

03-05-07

CHACO RESOURCES PLC ('Chaco' or 'the Company')

Results for the year ended 31 March 2007

Chaco Resources PLC, the oil and gas explorer and developer focused in South America announces audited results for the year ended 31 March 2007.

Highlights:

- Giles Clarke appointed Chairman, John Wardle appointed CEO, Nick Harrison appointed Finance Director with another senior Board appointment due imminently
- New management focussed on prioritising advanced projects including the Alea discovery in the Platanillo contract area and recently announced Fénix block

Withdrawal from Puerto Lopez Oeste as new seismic data did not indicate area commercially viable
Drilling at Primavera unsuccessful

- Progress with Platanillo block. Key milestones include:

Environmental approval clears way for active work programme
Progress with maintenance of existing road and upgrade of two bridges – 65% complete - estimated completion by the end of Q2 2007
Civil works to construct new access road and well locations will begin shortly and be complete during Q3 2007
Workover rig will be used to re-enter Alea-1, estimated Q4 2007
1500HP rig will be used to drill Platanillo-1 & 2 - drilling during Q4 2007
Appraisal data will be available from new wells prior to year end
Potential for first production in 2007 ahead of full scale development

- Farm-in agreement with Fénix Oil and Gas S.A., to earn a 48.75% interest in the Fénix Block, an area of 24,117 hectares located in the Middle Magdalena Basin of Colombia:

Proven petroleum system with previous wells on block producing oil
Region has been a prolific producer of oil over many years with discovered reserves of approximately 1.9 billion barrels of oil and 2.5 TCF of gas in over 41 distinct fields

- Fénix milestones:

3D seismic survey put out to tender – prices received are in line with budget and contract to be awarded shortly, with completion expected Q4 2007
2D reprocessing put out to tender, work to begin mid-May and results expected mid June
Exploration well due to spud Q4 2008 in second exploration phase

- Paraguayan subsidiary, Bohemia S.A. awarded evaluation permit over third area (Alto Paraná) in Paraguay

San Pedro & Alto Paraná 2D acquisition Q4 2007, seismic interpretation completed by Q3 2008, potential spud date Q2 2009

- Proposed change of name to Amerisur Resources plc

Giles Clarke, Chairman, commented:

“Your Company has seen major changes since I became Chairman, after a year of disappointing progress.

“We now have an outstanding team in place, and a focussed strategy of delivering near term cash flows and value to shareholders.

“The new Board anticipates an improvement in exploration results as the Company moves to becoming an oil producer from lower risk exploration acreage with the known presence of hydrocarbons. I look forward to reporting on the progress we will be making throughout the coming year.”

- Ends -

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Report of the Chairman

Introduction

Your Company has seen major changes at the end of this year since I became Chairman, after a year of disappointing progress.

New management

I became your Chairman in February 2007 towards the end of the financial year, and Dr John Wardle became Chief Executive. Nick Harrison became Finance Director in April 2007. I commend them to you.

I expect to announce another senior Board appointment imminently and further non-executive appointments during the course of the current year.

Dr Wardle has established a strong executive team in Colombia in preparation for solid growth in our activities there. Mr Valdovinos, the Director with particular responsibility for Paraguay, has built a firm presence for the Company in Asunción, and we expect to add further high calibre personnel.

As a result of these changes, a number of former Directors stepped down including Jon Pither, who chaired the Company for several years as both Gold Mines of Sardinia and Chaco, John Morris, who was Chief Executive, Douglas Jendry, Martin Groák who was Finance Director and Nicola Brookes who replaced him.

Operations

The new management is now focussed on prioritising the Company's most prospective regions with the existing discovery at Alea and excellent exploration prospects in the new Fénix block. At the same time, the Company has withdrawn from Puerto Lopez Oeste as new seismic data did not indicate the area to be commercially viable. In addition, drilling at Primavera was unsuccessful.

The Company has made progress with its Platanillo block, which has existing contingent and prospective resources with the Alea discovery, and we can expect a very busy period ahead on the block as we drive forward the work programme to deliver near term production for the Company.

I am delighted to announce that the operator (Ecopetrol) received the environmental license in April 2007, which has effectively removed the principal impediment to progress. The maintenance of existing road and upgrade of the two bridges is making excellent progress, and is now 65% complete. We estimate that this will be largely complete by the end of the first half of this calendar year.

A workover rig will be used to re-enter Alea-1, with operations due to begin in Q4 2007. I would like to reiterate that Alea 1 was drilled in 1988 and tested an oil discovery at 533 bpd. We can expect further drilling on the Platanillo block at Platanillo 1 and 2 which will be drilled in the last quarter of the year. Dependent upon results, Platanillo-3 could spud Q2 2008.

Our new acquisition of a significant interest in the Fénix block in the Middle Magdalena Basin, an area of proven oil fields of very commercially attractive size, has given us another important asset to rank alongside Platanillo, and also a partnership with the Montoya Group, one of the largest commercial enterprises in Colombia. Your Board regards this as a relationship which the Company will seek to foster and more opportunities will flow from this. The block is in a proven petroleum system with previous wells on the Block discovering oil. The region itself has been a prolific producer of oil over many years with discovered reserves of approximately 1.9 billion barrels of oil and 2.5 TCF of gas in over 41 distinct fields.

The Company has a busy time ahead on the Fénix block as we work to get to production as soon as possible. Scouting and reconnaissance is now largely complete and the Directors are very pleased with what has been discovered. As a result, 3D seismic has been bid out and prices received are in line with budget. We will be awarding the contract shortly. 2D reprocessing has already been bid out and work will begin mid-May, with results expected in June. The 3D acquisition will commence in Q3 2007 and be

completed by the end of the year. The results will then be interpreted with drilling location identified in Q2 2008 and the first exploration well will be spudded in Q4 2008.

We have now established several interesting areas for exploration in Paraguay, and the coming year will see a significant amount of seismic studies to enable us to focus drilling activities. Our Paraguayan subsidiary, Bohemia S.A. was awarded an evaluation permit over a third area, Alto Paraná. We will be taking this acreage forward with 2D seismic acquisition on San Pedro & Alto Paraná in Q4 2007, with the seismic interpretation being completed by Q3 2008 and a potential spud date Q2 2009.

Corporate

During the past year, the Company placed 26,666,667 new ordinary shares at 15p per share, which raised £4m gross. In addition the Company placed a further 16,500,000 new ordinary shares at 11.5p per share, which raised £1.9m gross.

During the period, losses increased from £811,000 to £5,427,000, including an exceptional item of £4,295,000, representing primarily a provision for impairment of investments in Primavera and Puerto Lopez Oeste. Loss per share increased from 0.18p to 1.02p (0.21p before exceptionals).

Since I became Chairman, we have changed our Nominated Advisor and Broker to Blue Oar Securities Plc, who have an excellent oil and gas team, and FD has become our PR adviser.

Your Board have determined that a change of name would more appropriately describe the Company's area of activity, and will be proposing at the AGM that the Company's name be changed to Amerisur Resources plc.

Outlook

Your Company has seen major changes at the end of this year since I became Chairman, after a year of disappointing progress.

We now have an outstanding team in place and a focussed strategy of delivering near term cash flows and value to shareholders.

The new Board anticipates an improvement in exploration results as the Company moves to becoming an oil producer from lower risk exploration acreage with the known presence of hydrocarbons. I look forward to reporting on the progress we will be making throughout the coming year.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

| | 31 March 2007 £000 | 31 March 2006 £000 |
|--|-----------------------------------|--------------------------|
| Turnover | - | - |
| Administrative expenses | (1,354) | (939) |
| Exceptional item – provision for impairment of investment in JANEs and intangibles | (4,295) | - |
| Operating loss | (5,649) | (939) |
| Net interest receivable and similar income | 222 | 128 |
| Loss on ordinary activities before taxation | (5,427) | (811) |
| Tax on loss on ordinary activities | - | - |
| Loss for the financial year | (5,427) | (811) |
| Loss per share – basic | (1.02)p | (0.18)p |
| Loss per share – fully diluted | (1.02)p | (0.18)p |

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007

| | Group 31 March 2007 £000 | Group 31 March 2006 £000 |
|--|---|-----------------------------------|
| FIXED ASSETS | | |
| Intangible assets | 738 | 739 |
| Tangible assets | 13 | 3 |
| Investments | 5,568 | 604 |
| | 6,319 | 1,346 |
| CURRENT ASSETS | | |
| Debtors | 242 | 22 |
| Cash at bank and in hand | 2,103 | 5,565 |
| | 2,345 | 5,587 |
| Creditors: amounts falling due within one year | (1,525) | (140) |
| NET CURRENT ASSETS | 820 | 5,447 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 7,139 | 6,793 |
| CAPITAL AND RESERVES | | |
| Called up share capital | 555 | 507 |
| Shares to be issued | 167 | 167 |
| Other reserves | 13,616 | 7,891 |
| Profit and loss account | (7,199) | (1,772) |
| Total Equity Shareholders' Funds | 7,139 | 6,793 |

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2007

| | 31 March 2007 £000 | 31 March 2006 £000 |
|---|-----------------------------------|--------------------------|
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | <u>(130)</u> | (780) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | |
| Interest received and similar income | 222 | 128 |
| TAXATION | - | - |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | | |
| Purchase of tangible fixed assets | (11) | (1) |
| Purchase of intangible fixed assets | (207) | (47) |
| Acquisition of investments | (9,079) | (604) |
| NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | <u>(9,297)</u> | (652) |
| NET CASH OUTFLOW BEFORE FINANCING | <u>(9,205)</u> | (1,304) |
| FINANCING | | |
| Issue of shares | 6,074 | 6,581 |
| Expenses and commission paid in connection with share issues | (331) | (354) |
| NET CASH INFLOW FROM FINANCING | <u>5,743</u> | 6,227 |
| (DECREASE)/INCREASE IN CASH | <u>(3,462)</u> | 4,923 |

Notes

1. This statement has been prepared using accounting policies and presentation consistent with those applied in the preparation of the statutory accounts of the Company.
2. The summary accounts set out above do not constitute statutory accounts as defined by section 240 of the UK Companies Act 1985. The summarised consolidated balance sheet at 31 March 2007, the summarised consolidated profit and loss account and the summarised consolidated cash flow statement for the year then ended have been extracted from the Company's statutory accounts for the year to 31 March 2007 upon which the auditor's opinion is unqualified. The statutory accounts for the year ended 31 March 2007 were approved by the directors on 3 May 2007, but have not yet been delivered to the Registrar of Companies.
3. The Annual Report and Accounts for the year ended 31 March 2007 will be sent by post to all registered shareholders in due course.