

12 September 2019

**Amerisur Resources Plc ("Amerisur", "the Company" or "the Group")**

**Interim Results**

**Steady production growth and strong operating cash generation**

Amerisur Resources Plc, the oil and gas producer and explorer focused on Colombia, is pleased to announce its interim results for the six months ended 30 June 2019 (the "Period").

**Highlights:**

*Financial*

- Revenues of \$53.8m (H1 2018: \$67.9m)
- Generated profit before tax of \$4.4m (H1 2018: \$12.5m)
- Adjusted EBITDA\* of \$19.2m (H1 2018: \$24.3m)
- Increase in net cash from operating activities to \$18.5m (H1 2018: \$12.5m)
- Robust net cash\*\* position of \$46.0m (YE 2018: \$44.1m)

*Production and OBA*

- H1 2019 average production of 5,552 BOPD (H1 2018: 5,959), with an average realised price per barrel of \$58.8/bbl (H1 2018: \$64.2/bbl)
- Current production c.6,900 BOPD
- Approvals received to transport third party volumes through OBA, with initial volumes of third party oil transported in May
- Continuing focus on strong HSE practices, with no reported lost time incidents

*Exploration and Appraisal*

- Production started from the Indico discovery in the CPO-5 block in January
- Obtained final approvals from ANH for the farm out to Occidental of acreage in Putumayo
- Entered into deals on PUT-8 to obtain operatorship

*Strategic Review and Formal Sale Process ("FSP")*

- Following receipt of interest in the Company and its assets from other industry participants and in order to maximise value for shareholders, the Company announced its decision to conduct a strategic review, including an FSP
- Multiple parties participating in the FSP following the signing of confidentiality agreements
- Management presentations with interested parties to be held in coming weeks in Bogotá

*Outlook*

- Advancing near term exploration and appraisal activities, with Indico-2 expected to spud H2 2019
- Expect to reach or exceed the top of FY 2019 production guidance of 5,000 - 6,000 BOPD

\* Earnings before interest, tax, depreciation, amortisation and impairment and adjusted to exclude share option charges

\*\* Including restricted cash of \$15.6m

**Giles Clarke, Chairman of Amerisur, commented:**

*“The first half of 2019 delivered important corporate milestones. These included first oil from Indico, approval of the transformational farm out of acreage with Occidental and starting transportation of third party oil through the OBA pipeline. This reliable low cost export route has positive implications for development of the Putumayo basin with the potential to be a material source of additional revenue for the company. We end the period with a robust net cash position of \$46m.*

*I am pleased to report that following steady production growth in the year-to-date, we anticipate reaching or exceeding the top end of our production guidance of 5,000-6,000 BOPD.*

*For the remainder of the year, we remain focused on building production to the top end of guidance, appraising the Indico field and progressing the competitive FSP in order to maximise value for all shareholders.”*

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**About Amerisur Resources**

Amerisur Resources is an experienced Colombian Operator with an extensive, strategic acreage position in the underexplored Putumayo Basin with Occidental Petroleum ("Occidental") and a prospective Block CPO-5 in the Llanos Basin with ONGC. Amerisur is the 100% owner and operator of the OBA pipeline, a key piece of strategic, cross-border export infrastructure delivering oil from the Putumayo in Colombia into Ecuador. Amerisur produces from three fields, Platanillo, Mariposa and Indico that together generate cash flow to fund its work programme.

[www.amerisurresources.com](http://www.amerisurresources.com)

Standard: These assessments are made in accordance with the standard defined in the SPE/WPC Petroleum Resources Management System (2007).

Competent person: Technical information in this announcement has been reviewed by John Wardle Ph.D., the Company's Chief Executive. John Wardle has over 30 years' experience in the industry, having worked for BP, Britoil, Emerald Energy and Pebercan, and is a trained drilling engineer.

This announcement contains inside information as defined in EU Regulation No. 596/2014 and is in accordance with the Company's obligations under Article 17 of that Regulation.

#### **About BMO Capital Markets**

BMO Capital Markets Limited ("BMO Capital Markets"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Amerisur and no one else in connection with the FSP referred to in this announcement and will not be responsible to anyone other than Amerisur for providing the protections offered to clients of BMO Capital Markets Limited nor for providing advice in relation to the FSP or any other matters referred to in this announcement.

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#### **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer

period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

#### **Publication on website and hard copies**

A copy of this announcement and the documents required to be published by Rule 26 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Amerisur's website at <http://www.amerisurresources.com> by no later than 12 noon on the Business Day following the date of this announcement. For the avoidance of doubt, the content of the website is not incorporated into and does not form part of this announcement.

## CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

### Introduction

We are pleased to announce Amerisur's 2019 half-year financial results, a period which has seen strong operating cashflow generation and building production. We have achieved important corporate milestones, with final ANH approvals received for the transformational farm-out deal with Occidental and third party oil now delivered through the OBA pipeline. This was achieved while maintaining balance sheet strength with \$46 million cash\* and no debt at the period end.

Moving into the second half of the year we remain focused on delivering operationally. Key events are expected to include appraisal of the Indico field on CPO-5 block and exploration drilling in the Putumayo Basin around the Platanillo field.

Separately, following receipt of interest in the Company and its assets from other industry participants, the Company announced a strategic review on 19 July 2019, that includes a formal sales process. As previously disclosed, multiple parties have agreed to participate in the FSP with a virtual data room now open and management presentations expected to be held with potential counterparties in Bogotá in the coming weeks. We are focused on achieving maximum value for shareholders through this process.

### Steady production growth

Production for the period to the end of June 2019 averaged 5,552 BOPD, around 4% higher than FY 2018 (5,356 BOPD), following continued stable production at CPO-5 across both the Mariposa and Indico fields, and a successful optimisation programme at Platanillo. Production to end August averaged 5,735 BOPD, with current production around 6,900 BOPD.

The OBA pipeline continues to provide a low-cost export route for Platanillo production and more recently third-party volumes. Throughput levels averaging 2,956 BOPD during the period (H1 2018: 4,987 BOPD) were lower due to the collection of uncollected royalty barrels relating to 2018 as disclosed previously. Transportation of third party crude via the OBA pipeline system also began towards the end of the period, with commercial negotiations continuing, with the aim of increasing volumes to around 2,000 BOPD in H2 2019. Progress with the OBA pipeline continues to underline the strategic value of this 100% owned piece of infrastructure in the medium term, it has the potential to unlock value for the wider eastern Putumayo Basin and was crucial to attracting Occidental as a farm-in partner in 2018.

### Exploration activity

We have an extensive acreage position across two core areas onshore Colombia, the underexplored but highly attractive Putumayo and the prolific Llanos basins.

At the end of 2018, we announced the discovery of the Indico field on the CPO-5 block (Amerisur 30% working interest). The Indico-1 discovery well encountered a 283ft gross, 209ft net oil column in the LS3 formation with no Oil Water Contact ("OWC") identified. The field started production in January under a short-term test and now through a long term test. The 30-day Indico-2 appraisal well is expected to spud through H2 2019 to increase production and reserves with the potential to extend the OWC.

\* Including restricted cash of \$15.6m

Exploration of the LS3 play opened up by the Indico and Mariposa fields continued through 2019 with the drilling of the Calao-1 and Sol-1 exploration wells. This resulted in one modest discovery at Sol. Near term we anticipate exploration and appraisal drilling activity to focus around the Indico field.

In the Putumayo Basin work continues to secure final approvals to start exploration drilling on PUT-8 in Q4 2019 on the Bienparado prospect defined by 3D seismic. Work has started to initiate seismic surveys and later this year on the acreage included in the Occidental farm out deal; PUT-9, Terecay, Tacacho and Mecaya.

### **Corporate successes**

Amerisur has achieved a number of corporate milestones during the period. Approval was received from the ANH for the transformational farm-out agreement with Occidental, which saw a 50% interest in each of PUT-9, Terecay, Tacacho and Mecaya transferred to Occidental in return for the funding of a \$93 million exploration and appraisal programme up to 2021.

We also exercised our right of first refusal to acquire operatorship and an additional 50% interest in PUT-8 not already owned from Vetra Exploración y Producción Colombia SAS ("Vetra"). A 50% interest in the exploration licence was sold to Occidental, with operatorship retained. Together the PUT-8 deals were cash neutral and remain subject to ANH approval.

### **Strategic review and FSP**

Post-period end, following receipt of interest in the Company and its assets from a number of industry participants and in order to maximise value for shareholders in light of the high level of recent activity in the Colombian E&P sector, Amerisur announced the decision to conduct a strategic review, including a FSP as set out by The City Code on Takeovers and Mergers (the "Code").

The Company subsequently announced that it received a possible offer for the whole of the issued share capital from Etablissements Maurel & Prom S.A. ("Maurel & Prom") at a price of 17 pence per share comprising 12.5 pence per share in cash and 4.5 pence per share in shares (the "Possible Offer"). The Board concluded that the Possible Offer materially undervalued the Company and was not at a level, nor in a form, that merited further consideration.

As previously announced, multiple parties including Maurel & Prom and other industry participants have signed Confidentiality Agreements and are participating in the FSP. Participants in the FSP have been given access to extensive confidential due diligence materials and will be participating in management presentations in Bogotá in the coming weeks.

The Company remains committed to engaging with all potential offerors in a constructive and positive manner through the FSP to achieve an outcome that maximises value for all our shareholders.

### **Board, Governance and People**

In April, we announced the tragic death of Dana Coffield, non-executive Director ("NED"). The Board wishes to acknowledge the substantial contribution Dana made to Amerisur during his time as a NED.

Amerisur remains committed to conducting its operations in a safe and responsible manner and is focused on sustainably integrating the Company's projects and operations with the local environment.

### **Political and Social Developments**

Amerisur remains committed to supporting the transition to peace in Colombia following the signing of the peace deal in 2016. As an investor in the region for more than ten years, we have played a key role in establishing a number of social programmes and initiatives to support local communities in the Putumayo, particularly in implementing sustainable alternative farming programmes as part of the Government's illegal crop substitution programme (Sustitución de Cultivos Ilícitos). The Company has also contributed to improving opportunity for young people through youth development programs such as the Batuta musical capabilities building and the construction of a sports practice unit in the remote area of Montebello. We are also part of the Biodiversity Conservation Agreement with the Ministry of Environment and Sustainable Development through its Humboldt research institute and the National Industry Association. Our community training program in bird observation has received the attention of authorities and the general public, highlighting the potential of eco-tourism developments throughout the area.

In 24 April the CEO ratified Amerisur's Human Rights Policy in the presence of national and regional authorities and more than 120 community representatives. Our strategy of being a social development partner through dialogue contributed to two years of conflict-free operations in the Putumayo region.

#### **HSE compliance**

The Group continues with a record of zero loss-time accidents and zero loss of primary containment events. Environmental compliance in our Platanillo operation continues to be a high-level priority and the Company has been able to maintain its energy saving and forest compensation (tree planting) programmes.

#### **Current Trading and Outlook**

We maintain FY 2019 production guidance at 5,000 – 6,000 BOPD, albeit given strong production performance year to date we expect to reach or exceed the top end of this range. This does not include any contribution from exploration drilling or third-party sales.

We look forward to the upcoming drilling at the Indico-2 appraisal well, which has the potential to increase production and enable us to extend the oil water contact to better define field reserves. This is combined with workovers and recompletions as part of the ongoing Platanillo optimisation programme. However, given slower than expected pace of drilling on CPO-5 and revised drilling plans on PUT-8, following the previously announced transactions, we revise our plan from up to ten, to around six wells to be drilled in 2019 across exploration, appraisal and development activities.

We enter the second half of the year with a strong cash position and an exciting fully funded drilling programme ahead.

**Giles Clarke**  
Chairman

**John Wardle**  
Chief Executive

## Review of activities

During the period, Amerisur continued to develop its extensive, strategic acreage positions in the Putumayo and Llanos Basins. At the Platanillo field a successful workover and infill drilling campaign resulted in improved production (3,603 BOPD average WI production to end June). Third party crude was successfully received and transported through the OBA pipeline. The OBA pipeline is a strategic asset with the potential to become a material additional source of revenues for the Company.

In the CPO-5 block, the Indico and Mariposa fields continue to deliver strong production performance with no increase in water cut or reduction in wellhead pressures (1,949 BOPD average WI production to end June). Following the period end the Group announced the Sol oil discovery. The Sol-1 exploration well drilled to 9,986ft encountering 26.5ft net oil pay in the top of the LS3 sands and 10.5ft net oil pay in the LS1 sands of the Une formation. The well was tested and produced at an initial rate of 253 BOPD of 38.9° API. The well is suspended ahead of initiating a Long Term Test through Q4 2019.

Further drilling activity is scheduled for H2 2019, commencing with the drilling of an appraisal well at Indico-2 that is expected to take around 30 days to reach target depth. Following a slower than expected pace of drilling on CPO-5 and revised drilling plans on PUT-8, following the announced transactions, we have amended our FY 2019 drilling plan from up to ten, to around six wells to be drilled in 2019 across exploration, appraisal and development activities.

### Production

H1 2019 production averaged 5,552 BOPD (H1 2018: 5,959 BOPD). FY 2019 production guidance is maintained at 5,000 – 6,000 BOPD albeit given strong production performance year to date it is expected to reach or exceed the top end of this range. This does not include any contribution from exploration drilling or third-party sales.

### Oleoducto Binacional Amerisur (OBA)

As at 30 June 2019, the Group had transported 3.8 million barrels of oil through the OBA pipeline system since its inception in 2016.

The Company received all approvals to begin transportation of third-party crude via the OBA pipeline system to Ecuador. Access to this lower cost route to market for Putumayo Basin production in southern Colombia has the potential to generate material revenues for the Company and cost savings for surrounding producers.

The first transportation of third-party crude via the OBA began in May. Amerisur takes delivery of oil from third-party producers at the existing Platanillo reception facilities, with the purchase price based on the Brent market price minus a negotiated margin. The oil is transported through the OBA and subsequently sold through an offtake agreement with Shell. No commodity price risk is taken.

Commercial discussions are ongoing to increase third party volumes to 2,000 BOPD in H2 2019.

## Overview



7A summary of the Group's assets as at 30 June 2019 is below.

<b>Block</b>	<b>Working interest</b>	<b>X Factor</b>	<b>Operator</b>	<b>Acres</b>
Andaquies	100%	-	Yes	114,879
PUT-30	100%	4%	Yes	95,172
CPO-5	30%	23%	No	492,352
Platanillo and OBA pipeline	100%	-	Yes	27,476
PUT-9	50%	18%	Yes	121,452
PUT-12	60%	29%	Yes	134,534
Coati	60%^	-	Yes	46,279
Mecaya	50%	-	Yes	74,128
Terecay	50%	-	Yes	586,626
Tacacho	50%	-	Yes	589,010
PUT-14	100%	5%	Yes	126,941
PUT-8	50% *	2%	Yes*	102,800

\* Acquisition from Vetra and sale to Occidental subject to ANH approval (see note 4)

^ There is an existing discovery on the block called Temblon, of which Amerisur has a 100% working interest.

## FINANCIAL REVIEW

### Results summary

	H1 2019	H1 2018	FY 2018
Average gross daily production (BOPD)	5,552	5,959	5,356
Revenue (\$m) - net of royalties	53.8	67.9	108.2
Realised average selling price (\$/bl)	58.8	64.2	64.8
Profit before tax (\$m)	4.4	12.5	8.4
Adjusted EBITDA (\$m) <sup>1</sup>	19.2	24.3	34.0
Net cash from operating activities (\$m)	18.5	12.5	17.9
Net assets (\$m)	212.0	220.8	212.0
Cash and cash equivalents (inc. restricted cash) (\$m)	46.0	49.3	44.1
Average transport costs (\$/bl) <sup>1</sup>	2.4	3.5	3.5
Average Brent oil price (\$/bl)	66.1	70.6	71.3

<sup>1</sup>Non-GAAP Alternative Performance Measures – see glossary for definition in note 7.

### Business performance

Brent oil prices have been generally volatile during the first half of 2019 with Brent crude prices averaging \$66.1 per barrel (H1 2018: \$70.6 per barrel). Oil prices started the period at \$54, rising to a peak of \$75 in May 2019 and ending the period at \$68.0. Against this economic backdrop, realised sales prices for the half year period averaged \$58.8 per barrel, compared to \$64.2 in H1 2018 and \$64.8 for FY 2018.

Sales revenue for the period of \$53.8m was lower than H1 2018 due to a combination of lower sales volumes and oil market prices. Lower revenue combined with lower gross margins have resulted in an adjusted EBITDA<sup>1</sup> for the period of \$19.2 million compared to \$24.3 million for H1 2018.

\$m	H1 2019	H1 2018
(Loss)/profit after tax	(0.9)	10.8
Add back: taxation, net finance charges and foreign exchange losses	6.9	2.0
Operating profit	6.0	12.8
Add back: amortisation and depreciation	12.3	10.8
Add back: share option charges	0.9	0.7
<b>Adjusted EBITDA<sup>1</sup></b>	<b>19.2</b>	<b>24.3</b>

### Production and commodity prices

Barrels ('000)	H1 2019	H1 2018
Gross production	1,005	1,079
Less: royalties collected	(234)	(66)
<b>Net production</b>	<b>771</b>	<b>1,013</b>

Average daily gross production was 5,552 BOPD in H1 2019. Lower production in the Platanillo block in the first half of the period was offset by increased production from the two CPO-5 fields, Indico and Mariposa.

Gross production fell slightly by 6.9% compared to H1 2018 with net production down by 23.9% due to the catch up of 2018 royalty barrels being collected at the Platanillo field in the first quarter of the year. Gross production from the Platanillo field was impacted by a workover programme at the start of the year but following success of this, in addition to a new infill well, Platanillo production has increased to around 4,200 BOPD in Q2 2019.

In May 2019 the Group commenced the transport of third party oil through the OBA pipeline with initial volumes of around 200 barrels per day.

### **Operating costs**

Cost of sales comprise cost of operations, transport costs, inventory movement, high prices tariffs and depreciation. They now exclude operating lease costs following the adoption of IFRS 16. Cost of sales was \$38.2 million for H1 2019 compared to \$47.0 million for H1 2018. The decrease is principally due to lower production volumes, lower high price tariff charges and the impact of adoption of IFRS 16 (see note 2 for further details).

Transport costs in H1 2019 have remained low at \$2.4 per barrel (H1 2018: \$3.5) largely due to the impact of higher CPO-5 production that is sold direct from the well-head.

### **Administrative costs**

Administrative expenses were \$9.6 million (H1 2018: \$8.2 million) during the period, an increase of \$1.4 million against the comparative period in 2018 partly due to higher technical consultancy fees incurred in the period.

### **Finance and similar charges**

Finance and similar charges of \$1.5 million include \$0.8 million in relation to the interest on leased assets capitalised on adoption of IFRS 16. Finance charges of \$0.4 million have also been incurred in H1 2019 in relation to interest payable on advances under the Shell prepayment facility, offset by \$0.5m of interest income earned on cash deposits.

### **Taxation**

The Group has a total tax charge for the period of \$5.4 million (H1 2018: \$1.7 million) which includes a deferred tax charge of \$3.4 million. The current tax charge is significantly impacted by foreign exchange losses for local tax purposes arising in the Colombian branches where tax returns are calculated on a Colombian Peso basis. Tax payments of \$3.3 million in the cash flow statement reflect withholding taxes paid in Colombia, recoverable in the corporation tax return

Deferred tax assets of \$3.9 million have been recognised as at 30 June 2019 in relation to unused tax losses in the two operating branches in Colombia. No deferred tax is recognised on the significant tax losses carried forward in the UK parent company.

### **Cash and funding**

At the period end, the Group's cash position was \$46.0 million (2018: \$44.1 million). This is inclusive of \$15.6 million restricted cash deposits, of which \$12 million has been released post period end through unsecured back to back bank guarantees.

During the period, the Group renewed the prepayment and offtake agreement with Shell. At the period end, Shell had advanced \$22.5 million which is classified as deferred income within trade and other payables.

The first half of 2019 continued to generate positive operating cashflows which, alongside existing cash resources, have funded the capital expenditure and maintenance programmes in the year to date.

The commitments and planned discretionary programmes for the remainder of 2019 are expected to be fully funded from existing cash resources and operational cashflow generated in the second half of the period.

### **Capital expenditure**

The Group incurred total capital expenditure of \$13.8 million during the period, primarily on the two producing fields; Platanillo and CPO-5.

In March 2019, the Group announced that it had exercised a ROFR to acquire 50% and operatorship of PUT-8, a block in the Putumayo in which it already held a 50% non-operatorship interest, from Vetra for \$19.1 million less 25% withholding tax. A 50% interest in the exploration licence was sold to Occidental for \$19.1 million, with operatorship retained. ANH approval is still outstanding for both transactions. See note 4 for further information.

### **Other balance sheet items**

Trade and other receivables have increased by \$14.8 million since 31 December 2018 principally due to timing differences in receipts from oil sales as well as increases in recoverable VAT receivables in Colombia. This is however compensated for by an additional \$7.5 million prepayment from Shell, included within trade and other payables. After adjusting for this, trade and other payables have increased by \$4.5 million as result of increased capital expenditure and timing of supplier and royalty payments.

### **Dividends**

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

### **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. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

## CONSOLIDATED INCOME STATEMENT

\$'000	Note	6 months to 30 June 2019 Unaudited	6 months to 30 June 2018 Unaudited
<b>Revenue</b>		53,750	67,916
Cost of sales		(38,201)	(46,993)
<b>Gross profit</b>		15,549	20,923
Administrative expenses		(9,574)	(8,168)
<b>Operating profit</b>		5,975	12,755
Net foreign exchange losses		(569)	(261)
Finance and similar charges		(1,498)	(178)
Finance income		502	208
<b>Profit before taxation</b>		4,410	12,524
Taxation		(5,345)	(1,714)
<b>(Loss)/profit attributable to equity holders of the parent</b>		(935)	10,810
<b>(Loss)/earnings per share</b>			
Basic (cents per share)	3	(0.08)	0.89
Diluted (cents per share)	3	(0.08)	0.88

All amounts relate to continuing operations

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

\$'000		6 months to 30 June 2019 Unaudited	6 months to 30 June 2018 Unaudited
<b>(Loss)/profit attributable to equity holders of the parent</b>		(935)	10,810
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Foreign exchange differences		(5)	86
<b>Total comprehensive (expense)/income attributable to equity holders of the parent</b>		(940)	10,896

All amounts relate to continuing operations

## CONSOLIDATED BALANCE SHEET

\$'000	30 June 2019 Unaudited	31 December 2018 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	31,344	27,624
Development and production assets	125,517	122,328
Right-of-use assets	20,650	-
Other property, plant and equipment	37,632	39,209
Deferred tax asset	2,234	3,971
Restricted cash	1,802	1,746
	<b>219,179</b>	194,878
<b>Current assets</b>		
Cash and cash equivalents	30,384	34,883
Trade and other receivables	44,463	29,705
Inventories	4,142	10,667
Restricted cash	13,813	7,512
	<b>92,802</b>	82,767
<b>Total assets</b>	<b>311,981</b>	277,645
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Other payables	2,662	2,827
Lease liabilities	14,110	-
Provisions	7,171	6,923
Deferred tax liabilities	19,643	17,940
	<b>43,586</b>	27,690
<b>Current liabilities</b>		
Trade and other payables	49,260	37,238
Lease liabilities	7,184	-
Provisions	1	698
	<b>56,445</b>	37,936
<b>Total liabilities</b>	<b>100,031</b>	65,626
<b>Net assets</b>	<b>211,950</b>	212,019
<b>EQUITY</b>		
Share capital	1,764	1,761
Share premium	144,941	144,941
Reserves	36,397	37,751
Retained earnings	28,848	27,566
<b>Total equity</b>	<b>211,950</b>	212,019

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

\$'000	Reserves						Total equity
	Share capital	Share premium	Merger reserve	Share-based payment reserves	Foreign exchange reserve	Retained earnings	
At 1 January 2018	1,761	144,941	13,532	12,892	9,258	25,983	<b>208,367</b>
Profit for the period	-	-	-	-	-	10,810	<b>10,810</b>
Other comprehensive income, net of tax	-	-	-	-	86	-	<b>86</b>
Total comprehensive income	-	-	-	-	86	10,810	<b>10,896</b>
<i>Transactions with owners:</i>							
Share based payments	-	-	-	742	-	-	<b>742</b>
At 30 June 2018	1,761	144,941	13,532	13,634	9,344	36,793	<b>220,005</b>
Loss for the period	-	-	-	-	-	(9,227)	<b>(9,227)</b>
Other comprehensive income, net of tax	-	-	-	-	714	-	<b>714</b>
Total comprehensive income/(loss)	-	-	-	-	714	(9,227)	<b>(8,513)</b>
<i>Transactions with owners:</i>							
Share based payments	-	-	-	527	-	-	<b>527</b>
At 1 January 2019	1,761	144,941	13,532	14,161	10,058	27,566	<b>212,019</b>
Loss for the period	-	-	-	-	-	(935)	<b>(935)</b>
Other comprehensive loss, net of tax	-	-	-	-	(5)	-	<b>(5)</b>
Total comprehensive loss	-	-	-	-	(5)	(935)	<b>(940)</b>
<i>Transactions with owners:</i>							
Share options exercised	3	-	-	(2,217)	-	2,217	<b>3</b>
Share based payments	-	-	-	868	-	-	<b>868</b>
<b>At 30 June 2019 (unaudited)</b>	<b>1,764</b>	<b>144,941</b>	<b>13,532</b>	<b>12,812</b>	<b>10,053</b>	<b>28,848</b>	<b>211,950</b>

## CONSOLIDATED CASHFLOW STATEMENT

\$'000	6 months to 30 June 2019 Unaudited	6 months to 30 June 2018 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
(Loss)/profit for the period	(935)	10,810
Adjustments for:		
Finance income	(502)	(208)
Finance charges (excluding interest on right of use assets)	438	131
Movement in hedging instruments	204	47
Taxation	5,345	1,714
Depreciation and amortisation (including right of use assets)	12,337	10,836
Share options charge	868	742
Foreign currency differences	569	261
Decrease in inventory	6,525	938
(Increase) in trade and other receivables	(12,703)	(11,538)
Increase in trade and other payables	10,265	1,544
(Decrease) in other non-current payables	(165)	-
Movement in provisions	(449)	-
Net cash generated by operations	21,797	15,277
Taxes paid	(3,309)	(2,742)
<b>Net cash generated by operating activities</b>	<b>18,488</b>	<b>12,535</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	502	208
Increase in restricted cash	(6,357)	(93)
Payments for property, plant and equipment (including D&P assets)	(10,875)	(3,660)
Payments for exploration and evaluation assets	(2,891)	(984)
Payments to acquire exploration and evaluation assets	4	-
Proceeds from the sale of exploration and evaluation assets	4	-
<b>Net cash used in investing activities</b>	<b>(19,144)</b>	<b>(4,529)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	3	-
Principal elements of lease payments	(3,204)	-
Premium payable on commodity hedging instruments	(204)	(70)
Finance charges	(438)	(13)
<b>Net cash used in financing activities</b>	<b>(3,843)</b>	<b>(83)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,499)</b>	<b>7,923</b>
Cash and cash equivalents at the start of the period	34,883	29,930
<b>Cash and cash equivalents at the end of the period</b>	<b>30,384</b>	<b>37,853</b>



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## 1. THE COMPANY

Amerisur Resources Plc (“the Company”) is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Amerisur Resources Plc, Lakeside, St. Mellons, Cardiff, CF3 0FB. The primary activity of the Group is the exploration for and production of oil and gas in Colombia, South America.

The Company has its listing on the Alternative Investment Market (“AIM”) of the London Stock Exchange.

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## 2. BASIS OF PREPARATION

These unaudited consolidated interim financial statements are for the six months ended 30 June 2019. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018, which were prepared under International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

The consolidated interim financial statements have been prepared under the historical cost convention except for certain fair value adjustments required by certain standards. The Group’s presentation currency is the US Dollar and amounts are rounded to the nearest thousand dollars (\$’000) except as otherwise indicated.

These consolidated interim financial statements have been prepared in accordance with accounting policies consistent with those set out in the Group’s financial statements for the year ended 31 December 2018, except for the adoption of new standards as described further below. These statements do not constitute statutory accounts under s434 of the Companies Act 2006 (the “Act”).

The consolidated statutory accounts for the year ended 31 December 2018 have been filed with the Registrar of Companies. Those accounts have received an unqualified audit report and did not contain statements or matters to which the auditors drew attention under the Act.

The financial information contained in this report is unaudited. The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the six months to 30 June 2019, and the consolidated balance sheet as at 30 June 2019 and related notes, have been reviewed by the auditors, BDO LLP, and their report to the Company is attached.

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these interim 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 their ongoing working capital and committed capital expenditure requirements. In making this assessment, the Directors considered the budgets, the cash flow forecasts and associated risks.

### **Adoption of IFRS 16 ‘Leases’**

The new IFRS standard on leases came into effect on 1 January 2019. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group adopted IFRS 16 from 1 January 2019 using the modified retrospective approach and accordingly the information presented for 2018 is not restated. It remains as previously reported under IAS 17 and related

interpretations. On initial application, the Group elected to record right-of-use assets based on the corresponding lease liability. A right-of-use asset and lease obligations of \$23.7m were recorded as of 1 January 2019, with no net impact on retained earnings. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The key financial impact at the start and end of the period is shown below:

\$ million	As at 1 January 2019	As at 30 June 2019
<b>Balance sheet</b>		
Property, plant and equipment	23.7	20.7
Lease liabilities	(23.7)	(21.2)
	-	
<b>Income statement</b>		
Cost of sales		
Operating lease costs	-	(3.2)
Depreciation	-	3.0
Finance charges		
Interest	-	0.8
<b>Cash flow statement</b>		
Operating cashflow	-	3.2
Lease payments (within financing)	-	(3.2)
Impact on free cashflow	-	Nil

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 8.7%.

Straight-line operating lease expense recognition in cost of sales is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities (included in finance charges). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss.

For classification within the cash flow statement, previously operating lease payments were presented as operating cash flows. These lease payments are now disclosed in financing activities with the interest portion included within in operating cash flows.

Other new standards issued and amendments made under IFRS, effective for periods beginning on 1 January 2019, did not have a material impact on the Group's financial statements for the period ended 30 June 2019. 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.

## Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except those changed as a result of adopting the new standard IFRS 16 'Leases', as set out below.

### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

### *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the reasonably certain lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the adoption date if the interest rate implicit in the lease is not readily determinable. After the adoption date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities will be remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## 3. EARNINGS/(LOSS) PER SHARE

\$'000	6 months to 30 June 2019	6 months to 30 June 2018
(Loss)/profit for the period attributable to equity shareholders of the parent	(935)	10,810
<b>Earnings/(loss) per share</b>		
Basic (cents per share)	(0.08)	0.89
Diluted (cents per share)	(0.08)	0.88
	Shares	Shares
<b>Issued ordinary shares in issue</b>	<b>1,215,467,768</b>	1,213,205,768
Weighted average number of shares in issue for the period	<b>1,215,192,829</b>	1,213,205,768
Dilutive effect of options in issue <sup>1</sup>	-	20,030,074
<b>Weighted average number of shares for diluted earnings per share</b>	<b>1,215,192,829</b>	1,233,235,842

<sup>1</sup>in the period, there is no difference between basic and diluted EPS because potential ordinary shares are anti-dilutive.

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#### 4. PUT-8 ACQUISITION AND DISPOSAL

On 26 March 2019, Amerisur Exploración Colombia Limited ('AEC') entered into a sale and purchase agreement ('SPA') with Vetra to acquire the remaining 50% share and operatorship in their jointly shared asset, PUT-8, through the exercise its ROFR as set out in the JOA between the two parties, originally entered in to in April 2012. Prior to this on 18 March 2019, AEC entered into a SPA with Occidental Andina LLC ('Occidental') to set out the terms of the disposal of the acquired 50% share, on a non-operated participating interest basis, from Vetra, conditional upon the ROFR being exercised.

The gross consideration for both the sale to Occidental and purchase from Vetra was \$19.1 million. Beneficial ownership, when responsibility for all the risks, rights and obligations of the block is transferred, occurred on 3 and 4 April 2019 respectively. This is considered the effective date for the recognition of the acquisition and the disposal, despite approval by the ANH not yet being received.

As set out in the SPA, in the event that the ANH does not approve the PUT-8 disposal, Amerisur will be required to repay the \$19.1m received from Occidental.

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#### 5. POST REPORTING DATE EVENTS

On 19 July 2019, following receipt of interest in the Company and its assets from other industry participants and in order to maximise value for shareholders, the Company announced its decision to conduct a strategic review, including a formal sale process ('FSP') as set out by The City Code on Takeovers and Mergers.

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#### 6. APPROVAL OF THE INTERIM ACCOUNTS

The unaudited interim consolidated financial statements were approved by the Board of Directors on 12 September 2019.

Copies of the Interim report are available by download from the Company's website at:  
[www.amerisurresources.com](http://www.amerisurresources.com)

## 7. GLOSSARY

Amerisur	Amerisur Resources Plc and its subsidiaries
ANH	Agencia Nacional de Hidrocarburos
BOPD	Barrels of Oil Per Day
kbopd	Thousands of Barrels of Oil per Day
Company	Amerisur Resources Plc
D&P	Development & Production
Group	Amerisur Resources Plc and its subsidiaries
IFRS	International Financial Reporting Standard
JOA	Joint Operating Agreement
OBA pipeline	Oleoducto Binacional Amerisur pipeline
ONGC	Oil & Natural Gas Corporation Limited (India)
Oxy	Occidental Andina LLC
"Proven Reserves" or "1P"	Those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate
"Proven + Probable Reserves" or "2P"	Those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate
ROFR	Right of First Refusal
Shell	Shell Western Supply and Trading
SPA	Sale and Purchase Agreement
Vetra	Vetra Exploración y Producción Colombia S.A.S
WI	Working Interest
X factor	Percentage of gross production after royalty offered by the contractor during the bidding process.

### Non-IFRS measures

The Group uses certain measures of performances that are not specifically defined under IFRS or other generally accepted accounting principles.

Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment and adjusted to exclude share option charges. This is a useful indicator of underlying business performance.
Average transport costs	Total transport costs (pipeline and trucking) divided by gross production

## INDEPENDENT REVIEW REPORT TO AMERISUR RESOURCES PLC

### Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

### Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP  
Chartered Accountants  
London  
11 September 2019

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

## FORWARD LOOKING STATEMENTS

Forward looking statements and dates referenced in this announcement, in relation to Amerisur's exploration, development and production assets are estimates and subject to change. Oil and gas operations, particularly those relating to development stage assets, are subject to varying inputs that may impact timing, including inter alia permitting; environmental regulation; changes to regulators and regulation; third party manufacturers and service providers; political and social developments; the weather and asset partner and operator actions. The Company's estimates of timing for forward looking operations are based on the best information it has to hand at the time, however these timings may change with little or no notice to the Company. The Company will update the market as and when it becomes aware of a material change to any of the operations or timings referenced in this announcement.