



Santiago, 10 de abril de 2013

Geopark Holdings Limited

Inscrito en el Registro de Valores Extranjeros bajo N° 045

Señor
Fernando Coloma Correa
Superintendente de Valores y Seguros
Av. Libertador Bernardo O'Higgins N° 1449, piso 1
PRESENTE

REF.: Adjunta información relevante que se publicó el día de hoy en el AIM del Mercado Bursátil de Londres.

Señor Superintendente:

En virtud de lo establecido en la Norma de Carácter General N°217 sección II, por medio de la presente adjunto información considerada como relevante para la empresa, que ha sido entregada el día de hoy en el Alternative Investment Market, mercado secundario de la London Stock Exchange, en donde mediante un comunicado de prensa se informan los resultados financieros de la Compañía correspondientes al ejercicio finalizado el 31 de diciembre de 2012.

La información adjunta consiste en un comunicado de prensa de setenta y ocho páginas en idioma inglés. Con respecto a la traducción del comunicado al idioma español, se informa que la misma será publicada en esta Superintendencia dentro de los próximos días.

Sin otro particular, saluda atentamente a Usted,



Pedro Aylwin Chiorrini
pp. GEOPARK HOLDINGS LIMITED



Embargoed for release at 7:00 am

10 April 2013

GEOPARK HOLDINGS LIMITED

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

GeoPark Holdings Limited ("GeoPark" or the "Company"), the Latin American oil and gas explorer, operator and consolidator with operations and producing properties in Chile, Colombia and Argentina (AIM: GPK), is pleased to announce its full year financial results ended 31 December 2012.

Summary

During 2012, GeoPark continued to execute its business plan and grow its key performance measures of oil and gas production, revenues, EBITDA and net income. The results achieved led GeoPark to register its seventh consecutive year of overall growth in 2012.

2012 Highlights

- Revenues increased 124% to US\$250 million in 2012.
- Full year production increased 49% averaging 11,276 boepd.
- 2P Reserves increased 15% to 56.9 MMboe.
- Full year Adjusted EBITDA increased 92% to US\$121 million. Net income increased 264% to US\$18 million.
- Netback per boe produced increased to US\$30.8 per boe in 2012, representing an increase of 34.5% from 2011.
- Acquisition and consolidation of two Colombian Companies – Winchester Oil and Gas and Hupecol – for a combined consideration of US\$105 million.
- First gas discovery in Tranquilo block (Chile) in 40 years, Palos Quemados (with a production test of 4.6 mmcf/day).

- Operations commenced in Tierra del Fuego, Chile on the Isla Norte, Flamenco and Campanario blocks.
- Over US\$195 million invested in capital expenditures in 2012 with 44 new wells. Total investment of US\$300 million including Colombian acquisitions.
- US\$300 million bond issue in February 2013 (144A/RegS): more than 6 times oversubscribed, initial yield of 7 5/8%. Funds will be used for new investments and refinancing.

Commenting, James F. Park, CEO of GeoPark, said: "Our 2012 results represent a significant performance step-up and reflect the growing strength of our underlying asset foundation and record of execution. In 2012, GeoPark demonstrated improvements in each of its three principal capacities as an oil and gas explorer, operator and consolidator -- with increases in production, reserves, and cash flows and new project growth in Colombia and Tierra del Fuego. Our team's ability to consistently find and produce oil and gas, our strengthening balance sheet and reliable cash flow generation, and our exciting new project opportunity portfolio provide substantial encouragement for our expectations in 2013 and beyond. We are pleased that GeoPark is continuing to achieve the scale and scope and the balance which assure long term value creation in our business."

In accordance with the AIM Rules, the information in this announcement has been reviewed by Salvador Minniti, a geologist with 32 years of oil and gas experience and Director of Exploration of GeoPark.

GeoPark can be visited online at www.geo-park.com

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GEPARK HOLDINGS LIMITED

CONSOLIDATED
FINANCIAL STATEMENTS

As of and for the year ended 31 December 2012

Contents

2	Company Overview
6	Corporate Governance
12	Directors' Remuneration Report
17	Statement of Directors' Responsibilities
18	Independent Auditors' Report
20	Consolidated Statement of Income
20	Consolidated Statement of Comprehensive Income
21	Consolidated Statement of Financial Position
22	Consolidated Statement of Changes in Equity
23	Consolidated Statement of Cash Flow
24	Notes to the Consolidated Financial Statements

Company Overview

GeoPark Holdings Limited (“GeoPark” or “the Company”) and its subsidiaries together are referred to herein as the Group.

Addresses

The Registered office address is Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM 11, Bermuda. The Company has a representative office at 35 Piccadilly, London, United Kingdom.

Principal Activity

The principal activity of the Group in the period under review was to explore, develop and produce for oil and gas reserves in Chile, Colombia and Argentina. The Group owns a solid and well-balanced portfolio of assets that includes 19 hydrocarbon blocks in which we have working interests and/or economic interests.

We were founded in 2002. Our first acquisition was the purchase of AES Corporation’s upstream oil and natural gas assets in Chile and Argentina. Those assets included a non-operating working interest in the Fell block in Chile, which at that time was operated by Empresa Nacional de Petróleo (“ENAP”), the Chilean state-owned hydrocarbon company, and operating working interests in the Del Mosquito, Cerro Doña Juana and Loma Cortaderal blocks in Argentina (collectively, the “Argentina Blocks”). In 2006, we were awarded a 100% operating working interest in the Fell block by the Republic of Chile. In 2008 and 2009, we continued our growth in Chile by acquiring operating working interests in each of the Otway and Tranquilo blocks. In 2011, we were awarded operating working interests in each of the Isla Norte, Flamenco and Campanario blocks in Tierra del Fuego, Chile (collectively, the “Tierra del Fuego Blocks”), and in 2012, we formalized and entered into special operation contracts (Contratos Especiales de Operación para la Exploración y Explotación de Yacimientos de Hidrocarburos) (each, a “CEOP”) with Chile for the exploitation and exploration of these blocks. In the first quarter of 2012, we extended our footprint to Colombia by acquiring three privately held Exploration and Production (“E&P”) companies, Winchester, La Luna and Cuerva, that includes working interests and/or economic interests in 10 blocks located in the Llanos, Magdalena and Catatumbo basins. We have operating working interests in four of these blocks and non-operating and/or economic interests in six of these blocks.

Business transactions

Acquisitions in Colombia

In February 2012, GeoPark acquired two privately-held exploration and production companies operating in Colombia, Winchester Oil and Gas S.A. and La Luna Oil Company Limited S.A. ("Winchester Luna").

In March 2012, a second acquisition occurred with the purchase of Hupecol Cuerva LLC ("Hupecol"), a privately-held company with two exploration and production blocks in Colombia.

The combined Hupecol and Winchester Luna purchases were acquired for a total consideration of US\$ 105 million, adjusted for working capital. Under the terms of the sale and purchase agreement entered into in 2012 in respect of the acquisition of Winchester Luna, the Company has to make certain payments to the former owners arising from the production and sale of hydrocarbons discovered by exploration wells drilled after 25 October 2011 on the working interests of the companies at that date. These payments which involve both, an earnings based measure and an overriding revenue royalty, equate to an estimated 4% carried interest on the part of the vendor.

LGI partnership

During 2011, the Company transferred 20% of its Chilean business to LGI (see Note 35). Therefore the non-controlling interest on the profit of that year corresponds to the profit generated by the Chilean operations. The profits of the Chilean operations that are attributable to the owners of the Company were offset by losses incurred by the Company in its Corporate and Argentine operations.

During 2012, the Company transferred 20% of its Colombian business to LGI (see Note 35). As the transaction occurred at the end of the year, there was no profit attributable to a non-controlling interest.

In addition, in March 2013, GeoPark and LGI announced their agreement to extend their strategic alliance to build a portfolio of upstream oil and gas assets throughout Latin America through 2015.

Dividends

The Directors do not recommend the payment of any dividend for the year ended 31 December 2012 (2011: nil). The Group is currently re-investing all cash generated by its operations and intends to continue to re-invest these funds for the near future. Cumulative losses for the Group are US\$ 5.9 million. Net free available equity reserves, defined as Other Reserve plus Accumulated Losses, amount to US\$ 121.7 million.

Directors' Interests

The Directors who served the Company during the year and subsequently, together with their (and their families') beneficial interests in shares in the Company, were as follows:

Name	Reappointment	Committees			Ordinary shares of USD 0.001 each at 31 De- cember 2012
		Audit	Nomination	Remuneration	
Gerry O'Shaughnessy					
Executive Chairman	6 August 2012 (*)		√		8,172,793
James F. Park					
Chief Executive Officer	6 August 2012 (*)				6,983,068
Sir Michael Jenkins					
Non-Executive Director	6 August 2012 (*)	√±	√		40,364
Christian M. Weyer					
Non-Executive Director	6 August 2012 (*)		√±		219,844
Peter Ryalls					
Non-Executive Director	6 August 2012 (*)	√		√	39,778
Juan Cristóbal Pavez					
Non-Executive Director	6 August 2012 (*)	√		√±	2,168,457
Carlos Gulisano					
Non-Executive Director	6 August 2012 (*)				1,469 ⁽¹⁾
Steven J. Quamme					
Non-Executive Director	6 August 2012 (*)			√	4,906,488

√: Committee Member ±: Committee Chairman (*): Most recent reappointment date.

(1) Carlos Gulisano holds 50,000 IPO stock options and 100,000 stock awards.

Auditors

PricewaterhouseCoopers LLP has completed the audit of the 2012 Financial Statements, as appointed in the Annual General Meeting held in August 2012 and offer themselves for Re-Appointment.

NOMAD

Oriel Securities Limited is the Company's Nominated Advisor under the AIM rules of the London Stock Exchange.

Annual General Meeting

At the Annual General Meeting of the Company, resolutions will be proposed to re-elect the Directors, according to the Company's Bye Laws. Other resolutions may be proposed in accordance with the circular to be sent out. Further details will be set forth in the formal Notice of Meeting.

Going Concern

The Directors regularly monitor the Group's cash position and liquidity risks throughout the year to ensure that it has sufficient funds to meet forecast operational and investment funding requirements. Sensitivities are run to reflect latest expectations of expenditures, oil and gas prices and other factors to enable the Group to manage the risk of any funding short falls and/or potential loan covenant breaches.

Considering macroeconomic environment conditions, the performance of the operations, the US\$ 300 million debt fund raising completed in February 2013 and the Group's cash position, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue with its investment programme in order to increase oil and gas reserves, production and revenues and meet all its obligations for the foreseeable future. For this reason, the Directors have continued to adopt the going concern basis in preparing the consolidated financial statements.

Corporate Governance

GeoPark is committed to maintaining high standards of corporate governance which it defines as managing the Group in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term. The Directors strongly intend, as is feasible given the Group's size and the constitution of the Board, to comply with the guidelines on corporate governance of the Quoted Companies Alliance for AIM companies.

GeoPark's corporate governance goals include:

- **Efficiency:** Creating a governing body of an appropriate size to permit efficient decision-making with transparency for major decisions, clear definition of responsibilities and performance targets, and procedures in place to protect and ensure the protection of the Company's assets.
- **Effectiveness:** Assembling a governing body with the required skills, provided with the proper information and collectively involved to make the best decisions for the Company.
- **Entrepreneurial:** Defining a vision for the Company with an understanding of goals, timing and necessary resources.
- **Shareholder Common Good:** Taking decisions which consider the good of all shareholders and which, if they involve management, major shareholders and other related parties, are reported in a transparent manner.

Board Matters

The Board sets the Group's strategic aims, ensuring that the necessary resources are in place to achieve those aims, and reviews management and financial performance. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value.

To achieve this, the Board directs and monitors the Group's affairs within a framework of controls which enable risk to be assessed and managed effectively through clear procedures, lines of responsibility and delegated authorities. The Board also has responsibility for setting the Group's core values and standards of business conduct and for ensuring that these, together with the Group's obligations to its stakeholders, are widely understood throughout the Group.

Board Members

The composition of the Board is a key factor in ensuring that the right mix of skills and experience are in place to lead the Group. The Chairman and Chief Executive roles are not exercised by the same individual and the Company has at least two independent Non-Executive Directors. All Directors submit themselves for re-election at the Annual General Meetings each year - a practice the Group has followed since 2006. All Directors proposed to shareholders for election are accompanied by a biography and a description of the skills and experience that the Group feels are relevant.

The Chairman is responsible for the effective running of the Board, ensuring that the Board plays a full and constructive part in the development and determination of the Group's strategy, and acting as guardian and facilitator of the Board's decision-making process.

The Chief Executive is responsible for managing the Group's business, proposing and developing the Group's strategy and overall commercial objectives in consultation with the Board and, as leader of the Executive team, implementing the decisions of the Board and its Committees. In addition, the Chief Executive is responsible for maintaining regular dialogue with shareholders as part of the Group's overall investor relations programme.

The Board comprises:

Executive Directors:

Gerald E. O'Shaughnessy – Chairman
James F. Park – Chief Executive Officer

Non-Executive Directors:

Sir Michael R. Jenkins (up until his death on 31 March 2013)
Christian M. Weyer
Peter Ryalls
Juan Cristóbal Pavez
Carlos Gulisano
Steven J. Quamme

Together, the Executive and Non-Executive Directors bring a broad range of business, commercial and other relevant experience to the Board, which is vital to the management of an expanding company.

Board Meetings

The Board meets at least quarterly and when issues arise and has a schedule of matters reserved for decisions of the Board. In addition to those formal matters required by relevant local laws to be set before a Board of Directors, the Board will also consider strategy and policy, acquisition and divestment proposals, approval of major capital investments, risk management policy, significant financing matters and statutory shareholder reporting. The Board met seven times during 2012 and maintains regular communication with Management.

The Directors also regularly visit the Group's operations. These field visits provide important perspective and expose the Directors directly to the quality and depth of the Group's operations and workforce. In these visits, the Directors are also able to make recommendations regarding improvements of the Group's operations.

Independence

The Board reviews annually the independence of all Non-Executive Directors and has determined that, with the exception of Carlos Gulisano, all current Non-Executive Directors are independent and have no cross-directorships or significant links which could materially interfere with the exercise of their independent judgment.

Board Support

Mr. Pedro Aylwin Chiorrini is currently the Company Secretary and is available to advise all Directors and ensure compliance with Board procedures. The Board has the power to appoint and remove the Company Secretary.

A procedure is in place to enable Directors, if they so wish, to seek independent professional advice at the Group's expense.

Timely Information

Directors have access to a regular supply of financial, operational, strategic and regulatory information to assist them in the discharge of their duties. Much of this information is provided as part of the normal management reporting process. Board papers are circulated in time to allow Directors to be properly briefed in advance of meetings. In addition, Board meetings generally include a review of the history, performance and future potential of a material individual asset or business unit. This is designed to ensure that all material assets are considered on a cyclical basis and to enable Board members to familiarise themselves with the key assets and operations of the Group.

Internal Control Review

Directors review on an ongoing basis, *inter alia*, financial, operational, compliance matters and risk management, and approve the annual budget and monitor performance. The Board has the responsibility to establish and maintain the Group's system of internal controls and review its effectiveness. The procedures are reviewed on an ongoing basis.

The Group maintains an approval procedure for capital expenditures and expenses. It includes different levels of authorisation based on functions and position of individuals. The Board has approved the annual budget and performance against the budget is monitored and reported.

The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has considered the need for an internal audit function but does not consider it necessary at the current time.

During 2012, the company implemented an Ethics Line in order to provide employees a channel to report any irregularity or concerns on working environment, through an anonymous and independent service held by a subcontracted company. An internal ethics committee is in charge of reviewing any allegations received and to provide advice and recommendations if applicable.

Insurance

The Company maintains Directors' and Officers' liability insurance cover, the level of which is reviewed annually.

Audit Committee

The Audit Committee is comprised of three independent Non-Executive Directors (being Sir Michael Jenkins (up until his death on 31 March 2013), Mr. Peter Ryalls and Mr. Juan Cristóbal Pavez). During the year and up until his death, the Committee was chaired by Sir Michael Jenkins and met to approve the Financial Statements.

The Committee's specific responsibilities to the Board are:

- Reviewing Financial Statements and formal announcements relating to the Group's performance;
- Assessing the independence, objectivity and effectiveness of the external auditors;
- Making recommendations for the appointment, re-appointment and removal of the external auditors and approving their remuneration and terms of engagement; and
- Implementing and monitoring policy on the engagement of the external auditor to supply non-audit services to the Group.

Nomination Committee

The Nomination Committee is comprised of three Directors (being Mr. Christian M. Weyer, Sir Michael Jenkins (up until his death on 31 March 2013) and Mr. Gerald O'Shaughnessy), the majority of whom are independent Non-Executive Directors. The Committee is chaired by Mr. Christian M. Weyer and meets as required.

The Committee's specific responsibilities to the Board are:

- Reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to any changes required;
- Identifying and nominating, for Board approval, candidates to fill Board vacancies as and when they arise;
- Making recommendations to the Board with regard to membership of the Audit and Remuneration Committees in consultation with the Chairman of each Committee;
- Reviewing the outside directorship/commitments of the Non-Executive Directors;
- Succession planning for Directors and other senior executives.

Remuneration Committee

The Remuneration Committee is comprised of three independent Non-Executive Directors, who currently are Mr. Juan Cristóbal Pavez, Mr. Steven J. Quamme and Mr. Peter Ryalls. The Committee is chaired by Mr. Juan Cristóbal Pavez and meets as required during the year.

The Committee's specific responsibilities are:

- Determining and agreeing with the Board the remuneration policy for the Chief Executive Officer, Chairman, Executive Directors and other members of the Executive Management;
- Reviewing the performance of the Executive Directors and other members of the Executive Management;
- Reviewing the design of the share incentive plans for approval by the Board and shareholders.

Shareholder Relations

Communication with Shareholders is given high priority and there is regular dialogue with institutional investors, as well as general presentations to analysts at the time of the release of the annual and interim results. Throughout 2012, Executive Directors and Senior Management met with institutional investors and Shareholders in Europe, North America and South America and conducted field trips to the Group's operations.

The Company maintains regular contact with analysts to ensure that the information regarding the business status and strategy is communicated to Shareholders. Analysts also visit the Company's field operations and have access to management and technical staff to ask questions.

Press releases have been issued throughout the year and the Company maintains a website (www.geo-park.com) on which all press releases are posted and which also contains major corporate presentations and the Financial Statements. Regular updates to record news in relation to the Group and the status of exploration and development programmes are also included on the website. Additionally, this Annual Report, which is sent to all registered Shareholders, contains extensive information about the Group's activities. Enquiries from individual Shareholders on matters relating to their shareholdings and the business of the Group are welcomed. Shareholders are also encouraged to attend the Annual General Meeting to discuss the progress of the Group. Notice of the Annual General Meeting is sent to Shareholders at least 20 working days before the meeting and includes further information on how to vote by proxy.

Financial Accounts

A statement of Director's responsibilities in respect of the accounts is set out on page 17.

Directors' Remuneration Report

The following information is not subject to audit.

Remuneration Committee

The Company has a Remuneration Committee. The members of the Committee during 2012 were Juan Cristóbal Pavez, Chairman, Peter Ryalls and Steven J. Quamme, who are Non-Executive Directors.

The Remuneration Committee agrees with the Board the framework for the remuneration of the Chief Executive, the Chairman of the Company and such other members of the Executive Management as it is designated to consider.

No Director plays a part in any discussion about his own remuneration.

Executive remuneration packages are designed to attract, motivate and retain Directors of the calibre required to grow the business and enhance value to Shareholders. The performance measurement of the Executive Directors and the determination of their annual remuneration package are undertaken by the Committee.

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related.

Performance-based Employee Long-Term Incentive Programme – Key Terms

IPO Award Programme and Executive Stock Option plan

On admission to AIM, the Executive Directors, the Management and key employees of the Company received the following options over common shares of the Company granted under the Executive Stock Options Plan.

IPO Stock Options to Management and key employees

N° of Underlying Common Shares	% of issued Common Share Capital	Grant Date	Exercise Price (£)	Earliest Exercise Date	Expiry Date
Approximately					
545,000	1.3%	15 May 2006	4.00	15 May 2008	15 May 2013

Dr. Carlos Gulisano holds 50,000 of these IPO Stock Options.

IPO Stock Options to Executive Directors

Name	N° of Underlying Common Shares	Exercise Price (£)	Earliest Exercise Date	Expiry Date
Gerald	153,345	3.20	15 May 2008	15 May 2013
O'Shaughnessy	306,690	4.00	15 May 2008	15 May 2013
	153,345	3.20	15 May 2008	15 May 2013
James F. Park	306,690	4.00	15 May 2008	15 May 2013

In accordance with the programme, 601,235 common shares were issued to the GeoPark Employee Benefit Trust for use in the settlement of the exercise of stock options granted to certain Executive Directors and employees at the time of the Company's IPO.

Stock Awards to Management, Employees and Executive Directors

In order to align the interests of its Management, employees and key advisors with those of the Company and its Shareholders, the Directors have established a Performance-based Employee Long Term Incentive Programme ("the Plan"). At the Annual General Meeting held on 19 November 2007, Shareholders voted to authorize the Board to use up to 12% of the issued share capital of the Company at the relevant time for the purposes of the Employee Long Term Incentive Plan. GeoPark's Shareholders authorized the Board of Directors to implement this plan and determine the specific conditions for each programme within some broadly-defined guidelines.

During 2012, the Remuneration Committee and the Board of Directors approved the granting of 500,000 performance share awards to employees and Management under the Plan. The 2012 awards also encompass new employees that have joined the Company since the 2011 awards. The awards will vest on the fourth anniversary of the grant date and will be subject to the award holder remaining in employment during that period (following the rules set out in the Plan).

Stock Awards to Management and Employees

N° of Underlying Common Shares	% of issued Common Share Capital	Grant Date	Exercise Price (US\$)	Earliest Exercise Date	Expiry Date
976,211 ⁽¹⁾	Approximately 2.2%	15 Dec 2008	0.001	15 Dec 2012	15 Dec 2018
852,100	Approximately 2.0%	15 Dec 2010	0.001	15 Dec 2014	15 Dec 2020
500,000	Approximately 1.1%	15 Dec 2011	0.001	15 Dec 2015	15 Dec 2021
500,000	Approximately 1.1%	15 Dec 2012	0.001	15 Dec 2016	15 Dec 2022

⁽¹⁾ Dr. Carlos Gulisano holds 100,000 of these Stock awards. In accordance with the programme, 976,211 common shares were issued to the GeoPark Employee Benefit Trust for use in the settlement of the exercise of stock awards.

Stock Awards to Executive Directors

Name	N° of Underly- ing Common Shares	% of issued Common Share Capital	Grant Date	Exercise Price (US\$)	Earliest Exer- cise Date
Gerald O'Shaughnessy	270,000	Approximately 0.6%	23 Nov 2012	0.001	23 Nov 2015
James F. Park	450,000	Approximately 1.0%	23 Nov 2012	0.001	23 Nov 2015

Considering the previously issued IPO Awards, plus the 12% limit established for the Plan, the total share capital awarded and to be awarded to employees, Management and Executive Directors represents approximately 13.4% of the shares issued.

Executive Directors' Contracts

It is the Group's policy that Executive Directors should have contracts of an indefinite term providing for a maximum of one year's notice. The details of the Director's contracts are summarized below:

Gerald O'Shaughnessy

Gerald O'Shaughnessy has a service contract with the Company which provides for him to act as Executive Chairman of the Company at a salary of US\$ 250,000 per annum. The agreement is stated to continue indefinitely, subject to it being terminable by either party by giving not less than 12 months' notice in writing at any time. The payment of any bonus to Mr O'Shaughnessy is at the Company's discretion. Mr. O'Shaughnessy's service agreement contains restrictive covenants which restrict him, for a period of 12 months following the termination of employment, from soliciting senior employees of the Company and, for a period of 6 months following the termination of employment, from being involved in any competing undertaking.

During 2012 a bonus for a total amount of US\$ 150,000 was awarded to Gerald O'Shaughnessy (no bonus in 2011).

James F. Park

James F. Park has a service contract with the Company which provides for him to act as Chief Executive Officer of the Company at a salary of US\$ 500,000 per annum. The agreement is stated to continue indefinitely, subject to it being terminable by either party by giving not less than 12 months' notice in writing at any time. The payment of any bonus to Mr. Park is at the Company's discretion. Mr. Park's service agreement contains restrictive covenants which restrict him, for a period of 12 months following the termination of employment, from soliciting senior employees of the Company and, for a period of 6 months following the termination of employment, from being involved in any competing undertaking.

During 2012 a bonus for a total amount of US\$ 300,000 was awarded to James F. Park (no bonus in 2011).

Non-Executive Directors Contracts

In August 2012 at the Annual General Meeting, the Shareholders re-elected the Non-Executive Directors. The remuneration package approved for Non-Executive Directors, which is detailed in the corresponding service contracts, contains the following components:

- a) Annual salary of £ 35,000; the fees payable shall be made up, at the option of the Company, of an issue of new shares in the Company on the basis determined by the Board and/or cash consideration payable quarterly in arrears. The share price to determine the quantity of share is the simple average to the daily closing price of the stock in the quarter prior to the payment date.
- b) Committee Chairman fee: annual remuneration of £ 5,750 payable quarterly in arrears in cash.
- c) Notice for contract termination: 2 months.

The following chart summarises the detail of payments made to Non-Executive Directors:

	2012 Cash Payment		Stock Payment
	Non-Executive Directors' Fees	Committee Chairman Fees	Director Fees Paid in Shares No. of Shares
Sir Michael Jenkins (1)	£17,500	£5,750	3,020
Peter Ryalls (2)	£17,500	£5,750	3,020
Christian Weyer (3)	£17,500	£5,750	3,020
Juan Cristóbal Pavez	£17,500	-	3,020
Carlos Gulisano	£35,000	-	-
Steven J. Quamme	£17,500	-	3,020

Additionally Dr. Carlos Gulisano received US\$ 250,000 for technical consultancy during 2012 (US\$ 138,000 in 2011).

- (1) Audit Committee Chairman
- (2) Remuneration Committee Chairman before the 2012 AGM designated Juan Cristóbal Pavez.
- (3) Nominations Committee Chairman

Approval

This report was approved by the Board of Directors on 9 April 2013 and signed on its behalf by:

Juan Cristóbal Pavez
Chairman, Remuneration Committee
9 April 2013

Statement of Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable laws and regulations in Bermuda. The Directors have elected to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial positions, financial performances and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standard Board's "Framework for the preparation and presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

The Directors are also required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Group will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and 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.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to be aware of any relevant audit information and to establish that the auditors are made aware of that information.

INDEPENDENT AUDITORS' REPORT

to the Members of GeoPark Holdings Limited

We have audited the Group financial statements (the "financial statements") of GeoPark Holdings Limited for the year ended 31 December 2012 which comprise the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law in Bermuda and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

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

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 90 of The Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving the opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2012 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

Other matters

- a. The maintenance and integrity of the GeoPark Holdings Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b. Legislation in Bermuda and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PricewaterhouseCoopers LLP

Chartered Accountants
London, United Kingdom
9 April 2013

CONSOLIDATED STATEMENT OF INCOME

Amounts in US\$ '000	Note	2012	2011
NET REVENUE	7	250,478	111,580
Production costs	8	(129,235)	(54,513)
GROSS PROFIT		121,243	57,067
Exploration costs	11	(27,890)	(10,066)
Administrative costs	12	(28,798)	(18,169)
Selling expenses	13	(24,631)	(2,546)
Other operating income (expenses)		823	(502)
OPERATING PROFIT		40,747	25,784
Financial income	14	892	162
Financial expenses	15	(17,200)	(13,678)
Bargain purchase gain on acquisition of subsidiaries	35	8,401	-
PROFIT BEFORE INCOME TAX		32,840	12,268
Income tax	16	(14,394)	(7,206)
PROFIT FOR THE YEAR		18,446	5,062
Attributable to:			
Owners of the Company		11,879	54
Non-controlling interest		6,567	5,008
Earnings per share (in US\$) for profit attributable to owners of the Company. Basic	18	0.2784	0.0013
Earnings per share (in US\$) for profit attributable to owners of the Company. Diluted	18	0.2693	0.0012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in US\$ '000	2012	2011
Income for the year	18,446	5,062
Other comprehensive income:	-	-
Total comprehensive income for year	18,446	5,062
Attributable to:		
Owners of the Company	11,879	54
Non-controlling interest	6,567	5,008

The notes on pages 24 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in US\$ '000	Note	2012	2011
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	19	457,837	224,635
Prepaid taxes	21	10,707	2,957
Other financial assets	24	7,791	5,226
Deferred income tax asset	17	13,591	450
Prepayments and other receivables	23	510	707
TOTAL NON CURRENT ASSETS		490,436	233,975
CURRENT ASSETS			
Other financial assets	24	-	3,000
Inventories	22	3,955	584
Trade receivables	23	32,271	15,929
Prepayments and other receivables	23	49,620	24,984
Prepaid taxes	21	3,443	147
Cash at bank and in hand	24	48,292	193,650
TOTAL CURRENT ASSETS		137,581	238,294
TOTAL ASSETS		628,017	472,269
TOTAL EQUITY			
Equity attributable to owners of the Company			
Share capital	25	43	43
Share premium		116,817	112,231
Reserves		128,421	115,164
Accumulated losses		(5,860)	(18,549)
Attributable to owners of the Company		239,421	208,889
Non-controlling interest		72,665	41,763
TOTAL EQUITY		312,086	250,652
LIABILITIES			
NON CURRENT LIABILITIES			
Borrowings	26	165,046	134,643
Provisions and other long-term liabilities	27	25,991	9,412
Deferred income tax liability	17	17,502	13,109
TOTAL NON CURRENT LIABILITIES		208,539	157,164
CURRENT LIABILITIES			
Borrowings	26	27,986	30,613
Current income tax liabilities		7,315	187
Trade and other payable	28	54,890	28,535
Provisions for other liabilities	29	17,201	5,118
TOTAL CURRENT LIABILITIES		107,392	64,453
TOTAL LIABILITIES		315,931	221,617
TOTAL EQUITY AND LIABILITIES		628,017	472,269

The financial statements were approved by the Board of Directors on 9 April 2013.

The notes on pages 24 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in US\$ '000	Attributable to owners of the Company					Non-controlling Interest	Total
	Share Capital	Share Premium	Other Reserve	Translation Reserve	Accumulated Losses		
Equity at 1 January 2011	42	107,858	3,025	894	(19,527)	-	92,292
Comprehensive income:							
Profit for the year	-	-	-	-	54	5,008	5,062
Total Comprehensive Income for the Year 2011	-	-	-	-	54	5,008	5,062
Transactions with owners:							
Proceeds from transaction with Non-controlling interest (Notes 25 and 35)	-	-	111,245	-	-	36,755	148,000
Share-based payment (Note 30)	1	4,373	-	-	924	-	5,298
Total 2011	1	4,373	111,245	-	924	36,755	153,298
Balances at 31 December 2011	43	112,231	114,270	894	(18,549)	41,763	250,652
Comprehensive income:							
Profit for the year	-	-	-	-	11,879	6,567	18,446
Total Comprehensive Income for the Year 2012	-	-	-	-	11,879	6,567	18,446
Transactions with owners:							
Proceeds from transaction with Non-controlling interest (Notes 25 and 35)	-	-	13,257	-	-	24,335	37,592
Share-based payment (Note 30)	-	4,586	-	-	810	-	5,396
Total 2012	-	4,586	13,257	-	810	24,335	42,988
Balances at 31 December 2012	43	116,817	127,527	894	(5,860)	72,665	312,086

The notes on pages 24 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in US\$ '000	Note	2012	2011
Cash flows from operating activities			
Income for the year		18,446	5,062
Adjustments for:			
Income tax for the year	16	14,394	7,206
Depreciation of the year	9	53,317	26,408
Loss on disposal of property, plant and equipment		546	2,010
Write-off of unsuccessful efforts	11	25,552	5,919
Impairment loss	11	-	1,344
Accrual of interest on borrowings		12,478	11,130
Amortisation of other long-term liabilities	27	(2,143)	(1,038)
Unwinding of long-term liabilities	27	1,262	350
Accrual of share-based payment	10	5,396	5,298
Exchange difference generated by borrowings		35	(15)
Gain on acquisition of subsidiaries		(8,401)	-
Deferred income	27	5,550	5,000
Income tax paid		(408)	-
Changes in working capital	5	5,778	89
Cash flows from operating activities – net		131,802	68,763
Cash flows from investing activities			
Purchase of property, plant and equipment		(198,204)	(98,651)
Acquisitions of companies, net of cash acquired	35	(105,303)	-
Purchase of financial assets		-	(2,625)
Cash flows used in investing activities - net		(303,507)	(101,276)
Cash flows from financing activities			
Proceeds from borrowings		37,200	9,668
Proceeds from transaction with non-controlling interest		12,452	142,000
Principal paid		(12,382)	(9,150)
Interest paid		(10,895)	(10,779)
Cash flows from financing activities - net		26,375	131,739
Net (decrease) increase in cash and cash equivalents		(145,330)	99,226
Cash and cash equivalents at 1 January		183,622	84,396
Cash and cash equivalents at the end of the year		38,292	183,622
Ending Cash and cash equivalents are specified as follows:			
Cash in bank		48,268	193,642
Cash in hand		24	8
Bank overdrafts		(10,000)	(10,028)
Cash and cash equivalents		38,292	183,622

The notes on pages 24 to 75 are an integral part of these consolidated financial statements.

NOTES

Note

1 General Information

GeoPark Holdings Limited (the Company) is a company incorporated under the laws of Bermuda. The addresses of its registered office and principal places of business are disclosed in the introduction to the Directors' Report. The principal activities of the Company and its subsidiaries (the Group) are described in the Directors' Report.

The Company is quoted on the AIM London Stock Exchange. Also its shares are authorized for trading on the Santiago Off-Shore Stock Exchange, in US\$ under the trading symbol "GPK".

These consolidated financial statements were authorised for issue by the Board of Directors on 9 April 2013.

Note

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of GeoPark Holdings Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

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

The consolidated financial statements have been prepared on a historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in this note under the title "Accounting estimates and assumptions".

Note

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosure

New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

IFRS 11, 'Joint arrangements', establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. IFRS 11 defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement. The Group is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2014.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2014.

Note

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosure (continued)

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 is not expected to have a significant impact on the balances recorded in the financial statements as at 31 December 2012 but would require the company to apply different valuation techniques to certain items (e.g. debt acquired as part of a business combination) recognised at fair value as and when they arise in the future. The company will adopt IFRS 13 from 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Going concern

The Directors regularly monitor the Group's cash position and liquidity risks throughout the year to ensure that it has sufficient funds to meet forecast operational and investment funding requirements. Sensitivities are run to reflect latest expectations of expenditures, oil and gas prices and other factors to enable the Group to manage the risk of any funding short falls and/or potential loan covenant breaches.

Considering macroeconomic environment conditions, the performance of the operations, the US\$ 300 million debt fund raising completed in February 2013 and Group's cash position, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue with its investment programme to increase oil and gas reserves, production and revenues and meeting all its obligations for the foreseeable future. For this reason, the Directors have continued to adopt the going concern basis in preparing the consolidated financial statements.

2.3 Consolidation

The consolidated financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the Balance Sheet date. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Note

2 Summary of significant accounting policies (continued)

2.3 Consolidation (continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee that makes strategic decisions. This committee consists of the CEO, Managing Director, CFO and managers in charge of the Exploration, Development, Drilling, Operations and SPEED departments. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Note

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation

a) Functional and presentation currency

The consolidated financial statements are presented in US Dollars, which is the Group's 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"). The functional currency of Group companies incorporated in Chile, Colombia and Argentina is the US Dollar.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency 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 period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Income.

2.6 Joint operations

The Company's interests in oil and gas related joint operations and other agreements involved in oil and gas exploration and production, have been consolidated line by line on the basis of the Company's proportional share in their assets, liabilities, revenues, costs and expenses.

2.7 Revenue recognition

Revenue from the sale of crude oil and gas is recognised in the Statement of Income when risk transferred to the purchaser, and if the revenue can be measured reliably and is expected to be received. Revenue is shown net of VAT, discounts related to the sale and overriding royalties due to the ex-owners of oil and gas properties where the royalty arrangements represent a retained working interest in the property.

2.8 Production costs

Production costs include wages and salaries incurred to achieve the net revenue for the year. Direct and indirect costs of raw materials and consumables, rentals and leasing, property, plant and equipment depreciation and royalties are also included within this account.

Note

2 Summary of significant accounting policies (continued)

2.9 Financial costs

Financial costs include interest expenses, realised and unrealised gains and losses arising from transactions in foreign currencies and the amortisation of financial assets and liabilities. The Company has capitalised borrowing cost for wells and facilities that were initiated after 1 January 2009. Amounts capitalised totalled US\$ 1,368,952 (US\$ 597,127 in 2011).

2.10 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation, and impairment if applicable. Historical cost includes expenditure that is directly attributable to the acquisition of the items; including provisions for asset retirement obligation.

Oil and gas exploration and production activities are accounted for in accordance with the successful efforts method on a field by field basis. The Group accounts for exploration and evaluation activities in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources, capitalizing exploration and evaluation costs until such time as the economic viability of producing the underlying resources is determined. Costs incurred prior to obtaining legal rights to explore are expensed immediately to the income statement.

Exploration and evaluation costs may include: license acquisition, geological and geophysical studies (i.e.: seismic), direct labour costs and drilling costs of exploratory wells. No depreciation and/or amortisation are charged during the exploration and evaluation phase. Upon completion of the evaluation phase, the prospects are either transferred to oil and gas properties or charged to expense (exploration costs) in the period in which the determination is made depending whether they have found reserves or not. If not developed, exploration and evaluation assets are written off after three years unless, it can be clearly demonstrated that the carrying value of the investment is recoverable.

A charge of US\$ 25,552,000 has been recognised in the Consolidated Statement of Income within Exploration costs (US\$ 5,919,000 in 2011) for write-offs in Argentina, Colombia and Chile (see Note 11).

All field development costs are considered construction in progress until they are finished and capitalised within oil and gas properties, and are subject to depreciation once complete. Such costs may include the acquisition and installation of production facilities, development drilling costs (including dry holes, service wells and seismic surveys for development purposes), project-related engineering and the acquisition costs of rights and concessions related to proved properties.

Workovers of wells made to develop reserves and/or increase production are capitalized as development costs. Maintenance costs are charged to income when incurred.

Note

2 Summary of significant accounting policies (continued)

2.10 Property, plant and equipment (continued)

Capitalised costs of proved oil and gas properties and production facilities and machinery are depreciated on a licensed area by the licensed area basis, using the unit of production method, based on commercial proved and probable reserves. The calculation of the “unit of production” depreciation takes into account estimated future finding and development costs and is based on current year end unescalated price levels. Changes in reserves and cost estimates are recognised prospectively. Reserves are converted to equivalent units on the basis of approximate relative energy content.

Commercial reserves are proved and probable oil and gas reserves as defined in chapter 19 of the listing rules of the United Kingdom Listing Authority (UKLA). Oil and gas reserves for this purpose are determined in accordance with Society of Petroleum Engineers definitions and were estimated by DeGolyer and MacNaughton, the Group’s independent reservoir engineers.

Depreciation of the remaining property, plant and equipment assets (i.e. furniture and vehicles) not directly associated with oil and gas activities has been calculated by means of the straight line method by applying such annual rates as required to write-off their value at the end of their estimated useful lives. The useful lives range between 3 years and 10 years.

Depreciation is allocated in the Consolidated Statement of Income as production, exploration and administrative expenses, based on the nature of the associated asset.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (see Impairment of non-financial assets in Note 2.12).

2.11 Provisions and other long-term liabilities

Provisions for asset retirement obligations, deferred income, restructuring obligations and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Note

2 Summary of significant accounting policies (continued)

2.11.1 Asset Retirement Obligation

The Group records the fair value of the liability for asset retirement obligations in the period in which the wells are drilled. When the liability is initially recorded, the Group capitalises the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value at each reporting period, and the capitalized cost is depreciated over the estimated useful life of the related asset. According to interpretations and application of current legislation and on the basis of the changes in technology and the variations in the costs of restoration necessary to protect the environment, the Group has considered it appropriate to periodically re-evaluate future costs of well-capping. The effects of this recalculation are included in the financial statements in the period in which this recalculation is determined and reflected as an adjustment to the provision and the corresponding property, plant and equipment asset.

2.11.2 Deferred Income

Relates to contributions received in cash from the Group's clients to improve the project economics of gas wells. The amounts collected are reflected as a deferred income in the balance sheet and recognised in the Consolidated Statement of Income over the productive life of the associated wells. The depreciation of the gas wells that generated the deferred income is charged to the Consolidated Statement of Income simultaneously with the amortisation of the deferred income.

2.12 Impairment of non-financial assets

Assets that are not subject to depreciation and/or amortisation (i.e.: exploration and evaluation assets) are tested annually for impairment. Assets that are subject to depreciation and/or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units), generally a licensed area. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

No asset should be kept as an exploration and evaluation asset for a period of more than three years, except if it can be clearly demonstrated that the carrying value of the investment will be recoverable.

In 2012, no charge (US\$ 1,344,000 in 2011) has been recognised within exploration costs as a result of the impairment test performed regarding operating fields in Argentina (see Note 11).

Note

2 Summary of significant accounting policies (continued)

2.13 Lease contracts

All current lease contracts are considered to be operating leases on the basis that the lessor retains substantially all the risks and rewards related to the ownership of the leased asset. Payments related to operating leases and other rental agreements are recognised in the Consolidated Income Statement on a straight line basis over the term of the contract. The Group's total commitment relating to operating leases and rental agreements is disclosed in Note 32.

2.14 Inventories

Inventories comprise crude oil and materials.

Crude oil is measured at the lower of cost and net realisable value. Materials are measured at the lower of cost and recoverable amount. Cost is determined using the first-in, first-out (FIFO) method. The cost of materials and consumables is calculated at acquisition price with the addition of transportation and similar costs.

2.15 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised only to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income.

Note

2 Summary of significant accounting policies (continued)

2.16 Financial assets

Financial assets are divided into the following categories: loans and receivables; financial assets at fair value through the profit or loss; available-for-sale financial assets; and held-to-maturity investments. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value, plus transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at each balance sheet date.

Interest and other cash flows resulting from holding financial assets are recognised in the Consolidated Income Statement when receivable, regardless of how the related carrying amount of financial assets is measured.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables, prepayments and other receivables and cash and cash equivalents in the balance sheet. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Consolidated Statement of Income. All of the Group's financial assets are classified as loan and receivables.

2.17 Other financial assets

Non current other financial assets mainly relate to the cash collateral account required under the terms of the Bond issued in 2010 (see Note 26). This investment was intended to guarantee interest payments and was recovered at repayment date (see Note 37). Non current other financial assets also include contributions made for environmental obligations according to a Colombian government request.

Current other financial assets relate solely to the cash paid into escrow that has been released on the closing of the purchase of Colombian assets (see Notes 24 and 35).

Note

2 Summary of significant accounting policies (continued)

2.18 Impairment of financial assets

Provision against trade receivables is made when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

2.19 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in the current liabilities section of the Consolidated Statement of Financial Position.

2.20 Trade and other payable

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of the business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings

Borrowings are obligations to pay cash and are recognised when the Group becomes a party to the contractual provisions of the instrument.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Statement of Income over the period of the borrowings using the effective interest method.

Direct issue costs are charged to the Consolidated Statement of Income on an accruals basis using the effective interest method.

Note

2 Summary of significant accounting policies (continued)

2.22 Share capital

Equity comprises the following:

- "Share capital" representing the nominal value of equity shares.
- "Share premium" representing the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Other reserve" representing:
 - the equity element attributable to shares granted according to IFRS 2 but not issued at year end or
 - the difference between the proceeds from the transaction with non-controlling interests received against the book value of the shares acquired in the subsidiaries GeoPark Chile S.A. and GeoPark Colombia S.A. (see Note 35).
- "Reserve for exchange adjustment" representing the differences arising from translation of investments in overseas subsidiaries.
- "Accumulated losses" representing accumulated and losses.

2.23 Share-based payment

The Group operates a number of equity-settled, share-based compensation plans comprising share awards payments and stock options plans to certain employees and other third party contractors.

Fair value of the stock option plan for employee or contractors services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted calculated using the Black-Scholes model.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Income, with a corresponding adjustment to equity.

The fair value of the share awards payments is determined at the grant date by reference of the market value of the shares and recognised as an expense over the vesting period.

Note

2 Summary of significant accounting policies (continued)

2.23 Share-based payment (continued)

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Note

3 Financial Instruments-risk management

The Group is exposed through its operations to the following financial risks:

- Currency risk
- Price risk
- Credit risk – concentration
- Funding and liquidity risk
- Interest rate risk
- Capital risk management

The policy for managing these risks is set by the Board. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the corporate office. The policy for each of the above risks is described in more detail below.

Currency risk

In Argentina, Colombia and Chile the functional currency is the US Dollar. The fluctuation of the local currencies of these countries against the US Dollar does not impact the loans, costs and revenues held in US Dollars; but it does impact the balances denominated in local currencies. Such is the case of the pre-paid taxes. As currency rate changes between the U.S. Dollar and the local currencies, the Group recognizes gains and losses in the Consolidated Statement of Income.

In Chile, Colombia and Argentina subsidiaries most of the balances are denominated in US Dollars, and since it is the functional currency of the subsidiaries, there is no exposure to currency fluctuation except from receivables or payables originated in local currency mainly corresponding to VAT. The balances as of 31 December 2012 of VAT were credits for US\$ 3,624,000 (US\$ 3,630,000 in 2011) in Argentina, credits for US\$ 221,000 (US\$ 955,000 payable in 2011) in Chile and VAT payable for US\$ 2,418,000 in Colombia.

Note

3 Financial Instruments-risk management (continued)

Currency risk (continued)

The Group minimises the local currency positions in Argentina and Chile by seeking to equilibrate local and foreign currency assets and liabilities. However, tax receivables (VAT) are very difficult to match with local currency liabilities. Therefore the Group maintains a net exposure to them.

Most of the Group's assets are associated with oil and gas productive assets. Such assets in the oil and gas industry even in the local markets are usually settled in US Dollar equivalents.

During 2012, the Argentine peso weakened by 16% (8% in 2011) against the US Dollar, the Chilean Peso strengthened by 8% (weakened by 11% in 2011) and the Colombian Peso strengthened by 9%. If the Argentine Peso, the Chilean Peso and the Colombian Peso had each weakened an additional 5% against the US dollar, with all other variables held constant, post-tax profit for the year would have been lower by US\$ 45,500 (US\$ 41,000 in 2011).

Price risk

The price realised for the oil produced by the Group is linked to WTI (West Texas Intermediate) and Brent (in respect of our Colombian operations), which is settled in the international markets in US dollars. The market price of these commodities is subject to significant fluctuation but the Board does not consider it appropriate to manage the Group's risk to such fluctuation through futures contracts or similar because to do so would not have been economic at the achieved production levels.

In Chile, the oil price is based on WTI minus certain marketing and quality discounts such as, inter alia, API quality and mercury content. In Argentina, the oil price is also subject to the impact of the retention tax on oil exports defined by the Argentine government which limits the direct correlation to the WTI.

The Company has signed a long-term Gas Supply Contract with Methanex in Chile. The price of the gas under this contract is indexed to the international methanol price.

If the market prices of WTI, Brent and methanol had fallen by 10% compared to actual prices during the year, with all other variables held constant, post-tax profit for the year would have been lower by US\$ 18,784,000 (US\$ 9,501,000 in 2011).

The Board will consider adopting a hedging policy against commodity price risk, when deemed appropriate, according to the size of the business and market implied volatility.

Note

3 Financial Instruments-risk management (continued)

Credit risk – concentration

The Group's credit risk relates mainly to accounts receivable where the credit risks correspond to the recognised values. There is not considered to be any significant risk in respect of the Group's major customers. Substantially all oil production in Argentina is sold to Oil Combustibles.

In Chile, all gas production is sold to the local subsidiary of the Methanex Corporation, a Canadian public company (12% of total revenue, 34% in 2011). All the oil produced in Chile is sold to ENAP (48% of total revenue, 65% in 2011), the State owned oil and gas company. In Colombia, 78% of the oil we produced there, was sold to Hocol, a subsidiary of Ecopetrol, the Colombian State owned oil Company (31% of total revenue). The mentioned companies all have a very good credit standing and despite the concentration of the credit risk, the Directors do not consider there to be a significant collection risk.

See disclosure in Note 24.

Funding and Liquidity risk

Following its successes in 2012 and 2011, the Group is in the fortunate position of having a secure production base and cash flow stream - coupled with a strong cash position that enables the Group to fully fund the committed work programmes of the new Blocks. Producing Blocks combine low operating costs and the flexibility of a discretionary investment programme that can be maintained, reduced or increased in the short-term depending on economic conditions.

The Group has strong support from its financial partners and significant flexibility in adjusting the programme to ensure the development of the key properties.

In addition, during 2011, the Group was able to secure US\$ 148,000,000 from the disposal of 20% of the Chilean business and during 2012 LGI made a capital subscription in GeoPark Colombia S.A. for an amount of US\$ 14,920,000 for the 20% of the Colombian business. In addition, as part of the transaction, US\$ 5,000,000 was transferred directly to the Colombian subsidiary as a loan.

See disclosure in Note 35.

Note

3 Financial Instruments-risk management (continued)

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's profit and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings issued at variable rates, which expose the Group to cash flow to interest rate risk. The Group does not face interest rate risk on its US\$ 133,000,000 Reg S Notes which carry a fixed rate coupon of 7.75% per annum.

The interest rate of the loans from Methanex Corporation and Itau Bank depends on the LIBOR rate. For the period covered by these financial statements, the Group has decided not to buy any coverage for this risk. At 31 December 2012 the outstanding long-term borrowing affected by variable rates amounted to US\$ 45,721,000, representing 24% of total long-term borrowings.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At 31 December 2012, if interest rates on currency-denominated borrowings had been 1% higher with all other variables held constant, post-tax profit for the year would have been US\$ 160,866 lower (US\$ 144,267 in 2011), mainly as a result of higher interest expense on floating rate borrowings.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group's strategy is to keep the gearing ratio within a 30% to 45% range.

Note

3 Financial Instruments-risk management (continued)

Capital risk management (continued)

Particularly, in 2011 the gearing ratio has been affected by the transactions with non-controlling interests, by which the Group received proceeds of US\$ 142,000,000.

The gearing ratios at 31 December 2012 and 2011 were as follows:

Amounts in US\$ '000	2012	2011
Net Debt	144,740	86,768 ^(a)
Total Equity	312,086	250,652
Total Capital	456,826	337,420
Gearing Ratio	32%	26%

^(a) For the calculation of the gearing ratio the Group does not consider the cash that has been allocated for future M&A activities.

Note

4 Accounting estimates and assumptions

Estimates and assumptions are used in preparing the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from them. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and assumptions used in these consolidated financial statements are noted below:

- The Group adopts the successful efforts method of accounting. The Management of the Company makes assessments and estimates regarding whether an exploration asset should continue to be carried forward as an exploration and evaluation asset not yet determined or when insufficient information exists for this type of cost to remain as an asset. In making this assessment the Management takes professional advice from qualified independent experts.
- Cash flow estimates for impairment assessments require assumptions about two primary elements - future prices and reserves. Estimates of future prices require significant judgments about highly uncertain future events. Historically, oil and gas prices have exhibited significant volatility. Our forecasts for oil and gas revenues are based on prices derived from future price forecasts

Note

4 Accounting estimates and assumptions (continued)

amongst industry analysts and our own assessments. Our estimates of future cash flows are generally based on our assumptions of long-term prices and operating and development costs.

Given the significant assumptions required and the possibility that actual conditions will differ, we consider the assessment of impairment to be a critical accounting estimate.

The process of estimating reserves is complex. It requires significant judgements and decisions based on available geological, geophysical, engineering and economic data. The estimation of economically recoverable oil and natural gas reserves and related future net cash flows was performed based on the Reserve Report dated December 2012 prepared by DeGolyer and MacNaughton, an international consultancy to the oil and gas industry based in Dallas. It incorporates many factors and assumptions including:

- expected reservoir characteristics based on geological, geophysical and engineering assessments;
- future production rates based on historical performance and expected future operating and investment activities;
- future oil and gas prices and quality differentials;
- assumed effects of regulation by governmental agencies; and
- future development and operating costs.

Management believes these factors and assumptions are reasonable based on the information available to us at the time we prepare our estimates. However, these estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change.

- Oil and gas assets held in property plant and equipment are mainly depreciated on a unit of production basis at a rate calculated by reference to proven and probable reserves and incorporating the estimated future cost of developing and extracting those reserves. Future development costs are estimated using assumptions as to the numbers of wells required to produce those reserves, the cost of the wells, future production facilities and operating costs together with assumptions on oil and gas realisations.

Note

4 Accounting estimates and assumptions (continued)

- Obligations related to the plugging of wells once operations are terminated may result in the recognition of significant obligations. Estimating the future abandonment costs is difficult and requires management to make estimates and judgments because most of the obligations are many years in the future. Technologies and costs are constantly changing as well as political, environmental, safety and public relations considerations. The Company has adopted the following criterion for recognising well plugging and abandonment related costs: The present value of future costs necessary for well plugging and abandonment is calculated for each area on the basis of a cash flow that is discounted at an average interest rate applicable to Company's indebtedness. The liabilities recognised are based upon estimated future abandonment costs, wells subject to abandonment, time to abandonment, and future inflation rates.

Note

5 Consolidated Statement of Cash Flow

The Consolidated Statement of Cash Flow shows the Group's cash flows for the year for operating, investing and financing activities and the change in cash and cash equivalents during the year.

Cash flows from operating activities are computed from the results for the year adjusted for non-cash operating items, changes in net working capital, and corporation tax. Tax paid is presented as a separate item under operating activities.

The following chart describes non-cash transactions related to the Consolidated Statement of Cash Flow:

31 December 2012

Balance Sheet Items	Movements derived from Consolidated Statement of Financial Position	Acquisition of Colombian subsidiaries	Other non-cash movements (*)	Movements from Consolidated Statement of Cash Flow
Property, plant and equipment	233,202	(110,973)	(3,440)	118,789
Prepaid taxes	11,046		-	11,046
Inventory	3,371	(12,208)	-	(8,837)
Trade receivables	16,342	(8,500)	-	7,842
Prepayment and other receivables	24,439	(8,623)	(25,140)	(9,324)
Other financial assets	(435)	-	-	(435)
Cash at bank and in hands	(145,358)	(6,570)	-	(151,928)
Borrowings	(27,776)	1,368	-	(26,408)
Trade accounts payable	(26,355)	32,468	-	6,113
Deferred tax	8,748	(15,606)	(7,128)	(13,986)
Current income tax liabilities	(7,128)	-	7,128	-
Other liabilities	(28,662)	8,370	3,440	(16,852)
Equity	(61,434)	120,274	25,140	83,980

Note
5 Consolidated Statement of Cash Flow (continued)

31 December 2011

Balance Sheet Items	Movements derived from Consolidated Statement of Financial Position	Other non-cash movements (*)	Movements from Con- solidated Statement of Cash Flow
Property, plant and equipment	64,918	(1,948)	62,970
Prepaid taxes	(892)	-	(892)
Inventory	332	-	332
Trade receivables	2,858	-	2,858
Prepayment and other receivables	22,350	(6,000)	16,350
Other financial assets	2,625	-	2,625
Cash at bank and in hands	99,226	-	99,226
Borrowings	(855)	-	(855)
Trade accounts payable	(15,825)	-	(15,825)
Deferred tax	(7,019)	(187)	(7,206)
Current income tax liabilities	(187)	187	-
Other liabilities	(9,171)	1,948	(7,223)
Equity	(158,360)	6,000	(152,360)

(*) Non-cash movements include increase in the asset retirement obligation and deferred tax. In 2012, the movement amounting to US\$ 14,920,000 relates to the contribution to be paid by LGI referring to the Colombian transactions with Non-controlling interest (see Notes 25 and 35). In 2011, the movement amounting to US\$ 6,000,000 relates to the difference between the proceeds from transactions with Non-controlling interest and the total consideration of these transactions (see Notes 25 and 35).

Cash flows from investing activities include payments in connection with the purchase and sale of property, plant and equipment and cash flows relating to the purchase and sale of enterprises to third parties. Cash flows from financing activities include changes in Shareholders' equity, and proceeds from borrowings and repayment of loans. Cash and cash equivalents include bank overdraft and liquid funds with a term of less than three months.

Changes in working capital shown in the Consolidated Statement of Cash Flow are disclosed as follows:

Amounts in US\$ '000	2012	2011
Change in Prepaid taxes	(11,046)	892
Change in Inventories	8,837	(332)
Change in Trade receivables	(7,842)	(2,858)
Change in Prepayments and other receivables and Other assets	9,759	(16,350)
Change in liabilities	6,070	18,737
	5,778	89

Note

6 Segment information

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions. The committee considers the business from a geographic perspective.

The strategic steering committee assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation, amortisation and certain non-cash items such as write-offs, impairments and share-based payments (Adjusted EBITDA). This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as impairments when it is the result of an isolated, non-recurring event. Interest income and expenses are not included in the result for each operating segment that is reviewed by the strategic steering committee. Other information provided, except as noted below, to the strategic steering committee is measured in a manner consistent with that in the financial statements.

Segment areas (geographical segments):

Amounts in US\$ '000	Argentina	Colombia	Chile	Corporate	Total
2012					
Net revenue	1,050	99,501	149,927	-	250,478
Gross (loss) / profit	(2,194)	39,304	84,133	-	121,243
Adjusted EBITDA	2,051	34,474	93,908	(9,029)	121,404
Depreciation	(3,408)	(21,050)	(28,734)	(125)	(53,317)
Impairment and write-off	(1,915)	(5,147)	(18,490)	-	(25,552)
Total assets	6,108	213,202	405,674	3,033	628,017
Employees (average)	100	80	144	-	324
Amounts in US\$ '000	Argentina	Colombia	Chile	Corporate	Total
2011					
Net revenue	1,477	-	110,103	-	111,580
Gross profit	179	-	56,888	-	57,067
Adjusted EBITDA	(1,081)	-	70,421	(5,949)	63,391
Depreciation	(1,083)	-	(25,297)	(28)	(26,408)
Impairment and write-off	(1,344)	-	(5,919)	-	(7,263)
Total assets	10,895	-	453,384 ⁽¹⁾	7,990	472,269
Employees (average)	83	-	98	1	182

⁽¹⁾ Includes cash received from disposal of 20% of the Chilean business in 2011.

Note

6 Segment information (continued)

Approximately 70% of capital expenditure was allocated to Chile (95% in 2011) and 30% was allocated to Colombia (0% in 2011).

A reconciliation of total Adjusted EBITDA to total profit before income tax is provided as follows:

Amounts in US\$ '000	2012	2011
Adjusted EBITDA for reportable segments	121,404	63,391
Depreciation	(53,317)	(26,408)
Share-based payment	(5,396)	(5,298)
Impairment and write-off of unsuccessful efforts	(25,552)	(7,263)
Others ^(a)	3,608	1,362
Operating profit	40,747	25,784
Financial results	(16,308)	(13,516)
Gain on acquisition of subsidiaries	8,401	-
Profit before tax	32,840	12,268

^(a) Includes internally capitalised costs.

Note

7 Net Revenue

Amounts in US\$ '000	2012	2011
Sale of crude oil	221,564	73,508
Sale of gas	28,914	38,072
	250,478	111,580

Note

8 Production costs

Amounts in US\$ '000	2012	2011
Depreciation	52,307	25,844
Royalties	11,424	4,843
Staff costs (Note 10)	12,384	4,568
Gas plant costs	3,371	3,242
Transportation costs	7,211	2,541
Facilities maintenance	3,277	2,302
Well maintenance	3,803	1,692
Consumables	9,884	1,687
Share-based payments (Notes 10 and 30)	1,787	1,447
Vehicle rental and personnel transportation	1,680	1,404
Pulling costs	2,305	1,086
Field camp	2,407	1,009
Landowners	845	344
Safety and Insurance costs	1,428	316
Non operated blocks costs	1,030	-
Equipment rental	5,936	-
Cost of crude oil sold from acquired business	3,826	-
Other costs	4,330	2,188
	129,235	54,513

Note

9 Depreciation

Amounts in US\$ '000	2012	2011
Oil and gas properties	44,552	20,096
Production facilities and machinery	7,708	5,767
Furniture, equipment and vehicles	713	343
Buildings and improvements	344	202
Depreciation of property, plant and equipment	53,317	26,408

Recognised as follows:

Production costs	52,307	25,844
Administrative costs	1,010	501
Other operating costs	-	63
Depreciation total	53,317	26,408

Note

10 Staff costs and Directors Remuneration

	2012	2011
Average number of employees	324	182
Amounts in US\$ '000		
Wages and salaries	19,132	9,914
Shared-based payment	5,396	5,298
Social security charges	3,636	2,228
	28,164	17,440
	2012	2011
Board of Directors' and key managers' remuneration		
Salaries and fees	5,711	4,045
Other benefits	846	2,257
	6,557	6,302

Directors' Remuneration

	2012 Cash Payment			Stock Payment	
	Executive Directors' Fees	Executive Directors' Bonus	Non-Executive Directors' Fees	Director Fees Paid in Shares No. of Shares	Cash Equivalent Total Remuneration
Gerald O'Shaughnessy	US\$ 250,000	US\$ 150,000	-	-	US\$ 400,000
James F. Park	US\$ 500,000	US\$ 300,000	-	-	US\$ 800,000
Sir Michael Jenkins ¹	-	-	£23,250	3,020	£40,750
Peter Ryalls ¹	-	-	£23,250	3,020	£40,750
Christian Weyer ¹	-	-	£23,250	3,020	£40,750
Juan Cristóbal Pavez	-	-	£17,500	3,020	£35,000
Carlos Gulisano	-	-	£35,000	-	£35,000
Steven J. Quamme	-	-	£17,500	3,020	£35,000

¹ Non-executive director fee includes a fee of £5,750 for holding a committee chairman position during the year.

IPO Stock Options to Executive Directors

The following Stock Options were issued to Executive Directors during 2006:

Name	N° of Underlying Common Shares	Exercise Price (£)	Earliest Exercise Date	Expiry Date
Gerald	153,345	3.20	15 May 2008	15 May 2013
O'Shaughnessy	306,690	4.00	15 May 2008	15 May 2013
	153,345	3.20	15 May 2008	15 May 2013
James F. Park	306,690	4.00	15 May 2008	15 May 2013

Note

10 Staff costs and Directors Remuneration (continued)

Stock Awards to Executive Directors

The following Stock Options were issued to Executive Directors during 2012:

Name	N° of		Grant Date	Exercise Price (US\$)	Earliest Exercise Date
	Underlying Common Shares	% of issued Common Share Capital			
Gerald O'Shaughnessy	270,000	Approximately 0.6%	23 Nov 2012	0.001	23 Nov 2015
James F. Park	450,000	Approximately 1.0%	23 Nov 2012	0.001	23 Nov 2015

In addition, Dr Carlos Gulisano holds the following interests in stock options and awards as a result of the services that he has previously provided to the Company:

- 50,000 IPO Stock Options issued on 15 May 2008 at an exercise price of £4.00 to be exercised between 15 May 2008 and 15 May 2013.
- 100,000 Stock awards issued on 15 December 2008 at an exercise price of \$0.001 to be exercised between 15 December 2012 and 15 December 2018.

No stock options or awards were exercised by Directors during 2012.

Note

11 Exploration costs

Amounts in US\$ '000	2012	2011
Staff costs (Note 10)	3,089	2,292
Allocation to capitalised project	(1,849)	(1,471)
Share-based payments (Notes 10 and 30)	1,329	985
Write-off of unsuccessful efforts ^(a)	25,552	5,919
Impairment loss ^(b)	-	1,344
Amortisation of other long-term liabilities related to unsuccessful efforts	(1,500)	(600)
Other services	1,269	1,597
	27,890	10,066

^(a) The 2012 charge corresponds to the cost of eight unsuccessful exploratory wells: five of them in Chile (two in Fell Block, two in Otway Block and the remaining in Tranquilo Block) and three of them in Colombia (one well in Cuerva Block, one well in Arrendajo Block and the remaining in Llanos 17 Block). The 2012 charge also includes the loss generated by the relinquishment of an area in the Del Mosquito Block in Argentina. The 2011 charge corresponds to the write-off of exploration and evaluation assets in the Fell Block. The charge includes the cost of an unsuccessful exploratory well amounting to US\$ 2,331,000 and also in accordance with the Group's accounting policy and

Note

11 Exploration costs (continued)

considering that no additional work would be performed, wells from previous years were written-off for an amount of US\$ 3,588,000.

^(b) The impairment charge relates to assets located in Del Mosquito Block based on the impairment test performed in 2011.

Note

12 Administrative costs

Amounts in US\$ '000	2012	2011
Staff costs (Note 10)	7,295	5,282
Share-based payments (Notes 10 and 30)	2,280	2,866
Consultant fees	5,122	1,896
New projects	2,927	1,726
Office expenses	3,293	1,172
Director fees and allowance	1,516	903
Travel expenses	1,563	686
Communication and IT costs	889	539
Depreciation	1,010	501
Public relations	919	1,289
Other administrative expenses	1,984	1,309
	28,798	18,169

Note

13 Selling expenses

Amounts in US\$ '000	2012	2011
Transportation	22,066	1,886
Delivery or pay penalty	1,718	-
Storage	645	508
Selling taxes	202	152
	24,631	2,546

Note

14 Financial income

Amounts in US\$ '000	2012	2011
Exchange difference	348	32
Interest received	544	130
	892	162

Note

15 Financial expenses

Amounts in US\$ '000	2012	2011
Bank charges and other financial costs	1,764	1,856
Exchange difference	2,429	496
Unwinding of long-term liabilities	1,262	350
Interest and amortisation of debt issue costs	13,114	11,573
Less: amounts capitalised on qualifying assets	(1,369)	(597)
	17,200	13,678

Note

16 Income tax

Amounts in US\$ '000	2012	2011
Current tax	7,536	187
Deferred income tax (Note 17)	6,858	7,019
	14,394	7,206

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Amounts in US\$ '000	2012	2011
Profit before tax	32,840	12,268
Tax losses from non-taxable jurisdictions	8,373	8,565
Taxable profit	41,213	20,833
Income tax calculated at statutory tax rate	6,290	5,473
Tax losses where no deferred income tax is recognised	2,864	2,560
Difference between functional currency and tax currency	3,784	(761)
Expenses not deductible for tax purposes	1,903	-
Non-taxable profit	(447)	(66)
Income tax	14,394	7,206

Under current Bermuda law, the Company is not required to pay any taxes in Bermuda on income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that, in the event of any taxes being imposed, they will be exempt from taxation in Bermuda until March 2016. Income tax rates in those countries where the Group operates (Argentina, Colombia and Chile) ranges from 15% to 35%.

Note

16 Income Tax (continued)

The Group has significant tax losses available which can be utilised against future taxable profit in the following countries:

Amounts in US\$ '000	2012	2011
Argentina	11,645	18,656
Total tax losses at 31 December	11,645	18,656

At the balance sheet date deferred tax assets in respect of tax losses in Argentina have not been recognised as there is insufficient evidence of future taxable profits before the statute of limitation of these tax losses causes them to expire.

Expiring dates for tax losses accumulated at 31 December 2012 are:

Expiring date	Amounts in US\$ '000
2013	3,348
2014	634
2015	5,024
2016	2,639
2017	-

Note

17 Deferred income tax

The gross movement on the deferred income tax account is as follows:

Amounts in US\$ '000	2012	2011
Deferred tax at 1 January	(12,659)	(5,640)
Acquisition of subsidiaries	15,606	-
Income statement charge	(6,858)	(7,019)
Deferred tax at 31 December	(3,911)	(12,659)

The breakdown and movement of deferred tax assets and liabilities as of 31 December 2012 and 2011 are as follows:

Amounts in US\$ '000	At the beginning of year	Acquisition of subsidiaries	(Charged) / credited to net profit	At end of year
Deferred tax assets				
Difference in depreciation rates and other	(1,426)	11,313	(676)	9,211
Taxable losses (*)	1,876	4,293	(1,789)	4,380
Total 2012	450	15,606	(2,465)	13,591
Total 2011	374	-	76	450

Note

17 Deferred income tax (continued)

	At the beginning of year	(Charged) / credited to net profit	At end of year
Amounts in US\$ '000			
Deferred tax liabilities			
Difference in depreciation rates and other	(12,338)	(4,564)	(16,902)
Borrowings	(771)	171	(600)
Total 2012	(13,109)	(4,393)	(17,502)
Total 2011	(6,014)	(7,095)	(13,109)

(*) In Chile, taxable losses have no expiration date.

Note

18 Earnings per share

Amounts in US\$ '000	2012	2011
Numerator:		
Profit for the year	11,879	54
Denominator:		
Weighted average number of shares used in basic EPS	42,673,981	41,912,685
Earnings after tax per share (US\$) – basic	0.2784	0.0013

Amounts in US\$ '000	2012	2011
Weighted average number of shares used in basic EPS	42,673,981	41,912,685
Effect of dilutive potential common shares		
Stock award at US\$ 0.001	1,435,324	2,004,482
Weighted average number of common shares for the purposes of di- luted earnings per shares	44,109,305	43,917,167
Earnings after tax per share (US\$) – diluted	0.2693	0.0012

Note

19 Property, plant and equipment

Amounts in US\$'000	Oil & gas properties	Furniture, equipment and vehicles	Production facilities and machinery	Buildings and improvements	Construction in progress	Exploration and evaluation assets	Total
Cost at 1 January 2011	126,626	1,445	38,142	2,076	16,197	23,412	207,898
Additions	2,318	825	1,261	156	56,570	39,469	100,599
Disposals	(227)	(177)	(1,852)	-	(272)	-	(2,528)
Write-off / Impairment	-	-	-	-	-	(7,263)	(7,263)
Transfers	43,239	82	9,551	205	(39,599)	(13,478)	-
Cost at 31 December 2011	171,956	2,175	47,102	2,437	32,896	42,140	298,706
Additions	4,071	637	32,335	-	81,241	83,360	201,644
Disposals	(416)	-	(130)	-	-	-	(546)
Write-off / Impairment	-	-	-	-	-	(25,552)	(25,552)
Acquisition of subsidiaries	62,449	389	10,865	-	9,452	27,818	110,973
Transfers	106,311	375	(3,223)	761	(69,564)	(34,660)	-
Cost at 31 December 2012	344,371	3,576	86,949	3,198	54,025	93,106	585,225
Depreciation and write-down at 1 January 2011	(33,508)	(851)	(13,308)	(514)	-	-	(48,181)
Depreciation	(20,096)	(343)	(5,767)	(202)	-	-	(26,408)
Disposals	-	71	447	-	-	-	518
Depreciation and write-down at 31 December 2011	(53,604)	(1,123)	(18,628)	(716)	-	-	(74,071)
Depreciation	(44,552)	(713)	(7,708)	(344)	-	-	(53,317)
Depreciation and write-down at 31 December 2012	(98,156)	(1,836)	(26,336)	(1,060)	-	-	(127,388)
Carrying amount at 31 December 2011	118,352	1,052	28,474	1,721	32,896	42,140	224,635
Carrying amount at 31 December 2012	246,215	1,740	60,613	2,138	54,025	93,106	457,837

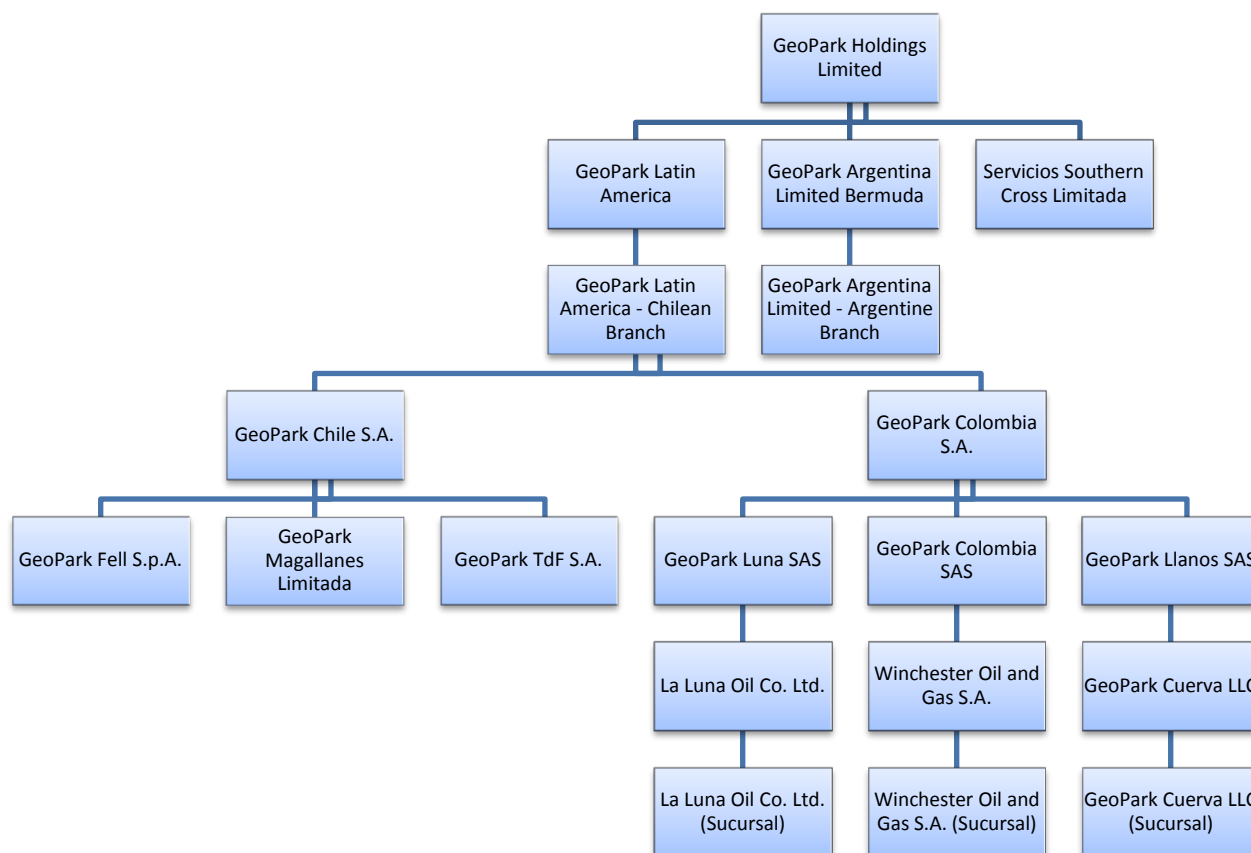
As of 31 December 2012, the Group has pledged, as security for a mortgage obtained for the acquisition of the operating base in Chile, assets amounting to US\$ 692,000 (US\$ 638,000 in 2011). See Note 26.

On 25 August 2011 the exploratory period in the Fell Block ended. The exploration programme carried out during the exploration period enabled the Company to declare commerciality on approximately 84% of the total area of the Block. The remaining area not declared as commercial was relinquished, which did not generate any loss for the Group.

Note

20 Subsidiary undertakings

The following chart illustrates the Group structure:



Details of the subsidiaries and jointly controlled assets of the Company are set out below:

	Name and registered office	Ownership interest
Subsidiaries	GeoPark Argentina Ltd. – Bermuda	100%
	GeoPark Argentina Ltd. – Argentine Branch	100% (a)
	Servicios Southern Cross Limitada (Chile)	100% (b)
	GeoPark Latin America	100% (i)
	GeoPark Latin America – Chilean Branch	100% (a) (i)
	GeoPark S.A. (Chile)	100% (a) (b)
	GeoPark Chile S.A. (Chile)	80% (a) (c)
	GeoPark Fell S.p.A. (Chile)	80% (a) (c)
	GeoPark Magallanes Limitada (Chile)	80% (a) (c)
	GeoPark TdF S.A. (Chile)	69% (a) (d)
	GeoPark Colombia S.A. (Chile)	80% (a) (e)
	GeoPark Luna SAS (Colombia)	100% (a) (e)
	GeoPark Colombia SAS (Colombia)	100% (a) (e)
	GeoPark Llanos SAS (Colombia)	100% (a) (e)
	La Luna Oil Co. Ltd. (Panama)	100% (a) (e)
	Winchester Oil and Gas S.A. (Panama)	100% (a) (e)
	GeoPark Cuerva LLC (United States)	100% (a) (e)
	Sucursal La Luna Oil Co. Ltd. (Colombia)	100% (a) (e)
	Sucursal Winchester Oil and Gas S.A. (Colombia)	100% (a) (e)
	Sucursal GeoPark Cuerva LLC (Colombia)	100% (a) (e)
	GeoPark Brazil S.p.A. (Chile)	100% (a) (b)
	Raven Pipeline Company LLC (United States)	23.5% (h)

Note

20 Subsidiary undertakings (continued)

	Name and registered office	Ownership interest
Jointly controlled assets	Tranquilo Block (Chile)	29% (f)
	Otway Block (Chile)	25%
	Flamenco (Chile)	50% (g)
	Isla Norte (Chile)	60% (g)
	Campanario (Chile)	50% (g)

- (a) Indirectly owned.
- (b) Dormant companies.
- (c) Since 20 May 2011, LG International acquired 20% interest.
- (d) LG International has 20% interest through GeoPark Chile S.A. and a 14% direct interest.
- (e) During the first quarter of 2012, the Company entered into a business combination acquiring 100% interest in each entity. In December 2012 LG International acquired 20% equity.
- (f) On 14 April 2011 following Governmental approval the new ownership of the Tranquilo Block was confirmed. The other partners in the JVs are Pluspetrol (29%), Methanex (17%) and Wintershall (25%).
- (g) After participating in a farm-in process organized by ENAP, GeoPark was awarded 3 blocks in Tierra del Fuego, Chile (Isla Norte Block, Flamenco Block and Campanario Block). GeoPark will be the operator in all blocks with a share of 60% for Isla Norte Block and 50% for the other 2 blocks.
- (h) Raven Pipeline Company LLC had no movements during 2012.
- (i) Formerly named GeoPark Chile Limited.

Note

21 Prepaid taxes

Amounts in US\$ '000	2012	2011
V.A.T.	5,962	2,669
Withholding tax	3,347	-
Income tax credits	4,692	-
Other prepaid taxes	149	435
Total prepaid taxes	14,150	3,104
Classified as follows:		
Current	3,443	147
Non current	10,707	2,957
Total prepaid taxes	14,150	3,104

Note

22 Inventories

Amounts in US\$ '000	2012	2011
Crude oil	3,838	499
Materials and spares	117	85
	3,955	584

Note

23 Trade receivables and Prepayments and other receivables

Amounts in US\$ '000	2012	2011
Trade accounts receivable	32,271	15,929
	32,271	15,929
To be recovered from co-venturers	8,773	537
Related parties receivables (Note 33)	31,138	6,000
Prepayments and other receivables	10,219	19,154
	50,130	25,691
Total	82,401	41,620
Classified as follows:		
Current	81,891	40,913
Non current	510	707
Total	82,401	41,620

Trade receivables that are aged by less than three months are not considered impaired. As of 31 December 2012, trade receivables of US\$ 31,984 (US\$ 4,019 in 2011) were aged by more than 3 months, but not impaired. These relate to customers for whom there is no recent history of default. There are no balances due between 31 days and 90 days as of 31 December 2012 and 2011.

Movements on the Group provision for impairment are as follows:

Amounts in US\$ '000	2012	2011
At 1 January	33	33
Provision for receivables impairment	-	-
	33	33

The credit period for trade receivables is 30 days. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group does not hold any collateral as security related to trade receivables.

The carrying value of trade receivables is considered to represent a reasonable approximation of its fair value due to their short-term nature.

Note

24 Financial instruments by category

Amounts in US\$ '000	Loans and receivables	
	2012	2011
Assets as per statement of financial position		
Trade receivables	32,271	15,929
To be recovered from co-venturers	8,773	537
Other financial assets (*)	7,791	8,226
Cash and cash equivalents	48,292	193,650
	97,127	218,342

Amounts in US\$ '000	Other financial liabilities at amor- tised cost	
	2012	2011
Liabilities as per statement of financial position		
Trade payables	50,590	27,580
To be paid to co-venturers	2,007	-
Borrowings	193,032	165,256
	245,629	192,836

(*) Other financial assets relate to the cash collateral account required under the terms of the Bond issued in 2010. This investment was intended to guarantee interest payments and was recovered at repayment date (see Note 37). For 2012, they also include contributions made for environmental obligations according to Colombian government regulations. In 2011, they included the cash escrow payment that has since been released on closing of the purchase of the Colombian assets (Note 35).

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Amounts in US\$ '000	2012	2011
Trade receivables		
Counterparties with an external credit rating (Moody's)		
A3	-	11,333
Ba1	4,769	4,089
Baa1	13,488	-
Baa2	4,781	-
Counterparties without an external credit rating		
Group1 (*)	9,233	507
Total trade receivables	32,271	15,929

(*) Group 1 – existing customers (more than 6 months) with no defaults in the past.

All trade receivables are denominated in US Dollars.

Note

24 Financial instruments by category (continued)

Cash at bank and other financial assets (1)

Amounts in US\$ '000	2012	2011
Counterparties with an external credit rating (Moody's)		
A1	7,408	2,139
A3	366	7,631
Aa1	2,131	50,000
Aa2	-	54
Aa3	38,952	139,594
P1	2,537	2,450
Counterparties without an external credit rating	4,665	-
Total	56,059	201,868

(1) The rest of the balance sheet item 'cash and cash equivalents' is cash on hand amounting to US\$ 24,000 (US\$ 8,000 in 2011).

Financial liabilities - contractual undiscounted cash flows

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Amounts in US\$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
At 31 December 2012			
Borrowings	36,031	10,437	181,100
Trade payables	50,590	-	-
	86,621	10,437	181,100
At 31 December 2011			
Borrowings	30,613	8,265	179,489
Trade payables	27,580	-	-
	58,193	8,265	179,489

Note
25 Share capital

Issued share capital	2012	2011
Common stock (amounts in US\$ '000)	43	43
The share capital is distributed as follows:		
Common shares, of nominal US\$ 0.001	43,495,585	42,474,274
Total common shares in issue	43,495,585	42,474,274
Authorised share capital		
US\$ per share	0.001	0.001
Number of common shares (US\$ 0.001 each)	5,171,969,000	5,171,969,000
Amount in US\$	5,171,969	5,171,969

Details regarding the share capital of the Company are set out below:

Common shares

As of 31 December 2012 the outstanding common shares confer the following rights on the holder:

- the right to one vote per share;
- ranking *pari passu*, the right to any dividend declared and payable on common shares;

GeoPark common shares history	Date	Shares issued (millions)	Shares closing (millions)	US\$('000) Closing
Shares outstanding at the end of 2010			41.7	42
Issue of shares to Non-Executive Directors	2011	0.01	41.7	42
Stock awards	May 2011	0.06	41.8	42
Stock awards	Oct 2011	0.10	41.9	42
IPO stock options	Oct 2011	0.60	42.5	43
Shares outstanding at the end of 2011			42.5	43
Issue of shares to Non-Executive Directors	2012	0.02	42.5	43
Stock awards	Oct 2012	1.01	43.5	43
Shares outstanding at the end of 2012			43.5	43

During 2012, the Company issued 15,100 (12,028 in 2011) shares to Non-Executive Directors in accordance with contracts as compensation. Shares are issued at average price for the period, generating a share premium of US\$ 142,492 (US\$ 130,733 in 2011).

Note

25 Share capital (continued)

During 2012, 30,000 (158,000 in 2011) new common shares were issued, pursuant to a consulting agreement for services rendered to GeoPark Holdings Limited generating a share premium of US\$ 253,315 (US\$ 1,730,000 in 2011).

On 22 October 2012, 976,211 common shares were allotted to the trustee of the EBT in anticipation of the exercise of the 2008 Stock Awards Plan (see Note 30), generating a share premium of US\$ 4,191,000. On 6 October 2011, 601,235 common shares were allotted to the trustee of the EBT in anticipation of the exercise of the 2006 Stock Option Plan (see Note 30).

The accounting treatment of the shares is in line with the Group's policy on share-based payments.

Other Reserve

During 2011, LGI acquired a 20% interest in GeoPark Chile S.A., the subsidiary that owns the Chilean assets for a total consideration of US\$ 148,000,000.

During 2012, LGI also acquired a 20% interest in GeoPark Colombia S.A., the subsidiary that owns the Colombian assets by making a capital contribution in GeoPark Colombia S.A. for an amount of US\$ 14,920,000. In addition, as part of the transaction, US\$ 5,000,000 was transferred directly to the Colombian subsidiary as a loan. The differences between total consideration and the net equity of the Companies as per the book value were recorded as Other Reserve in the Consolidated Statement of Changes in Equity.

Note

26 Borrowings

Amounts in US\$ '000	2012	2011
Outstanding amounts as of 31 December		
Methanex Corporation (a)	8,036	18,068
Banco de Crédito e Inversiones (b)	7,859	8,845
Overdrafts (c)	10,000	10,028
Banco Itaú (d)	37,685	-
Bond (e)	129,452	128,315
	193,032	165,256
Classified as follows:		
Non current	165,046	134,643
Current	27,986	30,613

The fair value of these financial instruments at 31 December 2012 amounts to US\$ 190,188,000 (US\$ 159,602,000 in 2011).

Note

26 Borrowings (continued)

(a) The financing obtained in 2007, for development and investing activities on the Fell Block, is structured as a gas pre-sale agreement with a six year pay-back period and an interest rate of LIBOR. In each year, the Group will repay principal up to an amount equal to the loan amount multiplied by a specified percentage. Subject to that annual maximum principal repayment amount, the Group will repay principal and interest in an amount equal to the amount of gas specified in the contract at the effective selling price.

In addition on 30 October 2009 another financing agreement was signed with Methanex Corporation under which Methanex have funded GeoPark's portions of cash calls for the Otway Joint Operation for US\$ 3,100,000. On May 2012 the outstanding amount was fully repaid.

(b) Facility to establish the operational base in the Fell Block. This facility was acquired through a mortgage loan granted by the Banco de Crédito e Inversiones (BCI), a Chilean private bank (Note 20) in 2007. The loan was granted in Chilean pesos and is repayable over a period of 8 years. The interest rate applicable to this loan is 6.6%. The outstanding amount at 31 December 2012 is US\$ 344,000 (US\$ 410,000 in 2011).

In addition, during the last quarter of 2011, GeoPark TdF obtained short-term financing from BCI to start the operations in the new blocks acquired. This financing is structured as letter of credit with a maturity less than a year. The outstanding amount at 31 December 2012 is US\$ 7,515,000 (US\$ 8,435,000 in 2011).

(c) The Group has been granted with credit lines for over US\$ 46,000,000.

(d) In 2012 GeoPark Holdings Limited executed a loan agreement with Banco Itaú BBA S.A., Nassau Branch for US\$ 37,500,000. GeoPark used the proceeds to finance the acquisition and development of the La Cuerva and Llanos 62 blocks. These blocks represent two of the ten production, development and exploration blocks, which GeoPark currently owns in Colombia (see Note 35).

The loan, which has a maturity of five years, repayable from month 21 in 14 equal quarterly instalments, is ring-fenced by and secured against 100% of the capital of GeoPark Llanos SAS, the owner of the La Cuerva and Llanos 62 blocks. Interest on the loan is accrued at LIBOR + 4.55%.

(e) Private placement of US\$ 133,000,000 of Reg S Notes on 2 December 2010. The Notes carry a coupon of 7.75% per annum and mature on 15 December 2015. The Notes are guaranteed by the Company and secured with the pledge of 51% of the shares of GeoPark Fell. In addition, the Note agreement allows for the placement of up to an additional US\$ 27,000,000 of Notes under the same indenture, subject to the maintenance of certain financial ratios. The net proceeds of the Notes are being used to support the Group's growth strategy and improve the Group's financial flexibility. See Note 37 for additional information.

Note

27 Provisions and other long-term liabilities

Amounts in US\$ '000	Asset retirement obligation	Deferred income	Other	Total
At 1 January 2011	3,153	-	-	3,153
Addition to provision / Contributions received	1,947	5,000	-	6,947
Amortisation	-	(1,038)	-	(1,038)
Unwinding of discount	350	-	-	350
At 31 December 2011	5,450	3,962	-	9,412
Addition to provision / Contributions received	3,440	5,550	100	9,090
Acquisition of subsidiaries	6,061	-	2,309	8,370
Amortisation	-	(2,143)	-	(2,143)
Unwinding of discount	1,262	-	-	1,262
At 31 December 2012	16,213	7,369	2,409	25,991

The provision for asset retirement obligation relates to the estimation of future disbursements related to the abandonment and decommissioning of oil and gas wells.

Deferred income and other mainly relates to contributions received to improve the project economics of the gas wells. The amortisation is in line with the related asset.

Note

28 Trade and other payable

Amounts in US\$ '000	2012	2011
V.A.T	4,300	955
Trade payables	50,590	27,580
	54,890	28,535

The average credit period (expressed as creditor days) during the year ended 31 December 2012 was 69 days (2011: 74 days)

The fair value of these short-term financial instruments is not individually determined as the carrying amount is a reasonable approximation of fair value.

Note

29 Provisions for other liabilities

Amounts in US\$ '000	2012	2011
Staff costs to be paid	5,867	3,859
Royalties to be paid	3,909	458
Other taxes to be paid	5,418	155
To be paid to co-venturers	2,007	-
Other	-	646
	17,201	5,118

Note

30 Share-based payments

IPO Award Programme and Executive Stock Option plan

The Group has established IPO Award Programme, an Executive Stock Option Programme and Stock Award Programmes plans. These schemes were established to incentivise the Directors, senior management and employees, enabling them to benefit from the increased market capitalization of the Company.

IPO Award Programme

A total of 613,380 IPO Awards were granted to all of the Group's employees and certain consultants at the IPO date (May 2006). The Awards vested on 15 May 2008, the second anniversary of admission to IPO. On 3 July 2008, the Company issued 602,000 shares for nominal value of \$ 0,001 each, corresponding to the total IPO awards vested which are held in a Beneficiary Trust. There are 11,380 awards that did not vest and were cancelled since they involved employees that had left the Group before the vesting date.

IPO Executive Stock Option Programme

On admission to AIM the Company granted:

- i. 605,000 stock options to the senior management and some eligible employees, from which 60,000 have expired. The exercise price of these stock options is £ 4.00 (125%% of placing price). The vesting date of these stock options was 15 May 2008 and they expire in five years from that date, on 15 May 2013. The stock options give no voting rights to the holders until they are exercised and converted into common shares when they will rank *pari-passu* with all existing common shares.

Note

30 Share-based payments (continued)

IPO Executive Stock Option Programme (continued)

- ii. 306,690 stock options to the Executive Directors at an exercise price of £ 3.20 and 613,380 at an exercise price of £ 4.00. The vesting conditions of these options are equal to those described in i).

The fair value of the options granted was calculated using the Black-Scholes model. Due to the short trading history of the Company, expected volatility was determined by comparison to a sample of AIM listed oil and gas companies with a similar market capitalisation to the Group but a longer trading history.

Stock Award Programmes and Other Share Based Payments

During 2008, GeoPark Shareholders voted to authorize the Board to use up to 12% of the issued share capital of the Company at the relevant time for the purposes of the Performance-based Employee Long-Term Incentive Plan.

Main characteristics of the Stock Awards Programmes are:

- All employees are eligible.
- Exercise price is equal to the nominal value of shares.
- Vesting period is four years.
- Specific Award amounts are reviewed and approved by the Executive Directors and the Remuneration Committee of the Board of Directors.

Details of these costs and the characteristics of the different stock awards programmes and other share based payments are described in the following table and explanations:

Year	Awards at the begin- ning	Awards granted in the year	Awards forfeited	Awards exercised	Awards at year end	Charged to net profit	
						2012	2011
2012	-	500,000	-	-	500,000	55	-
2011	500,000	-	-	-	500,000	926	37
2010	863,100	-	11,000	-	852,100	2,929	2,776
2008	976,211	-	-	976,211	-	1,087	925
Subtotal						4,997	3,738
Stock awards for service con- tracts	90,000	-	-	30,000	60,000	-	1,429
Stock options to Executive Di- rectors	-	720,000	-	-	720,000	257	-
Shares granted to Non- Executive Directors	-	3,020	-	3,020	-	142	131
						5,396	5,298

Note

30 Share-based payments (continued)

Stock Award Programmes and Other Share Based Payments (continued)

The awards that are forfeited correspond to employees that had left the Group before vesting date.

In addition, a simplified procedure for the exercise of the Options was approved by the Board. It is a payment mechanism available to option holders that enables a cash-free exercise of their Options. The mechanism allows participating option holders to exercise their options utilizing fully issued shares made available by the EBT (Employee Beneficiary Trust) according to a formula (the "Stock Option cash-free payment option"). This allows participating option holders to exercise options to buy shares for the same number of shares they would have obtained with borrowed cash and then sell sufficient shares to repay the borrowed sums.

On 6 October 2011, 601,235 common shares each credited as fully paid, were allotted to the trustee of the EBT in anticipation of the exercise of the Options. This number of shares issued was estimated assuming that all beneficiaries will adopt the cash-less exercise mechanism at market price £ 6.5.

On 22 October 2012, a total of 976,211 common shares were allotted to the trustee of the EBT in anticipation of the exercise of the 2008 Stock Awards Plan generating a shared premium of US\$ 4,191,000.

During 2012, 21,000 (15,000 in 2011) of these shares were sold by the employees at a weighted average price of £6.61 (£7.45 in 2011) per share. The shares held in the employee Beneficiary Trust rank paripassu with GeoPark's ordinary shares.

On 23 November 2012, the Remuneration Committee and the board of directors approved granting 720,000 options over ordinary shares of US\$0.001 each to the Executive Directors. Options granted vest on the third anniversary of the date on which they are granted and have an exercise price of US\$0.001.

Other share-based payments

As it is mentioned in Note 25, the Company granted 15,100 (12,028 in 2011) shares at average price for each three month period for services rendered by the Non-Executive Directors of the Company. Fees paid in shares were directly expensed in the Administrative costs line in the amount of US\$ 142,492 (US\$ 130,745 in 2011).

In October 2010 and August 2011 the company issued a total of 180,000 options over US\$0.001 shares with an exercise price equal to their nominal value in consideration for certain consultancy services.

Note

31 Interests in Joint operations

The Group has interests in nine joint operations, which are involved in the exploration of hydrocarbons in Chile and Colombia. Three of the Chilean joint operations are related to the blocks acquired in Tierra del Fuego (TdF), Chile. No significant activities have commenced in these joint operations in 2012 and therefore no separate financial information is presented.

GeoPark is the operator of all of the Chilean Blocks.

The following amounts represent the Company's share in the assets, liabilities and results of the joint operations which have been consolidated line by line in the consolidated statement of financial position and statement of income:

Chile

Joint operation	Tranquilo Block		Otway Block	
Subsidiary	GeoPark Magallanes Ltda.		GeoPark Magallanes Ltda.	
Interest	29%		25%	
	2012	2011	2012	2011
ASSETS				
PP&E / E&E	13,328	8,438	6,516	2,561
Other assets	1,467	2,458	1,326	262
Total Assets	14,795	10,896	7,842	2,823
LIABILITIES				
Current liabilities	(3,252)	(1,048)	(2,412)	(332)
Total Liabilities	(3,252)	(1,048)	(2,412)	(332)
NET ASSETS / (LIABILITIES)	11,543	9,848	5,430	2,491
Sales	-	-	-	-
Net loss	(544)	(569)	(386)	(232)

Note

31 Interests in Joint Operations (continued)

Colombia

Joint operation	Llanos 17 Block	Yamu/Carupana Block	Llanos 34 Block	Llanos 32 Block
Subsidiary	GeoPark Luna SAS	GeoPark Colombia and Luna SAS	GeoPark Colombia SAS	GeoPark Luna SAS
Interest	36.84%	75%/54.50%	45%	10%
	2012	2012	2012	2012
ASSETS				
PP&E / E&E	3,872	12,626	25,178	4,384
Other assets	144	26	72	1,484
Total Assets	4,016	12,652	25,250	5,868
LIABILITIES				
Current liabilities	(224)	-	-	(1,509)
Total Liabilities	(224)	-	-	(1,509)
NET ASSETS / (LIABILITIES)	3,792	12,652	25,250	4,359
Sales	144	23,283	10,362	2,900
Net profit / (loss)	144	4,034	3,767	1,207

Capital commitments are disclosed in Note 32 (b).

Note

32 Commitments

(a) Royalty commitments

In Argentina, crude oil production accrues royalties payable to the Provinces of Santa Cruz and Mendoza equivalent to 12% on estimated value at well head of those products. This value is equivalent to final sales price less transport, storage and treatment costs.

In Argentina crude oil sales accrue private royalties payable to EPP Petróleo S.A. (2.5% on invoiced amount of crude oil obtained from wells at "Del Mosquito", Province of Santa Cruz, Argentina) and to Occidental Petroleum Argentina INC, formerly Vintage Argentina Ltd. (8% on invoiced amount of crude oil obtained from wells at "Loma Cortaderal" and "Cerro Doña Juana", Province of Mendoza, Argentina).

In Chile, royalties are payable to the Chilean Government, which is calculated at 5% of crude oil production and 3 % of gas production.

Note

32 Commitments (continued)

(a) Royalty commitments (continued)

In Colombia, royalties on production are payable to the Colombian Government and are determined at a rate of 8%. Additionally, under the terms of the Winchester Stock Purchase Agreement, we are obligated to make certain payments to the previous owners of Winchester based on the production and sale of hydrocarbons discovered by exploration wells drilled after October 25, 2011. These payments involve both an earnings based measure and an overriding royalty equal to an estimated 4% carried interest on the part of the vendor. As at the balance sheet date and based on preliminary internal estimates of additions of 2P reserves since acquisition, the Company's best estimate of the total commitment over the remaining life of the concession is a range of US\$ 35 million - US\$ 42 million (assuming a discount rate of 9.7% and oil price of US\$ 94 per barrel).

(b) Capital commitments

Chile

The Tranquilo Block Consortium has committed to drill four exploratory wells, to perform 2D and 3D seismic in the period to January 2013. The joint operation estimates that the remaining commitment amounts to US\$ 5,500,000 at GeoPark's working interest (29%), related to the first exploratory phase. In January 2013, the Energy Ministry were informed that, in accordance with the article 3.3 of the Special Operations Contract for the Exploration and Exploitation (CEOP) that after the termination of the first exploratory phase, and after fulfilling the commitment previously mentioned, it had been decided not to continue to the second exploratory period. GeoPark and its partners relinquished the Tranquilo Block, except for an area of 92,417 acres consisting of protected exploitation zones for the Cabo Negro, Marcou Sur, Maria Antonieta and Palos Quemados prospects.

The Otway Block Consortium has committed to drill two exploratory wells and to perform 3D seismic until May 2013. The joint operation estimates that the remaining commitment amounts to US\$ 2,400,000 at GeoPark's working interest (25%).

After participating in a farm-in process organized by ENAP, GeoPark was awarded three blocks in Tierra del Fuego (Isla Norte block, Flamenco block and Campanario block).

On 6 November 2012, the Chilean Government signed the CEOPs related to Flamenco and Isla Norte blocks. Subsequently, on 9 January 2013, the Chilean Government also signed the CEOP for Campanario block.

Note

32 Commitments (continued)

(b) Capital commitments (continued)

Future investment commitments assumed by GeoPark were:

- 3 exploratory wells and 350 km² of seismic surveys on Isla Norte Block (US\$ 16,330,000)
- 8 exploratory wells and 578 km² of seismic surveys on Campanario Block (US\$ 41,530,000)
- 10 exploratory wells and 570 km² of seismic surveys on Flamenco Block (US\$ 43,570,000)

As part of the agreement, the investments made in the first exploratory period will be assumed 100% by GeoPark.

Colombia

The Yamu Block Consortium has committed to drill one exploratory well during 2013.

The Llanos 34 Block Consortium has committed to drill one exploratory well between 2013 and 2014. The joint operation estimates that the remaining commitment amounts to US\$ 3,555,000 at GeoPark's working interest (45%). The Arrendajo Block (10% working interest) Consortium has committed to drill one exploratory well during 2013.

The Llanos 32 Block Consortium has committed to drill two exploratory wells between 2013 and 2014. The joint operation estimates that the remaining commitment amounts to US\$ 750,000 at GeoPark's working interest (10%).

The Llanos 17 Block Consortium has committed to drill either two exploratory wells or one exploratory well and perform 3D seismic between 2013 and 2014. The joint operation estimates that the remaining commitment amounts to US\$ 2,450,000 at GeoPark's working interest (36.84%).

The Llanos 62 Block (100% working interest) has committed to drill two exploratory wells between 2013 and 2014. The remaining commitment amounts to US\$ 3,000,000.

The Cuerva Block (100% working interest) has committed to drill two exploratory wells between 2013 and 2014. This represents an approximately amount of US\$ 4,800,000.

Note

32 Commitments (continued)

(c) Operating lease commitments – Group company as lessee

The Group leases various plant and machinery under non-cancellable operating lease agreements.

The Group also leases offices under non-cancellable operating lease agreements. The lease terms are between 2 and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

During 2012 a total amount of US\$ 4,531,000 (US\$ 3,313,000 in 2011) was charged to the income statement and US\$ 32,706,000 of operating leases were capitalised as Property, plant and equipment (US\$ 28,132,000 in 2011).

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Amounts in US\$ '000	2012	2011
Operating lease commitments		
Falling due within 1 year	26,464	34,126
Falling due within 1 – 3 years	3,709	24,797
Falling due within 3 – 5 years	443	222
Falling due over 5 years	895	-
Total minimum lease payments	31,511	59,145

Note

33 Related parties

Controlling interest

The main shareholders of GeoPark Holdings Limited, a company registered in Bermuda, as of 31 December 2012, are:

- a) 18.79 % of share capital, by Gerald O'Shaughnessy (founder).
- b) 16.05 % of share capital, by Energy Holdings, LLC controlled by James F. Park (founder).
- c) 11.44 % of share capital, by Cartica Corporate Governance Fund, L.P.
- d) 7.95 % of share capital, by IFC (International Finance Corporation).
- e) 4.99 % of share capital, by Socoservin Overseas Ltd controlled by Juan Cristóbal Pavez (Non- Executive Director)
- f) 5.21 % of share capital, by MONEDA A.F.I.
- g) 7.60 % of share capital, by Pershing Keen, New Jersey (ND).

Note

33 Related parties (continued)

Balances outstanding and transactions with related parties

Account (Amounts in '000)	Transaction in the year	Balances		Related Party	Relationship
			at year end		
2012					
To be recovered from co-ventures	-	8,773	Joint Operations		Joint Operations
Prepayment and other receivables	-	31,138	LGI		Partner
To be paid to co-venturers	-	(2,007)	Joint Operations		Joint Operations
Exploration costs	31	-	Carlos Gulisano		Non-Executive Director (*)
Administrative costs	219	-	Carlos Gulisano		Non-Executive Director (*)
2011					
To be recovered from co-ventures	-	537	Joint Operations		Joint Operations
Prepayment and other receivables	-	6,000	LGI		Partner
Exploration costs	138	-	Carlos Gulisano		Non-Executive Director (*)

(*) Corresponding to consultancy services.

There have been no other transactions with the Board of Directors, Executive Board, Executive officers, significant shareholders or other related parties during the year besides the intercompany transactions which have been eliminated in the consolidated financial statements, and normal remuneration of Board of Directors and Executive Board.

Note

34 Fees paid to Auditors

Amounts in US\$ '000	2012	2011
Fees payable to the Group's auditors for the audit of the consolidated financial statements	346	120
Fees payable to the Group's auditors for the review of interim financial results	52	32
Fees payable for the audit of the Group's subsidiaries pursuant to legislation	298	113
Non-audit services	713	239
Fees paid to auditors	1,409	504

Non-audit services relates to tax services for US\$ 121,000 (US\$ 123,000 in 2011) and due diligence and other services for US\$ 592,000 (US\$ 116,000 in 2011).

Note

35 Business transactions

Acquisitions in Colombia

In February 2012, GeoPark acquired two privately-held exploration and production companies operating in Colombia, Winchester Oil and Gas S.A. and La Luna Oil Company Limited S.A. ("Winchester Luna").

In March 2012, a second acquisition occurred with the purchase of Hupecol Cuerva LLC ("Hupecol"), a privately-held company with two exploration and production blocks in Colombia.

The combined Hupecol and Winchester Luna purchases (acquired for a total consideration of US\$ 105 million, adjusted for working capital) provide GeoPark with the following in Colombia:

- Interests in 10 blocks (ranging from 5% to 100%), with license operations in four of them, located in the Llanos, Magdalena and Catatumbo Basins, covering an area of approximately 220,000 gross acres.
- Risk-balanced asset portfolio of existing reserves, low risk development potential and attractive exploration upside.
- Successful Colombian operating and administrative team to support a smooth transition and start-up in Colombia together with Associations and JVs with principal Colombian operators.

Under the terms of the sale and purchase agreement entered into in 2012 in respect of the acquisition of Winchester Luna, the Company has to make certain payments to the former owners arising from the production and sale of hydrocarbons discovered by exploration wells drilled after 25 October 2011 on the working interests of the companies at that date. These payments which involve both, an earnings based measure and an overriding revenue royalty, equate to an estimated 4% carried interest on the part of the vendor.

In Colombia, royalties on production are payable to the Colombian Government and are determined at a rate of 8%.

In accordance with the acquisition method of accounting, the acquisition cost was allocated to the underlying assets acquired and liabilities assumed based primarily upon their estimated fair values at the date of acquisition. An income approach (being the net present value of expected future cash flows) was adopted to determine the fair values of the mineral interest. Estimates of expected future cash flows reflect estimates of projected future revenues, production costs and capital expenditures based on our business model.

Note

35 Business transactions (continued)

The following table summarises the combined consideration paid for Winchester Luna and Hupecol, the fair value of assets acquired and liabilities assumed for these transactions:

Amounts in US\$ '000	Hupecol	Winchester Luna	Total
Cash (including working capital adjustments)	79,630	32,243	111,873
Total consideration	79,630	32,243	111,873
Cash and cash equivalents	976	5,594	6,570
Property, plant and equipment (including mineral interest)	73,791	37,182	110,973
Trade receivables	4,402	4,098	8,500
Prepayments and other receivables	5,640	2,983	8,623
Deferred income tax assets	10,344	5,262	15,606
Inventories	10,596	1,612	12,208
Trade payables and other debt	(20,487)	(11,981)	(32,468)
Borrowings	-	(1,368)	(1,368)
Provision for other long-term liabilities	(5,632)	(2,738)	(8,370)
Total identifiable net assets	79,630	40,644	120,274
Gain on acquisition of subsidiaries	-	8,401	8,401

The purchase price allocation above mentioned is final.

Acquisition-related costs have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2012.

In accordance with disclosure requirements for business combinations, the Company has calculated its net revenue and profit, considering as if the mentioned acquisitions had occurred at the beginning of the reporting period. The following table summarises both results:

Amounts in US\$ '000	Total
Net revenue	275,051
Profit for the year	22,087

The revenue included in the consolidated statement of comprehensive income since acquisition date contributed by the acquired companies was US\$ 99,501,000. The acquired companies also contributed profit of US\$ 1,152,000 over the same period.

Note

35 Business transactions (continued)

LGI partnership

On 12 March 2010, LGI and the Company agreed to form a new strategic partnership to jointly acquire and develop upstream oil and gas projects in Latin America.

During 2011, GeoPark and LGI entered into the following agreements through which LGI acquires an equity interest in the Chilean Business of the Group:

- On 20 May 2011, the Company (through its wholly owned subsidiaries GeoPark Latin America Chilean Branch and GeoPark Chile S.A.) and LGI signed a subscription agreement in which LGI subscribed 10 million of ordinary shares representing 10% equity interest in GeoPark Chile S.A, the Company owner of the Chilean assets, for a total consideration of US\$ 70,000,000.
- On 4 October 2011, an addendum to the agreement dated 20 May 2011 was signed whereby 12.5 million of ordinary shares in GeoPark Chile S.A. were subscribed by LGI, for a consideration of US\$ 78,000,000, representing an additional 10%.

The transactions mentioned above have been considered to be a deemed disposal and in accordance with IAS 27 it has been accounted for as a transaction with Non-controlling interest. Consequently, the gain of US\$ 111,245,000 has been recognised through equity rather than in the income statement for the year. Under the terms of this agreement LGI also committed to provide additional equity funding of US\$ 18 million to GeoPark Chile S.A. over the next three years, being LGI's share of GeoPark Chile S.A.'s commitments under the minimum work programme of the three Tierra del Fuego licences (see Note 32).

In December 2012, LGI has also joined GeoPark's operations in Colombia through the acquisition of a 20% interest in GeoPark Colombia S.A., a company that holds GeoPark's Colombian assets and which includes interests in 10 hydrocarbon blocks. A capital contribution in GeoPark Colombia S.A. for an amount of US\$ 14,920,000 was made in 2013. In addition, as part of the transaction, US\$ 5,000,000 was transferred directly to the Colombian subsidiary as a loan.

In addition, in March 2013 GeoPark and LGI announced their agreement to extend their strategic alliance to build a portfolio of upstream oil and gas assets throughout Latin America through 2015.

Note

36 Agreement with Methanex

In March 2012, the Company and Methanex signed a third addendum and amendment to the Gas Supply Agreement to incentivise the development of gas reserves. Through this new agreement, the Company completed the drilling of five new gas wells during 2012. Methanex contributed to the cost of drilling the wells in order to improve the project economics. As of 31 December, the Company has fulfilled all the commitments under this agreement.

The Agreement also included monthly commitments of delivering certain volume of gas; in case of failure, the Company could meet the obligation from future deliveries without penalties during a period of three months. Otherwise, the Company has to recognise the corresponding liability. As of 31 December 2012, the accrued penalty amounts to US\$ 1.7 million.

Note

37 Subsequent Events

Notes issuance

During February 2013, the Company successfully placed US\$ 300 million notes which were offered under Rule 144A and Regulation S exemptions of the United States Securities laws.

The Notes, issued by the Company's wholly-owned subsidiary GeoPark Latin America Limited Agencia en Chile ("the Issuer"), were priced at 99.332% and will carry a coupon of 7.50% per annum to yield 7.625% per annum. Final maturity of the notes will be 11 February 2020. The Notes are guaranteed by GeoPark Holdings and GeoPark Latin America Chilean Branch and are secured with a pledge of all of the equity interests of the Issuer in GeoPark Chile S.A. and GeoPark Colombia S.A. and a pledge of certain intercompany loans. Notes were rated single B by both Standard & Poor's and Fitch Ratings.

The net proceeds of the notes will be used to finance the Company's expansion plans in the region and also to repay existing debt of approximately US\$170 million, including the existing Reg S Notes due 2015 and the latu loan. The transaction extends GeoPark's debt maturity significantly, allowing the Company to allocate more resources to its investment and inorganic growth programs in the coming years.