largely demobilised. Amerisur remains an ardent supporter of this process, given our investment in the region for more than a decade, and continues to play a valuable role in establishing social programmes within communities in the Putumayo. There has been a particular focus on implementing sustainable alternative farming programmes, as part of the Government's "Sustitución de Cultivos Ilícitos - Illegal Crop Substitution Programme", verified by the United Nations. These programmes equip local farmers with the necessary resources and expertise to transition to more profitable, socially desirable and sustainable crops. Alongside this, our activities focused on community empowerment, supporting local education, assisting with sustainable productive projects with good agricultural and environmental practices, strengthening institutional structures and management and strengthening opportunities for recreation, sport and culture. Amerisur remains focused on conducting its operations in a safe and responsible manner, particularly in light of the sensitive operating environment. Our approach to sustainability is focused on integrating the Company's projects and operations with the local environment, and environmental protection and conservation continue to be important to us.



Our commitment to strong corporate governance was reinforced with the appointment of Elodie Grant Goodey to the Board, who has extensive experience in social performance and global stakeholder engagement."

The new Government which took power in August 2018, led by President Ivan Duque, has launched an ambitious programme of social and economic development, while fully supporting the continued development of the peace process. Particular emphasis has been laid upon the expansion of the hydrocarbons industry in Colombia. This has resulted in the recent launch by Agencia Nacional de Hidrocarburos ("ANH") of a new licensing system for future blocks with new opportunities which the Company is reviewing. In addition, considerable resources have been assigned to the solution of social issues in oil production and exploration areas. During the year, Colombia became the 37th member of the OECD.

Dividend

While it remains Amerisur's aim to pay a dividend once sustainable production is being delivered from multiple fields, the Board is not recommending a dividend for the year ended 31 December 2018. Reinvesting our cash flow in exploration activity and maintaining a strong balance sheet remain a priority for us as we enter this exciting period of drilling.

Returns to shareholders are regularly discussed by the Board and remain a goal for the future.

Shareholders will see from the AGM resolutions that we are seeking approval to restructure our reserves to facilitate distributions.

Outlook

We continue to be guided by our core value of capital discipline, shown by our strong cash balance, and are focused on continuing to unlock the potential of our extensive portfolio, built at low cost during the downturn, to deliver shareholder value.

We are confident that in 2019 our fully funded work programme across CPO-5 and the Putumayo targeting gross prospective resources of 145 MMBO has the potential to deliver considerable exploration successes and, in turn, strong production growth with low upfront capex, albeit with any drilling activity, there may be some potential challenges. This includes up to a further five wells planned at CPO-5, a licence which management is confident has significant resource potential given the production profile and exploration success to date. Alongside this, our wholly owned OBA pipeline continues to offer further growth potential through the export of both our own oil and third party crude.

2019 looks set to be an exciting year for Amerisur and the Board looks to the future with confidence.

Giles Clarke, Chairman

8 April 2019

Exploiting our strategic acreage position in Putumayo and Llanos, with a strong platform for growth

Introduction

2018 was a positive year for Amerisur as we forged excellent partnerships and delivered some strong drilling results. During the year, we realised significant success at CPO-5 in the Llanos basin, alongside ONGC. Our second oil discovery at the end of the year at Indico-1X, alongside the continued strong performance of the Mariposa-1 discovery, meant that we entered 2019 with a busy drilling campaign targeting gross prospective resources of 49.3 MMBO on that block, with the objective of proving up the exciting LS3 play at CPO-5.

In 2018, our focused, low-cost acquisition strategy carried out during the downturn generated further significant value for our shareholders delivering net benefits of more than \$350m to date (see page 9 for further information). During the period, we successfully continued to consolidate our acreage position around our wholly owned OBA through the acquisition of Put-14 and increased working interest in Mecaya, building an attractive portfolio of assets capable of attracting a farm-in partner of Oxy's calibre. Oxy will fund a \$93.25m exploration and appraisal programme over the next three years, including five carried wells in the Putumayo, with a transport capacity agreed in the OBA for the evacuation of oil from these blocks, with a commercial tariff charged for Oxy's share. This once again demonstrated the value of our OBA pipeline as an export route. The delivery of the Chiritza repumping station on time and to budget, which increases Amerisur's capacity right to a minimum of 9,000 BOPD, following successful negotiations with Petroamazonas earlier in the year, was therefore a timely milestone for the Company and acts as a floor for the transport of our own and potentially third party crude. As at the end of Q1 2019, we are in the final stages of obtaining certification as an oil transport company and expect third party transport to begin in the coming months.

Alongside this, we maintained a solid and diverse production base of 5,356 BOPD average annual production across three fields, delivering healthy cash flow, revenues of \$108.2m, adjusted EBITDA of \$34.0m (2017: \$19.8m), positive operating profits for the year of \$11.0m (2017: \$0.3m) and profit before tax of \$8.4m (2017: \$0.4m). Year-end total cash was \$44.1m (2017: \$41.3m). Our strong operating margins delivered through our OBA pipeline and low-cost production enabled us to achieve cash netbacks of \$43 per barrel (at an average \$64.8/bbl selling price).

We remain committed to operating in a safe and responsible manner and our approach to sustainability is key, as we respect both our surrounding environment and the local communities.

Exploration success

Amerisur continues to focus on its extensive acreage position, with approximately 912 MMBO unrisked prospective gross resources (mid-case as at 31 December 2018) across the highly attractive, underexplored Putumayo and the prolific Llanos basins. While exploration activity in 2018 was lower than expected due to a number of factors beyond our control, including local weather and social related issues, the Company looks set to become one of the more active explorers in Colombia in 2019. In the first half of 2018, we progressed our preparations at the different well locations (Platanillo and CPO-5) to ensure that, on receipt of regulatory and environmental approvals and weather and social issues permitting, we could commence drilling without further delay. In the second half of 2018, we commenced our low-cost drilling campaign with Pintadillo-1, targeting the N sand. While the N sand was unsuccessful, potential hydrocarbon bearing reservoirs were confirmed in the U and T sands. Production results indicate the well is located on the flank of those structures and we are reviewing the potential for further wells or a side track at Pintadillo.

HIGHLIGHTS OF 2018

1

Welcoming Elodie Grant Goodey to the Board as an independent Non-executive Director

Elodie has extensive experience in social performance and global stakeholder engagement programmes and spent 17 years at BP, latterly as the Head of Societal Issues and Stakeholder Engagement.

2

Further diversification of our production base with a third field, Indico-1X, at CPO-5

Initial analysis indicated a 283ft gross, 209ft net, oil column present in the LS3 formation with no oil-water contact identified. Indico-1X is currently producing 4,932 BOPD at a 46/64" choke under an extension of the STT programme.



At Put-12 and Put-9 we successfully acquired approximately 43km of seismic data over the Coendu prospect, with two of the six lines located within Put-9. The seismic has now been processed and is being interpreted prior to finalisation of the first Coendu drilling location which is shared between Put-12 and Put-9 and is on track to spud in Q4 2019.

2018 was capped off by an excellent result at Indico-1X in CPO-5, with initial analysis indicating a 283ft gross, 209ft net, oil column in the LS3 formation. The scale of success at Indico-1X opens up a significant low-risk potential in structures between Mariposa and Indico fields, within the LS3 play. Indico-1X is currently producing under an extension of the short-term test ("STT") programme granted by ANH, while the application for the long-term test ("LTT") is being processed. At the beginning of April 2019, Indico-1X is producing 4,932 BOPD at 46/64" choke, while Mariposa-1 continues to produce at a stable rate of 3,150 BOPD.

We also spudded Calao-1X, an exploration well on the CPO-5 block, at the beginning of February. This well was drilled from the Indico-1X location to evaluate the potential for trapping outside the Indico structure. However, no hydrocarbon potential was identified, with our analysis indicating that the formation was encountered deeper than prognosis and the well was located in an area without closure. The well has the potential to be used as a water disposal well in the future. Amerisur and the Operator are currently integrating the results of this well into the general geophysical model while reviewing the model applied for the well Pavo Real-1.

Reserves and resources

Following receipt of an independent reserves report for the Platanillo and Mecaya fields undertaken by Petrotech Engineering Ltd, and the CPO-5 block undertaken by McDaniel and Associates Consultants Ltd as at 31 December 2018, using the standards set

66

This year has seen Amerisur deliver significant drilling success at CPO-5 and forge strong strategic partnerships across its portfolio.

Amerisur's 2019 drilling programme has commenced with up to ten wells planned."

by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers, certified 1P (proven) working interest field reserves were 17.82 MMBO (2017: 13.94 MMBO) and 2P (proven and probable) working interest reserves were 25.59 MMBO (2017: 20.70 MMBO). Total production from the Platanillo field during 2018 was 1.61 MMBO and total 2018 production from the CPO-5 block (Mariposa and Indico fields) was 1.15 MMBO.

This represents an increase of 27.8% in 1P and 23.6% in 2P reserves over year end 2017, and is due to the drilling success in the CPO-5 block previously reported.

Diverse, healthy production base

Amerisur's exploration is supported by a stable and increasingly diverse production base with Group production for 2018 averaging 5,356 BOPD. This includes production from both Platanillo, Mariposa-1, which came on stream in November 2017, and Indico-1X, with average cash opex and transport costs per barrel of \$21.8 (2017: \$18.6).

Our low-cost, high netback production at Platanillo averaged 4,410 BOPD (2017: 4,756 BOPD), with a peak of 6,174 BOPD. Production was reflective of reduced exploration activity in the area, a number of workovers, the ongoing treatment and maintenance programme and a reduction in certain key wells. The remedial workovers were successful, with a workover completed at Platanillo-8 post period end, increasing stable production by 820 BOPD. Further interventions are planned on Platanillo-22, Platanillo-21, Platanillo-2 and Platanillo-7, as part of the normal maintenance and optimisation operations in the Platanillo field. In addition, a new well, Platanillo-26, will be drilled this year from Pad 3N. Going forward our focus is to maintain production at the mature Platanillo field at 3-4,000 BOPD plateau, while accessing further upside on a discretionary and risk-balanced basis.

3

Completion of a transformational farm-out with Oxy in the Putumayo

Oxy will fund a \$93.25m exploration and appraisal programme over the next three years including 85% of the total planned 2D seismic cost and 100% of the planned drilling programme, with a transport capacity agreed in the OBA for the evacuation of oil from these blocks, with a commercial tariff charged for Oxy's share.

4

Increased capacity through the Chiritza repumping station to a minimum of 9,000 BOPD

We delivered the upgrade to the Chiritza repumping station on time and to budget. This increases Amerisur's capacity right to a minimum of 9,000 BOPD, acting as a floor for the transport of our own and potentially third party crude.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

Diverse, healthy production base continued

Production throughput through the OBA averaged 4,113 BOPD in the period, with a peak of 6,540 BOPD. OBA throughput was lower in Q4 2018 owing to the phasing of the Government's royalty barrels, which are collected at the Platanillo wellhead and transported by road. The Government elected to take delivery of its annual quota of royalty barrels disproportionately in Q4, leading to lower utilisation of the OBA in this period. Total gross investment in the OBA was \$24.3m and as of March 2019, it has delivered \$34.2m in savings through the reduction in transport costs from \$14.90/bbl to \$3.50/bbl. At the beginning of the year, we brought negotiations with Petroamazonas to a successful conclusion with the signing of the "Second Cooperation Agreement for the Use of the Oil Pipeline Network of the Amazonian District (RODA)", bringing Amerisur's guaranteed minimum carrying capacity through the OBA to a total of 9,000 BOPD (previously 5,000 BOPD) in return for the building and commissioning of the Chiritza repumping station. Construction was completed on budget and ahead of schedule. Increasing the throughput of this low-cost route to commercialisation is an important objective and we are awaiting the approval of the Ministry of Mines and Energy in order to begin the purchase and shipping of third party crude via the OBA, which is expected in H1 2019.

Following exploration success at our third field, Indico, total production from CPO-5 reached over 1.275m barrels of oil at the end of 2018 and average Q1 2019 production was 1,600 BOPD net.

We have an exciting programme of exploration and appraisal opportunities planned for 2019, with a potential ten well programme targeting up to 49.3 MMBO gross in CPO-5 and a further 102.3 MMBO in the Putumayo.

Transformational farm-out

We successfully consolidated our strategic position in the Putumayo on attractive terms for our shareholders during the period. In July 2018, we signed a farm-in agreement for 100% operated working interest in the Put-14 block adding additional prospective acreage to our Terecay-Tacacho play fairway. Under the terms of the farm-in agreement, Gulfsands made a contribution to Consulta Previa (Prior Consultation) and operational costs of \$1.25m. Additionally, Gulfsands also transferred the required guarantee for the Phase 1 work programme in favour of Amerisur in the amount of \$1m. There was no consideration payable from Amerisur to Gulfsands. This was followed in November 2018 by our acquisition of the outstanding working interest in the Mecaya contract in exchange for a small cash payment and a royalty, bringing the Company to 100% working interest holder and Operator.

These deals paved the way for our transformational farm-out agreement with Oxy for the farm-out of a 50% interest across Put-9, Terecay, Tacacho and Mecaya. In return, Oxy will fund a \$93.25m exploration and appraisal programme between 2019 and 2021 including 85% of the total planned 2D seismic cost expenditure of \$65m and 100% of the \$38m planned drilling programme. This was a momentous milestone for the Company and we are delighted to be working with a company whose outstanding technical team has a great understanding of the geological and operating environment. In addition, the companies agreed to

a committed transport capacity in the OBA for the transport of oil from these blocks with a commercial tariff charged for Oxy's share.

Put-8 Acquisition

Post period end Amerisur exercised its right of first refusal to acquire the remaining 50% working interest in the Put-8 block from Vetra (subject to ANH approval). The consideration was \$19.1m.

2019 drilling programme

Amerisur is set to ramp up drilling in 2019, with up to ten wells planned, together with two potential side tracks in Platanillo. Given the potential of the CPO-5 block, a fully funded drilling programme is now underway to determine the prospectivity of the area within the LS3 play. In addition, Sol and Aguila are both planned for 2019, with CPO-5 drilling activities targeting 49.3 MMBO. Despite the drilling result from Calao-1X, CPO-5 still has a 66.6% exploration success rate.

In the Putumayo, drilling of the first of up to three wells on the Coendu structure (Put-9 and Put-12) and spudding of Miraparriba-1 on Put-8 are both expected in the second half of the year. This includes our fully carried work programme with Oxy.

Upcoming drilling programme

Block (W.I.)	Well activity	Gross resource MMBOE
CPO-5 (30%)	Indico appraisal 1	_
	Indico appraisal 2	_
	Sol-1	4
	Aguila-1	2.7
	Pavo Real-1	4–45
Platanillo (100%)	Field enhancements	_
Put-8 (100%*)	Miraparriba-1**	18.2
	Bienparado-1	14.1
Put-9 (50%)	Coendu-1 & 2	16
Put-12 (60%)	Coendu-3	54

- * Subject to ANH approval.
- As neither Gran Tierra Energy nor Vetra will be partners in Put-8 at the time of drilling, it is unlikely that drilling from the Suroriente block will be attractive. As such, applications have been made to drill Miraparriba-1 and Bienparado-1 from within the block. The order of drilling Miraparriba-1 and Bienparado-1 on Put-8 will be determined based on when the applications are approved.

Outlook

Amerisur entered 2019 with: a robust balance sheet, a low-cost production base, an extensive prospective portfolio, strong major partners and a fully funded exploration and appraisal programme. With our experienced and committed management and operational team focused on executing our busy work programme, Amerisur has a solid platform from which to deliver future reserves, resources and production growth and exploration success and in turn further shareholder value.

John Wardle, Chief Executive Officer

8 April 2019

Strategic partnerships

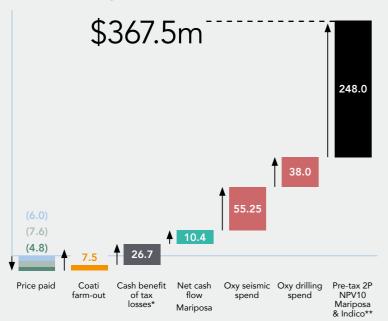
Partnering with major oil companies in two core areas to diversify operational and financial risk

Amerisur has built up an extensive acreage position with 912 MMBO mid-case gross prospective resources in the underexploited Putumayo and Llanos basins. Focused, low-cost, value-accretive acquisitions completed during the down cycle delivered resource growth of 888.2 MMBO and consolidated acreage around the OBA.

These acquisitions have resulted in Amerisur creating value of \$367.5m through a reduction in carry commitments, the cash benefit of tax losses, the discovery of the Mariposa and Indico fields and the investment of strategic partners.

With a portfolio covering c.1,020,000 Ha (gross), the strategic OBA export pipeline and a strong exploration track record, Amerisur has attracted the attention and investment of high-calibre partners including Oxy, alongside its existing close relationship with ONGC in CPO-5. Entering into these quality partnerships means Amerisur will become one of the most active explorers in Colombia in 2019, with a fully funded work programme underway across the Putumayo with Oxy and CPO-5 with ONGC.

Value creation by Amerisur (\$m)



Acquisitions

- Petro Dorado South America
- Pacific Exploration and Production
- Platino Energy
- 33% of total value of tax losses acquired (\$57m from Petro Dorado South America, \$24m from Platino Energy).
- ** McDaniel and Associates Consultants Ltd.

A PARTNER WITH A LONG AND DISTINGUISHED HISTORY IN COLOMBIA

\$93.25m transformational farm-out to Oxy in the Putumayo. Oxy is a partner with a long and distinguished history in Colombia

Amerisur is fully carried for five exploration wells (c.\$38m) and for 85% of the total cost of the acquisition of 878km of 2D seismic by Oxy (c.\$55.25m).

Controlled transport capacity agreed in the OBA for the evacuation of oil from these blocks, with a commercial tariff charged for Oxy's share.

- Significantly reduced future capex requirements
- Retaining exposure to future exploration upside totalling 656 MMBO gross through retained interest and operatorship
- Acceleration of upcoming work programme, bringing forward significant activity
- Working with a well-financed, experienced E&P player with an outstanding technical team and a great understanding of the geological and operating environment
- Occidental Petroleum produced 650,000 BOEPD in FY18 and had a market capitalisation of over \$60bn at the beginning of 2019

OXY FACT BOX



Active investor in Colombia for more than four decades



Operations in the Llanos Norte basin and the Middle Magdalena basin in Colombia



One of the largest independent oil producers in Colombia, with the Caño Limón field having produced more than 1.4 billion barrels of oil over three decades of continuous operations



PARTNERSHIP WITH ONGC

Amerisur worked closely with ONGC to bring Mariposa-1 on stream in November 2017, with this well now producing at a stable rate of approx. 3,150 BOPD. Following the spudding of Indico-1X in Q4, the initial short-term testing produced encouraging results with a final flow rate of 4,530 barrels of fluid per day (gross).

Spudding of the Calao-1X exploration well took place in February 2019, with the well drilled to a final depth of 11,445ft and the LS3 reservoir logged. However, no hydrocarbon potential was identified.

A fully funded drilling programme has now commenced to determine the prospectivity of the area within the LS3 play.

ONGC FACT BOX



Largest energy company in India and ranked 11th among global energy majors



Involved in 41 projects across 20 countries including



ONGC Videsh has total 2P reserves of about 711 MMTOE (1 April 2018)

MARKETS

A strong economic outlook for Colombia

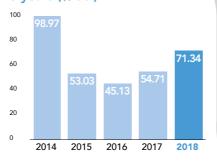
Economic and political review

Colombia's transition to peace continued to move forward in 2018. The demobilisation of the FARC group in the main and the Government's United Nations backed social programmes have been key drivers to promote political stability in Colombia. The new Colombian Government, led by Ivan Duque, took a strong stance against the National Liberation Army (ELN), winning praise for refusing to negotiate with the guerrilla group until it ends its criminal activities, and has largely continued to implement the FARC deal.

The new pro-business President has shown himself to be extremely committed to supporting industry and has underlined the importance of hydrocarbon exploration and production to the nation in order for the country to remain self-sufficient, even highlighting the "important oil discovery" at CPO-5 on Twitter. President Duque has also expressed the country's need for more exploration efficiency among oil companies and technological innovation. The Government is currently canvassing

World Bank prediction for GDP growth in Colombia in 2019
3.3%

Average Brent prices 5 years (\$/bbl)



the industry for suggestions to improve the efficiency of the agencies and Ministries, with the commitment to attack bureaucracy and minimise delays to oil projects.

Colombia continues to have a solid macroeconomic foundation despite any short-term uncertainty. Colombia's economic prospects are strong, with the World Bank forecasting GDP growth of 3.3% in 2019 and an average growth of 3.7% for 2020, continuing the country's constant GDP growth over the last 50 years. In 2018, Colombia also became the 37th member of the OECD.

Energy markets and climate change

In Colombia, legislation has been passed requiring the country to generate 77% of its energy from renewable sources and to eliminate deforestation in the Amazon by 2020. Moreover, the National Energy Efficiency Program calls for Colombian electric utilities, oil and gas companies and other energy service companies to develop Energy Efficiency Plans to meet goals set by the Ministry and the Mining and Energy Planning Unit.

Amerisur is focused on ensuring that its activities comply with all regulations relating to emissions and climate change and we are aligned with Colombia's goals to address climate change. On a voluntary basis the Company has invested to increase energy efficiency in its operations. An example is the use of produced gas to generate electrical power rather than flaring and also plans to create in-field diesel from crude oil, thus further reducing the need for commercial diesel and the transport to bring it to our operations.

Commodity prices

Brent oil prices were relatively stable for most of 2018 at an average of \$71/bbl compared to \$54/bbl in 2017, reaching a peak of above \$85/bbl in October 2018. In November, however, trade policy tensions and uncertainty surrounding OPEC caused Brent to fall to below \$60/bbl, exiting the year at just over \$50/bbl.

The relative increase during 2018 was largely driven by increasing global demand for oil alongside OPEC intervention to curb production output from member countries.

Average Brent oil price in 2018 \$71/bbl

Global oil industry

During 2018, we continued to see OPEC and non-OPEC members cutting production levels, leading to an increase in prices during the earlier part of the year. In addition to curbing production levels, oil producers across the globe continued to reduce operational costs in order to better position themselves in the current market environment and be able to cope with future market conditions.

This restriction in supply should balance growing output from outside OPEC including US shale. Global oil supply and demand is tightening, with investment remaining modest. The IEA is forecasting global oil demand of 1.4 million barrels per day in 2019, up from 1.3 million barrels per day in 2018.

Colombian oil production

The oil and gas industry has been a driver of economic growth in Colombia, generating approximately 13-15% of tax revenue and 7% of the national GDP; Colombia has the infrastructure to support the industry, with six major oil pipelines covering more than 5,325km, and with a number of significant discoveries made in recent years, including one of Colombia's most prolific oil fields, which is located in the Llanos basin.

In 2018, average Colombian crude oil production was 859,000 BOPD (2017: average production of 854,000 BOPD), reaching its peak in November at 883,000 BOPD.

The OBA Strategic export infrastructure Key to generating high margins

Amerisur is 100% owner and Operator of the OBA pipeline, a key piece of strategic, cross-border export infrastructure delivering strong operating margins and further growth potential

The OBA is key to the Putumayo growth strategy

- 🦑 Amerisur has built an extensive, strategic acreage position in the Putumayo to leverage the OBA
- Amerisur is the only company in the region with a wholly owned export facility to be filled with its own oil on drilling success or third party crude
- 🦑 Technical capacity of 50,000 BOPD
- 🦑 Awaiting approval for the purchase and shipping of third party crude via the OBA
- Transport capacity agreed in the OBA for the evacuation of oil, with a commercial tariff charged for Oxy's share

Progress in 2018

CASE STUDY

Chiritza repumping system commissioned on time and under budget, increasing capacity under agreement with Petroamazonas from 5,000 BOPD to 9,000 BOPD



Amerisur's wholly owned OBA pipeline continues to offer further growth potential through the export of both our own oil and third party crude which is expected to begin in the coming months"

Transported to date

Transport costs down to

from \$14.90/bbl. resulting in payback of the pipeline within 15 months



A robust and sustainable business model

Resources and relationships

People and skills

- Experienced in-country team with expert Putumayo knowledge
- Strong track record of success
- **Board of Directors**Read more on pages 36 and 37

Key relationships

- Investors
- Customers
- Partners
- Local communities
- Socio-political
- Responsible operations Read more on pages 32 to 35

Financial strength

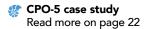
- Low-cost production generates cash flow to fund operations
- Disciplined cost management
- Financial review
 Read more on pages 30 and 31

Infrastructure

- 100% owner and Operator of the OBA export pipeline, a key piece of strategic, cross-border export infrastructure delivering strong operating margins and further growth potential
- OBA case study
 Read more on page 11

High quality portfolio of assets

Extensive strategic acreage across the Putumayo and Llanos basins





What we do

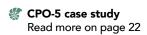
Evaluate, explore and develop

- Engage with communities respectfully and from an early stage
- Extensive strategic acreage position in the underexplored Putumayo and the Llanos basins



Produce oil

- Producing from three fields: Platanillo, Mariposa and Indico
- Low-cost production base and strong operating margins, with cash netbacks of \$43/bbl



Execute value-accretive acquisitions

- Opportunistic low-risk acquisitions
- Delivered resources growth of 888.2 MMBO and value creation of \$367.5m



Invest in the community

- The One of the largest investors in the region
- Supports local economic development programmes
- Supports local employment



Key strengths

- Twelve blocks
- \$\text{\$\text{\$\gamma}\$} 1,020,000 hectares (gross)
- 912 MMBO resources (gross unrisked)
- Up to ten well drilling programme



Key strengths

- Production from Platanillo, Mariposa and Indico fields
- Direct access to fully owned strategic export infrastructure, the OBA pipeline



Key strengths

- Partnering with major oil companies, Oxy and ONGC, in the Putumayo and CPO-5
- Able to take advantage of low risk, high potential assets at the right time



Key strengths

- Relationships with local and national authorities and other key stakeholders
- Protection of ecosystems
- Sustainable development of local communities
- Professional highly experienced team

Revenue-generating products

Crude oil

To meet the growing consumer and other demands of the world's economies

2018 stats

- \$ 1.95 MMBOE produced in 2018
- Generating \$108.2m of revenue

Stakeholder and shareholder value creation

Sustainable growth

Increase shareholder value through the successful implementation of our business strategy

Financial performance

- Profitable low-cost production
- Production from three fields
- Strong operating margins
- Robust balance sheet with no debt
- Strong operating cash flows
- Contributions to benefit national and local infrastructure

Sustainable business

- Maintain a safe and reliable operating culture
- Responsible operating practices and efficient use of natural resources
- Support from local and national Government essential to maintain the licence to operate
- Local employment opportunities
- Right balance of global, national and local suppliers and customers to deliver economic benefits for the communities in which we operate
- 🐇 We measure our value creation through our key performance indicators See pages 16 and 17

Delivering sustainable shareholder returns

Our strategy is balanced between six key areas of focus



Maintain strong balance sheet

Operate responsibly

Low-cost M&A to generate value and opportunities

Drill wells to increase reserves and resources

1

Maintain strong balance sheet

Amerisur ended 2018 with zero debt and \$44.1m of cash. The 2019 work programme, targeting 145 MMBO, is fully funded from the Company's balance sheet and carried capex following the farm-out to Oxy.

2

Low-cost M&A to generate value and opportunities

Amerisur made a number of low-cost, strategic acquisitions during the oil price downturn, building a strong portfolio of high-impact assets across the underexplored Putumayo basin and the Llanos basin. These assets have attracted interest from majors, demonstrated by the farm-out to Oxy in 2018, and comprise the high-potential upside from Amerisur's future drilling programme.

3

Partner with major players in region to diversify risk and help fund exploration

Amerisur has two core regions of focus in Colombia: the Putumayo with Oxy and other partners and CPO-5 in the Llanos basin with ONGC. These strategic partnerships have helped to reduce Amerisur's capital expenditure while preserving upside, accelerating the work programme and enabling us to work with experienced partners with extensive local knowledge.

Amerisur's strategy is to deliver sustainable shareholder returns by drilling wells to add reserves and resources in two core regions of Colombia: CPO-5 in the Llanos basin with ONGC and Putumayo to leverage the OBA with Oxy and others

Partner with major players in region to diversify risk and help fund exploration

Increase low-cost production



4

Operate responsibly

Amerisur operates its assets in a safe and responsible manner, whilst complying with all applicable laws and regulations. The safety of Amerisur's workforce remains paramount. We constantly strive to improve our operating practices, whilst mitigating risk and the impact of operations on the community and environment. Amerisur is focused on maintaining zero Lost Time Injury Frequency ("LTIF") and building good relations with local communities.

5

Drill wells to increase reserves and resources

Amerisur had significant drilling success at the CPO-5 block in 2018 and exited the year with a 23.6% increase in total Group 2P reserves. Amerisur's portfolio contains gross unrisked resources of 912 MMBO and the Company is targeting further upside from up to ten wells in 2019, carrying prospective resources of 145 MMBO.

6

Increase low-cost production

Amerisur currently produces from three fields, Platanillo in the Putumayo which generates cash flow to fund its work programme and Mariposa and Indico in the Llanos basin. The Company is targeting production growth through further exploration success.

Solid performance

Amerisur has both financial and non-financial KPIs in place which are used to monitor progress in delivering the Group's strategy

Financial Adjusted EBITDA¹

34.0



Definition and how we performed

Adjusted EBITDA is Group profit before interest, tax, depreciation and impairment adjusted to exclude share option charges.

Adjusted EBITDA increased by 71.3% due to volume growth and higher oil prices.

2019: increase in line with revenue and continued cost savings.





Operating netback²

18	43.0
17	31.4

Definition and how we performed

Sales revenue per barrel less cash lifting, water disposal and transportation costs.

Operating netback increased by 37.2% due to higher selling prices.

2019: increase in line with revenue and continued cost savings.







Capital expenditure

18	17.1	
17		31

Definition and how we performed

Capex was constrained as a result of social and weather related issues as well as focus diverted to workover procedures at Platanillo in the first half of the year.

Target

2019: to drill up to ten wells.











- 1 Adjusted EBITDA: earnings before interest, tax, depreciation and impairment adjusted to exclude share option charges.
- 2 Sales revenue per barrel less cash lifting, water disposal and transportation costs.

Health, safety and environment

Lost-time injury frequency ("LTIF")



18

Definition and how we performed

Lost-time injury frequency measures the number of lost time incidents per million work

The target for 2018 was to have zero LTIF and this was achieved in the year. We have maintained our OHSAS 18001:2007 Occupational Health and Safety Management System standard.

2019: zero.









Loss of primary containment*



Definition and how we performed

Loss of primary containment records any unplanned or uncontrolled release of material used for containment of potentially harmful or hazardous substances and products.

Amerisur's environmental obligations require the company to report and quantify unplanned or uncontrolled releases of material above a certain threshold.

This is a new KPI for 2018.

Target

2019: zero.







Fresh water use (cubic meters)*

55.2

Definition and how we performed

The volume and quality of the water used is monitored daily.

Industrial and produced water is reinjected through three injector wells and domestic waste is treated in modular wastewater treatment plants located in each platform.

* This is a new KPI for 2018.

2019: to ensure fresh water use is monitored and controlled as permitted under the license.









Operational

Gross production



Definition and how we performed Production is measured in total barrels of oil produced annually.

Production increased by 10.3% in 2018, largely due to a full year of CPO-5 production.

Target

2019: to increase year on year production.







Average daily production

5,356 воро

18	5,356
17	4,857

Definition and how we performed Production is measured in barrels of oil produced per day.

Average BOPD per calendar day increased by 10.3% in 2018.

Target

2019: to increase year on year average production.













Delivery of drilling campaign



Definition and how we performed Number of wells drilled in the year.

Two wells were drilled in 2018 across Platanillo and CPO-5.

Target

2019: up to ten wells. See Operational Review on pages 23 to 29.











Definition and how we performed

The number of total oil blocks in which Amerisur has interests.

Number of Colombian blocks

The low-cost acquisition of Put-14 further strengthened our OBA cluster portfolio as well as the remaining 50% of Put-8 post year end.

Target

2019: no further acquisitions are expected in the short term as the Group focuses on the development and production of the existing portfolio.







4,113 BOPD

Average daily **OBA** throughput

18	4,113
17	4,440

Definition and how we performed Amount of oil transported through the OBA pipeline per day.

1.50 MMBO, equivalent to 93% of gross production from Platanillo, were transported through the OBA during 2018.

2019: to increase OBA throughput in line with production growth and the acquisition of third party crude.







2P reserves

25.6 MMBO

18	25.6
17	20.7

Definition and how we performed 2P reserves are proved plus

probable reserves.

Total 2P reserves have increased by 4.9 MMBO, an overall increase of 23.6%. Platanillo 2P reserves have decreased by 7.6% in 2018 following production in the year. CPO-5 reserves have increased by 6.4 MMBO as a result of the exploration success in this block during 2018.

Target

2019: 2P reserves are expected to increase as more fields come onto production in 2019.

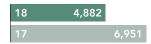






Exit rate

4,882 BOPD



Definition and how we performed Barrels of oil produced at the

year-end date. 2018 exit rate impacted by reduced production from certain Platanillo

2019: to increase exit rate year on year.







wells pending workovers.

Key

Strategic objectives

- 1 Maintain strong balance sheet
- Low-cost M&A to generate value and opportunities
- 3 Partner with major players in region to
- 4 Operate responsibly
- 5 Drill wells to increase reserves and resources

6 Increase low-cost production

diversify risk and help fund exploration

Business model

- A Evaluate, explore and develop
- B Produce oil
- © Execute value-accretive acquisitions
- Invest in the community
- High quality portfolio of assets
- People and skills
- **G** Key relationships
- Financial strength
- Infrastructure

Managing risks

The Board is responsible for establishing and maintaining the system of internal controls which has been in place throughout 2018

The corporate governance process in Amerisur is designed to determine the nature and level of risk that the Company is willing to take in pursuit of its strategy and to provide an appropriate level of assurance that any risks taken are appropriately managed and that the system of internal controls is effective.

The system of internal controls is vital in managing the risks that face the Group and safeguarding shareholders' interests. The Group's internal controls are designed to manage rather than eliminate risk as an element of risk is inherent in the activities of an oil and gas company. The Board's obligation is to be aware of the risks facing the Company, mitigate them where possible, insure against them where appropriate and manage the residual risk in accordance with the stated objectives of the Group.

Internal financial control and reporting

The Audit Committee is responsible for the oversight and review of the effectiveness of the Group's system of internal controls and risk management systems, as described in the Audit Committee report on pages 48 to 50.

The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible for the broader aspects of strategic and operational risk management and approves the annual budget. Performance against budget is reported to and monitored by the Board.

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 from 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 seeks to ensure it is compliant with the 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 of or person associated with 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 organises regular training for its employees. The necessary procedures to update the policy are in line with requirements.

The Board

Determines the Group's risk appetite and risk management process, and reviews the principal risks that may impact Amerisur and prevent it from achieving its objectives

The Audit Committee

Oversight and review of the effectiveness of the Group's internal control and risk management systems.

Senior management

Identifies, assesses and responds to the risks within its area of responsibility.

External audit

Reports to the Audit Committee on the audit of the financial statements, significant risks, financial reporting and internal controls.

PRINCIPAL RISKS

The Group faces a number of financial and non-financial business risks in its operations. These are recognised by the Board and are addressed in a systematic way. The Group's principal risks are those which could prevent the business from executing its strategy and creating value for shareholders or lead to a significant loss of reputation.

Operational risks

Drilling and exploration success and reserves addition

Description

There is no assurance that the Group's exploration and development activities will be successful and if not the activities will fail to add reserves and hence add value.

Mitigation

- 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.
- Strong portfolio management and alignment with strategic growth targets. Appropriate balance between growth by exploration and acquisition.

Change in risk



No change

Responsibility

CEO

Capacity

Description

- OBA and connected pipeline capacity are not sufficient to accommodate growth in production.
- The Group is exposed to potential disruption of the RODA pipeline system in Ecuador with which the OBA connects.

Mitigation

- Ongoing capital investment to increase pump capacity of the OBA.
- The Chiritza pumping station has been built and commissioned during 2018 which provides an additional minimum capacity of 4,000 BOPD.

Change in risk



Decreased

Responsibility

CEO

Joint venture partner alignment

Description

- There is a risk that joint venture partners are not aligned in their objectives and drivers and this may lead to inefficiencies and/or delays.
- The Group may face commercial, financial or reputational risks through its involvement in non-operated joint ventures where we are not the Operator.

Mitigation

- Due diligence and regular engagement with partners in joint ventures.
- Participation in Joint Operating Committees and access to information to scrutinise plans and costs of the joint venture.

Change in risk



Increased

Responsibility

CEO/CHAIRMAN

IT security

Description

Breaches of IT security, including from external cyber attack, could cause disruption to the business, loss of confidential data and reputational damage.

Mitigation

The Group has policies and procedures designed to minimise the risk of breaches of IT security. These are subject to periodic external review.

Change in risk



No change

Responsibility

CEO

Strategic risks

Portfolio concentration

Description

The Group's assets are concentrated largely in Southern Colombia. This amplifies exposure to key infrastructure and political/fiscal changes.

Mitigation

- Production from CPO-5, outside the Putumayo region, now producing from two wells at the year end.
- Support for local economic development measures, community investment and building local trust and resilience into operations.
- Ongoing review of strategic opportunities.

Change in risk



Decreased

Responsibility

CEO

Oil price fluctuations

Description

Exposure to commodity prices is fundamental to the Group's activities.

Mitigation

- Ensure the Group can continue to operate profitably and generate cash even at low oil prices.
- Maintain a conservative view of oil prices when undertaking capital appraisals.
- Curtail production when the oil prices do not generate the levels of return required.
- The Group manages its investment programme to ensure that a threshold economic return is delivered and the business model is funded even in sustained downside price scenarios.

Change in risk



Decreased

Responsibility

CFO

Disruption to business due to community/political/regulatory influence

Description

- Uncertainty arising from new Government leadership in May 2018.
- Social disruption in the Putumayo region following the Colombian peace process which can cause temporary production disruption.
- Governmental delays in providing financial support to those involved in Crop Substitution programme.

Mitigation

- Management's understanding of and support for the peace process.
- Social investment projects mapped to business development plans.
- Support for local economic development measures, community investment and building local trust and resilience into operations.
- Regular engagement with Government and communities.

Change in risk



No change

Responsibility

CEO/CHAIRMAN

Organisational capability

Description

Risk that organisational capability does not keep pace with current and planned growth, with many competing demands on management.

Mitigation

- The Board has been strengthened and the directors regularly review the organisation.
- Management has been strengthened in a number of areas.

Change in risk



Increased

Responsibility

CEO

Financial risks

Operational cash flow

Description

Revenues, profitability and cash flows are largely reliant on only three producing assets.

Mitigation

- Scenario planning for both oil price and production volumes to provide comfort on funding headroom.
- Prudent field management to ensure production can be maintained and revenue and cash generation secured.
- Current available funding is sufficient to provide for operational purposes on reasonable stress-tested scenarios.

Change in risk



No change

Responsibility

CEO/CFO

Financial risks continued

Insufficient liquidity and funding capacity

Description

- Significant capital expenditure is required and relies on substantial investment in drilling and exploration. Restrictions on the availability of this funding would curtail growth.
- The future expansion and development of the business could require future debt and equity financing if operating cash flows were not sufficient to support the planned investments.
- Risk of losing drilling and exploration licences.

Mitigation

- A prudent approach to budgeting and business planning so that funds are not committed without being certain of obtaining such funds.
- Regular review of licence commitments to ensure all are fundable.
- Good relationships with banks and other lending sources with ongoing proactive dialogue.
- Prepayment facility of up to \$35m with Shell Western and Supply Trading Limited (see page 31) signed in April 2018.
- Partnering with Oxy to fund \$93.25m exploration and appraisal programme up to 2021 in the Putumayo.

Change in risk



Decreased

Responsibility

CFO

Corporate responsibility risks

Health, safety, environmental and security

Description

- Major process safety incident or operational accident, natural disasters, pandemics or social unrest.
- Consequences may include accidents resulting in loss of life, injury and/or significant pollution of the local environment, destruction of facilities and disruption to business activities.

Mitigation

- The Group is extremely conscious of the health, safety, environmental and security risks that are inherent in the oil industry in Colombia.
- Rigorous health, safety, environment and quality processes and procedures including contractor management issues.
- Comprehensive health and safety and operations management systems.
- # Holder of OHSAS 18001, ISO 14001 and ISO 9001.

Change in risk



No change

Responsibility

CEO

Failure to maintain regulatory approval for projects/operations

Description

- Failure to maintain approval may severely inhibit project development in the Group's areas of operations.
- Legal sanctions are possible if compliance is not adequate and increased costs or penalties are possible.

Mitigation

- Continued engagement by senior management with key stakeholders and political leaders.
- A detailed understanding of legal and regulatory requirements.
- 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.

Change in risk



Responsibility

CEO

Bribery and corruption risk

Description

The Group operates in an industry and in territories exposed to potential bribery and corruption risk. Breaches of relevant laws and regulations could result in prosecution and penalties and reputational damage.

Mitigation

The Group has zero tolerance for bribery and corruption and has a detailed Code of Conduct designed to ensure compliance. The Code of Conduct is supported by regular training and updates for staff and by a whistleblowing facility.

Change in risk



No change

Responsibility

CEO

CPO-5

Significant drilling success in 2018 Exciting work programme planned for 2019

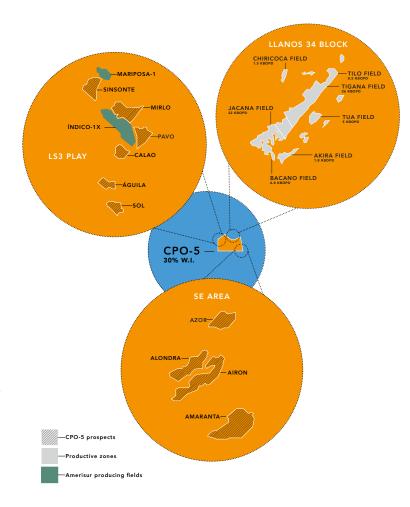
Amerisur holds a strategic acreage position in the Llanos basin through CPO-5, a 492,352-acre block located to the south of the prolific Llanos 34 block and to the east of the Corcel and Candelilla fields in the Guatiquia block.

CPO-5 – key acreage in the most important Llanos trend

- \$\$ 30% working interest
- \$\text{\$\frac{1}{2}}\$ 25.11 MMBO 2P reserves (gross)
- Successful drilling results at Mariposa-1 and Indico-1X
- Up to a further five well drilling programme for 2019 targeting 49.3 MMBO gross in LS3 play
- Short lead time from discovery to production

CPO-5: the geology

- CPO-5 captures two of the most prolific production trends of recent years
- The block contains the Mariposa-1 and Indico-1X discoveries in the LS3 play, up-dip from the Candelilla fields
- The Llanos 34 and Cabestrero blocks demonstrate continuity of traps on a NE-SW trend, which has been shown to be at least 30km long
- Llanos 34 has produced over 50 MMBO to date and current production has surpassed 70,000 BOPD
- Tigana and the associated fields are trapped by relatively small and subtle synthetic faults
- Amerisur believes this synthetic Guadalupe trap may extend into CPO-5
- The Guadalupe, Mirador and Carbonera prospects have been identified in the SE of the CPO-5 block



MARIPOSA DISCOVERY

- \$\$ 3,150 BOPD current production
- c.1.5 million barrels produced to date
- **4.2 MMBO 3P reserves**
- 120ft oil column with 0.4% water cut over a 28/64" choke
- Flowed 40.7° API oil

INDICO-1X DISCOVERY

- 4,932 BOPD at a 46/64" choke current production
- \$\text{22.7 MMBO 2P reserves}\$
- 283ft gross, 209ft net, oil column present in LS3 formation
- Flowed 35.9° API oil

A strong portfolio of assets

Overview of blocks

Amerisur has built an extensive and diverse portfolio of production and exploration assets in Colombia through low-cost, value-accretive acquisitions, consolidating its position around its wholly owned OBA pipeline, which delivers strong operating margins.

It has a high-impact acreage position with Oxy and other partners in the Putumayo basin of Colombia, an underexplored area with significant field potential. It also has a strategic acreage position with ONGC in the Llanos basin through the CPO-5 block containing the Mariposa and Indico discoveries.

Gross resources

	_			
Block	W.I. %	Gross acres	2P	Prospective mid-case
Platanillo (O)	100	27,476	17.51	2.8 (upside)
Put-8** (O)	100	102,800	_	52.4
Put-9* (O)	50	121,452	_	60.1
Put-12 (O)	60	134,509	_	82.2
Tacacho* (O)	50	589,010	_	133.9
Terecay* (O)	50	586,626	_	251.3
Coati block exploration area (O)	60	46,279	_	15.8
Coati Temblon Field (O)	100	15,564	_	9.3
Put-14 (O)	100	126,941	_	28.9
Put-30 (O)	100	95,172	_	151.5
Andaquies (O)	100	114,879	_	14.4
Mecaya*(O)	50	74,128	0.78	4.1
CPO-5	30	492,352	25.66	105.0 (upside)

^{*} Transfer of 50% working interest to Oxy subject to ANH approval.

(O) Operator.

OBA pipeline – strategic export infrastructure

Amerisur is 100% owner of the Oleoducto Binacional Amerisur ("OBA"), an export pipeline for the transport of crude from Platanillo and its neighbouring blocks via the RODA system to Lago Agrio in Ecuador for further onward transport to the port of Esmeraldas.

The export of crude via the pipeline commenced in October 2016 and in January 2018, Amerisur increased its throughput capacity under agreement with Petroamazonas from a minimum of 5,000 BOPD to 9,000 BOPD. This increase in the carrying capacity of a section of the RODA pipeline system was made possible by the building and commissioning of the

Chiritza repumping station, which was completed on time and budget in November 2018. Chiritza is located at 50.5km of the RODA pipeline system, between Cuyabeno and Lago Agrio.

In 2018, average daily throughput was 4,113 BOPD. Approximately 3.4 million barrels have been transported through the pipeline at the end of December 2018. The pipeline has generated savings of \$34.2m in 27 months of operation and paid for itself within 15 months.

Key

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Drilling in our 2019 programme



The CPO-5 block has delivered significant success, with discoveries at Mariposa-1 and Indico-1X. Our exciting 2019 drilling programme is targeting 49.3 MMBO gross in the LS3 play at CPO-5."

^{**} Acquisition of remaining 50% working interest and operatorship subject to ANH approval.

OBA pipeline – strategic export infrastructure continued

OBA throughput was lower in Q4 2018 owing to the phasing of Government royalty barrels, which are collected at the Platanillo wellhead and transported by road. The Government elected to take delivery of its annual quota of royalty barrels disproportionately in Q4, leading to lower utilisation of the OBA in this period.

The Company's focus is to further increase the export of its crude through the OBA following exploration success and to progress commercialisation options to best utilise this important piece of infrastructure. Amerisur is currently awaiting the approval of the Ministry of Mines and Energy in order to begin purchase and shipping of third party crude via the OBA, which is expected in H1 2019. The strategic value of the pipeline to Amerisur was highlighted again in November 2018 when, as part of the farm-out agreement with Oxy, the companies agreed to a dedicated transport capacity in the OBA for the transport of oil from Put-9, Mecaya, Tacacho and Terecay, with a commercial tariff to be charged for Oxy's share.

Platanillo

2P recented

Working interest 100%

Acres **27,476**

2P reserves (MMBO) **17.5**

The Company is Operator and has a 100% working interest in the 27,476-acre, low-cost, mature Platanillo block, located in the Putumayo basin providing steady free cash flow. Total production from the Platanillo field in 2018 was 1.61 MMBO. The Company's focus is to maintain production at a 3–4,000 BOPD plateau. As at 31 December 2018, the Platanillo block had 2P field reserves of 17.5 MMBO.

Since the Platanillo drilling campaign began in 2012, 17 wells and three side-tracks have been drilled in the main Platanillo structure from five pads (Pads 9S, 5S, A, 1N and 3N). Additionally, four wells have also been drilled from Pad 2N in a separate structure to the north, which is a continuation of the Platanillo field but has a deeper oil-water contact.

During the first half of 2018, the Company undertook a maintenance and well optimisation programme across the Platanillo main field and northern structure to continue to deliver low-cost production growth. This included a chemical wash at Platanillo-8 and a workover at Platanillo-6. An effective treatment was also carried out on Platanillo-20 in May 2018, with production returning to previous levels in a stable manner. Well interventions continued during the second half of the year, with completion issues impacting overall Platanillo production in Q4 2018.

Alongside chemical washes at Platanillo-21 an organic treatment was performed at Platanillo-22, due to a fall in production rate, which was partially successful. Subsequently, a workover was initiated in order to recover production capacity. The well was recompleted and partially perforated, confirming the isolation at low production rates. After several weeks of stable production, the cement isolation again failed, and hence, given the importance of this well, the Company is reviewing options to recover its productive capacity, including the option to side track the well.

Post period end, a workover was completed on Platanillo-8 to install a selective completion, which allowed an 8ft interval of the Lower U sand to be perforated and produced with existing production from the T sand. That interval was producing in a stable manner at 820 BOPD with an expected water cut of 17% at 26 March 2019.

Further well interventions are planned on Platanillo-2 ST1, Platanillo-7 and Platanillo-21 as part of the normal maintenance and optimisation operations in the Platanillo field. In addition, a new well, Platanillo-26, is planned to be drilled from Pad 3N during 2019.

In the first half of 2018, civil works progressed ahead of the drilling of Pintadillo-1 despite difficult weather conditions and extensive flooding in the area. Spudding of Pintadillo-1, a slightly deviated well, with an N sand objective, occurred on 30 August 2018. While the N sands indicated no hydrocarbon production potential, the U sand was found to be well developed with 12ft of net pay logged, while the T sand indicated 15ft of net pay within three sand bodies that were encountered. In October 2018, the T sand interval flow tested under natural flow at 590 BOPD of 30.4 degrees API oil under choke of 18/64" with strong wellhead pressure of 110psi. The water cut was less than 1%. However, this production rapidly declined and interpretation indicates that the well is located at the edge of the closure. The Company is reviewing the mapping of the U and T sands in order to evaluate if further potential can be accessed at this location.

Put-8



Working interest Acres 100%* 102

102,800

MMBO **52.4****

- * Subject to ANH approval.
- ** Management mid-case prospective resources.

Putumayo-8 lies adjacent to the west of the Platanillo field. The block is in Phase 1 of its exploration period, with a 2% X factor and low work commitments of one exploration well and 207km² of 3D seismic. 49km² of 3D seismic have already been acquired prior to the acquisition of the interest, and hence at no cost to Amerisur. Following notification by Vetra Exploración y Producción Colombia SAS ("Vetra") of the proposed sale of its 50% working interest in Put-8, post year end, Amerisur exercised its right of first refusal to acquire that 50% and operatorship from Vetra (subject to ANH approval) for \$19.1m. The block has unrisked mid-case prospective resources of 52.4 MMBO (100% Amerisur).

In March 2018, the Operator at the time (Vetra) received regulatory permission to drill the Miraparriba-1 well from the Cohembi-2 pad, an existing pad located in the adjacent Suroriente block. The Miraparriba-1 structure is a low U and T sand light oil structural target. It is a low-risk prospect covered by 3D seismic, with estimates of gross prospective resources of 18.2 MMBO (mid-case). In H2 2018, the Operator at the time informed the Company that due to organisational changes within Ecopetrol, the drilling of Miraparriba-1 from the Cohembi-2 pad was under review, and the Company understands that the negotiations with Ecopetrol continue to proceed favourably with approval anticipated in 2019. However, given the increase to 100% working interest, the Company is more likely to drill Miraparriba from within the Put-8 block. Environmental studies required to drill the Miraparriba and the Bienparado structure, to the west of the Platanillo field, are now underway. Additionally, it is planned to acquire a total of 112km² of 3D seismic data over the Nyctybius prospect in the central part of the block.

Put-9

Working interest Acres 50%*

MMBO 121,452

30.05**

- Subject to ANH approval.
- ** Management mid-case prospective resources

Putumayo-9 is located immediately to the north of Putumayo-12 and to the east of Platanillo, carrying an X factor of 18%. As part of Amerisur's focused, low-cost acquisition strategy, the Company increased its interest in Put-9 from 40% to 100% in March 2017 and also assumed Operator status. Subsequently, in November 2018, Amerisur farmed out 50% of its 100% interest in the block to Oxy to accelerate its upcoming work programme and significantly reduce future capex requirements while retaining significant upside to any future success on the block. As part of the farm-in, Oxy will pay 85% of the total planned 2D seismic capex and fund one well at Put-9, as part of an indicative programme, subject to change by mutual consent.

Existing seismic data shows several interesting structures shared between Put-12 and Put-9 and also independent structures lying within Put-9, as they have similar geological configurations and structural trends with a north-south preferential orientation that have continuity in both areas including the Airu-1 discovery, which was drilled in 1998. Furthermore, stratigraphic plays related to the pinch-out of the U and T sands have been interpreted, whose mapped areas are shared by both blocks.

A drilling programme of up to three wells, across Put-9 and Put-12 is expected to commence in H2 2019 starting with Coendu-1, an Oxy-funded well, followed on success, by Coendu-2, in Put-9 targeting 16 MMBO gross resources.

Environmental studies have been completed for the construction of a 10.2km road from the Platanillo field to the Coendu prospect in the Put-9 and Put-12 blocks with civil work expected to begin in Q2 2019.

Put-12



Working interest Acres

MMBO

60%

134,534

49.32*

Management mid-case prospective resources net to Amerisur.

Putumayo-12 is a 134,534-acre block which is located adjacent to Platanillo to the east and shares its geology. Amerisur has a 60% working interest and operatorship of Put-12, with Pluspetrol having a 40% working interest, and the block carries a 29% X factor. The Company acquired Put-12 in November 2012 and the bid included a commitment to a seismic acquisition programme and the drilling of one exploration well during the initial exploration phase.

A Consulta Previa was completed with three indigenous communities (Buenavista, Santa Cruz de Piñuña Blanco and Bajo Santa Helena), which allowed seismic operations to be performed in the block. After review with its partner, the Company initially decided to begin licensing for drilling of the Coendu prospect without further seismic acquisition. However, given improved access to the area, the 2D seismic programme over Coendu, which is shared between Put-12 and Put-9, began on 15 August 2018. In September 2018, the six-line 2D seismic programme of approximately 43km over the Coendu prospect was fully acquired and processed in Bogota. This information has been integrated into the existing dataset in order to refine imaging and resource estimates for the Coendu prospect.

The drilling programme at Put-12 is due to commence following Put-9 drilling, should that well be successful, with Coendu-3 targeting unrisked mean gross prospective resources of 54 MMBO.

There is the potential for the Company's focus to move towards drilling multiple wells on this prospect, given its proximity to the OBA.

A recent development in both Put-12 and Put-9 is an application by one of the indigenous communities, based in the Buenavista reserve, to extend its reserve to the east and north. In the case that this application is approved, a further Consulta Previa would be required in order to conduct operations within some parts of these blocks.

OPERATIONAL REVIEW CONTINUED

Tacacho

Working interest Acres MMBO

50%* 589,010 66.95**

- * Subject to ANH approval.
- ** Management mid-case prospective resources net to Amerisur.

Tacacho is an exploration and production contract, covering 589,010 acres in the eastern Caguan-Putumayo basin. It 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.

In March 2017, Amerisur acquired the remaining 50.5% working interest in Tacacho from Pacific Exploration & Production (now Frontera Energy), taking its holding to 100% and Operator. In November 2018, Amerisur farmed out 50% of its interest to Oxy. As part of the farm-out, Oxy will pay 85% of the total planned 2D seismic capex and fund three wells on the block, as part of an indicative programme, subject to change by mutual consent.

The Consulta Previa and licensing procedures for the seismic acquisition have been completed, of which Amerisur is 85% carried. The Consulta Previa and licensing procedures for drilling began in Q1 2019.

Terecay

Working interest Acres MMBO **50%* 586,626 125.65****

- * Subject to ANH approval.
- ** Management mid-case prospective resources net to Amerisur.

The Terecay block lies between Put-12, Put-9 and Tacacho. Amerisur farmed out 50% of its previous 100% interest in Terecay to Oxy in November 2018. As part of the farm-out, Oxy will pay 85% of the total planned 2D seismic capex as part of an indicative programme, subject to change by mutual consent.

Regional mapping has been completed, but more seismic data is required to determine if the structural trends coming from Put-13 and Put-14 blocks extend northward to Terecay. The regional seismic processing project commissioned by the Company is expected to assist in prospect definition.

Consulta Previa and licensing procedures for the seismic acquisition have been completed, and the seismic acquisition, of which Amerisur is 85% carried, is expected to commence in Q1 2019. Terecay is estimated to contain unrisked mid-case prospective resources of 125.65 MMBO net to Amerisur.

Coati

Working interest Acres MMBO **46.279 9.48***

 Management mid-case prospective resources net to Amerisur.

Canacol (Arrow) has a 40% working interest in the exploration area of the Coati contract and Amerisur holds the remaining 60% and is Operator. The exploration area 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.

At the time of acquisition in January 2016, five indigenous communities were certified within the block, with whom a Consulta Previa was underway. However, in April 2017, a further two communities were certified within the block. As such the previous Consulta Previa had to be terminated since it did not include all certified groups. The Company has now begun the process of defining the new Consulta Previa process in order to allow exploration works in the northern part of the block.

Coati – Temblon area

Working interest Acres MMBO 100% 15,564 9.3*

* Management mid-case prospective resources.

There is an existing discovery on the block, called Temblon, of which Amerisur owns 100%.

The Temblon area already enjoys the permissions required to perform an LTT of the Coati-1 well and the Company is reviewing technical options with respect to that activity. It is unlikely any intervention in the existing wells will be made until the Consulta Previa in the exploration area mentioned above is completed.

Put-14

Working interest Acres MMBO 100% 126,941 28.9*

* Management mid-case prospective resources.

Putumayo-14 covers 126,941 acres in the Caguan-Putumayo basin and is located contiguously to the south of Amerisur's 100% owned Terecay block. The contract is an exploration and production contract held with the ANH. The contract carries an X factor of 5%. The contract is currently in Phase 0, in the process of performing a Consulta Previa with a single indigenous community within the block as required by law before operations commence. Amerisur has a 100% working interest in the Put-14 block.

Put-14 was acquired from Gulfsands Petroleum in July 2018. As part of the agreement, Gulfsands made a contribution to Consulta Previa and operational costs of \$1.25m. Additionally, Gulfsands also transferred the required guarantee for the Phase 1 work programme in favour of Amerisur in the amount of \$1.7m. There was no consideration payable from Amerisur to Gulfsands.

Phase 1 commitments are the acquisition of 98km of 2D seismic data and the drilling of one exploration well. Amerisur is continuing the Consulta Previa with local communities before initiating the seismic programme during 2019.

Put-30

Working interest Acres **100% 95.1**

MMBO

% 95,172 151.5*

* Management mid-case prospective resources.

Put-30 covers approximately 95,172 acres and lies within the Putumayo basin, approximately 55km to the north of both the Company's 100% owned Platanillo field and 60% owned Put-12 contract.

In December 2016, Amerisur acquired the outstanding working interest in the block from Talisman Colombia Oil & Gas Ltd, thus holding 100% and operatorship.

The block has Cretaceous exploration potential in line with the adjoining Andaquies block (Amerisur 100%) and additionally has a recognised Tertiary Play concept. The Company will evaluate the potential of producible heavy oil deposits in the Neme formation. The block has unrisked mid-case prospective resources of 151.5 MMBO.

Amerisur is completing the final phase of the Consulta Previa with an indigenous community within the block as a necessary step before seismic data acquisition during 2019.

Andaquies

Working interest Acres

MMBO

100% 114,879 14.4*

Management mid-case prospective resources.

Andaquies covers approximately 114,879 acres and is 100% owned and operated by Amerisur. The block lies to the north east of a proven structural play within the Putumayo basin and has multiple proven reservoir targets, six mapped leads targeting both proven and speculative plays and unrisked mid-case resources of 14.4 MMBO. Andaquies is contiguous with Put-30, with no X factor and low work commitments of one exploration well by the end of 2018. ANH granted the Company an extension of this period while environmental licensing and a Consulta Previa are completed.

Mecaya

Working interest Acres

2P reserves (MMBO)

50%* 74,128

0.39

* Subject to ANH approval.

Amerisur acquired a 58% economic interest in Mecaya in March 2017 from Pacific Exploration & Production (now Frontera Energy) and is Operator. In November 2018, Amerisur increased its working interest to 100% in exchange for a royalty over future production. In acquiring the remaining interest at Mecaya, Amerisur was relieved of its obligation to carry capital expenditure of approximately \$8.6m. As part of the farm-out to Oxy in November 2018, Oxy will pay 85% of the total planned 2D seismic capex and fund one well on the block, as part of an indicative programme, subject to change by mutual consent.

The Mecaya block lies adjacent to Put-9 covering approximately 74,128 acres and has a faulted zone with potential traps similar to those in the Platanillo field. The Mecaya-1 well, drilled in 1989, produced 682 BOPD of 27-degree API oil with 0% water on test from the M2 reservoir. An early objective of the programme within the Mecaya block is to place Mecaya-1 on long-term test.

The Company commissioned an evaluation of reserves at the Mecaya block related to the well Mecaya-1 from Petrotech Engineering Ltd. 1P reserves were certified at 0.27 MMBO and 2P reserves at 0.39 MMBO to Amerisur based on a 50% working interest.

The Company plans to present an application for environmental licensing for production from the Mecaya well, followed by a LTT.

OPERATIONAL REVIEW CONTINUED

CPO-5

Working interest (non-operated)

2P reserves MMBO

30%

Acres 492,352

7.7

CPO-5 is an exploration and production contract located to the south of the prolific Llanos 34 block and to the east of the Corcel fields. The block includes the two producing fields Mariposa-1 and Indico-1X and the evaluation area related to the Loto-1 oil discovery. Amerisur has a 30% (non-operated) working interest in the contract, with ONGC holding a 70% working interest and the operatorship.

Mariposa

Mariposa-1 continues to produce in a stable manner at approximately 3,150 BOPD in natural flow from 12ft of perforations near the top of the 120ft oil column with 0.4% water cut over a 28/64" choke for over a year. The well has produced over 1.5 million barrels of oil to date with an average oil quality of 40.7° API oil. The Mariposa structure has now been declared a commercial discovery by ANH and the field development plan is under preparation by the Operator. Mariposa lies 6.5km north-west of Indico-1.

Post period end in January 2019, Mariposa's 2P reserves were upgraded by 1 MMBO to 2.94 MMBO (gross) with further increases expected.

Indico-1X

In December 2018, Amerisur and its partner successfully drilled Indico-1X using rig E-2029 to a total target depth of 10,604ft measured depth and encountered the Lower Sands ("LS3") of the Une formation.

The LS3 sand package is the same formation which holds the 120ft oil column discovered at Mariposa. Indico-1X was logged with a Triple-Combo wireline logging suite from Schlumberger and initial analysis by the Company indicated that a 283ft gross, 209ft net, oil column is present in the LS3 formation. The LS3 unit is a high-quality sand with some shale intercalations, principally towards the base. The LS3 unit sits upon Palaeozoic basement. In the Company's initial analysis, no oil-water contact was detected in the wireline logs acquired in the well; hence, the base of the oil column encountered at the Palaeozoic level represents a lowest-known oil for the Indico structure. The wireline formation pressure and sample data subsequently acquired in the LS3 formation confirmed an oil column with 35.9° API oil throughout the reservoir, with no indication of an OWC.

Indico-1X is currently producing under an extension of the short-term test programme granted by ANH, while the application for the long-term test is processed. Indico-1X had been choked back intermittently during critical drilling operations at the Indico pad to approximately 1,400 BOPD but at 1 April 2019, is producing 4,932 BOPD at a 46/64" choke.

Post period end, in January 2019, preliminary results of an independent reserves report (assuming conservative production parameters) indicated 2P reserves of 22.7 MMBO (gross) and 3P reserves of 33.3 MMBO (gross) with estimated expected ultimate recovery from Indico-1X of 5.9 MMBO (gross).

The scale of success at Indico-1X opens up a significant potential in structures between the Mariposa and Indico fields, together with lateral structures within the LS3 play.

It is expected that these wells will throw further light on the combination trapping anticipated to exist in this play. This would have the capacity to create a very large reserve base.

A minimum of three additional wells on the basis of the Indico discovery are now planned. Calao-1 was spudded at the beginning of February 2019, targeting a structure alongside Indico to the south-west, towards the Aguila structure. The Calao-1X exploration well was drilled to a final depth of 11,445ft, the LS3 reservoir was logged and no hydrocarbon potential was identified. The Company analysis indicates that the formation was encountered deeper than prognosis and the well was located in an area without closure. The well has the potential to be used as a water disposal well in the future. Amerisur and the Operator are currently integrating the results of this well into the general geophysical model while reviewing the model applied for the well Pavo Real-1.



A further two appraisal wells will be drilled within the Indico discovery from the Indico pad, with the objective of building production and refining resources and reserves estimates. Sol-1, targeting gross resources of 4 MMBO (gross), is drill ready and the Company is considering with its partner whether to drill this well following the above programme or to take up the option for a second drilling rig in the short term.

In addition, the partners are evaluating a further increase in drilling activity for 2019, targeting an accelerated appraisal/development of the Indico field, the NE structures and other prospects associated with Indico down-dip and Mariposa offsets. This may involve the contracting of a third drilling rig.

Paraguay

The Company currently holds three prospection licences in the Pirity/Pilar basin complex in the west of Paraguay.

During 2017, a technical programme involving the detailed analysis of well data and samples and the reprocessing and reinterpretation of the seismic dataset from its exploration well, Jaguarete-1, was completed and as a result the Company relinquished its permit in San Pedro.

During the year, the Company has impaired a further \$1.4m of investment in Paraguay and is currently carrying less than \$0.5m of investment on the balance sheet.

In line with Amerisur's stated strategy, only technical review activity will take place in Paraguay in the near term.

Reserves

Following receipt of an independent reserves report for the Platanillo and Mecaya fields undertaken by Petrotech Engineering Ltd, and the CPO-5 block undertaken by McDaniel and Associates Consultants Ltd as at 31 December 2018, using the standards set by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers, certified 1P (proven) working interest field reserves were 17.82 MMBO (2017: 13.94 MMBO) and 2P (proven and probable) working interest reserves were 25.59 MMBO (2017: 20.70 MMBO). Total production from the Platanillo field during 2018 was 1.61 MMBO and total production from the CPO-5 block (Mariposa and Indico fields) at 31 December 2018 was 1.15 MMBO.

This represents an increase of 27.8% in 1P and 23.6% in 2P reserves over year end 2017, and is due to the drilling success in the CPO-5 block previously reported.

Reserves

Reserves oil and liquids Amerisur net working interest (MMBO)

Blocks (Amerisur working interest)	Proved (1P)	Proved and probable (2P)	Proved, probable and possible (3P)
Platanillo (100%)	11.55	17.51	20.17
CPO-5 (30%)	6.00	7.69	11.28
Mecaya (50%)	0.27	0.39	0.45
Total	17.82	25.59	31.90

Source: Petrotech Engineering Ltd, Reserves Audit at 31 December 2018; McDaniel and Associates Consultants Ltd, Reserves Audit at 31 December 2018.

Improved financial performance and position

Business performance

Revenue for the period of \$108.2m increased compared to the same period in 2017 due to a combination of higher Group production levels and average oil prices. As a result, we achieved an adjusted EBITDA for the period of \$34.0m compared to \$19.8m for 2017.

Adjusted EBITDA	34,019	19,818
Add: share option charges	1,269	1,653
Add: depreciation and impairment charges	21,751	17,846
Operating profit	10,999	319
\$'000	2018	2017

Revenue in 2017 has been restated for the adoption of the new revenue standard "IFRS 15" by \$7.3m in relation to royalties no longer being presented gross within revenue. An equal and opposite adjustment has been made to cost of sales. See Note 2 for further details.

Production and commodity prices

Average daily production was 5,356 BOPD in 2018, a 10.3% increase on 2017. Production from the Platanillo field was impacted by well maintenance and workovers but this was offset by the increased production from CPO-5. Peak daily production in the year from the Platanillo field was 6,175 barrels.

Our working interest production in the CPO-5 Mariposa-1 well totalled 341,000 barrels, an average of 946 BOPD. This steady and consistent production, which generated \$15.1m in revenue in 2018, was able to offset the overall reduction in Platanillo production.

Average realised sales prices for the year were up by 29.6% to \$64.8 per barrel, compared to \$50.0 in 2017.

Operating costs

Cost of sales comprises cost of operations, transport costs, inventory movement, high price tariffs and depreciation. Cost of sales was \$77.5m for 2018 compared to \$66.7m for 2017 (as restated for the impact of the adoption of IFRS 15). The increase is principally due to higher production costs in line with increased activity, higher high price tariff charges and the impact of maintenance and workovers.

Depreciation expense in relation to D&P assets of \$16.2m includes a full year charge for the CPO-5 field of \$1.2m. In spite of lower Platanillo production, the charge is higher compared to 2017 due to a higher depletion rate per barrel caused by the change in estimates of 2P reserves and future capital expenditure requirements in the 2018 reserves report.

Transport costs in 2018 have continued to decrease further and were \$3.5 per barrel in 2018

(2017: \$3.9 per barrel). This movement is due to higher volumes transported through the OBA pipeline and the impact of CPO-5 production that is sold direct from the wellhead.

Average cash lifting costs per barrel in 2018 increased to \$18.3 (2017: \$14.7) largely due to the impact of maintenance related production variations during the period in the Platanillo field increasing fixed costs per barrel. However, improved selling prices resulted in operating netback increasing from \$31.4 per barrel in 2017 to \$43.0 per barrel in 2018.

Operating netback	43.0	31.4
Average cash transport costs	(3.5)	(3.9)
Revenue Average cash lifting costs	64.8 (18.3)	50.0 (14.7)
\$ per barrel	2018	2017

Administrative expenses were \$18.2m during the period, which include corporate overheads, community and social investment costs and share based payments. The increase of \$1.7m against the comparative period is largely due to increases in payroll costs, community and social investment costs and other general inflationary increases.

Finance and similar charges of \$0.5m were significantly lower than in the same period in 2017. This is due to finance charges for the RBL facility paid up to September 2017 when it was cancelled.

Finance income of \$0.5m relates to bank interest receivable from cash in higher interest deposit accounts.

Adverse movements in the Colombian Peso, Paraguayan Guarani and British Pound against the US Dollar caused foreign exchange losses of \$2.6m on the translation of local currency transactions and balances into US Dollars.

Taxation

The Group has a current tax charge for the period of \$1.9m (2017: \$1.0m) and a deferred tax charge of \$4.9m (2017: credit of \$12.5m). The high effective tax rate of 81.2% in 2018 is due to deferred tax rate changes, tax base differences and foreign exchange. Deferred tax assets of \$7.6m have been recognised in relation to the tax losses in AEC and PDSA, which are expected to be fully utilised against future profits in 2019 and 2020. There are significant unused tax losses in the UK for which no deferred tax asset has been recognised.

Cash and funding

At the year end, the Group's cash position (inclusive of restricted cash deposits) was \$44.1m (2017: \$41.3m).

Amerisur's approach to sustainability is focused on integrating the Company's projects and operations with the local environment. We want to ensure that the exploration and production activities can progress whilst ensuring that ecosystems are protected, local communities can develop sustainably and the authorities and other key stakeholders are always considered.



We have achieved a strong financial performance in 2018 together with steady operational progress thanks to stronger oil prices and a continued focus on cash flow discipline. We are financially well placed to deliver value on our short to long-term strategies."

	2018	2017
Average daily production	5,356	4,857
Revenue (\$m)	108.2	84.7
Realised average selling price (\$)	64.8	50.0
Profit before tax (\$m)	8.4	0.4
Adjusted EBITDA ¹ (\$m)	34.0	19.8
Net cash from operating activities (\$m)	17.9	29.7
Net assets (\$m)	212.0	208.4
Cash and cash equivalents (inc restricted cash) (\$m)	44.1	41.3
Operating netback (\$ per barrel) ²	43.0	31.4
Average cash lifting costs (\$ per barrel) ³	18.3	14.7
Average transport costs (\$ per barrel)	3.5	3.9

- 1 Adjusted EBITDA: earnings before interest, tax, depreciation and impairment adjusted to exclude share option charges.
- 2 Sales revenue per barrel less cash lifting, water disposal and transportation costs.
- 3 Average cash lifting costs is cost of sales less depreciation, transport costs, oil stock movements, high prices tariff and other non-lifting related costs divided by gross production.

During the period, the Group entered into a prepayment and offtake agreement with Shell Western Supply and Trading Limited ("Shell"). Under the terms of the agreements Shell purchases 100% of the Group's oil production exported through the OBA and provides a prepayment facility of up to \$35m.

2018 generated strong operating cash flows largely as a result of higher oil prices and consistent production from CPO-5, which alongside existing cash resources, have fully funded the 2018 capital expenditure, the Chiritza pumping station upgrade and the other maintenance and workover programmes in the year. The Group remains focused on efficient cost management in its operations.

Capital expenditure

The Group has incurred total capital expenditure of \$17.1m during the period, principally relating to the drilling of Pintadillo-1 in the Platanillo field, Indico in CPO-5 and seismic in Put-9 and Put-12.

Other balance sheet items

Included within trade and other receivables is a VAT receivable of \$19.5m from the Colombian tax authorities. Post year end, an application has been submitted to the tax authorities to reclaim \$15m of these funds. Trade and other payables have remained consistent overall but include an increase reflecting an increase in deferred income arising from a prepayment from Shell, offset by a reduction in trade and other payables.

Prior period adjustments

A balance sheet reclassification has been made between opening Intangible and D&P assets, trade and other payables and deferred tax. In addition,

certain adjustments have been made to share based payments and the deferred tax charge. Further details are set out in Note 4 of these financial statements.

Dividends

The Directors will not be recommending payment of a dividend although the dividend policy is kept under regular review.

At the current time, the business does not have sufficient distributable reserves to pay a dividend.

The Directors will be proposing a resolution at the forthcoming AGM to reorganise the Company's capital in order to create distributable reserves to enable the payment of a dividend in the future.

Going concern

The Group monitors its liquidity risk throughout the year to ensure it has access to sufficient funds to meet forecast cash requirements. Cash forecasts are regularly produced based on the Group's latest production and expenditure forecasts and latest estimates of future commodity prices. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, which is considered to be at least twelve months from the signing of the Annual Report. The Directors continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

Nick Harrison, Chief Financial Officer

8 April 2019

Invested over \$3.2m in CSR and environmental programmes:



- Environmental programmes \$2,000,000
- Social infrastructure \$537,000
- Art, recreation and culture \$286,000
- Local production projects* \$162,000
- Specific social actions** \$134,000
- Community strengthening \$65,000
- Work with Government on investment programmes*** \$22,000
- Health \$14,000
- Education \$13,000
- This involves co-sponsoring local sustainable projects focused on developing production skills (e.g. pepper and cattle).
- ** Expenditure on specific social programmes such as emergency solving contributions and special date contributions (children's Christmas activities).
- *** This involves continuous research on national and regional Governments' investment programmes and creating an information exchange between national agencies and local authorities for implementation.



RESPONSIBLE OPERATIONS CONTINUED

Managing sustainability

In order to properly manage Amerisur's approach to sustainability, we have developed environmental, social and health and safety policies, standards, guidelines and training material over the Company's more than ten years of existence in Colombia. The Company reviews and updates its regulatory framework on a regular basis and has a well-prepared team of professionals who are focused on assisting and managing the optimal performance of the E&P teams.

Our key areas of focus



Our people

Amerisur's success would not be possible without its people, so recruiting and training in-country talent is a key priority for the Company.



Health, safety and environment

Environmental assessment, planning and regulatory compliance are core to Amerisur's successful approach to conducting its operations in a sustainable and responsible manner.



Values, policies and standards

Amerisur is committed to operating responsibly in its business activities and expects its employees to adhere to high ethical standards.



Stakeholder engagement

Amerisur works closely with national, regional and local Government and environmental authorities, development agencies, NGOs and local villages and communities to deliver environmentally and socially sustainable long-term benefits.



Our people

Over 90% of Amerisur's workforce is born and based in South America. 60 Colombian professionals had been hired by the end of 2018, representing 100% of new hires. Amerisur aims to be a diverse company in respect to gender, age, race, sexual orientation, religion and marital status. The current workforce is split 54% male and 46% female.

The Company is committed to providing employment opportunities for locals and is in full compliance with the Colombian work regulation (decree 1668 of 2016). Amerisur prioritises the hiring of skilled and non-skilled local labour directly and through its service companies and contractors, with 448 temporary unskilled jobs created.

Amerisur works hard to create the right working environment to enable its employees to grow, and is an equal opportunity employer. The Company has policies in place addressing: ethical conduct, human rights, employment, health and safety and diversity. These policies are handed to every employee and contractor and the Company ensures that they are read, understood and duly implemented.

A new employee training programme was introduced in 2018 and will be expanded further in 2019, enabling employee growth and development.



Values, policies and standards

Amerisur is committed to operating responsibly in its business activities and expects its employees to adhere to high ethical standards. The Company places great importance on safety, integrity and transparency, and treats its employees with respect and fairness.

Detailed information on the policies we have in place can be found on page 44 of the Corporate Governance Report and on the Amerisur website, which include:

- Ethical Conduct Statement
- Conflicts of Interest Policy

- # Human Rights Policy
- **Modern Slavery Statement**
- # Health and Safety Statement
- Employee Compensation Statement
- Employment of Disabled Persons Policy
- Statement Statement
- Quality Statement

Our approach to sustainability

Our corporate values



Respect

Respect is about recognising individuals and valuing diversity

We value each individual, recognising their intelligence, freedom and will, and we value diversity and ensure dignity is maintained at all times.



Responsibility

Responsibility is about acting in an autonomous and impartial way while adhering to wider goals

We always take into account the impact and benefits of our actions on the Company, society, the environment and other stakeholders.



Transparency

Transparency is about being clear, visible and open

We promote ethical and responsible behaviour with our partners which garners clear, true, timely and trustworthy feedback from stakeholders and other interested parties.



Engagement

Engagement is about having a collaborative attitude

At Amerisur, we have a sense of ownership over all the projects that we undertake. Our involvement and teamwork are evident in the various projects we undertake, both inside and outside of the Company.



Peaceful conflict resolution

Amerisur has developed a programme: Diploma – Pacific Ways for Conflict Resolution through the Fundación Diálogo y Mediación, which is focused on transforming conflicts relations among communities and between them and the Company through constructive dialogue and peacebuilding, and teaming up to identify national agencies' funds for local sustainable development. 45 community leaders have already benefited from this programme since its inception in November 2017.

In 2018, this programme was awarded the "Lazos Britcham" prize from the Colombian and British Chamber of Commerce for innovatively and creatively transforming conflictive relations into constructive team work between the Company, the local communities and Government programmes, creating a "bonding" (lazos) for local development.

Chevening Scholarship programme

Amerisur, in association with the Chevening programme of the FCO, sponsors 14 postgraduate scholarships for outstanding Colombian graduates to study in the UK. Since 2015, 60 students have benefited from this scheme. The sponsorship is expected to continue until 2021.



SGE 21:2008 Ethical and Socially Responsible Management System

Amerisur has been awarded the certification in the international standard SGE 21:2008 Ethical and Socially Responsible Management System by the certifying entity, SGS – Colombia.

SGE 21 is the first European standard establishing specific requirements companies must meet to

demonstrate an ethical and socially responsible management system with a focus on transparency, integrity and sustainability of social management across operations.

Amerisur is one of the only oil and gas companies in Colombia with this certification.

RESPONSIBLE OPERATIONS CONTINUED



Health, safety and environment

We place great importance on limiting the environmental impact of our activities and have in place a formal policy and framework focused on protecting the environment, biodiversity and ecosystems in the areas in which we operate. This policy is communicated to all employees, suppliers and contractors. An annual review is conducted to check compliance, with processes regularly reviewed by external parties. Additionally, the Company applies strong standards to the protection of its employees and contractors through H&S practices and regular reviews.

The Company aims to comply with all Colombian environmental and health and safety regulatory requirements and has implemented an Integrated Management System that has been certified by Bureau Veritas International since 2012 and is updated annually through auditing and recertification processes:

- OHSAS 18001 Occupational Health and Safety Management Systems;
- # ISO 14001:2015 Environmental Management; and
- **SO 9001:2008 Quality Management.**

The Colombian applicable environmental regulatory framework is extremely complex and the oil and gas industry's compliance is carefully supervised. Amerisur conducts its operations in an environmentally responsible manner as a key objective, and a team of experts are involved in environmental assessment and planning; licensing, permitting and implementing industry compliance and best practices; and monitoring the impacts of its day-to-day activities. The Company also has up-to-date oil spill contingency plans as incident-free and back-to-business operations are key to our success.

Through the Company's environmental management system, water use, wastewater (industrial and domestic) treatment and disposal, solid waste generation and disposal, gas recycling and burning, greenhouse gas emissions and control, fauna and flora protection and even printing paper usage are constantly monitored and evaluated.

In 2018, Amerisur spent \$86,000 on forest compensation and \$570,000 on its 1% water basin protection investment.



Reforesting and environmental education

In 2018, Amerisur planted rainforest trees over a 22-hectare area across Alea and Puerto Asís, where changes in the green coverage and biodiversity in this region of the Putumayo were noticed by authorities and communities.

The Company is also working on collecting, transporting and replanting vascular epiphytic plants over an area of 25 hectares in Puerto Asís in order to support the biodiversity of the region. These types of plants are particularly important in Colombia for rainwater control and forest preservation and are protected by special regulations.

In addition to the planting programme, workshops have been conducted with students across the Platanillo and the Fenix blocks to promote sustainability in the area and develop a clear understanding of the aims of the reforesting programme.

Amerisur has also delivered over 4,500 plants to schools across La Sevilla, La Alea, El Baldío, Nariño and Ancura for educational purposes.

Avifauna Environmental Promotion Diploma

In 2018, the Avifauna Environmental Promotion Diploma was established through an agreement between Corpoamazonía and the Putumayo Technological Institute. This programme is aimed at developing local capabilities for local eco-tourism projects and for keeping a permanently updated bird database as an indicator of biodiversity recovery.

40 students completed the training in the Platanillo field vicinities last year and 410 bird species have been registered in the database."

"Amerisur has played a great role, providing good opportunities and always bearing the local people in mind. They have always worked for both the Company and the community. They have delivered great projects and now we have the Avifauna Environmental Promotion Diploma, where the idea is to train up 45 young people from the Platanillo block."

Yamid Díaz – Secretary of the Bajo Mansoyá Community Administration





Stakeholder engagement

As part of its aim of operating in a responsible and sustainable manner, Amerisur commits time and resources to establish and maintain good relationships with local communities and other key stakeholders, aimed at creating shared value within the local area.

Amerisur runs a number of initiatives in villages across the Putumayo, focused on improving the quality of life of those living near the Company's operations. These programmes span areas such as education, healthy living, infrastructure and sustainable farming, with the objective of providing locals with opportunities of generating a secure and sustainable income stream.

In 2018, the Company assisted 1,646 families in the area of the Platanillo field, through the investment of \$965,786 in several programmes as shown further in this report, most of them in the context of the Colombia peace accord implementation plan.

In 2018, Amerisur's corporate social responsibility standard SGE 21 certification was renewed after a comprehensive community relations procedures and practices review was successfully completed (see page 33).



Sustainable Livestock Programme

The Government's Illegal Crop Substitution Programme is focused on transforming Colombia's fertile land from the production of illegal crops to supporting the growth of legal and sustainable products for both consumption and marketing.

One example of this is Amerisur's Sustainable Livestock Programme.

In 2018, 263 families across the communities of Peneya, Sevilla, Alea, Jac Camelias and Sinai Il-Baldio directly benefited from Amerisur's support under the Sustainable Livestock Programme, whereby land that was once used to grow illegal crops has been transformed to enable the growth of more sustainable produce, such as rearing cattle, and thus transforming the lives of the families in the area. As cattle raising in rainforest areas requires special care and specific techniques, Amerisur has teamed up with the Putumayo Department (provincial) Government in order to provide all necessary technical assistance in order to ensure the programme's environmental sustainability.



Creciendo Juntos (Growing Together)

Creciendo Juntos is an initiative that promotes healthy living and strengthens cultural traditions amongst children, adolescents and adults in the regions through working on cultural and sporting abilities.

During 2018, Amerisur began the construction of two sports centres in the vicinity of the Platanillo field and the Put-12 exploration area.

The Company has also completed a three-year programme in partnership with the National Batuta Foundation for the promotion of music as a tool for boosting the quality of life of local children and youth.

The programme currently benefits over 115 children across Puerto Asís and Puerto Caicedo by promoting social inclusion and integration, rights, respect and cultural diversity.



Iluminando hogares con energía solar (Lighting homes with solar energy)

This initiative aims to improve remote local communities' quality of life through providing them with solar energy to meet their power needs as they do not have access to the public power network.

In 2018, 80 families from the communities of Monte Verde and Puerto Asís benefited from this programme, as solar panels were installed on their land, producing 41.9 kW of electricity, and comprehensive training on their operation and maintenance was provided.

The information forming the strategic report on pages 1 to 35 was approved by the Board and signed on its behalf by John Wardle.

John Wardle, Chief Executive Officer

8 April 2019

A strong and balanced leadership team



Giles Clarke, CBE, DL Chairman

Appointed: March 2007

Independent: Yes, independent upon appointment

Main Board meetings attended: 9 Skills and experience

Following his appointment, together with John Wardle, Giles Clarke (65) reorganised the Company, closed three offices and raised £15m of new capital at 6 pence. Giles 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 \$150m; and co-founded Safestore plc and orchestrated the sale of the company to Bridgepoint in 2003.

Giles Clarke focuses on the Company's relations with Governments and their agencies, as well as major investors, partners and Board governance. He has extensive experience of building shareholder value, and of selling companies, and brings considerable commercial and City experience to the Board. In recognition of the key role Giles Clarke undertakes for the Company he is defined as being a Chairman rather than as a Non-executive Chairman.

Other appointments

Giles Clarke is currently chairman of Westleigh Investments Holdings Ltd, a shareholder in the Company, as well as Ironveld plc and Kazera Global plc and chairman of several private organisations.

Committee membership





John Wardle Chief Executive Officer

Appointed: February 2007

Independent: Executive Committee

Main Board meetings attended: 9

Skills and experience

John Wardle (59) holds a BSc in mining engineering from the University of Nottingham and a PhD 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. John 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.

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

John Wardle brings a wealth of local knowledge, strategic vision, leadership and technical expertise to the Board.

Other appointments

None.

Committee membership





Nick Harrison Chief Financial Officer

Appointed: April 2007

Independent: Executive Committee

Main Board meetings attended: 9

Skills and experience

Nick Harrison (60) is a graduate of the University of Liverpool. He is a Chartered Accountant having qualified with Arthur Andersen and subsequently held senior positions at Deloitte, Midland Bank (International) and Coopers & Lybrand. He has held board positions at a number of public and private companies with international activities.

Nick Harrison is a qualified accountant and has extensive experience of running the finances of successful businesses, including chief executive positions at a number of organisations. He brings considerable commercial, international and financial expertise to the Board.

Other appointments

Nick Harrison is currently a non-executive director of Ironveld plc and Kazera Global plc, both with international extractive activities.

Committee membership None.



Alex Snow Senior Independent Non-executive Director

Appointed: May 2017

Independent: Yes

Main Board meetings attended: 7

Skills and experience

Alex Snow (50) has had a successful career in the City and has most recently been CEO of Lansdowne Partners LLP, the leading institutional investor. He was founder and CEO of Evolution Group PLC, the investment bank created in 2001 and subsequently sold in 2012 to Investee for £230m.

Alex Snow was appointed to the Board as Senior Independent Director, taking over from Stephen Foss, and brings significant City and financial experience to the role.

Other appointments

Alex Snow became chairman of the investment banking division and member of the board at Investec Bank PLC before leaving in 2013 to become CEO of Lansdowne Partners LLP. He stepped down from Lansdowne Partners on 31 December 2016.

Committee membership







Board changes

Elodie Grant Goodey was appointed to the Board as an independent Non-executive Director on 8 October 2018. Douglas Ellenor retired from the Board after ten years as of 31 December 2018 and Stephen Foss stepped down from the Board, with effect from 1 February 2019, to pursue other executive business interests.

Key

Committee membership

- Audit Committee
- Nomination Committee
- Remuneration Committee



Committee Chairman



Chris Jenkins Independent Non-executive Director

Appointed: May 2016 **Independent:** Yes

Main Board meetings attended: 9

Skills and experience

Chris Jenkins (64), a Chartered Accountant (FCA), was a partner for more than 20 years in KPMG's London office, during a 30-year career with the firm. He was lead audit partner for six FTSE 100 companies. At KPMG, he fulfilled various leadership roles in the global energy and natural resources ("ENR") practice, including UK head of ENR and, in the global ENR team, initially head of audit and then EMA regional chairman.

Chris Jenkins continues to work with KPMG as a consultant. Chris Jenkins brings considerable governance and financial expertise to the Board.

Other appointments

Chris Jenkins is also an independent member of the Audit and Risk Assurance Committee at the Department for International Trade, having previously been a member of the same committee at UK Trade & Investment ("UKTI").

Committee membership









Dana Coffield Independent **Non-executive Director**

(Taking over as Chairman of Remuneration Committee from Stephen Foss)

Appointed: April 2017

Independent: Yes

Main Board meetings attended: 9

Skills and experience

Dana Coffield (60) has over 30 years of international E&P experience encompassing North and South America, North Africa, the Middle East and Southeast Asia. Between 2005 and 2015, Dana Coffield was co-founder and CEO of Gran Tierra Energy and, during his ten years at the helm, the company successfully grew resources and production year on year and became a leading player in the operationally challenging Putumayo basin in southern Colombia. Dana Coffield has good recognition within the global investment community, Government representatives and industry peers for his accomplishments in South America. particularly in Colombia.

Dana Coffield brings considerable industry and in-country expertise to the Board.

Other appointments

Dana Coffield is currently an independent international oil and gas industry adviser. Prior to his role at Gran Tierra, Dana was VP Middle East at Encana Corporation, VP Middle East at Alberta Energy Company Ltd and a senior geologist at Arco Alaska Inc and Arco Indonesia.

Committee membership







Elodie Grant Goodey Independent **Non-executive Director**

Appointed: October 2018

Independent: Yes

Main Board meetings attended: 3

Skills and experience

Elodie Grant Goodey (46) spent 17 years at BP, initially joining the Government and Public Affairs team followed by the Investor Relations team and the North Africa business unit. Elodie Grant Goodey subsequently became the Head of Communications for E&P between 2008 and 2010, before heading up the Societal Issues and Stakeholder Engagement team. As part of her role as the Head of Societal Issues and Stakeholder Engagement, Elodie Grant Goodev was the relationship manager for major international NGOs and was responsible for investor engagement globally. Her focus was on social policies related to human rights and impacts on communities across the countries in which BP operates. During her 25-year career, Elodie Grant Goodey has worked on an array of high-profile stakeholder engagement programmes in places such as Argentina, Libya and the Gulf of Mexico.

Elodie Grant Goodey brings considerable expertise to the Board on sustainability and social policies relating to human rights and communities across a wide spectrum of countries as well as being a Spanish speaker.

Other appointments

Elodie Grant Goodey currently works as an independent consultant where she advises companies on their social performance and is involved in the advisory board for a professional services group in Albania.

Committee membership



The Board is committed to high standards of corporate governance



As a Board, we have been driving our governance standards toward meeting or exceeding best practice, and it has been my privilege to work with this Board, which is committed to this journey of maintaining high standards of corporate governance. We hope shareholders recognise the calibre of the new Board members, and that there is a robust Board in place that is intent on creating value and protecting the interests of all shareholders.

The direction of travel for our governance improvements has been positive and overall compliance with governance best practice has improved during the last couple of years.

As a further development of this progress we have decided to adopt the Quoted Companies Alliance ("QCA") Corporate Governance Principles as the main benchmark that Amerisur will measure itself against as it is felt that the QCA can add value to how we engage upon, and report, governance matters. I am happy to report that Amerisur considers itself to be in full compliance with both the website and Annual Report disclosure requirements of the QCA Code and this brings Amerisur into full compliance with the Code. I thank the Board and Committees for their hard work to ensure this is the case. A detailed report is provided on pages 39 to 45.

Although I have the overall responsibility for the governance standards at Amerisur, I am proud of the work my fellow Directors and Committees have done in this area of the business; some highlights are offered below.

Over the course of 2018, we have continued to make progress and we are proud that we have achieved the following:

- Full compliance with the QCA Code, for both website disclosure in September 2018 and the Annual Report disclosure requirements of the QCA Code with this edition of the Annual Report.
- As part of our succession planning we refreshed the Board with four new high-calibre independent Directors over the last few years. More specifically for this year, we have welcomed another high-calibre independent Director to the Board in Elodie Grant Goodey. With the Board refreshment that has been in progress for the last couple of years we feel there is the correct mix of skills, experience and independence to take us through the next step of development.

- Our new Senior Independent Director ("SID"), Alex Snow, is keen to build on the outstanding work done by our previous SID, Stephen Foss, and continues the pace of governance improvements. This has included internal and external Board reviews and recommending several of the suggestions from this process are adopted.
- Amerisur's fully independent Audit and Remuneration Committees have continued to expand their reporting, and the Chairmen of these Committees make themselves available for engaging with shareholders. In line with recent developments in best practice in this area, the Audit Committee conducted a competitive tender for the external audit. Following the Committee's recommendation, as described in the Audit Committee report, we appointed BDO as our external auditor.
- As part of our commitment to shareholder engagement, we have been seeking the views of shareholders through outreach campaigns and roadshows. To enfranchise investors, we have been voluntarily putting our Remuneration report up for shareholder approval, and this is being proposed for the fourth consecutive year.
- The remuneration changes have been numerous and are explored in the Remuneration report including a new Chair of the Remuneration Committee being appointed during the year who has contributed to this process.

The Board's commitment to ongoing interaction with shareholders will help maintain our progressive stance on governance matters, and investors' feedback is most welcome in supporting this. We hope the following governance and Committee reports offer the level of detail on our journey that meets shareholders' expectations.

Additional disclosure on Amerisur's governance improvements and how we are applying the QCA Code to support business success can be found in the Statement of corporate governance below and on our website.

On behalf of the Board, we hope this gives you a flavour of how important corporate governance is to our business success, and indeed considering our sector sustainability and corporate responsibility matters are to our business as demonstrated on pages 32 to 35. We see the value of protecting shareholders' interests through good governance as being intrinsic to achieving the Company's objectives and developing our business model; we hope as our owners you concur.

Giles Clarke, Chairman

8 April 2019

STATEMENT OF CORPORATE GOVERNANCE

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. The Quoted Companies Alliance ("QCA") Code is more appropriate as the main benchmark that Amerisur will measure itself against. Amerisur has been voluntarily comparing itself with the provisions of the 2016 and 2014 versions of the UK Corporate Governance Code (the "Code"), and now it is felt that the QCA Principles can add value to how we engage upon, and report, governance matters. We offer the following disclosure to help shareholders and other stakeholders understand how Amerisur has been effective in the application of the QCA Code to date.

Governance improvements during 2018

The Board feels that overall compliance with governance best practice has improved during the year under review, with the following having been achieved:

- the Board and the Nomination Committee continued the refreshment process during the year with:
 - both an internal and external Board evaluation having been undertaken outlining any additional skills the Board would benefit from. As the result of an extensive and independent search process, a shortlist for an independent Non-executive Director with extensive sustainability, community relations and corporate responsibility experience was produced;
 - from this shortlist we are pleased to have appointed a new independent Director with the required skills and we welcome Elodie Grant Goodey as a Director with sustainability and corporate responsibility experience, and her appointment has further increased the level of Board independence; and
 - Douglas Ellenor stepped down from the Board after ten years of service and we thank him for his service;
- the Audit Committee is fully independent and continues to follow best practice such as the tender of the external audit appointment;
- the Remuneration Committee is also fully independent and, as it has a new Chairman for this year, it is conducting a thorough review of the Company's remuneration policy and practices with the support of a respected third party remuneration consultancy; and
- the Board confirms that it is again voluntarily submitting the Remuneration report to a shareholder vote for the fourth year in succession.

QCA Corporate Governance Compliance Statement

During 2018, the Board has continued to review the Group's corporate governance framework and it was decided to measure its governance against the new QCA Code in August 2018 and that it will do so annually, as required by AIM Rule 26.

We are in full compliance with the QCA Code for the website disclosure element and during the autumn of 2018, Amerisur also came into full compliance with the Annual Report QCA Code disclosure requirements having conducted a Board evaluation process, as per Principle 7. This puts Amerisur into full compliance with the QCA reporting requirements. The criteria and compliance outcomes notes have been disclosed on pages 39 to 41, such as extra induction training for Directors having been suggested and this has now been implemented.

Amerisur's QCA Corporate Governance Compliance Website Statement

The website element of the Amerisur disclosure is available on our website and includes reporting disclosures relating to QCA Code Principles numbered 2, 3, 7, 8, 9 and 10.

The Amerisur statement of compliance in meeting the QCA's reporting requirements its outlined as follows

Amerisur's QCA Corporate Governance Compliance Annual Report Statement

An established strategy and business model which promotes long-term value for shareholders (Principle 1)

Amerisur's business model and strategy is clearly articulated on pages 12 to 15 and how this is intended to deliver growth and promote shareholder value.

Shareholder engagement and expectations (Principle 2)

We would like to explain the ways in which Amerisur has sought to engage with shareholders to meet Principle 2, and that this has been a team effort involving several members of the Board. Recent examples of our commitment to shareholder engagement are:

- We have been seeking the views of shareholders through outreach campaigns and have undertaken several shareholder engagement and investor relations activities, including: investor roadshows; participating at investor conferences; and attending other events where investors have the opportunity to meet and talk to the Executive Directors.
- Over the last three years, there have been extensive corporate governance roadshows to introduce the Chairman and the Senior Independent Director to key shareholders' governance teams. On occasion, face-to-face meetings with shareholders have included meeting their requests to have a specialist present to answer specific questions. For 2017–2018, this has involved the Board member heading a third party director search being asked questions and the Remuneration Committee Chairman meeting with shareholders.
- It has been publicly stated in our Annual Report that the Chairmen of our fully independent Audit and Remuneration Committees have made themselves available for engaging with shareholders.

STATEMENT OF CORPORATE GOVERNANCE CONTINUED

Amerisur's QCA Corporate Governance Compliance Annual Report Statement continued

Shareholder engagement and expectations (Principle 2) continued

- Investors are actively encouraged to attend our AGM and all members of our Board were present at the 2018 AGM, which they see as an important event in the annual calendar to meet and talk to shareholders.
- To further enfranchise investors, we have voluntarily been putting our Remuneration report up for shareholder approval, and this was proposed again for the third successive year at the 2018 AGM.

Our responsibilities to our stakeholders (Principle 3)

Our business model has identified the key resources and relationships on which our business relies, and the key points are outlined in our Statement of Corporate Governance on our website and on pages 39 to 45, which highlights the key internal and external relations that are important to the Company. Our key policies on our relations with communities, Governments and stakeholders are also on our website and outlined on page 45. Some examples of how we encourage and act upon feedback from stakeholders are:

- Amerisur has retained the services of a shareholder engagement and proxy solicitation company to help engage with much more of its shareholder base and help court their views on a range of issues. Where shareholders desire meetings and discussions with Company representatives these are then arranged with the appropriate Board members. The Board's commitment to ongoing interaction with shareholders will help maintain our progressive stance on governance matters and investors' feedback is most welcome in supporting this.
- For 2018, the Chairman, Senior Independent Director and other independent Directors have made themselves available to attend meetings with major shareholders without the Executive Directors present. This has been to discuss a range of topics from governance matters, such as the progress reporting on activities to increase the independent representation on the Board, right through to the practical challenges of managing risks in Latin America.
- How the Company interacts with the local community is discussed on our Sustainability webpage and on pages 32 to 35 and how our workforce is represented is reviewed on page 44.

Embed effective risk management, considering both opportunities and threats, throughout the organisation (Principle 4)

Amerisur's key risks and challenges have been articulated on pages 16 to 17 and the corporate governance section includes how the Board has helped identify and manage governance risks.

The corporate governance process in Amerisur is designed to determine the nature and level of risk that the Company is willing to take in pursuit of its strategy and to provide an appropriate level of assurance that any risks taken are appropriately managed and that the system of internal controls is effective. The system of internal controls is vital in managing the risks that face the Group and safeguarding shareholders' interests. Our Board succession plan helps ensure we have the skills and knowledge as a Board to continue to develop the control systems in place.

Maintaining the Board as a well-functioning team led by the Chairman (Principle 5)

In the sections on pages 36 and 37 and below on page 46 we have identified those Directors considered to be independent and an explanation of how our Board review has been undertaken. The Nomination Committee in its report has reviewed the time commitments required from Directors and any issues that have arisen. We have in a table on page 42 the number of meetings of the Board and Committees along with individual Director attendance records.

Ensuring your Board of Directors has the necessary up-to-date experience, skills and capabilities (Principle 6)

The biographies of each Director and the capabilities and skills they bring to your Company are outlined on pages 36 and 37. Additionally, we have reviewed the skills and capabilities required for the future to help deliver the strategy of the Company for the benefit of the shareholders over the medium to long term and this has directly informed our recent new appointments who have skills in audit, finance, the oil and gas sector, M&A and sustainability. To assist with this process the Board had external advice and assistance on the recent Board review as described below.

There are external advisers that support the Board and these are primarily on corporate governance and remuneration best practice and reform. These advisers, led by our nominated financial adviser, are tasked with keeping the Board informed of changes in relevant legislation and obligations on reporting to shareholders. There have also been induction training sessions on corporate governance, the Board evaluation process and sustainability conducted during the year. They are supported by the Company Secretary and the hard work of the Chairman and Senior Independent Director, who proactively engage with shareholders to support the Board.

Evaluating Board performance (Principle 7)

Both internal and external Board reviews were conducted during the year. In the first instance, this provided guidance on the skills required as part of the Board refreshment process, resulting in the appointment of a new Board member with sustainability, community relations and corporate responsibility experience. A detailed report back to shareholders on the findings of the most recent Board review is included in the Nomination Committee's report.

Developing the value/s of our corporate culture (Principle 8)

The Board seeks to ensure that the Company has values and behaviours that are recognised and respected. Our approach to ensuring this is outlined in "Our approach to sustainability" and Responsible Operations on pages 32 to 35, where we highlight the four core segments of how we manage sustainability which are seen as: Our people; Values, policies and standards; Health, safety and environment; and Stakeholder engagement. Key elements of this approach are:

- Our ethical code is stated as: "Amerisur aims to operate responsibly in its everyday business activities and expects its employees to adhere to high ethical standards. The Company puts importance on safety, integrity and transparency, and treats its employees with respect and fairness".
- Amerisur feels that the building and maintaining of good relationships with stakeholders where it operates is not only an important part of Amerisur's strategy and its commitment to be an ethical business, but also ensures the Company is able to create value for all of its stakeholders. There are some examples of current activities on pages 33 to 35 and on our Sustainability webpage.
- We feel that it has been important to be able to demonstrate this to stakeholders and we are pleased to have been awarded a certification in the international standard for ethics which is SGE 21:2008 Ethical and Socially Responsible Management System.

Governance structures fit for the future (Principle 9)

As mentioned, the Board sees the benefit in maintaining high standards of corporate governance and is committed to ensuring accountability and transparency as ways to protect the interests of all our shareholders. The approach of Amerisur to corporate governance is on our website, and as follows:

- Our 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.
- Additionally, due to the CEO being based in South America, there are additional roles the Chairman undertakes, including meetings when it is not feasible for the CEO to attend. These are primarily key stakeholder and governmental engagement meetings and the Chairman is an important element in having built the relationships which have allowed operations to proceed and prosper.
- The Senior Independent Director is 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.

Matters that are reserved for the Board to discuss are:

The "formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions, and reporting to the shareholders", and an obligation "to be aware of the risks facing the Company, mitigate them where possible, insure against them where appropriate and manage the residual risk in accordance with the stated objectives of the Group".

To help structure the Board's activities there are key committees for audit, remuneration and nomination, each of which have clearly set out any terms of reference and the tasks they undertake, which are on the website.

Current plans to help ensure the evolution of the governance framework continues are that the Board is conducting a review of the most appropriate method for undertaking an annual evaluation of its own performance, that of its Board Committees, Chairman and individual Directors.

Communicating the benefits of good governance with shareholders and key stakeholders (Principle 10)

For the benefit of shareholders to see our progress we provide historical Annual Reports and other governance related material. This includes the financial statements for the last nine years.

As well as having voluntarily put our Directors' remuneration report up for shareholder approval for what will be the fourth year this year, we also announce the vote outcomes on the day of the Company's Annual General Meeting. At the 2018 Annual General Meeting all resolutions presented to shareholders were duly passed with more than 85% support.

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 new Directors receive detailed induction training upon joining the Board, covering compliance issues, risk management considerations, Board processes and corporate governance considerations.

The Board met five times during the year and all meetings have a formal agenda. Directors also have ongoing contact on a variety of issues between formal meetings. The Non-executive Directors' role is to constructively challenge and they can suggest agenda items for Board meetings. The Board undertook a detailed, and externally supported, Board review and this is reviewed on pages 46 and 47.

STATEMENT OF CORPORATE GOVERNANCE CONTINUED

Retirement of Directors

All Directors are submitted for shareholder approval at regular intervals. In accordance with the Company's Articles of Association, the new Director, Elodie Grant Goodey, who was appointed during the year, will stand for election, as will Giles Clarke and John Wardle, who will both retire by rotation and will be seeking re-election at the forthcoming AGM.

The Board of Directors and biographical information on each Director are detailed on pages 36 and 37.

Board composition

Following the appointment of Elodie Grant Goodey and the retirement of Douglas Ellenor during the year under review, and Stephen Foss post year end, the Board will comprise a Chairman, two Executive Directors and four independent Non-executive Directors, exceeding the expected level of independent director representation for an AIM-listed company.

Role	Name	Date of appointment	Independent from Company
Chairman	G Clarke	28 February 2007	n/a¹
Executive Directors	N Harrison	17 April 2007	No
	J Wardle	27 February 2007	No
Non-executive Directors			
	S Foss ²	5 January 2015	Yes
	C Jenkins	27 May 2016	Yes
	D Coffield	7 April 2017	Yes
	A Snow	10 May 2017	Yes
	E Grant Goodey	8 October 2018	Yes

- 1 The Chairman was independent upon appointment.
- 2 Resigned on 1 February 2019.

The Board has carefully considered the independence of the current Non-executive Directors and has concluded that the current four Directors, Dana Coffield, Chris Jenkins, Alex Snow and Elodie Grant Goodey, are independent and the Chairman was independent upon appointment. This means that more than half of the Board are independent. During the year under review, Douglas Ellenor and Stephen Foss were also present upon the Board and an assessment into their independence was conducted and found them to be independent on an ongoing basis.

It is considered to be best practice 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 assist in building relationships between major

shareholders and the Board. The Senior Independent Director is 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.

Alex Snow was appointed as the Senior Independent Director on 10 May 2017, and prior to this Stephen Foss had undertaken the role since 5 January 2015.

Due to the CEO being based in South America there are additional roles the Chairman undertakes, including when it is not feasible for the CEO to attend. These are primarily key stakeholder and governmental engagement meetings and the Chairman is an important element in having built the relationships which have allowed operations to proceed and prosper.

Board and Committee meeting attendance

_	
Committee	meetings

Board Chair: Giles Clarke	Audit Chair: Chris Jenkins	Nomination Chair: Giles Clarke	Remuneration Chair: Stephen Foss			
9/9		3/3				
9/9		3/3				
9/9						
8/9	6/6	3/3	2/2			
9/9	6/6	3/3	2/2			
9/9	6/6		2/2			
9/9	6/6					
7/9		3/3	1/2			
3/3			1/1			
	Chair: Giles Clarke 9/9 9/9 9/9 8/9 9/9 9/9 9/9 9/	Chair: Chair: Chair: Giles Clarke Chris Jenkins 9/9 9/9 9/9 8/9 8/9 6/6 9/9 6/6 9/9 6/6 7/9	Chair: Chair: Chair: Giles Clarke 9/9 3/3 9/9 3/3 9/9 3/3 8/9 6/6 3/3 9/9 6/6 3/3 9/9 6/6 3/3 9/9 6/6 3/3 7/9 6/6 3/3			



- 1 Dana Coffield replaced Stephen Foss as Chairman of the Remuneration Committee from 1 January 2019.
- 2 Retired from the Board on 31 December 2018 and the Audit Committee during 2018.
- 3 Appointed 8 October 2018.

Board Committees

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 the Company website under the "About Our Company" section.

Audit Committee

The key responsibilities of the Audit Committee are to:

- monitor the integrity of the annual and interim financial statements, including focus on significant judgements and estimates used in the accounts;
- keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems; and
- oversee the relationship with our external auditor, including: reviewing its plans and audit findings; ensuring its continuing independence; appraising the effectiveness of its work prior to considering its reappointment; and considering whether to put the external audit contracts out to tender.

Best practice recommends the Audit Committee should comprise at least two independent Non-executive Directors and at least one member should have recent and relevant financial experience. Amerisur meets and exceeds this guideline.

The members of the Audit Committee, all of whom are deemed to be independent Non-executive Directors by the Company, are:

- 🦑 Chris Jenkins (Chairman);
- Dana Coffield (joined 20 December 2017);
- Douglas Ellenor (retired from the Committee December 2018);
- 🦃 Stephen Foss (left the Board on 1 February 2019); and
- 🦑 Alex Snow (joined the Committee on 1 January 2019).

Alex Snow joined the Committee on 1 January 2019, succeeding Stephen Foss. Chris Jenkins has recent and relevant financial experience and the other members contribute a range of financial, oil industry, investment and risk management experience.

The activities of the Committee for the year under review are outlined in the Audit Committee report on pages 48 to 50. The Audit Committee terms of reference can be found on our website.

Nomination Committee

The current members of the Nomination Committee are:

- Giles Clarke (Chairman);
- John Wardle;
- \$\text{\$\text{Stephen Foss (left the Board on 1 February 2019);}}
- 🦑 Chris Jenkins; and
- **SALEX Show.**

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 suitably qualified people.

Thus, the Committee is responsible for ensuring that the Board has the appropriate structure, competencies, experience, skills and independence of oversight to ensure effective functioning. The Committee recommends and reviews nominees for the appointments of new Directors to the Board and ensures there is due process used in selecting candidates.

The Committee's terms of reference can be found on our website, and 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 reviewing 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 reappointment of any Non-executive Directors, including a review of their performance, contributions to date and ability to commit enough time to the role.

Chris Jenkins was appointed to the Committee in January 2017 and Alex Snow in May 2017. Stephen Foss left the Committee in early 2019 upon his leaving the Board.

This Committee is structured so that a majority of the Committee's members are independent and the Chairman chairs this Committee.

Remuneration Committee

The members of the Remuneration Committee, all of whom are deemed to be independent Non-executive Directors by the Company, are:

- Stephen Foss (was Chairman for all of 2018, and left the Committee and Board on 1 February 2019);
- Dana Coffield (Chairman upon Stephen Foss leaving the Committee);
- **Chris Jenkins**;
- Alex Snow; and
- Elodie Grant Goodey (joined the Committee 8 October 2018).

The Remuneration Committee ensures that the remuneration practices of the Company move towards best practice and are linked with the interests of shareholders.

STATEMENT OF CORPORATE GOVERNANCE CONTINUED

Board Committees continued

Remuneration Committee continued

The Committee's summarised terms of reference are available on the Company website. 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;
- rewarding key employees on a basis which is aligned to the performance of the Company;
- setting salaries for individual members of the Executive Director 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's activities are disclosed in the Remuneration report section on pages 51 to 55.

Internal relations

Amerisur aims to operate responsibly in all its business activities. The Company puts 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 and 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 councils and does not discriminate based on gender, religion, age, disability or ethnicity. We encourage all who work with Amerisur to adhere to the same principles.

Modern Slavery and Human Trafficking Statement:

Amerisur is committed to identifying and combating 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 ongoing review of the relevant Company policies, audit processes and due diligence arrangements are in force. The full Disclosure Statement is also available on the Amerisur website through a link on our homepage.

The Board has also taken the view that a deep knowledge of corporate responsibility ("CR") is important to managing risks and has recruited a new Board member with CR experience to provide oversight on progress in this area.

Looking ahead: Amerisur is committed to continual improvement and understanding in identifying and managing risks associated with modern slavery. In 2019, the Company will continue to monitor the effectiveness of its approach to ensure modern slavery and human trafficking is not part of its supply chain.

During 2018, the Company did not identify any issues related to modern slavery and human trafficking.

Health and Safety Statement: Amerisur is committed to the safety of its staff and workplace. To support this aim we have achieved the OHSAS 18001:2007 Occupational Health and Safety Management System standard for our operations, which is intended to help 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 plan for the remuneration of its employees.

Employee Engagement Statement: Due to the operational nature of the Company the management team works closely with employees "on the ground" and there is a developed workplace engagement programme which helps contribute to organisational success. These activities interlink with how we pursue our goals and values, as well as our external relations activities.

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 its products or services. In support of this the Company has held the ISO 9001:2008 Quality Management System standard since October 2012.

External relations

Environmental Policy Statement

Amerisur 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 biodiversity and ecosystems. The Company aims to comply with all relevant regulatory and legislative requirements and industry best practice and has been awarded the following certificates: OHSAS 18001:2007 Occupational Health and Safety Management System; ISO 14001:2008 Environmental Management System; and ISO 9001:2008 Quality Management System.

To help manage its environmental risks, the ISO 14001:2004 Environmental Management System 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. The whole Board regularly discusses issues relating to the environment as is deemed appropriate for a company in our sector.

Relationships with communities

Amerisur is committed to building and maintaining good relationships with the communities within the localities of its 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.

Relationships with Governments

The Company did not make any political donations during the year.

Relations with shareholders

The Board is committed to maintaining ongoing communications with the Company's shareholders through regulatory releases, general presentations, face-to-face meetings and reports to shareholders twice a year at its annual and interim results. In addition, the Company uses its website to communicate with shareholders.

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. For 2018, the Senior Independent Director and Chairman have made themselves available to attend meetings with major shareholders without the Executive Directors present. This has been to discuss a range of topics from governance matters, such as the progress reporting on activities to increase the independent representation on the Board, right through to the practical challenges of managing risks in Latin America.

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 AGM. All of the Company's Directors attended the AGM to answer questions which were relevant to their responsibilities.

The Company has also decided to engage with all key shareholders, including those that had not voted in support of the Board's recommendations to better understand their thinking on the issues in question; this will continue for 2019. This is to understand their reasoning and see to what extent their position can be accommodated by the Board.

Vote outcomes relating to the 2018 AGM:

Resolution	Vote outcome
1. Report and accounts	Passed
2. Approve the Directors' remuneration report	Passed
3. Elect Alex Snow as a Director	Passed
4. Re-elect Nick Harrison as a Director	Passed
5. Re-elect Stephen Foss as a Director	Passed
6. Reappoint Grant Thornton UK LLP as auditor	Passed
7. Authorise Board to fix remuneration of auditor	Passed
8. Authorise issue of equity with pre-emptive rights	Passed
9. Authorise issue of equity without pre-emptive rights	Passed
10. Authorise issue of equity without pre-emptive rights for an acquisition or other capital investment	Passed
11. Authorise market purchase of ordinary shares	Passed

Notes: All resolutions have passed at the recent AGMs with a minimum of 85% support. Resolutions 9, 10 and 11 were special resolutions.

Meeting the Board's requirements of skills, competencies and experience



Responsibilities and terms of reference

The Nomination Committee's key responsibilities are: to review the size, structure and composition of the Board in order to recommend changes to the Board and to ensure the orderly succession of Directors; to formalise succession planning and the process for new Director appointments; and to identify, evaluate and recommend candidates for appointment as Directors taking into account the balance of knowledge, skills and experience required to serve the Board.

The terms of reference of the Committee were reviewed by the Board in May 2015.

Membership and attendance

The members of the Committee during 2018 were Giles Clarke (Chairman), Stephen Foss, Chris Jenkins, Alex Snow and John Wardle. Stephen Foss left the Committee in early 2019 when he resigned from the Board.

Meetings and activities

The Committee is required to meet no less than once per year and to report its findings to the Board, identifying any matters on which it considers action or improvement is needed.

Initially in 2016, the Committee reviewed and approved an in-depth Board evaluation plan, taking note of the key implications for the updating of the Board and executive succession planning. This now occurs each year to continue the progress made, with the addition of periodic external reviews to verify and develop any findings. This occurred during 2018 with the process and results outlined as follows:

Board effectiveness review

A Board review was conducted during the year under review and this included: an evaluation of the Board's effectiveness and self-assessments of their individual performance, as well as that of the Chairman. The process was overseen by the Senior Independent Director, Alex Snow, with the assistance of an external corporate governance consultancy. The findings of the evaluation were considered by the both the Nomination Committee and the full Board.

The review provided Directors with an opportunity to share their views on: their own performance; that of the Board as a whole; and that of the Chairman, on a confidential basis. The responses were collated into a report by an independent third party for the Board to review, and the final submission contained a number of suggestions for improvement, primarily to do with Board process efficiencies and information provided in Board packs.

Overall findings

All the Directors present on the Board at the time of the review participated, and a large majority of responses were supportive of the Board's effectiveness and the Chairman's and their own roles in supporting this. The mix of skills and experience on the Board was felt to be appropriate.

A summary of all responses is that almost 90% of all the aggregated responses were supportive and deemed the Board, themselves and the Chairman to be effective. The remaining responses were mostly neutral or had no specific opinion. Where there was some disagreement with a statement there were also positive ideas for improvements offered.

The overall conclusion was that individual Board members are satisfied that the Board, Committees and Chairman work well and operate effectively. There is constructive dialogue, and the Non-executive Directors have offered suggestions for improvements, the majority of these relating to ideas for enhancements to Board processes. Practical ideas for enhancements have been discussed by the Board and those that were not already in progress, or scheduled to be undertaken, were reviewed and the majority have been agreed to be adopted.

A selection of the suggestions that have been provided in this year's review and discussed by the Board are:

- oversight of risk management should be extended and kept up to date as the business becomes more complex including more detailed reviews if any targets or objectives are missed;
- succession planning and performance reviews can be expanded and have more targets that are specifically defined;
- additional induction training for new Directors would be beneficial as would developing Directors' understanding of some technical aspects of the business; and
- the Senior Independent Director could extend the meetings of the Non-executive Directors.

Skills development

To address the skills and experience requirements highlighted by the Board review process, the Committee reviewed a shortlist of specialist recruitment companies that were interviewed to assist with the recruitment of one new independent Non-executive Director who matched the skills, experience and diversity requirements of the Board that resulted from the evaluation process. The Committee recommended to the Board that specialist external consultancy Heidrick & Struggles ("H&S"), which has particular expertise in Amerisur's sector, was appointed to lead the search to produce a shortlist of candidates for a Non-executive Director with sustainability, community relations and corporate responsibility experience.

The Committee ensures that succession planning and Board nominees have a focus on the merit of the candidates and use objective criteria to ensure Board requirements of skills, competencies and experience are met.

An aim is also to help avoid groupthink on the Board, and promote diversity of gender, backgrounds, independence and personal strengths. The Committee ensured that H&S's search process covered a diverse range of candidates both by gender and nationality, and there was a stated requirement for female candidates to be shortlisted.

The Committee reviewed the shortlist of candidates and members of the Committee interviewed the potential nominees for suitability and presented their findings to the Board with its recommendation to appoint Elodie Grant Goodey.

The appropriate functioning of the Board was reviewed in an internal evaluation. This had fed through into the final selection of candidates for the Board positions available during the year. There was also a review of the time commitments of Board members, and all were found to have sufficient time available to perform their duties. During the independent members of the Committee's review of Directors' commitments, it was noted that the Chairman holds other chairman positions at listed companies. In its assessment that these other positions were not material from a time commitment perspective, the Committee considered: that all roles are at AIM companies; the small size of the entities (the total market capitalisation only amounts to £25m, excluding Amerisur); and that no meetings had been missed during the year under review.

Giles Clarke, Chairman of the Nomination Committee 8 April 2019

Focused on maintaining a strong control environment



Introduction

This report covers activities of the Audit Committee in 2018 and in the period up to the approval of the 2018 Annual Report and Accounts (together, the "period"). This has been a busy period for the Committee including the tender of the external audit and the introduction of our new auditor, BDO LLP.

Responsibilities and terms of reference

The key responsibilities of the Audit Committee are, in summary, to:

- monitor the integrity of the annual and interim financial statements, including focus on significant judgements and estimates used in the accounts;
- review the effectiveness of financial and related internal controls and of risk management processes; and
- oversee the relationship with our external auditor, including: reviewing its plans and audit findings; ensuring its continuing independence; and appraising the effectiveness of its work prior to considering its reappointment.

The terms of reference of the Committee are based on model terms of reference prepared by the Institute of Chartered Secretaries and Administrators ("ICSA"), and are available on the Company website.

Membership and attendance

The members of the Committee during 2018 were Chris Jenkins (Chair), Dana Coffield, Douglas Ellenor and Stephen Foss, all of whom were independent Non-executive Directors during the year under review. The Committee has continued to refresh itself with Douglas and Stephen retiring from the Board on 31 December 2018 and 1 February 2019 respectively and Alex Snow joining the Committee on 1 January 2019.

Chris Jenkins was a long-standing audit partner of KPMG UK for which he continues to provide consultancy advice. The Committee therefore includes the necessary recent and relevant financial experience. The Committee membership also includes a broad spread of experience of Colombia, oil and gas, capital markets and risk management: this breadth of knowledge provides invaluable support to the Committee in fulfilling its role.

The Committee met six times in 2018 and two times subsequent to the year end. See table on page 42. The Committee also had a number of other interactions and attended presentations during the audit tender process described below.

In addition to the above members, the Chief Financial Officer attends meetings of the Committee by invitation, as do other members of the finance team and representatives of BDO, the external auditor. Brian James, Company Secretary, acts as Secretary to the Committee.

The Committee regularly meets in private sessions without management present to ensure that points of common concern are identified and that priorities for future attention by the Committee are agreed.

The Chair of the Committee keeps in close contact with the finance team and the external audit partner between meetings of the Committee.

Audit tender process

The Audit Committee's 2017 report noted that the incumbent auditor, Grant Thornton, had served for more than 15 years and that, although Amerisur is not subject to the mandatory tender requirements for fully listed companies, the options for tendering the audit would be reviewed. Following a recommendation from the Committee, the Board agreed at its May 2018 meeting that the audit for 2018 should be put to competitive tender, as a matter of good corporate governance.

The Audit Committee had responsibility for the conduct of the tender which was conducted in accordance with best practice guidelines. The main features of the tender process were:

- Preliminary discussions were held with certain larger firms which had the requisite oil and gas experience and presence in Colombia. Since independence is a key requirement of the external auditor, two of the "Big 4" firms were excluded from this preliminary process due to identified independence issues. A further Big 4 firm, which had recently taken on the audit of a major international oil group, declined to participate.
- Two firms competed in the formal tender process: BDO LLP and a Big 4 firm, both of which have substantial oil and gas audit practices. Although the tender was confined to only two firms the Committee was satisfied that this was sufficient to provide a robust and competitive process given the firms' strong prequalification credentials and their evident commitment to the potential appointment. This proved to be the case.

Audit tender process continued

- Fender documents were sent to the competing firms setting out information on Amerisur and the award criteria, which were focused on audit quality: the standing and reputation of the firms (including recent FRC audit quality review results); capability in the sector in the UK and Colombia, including experience of cross-border audit reporting; strength of partners and managers; and the firms' audit approach and commitment to service excellence. Independence was a prerequisite. It was made clear that the Company's principal objective was to secure a quality audit at reasonable cost, and that as such fees were not the primary consideration.
- The competing firms were given access to information in a virtual data room and held meetings with the Committee Chair and with senior management in the UK and Colombia, including the CEO and CFO, prior to making their formal proposals.
- Following receipt and review of submissions, presentations were made by both competing firms to the full Committee together with the CFO (Nick Harrison) and Group Financial Controller (Helen Jones).
- The Audit Committee reviewed the results of the process including responses to supplementary questions. It was noted that two strong proposals had been received but the assessment narrowly favoured BDO, which is market leader in AIM oil and gas audits and which has a sound regulatory record. While fees were a secondary consideration it was noted that the fees proposed by BDO were somewhat lower than the Big 4 firm. Accordingly, the Audit Committee unanimously recommended the appointment of BDO, and this recommendation was endorsed by the Board.
- Following agreement on contractual formalities the appointment of BDO as our new auditor was announced on 3 August 2018.

Grant Thornton, which did not participate in the tender, formally confirmed that there were no circumstances connected with its resignation which it considered should be brought to the attention of members or creditors of the Company. In announcing the change of auditor, the Company placed on record its appreciation of the services of Grant Thornton as auditor over many years.

Financial statements

The Committee reviewed the draft interim financial statements at its September 2018 meeting and discussed the key issues with the Chief Financial Officer and with BDO which performed a limited review of the interims. For the first time our Interim Report included a published review report from our auditor.

Subsequent to the year end, the Committee has reviewed the significant judgements associated with the 2018 financial statements, including those items identified as "key audit matters" in BDO's audit opinion:

- The carrying value of exploration and evaluation ("E&E") and development and production ("D&P") assets, which form the bulk of the Group's longer-term balance sheet values. The Committee noted that (based on the criteria in IFRS 6) there were no indicators of impairment of the E&E assets, other than in respect of Paraguay where an impairment had been booked. There were no indicators of impairment of the D&P assets which would require detailed impairment assessment, and high level reviews indicated substantial headroom.
- Revenue recognition: the Committee noted that there is a presumed significant risk related to revenue recognition which informs the assessment that this is a key audit matter. The Committee noted that BDO's audit testing, including "cut-off" testing of transactions around the year end, had identified no issues.

The Committee reviewed other significant judgements and estimations underpinning the financial statements and was satisfied that the approach adopted was reasonable. The Committee also reviewed the supporting evidence for the Group being a going concern, although this is not regarded as a significant risk, and the overall disclosures in the Annual Report and Accounts to confirm that they are "fair, balanced and understandable".

The Committee reviewed papers prepared by the finance team and the findings from BDO's external audit in relation to the above matters.

Note 4 to the financial statements explains certain prior year adjustments arising from the year end accounts closing and audit process. These have a net debit effect of \$1,059,000 on the reported result for 2017.

AUDIT COMMITTEE REPORT CONTINUED

Internal controls and risk management

Historically, the Committee has been responsible for oversight of financial and related controls, including certain compliance matters. In the last quarter of 2018, the Board determined that the Committee should have delegated oversight of broader aspects of the Company's risk management processes. This evolution of the Committee's responsibilities is in line with general corporate governance practice in the listed sector.

At its meeting in Bogota in March 2019, the Committee reviewed a summary risk register recording the principal risks faced by the Group, and how they are managed and mitigated (and where relevant subject to independent assurance). The Committee discussed the risk register with the CEO and the CFO, focusing on the identification of major risks and ensuring that there is appropriate responsibility assigned for their management.

The structure of the risk register was agreed with management and this will be used as the principal tool for management to report to the Committee in future on the development and management of the Group's principal risks.

During the period, the Committee has reviewed key elements of internal controls including:

- progress in addressing internal control recommendations by Grant Thornton following the 2017 audit;
- tax matters, including a briefing from the Company's tax advisers on the status of our tax affairs in Colombia and the overall tax risk profile; and
- code of conduct matters including anti-bribery and corruption ("ABC") policies and procedures and whistleblowing arrangements. The Committee received a detailed briefing from the general counsel at its October meeting in Bogota on the policies and procedures in these areas.

The Committee periodically discusses with management the potential need for an internal audit function. The Committee noted at its March 2019 meeting that management is currently reviewing the introduction of an internal audit function, and how it might best be resourced, in light of the current and projected growth in the Group's activities.

External audit

The Committee is responsible for oversight of the Company's relationship with BDO, our external auditor.

The Committee is keen to ensure the independence of our external auditor. During the year, the Committee reviewed and updated its policy for the provision of non-audit services by the external auditor. The policy provides that fees for non-audit services should not normally exceed 50% of the audit fees (which compares to an equivalent cap of 70% of audit fees now applicable to fully listed companies). The Chair and if necessary the full Committee are responsible for approving major items of non-audit work, and the Committee receives summaries of non-audit fees to ensure compliance with our policies. In 2018, the only additional service provided by BDO was the audit related review of the Interim Report. BDO has formally confirmed its independence to the Committee both at the start of its audit work and prior to signing its audit opinion.

The Committee also reviews the effectiveness of the external audit and receives feedback from management as well as its own direct interaction with BDO prior to recommending its reappointment. Following the Committee's recommendation, BDO will be proposed for appointment as auditor for 2019 at the forthcoming AGM.

Conclusion

In 2019 and beyond the Committee expects to continue its monitoring of financial reporting and of internal controls and risk management, as these evolve in response to the Group's continuing growth and new partnerships.

Chris Jenkins, Chairman of the Audit Committee 8 April 2019

INTRODUCTION TO THE REMUNERATION REPORT

Ongoing commitment to shareholders to link incentives to performance



Letter from the Chairman of the Remuneration Committee

This report is for the period to 31 December 2018. It sets out the remuneration policy and the remuneration details for the Executive and Non-executive Directors of the Company.

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors and the executive management. The Committee ensures that the remuneration practices of the Company move towards best practice in light of the Company's size and profile and with the interests of shareholders. The terms of reference for the Remuneration Committee can be found on the Company website at

www.amerisurresources.com/about/board-committees.

As an AIM-quoted company, the information provided is disclosed to fulfil the requirements of AIM Rule 19. Amerisur Resources plc is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008; however, the Company is committed to achieving high governance standards. The information is unaudited except where stated.

The members of the Remuneration Committee are Dana Coffield (Chairman, appointed 1 January 2019 in light of the resignation of Stephen Foss), Chris Jenkins, Alex Snow and Elodie Grant Goodey (appointed 8 October 2018).

Dear shareholder,

I am pleased to introduce the Directors' remuneration report for the 2018 financial year.

This letter from the Chairman of the Remuneration Committee introduces the report, outlines the major decisions on Directors' remuneration and any substantial changes relating to Directors' remuneration made during the year and explains the context in which these changes occurred and decisions have been taken.

Last year the Company put an advisory vote on its Directors' remuneration report to shareholders at its AGM and was pleased that this resolution received strong support. A similar resolution will be put to shareholders at the 2019 AGM. The Committee welcomes all shareholder feedback on remuneration and I will be available at the AGM to answer any questions which shareholders have on this topic.

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 and leadership capabilities. 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 and as such a significant portion of remuneration is based on performance. Annual bonus and long-term incentives are subject to challenging performance targets.

The main elements of the remuneration package are basic salary and fees, benefits, annual performance related bonuses and long-term share incentives. The policy in each area is detailed later in this report.

Performance and decisions on remuneration taken

2018 was a challenging year for the Company in delivering its drilling programme on schedule and in growing production. Only two of up to 14 budgeted wells were drilled, and production declined steadily through the year. The first well that was drilled, Pintadillo-1, found a modest accumulation of oil, whereas the second well, Indico-1, resulted in a substantial oil discovery that has now brought on new production and which will be the focus of additional drilling in 2019. Amerisur did deliver increased throughput capacity in the OBA pipeline system with expansion of the Chiritza pumping station capacity to 9,000 BOPD. In November, Amerisur entered into a transformational farm-out agreement with Occidental Andina LLC, an affiliate of Occidental Petroleum Corporation. Oxy will fund a \$93.25m exploration and appraisal programme between 2019 and 2021 in four contract areas in the Putumayo basin to earn a 50% working interest in those contracts. Amerisur will retain 50% interest and will remain Operator. Amerisur also completed the acquisition of the outstanding working interest in the Mecaya contract in the Putumayo basin, bringing the Company to 100% working interest holder and Operator, and acquired Put-14 for nil cost to Amerisur.

INTRODUCTION TO THE REMUNERATION REPORT CONTINUED

Performance and decisions on remuneration taken continued

The 2018 bonus award was capped at 100% of salary for the CEO and CFO subject to weighted performance categories. Annual bonus remains discretionary. At the start of each year, the Remuneration Committee specified targets in a number of areas for both the CEO and CFO and assigned an indicative weighting to each reflecting the Company's priorities in that year. For the CEO in 2018 these included: operations (15%); production (20%); reserves (20%); new business development (15%); financial performance (15%); and HSEQ (15%). The Remuneration Committee assessed performance across these areas. In the light of performance across these areas, the CEO's 2018 bonus was 50% of salary. In considering the CEO's 2018 performance, the Committee recognised the delays in drilling and production growth noted above. The Committee also noted the outstanding achievement in securing the Oxy farm-out, the drilling success at CPO-5 and related reserves increase, as well as ongoing HSEQ performance.

For the CFO in 2018 these areas included: efficient management of the finance function (20%), development of the finance function (15%), forward financial planning (25%), external relations (20%) and support for corporate development (20%). The Remuneration Committee assessed performance across these areas. In the light of performance, the CFO's 2018 bonus was 50% of salary. The annual bonus is subject to malus and clawback provisions. Under the Company LTIP and in line with remuneration policy, the Company made LTIP awards to the CEO and CFO in April 2018 to the equivalent of approximately 150% and 100% of salary respectively.

Development of remuneration policy

The Remuneration Committee has taken a series of steps since 2015 to develop the remuneration policy. The Committee believes that the policy has achieved alignment of interests with shareholders and a high level of corporate governance compliance given the profile of the Company. These include the implementation of further two-year holding periods for share awards, making the total aggregate vesting and holding period five years for long-term incentives, and malus and clawback provisions have been attached to annual bonus and LTIP awards. These measures were introduced in 2018.

Decision for 2019

The CEO salary for 2019 is unchanged from 2018 and remains \$850,000. The CFO salary for 2019 has increased by 3% from 2018 to £200,200. NED fees remain unchanged in 2019 from 2018.

Other than as set out above, no changes were made to the basic remuneration levels of the Executive Directors and the Non-executive Directors for 2019.

Core objectives for 2019 see consistently strong levels of reserve development and production growth as a priority, as well as operational, financial, corporate development, new business initiatives and HSEQ. The 2019 bonus award will remain capped at 100% of salary and subject to weighted performance categories for the CEO as specified later in the report.

The Company anticipates making LTIP awards to Executive Directors in spring 2019 of up to 150% of base salary. These awards will be made to the CEO, the CFO and other staff members and vesting will be subject to performance conditions. For the CEO and CFO, these awards will be subject to a two-year holding period after the three-year performance period. The awards will be subject to clawback and malus provisions.

I hope that you find the report helpful and informative and I look forward to receiving further feedback from our investors on the information presented.

Dana Coffield, Chairman of the Remuneration Committee

8 April 2019

REMUNERATION REPORT

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.

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. He receives no pension. The Chief Financial Officer receives a Company pension contribution at 10% of his basic salary, private healthcare and a car benefit. The Chairman receives a pension contribution at 10% of his fees 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.

In respect of 2019, the major corporate objectives for the year continue to be to grow and diversify production, focus on growing reserves and resources through our development and exploration programmes and continue to leverage the strategic advantage of the OBA infrastructure. The target areas and weightings are as follows.

- For the CEO: operations (15%); production (30%); reserves (20%); new business development (10%); organisational development (10%); and HSEQ (15%).
- For the CFO: efficient management of the finance function (15%); development of the finance function (15%); forward financial planning (25%); external relations (25%); and support for corporate development (20%).

Non-executive Directors

The remuneration of Non-executive Directors comprises 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 2018 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.

The remuneration of the Non-executive Directors is determined by the Board excluding the Non-executive Directors.

There was no change in Non-executive remuneration for 2016, 2017, 2018 and 2019.

Directors' remuneration

The tables below set out the remuneration of the Chairman and Executive and Non-executive Directors during 2018 and 2017 and it includes a single total figure for each Director. Under current policy, the Chairman and Non-executive Directors do not receive stock option awards:

		Pension	
Salaries	Annual	and other	2018 Single
and	bonus	taxable	figure
			Total
\$'000	\$′000	\$′000	\$'000
270	_	33	303
850	425	180	1,455
260	130	46	436
97	_	_	97
91	_	_	91
78	_	_	78
78	_	_	78
85	_	_	85
22	_	_	22
1,831	555	259	2,645
	97 91 78 78 85 22	and fees for 2018 \$'000 270 — 850 425 260 130 97 — 91 — 78 — 78 — 78 — 85 — 22 —	Salaries and bonus fees for 2018 benefits \$'000 Annual bonus fees for 2018 benefits benefits \$'000 270 — 33 850 425 180 260 130 46 97 — — 91 — — 78 — — 78 — — 85 — — 22 — —

REMUNERATION REPORT CONTINUED

Directors' remuneration continued

Audited	Salaries and fees \$'000	Annual bonus for 2017 \$'000	Pension and other taxable benefits \$'000	2017 Single figure Total \$'000
Chairman				
G Clarke ¹	262	_	27	289
Executive Directors				
J Wardle	850	748	180	1,778
N Harrison ¹	234	187	43	464
V Valdovinos³	29	_	_	29
G Woodcock ^{3,2}	72	_	_	72
Non-executive Directors				
S Foss ¹	94	_		94
C Jenkins ¹	88	_		88
D Ellenor ¹	66	_	_	66
D Coffield ⁴	55	_		55
A Snow ^{1,4}	56	_	_	56
N Luson³	18	_		18
	1,824	938	250	3,009

- 1 Cash payments are made in local currency and then translated into US\$; therefore, cash remuneration totals are impacted by exchange rate movements during the year.
- 2 Details of the consultancy fees paid to companies under the control of these Directors can be found in Note 41.
- 3 Fees up to the date of resignation.
- 4 Fees from date of appointment.

Directors' contracts and payments for loss of office

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

Full-time Executive Directors have contracts which can be terminated by either party on twelve months' notice. The CEO will be entitled to a lump sum payment of twelve months of his annual salary in the event he or the Company terminates the contract within six months of a change in control. The Chief Financial Officer will be entitled to a lump sum payment of twelve months of his annual salary and benefits 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 can be terminated by either party on three months' notice. The appointment of the Chairman can be terminated by either party on twelve months' notice.

Long Term Incentive Plan ("LTIP")

An element of the executive remuneration package is the granting of share awards under the LTIP. Awards under the LTIP were made to the CEO and CFO in 2018.

The 2015 LTIP award was 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 CFO were subject to a share price performance target. This share price target was missed and so all of the awards granted to the Chairman and the CFO lapsed in full and the portion of the CEO's award subject to the share price condition lapsed.

In February 2018, the Remuneration Committee determined that 60% of the CEO award subject to

the installation of the OBA pipeline vested, totalling 2,262,000 shares, following the assessment of the results of the commissioning and operation of the pipeline.

The 2016 LTIP award, made on 20 May 2016, comprised a total of 11,300,000 awards, of which 6,300,000 were made to Directors as set out in the table below. Half of these awards are subject to an absolute total shareholder return ("TSR") performance condition whereby 30% of this portion will vest if 10% compound annual returns are achieved, measured at the end of the three-year performance period, and 100% will vest if 20% compound annual returns are achieved, with straight line vesting between these points. The base price for the share price growth is 27.5 pence, being the average of the closing price for the three calendar days prior to grant.

Half of the awards are subject to a comparative TSR performance condition whereby 30% of this portion will vest at median performance, measured against the comparator group (listed below) at the end of the three-year performance period, and 100% will vest at upper quartile performance, with straight line vesting between these points.

The 2016 awards vest in May 2019 subject to the meeting of the performance conditions.

No LTIP awards were granted in 2017.

Long Term Incentive Plan ("LTIP") continued

The 2018 LTIP award comprised a total of 12,954,642 awards of which 6,654,642 were made to Directors. Half of the Director awards are subject to a comparative TSR performance condition and half subject to an absolute TSR performance condition, measured on the same basis as those awarded in 2016. The awards have a base price of 16.6 pence.

The comparator for the 2018 award comprised the following UK and Canadian quoted E&P companies: Bowleven Oil & Gas, Cairn Energy, Canacol Energy, EnQuest, Faroe Petroleum, Genel Energy, Gran Tierra Energy, Lekoil, Ophir Energy, Pantheon Resources, Parex Resources, Parkmead Group, Premier Oil, SOCO International, Sound Oil and Tullow Oil.

The comparator group for 2019 has been modified, considering industry consolidation, changes in market capitalisation, reserves and production, to include the following UK and Canadian quoted E&P companies: Arrow Exploration, Bowleven Oil & Gas, Canacol Energy, Echo Energy, EnQuest, Genel Energy, Gran Tierra Energy, Lekoil, Pantheon Resources, Parex Resources, Parkmead Group, Petrotal, Phoenix Global, SOCO International and Sound Energy.

The Company expects to make LTIP awards in 2019.

Share options

Director	As at 1 January 2018	Granted	Exercised	Lapsed	As at 31 December 2018	Exercise price	Exercise period begins	Exercise period ends
G Clarke	3,000,000	_	_	_	3,000,000	15.0p	23/12/09	23/12/19
J Wardle	3,000,000	_	_	_	3,000,000	11.1p	23/12/09	23/12/19
N Harrison	3,000,000	_	_	_	3,000,000	15.0p	23/12/09	23/12/19

LTIP awards¹

	As at 1 January				As at 31 December	Exercise	Vesting period	Vesting period
Year of award	2018	Granted	Exercised	Lapsed ²	2018	price	begins	ends
G Clarke								
2015	1,500,000	_	_	(1,500,000)	_	0.1	07/02/15	07/02/18
2016	1,100,000	_	_	_	1,100,000	0.1	20/05/16	19/05/19
	2,600,000	_	_	(1,500,000)	1,100,000			
J Wardle								
2014	1,750,000	_	_	_	1,750,000	0.1	15/02/14	14/02/19
2015	3,770,000	_	_	(1,508,000)	2,262,000	0.1	07/02/15	07/02/18
2015	6,370,000	_	_	(6,370,000)	_	0.1	07/02/15	07/02/18
2016	4,200,000	_	_	_	4,200,000	0.1	20/05/16	19/05/19
2018	_	5,484,028	_	_	5,484,028	0.1	23/04/18	22/04/21
	16,090,000	5,484,028	_	(7,878,000)	13,696,028			
N Harrison	1							
2015	1,500,000	_	_	(1,500,000)	_	0.1	07/02/15	07/02/18
2016	1,000,000	_	_	_	1,000,000	0.1	20/05/16	19/05/19
2018	_	1,170,614	_	_	1,170,614	0.1	23/04/18	22/04/21
	2,500,000	1,170,614	_	(1,500,000)	2,170,614			
Total	21,190,000	6,654,642	_	(10,878,000)	16,966,642			

- 1 Details of the awards and their conditions are set out in Note 43.
- 2 For remaining LTIP awards.

Shareholder engagement

The Remuneration report received the support of in excess of 90% of shareholders at the 2018 AGM, and the adoption of the remuneration reports have been supported by shareholders at the two previous AGMs.

During the year, the Remuneration Committee has engaged with a range of shareholders and other interested parties regarding the appropriateness of remuneration packages. This is an ongoing engagement exercise and one where the Committee welcomes feedback and suggestions from our shareholder base.

Dana Coffield, Chairman of the Remuneration Committee

DIRECTORS' REPORT

The Directors present their report together with the Group and parent company financial statements for the year ended 31 December 2018.

Performance of the business and future developments

A review of the business and future developments of the Group are presented within the Strategic report.

Dividends

The Directors do not recommend the payment of a dividend for the year (2017: \$nil).

The Directors will be proposing a resolution at the forthcoming AGM to reorganise the Company's capital in order to create distributable reserves to enable the payment of a dividend in the future.

Events since the balance sheet date

Details of significant post-balance-sheet events are set out in Note 42 to the Group financial statements.

Directors' interests in share capital

The Directors who served the Company during the year, together with their beneficial interests in shares in the Company, were as follows:

	At 31 Decemb	per 2018	At 31 Decemb	er 2017
	Shares	Share options	Shares	Share options
G Clarke	18,005,227	4,100,000	17,505,227	5,600,000
J Wardle	30,701,505	16,696,028	21,172,505	19,090,000
N Harrison	6,460,152	5,170,614	6,460,152	5,500,000
S Foss ³	600,000	_	600,000	_
D Ellenor ¹	1,200,000	_	1,200,000	_
C Jenkins	1,400,000	_	1,050,000	_
D Coffield	600,000	_	151,000	_
A Snow	500,000	_	500,000	_
E Grant Goodey ²	36,959	_	_	_

- 1 Resigned on 31 December 2018.
- 2 Appointed on 8 October 2018.
- 3 Resigned on 1 February 2019.

Details of Directors' service agreements are set out on page 54.

Details of the Directors' interests in long-term incentive schemes are set out in the Remuneration report on pages 54 and 55.

Details of Directors submitting themselves for election and re-election at the AGM are set out in the notice of meeting and the biographies of all Directors are set out on pages 36 and 37.

Service contracts and letters of appointment for all Directors are available for inspection at the registered office of the Company.

Subject to applicable law and the Articles of Association and to any directions given by special resolution, the business of the Company will be managed by the Board, which may exercise all the powers of the Company.

Directors' indemnity insurance

The Company may purchase and maintain, for any Director or officer, insurance against any liability.

The Company maintains appropriate insurance cover against legal action bought against its Directors and officers.

Share capital

Details of the share capital of the Company are set out in Note 32 to the Group financial statements.

At 31 December 2018, there were 40,756,642 (2017: 47,055,000) unissued ordinary shares of 0.1 pence under options. Note 43 of the financial statements sets out the details of the share option schemes in place and 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.

Substantial shareholdings

The following shareholders held 3% or more of the issued share capital of the Company as at 29 March 2019:

Shareholder	Number of shares	% of issued capital (as at date of notification)
Michinoko Ltd	134,452,585	11.06
Canaccord Genuity Wealth Management	93,948,430	7.73
Hargreaves Lansdown Asset Management	80,767,967	6.65
FIL Investment International	80,616,975	6.63
River & Mercantile Asset Management	75,124,824	6.18
AXA Investment Managers	69,125,693	5.69
Interactive Investor	60,990,947	5.02
Legal & General Investment Management	56,822,069	4.67
Jarvis Investment Management	37,728,963	3.10

Financial instruments

Details of the use of financial instruments, disclosures on financial risk management and exposure to risk are contained in Note 37 to the financial statements.

Political donations

No political donations were made, and nor was any political expenditure incurred, by any Group company in the year ending 31 December 2018 (2017: \$nil).

Auditor

The new auditor, BDO LLP, has acted as independent external auditor for the year ending 31 December 2018 having taken over from Grant Thornton UK LLP after a competitive tender, and in light of the long tenure of Grant Thornton. The Company has a policy of approval of non-audit services by the auditor to preserve independence and shareholders will be presented with a resolution on BDO's reappointment at the AGM

Disclosure of information to auditor

So far as each Director is aware, there is no relevant information of which the Company's auditor is unaware. Each Director has taken all steps that ought to have been taken as a Director to make him or herself aware of any relevant audit information and to establish that BDO LLP is aware of that information.

Information set out in the Strategic report

The Directors have chosen to set out the following information in the Strategic report which would otherwise be required to be contained in the Directors' report:

- performance of the business;
- financial review;
- 🐲 principal risks and uncertainties; and
- # likely future developments.

Corporate governance

The Statement on corporate governance can be found in the Corporate governance report on pages 38 to 45 of this report. The Corporate governance report forms part of this Directors' report and is incorporated into it by cross-reference.

AGM 2019

The AGM of the Company will be held on Tuesday 14 May 2019. The resolutions to be proposed at the AGM are set out and fully explained in the Circular containing the notice of AGM which has been posted to shareholders at the same time as this Annual Report and Accounts.

By order of the Board

Nick Harrison, Chief Financial Officer

8 April 2019

Company number: 04030166

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group and Company 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 the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"). 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 of the Group and Company and the profit or loss of the Group for that year.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant, reliable and prudent;
- state whether International Financial Reporting Standards ("IFRS") as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Responsibility statement

Each of the Directors confirms that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position of the Group and the Company and of the profit or loss of the Group;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces;
- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware: and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors is aware of that information.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 8 April 2019 and is signed on its behalf by:

John Wardle, CEO **Nick Harrison,** CFO 8 April 2019 8 April 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AMERISUR RESOURCES PLC

Opinion

We have audited the financial statements of Amerisur Resources PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the income statement, the statement of other comprehensive income, the balance sheets, the statement of changes in equity, the statements of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018
 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of exploration and evaluation (E&E) and development and production (D&P) assets (see notes 17 and 18)

As at 31 December 2018 the Group's non-current assets represent the most significant assets on its balance sheet.

For both the E&E and D&P assets Management and the Board are required to assess whether there are any potential impairment triggers which would indicate that the carrying value of the assets may not be recoverable. Management and the Board did not identify any impairment triggers in respect of the Colombian assets but concluded it was appropriate to impair the Paraguayan assets.

Given the materiality of the assets in the context of the Group's balance sheet, and the judgements involved in this area, we consider this to be a key audit matter.

How we addressed the key audit matter in our audit

Our specific audit testing in this regard included:

- Performing an onsite visit to assets within one of the Group's CGUs in order to gain a detailed understanding of the nature of the Group's operations
- Reading the licence agreements in order to confirm their validity and assess compliance with key terms
- · Meeting with operational management in order to gain an understanding of the activity and development of the assets in the year
- Performing an assessment against the accounting standard requirements of Management's and the Board's conclusion around the number of cash generating units ("CGUs") identified
- Comparing Management's and the Board's impairment indicators assessment for each CGU against the criteria in the applicable
 accounting standard for each asset class in order to determine whether their assessment was complete and in accordance with the
 requirements of the accounting standards
- Performing an independent audit assessment of financial and non-financial data for potential impairment indicators
- Analysing available budgets, forecasts and strategic plans to consider the extent to which Management's and the Board's
 judgements regarding future planned exploration activity is supported by those plans

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF AMERISUR RESOURCES PLC

How we addressed the key audit matter in our audit continued

- Assessing the competence of Management's reserves report expert by reviewing the available competent persons reports, as
 applicable and field development plans, where available and comparing key model inputs to data obtained elsewhere during the
 course of the audit and third party publicly available information in order to benchmark the assumptions applied by the expert. Our
 work was undertaken in order to assess whether there were any potential impairment triggers highlighted in the models which had
 not previously been identified, and
- Reviewing and assessing the adequacy of the disclosures in the financial statements to ensure that they were prepared in accordance with the requirements of the accounting standards.

Revenue recognition (see note 6)

The Group generated revenues of \$108 million from the sale of oil. There is considered to be an inherent fraud risk associated with the recognition of revenue in particular with regard to ensuring revenue is recognised in the correct accounting period.

In addition the Group was required to adopt IFRS 15 'Revenue Recognition' for the first time in this accounting period which required the Group to review their accounting policy for compliance with the new Standard.

How we addressed the key audit matter in our audit

Our specific audit testing in this regard included:

- Reading the terms of key sales agreements and assessing the impact of the contract terms on Management's and the Board's
 determination of the Group's revenue recognition policy, the impact on the Group's initial adoption of IFRS 15 and the transition
 adjustments identified
- Assessing the Group's revenue recognition policy against the requirement of the accounting standard and checking the consistency
 of the application of the policy to the Group's contractual arrangements with its customers
- · Verifying a sample of oil production revenues to supporting evidence and the receipt of payments for sales to bank statements
- Performing cut-off procedures on revenue recorded around the year end by testing a number of pre and post year end transactions
 to supporting documentation in order to ensure the transactions had been recorded in the correct accounting period
- Creating an analytical expectation of total revenue based on operational data and external market prices and comparing the
 expectation to the actual revenue recorded. Explanations for variances outside our predetermined threshold of acceptable
 variances were investigated
- Assessing the accounting for royalties associated with revenue recognised to source documentation and the guidance on the
 presentation of such in the accounting standards, and
- Reviewing the disclosures in the financial statements to ensure that they were prepared in accordance with the requirements of the accounting standards, with a particular focus on the IFRS 15 first time adoption disclosures.

Our application of materiality

Group materiality FY 2018 Basis for materiality

\$520,000 4% of Group's average profit/(loss) before taxation during the three year period ended 31 December 2018

Profit before taxation was determined to be the appropriate basis for materiality as the principal focus of the Group is the profitable operation of its oil and gas assets.

Materiality for the Parent Company was set at \$360,000, having been restricted to ensure that it was below Group materiality.

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at 75% of the above materiality levels.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of \$14,000.

Whilst materiality for the financial statements as a whole was \$520,000 each significant component of the Group was audited to a lower level of materiality ranging from \$300,000 to \$500,000 which was used to determine the financial statement areas that were included within the scope of the Component audits and the extent of sample sizes used during the audit.

An overview of the scope of our audit

Our Group audit scope focused on the Group's principal activities and the reporting entities in which these operations were held. As a result we determined that there were three significant components. The three significant components and the Group consolidation, were all subject to full scope audits.

An overview of the scope of our audit continued

The remaining components of the Group were considered non-significant and these components were principally subject to analytical review procedures, together with additional substantive testing over the risk areas detailed above where applicable to that component.



- Full scope audit and significant risk areas
- Analytical and other procedures

Two of the significant components were geographically located in Colombia. The audit of these two significant components was performed in Colombia by a BDO member firm. BDO LLP conducted the audit of the Parent Company, undertook the review work on the non-significant components, audited the majority of the areas determined during the course of the audit to be significant audit risks and audited the consolidation. All audit work (full scope audit or review work) was conducted by BDO LLP and BDO member firms.

As part of our audit strategy the Group audit team were present onsite in Colombia during the planning, execution and completion of the Colombian audit work by the Colombian component auditor. The Group audit team met with Management of the Colombian operations during the onsite work. BDO LLP had full access to all audit working papers of the significant components audited by the BDO member firm.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF AMERISUR RESOURCES PLC

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Sayers, (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor London

8 April 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$'000	2017 \$'000 Restated
Revenue		108,243	84,727
Cost of sales		(77,510)	(66,677)
Gross profit		30,733	18,050
Expenses			
Administrative expenses		(18,190)	(16,515)
Impairment of assets	17	(1,544)	(1,216)
		(19,734)	(17,731)
Operating profit		10,999	319
Net foreign exchange (losses)/gains	10	(2,576)	1,369
Finance and similar charges	11	(541)	(1,622)
Finance income	12	539	284
Profit before taxation		8,421	350
Taxation	13	(6,838)	11,163
Profit after taxation for the year attributable to the equity owners of			
Amerisur Resources plc	35	1,583	11,513
	Note	Cents	Cents
Basic earnings per share	14	0.13	0.95
Diluted earnings per share	14	0.13	0.94

Refer to Note 4 for detailed information on Restatement of comparatives.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Grou	ıp
		2018 \$′000	2017 \$'000 Restated
Profit after taxation for the year attributable to the equity owners of			
Amerisur Resources plc	35	1,583	11,513
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		800	(286)
Other comprehensive income/(loss) for the year, net of tax		800	(286)
Total comprehensive income for the year attributable to the equity owners of			
Amerisur Resources plc		2,383	11,227

Refer to Note 4 for detailed information on Restatement of comparatives.

The above statement of other comprehensive income should be read in conjunction with the accompanying notes.

BALANCE SHEETS

AS AT 31 DECEMBER 2018

	Note		Group			Company	
		2018 \$'000	Restated 2017 \$'000	Restated 2016 \$'000	2018 \$′000	Restated 2017 \$'000	Restated 2016 \$'000
Assets							
Non-current assets							
Financial assets at amortised cost	15	_	_		36,573	51,107	50,725
Investments	16	_	_	_	23,822	20,698	20,607
Intangible assets	17	27,624	43,808	36,341	_	106	106
Development and production assets	18	122,328	111,037	103,330	_	_	_
Other property, plant and equipment	19	39,209	36,645	36,059	_	_	_
Deferred tax asset	20	3,971	5,912		_	_	_
Restricted cash	21	1,746	1,836	_	_	_	_
Total non-current assets		194,878	199,238	175,730	60,395	71,911	71,438
Current assets							
Cash and cash equivalents	22	34,883	29,930	40,051	33,909	22,250	35,759
Trade and other receivables	23	29,705	16,343	15,078	189	267	1,257
Inventories	24	10,667	5,176	5,085	_	_	_
Restricted cash	25	7,512	9,496	2,233	6,900	8,143	2,233
Total current assets		82,767	60,945	62,447	40,998	30,660	39,249
Total assets		277,645	260,183	238,177	101,393	102,571	110,687
Liabilities							
Non-current liabilities							
Amounts due to subsidiary undertakings	26	_	_	_	1,226	_	_
Other payables	27	2,827	_	_	_	_	_
Provisions	28	6,923	5,762	2,633	_	_	_
Deferred tax liabilities	29	17,940	14,947	21,516			
Total non-current liabilities		27,690	20,709	24,149	1,226		_
Current liabilities							
Trade and other payables	30	37,238	31,107	18,541	1,921	520	2,069
Provisions	31	698			_		
Total current liabilities		37,936	31,107	18,541	1,921	520	2,069
Total liabilities		65,626	51,816	42,690	3,147	520	2,069
Net assets		212,019	208,367	195,487	98,246	102,051	108,618
Equity							
Share capital	32	1,761	1,761	1,761	1,761	1,761	1,761
Share premium	33	144,941	144,941	144,941	144,941	144,941	144,941
Reserves	34	37,751	35,682	34,315	27,693	26,424	24,644
Retained earnings	35	27,566	25,983	14,470	(76,149)	(71,075)	(62,728)

Refer to Note 4 for detailed information on Restatement of comparatives.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the individual parent undertaking income statement. The result for the Company for the year was a loss of \$5,074,000 (2017: loss of \$8,220,000).

The financial statements were approved for issue by the Board of Directors on 8 April 2019 and were signed on its behalf by:

Nick Harrison, Chief Financial Officer

8 April 2019

Company number: 0403166

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

Balance at 31 December 2018		1,761	144,941	13,532	14,161	(76,149)	98,246
Total comprehensive loss for the year Transactions with owners: Share-based payments (Note 43)		_	_		1,269	(5,074)	(5,074) 1,269
Loss after taxation for the year Other comprehensive income for the year, net of tax		· 		, 		(5,074)	(5,074)
Company Balance at 1 January 2018		capital \$'000	premium \$'000	reserve \$'000	reserve \$'000	deficit \$'000 (71,075)	equity \$'000
Refer to Note 4 for detailed information on Restatemen	nt of compa	ratives.	Share	Merger	Share-based payment	Accumulated	Total
Balance at 31 December 2017		1,761	144,941	13,532	12,892	(71,075)	102,051
Total comprehensive loss for the year Transactions with owners: Share-based payments (Note 43)		_ _	_ _	_ _	1,653	(8,220)	(8,220) 1,653
Balance at 1 January 2017 - restated Loss after taxation for the year Other comprehensive income for the year, net of tax		1,761 — —	144,941 — —	13,532 — —	11,239 — —	(62,855) (8,220) —	108,618 (8,220) —
Balance at 1 January 2017 Adjustment for correction of error (Note 4)		1,761 —	144,941 —	13,532 —	11,112 127	(62,846) (9)	108,500 118
Company		Share capital \$'000	Share premium \$'000	Merger reserve \$'000	Share-based payment reserve \$'000	Accumulated deficit \$'000	Total equity \$'000
Balance at 31 December 2018	1,761	144,941	13,532	14,161	10,058	27,566	212,019
Total comprehensive income/(loss) for the year Transactions with owners: Share-based payments (Note 43)	_ _	_	_	1,269	800	1,583	2,383 1,269
Profit after taxation for the year Other comprehensive income for the year, net of tax		_ _	_ _	_ _	800	1,583 —	1,583 800
Balance at 1 January 2018	1,761	144,941	13,532	12,892	9,258	25,983	208,367
Refer to Note 4 for detailed information on Restatement Group	Share capital	Share premium \$'000	Merger reserve \$'000	Share-based payment reserve \$'000	Foreign exchange reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 31 December 2017	1,761	144,941	13,532	12,892	9,258	25,983	208,367
Total comprehensive (loss)/income for the year Transactions with owners: Share-based payments (Note 43)				1,653	(286)	11,513	11,227
Balance at 1 January 2017 – restated Profit after taxation for the year Other comprehensive loss for the year, net of tax	1,761 — —	144,941 — —	13,532 — —	11,239 — —	9,544 — (286)	14,470 11,513 —	195,487 11,513 (286)
Balance at 1 January 2017 Adjustment for correction of error (Note 4)	1,761 —	144,941 —	13,532 —	11,112 127	9,544 —	14,597 (127)	195,487 —
Group	Share capital \$'000	Share premium \$'000	Merger reserve \$'000	payment reserve \$'000	exchange reserve \$'000	Retained earnings \$'000	Total equity \$'000

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 \$′000	2017 \$'000 Restated	2018 \$′000	2017 \$'000 Restated
Cash flows from operating activities					
Profit/(loss) before taxation for the year		8,421	350	(5,074)	(8,220)
Adjustments for:					
Depreciation and amortisation	18 & 19	20,194	16,630	_	_
Impairment	17	1,544	1,216	1,404	2,323
Share-based payments	8	1,269	1,653	449	811
Finance costs – non-cash	11	126	1,115	_	987
Foreign currency differences		2,576	1,369		
		34,130	22,333	(3,221)	(4,099)
Change in operating assets and liabilities:					
Decrease/(increase) in trade and other receivables	23	(12,973)	(8,322)	78	(1,180)
(Increase) in inventories	24	(5,491)	(91)	_	_
Increase/(decrease) in trade and other payables	30	4,941	10,705	(33)	(1,352)
Decrease in other provisions	28	(11)	_	_	_
Increase in other non-current payables		177	_		_
		20,773	24,625	(3,176)	(6,631)
Taxes (paid)/refunded	13	(2,880)	5,107		
Net cash from/(used in) operating activities		17,893	29,732	(3,176)	(6,631)
Cash flows from investing activities					
Purchase of E&E asset	17	(550)	(4,850)	_	_
Net decrease/(increase) in intercompany loans	15	_	_	15,377	(625)
Increase in investments	16	_	_	(1,785)	_
Payments for property, plant and equipment (inc D&P assets)	18 & 19	(12,087)	(23,792)	_	_
Payments for E&E assets	17	(5,027)	(2,112)	_	_
Contribution from Put-14 acquisition	27	2,650		_	_
Proceeds from disposal of investments		_	_	_	(1,330)
Movement in restricted cash	25	2,074	(9,099)	1,243	(4,923)
Net cash (used in)/from investing activities		(12,940)	(39,853)	14,835	(6,878)
Net increase/(decrease) in cash and cash equivalents		4,953	(10,121)	11,659	(13,509)
Cash and cash equivalents at the beginning of the financial year		29,930	40,051	22,250	35,759
Cash and cash equivalents at the end of the financial year	22	34,883	29,930	33,909	22,250

The above statements of cash flows should be read with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2018

1. General information

Amerisur Resources plc is a public company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is Amerisur Resources plc, Lakeside, St Mellons, Cardiff CF3 0FB. The primary activity of the Group is the discovery and production of oil and gas. It is listed on the Alternative Investment Market ("AIM") of the London Stock Exchange.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended accounting standards and interpretations adopted

The Group has adopted all of the new or amended accounting standards and interpretations issued by the International Accounting Standards Board ("IASB") that are mandatory for the current reporting period.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

The following new accounting standards and interpretations are most relevant to the Group:

IFRS 9 'Financial Instruments'

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies but there were no adjustments to the amounts recognised in the financial statements.

i) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial assets and liabilities.

The table below shows the new classification of financial assets on adoption of IFRS 9 compared to IAS 39.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Change in carrying amount (\$)
Trade and other receivables	Loans and receivables	Amortised cost	No impact
Cash and cash equivalents	Loans and receivables	Amortised cost	No impact
Restricted cash	Loans and receivables	Amortised cost	No impact

ii) Impairment of financial assets

IFRS $\dot{9}$ replaces the "incurred loss" model in IAS 39 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

For trade receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The Group's trade receivables are generally settled on a short time frame without material credit risk concerns at the time of transition, so this change in policy had no impact on the amounts recognised in the financial statements.

Management assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. This had the effect of reclassifying the loans to subsidiary undertakings from loans and receivables to financial assets at amortised cost, but had no impact on the measurement of the loans or on equity.

Loans to subsidiary undertakings are subject to IFRS 9's new expected credit loss model. As all intercompany loans are repayable on demand, the loan is considered to be in stage 3 of the IFRS 9 ECL model on the basis the subsidiary does not have highly liquid assets in order to repay the loans if demanded. Lifetime ECLs are determined using all relevant, reasonable and supportable historical, current and forward-looking information that provides evidence about the risk that the subsidiaries will default on the loan and the amount of losses that would arise as a result of that default. All recovery strategies indicated that the Company will fully recover the entire balance of the loans so no ECL has been recognised in the current period.

IFRS 15 'Revenue from Contracts with Customers'

The Group has adopted IFRS 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue when control passes on the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Contracts with customers are presented in an entity's balance sheet as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. The Group's accounting policy under IFRS 15 is that revenue is recognised when the Group satisfies a performance obligation by transferring oil to a customer. The title to oil and gas typically transfers to a customer at the same time as the customer takes physical possession of the oil or gas. Typically, at this point in time, the performance obligations of the Group are fully satisfied. The accounting for revenue under IFRS 15 does not, therefore, represent a substantive change from the Group's previous accounting.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AS AT 31 DECEMBER 2018

2. Significant accounting policies continued

New or amended accounting standards and interpretations adopted continued

IFRS 15 'Revenue from Contracts with Customers' continued

The only impact of adopting IFRS 15 is in relation to the presentation in the income statement of production-based royalties paid to the Colombian hydrocarbon authorities (the "ANH"). Under the Group's previous accounting policy, royalties payable to the ANH were shown gross in revenue and cost of sales. Under IFRS 15, royalties are outside the scope of the new standard and as such the royalty income is no longer presented as revenue. Revenue and cost of sales have both been adjusted by \$7.8m and have no net quantitative impact on profits or retained earnings.

In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules retrospectively and has restated the 2017 comparatives. The Group did not adopt any of the transitional provisions available on adoption of the new standard, as shown in the table below.

There is no net quantitative impact on profits or retained earnings.

Disclosure of disaggregated revenue information consistent with the requirement included in IFRS 15 has not had an impact on the information presented in Note 6.

	31 December 2017 \$'000	Adjustment for royalties \$'000	31 December 2017 Restated \$'000
Income statement			
Revenue	92,524	(7,797)	84,727
Cost of sales	(74,474)	7,797	(66,677)
Gross profit	18,050	_	18,050

New or amended accounting standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards have been published and are mandatory only for the Group's accounting periods beginning on or after 1 January 2019 or later periods and which the Group has not adopted early. Those that are applicable to the Group in future are as follows:

IFRS 16 'Leases'

IFRS 16 'Leases' eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The adoption of IFRS 16, which the Group will adopt for the year commencing 1 January 2019, will impact both the measurement and disclosures of leases over a low-value threshold, with terms longer than one year, but excludes any leases to explore for oil and gas (i.e. mineral rights). On adoption of IFRS 16, the Group will recognise lease liabilities in relation to leases which are currently classified as "operating leases" under the principles of IAS 17 "Leases". These liabilities will be measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease (if available).

In accordance with the transition provisions in IFRS 16 the modified retrospective approach will be adopted, with the cumulative effect of initially applying the new standard recognised on 1 January 2019. Comparatives for the 2018 financial year will not be restated. In applying IFRS 16 for the first time, the Group expects to use the following practical expedients permitted by the standard on transition:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- the accounting for operating leases with a remaining lease term of less than twelve months as at 1 January 2019 as short-term leases.

The Group has completed an assessment of lease agreements and has identified a number of oil production and support equipment leases that are impacted by the new standard.

The expected financial impact of transition to IFRS 16 is the recognition of an additional \$21.3m in property, plant and equipment and an equivalent amount as a finance lease liability, split between current and non-current as appropriate. The oil production and support equipment lease costs are currently recognised within operating costs. On transition to IFRS 16, operating costs will decrease, offset by an increase in finance costs and depreciation of assets.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Goina concern

After making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, which is considered to be a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group has sufficient funds to meet ongoing working capital and committed capital expenditure requirements. In making this assessment, the Directors and Audit Committee considered the Group budgets, the cash flow forecasts and associated risks.

2. Significant accounting policies continued

Basis of preparation

The consolidated and Company financial statements for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and with the Companies Act 2006 as applicable to the Company reporting under IFRS.

The financial statements are presented in US Dollars and all values are rounded to the nearest thousand (\$'000) except where otherwise indicated.

The Company financial statements, for the year ended 31 December 2018, are the first financial statements the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2017, the Company prepared its financial statements in accordance with United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice) ("UK GAAP"). Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods ending on or before 31 December 2018, together with the comparative period data as at and for the year ended 31 December 2017, as described in the accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2018, the Company's date of transition to IFRS. On adoption of IFRS no adjustments or reclassifications have been made by the Company in the UK GAAP statement of financial position as at 1 January 2018 and its previously published UK GAAP financial statements as at and for the year ended 31 December 2017.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for certain fair value adjustments required by those accounting standards.

Critical accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Amerisur Resources plc (the "Company" or "parent entity") as at 31 December 2018 and the results of all subsidiaries for the year then ended. Amerisur Resources plc and its subsidiaries together are referred to in these financial statements as the "Group".

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Operating segments

IFRS 8 requires the Company to disclose information about its business segments and the geographic areas in which it operates. It requires identification of business segments on the basis of internal reports that are regularly reviewed by the entity's Chief Operating Decision Maker ("CODM") in order to allocate resources to the segment and assess its performance. The Group has determined that its CODM is the Executive Board of Directors of the Group (excluding Non-executive Directors).

Foreign currency translation

The financial statements are presented in US Dollars ("USD"), which is the Group's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Foreign currency transactions

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into USD using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into USD using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AS AT 31 DECEMBER 2018

2. Significant accounting policies continued

Revenue recognition

The Group recognises revenue as follows:

Sale of goods

Revenue from the sale of crude oil is recorded when performance obligations are satisfied. Performance obligations associated with the sale of crude oil are satisfied at the point in time when the products are delivered to the customer, which is either at the Esmeraldas port or at the wellhead, depending on the contract terms, and the volumes and prices have been agreed upon with the customer. This is considered to be the point at which the Group transfers control of the product to the customer. Crude oil sales prices are determined by reference to average third party pricing window quotes for the sale period less a discount per barrel for quality, marketing and other agreed deductions when the performance obligation is satisfied.

Under the terms of the 2018 prepayment and offtake arrangement with Shell the Group could request Shell make a prepayment of up to a maximum of \$35m which is reduced upon delivery of the oil.

Revenue is recognised net of production related royalties.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Taxation

The tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

In Colombia the corporate income tax ("CIT") rate for 2018 is 33% plus an additional temporary surtax of 4%, calculated on the taxable base for the income tax in the previous year and paid in two equal annual instalments. The basis for the calculation of the annual CIT payment is the higher of ordinary taxable income and presumptive minimum income. Ordinary taxable losses can be carried forward in the following twelve taxable periods. No carryback is available.

The presumptive minimum income is calculated as 3.5% for 2018 and is the prior fiscal year's net tax equity (tax assets less tax liabilities excluding intercompany balances with related parties abroad which are deemed as debt and excluding assets in a non-productive stage) calculated on 31 December. If presumptive income is higher than taxable income, the excess can be carried forward as compensation for five years.

Taxes on capital were previously levied in Colombia by the Government to fund certain programmes during their term in office. This tax was eliminated in 2017.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets is reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

The carrying amount of recognised and unrecognised deferred tax assets is reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Current and deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date with gains and losses recognised in profit and loss.

2. Significant accounting policies continued

Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted cash

Restricted cash and cash equivalents comprises cash and cash equivalents pledged to secure letters of credit and to settle asset retirement obligations. Letters of credit currently secured by cash relate to work commitment guarantees contained in exploration contracts. Restrictions will lapse when work obligations are satisfied pursuant to the exploration contract or an asset retirement obligation is settled. The long-term portion of restricted cash and cash equivalents is included in other long-term assets on the Group's balance sheet.

Other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Inventories of crude oil resulting from drilling operations are valued on the basis of the actual average monthly production cost. Cost comprises direct materials and lifting costs, depreciation direct labour, any duties and other taxes and an appropriate proportion of variable and fixed overhead expenditure. The inventory value of crude oil is recognised at the lower of cost and net realisable value ("NRV").

NRV is determined by reference to post balance sheet selling prices.

Other financial assets

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest. See Note 37 for a breakdown of the financial assets held by the Group.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a twelve-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next twelve months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The Company is exempt from presenting comparative information for IFRS 9 and IFRS 7, these are adjusted only from date of transition.

Lifetime expected credit losses (ECLs) for intercompany loan receivables are based on the assumptions that repayment of the loans are demanded at the reporting date due to the fact that the loan is contractually repayable on demand. Given the central treasury function operated by the Group, the subsidiaries don't have access to highly liquid assets in order to repay the loan if demanded and therefore the expected manner of recovery to measure lifetime expected credit losses is considered. A range of different recovery strategies and credit loss scenarios are evaluated using reasonable and supportable external and internal information to assess the likelihood of recoverability of the balance under these scenarios.

AS AT 31 DECEMBER 2018

2. Significant accounting policies continued

Other financial assets continued

Investments

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid.

Property, plant and equipment

Property, plant and equipment ("PPE") is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight line basis to write off the net cost of each item of PPE over their expected useful lives as follows:

Buildings 20 years
Plant and machinery 8–15 years
Office equipment 10 years
Motor vehicles 4 years
Computer equipment 4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Individual assets are tested for indicators of 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

An item of PPE is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Development and production assets ("D&P")

i) Initial recognition

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. The initial cost of a D&P asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and the initial estimate of the decommissioning obligation.

ii) Depreciation

D&P assets are not depreciated until production commences. For assets on test, depreciation will start six months after the long-term test commences.

Depreciation is estimated using a unit-of-production method, which is the ratio of production in the period to the estimated quantities of commercial proven and probable reserves ("'2P reserves") at the end of the period plus the production in the period. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to recover the commercial reserves remaining. Changes in the estimates of the current year end of commercial reserves and future field development costs are dealt with prospectively.

The key areas of estimation regarding depreciation and the associated unit-of-production calculation for oil assets are:

- · recoverable reserves; and
- future capital expenditure.

iii) Impairment

In accordance with its accounting policies and processes, each year the asset or cash-generating unit ("CGU") is evaluated annually at 31 December, to determine whether there are any indications of impairment. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed. 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 2P reserves, then the excess value is written off to the income statement in that period.

The Group assesses, at each reporting date, whether there is an indication that an asset (or CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less cost of disposal ("FVLCD") and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the asset is tested as part of a larger CGU to which it belongs. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount. A CGU is the smallest group of assets that generates cash inflows largely independent of other assets or groups of assets. Management has assessed its CGUs as being individual licences plus any supporting infrastructure. In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. The estimated cash flows are based on expected future production, oil selling prices, and operating costs over the estimated remaining life of the oil field. VIU does not reflect future cash flows associated with improving or enhancing an asset's performance.

Any impairment losses of continuing operations are recognised in profit or loss.

2. Significant accounting policies continued

Exploration and evaluation assets

The Group adopts the modified successful efforts method of accounting for exploration and evaluation expenditure ("E&E"), having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'.

The assessment of what constitutes an individual exploration and evaluation expenditure ("E&E") asset is based on technical criteria but normally a single licence area is designated as an individual E&E asset.

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

Costs incurred after rights to explore have been obtained, such as geological and geophysical surveys, drilling and commercial appraisal costs and other directly attributable costs of exploration and appraisal including technical and administrative costs, are capitalised as intangible E&E assets.

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 ("D&P") asset in property, plant and equipment ("PPE"), 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, if the legal rights to explore expire or if the Group decides not to continue E&E activities then the costs of such unsuccessful E&E are written off to the income statement in the period the relevant events occur.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. The CGU applied for impairment test purposes is generally a single licence area, except that a number of licences may be grouped as a single cash-generating unit where the cash flows of each licence are interdependent or where the blocks have continuous geology.

Under IFRS 6, one or more of the following facts and circumstances may indicate that an impairment test is required:

- a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

Where an indicator of impairment exists, management will assess the recoverability of the carrying value of the asset or CGU. This review includes a status report that indicates whether E&E drilling is still underway or firmly planned, or work is underway to determine that the discovery is economically viable. This assessment is based on a range of technical and commercial considerations and confirming that sufficient progress is being made to establish development plans and timing. If no future activity is planned, or the value of the asset cannot be recovered via successful development or sale, the balance of the E&E costs is impaired wholly or in part.

Restoration costs expected to be incurred are provided for as part of the phase that gives rise to the need for restoration.

Deferred revenue relating to prepayments on oil supply agreements

In the ordinary course of business, the Group enters into long-term oil supply contracts. The contract terms may permit the buyer to make a prepayment.

The Group considers long-term oil supply contracts to be regular-way sale contracts entered into and continued to be held for the purpose of the receipt or delivery of non-financial items in accordance with the Group's expected purchase, sale or usage requirements. Regular-way sale contracts are exempted from the scope of IAS 32 'Financial Instruments: Presentation' and IFRS 9 'Financial Instruments'.

Conditions for meeting the definition of a regular-way sale are not met if either of the following applies:

- i) the ability to settle net in cash or another financial instrument, or by exchanging financial instruments, is not explicit in the terms of the contract, but the Group has a practice of settling similar contracts net in cash or via another financial instrument or by exchanging financial instruments (whether with the counterparty, by entering into offsetting contracts or by selling the contract before its exercise or lapse); or
- ii) for similar contracts, the Group has a practice of taking delivery of the underlying goods and selling them within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price or from a dealer's margin.

Prepayments received for the delivery of goods or respective deferred revenue are accounted for as non-financial liabilities because the outflow of economic benefits associated with them is the delivery of goods rather than a contractual obligation to pay cash or another financial asset.

AS AT 31 DECEMBER 2018

2. Significant accounting policies continued

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Finance leases

Leases of PPE where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The PPE acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Provisions

Provisions are recognised when the Group and Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Group and Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Provision for decommissioning is recognised in full when the related facilities are installed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related asset. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to PPE. The unwinding of the discount on the decommissioning provision is included as a finance cost.

Employee benefits

Share-based payments

Equity-settled share-based compensation benefits are provided to Executive Directors and employees.

Equity-settled transactions are awards of options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Equity-settled awards by the parent to employees of subsidiaries are recognised in the parent's individual financial statements as an increase in investment in the subsidiary with a corresponding credit to equity and not as a charge to profit or loss. The investment in subsidiary is reduced by any contribution by the subsidiary.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

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.

2. Significant accounting policies continued

Fair value measurement

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Other payables

As part of the farm-out agreement for the acquisition of Put-14, the Group received upfront funds from the farmor in respect of future obligations required under Phase 1 of Exploration & production contract and monies required to be set aside as restricted cash by the ANH. This contribution is recognised as a non-financial liability within non-current liabilities on the basis that the cash outflows are not expected to take place within the next year. The funds received are shown within investing cash flows in the Group statement of cash flow statement.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

When an asset or group of assets does not meet the definition of a "business" in accordance with IFRS 3 'Business Combinations' then the transaction is treated as a trade and asset acquisition rather than a business combination. An asset acquisition triggers the initial recognition of an asset acquired or liability assumed. Assets are usually acquired through an exchange transaction, which can be a monetary or a non-monetary exchange. If liabilities are incurred or equity interests are issued as the consideration for an acquisition of an asset or group of assets, those liabilities and equity interests are recognised at the date of acquisition.

Joint arrangements

Arrangements under which the Group has contractually agreed to share control with another party or parties are joint ventures where the parties have rights to the net assets of the arrangement, or joint operations where the parties have rights to the assets and obligations for the liabilities relating to the arrangement. Investments in entities over which the Group has the right to exercise significant influence but neither control nor joint control are classified as associates.

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work programme and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity's joint arrangements. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangements. In relation to its interests in joint operations, the Group recognises its:

- i) assets, including its share of any assets held jointly;
- ii) liabilities, including its share of any liabilities incurred jointly;
- iii) revenue from the sale of its share of the output arising from the joint operation;
- iv) share of the revenue from the sale of the output by the joint operation; and
- v) expenses, including its share of any expenses incurred jointly.

AS AT 31 DECEMBER 2018

2. Significant accounting policies continued

Accounting for farm-outs in the E&E phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity owners of Amerisur Resources plc, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Value-added tax ("VAT") and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Significant judgements, estimates and assumptions:

- carrying value of E&E assets;
- commercial reserves;
- recovery of deferred tax assets; and
- depreciation of D&P assets.

Other judgements, estimates and assumptions:

- impairment of D&P assets;
- revenue from assets on test;
- carrying value of other assets;
- share-based payment transactions; and
- decommissioning provision estimates.

3. Critical accounting judgements, estimates and assumptions continued

Significant judgements, estimates and assumptions

Carrying value of E&E assets

The accounting for exploration and evaluation ("E&E") assets requires management to make certain judgements and assumptions, including whether exploratory wells have discovered economically recoverable quantities of reserves. Designations are sometimes revised as new information becomes available. If an exploratory well encounters hydrocarbons, but further appraisal activity is required in order to conclude whether the hydrocarbons are economically recoverable, the well costs remain capitalised as long as sufficient progress is being made in assessing the economic and operating viability of the well. Criteria used in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected additional development activities, commercial evaluation and regulatory matters. The concept of 'sufficient progress' is an area of judgement, and it is possible to have exploratory costs remain capitalised for several years while additional exploration activity is performed or the Group seeks government, regulatory approval of development plans.

The Group monitors internal and external indicators of impairment relating to E&E assets. The following are examples of the types of indicators used:

- the entity's right to explore in an area has expired or will expire in the near future without renewal;
- no further exploration or evaluation is planned or budgeted;
- the decision to discontinue exploration and evaluation in an area because of the absence of commercial reserves; or
- sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

The carrying amount of E&E assets is shown in Note 17.

Commercial reserves

Estimates of hydrocarbon reserves and resources are inherently imprecise, require the application of judgement and are subject to future revision. The estimation of the quantum of oil and gas reserves and resources and the timing of its production and monetisation impact the Group's financial statements in a number of ways, including: testing recoverable values for impairment; the calculation of depreciation and assessing the cost and likely timing of decommissioning activity and associated costs. The Group employs independent reserves specialists who periodically report on the level of commercial reserves by evaluating geological, geophysical and engineering data together with reports, presentations and financial information pertaining to the contractual and fiscal terms applicable to the assets. The last assessment by its independent reserves specialists was as at 31 December 2018. Group 2P reserves at 31 December 2018 are 25.6 MMBO.

Generally, the Group considers 2P reserves to be the best estimate for future production and quantity of oil within an asset when assessing its recoverable amount, and this therefore usually forms the basis of calculating depreciation of oil and gas assets and testing for impairment. Assets assessed as 2P are generally classified as development and production ("D&P") assets and depreciated using the units of production methodology.

Hydrocarbons that are not assessed as 2P are considered to be resources and are classified as exploration and evaluation assets. These assets are expenditures incurred before technical feasibility and commercial viability is demonstrable.

Estimates of resources for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and being depleted and are likely to contain estimates and judgements with a wide range of possibilities. These assets are considered for impairment under IFRS 6. Once a field commences production, the amount of proved reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long-term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions. Assessment of reserves and resources are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets, including those arising from unutilised tax losses, require the Group to assess the likelihood that it will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, decommissioning costs, capital expenditure and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods. See Notes 19 and 29 for further information.

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3. Critical accounting judgements, estimates and assumptions continued

Significant judgements, estimates and assumptions continued

Depreciation of D&P assets

Estimates are required in relation to the depreciation and impairment charges of E&E and D&P assets.

D&P assets are depreciated using a unit-of-production method over 2P reserves. Since 2P reserves assume future development cost to access the proved and probable reserves, an estimate of future development costs is required for the calculation of depreciation. Changes in estimates of reserve quantities and/or estimates of future development expenditure are reflected prospectively in the depreciation calculation.

Other judgements, estimates and assumptions

Impairment of D&P assets

Impairment reviews, if required following assessments for indicators of impairment, of D&P CGU's are based on an assessment of the Value in Use ("VIU") of the CGU. In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The Group bases its impairment calculation on assumptions used in detailed budgets such as projected oil prices, production costs and the estimated life of the oil reserves. Sensitivity analysis is also prepared to assess the impact of market price variances on the CGU's VIU.

No indicators of impairment were present in the current or prior year for either of the Group's CGU's so no detailed impairment review was required.

Revenue from assets on test

Judgement is applied in the assessment of sales proceeds from the sale of oil produced from the CPO-5 asset that continues to be on long or short term production test and whether these proceeds can been accounted for as revenue in accordance with IFRS 15. Management consider that there is no basis on which to conclude that inventories produced by the asset before it is available for use would not be output from the entity's ordinary activities. Consequently, proceeds from selling inventories produced represent revenue within the scope of IFRS 15.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Monte Carlo model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

The following measurement assumptions have been made:

- expected volatility was determined by calculating the historic share price over the three 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.
- since the Company has no history of paying dividends the impact of dividends has been ignored in the calculation of the LTIP share option charge.

Decommissioning provision estimates

The level of decommissioning provision is calculated in accordance with guidelines specified by Colombia's Agencia Nacional de Hidrocarburos ("ANH"). Amounts used in recording a provision for decommissioning are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively. While the Group uses its best estimates and judgement, actual results could differ from these estimates. In estimating decommissioning provisions, the Group applies an annual inflation rate of 3 – 3.4% (2017: 3 – 3.9%) and an annual discount rate of 3.8% (2017: 5.9%).

The ultimate decommissioning costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates.

These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for oil field rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

See Note 28 for further details of the basis of the calculation.

3. Critical accounting judgements, estimates and assumptions continued

Other judgements, estimates and assumptions continued

Carrying value of other assets

Judgement is required to assess the recoverability of intercompany loans and investments taking into account future plans for the entity and its ability to repay the loan.

4. Restatement of comparatives

The 2017 and 2016 comparatives have been corrected for the following:

Share based payment charges

Due to a misinterpretation of the vesting conditions of the employee LTIP awards granted in 2016 and 2017, the Group share based payment charges in 2016 and 2017 were misstated by \$127,000 and \$280,000 respectively. This has been corrected by restating the share based payment charge in 2017 and opening reserves for the 2016 impact.

This has also resulted in a restatement of investments of \$118,000 in 2016 and \$261,000 in 2017 in the Company, with an opposite entry to reserves in 2016 and 2017 as well as a \$28,000 adjustment to the share based payment charge in 2017.

Deferred taxation

A credit adjustment of \$835,000 has been made to taxation in the 2017 income statement in respect of temporary differences arising on PDSA assets which did not meet the criteria of a business combination on acquisition. In accordance with IAS 12 such temporary differences should not be recognised on assets outside a business combination.

In 2017 depreciation was incorrectly treated for the purposes of establishing the deferred tax liability on the Colombian assets. An adjustment of \$1,614,000 has therefore been made to the prior year deferred tax liability to correct this.

A misclassification of a deferred tax liability that had been incorrectly included within Other payables of \$1,254,000 has also been corrected in the restated 2016 balance sheet.

D&P and E&E assets

Following a detailed reconciliation of D&P and E&E assets, it was identified that historic balances of \$4,840,000 had been misclassified within Other payables. The split of this allocation between E&E and D&P assets for 2016 and 2017 is shown below:

The impact of the correction of the above misstatements is shown in the reconciliations below:

Statements of profit or loss and other comprehensive income

_	Group		
Extract	2017 \$'000 Reported	2017 \$'000 Adjustment	2017 \$'000 Restated
Expenses			
Administrative expenses	(16,235)	(280)	(16,515)
Profit before taxation	630	(280)	350
Taxation	11,942	(779)	11,163
Profit after taxation for the year attributable to the equity owners			
of Amerisur Resources plc	12,572	(1,059)	11,513
Other comprehensive loss for the year, net of tax	(286)	_	(286)
Total comprehensive income for the year attributable to the equity			
owners of Amerisur Resources plc	12,286	(1,059)	11,227
	Cents	Cents	Cents
	Reported	Adjustment	Restated
Basic earnings per share	1.04	(0.09)	0.95
Diluted earnings per share	1.03	(0.09)	0.94

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4. Restatement of comparatives continued

Balance sheets as at 31 December 2016

		Group			
Extract	2016 \$'000 Reported	2016 \$'000 Adjustment	2016 \$'000 Restated		
Assets					
Non-current assets					
Intangible assets	32,704	3,637	36,341		
Development and production assets	111,807	(8,477)	103,330		
Total non-current assets	180,570	(4,840)	175,730		
Total assets	243,017	(4,840)	238,177		
Liabilities					
Non-current liabilities					
Deferred tax liabilities	20,262	1,254	21,516		
Total non-current liabilities	22,895	1,254	24,149		
Current liabilities					
Trade and other payables	24,635	(6,094)	18,541		
Total current liabilities	24,635	(6,094)	18,541		
Total liabilities	47,530	(4,840)	42,690		
Net assets	195,487	_	195,487		
Equity					
Reserves	34,188	127	34,315		
Retained profits	14,597	(127)	14,470		
Total equity	195,487	_	195,487		
		Company			
	2016	2016	2016		
Extract	\$'000 Reported	\$'000 Adjustment	\$'000 Restated		
Assets					
Non-current assets					
Investments	20,489	118	20,607		
Total non-current assets	71,320	118	71,438		
Total assets	110,569	118	110,687		
Net assets	108,500	118	108,618		
Equity					
Reserves	24,644	127	24,771		
Accumulated deficit	(62,846)	(9)	(62,855)		
Total equity	108,500	118	108,618		

4. Restatement of comparatives continued

Balance sheets as at 31 December 2017

		Group		
Extract	2017 \$'000 Reported	2017 \$'000 Adjustment	2017 \$'000 Restated	
Assets				
Non-current assets				
Intangible assets	44,568	(760)	43,808	
Development and production assets	115,118	(4,081)	111,037	
Deferred tax asset	5,077	835	5,912	
Total non-current assets	203,244	(4,006)	199,238	
Total assets	264,189	(4,006)	260,183	
Liabilities				
Non-current liabilities				
Deferred tax liabilities	12,079	2,868	14,947	
Total non-current liabilities	17,841	2,868	20,709	
Current liabilities				
Trade and other payables	37,202	(6,095)	31,107	
Total current liabilities	37,202	(6,095)	31,107	
Total liabilities	55,043	(3,227)	51,816	
Net assets	209,146	(779)	208,367	
Equity				
Reserves	35,275	407	35,682	
Retained profits	27,169	(1,186)	25,983	
Total equity	209,146	(779)	208,367	
		Company		
	2017	2017	2017	
Extract	\$'000 Reported	\$'000 Adjustment	\$'000 Restated	
Assets				
Non-current assets				
Investments	20,319	379	20,698	
Total non-current assets	71,532	379	71,911	
Total assets	102,192	379	102,571	
Net assets	101,672	379	102,051	
Equity				
Reserves	26,017	407	26,424	
Accumulated deficit	(71,047)	(28)	(71,075)	
Total equity	101,672	379	102,051	
		-		

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5. Segmental reporting

Identification of reportable operating segments

Operating segments are reported on a legal entity basis. These operating segments are the same as those reported in internal reports that are reviewed and used by the Board of Directors (which is identified as the Chief Operating Decision Maker ("CODM")) in assessing performance and in determining the allocation of resources.

The UK is primarily considered to be an administrative extension of the operations in Colombia and Paraguay.

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, these business segments are deemed to have similar economic characteristics and are similar, if not the same, in all of the following as they:

- are both involved in E&P, whose economics are heavily influenced by the international O&G market; and
- are subject a similar regulatory environment.

The business segments have been aggregated into a single reportable operating segment, namely oil exploration, evaluation, development and production. 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 these financial statements. As such, information regarding this operating segment is already disclosed in the financial statements.

The following customers contributed to the majority of revenue:

	Group	Group	
	2018 \$′000	2017 \$'000	
Customer A	82,695	23,343	
Customer B	15,124	33,002	
Customer C	10,379	1,546	
Customer D	-	11,555	
Customer E	45	15,281	
	108,243	84,727	

Geographical information

	Sales to external customers		Geographical non-current assets	
	2018 \$'000	2017 \$'000	2018 \$′000	2017 \$'000
Colombia	108,243	84,727	190,645	191,220
Paraguay	_	_	262	2,000
UK	_	_	_	106
	108,243	84,727	190,907	193,326

Revenue is split based on origin of supply. Geographical non-current assets exclude deferred tax assets.

6. Revenue

Disaggregation of revenue

	Group	
	2018 \$′000	2017 \$'000
Timing of revenue recognition:		
Goods transferred at a point in time	108,243	84,727

All revenue is generated from one reportable segment and arises from one geographical region; therefore, revenue cannot be further disaggregated.

7. Profit before tax

	Group	
	2018 \$′000	2017 \$'000
Profit before taxation includes the following specific expenses:		
Depreciation:		
D&P assets (Note 18)	16,183	13,407
Other PPE (Note 19)	4,011	3,223
Total depreciation	20,194	16,630
Share-based payments:		
Share-based payment expense (Note 8)	1,269	1,653
Audit fees:		
Fees payable to the Company's auditor for the Annual Report	103	84
Audit of overseas subsidiaries pursuant to legislation	40	45
Audit related services – interim review	24	6
Total audit and audit related fees payable to BDO LLP/Grant Thornton LLP	167	135
Non-audit fees: tax compliance services payable to Grant Thornton LLP	12	10

8. Average number of employees and employee benefits expense The average number of employees during the year was as follows:

	Group		Company	
	2018	2017	2018	2017
Management	15	14	8	8
Operational	53	57	_	_
Administration	12	12	2	2
Average number of employees	80	83	10	10

The employee benefits expense during the year was as follows:

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Wages and salaries	6,038	5,346	3,057	2,930
Social security costs	334	300	158	127
Other pension costs	274	256	61	57
Share-based payments	1,269	1,653	449	793
Total employee benefits expense	7,915	7,555	3,725	3,907

Employee numbers and expense includes all Executive and Non-executive Directors.

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9. Directors' remuneration

	Group		Company	
	2018	2017	2018	2017
Number of Directors who received shares under long-term incentive schemes in respect of qualifying services	2	_	2	_

Details of Directors' remuneration and Directors' interests are set out in the audited section of the Directors' Remuneration report which forms part of these financial statements. Directors' transactions are set out in Note 41. See Note 41 for Key Management Personnel disclosures.

The highest paid Director is the CEO John Wardle, whose remuneration is disclosed in the Remuneration report on page 53. John Wardle did not exercise any share options in the period. Share options received under long-term incentive plans are shown in Note 43 and also in the Remuneration report on page 55.

10. Net foreign exchange losses/(gains)

Group	
2018 \$'000	2017 \$'000
2,576	(1,369)

Foreign exchange differences arise on the conversion of local currency transactions to US Dollars.

11. Finance and similar charges

	Group	
	2018 \$'000	2017 \$'000
Finance and similar charges	345	1,494
Unwinding of discount on decommissioning provision	126	128
Fair value losses on derivative financial instruments	70	_
	541	1,622

Prior year finance and similar charges included the amortisation of fees in relation to the former bank facility which was terminated during 2017.

The Group entered into fixed floor put option commodity contracts during the period in order to limit its exposure to downward movements in the oil price. Hedge accounting was not applied and as such the normal recognition and measurement rules under IFRS 9 were followed.

12. Finance income

Group	
2018 20 \$'000 \$'0	2017 2000
539 2	284

13. Taxation

			Group	
			2018 \$'000	Restated 2017 \$'000
Current tax			1,904	1,049
Deferred tax			4,934	(12,481)
Capital tax			_	269
Total tax expense/(credit)			6,838	(11,163)
Deferred tax included in taxation comprises:				
Decrease/(increase) in deferred tax assets			1,941	(5,912)
Increase/(decrease) in deferred tax liabilities			2,993	(6,569)
Deferred tax			4,934	(12,481)
Reconciliation of income tax expense and tax at the statuto	ry rate			
Profit before taxation			8,421	350
Tax at the statutory tax rate of 37% (2017: 40%) Tax effect amounts which are not deductible/(taxable) in cal	culating taxable inco	me:	3,116	140
Expenses not deductible for tax purposes			3,637	952
Capital tax			_	161
			6,753	1,253
Change in Colombian tax base rules			_	(11,174)
Presumptive tax base difference			16	(949)
Deferred tax rate change			(1,176)	(887)
Carry forward of unutilised tax losses			_	(2,940)
Deferred tax assets not recognised			1,245	3,534
Tax charge/(credit)			6,838	(11,163)
	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$'000	2017 \$'000
Tax losses not recognised				
Unused tax losses for which no deferred tax asset has	58,805	55,768	58,772	55,757
been recognised	<u> </u>	•	<u> </u>	· ·
Potential tax benefit at statutory tax rates	10,001	9,482	9,991	9,479

The above potential tax benefit for tax losses has not been recognised in the balance sheet due to uncertainty of recovery of these losses.

There are no items charged to equity with any current or deferred tax effect.

In 2016, the Colombian Government enacted tax legislation consolidating the corporate income and CREE taxes into a single income tax at 40% for 2017 (including a surtax of 6%), 37% for 2018 (including a surtax of 4%) and 33% for 2019. On 28 December 2018 a new Finance Law was approved and reduced the corporation tax rate further to 32% in 2020, 31% in 2021 and 30% in 2022. The tax rates applied to the calculation of deferred income taxes, before valuation allowances, have been adjusted to reflect these changes.

The corporate minimum presumptive income tax is 3.5% in 2018 (2017: 3.5%). The tax is imposed on a taxpayer's net equity at the prior year end when the presumptive income exceeds actual taxable profits.

The deferred tax charge of \$4.9m in 2018 (2017: credit of \$12.5m) includes permanent differences of \$3.6m of which \$1.6m relates to foreign exchange differences that are not deductible for tax purposes due to the local Colombian tax liabilities being calculated based on Colombian Peso denominated financial statements compared to US dollars for financial reporting purposes. A further \$1.3m relates to tax and accounting base permanent differences.

In 2017, the credit included a one-off credit of \$11.2m in respect of changes in Colombian tax base rules to bring them in line with IFRS, and a credit of \$5.1m in relation to the recognition of a deferred tax asset on the carried forward tax losses in PDSA following a reassessment of future profits available to utilise these losses.

The temporary capital tax came to an end in 2017.

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14. Earnings per share

	Group	
	2018 \$′000	Restated 2017 \$'000
Profit after income tax attributable to the equity owners of Amerisur Resources plc	1,583	11,513
	Cents	Cents
Basic earnings per share	0.13	0.95
Diluted earnings per share	0.13	0.94
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share Adjustments for calculation of diluted earnings per share:	1,213,205,768	1,213,205,768
Options over ordinary shares	4,940,296	8,704,189
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,218,146,064	1,221,909,957

15. Financial assets at amortised cost

	Group	Group		oany
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Financial assets at amortised cost	_	_	36,573	51,107

These relate to intercompany loans to subsidiary undertakings which are non-interest bearing and have no fixed repayment date.

The movement in the year included a net repayment of intercompany loans of \$14.0m and an impairment of new loans to Fenix of \$0.5m.

Loans to subsidiary undertakings are subject to IFRS 9's new expected credit loss model. As all intercompany loans are repayable on demand, the loan is considered at a high risk of default on the basis that the subsidiary does not have highly liquid assets in order to repay the loans if demanded. Lifetime ECLs are determined using all relevant, reasonable and supportable historical, current and forward-looking information that provides evidence about the risk that the subsidiaries will default on the loan and the amount of losses that would arise as a result of that default. All recovery strategies indicated that the Company will fully recover the net balances of the loans so no ECL has been recognised in the current period.

16. Non-current assets – investments

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	Restated 2017 \$'000
Cost	_	_	50,436	46,396
Less: Impairment	_	_	(26,614)	(25,698)
	_	_	23,822	20,698

Reconciliation

The reconciliation of the movement from the beginning to the end of the current and previous financial year is set out below:

At the start of the year (restated)	_	_	20,698	20,607
Additions	_	_	4,040	2,171
Impairment of assets	_	_	(916)	(2,080)
At the end of the year	_	_	23,822	20,698

Refer to Note 36 for further information on financial assets and financial liabilities.

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid, less any impairment.

The additions in 2018 largely relate to the following:

- i) the increase in investment in PDSA of \$2.6m in relation to deferred consideration royalty payments payable to the former owners of the CPO-5 block;
- ii) the increase in investment in Amerisur's subsidiary based in Paraguay of \$0.8m (2017: \$1.3m), which was subsequently impaired to \$nil at the year end; and
- iii) the share-based payment charge in relation to subsidiary employees of \$0.8m (2017: \$0.9m).

16. Non-current assets - investments continued

The impairment charge in 2018 largely relates to the current year intercompany transactions in Paraguay and Ecuador (2017: \$2.0m) which management has impaired due to the level of activity forecast to take place in these regions.

The Company's subsidiary undertakings as at 31 December 2018 are listed below:

Name of subsidiary	2018 and 2017 % voting rights and shares held*	Registered address	Business
Amerisur Exploración Colombia Limited	100	HBCS Chambers Rodus Building Road Reef Marina PO Box 3093 Road Town, Tortola British Virgin Islands	Mineral resource hydrocarbon E&P permit applications and crude oil exploration, production and distribution Branch in Colombia: Amerisur Exploración Colombia Limitada
Amerisur S.A.	100	Edificio La Colina, Piso 4 Asuncion, Paraguay	Mineral resource hydrocarbon E&P permit applications
Fenix Oil and Gas Limited	100	HBCS Chambers Rodus Building Road Reef Marina PO Box 3093 Road Town, Tortola British Virgin Islands	Mineral resource hydrocarbon E&P permit applications
Petrodorado South America Limited	100	Calle 51 y Avenida Federico Boyd Edificio Torre Universal Piso 3	Mineral resource hydrocarbon E&P permit applications and crude oil exploration, production and distribution
		Panamá	Branch in Colombia: Petrodorado South America SA
Amerisurexplor Ecuador SA	99	La Avenida Luxemburgo y Portugal Edificio Cosmopolitan Parc Oficina 502 del Distrito Metropolitano de Quito Ecuador	Mineral resource hydrocarbon E&P permit applications
E-Plus S.A.	100	Edificio La Colina Piso 4 Asuncion Paraguay	Dormant

^{*} Unchanged from 2017.

17. Non-current assets – intangible assets

	Group		Company	
	2018 \$'000	Restated 2017 \$'000	2018 \$′000	2017 \$'000
Goodwill – at cost	408	408	_	_
Less: Impairment	(408)	(408)	_	_
	_	_	_	_
Exploration and evaluation assets – at cost	27,624	59,210	_	_
Less: Impairment	_	(15,402)	_	_
	27,624	43,808	_	_
Other intangible assets – at cost	_	_	106	106
Less: Impairment	_	_	(106)	_
	_	_	_	106
	27,624	43,808	_	106

Goodwill in relation to the legal entity in Paraguay was impaired in 2016.

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17. Non-current assets – intangible assets continued

Group	E&E assets \$'000
Balance at 1 January 2017 (restated)	36,341
Additions	3,782
Acquisition of interests	4,850
Impairment of assets	(1,165)
Balance at 31 December 2017	43,808
Additions	1,109
Acquisition of interests	550
Impairment of assets	(1,544)
Reclassification to D&P asset	(16,299)
Balance at 31 December 2018	27,624

The Group paid \$550,000 in relation to the asset acquisition of the remaining 42% share in the Mecaya block.

On 21 November 2018, a farm-out agreement was signed with Occidental Andina LLC ("Occidental") for the farm-out of a 50% interest across the following intangible E&E assets:

- Putumayo-9;
- Terecay;
- Tacacho; and
- Mecaya.

The farm-out is subject to ANH approval.

The existing carrying value of each asset is assigned to the 50% remaining interest in the licence, which is reduced by any cash received upfront. In this case, the upfront cash is \$nil so the carrying values remain the same and assessed for indicators of impairment in accordance with IFRS 6. No asset is recognised for the \$93.25m future capital spend to be funded by Occidental.

See Note 38 for further details of the acquisitions and the Occidental farm-out during the period.

In July 2018 the rights to the San Pedro block were formally renounced. This has been recognised as a disposal in 2018 and given the asset was fully impaired there is a nil profit or loss on disposal. The impairment charge of \$1.5m relates to the write-off of costs in relation to the three remaining licences held in Paraguay due to the limited activity forecast to take place within these areas. In 2017, exploration costs of \$1.2m in relation to the San Pedro licence in Paraguay were impaired.

In accordance with its accounting policies and processes, each CGU is evaluated annually at 31 December, to determine whether there are any indications of impairment. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed.

18. Non-current assets – development and production assets

	Group		
	2018 \$′000	Restated 2017 \$'000	
Development and production assets – at cost Less: accumulated depreciation	218,590 (96,262)	191,116 (80,079)	
	122,328	111,037	
Group	Platanillo and CPO-5 \$'000	Total \$'000	
Balance at 1 January 2017 (restated)	103,330	103,330	
Additions	21,114	21,114	
Depreciation expense	(13,407)	(13,407)	
Balance at 31 December 2017	111,037	111,037	
Additions	11,175	11,175	
Reclassification from E&E assets	16,299	16,299	
Depreciation expense	(16,183)	(16,183)	
Balance at 31 December 2018	122,328	122,328	

18. Non-current assets – development and production assets continued

The "reclassification from E&E" during the year relates to the reclassification of the CPO-5 field from E&E to D&P from 1 January 2018. The asset is also being depreciated from this date.

Additions in the year include changes in accounting estimate in relation to the decommissioning provision of \$1.58m (2017: \$1.58m).

In accordance with its accounting policies and processes, each CGU is evaluated annually at 31 December, to determine whether there are any indications of impairment. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed. The Group has two CGUs for its D&P assets (2017: one), neither of which had any indicators of impairment as at 31 December 2018 (2017: no indicators).

19. Non-current assets – other property, plant and equipment

	Group	
	2018 \$′000	2017 \$'000
Land and buildings – at cost	2,163	1,633
Less: accumulated depreciation	(641)	(519)
Less: impairment	(28)	(28)
	1,494	1,086
Plant and equipment – at cost	46,560	41,052
Less: accumulated depreciation	(9,319)	(6,012)
	37,241	35,040
Motor vehicles – at cost	588	530
Less: accumulated depreciation	(415)	(448)
	173	82
Office and computer equipment – at cost	1,138	1,077
Less: accumulated depreciation	(695)	(498)
Less: impairment	(142)	(142)
	301	437
	39,209	36,645

Reconciliations

Reconciliations of the net book values at the beginning and end of the current and previous financial year are set out below:

Balance at 31 December 2018	1,494	37,241	301	173	39,209
Depreciation expense	(137)	(3,442)	(349)	(83)	(4,011)
Transfers (out)/in	(7)	_	7	_	_
Additions	552	5,643	206	174	6,575
Balance at 31 December 2017	1,086	35,040	437	82	36,645
Depreciation expense	(116)	(2,925)	(99)	(83)	(3,223)
Impairment of assets	_	(51)	_	_	(51)
Additions	334	3,345	150	31	3,860
Balance at 1 January 2017	868	34,671	386	134	36,059
Group	Land and buildings \$'000	Plant and machinery \$'000	Office and computer equipment \$'000	Motor vehicles \$'000	Total \$'000

Within the net book value of plant and machinery are assets of \$20.8m (2017: \$22.7m) relating to the OBA pipeline. On completion of the pipeline project in October 2016, ownership of part of the pipeline was transferred to Petroamazonas AS, owner of the VHR station and RODA pipeline in Ecuador.

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20. Non-current assets – deferred tax asset

Group		Company	
2018 \$′000	Restated 2017 \$'000	2018 \$′000	2017 \$'000
3,971	5,912	_	_
3,971	5,912	_	_
3,971	1,758	_	_
_	4,154	_	_
3,971	5,912	_	_
5,912	_	_	_
(1,941)	5,912	_	_
3,971	5,912	_	_
	2018 \$'000 3,971 3,971 3,971 — 3,971 5,912 (1,941)	2018 2017 \$'0000 3,971 5,912 3,971 5,912 3,971 1,758 - 4,154 3,971 5,912 5,912 5,912 (1,941) 5,912	2018 \$'000 Restated 2017 \$'000 \$'000 \$'000 3,971 5,912 3,971 5,912 - 4,154 - 4,154 - 5,912 - - 5,912 - (1,941) 5,912

The tax losses are expected to be fully utilised in 2019.

21. Non-current assets - restricted cash

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Restricted cash	1,746	1,836	_	_

See Note 25 for further information on restricted cash balances.

22. Current assets – cash and cash equivalents

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$′000	2017 \$'000
Cash on hand	7	11	_	_
Cash at bank	760	729	15	207
Cash on deposit	34,116	22,389	33,894	22,043
Certificates of deposit	_	6,802	_	_
	34,883	29,930	33,909	22,250

The certificates of deposits are presented as cash equivalents as they are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

23. Current assets - trade and other receivables

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Trade receivables	1,613	3,037	_	_
Other receivables	4,162	2,671	27	123
VAT receivable	19,447	9,638	84	64
Corporation tax	601	498	_	_
Prepayments	3,882	499	78	80
	29,705	16,343	189	267

23. Current assets - trade and other receivables continued

Prepayments include expenditure of \$3.4m in relation to the construction and commissioning of the Chiritza repumping station in Ecuador which is legally owned and managed by Petroamazonas. Amerisur provided the funding for this project in return for a reduced transport tariff for the first 5,000 daily barrels that go through the RODA pipeline until the total investment made is recovered. It is expected that the investment will be recovered in approximately one year. The prepayment is unwound with the payment of transport costs until fully amortised.

In April 2018, Amerisur entered into a \$35m renewable working capital facility with Shell Western Supply and Trading Limited ("SWST") under which SWST will provide, at Amerisur's request, advance payments to Amerisur against deliveries of crude oil under an offtake agreement. Amounts due from SWST in respect of crude oil delivered by Amerisur are applied towards repayment of any drawdowns on the facility. At the year end, \$15m had been advanced by SWST, which will be repaid in less than one year. Interest is payable on advance payments at LIBOR plus 3.5%.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

An assessment of the expected credit losses associated with the trade receivables taking into account counterparty credit risk, probability of default and historical receipts and based upon this review do not consider the trade receivables to be impaired. There is no loss allowance recognised in the current or prior period.

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. An assessment of the expected credit losses associated with the other receivables taking into account counterparty credit risk, probability of default and historical receipts and based upon this review management does not consider the other receivables to be impaired.

VAT receivable

This represents input VAT receivable from the Colombian tax authorities and is expected to be fully recoverable.

Fair values

Due to the short-term nature of the current trade and other receivables, their carrying amount is considered to be the same as their fair value.

Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 37.

24. Current assets - inventories

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Crude oil inventories	10,389	4,900	_	_
Inventory of fuels, chemicals and spares	278	276	_	_
	10,667	5,176	_	_

Inventory is valued at the lower of cost and net realisable value. Cost is determined by using the weighted average method and comprises direct lifting costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation.

Inventories recognised as an expense during the year ended 31 December 2018 amounted to \$77.5m (2017: \$66.7m).

25. Current assets - restricted cash

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Restricted cash	7,512	9,496	6,900	8,143

Restricted cash is held at local banks in Colombia as a result of cash pledged to secure letters of credit and to settle asset retirement obligations. Letters of credit currently secured by cash relate to work commitment guarantees contained in exploration contracts. Restrictions will lapse when work obligations are satisfied pursuant to the exploration contract or an asset retirement obligation is settled. The cash is not available to finance the Group's day-to-day operations and, therefore, has been excluded from cash and cash equivalents for the purposes of the statement of cash flows. The classification as a current asset is based on the completion date under the terms of the contract or if the cash is expected to be utilised within one year.

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26. Non-current liabilities – amounts due to subsidiary undertakings

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$′000	2017 \$'000
Amounts due to subsidiary undertakings	_	_	1,226	_

This represents amounts due to Petrodorado South America ("PDSA"). The amounts are unsecured and repayable on demand.

27. Non-current liabilities – other payables

	Group	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000	
other payables	2,827	_	_	_	

Refer to Note 37 for further information on financial instruments – risk management.

As part of the acquisition of the 100% operated working interest in the Put-14 block, following approval by the ANH, the former owner, Gulfsands, has transferred to Amerisur the \$1.2m monetary guarantee lodged with the ANH for the Phase 1 work programme and the contribution of \$1.5m to the Consulta Previa and operational costs. The advances will be unwound as payments are made in accordance with the obligations under the terms of the contract.

28. Non-current liabilities – provisions

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Environmental provision	626	637	_	_
Decommissioning provision	6,297	5,125	_	_
	6,923	5,762	_	_

Decommissioning

The provision represents the present value of estimated costs of the remediation work that will be required to comply with environmental and legal obligations.

The decommissioning provision represents the present value of decommissioning costs which are expected to be incurred up to:

- 2030 for Platanillo;
- 2042 for Andaquies; and
- 2042 for Coati.

The liabilities are discounted at a rate of 3.78% (2017: 5.91%).

The increase in the decommissioning provisions during the year was primarily due to the additional Platanillo well drilled in 2018.

These provisions have been created based on internal estimates. Assumptions based on the current economic environment have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning liabilities is likely to depend on the dates when the fields cease to be economically viable. This in turn depends on future oil prices which are inherently uncertain.

Environmental provision

As part of the regulatory compliance set by the Colombia environmental authority Autoridad Nacional de Licencias Ambientales ("ANLA") all extractive companies in Colombia that use water from natural sources are required to invest 1% of their annual capital expenditure in relation to water basin and ecosystem protection in the preservation, maintenance or protection of the water basin from which such water was taken.

Group

28. Non-current liabilities - provisions continued

Movements in provisions

Movements in each class of provision during the current financial year are set out below (current and non-current):

Group - 2018	Decommissioning \$'000	Environmental \$'000	Total
Carrying amount at the start of the year	5,125	637	5,762
Additional provisions recognised	1,119	_	1,119
Amounts used	_	(11)	(11)
Change in the discount rate	1,043	_	1,043
Foreign exchange	(418)	_	(418)
Unwinding of discount	126	_	(126)
Carrying amount at the end of the year	6,995	626	7,621
Split between:			
Current	698	_	698
Non-current	6,297	626	6,923

29. Non-current liabilities – deferred tax liabilities

	Gloup	
	2018 \$'000	Restated 2017 \$'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
PPE and D&P assets	22,936	20,677
E&E assets	2,612	1,068
Decommissioning provision	(2,086)	(1,509)
Current assets	(1,417)	1,198
Current liabilities	(471)	(167)
	21,574	21,267
Tax losses carried forward	(3,634)	(6,320)
Deferred tax liability	17,940	14,947
Amount expected to be (recovered)/settled within twelve months	(4,749)	488
Amount expected to be settled after more than twelve months	22,689	14,459
	17,940	14,947
Movements:		
Opening balance (restated)	14,947	21,516
Charged/(credited) to profit or loss	2,993	(6,569)
Closing balance	17,940	14,947

Deferred tax assets and liabilities are only offset in the balance sheet where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, therefore, the net deferred tax asset in relation to PDSA (Note 20) cannot be offset against the net deferred tax liabilities of the other subsidiary companies.

The Group has unused UK corporation tax losses of \$58.8m (2017: \$55.8m) for which no deferred tax asset has been recognised at the balance sheet date due to uncertainty of recovery of these losses. The tax effect of these losses is \$10.0m (2017: \$9.5m). In addition, there are capital losses in the UK brought forward at 31 December 2018 of £30.5m/\$38.8m (2017: £30.5m/\$37.8m).

There are total recognised tax losses to carry forward in AEC and PDSA of \$23.6m (2017: \$36.5m) – tax effect is \$7.4m at an average rate of 31.5% (2017: \$12.2m at an average rate of 33.5%).

The Paraguayan subsidiary is exempt from tax in accordance with local tax regulation.

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30. Current liabilities – trade and other payables

	Group		Company	
	2018 \$'000	Restated 2017 \$'000	2018 \$′000	2017 \$'000
Trade payables	10,053	20,551	156	51
Deferred income	15,000	_	_	
Other payables	5,577	2,174	2	1
Current tax liabilities	272	1,067	_	_
Social security and other taxes	317	685	47	40
Accruals	6,019	6,630	1,716	428
	37,238	31,107	1,921	520

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Refer to Note 37 for further information on financial instruments – risk management.

Accruals include deferred consideration payable to the former owners of subsidiary company PDSA, Major Bay Corporate Limited ("Major Bay"), of \$1.4m in relation to 3D seismic data acquisition incurred by the former owners prior to the sale. The Group pays 2.5% of net revenues from the CPO-5 block to Major Bay until the balance has been fully repaid.

In April 2018, Amerisur entered into a \$35m renewable working capital facility with Shell Western Supply and Trading Limited ("SWST") under which SWST will provide, at Amerisur's request, advance payments to Amerisur against deliveries of crude oil under an offtake agreement. Amounts due from SWST in respect of crude oil delivered by Amerisur are applied towards repayment of any drawdowns on the facility. At the year end, \$15m had been advanced by SWST, which will be repaid in less than one year. Interest is payable on advance payments at LIBOR plus 3.5%.

31. Current liabilities – provisions

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Decommissioning provision	698	_	_	_

The provision represents the present value of estimated costs of the remediation work that will be required to comply with environmental and legal obligations in relation to the Fenix block which is expected to be incurred in 2019 (2017: \$553k presented within non-current). The increase in the decommissioning provision is due to revisions in costs estimates as well as the lower discount rate. The liabilities are discounted at a rate of 3.78% (2017: 5.91%).

See Note 28 for further detail and the total movement during the period.

32. Equity – share capital

		Group and Company			
	2018 Shares	2017 Shares	2018 \$′000	2017 \$'000	
Ordinary shares – fully paid of 0.1 pence each	1,213,205,768	1,213,205,768	1,761	1,761	

Ordinary shares

On a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote; and, on a poll, each share is entitled to one vote.

The Company does not have a limited amount of authorised capital.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to maintain an optimum capital structure to reduce the cost of capital.

Capital risk management remains unchanged from the 2017 Annual Report.

33. Equity – share premium

	Grou	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000	
Share premium	144,941	144,941	144,941	144,941	

34. Equity – reserves

	Group	Group		
	2018 \$′000	Restated 2017 \$'000	2018 \$′000	2017 \$'000
Merger reserve	13,532	13,532	13,532	13,532
Foreign currency reserve	10,058	9,258	_	_
Share-based payments reserve	14,161	12,892	14,161	12,892
	37,751	35,682	27,693	26,424

Merger reserve

24.3 million ordinary shares were issued in 2015 as consideration for the acquisition of Platino and a further 4.7 million ordinary shares were issued as final consideration for the acquisition of PDSA in 2016. The excess over the nominal value of the shares issued is classified within a separate merger reserve. This reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to US Dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

35. Equity – retained earnings/(accumulated deficit)

	Group		Company	
	2018	2017	2018	2017
	\$′000	\$'000	\$′000	\$'000
Retained profits/(accumulated deficit) at the beginning of the financial year Adjustment for correction of error (Note 4)	25,983	14,470	(71,075)	(62,712)
	—	—	—	(143)
Retained profits/(accumulated deficit) at the beginning of the financial year - restated Profit/(loss) after taxation for the year	25,983	14,470	(71,075)	(62,855)
	1,583	11,513	(5,074)	(8,220)
Retained profits/(accumulated deficit) at the end of the financial year	27,566	25,983	(76,149)	(71,075)

36. Financial assets and financial liabilities

The Group holds the following financial instruments:

_	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Financial assets at amortised cost				
Carrying amount:				
Trade receivables (Note 23)	1,613	3,038	_	_
Other receivables (Note 23)	4,162	2,671	_	_
Cash and cash equivalents (Note 22)	34,883	29,930	33,909	22,250
Restricted cash (Notes 21 and 25)	9,258	11,332	6,900	8,143
Other financial assets at amortised cost (Note 15)	_	_	36,573	51,107
	49,916	46,971	77,382	81,500

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36. Financial assets and financial liabilities continued

_	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Financial liabilities at amortised cost				
Carrying amount:				
Trade payables (Note 30)	10,053	20,551	157	51
Other payables - current and non-current				
(Notes 27 and 30)	5,754	2,174	2	1
Amounts due to subsidiary undertakings (Note 26)	_	_	1,226	_
	15,807	22,725	1,385	52

The carrying amount of all financial assets at amortised cost net of impairment loss allowance is equal to the net carrying amount shown in the table above.

There are no gains or losses on derecognition of assets in the current or prior period.

The Group's financial instruments resulted in the following expenses recognised in the statement of profit or loss:

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Derivatives at fair value through profit and loss	70	_	_	_

The above derivative instrument had expired by the balance sheet date so there is no remaining asset or liability on the balance sheet as at 31 December 2018. On inception, the derivative was classified as a financial liability and measured at fair value. Its fair value was categorised within level 3 of the fair value hierarchy.

The Group's exposure to various risks associated with the financial instruments is discussed in Note 37. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

37. Financial instruments - risk management

Financial risk management objectives

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 arising from operations or transactions or raised through share issues or borrowings. 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.

Risk management policies are approved by the Board of Directors (the "Board"). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Any risks are reported to the Board on a monthly basis.

Market risk

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when expenses are denominated in currencies other than the respective functional currencies).

100% of the Group's sales are denominated in US Dollars; however, approximately 75% of costs are denominated in other currencies, mainly Colombian Peso and any associated foreign exchange risk is not mitigated by the Group.

Cash balances are held in other currencies to meet immediate operating and administrative expenses or to comply with local currency regulations. The non-US Dollar denominated cash balances at the year end held by the Group are as follows:

	Group	Group		
	2018 \$'000	2017 \$'000	2018 \$′000	2017 \$'000
British Pound	144	344	144	344
Colombian Peso	3,239	10,425	_	_
Paraguayan Guarani	17	55	_	_
	3,400	10,824	144	344

37. Financial instruments - risk management continued

Market risk continued

Foreign currency risk continued

The effect of a 10% weakening or strengthening of the British Pound, Colombian Peso and Paraguayan Guarani against the US Dollar, which the Group considers reasonable based on experience of historical currency price fluctuations with these currencies, would have the following impact:

Group – 2018	USD strengthened % change	USD strengthened Effect on profit before tax	USD strengthened Effect on equity	USD weakened % change	USD weakened Effect on profit before tax	Effect on equity
British Pound	10%	16	16	(10%)	(13)	(13)
Colombian Peso	10%	294	294	(10%)	(360)	(360)
Paraguayan Guarani	10%	2	2	(10%)	(2)	(2)
		312	312		(375)	(375)

Group – 2017	USD strengthened % change	USD strengthened Effect on profit before tax	USD strengthened Effect on equity	USD weakened % change	USD weakened Effect on profit before tax	Effect on equity
British Pound	10%	34	34	(10%)	(34)	(34)
Colombian Peso	10%	1,043	1,043	10%	(1,043)	(1,043)
Paraguayan Guarani	10%	5	5	10%	(5)	(5)
		1,082	1,082		(1,082)	(1,082)

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 GBP Sterling and Colombian Pesos, which are used to settle foreign currency payments thus reducing transaction risk.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group finances its operations through internally generated funds, advanced prepayments from Shell and equity fundraising 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, short-term and restricted cash 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 up to 2.4% and a fall of interest rates over the year of 1% would have resulted in a decrease in deposit interest income of \$184,000 (2017: \$284,000), whilst an increase of 1% would have resulted in an increase of \$184,000 (2017: \$284,000), all other variables remaining constant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The Group does not hold any collateral.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade and other receivables. To measure the expected credit losses, trade and other receivables are grouped based on the days past due and then assessed on an individual basis based on recent sales experience, historical collection rates and forward-looking information that is available.

The maximum exposure to credit risk for trade and other receivables at the reporting date is the carrying value of each class of financial asset disclosed in Note 36. There are no loss provision allowances as at 31 December 2018 (2017: \$nil) as there are no credit impaired receivables.

The Group trades only with recognised, creditworthy third parties and does not need to securitise its trade and other receivables. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts has not been significant.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

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37. Financial instruments – risk management continued

Intercompany loans to subsidiaries

Expected credit losses ("ECLs") are based on the assumptions that repayment of the intercompany loans are demanded at the reporting date due to the fact that the loan is contractually repayable on demand. Given the central treasury function operated by the Group, the subsidiaries do not have access to highly liquid assets in order to repay the loan if demanded and therefore the expected manner of recovery to measure expected credit losses is considered. All recovery strategies indicate that the loans will be fully recovered; therefore; no loss allowances have been made. As the loans are interest free, there is no discounting of the loan over the period in which repayment is expected.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

Remaining contractual maturities

Tromaining contractation and the contractant a						
	Weighted		Between	Between		Remaining
	average	1 year	1 and	2 and	Over	contractual
	interest rate	or less	2 years	5 years	5 years	maturities
Group – 2018	%	\$′000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
Non-interest bearing						
Trade payables	_	10,053	_	_	_	10,053
Other payables	<u></u>	5,577	_		_	5,577
Total non-derivatives		15,630	_			15,630
	Weighted		Between	Between		Remaining
	average	1 year	1 and	2 and	Over	contractual
	interest rate	or less	2 years	5 years	5 years	maturities
Group – 2017	%	\$'000	\$'000	\$'000	\$'000	\$′000
Non-derivatives						
Non-interest bearing						
Trade payables	_	20,551	_		_	20,551
Other payables	<u> </u>	2,174	_	_	_	2,174
Total non-derivatives		22,725				22,725
	Weighted		Between	Between		Remaining
	average	1 year	1 and	2 and	Over	contractual
	interest rate	or less	2 years	5 years	5 years	maturities
Company – 2018	%	\$'000	\$'000	\$'000	\$'000	\$′000
Non-derivatives						
Non-interest bearing						
Trade payables	_	156	_	_	_	156
Other payables	_	2	_	_	_	2
Total non-derivatives		158	_	_	_	158

37. Financial instruments - risk management continued

Remaining contractual maturities continued

Company – 2017	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
Non-interest bearing						
Trade payables	<u> </u>	51	_		_	51
Other payables	-	1	_	_	_	1
Total non-derivatives		52	_	_	_	52

Fair values of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

38. Acquisitions and disposals

The Group made the following asset acquisitions and disposals during 2018:

On 20 July 2018, a farm-out agreement was signed with Gulfsands Petroleum Plc ("Gulfsands") for 100% operated working interest in the Putumayo-14 block. Under the terms of the farm-out agreement, Gulfsands contributed to Consulta Previa and operational costs of \$1.5m and transferred the required guarantee for the Phase 1 work programme in favour of Amerisur in the amount of \$1.2m. There was no consideration payable from Amerisur to Gulfsands. These amounts received from Gulfsands are classified as a non-current liability and future exploration expenditure will be offset against this credit as it is spent. The ANH approved the acquisition on 20 December 2018.

In November 2018 Amerisur acquired the outstanding working interest in the Mecaya contract in bringing the Company to 100% working interest holder and Operator from 15% interest (58% effective economic interest).

Mecaya Oil and Gas Ltd ceded a 55% working interest in exchange for:

- i) a cash payment of \$400,000 over a three-year period;
- ii) the payment of \$1.2m from 50% of Amerisur production in the Mecaya block, payable only when the block is in production; and
- iii) once the production payment has been completed, a royalty payment equal to 4% of production revenue post-Government royalties.

Petex Offshore Inc. ceded a 30% working interest in exchange for:

- i) a cash payment on completion of \$0.15m;
- ii) the payment of \$0.6m from 10% of Amerisur production in the Mecaya block, payable only when the block is in production; and
- iii) a royalty payment equal to 2.2% of production revenue post-Government royalties.

On 21 November 2018, a farm-out agreement signed was Occidental Andina LLC ("Occidental") an affiliate of Occidental Petroleum Corporation for the farm-out of a 50% interest across Putumayo-9, Terecay, Tacacho and Mecaya. In return, Occidental Andina will fund a \$93.25m exploration and appraisal programme between 2019 and 2021 including 85% of the total planned 2D seismic cost expenditure of \$65m and 100% of the \$38m planned drilling programme. There was no upfront consideration received from Occidental.

The accounting for the farm-out of these assets that are in exploration phase is as follows:

- no asset is recognised for the \$93.25m future spend promised by Occidental; and
- the existing carrying value of each asset is assigned to the 50% remaining interest in the licence, which would be reduced by any cash received upfront. In this case, the upfront cash is \$nil so the carrying values remain the same and are assessed for indicators of impairment as standard practice. The effect at 31 December 2018 is that there is no gain recognised on the part disposal.

2017 acquisitions

On 16 March 2017, the Group announced the following working interest acquisitions, subject to ANH approval, from Meta Petroleum Corporation and Pacific Stratus Energy Colombia Corporation (both companies are ultimately owned by Pacific Exploration and Production ("Pacific"), a Canadian listed company, now called Frontera Energy):

- 60% in the Put-9 contract area:
- 58% in the Mecaya contract area;
- 100% in the Terecay contract area; and
- 50.5% in the Tacacho contract area.

The consideration for the acquisitions was \$4.85m in total which was paid in cash from existing resources. Additionally, a 2% overriding royalty interest ("ORRI") will be payable to Pacific in respect to Amerisur net production from the Terecay block and a 1.2% ORRI on net production from the Put-9 block. No provision has been recognised for the contingent consideration due to the level of uncertainty of the likelihood and the amount of the obligation.

AS AT 31 DECEMBER 2018

39. Contingent liabilities

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$′000	2017 \$'000
Performance guarantees	4,651	12,089	_	_

Performance guarantees are letters of credit required in relation to work commitments on exploration programmes. The amount of the contingency is uncertain due to the long-term nature of the programmes.

40. Commitments

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Lease commitments – operating				
Committed at the reporting date but not recognised as				
liabilities payable:				
Within one year	10,408	4,816	_	_
One to five years	1,038	1,302	_	_
	11,446	6,118	_	_

Operating lease commitments include contracted amounts for various production related plant, equipment and properties under non-cancellable operating leases expiring within one to five years.

41. Related party transactions

(a) Parent entity

Amerisur Resources plc is the ultimate parent entity.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 16.

(c) Key management personnel compensation

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Short-term employee benefits	2,873	3,163	2,413	2,779
Post-employment benefits	91	83	52	50
Share-based payments	493	803	398	742
	3,457	4,049	2,863	3,571

(d) Directors

Detailed remuneration disclosures are provided in the Remuneration report on pages 53 to 55.

41. Related party transactions continued

(e) Transactions with related parties

The following transactions occurred with related parties:

	Group		Company	
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Sale of goods and services:				
Sale of services to commonly controlled entities	3	_	3	_
Provision of technical services to subsidiaries	_	_	1,893	1,671
Payment for goods and services:				
Payments for services to Westleigh Investment Holdings				
Limited and its subsidiaries in which Giles Clarke and				
Nick Harrison have an interest	200	188	200	188
Payment for consultancy services:				
Fees paid to Tracarta Limited, a company in which John				
Wardle has an interest	1,598	1,650	1,598	1,650
Fees paid to Jade Oil and Gas Limited, a company in				
which Doug Ellenor has an interest	78	66	78	66
Other transactions:				
Share based payment charges relating to outstanding				
share options issued for consultancy services to Tracarta				
Limited, a company in which John Wardle has an interest	221	682	221	682

(f) Receivables from and payable to related parties

There are no current receivables to or current payables from related parties.

(g) Loans to/(from) related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$′000	2017 \$'000
Non-current receivables: Loan to subsidiaries	_	_	36,573	51,107
Non-current borrowings: Loan from subsidiaries	_	_	(1,226)	_

(h) Terms and conditions

Management services provided by the Company to subsidiary companies are made on normal commercial terms and conditions.

The amounts due to and from subsidiary companies are unsecured.

42. Events after the reporting period

On 20 March 2019, the Group announced that it had exercised its right of first refusal to acquire the remaining 50% working interest in its Put-8 block, as per the terms set forth in the existing joint operating agreement between Amerisur and Vetra Exploración y Producción Colombia SAS ("Vetra"). The consideration for the acquisition is \$19.1m which has been paid post year end.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

AS AT 31 DECEMBER 2018

43. Share-based payments

The Company has share-based payment schemes in place for the benefit of its employees and Directors. The charge in relation to these arrangements is shown below, with further details of the schemes following:

	Group	Group		
	2018 \$′000	2017 \$'000	2018 \$′000	2017 \$'000
Share-based payment charge	1,269	1,653	449	811

Share option scheme

Share options have previously been granted to Directors. The exercise price of the granted options is equal to 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 Monte Carlo 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.

The table below shows the movement in the share options during 2018 (2017: no movement):

Grant date	Expiry date	Exercise price pence	Balance at start of year	Granted	Exercised	Lapsed/ forfeited/ other	Balance at end of year
22/12/2009	23/12/2019	11.10	3,000,000	_	_	_	3,000,000
22/12/2009	23/12/2019	15.00	6,000,000	_	_	_	6,000,000

The weighted average remaining contractual life of the options outstanding at 31 December 2018 was eleven months (2017: one year eleven months).

The weighted average exercise price at 31 December 2018 and 2017 was 13.68 pence.

All the above options are exercisable at 31 December 2018 and 2017.

The weighted average share price during the financial year was 15.31 pence (2017: 20.92 pence).

Long Term Incentive Plans

From 1 January 2012 equity-settled share options were granted under the Company's LTIP scheme.

Set out below are summaries of performance rights granted under the plan:

2018

Grant date	Expiry date	Exercise price pence	Balance at start of year	Granted	Exercised	Expired/forfeited/ other	Balance at end of year
17/12/2013	16/12/2018	0.1	100,000	_	_	(100,000)	_
15/02/2014	14/02/2019	0.1	1,750,000	_	_	_	1,750,000
07/02/2015	07/02/2020	0.1	3,770,000	_	_	(1,508,000)	2,262,000
07/02/2015	07/02/2020	0.1	14,535,000	_	_	(14,535,000)	_
20/05/2016	19/05/2021	0.1	11,300,000	_	_	(1,415,000)	9,885,000
09/05/2017	08/05/2022	0.1	6,600,000	_	_	(1,185,000)	5,415,000
23/04/2018	22/04/2023	0.1	_	12,954,642	_	(510,000)	12,444,642
			38,055,000	12,954,642	_	(19,253,000)	31,756,642
Weighted aver	age exercise price (pence)	0.1	0.1	0.1	0.1	0.1

2017

Grant date	Expiry date	Exercise price pence	Balance at start of year	Granted	Exercised	Expired/forfeited/ other	Balance at end of year
22/10/2012	22/10/2017	0.1	40,000	_	_	(40,000)	_
17/12/2013	16/12/2018	0.1	100,000	_	_	_	100,000
15/02/2014	14/02/2019	0.1	6,500,000	_	_	(4,750,000)	1,750,000
07/02/2015	07/02/2020	0.1	3,770,000	_	_	_	3,770,000
07/02/2015	07/02/2020	0.1	14,535,000	_	_	_	14,535,000
20/05/2016	19/05/2021	0.1	11,300,000	_	_	_	11,300,000
09/05/2017	08/05/2022	0.1	_	6,600,000	_	_	6,600,000
			36,245,000	6,600,000	_	(4,790,000)	38,055,000
Weighted avera	age exercise price (pence))	0.1	0.1	0.1	0.1	0.1

43. Share-based payments continued

2017 continued

Set out below are the performance rights exercisable at the end of the financial year:

2017 Number	2018 Number	Expiry date	Grant date
1,750,000	1,750,000	14/02/2019	15/02/2014
_	2,262,000	07/02/2020	07/02/2015
100,000	_	16/12/2018	17/12/2013
1,850,000	4,012,000		

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.9 years (2017: 2.0 years).

All of the outstanding options can be exercised, subject to vesting conditions, at 0.1 pence over a three to five-year period.

Date of issue	Vesting conditions	Number of options at date of grant	Status
15 February 2014 (John Wardle)	No performance conditions.	1,750,000	The 1,750,000 options lapse on 14 February 2019.
			Post year end these options have been exercised.
7 February 2015 (John Wardle)	Successful installation of the OBA pipeline and commencement of operations.	2,262,000	3,770,000 were originally granted but reduced to 2,262,000 as agreed by the Remuneration Committee in 2018. These options lapse on 7 February. 512,000 of these options have been exercised post year end.
20 May 2016 CTSR (Directors)	The options vest subject to the TSR performance measured against a comparator group of peer companies. 30% will vest at median performance, measured against the comparator group at the end of the three-year performance period, and 100% will vest at upper quartile performance, with straight line vesting between these points.	3,150,000	Conditions must be met by 19 May 2019.
	TSR base price: 27.5 pence		
20 May 2016 ATSR (Directors)	30% of these options will vest if 10% compound annual returns are achieved, measured at the end of the three-year performance period, and 100% will vest if 20% compound annual returns are achieved, with straight line vesting between these points.	3,150,000	Conditions must be met by 19 May 2019.
	TSR base price: 27.5 pence		
20 May 2016 ATSR (employees)	These options are eligible to vest in three instalments. At the point that the 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.	5,000,000	Conditions must be met by 19 May 2019.
	TSR base price: 27.5 pence		
9 May 2017 ATSR (employees)	These options are eligible to vest in three instalments. At the point that the 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.	6,600,000	Conditions must be met by 8 May 2020.
	TSR base price: 25.08 pence		
23 April 2018 CTSR (Directors)	The options vest subject to the TSR performance measured against a comparator group of peer companies. 30% will vest at median performance, measured against the comparator group at the end of the three-year performance period and 100% will vest at upper quartile performance, with straight line vesting between these points.	3,327,321	Conditions must be met by 22 April 2021.

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43. Share-based payments continued

2017 continued

23 April 2018 ATSR (Directors)	30% of the options will vest if 10% compound annual returns are achieved, measured at the end of the three-year performance period and 100% will vest if 20% compound annual returns are achieved, with straight line	3,327,321	Conditions must be met by 22 April 2021.		
	vesting between these two points. TSR base price: 16.61 pence				
23 April 2018 ATSR (employees)	These options are eligible to vest in three instalments. At the point that the 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.	6,300,000	Conditions must be met by 22 April 2021.		
	TSR base price: 16.61 pence				

All LTIP share options have a vesting period of three years from date of issue with the exception of the OBA LTIP awards to John Wardle as described in the table above.

For the LTIP options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Vesting date	Exercise price pence	Risk-free interest rate %	Expected volatility %	Fair value at grant date pence	Share price at grant date pence
23 April 2018 with ATSR conditions	22 April 2021	0.1	0.89	58.25	10.9	18.2
23 April 2018 with CTSR conditions	22 April 2021	0.1	0.89	58.25	7.7	18.2

CTSR: comparator group total shareholder return.

ATSR: absolute total shareholder return.

The following assumptions have been made:

- expected volatility was determined by calculating the historical share price over the three 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; and
- since the Company has no history of paying dividends the impact of dividends has been ignored in the calculation of the LTIP share
 option charge.

GLOSSARY

Adjusted EBITDA Earnings before interest, tax, depreciation and impairment and adjusted to exclude share option charges

Amerisur Resources plc and its subsidiaries

ANH Agencia Nacional de Hidrocarburos

ARCH Agencia de Regulación y Control Hidrocarburífero

BO Barrels of oil

BOPD Barrels of oil per day

Canacol Energy Colombia SA

Capex Capital expenditure

COG COG Energy

Company Amerisur Resources plc

Consulta Previa The right of indigenous and ethnic groups to be consulted on matters affecting their culture and heritage

Group Amerisur Resources plc and its subsidiaries

Ha Hectares

IFRS International Financial Reporting Standard

KPI Key performance indicator
LTIF Lost time injury frequency rate

LTT Long-term test

mb/d Million barrels per day
MD Measured depth

MMBO/MMBOE Million barrels of oil (or oil equivalent)

MMTOE Million tonnes of oil equivalent

NPV10 Net present value at a 10% disc

NPV10 Net present value at a 10% discount rate
OBA pipeline Oleoducto Binacional Amerisur pipeline

ONGC Oil and Natural Gas Corporation Limited (India)

Opex/bl Operating expenses per barrel

Operating netback Revenue less cost of sales adjusted to exclude royalties, high prices tariff, transport costs, other non-lifting

related costs, depreciation and impairment

OPEC Organisation of Petroleum Exporting Countries

OWC Oil-water contact
Oxy Occidental Andina LLC

Pacific Exploration and Production

PDEL Petro Dorado Energy Ltd

PDSA Petrodorado South America SA
Platino Platino Energy (Barbados) Ltd
PMA Environmental Management Plan

psi Pound per square inch

RODA Red de Oleoductos Amazonas

SOTE Sistema Oleoducto Trans-Ecuatoriano

TD Total depth

VAT Value added tax

Vetra Vetra Energia S/L.

WI Working interest

WTI West Texas Intermediate

X factor Percentage of gross production offered by the contractor during the bidding process as an additional royalty

CORPORATE DIRECTORY

Directors

Chairman:

Giles Clarke, CBE, DL

Executive Directors:

John Wardle Nick Harrison

Non-executive Directors:

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Elodie Grant Goodey (appointed 8 October 2018) Stephen Foss (resigned 1 February 2019) Douglas Ellenor (resigned 31 December 2018)

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