

GEPARK LIMITED

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AND EXPLANATORY NOTES**

For the three-months and six-months period ended 30 June 2017 and 2018

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CONDENSED CONSOLIDATED STATEMENT OF INCOME

Amounts in US\$ '000	Note	Three-months period ended 30 June 2018 (Unaudited)	Three-months period ended 30 June 2017 (Unaudited)	Six-months period ended 30 June 2018 (Unaudited)	Six-months period ended 30 June 2017 (Unaudited)
REVENUE	3	159,330	75,227	283,208	141,935
Commodity risk management contracts	4	(11,368)	5,881	(15,248)	11,268
Production and operating costs	5	(44,756)	(25,303)	(78,846)	(42,855)
Geological and geophysical expenses	6	(3,895)	(1,870)	(6,054)	(3,078)
Administrative expenses	7	(12,473)	(11,968)	(25,116)	(20,487)
Selling expenses	8	(1,175)	(89)	(1,525)	(537)
Depreciation		(24,348)	(19,966)	(44,011)	(35,682)
Write-off of unsuccessful exploration efforts	10	(9,210)	(4,602)	(11,042)	(4,602)
Other (expenses) income		(138)	(1,468)	650	(1,989)
OPERATING PROFIT		51,967	15,842	102,016	43,973
Financial expenses	9	(9,568)	(8,098)	(18,641)	(17,630)
Financial income	9	888	663	1,429	952
Foreign exchange loss	9	(13,301)	(4,702)	(14,969)	(1,793)
PROFIT BEFORE INCOME TAX		29,986	3,705	69,835	25,502
Income tax expense		(24,442)	(4,819)	(39,427)	(20,809)
PROFIT (LOSS) FOR THE PERIOD		5,544	(1,114)	30,408	4,693
Attributable to:					
Owners of the Company		(677)	(3,432)	17,761	202
Non-controlling interest		6,221	2,318	12,647	4,491
(Losses) Earnings per share (in US\$) for (loss) profit attributable to owners of the Company. Basic		(0.01)	(0.06)	0.29	0.00
(Losses) Earnings per share (in US\$) for (loss) profit attributable to owners of the Company. Diluted		(0.01)	(0.06)	0.27	0.00

The above condensed consolidated statement of income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in US\$ '000	Three-months period ended 30 June 2018 (Unaudited)	Three-months period ended 30 June 2017 (Unaudited)	Six-months period ended 30 June 2018 (Unaudited)	Six-months period ended 30 June 2017 (Unaudited)
Profit (Loss) for the period	5,544	(1,114)	30,408	4,693
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences	(2,695)	(779)	(2,803)	(247)
Total comprehensive income (loss) for the period	2,849	(1,893)	27,605	4,446
Attributable to:				
Owners of the Company	(3,372)	(4,211)	14,958	(45)
Non-controlling interest	6,221	2,318	12,647	4,491

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in US\$ '000	Note	At 30 June 2018 (Unaudited)	Year ended 31 December 2017
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	10	563,811	517,403
Prepaid taxes		3,386	3,823
Other financial assets		21,426	22,110
Deferred income tax asset		24,653	27,636
Prepayments and other receivables		478	235
TOTAL NON CURRENT ASSETS		613,754	571,207
CURRENT ASSETS			
Inventories		10,088	5,738
Trade receivables		19,375	19,519
Prepayments and other receivables		7,395	7,518
Prepaid taxes		31,294	26,048
Other financial assets		5,844	21,378
Cash and cash equivalents		105,218	134,755
TOTAL CURRENT ASSETS		179,214	214,956
TOTAL ASSETS		792,968	786,163
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	61	61
Share premium		239,391	239,191
Reserves		126,803	129,606
Accumulated losses		(264,646)	(283,933)
Attributable to owners of the Company		101,609	84,925
Non-controlling interest		46,549	41,915
TOTAL EQUITY		148,158	126,840
LIABILITIES			
NON CURRENT LIABILITIES			
Borrowings	12	418,914	418,540
Provisions and other long-term liabilities	13	52,361	46,284
Deferred income tax liability		145	2,286
Trade and other payables	14	25,991	25,921
TOTAL NON CURRENT LIABILITIES		497,411	493,031
CURRENT LIABILITIES			
Borrowings	12	7,637	7,664
Derivative financial instrument liabilities	16	12,415	19,289
Current income tax liability		15,640	42,942
Trade and other payables	14	111,707	96,397
TOTAL CURRENT LIABILITIES		147,399	166,292
TOTAL LIABILITIES		644,810	659,323
TOTAL EQUITY AND LIABILITIES		792,968	786,163

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED 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 2017	60	236,046	127,527	2,591	(260,459)	35,828	141,593
Comprehensive income (loss):							
Profit for the six-months period	-	-	-	-	202	4,491	4,693
Currency translation differences	-	-	-	(247)	-	-	(247)
Total comprehensive income (loss) for the period ended 30 June 2017	-	-	-	(247)	202	4,491	4,446
Transactions with owners:							
Share-based payment	-	498	-	-	1,451	87	2,036
Total transactions with owners for the period ended 30 June 2017	-	498	-	-	1,451	87	2,036
Balance at 30 June 2017 (Unaudited)	60	236,544	127,527	2,344	(258,806)	40,406	148,075
Balance at 31 December 2017	61	239,191	127,527	2,079	(283,933)	41,915	126,840
Comprehensive income (loss):							
Profit for the six-months period	-	-	-	-	17,761	12,647	30,408
Currency translation differences	-	-	-	(2,803)	-	-	(2,803)
Total comprehensive income (loss) for the period ended 30 June 2018	-	-	-	(2,803)	17,761	12,647	27,605
Transactions with owners:							
Share-based payment	-	200	-	-	1,526	76	1,802
Dividends distribution to Non-controlling interest	-	-	-	-	-	(8,089)	(8,089)
Total transactions with owners for the period ended 30 June 2018	-	200	-	-	1,526	(8,013)	(6,287)
Balance at 30 June 2018 (Unaudited)	61	239,391	127,527	(724)	(264,646)	46,549	148,158

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six-months period ended 30 June 2018 (Unaudited)	Six-months period ended 30 June 2017 (Unaudited)
Amounts in US\$ '000		
Cash flows from operating activities		
Profit for the period	30,408	4,693
Adjustments for:		
Income tax expense	39,427	20,809
Depreciation	44,011	35,682
Loss on disposal of property, plant and equipment	149	24
Write-off of unsuccessful exploration efforts	11,042	4,602
Amortisation of other long-term liabilities	(162)	(216)
Accrual of borrowing interests	15,096	12,638
Unwinding of long-term liabilities	1,603	1,347
Accrual of share-based payment	1,802	2,036
Foreign exchange loss	14,969	1,793
Unrealized gain on commodity risk management contracts	(8,652)	(9,098)
Income tax paid	(67,704)	(6,925)
Change in working capital	16,585	11,749
Cash flows from operating activities – net	98,574	79,134
Cash flows from investing activities		
Purchase of property, plant and equipment	(57,675)	(49,439)
Acquisition of business (Note 18)	(48,850)	-
Cash flows used in investing activities – net	(106,525)	(49,439)
Cash flows from financing activities		
Principal paid	(38)	(12,432)
Interest paid	(13,814)	(12,555)
Dividends distribution to Non-controlling interest	(8,089)	-
Cash flows used in financing activities – net	(21,941)	(24,987)
Net (decrease) increase in cash and cash equivalents	(29,892)	4,708
Cash and cash equivalents at 1 January	134,755	73,563
Currency translation differences	355	(1,283)
Cash and cash equivalents at the end of the period	105,218	76,988
Ending Cash and cash equivalents are specified as follows:		
Cash at bank and bank deposits	105,194	76,975
Cash in hand	24	13
Cash and cash equivalents	105,218	76,988

The above condensed consolidated statement of cash flow should be read in conjunction with the accompanying notes.

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1

General information

GeoPark Limited (the “Company”) is a company incorporated under the law of Bermuda. The Registered Office address is Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM11, Bermuda.

The principal activity of the Company and its subsidiaries (the “Group” or “GeoPark”) is the exploration, development and production for oil and gas reserves in Colombia, Chile, Brazil, Argentina and Peru.

This condensed consolidated interim financial report was authorised for issue by the Board of Directors on 8 August 2018.

Basis of Preparation

The condensed consolidated interim financial report of GeoPark Limited is presented in accordance with IAS 34 “Interim Financial Reporting”. It does not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements as at and for the years ended 31 December 2016 and 2017, which have been prepared in accordance with IFRS.

The condensed consolidated interim financial report has been prepared in accordance with the accounting policies applied in the most recent annual financial statements, except for the changes explained in Note 15. For further information please refer to GeoPark Limited's consolidated financial statements for the year ended 31 December 2017.

Whenever necessary, certain comparative amounts have been reclassified to conform to changes in presentation in the current period.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

The activities of the Group are not subject to significant seasonal changes.

Estimates

The preparation of interim financial information 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. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

Note 1 (Continued)

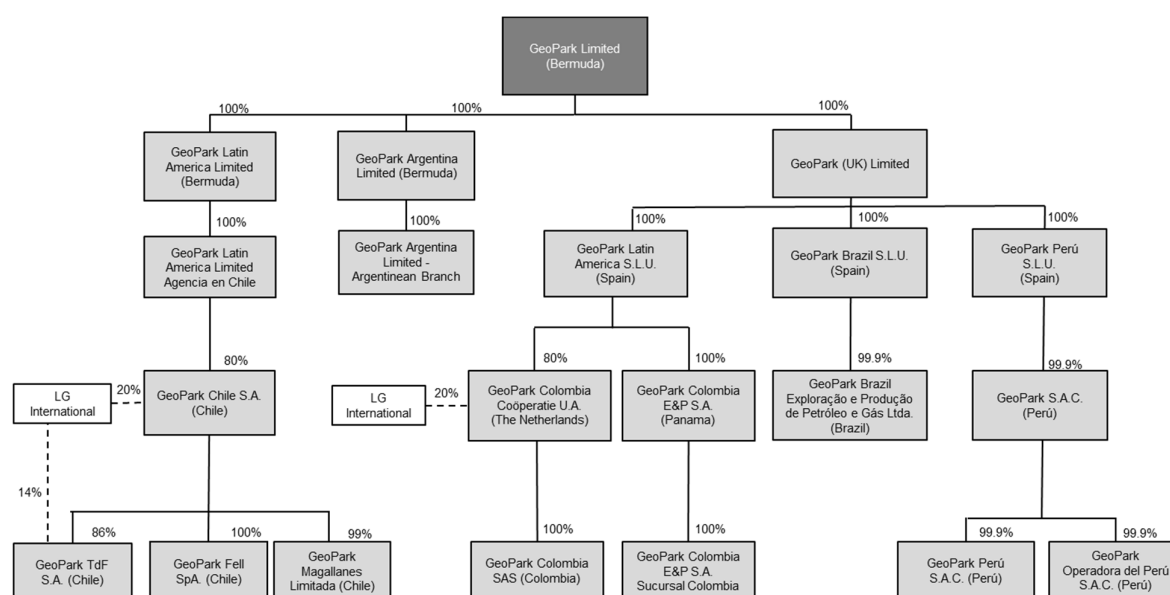
Financial risk management

The Group's activities expose it to a variety of financial risks: currency risk, price risk, credit risk-concentration, funding and liquidity risk, interest risk and capital risk. The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

There have been no changes in the risk management since year end or in any risk management policies.

Subsidiary undertakings

The following chart illustrates the main companies of the Group structure as of 30 June 2018 (a):



(a) LG International is not a subsidiary, it is Non-controlling interest.

There have been no changes in the Group structure since 31 December 2017.

Note 1 (Continued)

Subsidiary undertakings (Continued)

Details of the subsidiaries and joint operations of the Group are set out below:

	Name and registered office	Ownership interest
Subsidiaries	GeoPark Argentina Limited (Bermuda)	100%
	GeoPark Argentina Limited – Argentinean Branch (Argentina)	100% (a)
	GeoPark Latin America Limited (Bermuda)	100%
	GeoPark Latin America Limited – Agencia en Chile (Chile)	100% (a)
	GeoPark S.A. (Chile)	100% (a) (b)
	GeoPark Brazil Exploração y Produção de Petróleo e Gás Ltda. (Brazil)	100% (a)
	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)	68.8% (a) (d)
	GeoPark Colombia S.A. (Chile)	100% (a)
	GeoPark Colombia S.A.S. (Colombia)	80% (a) (c)
	GeoPark Latin America S.L.U. (Spain)	100% (a)
	GeoPark Colombia Coöperatie U.A. (The Netherlands)	80% (a) (c)
	GeoPark S.A.C. (Peru)	100% (a)
	GeoPark Perú S.A.C. (Peru)	100% (a)
	GeoPark Operadora del Perú S.A.C. (Peru)	100% (a)
	GeoPark Peru S.L.U. (Spain)	100% (a)
	GeoPark Brazil S.L.U. (Spain)	100% (a)
	GeoPark Colombia E&P S.A. (Panama)	100% (a)
	GeoPark Colombia E&P Sucursal Colombia (Colombia)	100% (a)
	GeoPark Mexico S.A.P.I. de C.V. (Mexico)	100% (a) (b)
	GeoPark E&P S.A.P.I. de C.V. (Mexico)	100% (a) (b)
GeoPark (UK) Limited (United Kingdom)	100%	
Joint operations	Tranquilo Block (Chile)	50% (e)
	Flamenco Block (Chile)	50% (e)
	Campanario Block (Chile)	50% (e)
	Isla Norte Block (Chile)	60% (e)
	Llanos 34 Block (Colombia)	45% (e)
	Llanos 32 Block (Colombia)	12.5%
	Puelen Block (Argentina)	18%
	Sierra del Nevado Block (Argentina)	18%
	CN-V Block (Argentina)	50% (e)
	Manati Field (Brazil)	10%
	POT-T-747 Block (Brazil)	70% (e)
	REC-T-128 Block (Brazil)	70% (e)

- (a) Indirectly owned.
- (b) Dormant companies.
- (c) LG International has 20% interest.
- (d) LG International has 20% interest through GeoPark Chile S.A. and a 14% direct interest, totaling 31.2%.
- (e) GeoPark is the operator.

Note 2

Segment Information

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 Executive Committee. This committee is integrated by the CEO, COO, CFO and managers in charge of the Geoscience, Operations, Corporate Governance, Finance and People 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. The committee considers the business from a geographic perspective.

The Executive Committee assesses the performance of the operating segments based on a measure of Adjusted EBITDA. Adjusted EBITDA is defined as profit for the period before net finance cost, income tax, depreciation, amortization, certain non-cash items such as impairments and write-offs of unsuccessful exploration efforts, accrual of share-based payment, unrealized result on commodity risk management contracts and other non recurring events. Operating Netback is equivalent to Adjusted EBITDA before cash expenses included in Administrative, Geological and Geophysical and Other operating expenses. Other information provided to the Executive Committee is measured in a manner consistent with that in the financial statements.

Six-months period ended 30 June 2018

Amounts in US\$ '000	Total	Colombia	Chile	Brazil	Argentina	Peru	Corporate
Revenue	283,208	236,538	18,341	15,272	13,057	-	-
Sale of crude oil	256,713	235,873	9,139	570	11,131	-	-
Sale of gas	26,495	665	9,202	14,702	1,926	-	-
Production and operating costs	(78,846)	(54,946)	(11,054)	(4,622)	(8,224)	-	-
Royalties	(32,558)	(28,767)	(737)	(1,415)	(1,639)	-	-
Transportation costs	(1,484)	(754)	(669)	-	(61)	-	-
Share-based payment	(247)	(125)	(84)	(7)	(31)	-	-
Other operating costs	(44,557)	(25,300)	(9,564)	(3,200)	(6,493)	-	-
Depreciation	(44,011)	(22,467)	(13,090)	(5,352)	(2,966)	(124)	(12)
Operating profit / (loss)	102,016	120,867	(9,709)	1,543	(969)	(2,678)	(7,038)
Operating netback	179,184	157,510	7,080	10,658	3,936	-	-
Adjusted EBITDA	146,631	141,427	3,678	9,001	1,422	(3,322)	(5,575)

Note 2 (Continued)

Segment Information (Continued)

Six-months period ended 30 June 2017

Amounts in US\$ '000	Total	Colombia	Chile	Brazil	Argentina	Peru	Corporate
Revenue	141,935	110,834	15,975	15,126	-	-	-
Sale of crude oil	118,595	110,511	7,687	397	-	-	-
Sale of gas	23,340	323	8,288	14,729	-	-	-
Production and operating costs	(42,855)	(27,353)	(9,731)	(5,771)	-	-	-
Royalties	(10,580)	(8,625)	(641)	(1,314)	-	-	-
Transportation costs	(1,196)	(652)	(544)	-	-	-	-
Share-based payment	(228)	(123)	(86)	(19)	-	-	-
Other operating costs	(30,851)	(17,953)	(8,460)	(4,438)	-	-	-
Depreciation	(35,682)	(19,006)	(11,886)	(4,642)	(66)	(64)	(18)
Operating profit / (loss)	43,973	65,169	(9,681)	(682)	(1,987)	(2,038)	(6,808)
Operating netback	100,942	85,676	5,975	9,374	(83)	-	-
Adjusted EBITDA	75,936	75,037	2,227	7,487	(1,721)	(1,875)	(5,219)

Total Assets	Total	Colombia	Chile	Brazil	Argentina	Peru	Corporate
30 June 2018	792,968	296,321	290,608	73,877	84,256	28,204	19,702
31 December 2017	786,163	288,429	301,931	91,604	30,924	22,099	51,176

A reconciliation of total Operating netback to total profit before income tax is provided as follows:

	Three-months period ended 30 June 2018	Three-months period ended 30 June 2017	Six-months period ended 30 June 2018	Six-months period ended 30 June 2017
Operating netback	100,230	51,921	179,184	100,942
Geological and geophysical expenses	(5,210)	(3,644)	(8,848)	(6,073)
Administrative expenses	(11,709)	(11,185)	(23,705)	(18,933)
Adjusted EBITDA for reportable segments	83,311	37,092	146,631	75,936
Unrealized gain on commodity risk management contracts	1,964	3,915	8,652	9,098
Depreciation ^(a)	(24,348)	(19,966)	(44,011)	(35,682)
Write-off of unsuccessful exploration efforts	(9,210)	(4,602)	(11,042)	(4,602)
Share-based payment	(1,022)	(1,027)	(1,802)	(2,036)
Others ^(b)	1,272	430	3,588	1,259
Operating profit	51,967	15,842	102,016	43,973
Financial expenses	(9,568)	(8,098)	(18,641)	(17,630)
Financial income	888	663	1,429	952
Foreign exchange loss	(13,301)	(4,702)	(14,969)	(1,793)
Profit before tax	29,986	3,705	69,835	25,502

^(a) Net of capitalised costs for oil stock included in Inventories. Depreciation includes US\$ 1,109,000 (US\$ 1,588,000 in 2017) generated by assets not related to production activities. For the three months period ended 30 June 2018 the amount included in depreciation is US\$ 592,000 (US\$ 759,000 in 2017).

^(b) Includes allocation to capitalised projects.

Note 2 (Continued)

Segment Information (Continued)

The following table presents a reconciliation of Adjusted EBITDA to operating profit for the six-month periods ended 30 June 2018 and 2017:

	Six-months period ended 30 June 2018					
	Colombia	Chile	Brazil	Argentina	Other ^(c)	Total
Adjusted EBITDA for reportable segments	141,427	3,678	9,001	1,422	(8,897)	146,631
Depreciation	(22,467)	(13,090)	(5,352)	(2,966)	(136)	(44,011)
Unrealized gain on commodity risk management contracts	8,652	-	-	-	-	8,652
Write-off of unsuccessful exploration efforts	(8,505)	(397)	(1,874)	(266)	-	(11,042)
Share-based payment	(231)	(151)	(28)	(185)	(1,207)	(1,802)
Others	1,991	251	(204)	1,026	524	3,588
Operating profit / (loss)	120,867	(9,709)	1,543	(969)	(9,716)	102,016

	Six-months period ended 30 June 2017					
	Colombia	Chile	Brazil	Argentina	Other ^(c)	Total
Adjusted EBITDA for reportable segments	75,037	2,227	7,487	(1,721)	(7,094)	75,936
Depreciation	(19,006)	(11,886)	(4,642)	(66)	(82)	(35,682)
Unrealized gain on commodity risk management contracts	9,098	-	-	-	-	9,098
Write-off of unsuccessful exploration efforts	(1,625)	-	(2,977)	-	-	(4,602)
Share-based payment	(259)	(177)	(93)	(181)	(1,326)	(2,036)
Others	1,924	155	(457)	(19)	(344)	1,259
Operating profit / (loss)	65,169	(9,681)	(682)	(1,987)	(8,846)	43,973

^(c) Includes Peru and Corporate.

Note 3

Revenue

	Three-months period ended 30 June 2018	Three-months period ended 30 June 2017	Six-months period ended 30 June 2018	Six-months period ended 30 June 2017
Amounts in US\$ '000				
Sale of crude oil	145,678	64,082	256,713	118,595
Sale of gas	13,652	11,145	26,495	23,340
	159,330	75,227	283,208	141,935

Note 4

Commodity risk management contracts

The Group entered into derivative financial instruments to manage its exposure to oil price risk. These derivatives are zero-premium collars or zero-premium 3 ways (put spread plus call), and were placed with major financial institutions and commodity traders. The Group entered into the derivatives under ISDA Master Agreements and Credit Support Annexes, which provide credit lines for collateral posting thus alleviating possible liquidity needs under the instruments and protect the Group from potential non-performance risk by its counterparties. The Group's derivatives are accounted for as non-hedge derivatives as of 30 June 2018 and therefore all changes in the fair values of its derivative contracts are recognized as gains or losses in the results of the periods in which they occur.

The following table presents the Group's derivative contracts in force as of 30 June 2018:

Period	Reference	Type	Volume bbl/d	Price US\$/bbl
1 January 2018 - 30 June 2018	ICE BRENT	Zero Premium Collar	2,000	52.00 Put 60.00 Call
1 January 2018 - 30 June 2018	ICE BRENT	Zero Premium Collar	1,000	52.00 Put 58.40 Call
1 April 2018 - 30 June 2018	ICE BRENT	Zero Premium Collar	2,000	52.00 Put 58.25 Call
1 January 2018 - 30 June 2018	ICE BRENT	Zero Premium 3 Way	1,000	42.00-52.00 Put 59.55 Call
1 January 2018 - 30 June 2018	ICE BRENT	Zero Premium 3 Way	1,000	42.00-52.00 Put 59.50 Call
1 April 2018 - 30 June 2018	ICE BRENT	Zero Premium 3 Way	1,000	42.00-52.00 Put 59.60 Call
1 January 2018 - 30 June 2018	ICE BRENT	Zero Premium 3 Way	2,000	43.00-53.00 Put 64.55 Call
1 July 2018 - 30 September 2018	ICE BRENT	Zero Premium 3 Way	5,000	43.00-53.00 Put 69.00 Call
1 April 2018 - 31 December 2018	ICE BRENT	Zero Premium 3 Way	3,000	45.00-55.00 Put 77.15 Call
1 April 2018 - 31 December 2018	ICE BRENT	Zero Premium 3 Way	1,000	45.00-55.00 Put 77.50 Call
1 July 2018 - 31 March 2019	ICE BRENT	Zero Premium 3 Way	2,000	50.00-60.00 Put 97.00 Call
1 July 2018 - 31 March 2019	ICE BRENT	Zero Premium 3 Way	2,000	50.00-60.00 Put 97.05 Call

The table below summarizes the gain (loss) on the commodity risk management contracts:

Amounts in US\$ '000	Three-months period ended 30 June 2018	Three-months period ended 30 June 2017	Six-months period ended 30 June 2018	Six-months period ended 30 June 2017
Realized (loss) gain on commodity risk management contracts	(13,332)	1,966	(23,900)	2,170
Unrealized gain on commodity risk management contracts	1,964	3,915	8,652	9,098
Total	(11,368)	5,881	(15,248)	11,268

The following table presents the Group's derivative contracts agreed after the balance sheet date:

Period	Reference	Type	Volume bbl/d	Price US\$/bbl
1 October 2018 - 30 June 2019	ICE BRENT	Zero Premium 3 Way	1,000	55.00-65.00 Put 90.10 Call
1 October 2018 - 30 June 2019	ICE BRENT	Zero Premium 3 Way	2,000	55.00-65.00 Put 90.00 Call

Note 5

Production and operating costs

Amounts in US\$ '000	Three-months	Three-months	Six-months	Six-months
	period ended	period ended	period ended	period ended
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Staff costs	7,105	3,599	11,763	6,959
Share-based payment	163	116	247	228
Royalties	18,465	5,862	32,558	10,580
Well and facilities maintenance	3,961	4,613	7,147	7,274
Consumables	4,300	2,798	7,996	5,399
Equipment rental	2,635	1,281	4,576	2,360
Transportation costs	705	658	1,484	1,196
Gas plant costs	1,365	1,514	2,867	3,052
Safety and insurance costs	848	422	1,710	977
Field camp	810	585	1,590	1,124
Non operated blocks costs	363	324	689	605
Crude oil stock variation	1,927	1,846	1,576	(100)
Other costs	2,109	1,685	4,643	3,201
	44,756	25,303	78,846	42,855

Note 6

Geological and geophysical expenses

Amounts in US\$ '000	Three-months	Three-months	Six-months	Six-months
	period ended	period ended	period ended	period ended
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Staff costs	4,218	2,848	7,217	4,889
Share-based payment	95	128	144	254
Other services	992	796	1,631	1,184
Allocation to capitalised project	(1,410)	(1,902)	(2,938)	(3,249)
	3,895	1,870	6,054	3,078

Note 7

Administrative expenses

Amounts in US\$ '000	Three-months	Three-months	Six-months	Six-months
	period ended	period ended	period ended	period ended
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Staff costs	7,617	7,327	13,926	12,675
Share-based payment	764	783	1,411	1,554
Consultant fees	1,627	1,079	3,109	1,930
Travel expenses	294	826	1,549	1,312
Director fees and allowance	692	1,384	1,324	2,030
Communication and IT costs	449	405	921	827
Allocation to joint operations	(2,010)	(1,985)	(3,960)	(3,921)
Other administrative expenses	3,040	2,149	6,836	4,080
	12,473	11,968	25,116	20,487

Note 8

Selling expenses

	Three-months period ended 30 June 2018	Three-months period ended 30 June 2017	Six-months period ended 30 June 2018	Six-months period ended 30 June 2017
Amounts in US\$ '000				
Transportation	669	161	989	415
Selling taxes and other	506	(72)	536	122
	1,175	89	1,525	537

Note 9

Financial results

	Three-months period ended 30 June 2018	Three-months period ended 30 June 2017	Six-months period ended 30 June 2018	Six-months period ended 30 June 2017
Amounts in US\$ '000				
Financial expenses				
Bank charges and other financial costs	(1,066)	(1,076)	(1,896)	(2,054)
Interest and amortisation of debt issue costs	(7,147)	(5,862)	(14,267)	(13,178)
Interest with related parties	(447)	(494)	(894)	(1,207)
Unwinding of long-term liabilities	(920)	(742)	(1,603)	(1,347)
Less: amounts capitalised on qualifying assets	12	76	19	156
	(9,568)	(8,098)	(18,641)	(17,630)
Financial income				
Interest received	888	663	1,429	952
	888	663	1,429	952
Foreign exchange gains and losses				
Foreign exchange loss	(13,301)	(4,702)	(14,969)	(1,793)
	(13,301)	(4,702)	(14,969)	(1,793)
Total financial results	(21,981)	(12,137)	(32,181)	(18,471)

Note 10

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 2017	692,241	14,357	132,413	10,553	32,926	61,773	944,263
Additions	827	303	-	-	28,198	26,094	55,422
Disposals	-	(24)	-	-	-	-	(24)
Write-off of unsuccessful exploration efforts	-	-	-	-	-	(4,602) ^(b)	(4,602)
Transfers	24,328	(189)	12,173	-	(22,920)	(13,392)	-
Currency translation differences	(861)	(13)	(184)	(3)	70	(185)	(1,176)
Cost at 30 June 2017	716,535	14,434	144,402	10,550	38,274	69,688	993,883
Cost at 1 January 2018	776,504	15,398	157,396	10,361	37,990	64,368	1,062,017
Additions	(2,126) ^(a)	794	-	-	34,392	25,242	58,302
Acquisitions	48,838	266	1,616	134	-	-	50,854
Disposals	(149)	-	-	-	-	-	(149)
Write-off of unsuccessful exploration efforts	-	-	-	-	-	(11,042) ^(c)	(11,042)
Transfers	27,042	5	12,746	594	(31,614)	(8,773)	-
Currency translation differences	(10,976)	(126)	(858)	(29)	(10)	(1,078)	(13,077)
Cost at 30 June 2018	839,133	16,337	170,900	11,060	40,758	68,717	1,146,905
Depreciation and write-down at 1 January 2017	(384,739)	(10,049)	(71,698)	(4,131)	-	-	(470,617)
Depreciation	(28,244)	(1,122)	(5,960)	(466)	-	-	(35,792)
Currency translation differences	316	1	54	4	-	-	375
Depreciation and write-down At 30 June 2017	(412,667)	(11,170)	(77,604)	(4,593)	-	-	(506,034)
Depreciation and write-down at 1 January 2018	(441,534)	(11,916)	(86,232)	(4,932)	-	-	(544,614)
Depreciation	(34,703)	(725)	(8,562)	(384)	-	-	(44,374)
Currency translation differences	5,452	90	327	25	-	-	5,894
Depreciation and write-down at 30 June 2018	(470,785)	(12,551)	(94,467)	(5,291)	-	-	(583,094)
Carrying amount at 30 June 2017	303,868	3,264	66,798	5,957	38,274	69,688	487,849
Carrying amount at 30 June 2018	368,348	3,786	76,433	5,769	40,758	68,717	563,811

^(a) Corresponds to the effect of restatement of assets retirement obligation in Colombia.

^(b) Corresponds to two unsuccessful exploratory wells drilled in Colombia (Llanos 34 Block) and Brazil (REC-T-94 Block).

^(c) Corresponds to four unsuccessful exploratory wells drilled in Brazil (POT-T-747 and POT-T-619 Blocks), Colombia (Tiple Block) and Argentina (Puelen Block). The change also includes the write off of other exploration costs incurred in the Fell Block in 2015 for which no additional work would be performed.

Note 11

Share capital

	Six-months period ended 30 June 2018	Year ended 31 December 2017
Issued share capital		
Common stock (US\$ '000)	61	61
The share capital is distributed as follows:		
Common shares, of nominal US\$ 0.001	60,615,559	60,596,219
Total common shares in issue	60,615,559	60,596,219
Authorised share capital		
US\$ per share	0.001	0.001
Number of common shares (US\$ 0.001 each)	5,171,949,000	5,171,949,000
Amount in US\$	5,171,949	5,171,949

GeoPark's share capital only consists of common shares. The authorized share capital consists of 5,171,949,000 common shares of par value US\$ 0.001 per share. All of the Company issued and outstanding common shares are fully paid and nonassessable. The company also has an employee incentive program, pursuant to which it has granted share awards to its senior management and certain key employees (see Notes 26 and 30 to the audited Consolidated Financial Statements as of 31 December 2017).

Note 12

Borrowings

The outstanding amounts are as follows:

	At 30 June 2018	Year ended 31 December 2017
Amounts in US\$ '000		
2024 Notes (a)	426,511	426,124
Banco de Crédito e Inversiones (b)	40	80
	426,551	426,204

Classified as follows:

Current	7,637	7,664
Non-Current	418,914	418,540

Note 12 (Continued)

Borrowings (Continued)

(a) During September 2017, the Company successfully placed US\$ 425,000,000 notes which were offered to qualified institutional buyers in accordance with Rule 144A under the United States Securities Act, and outside the United States to non-U.S. persons in accordance with Regulation S under the United States Securities Act.

The Notes carry a coupon of 6.50% per annum. Final maturity of the notes will be 21 September 2024. The Notes are secured with a pledge of all of the equity interests of the Company, directly or indirectly, in GeoPark Colombia Coöperatie U.A. and GeoPark Chile S.A.. The debt issuance cost for this transaction amounted to US\$ 6,683,000 (debt issuance effective rate: 6.90%). The indenture governing the Notes due 2024 includes incurrence test covenants that provides among other things, that, during the first two years from the issuance date, the Net Debt to Adjusted EBITDA ratio should not exceed 3.5 times and the Adjusted EBITDA to Interest ratio should exceed 2 times. Failure to comply with the incurrence test covenants does not trigger an event of default. However, this situation may limit the Company's capacity to incur additional indebtedness, as specified in the indenture governing the Notes. Incurrence covenants as opposed to maintenance covenants must be tested by the Company before incurring additional debt or performing certain corporate actions including but not limited to dividend payments, restricted payments and others. As of the date of these interim condensed consolidated financial statements, the Company is in compliance of all the indenture's provisions and covenants.

(b) During February 2016, GeoPark executed a loan agreement with Banco de Crédito e Inversiones for US\$ 186,000 to finance the acquisition of vehicles for the Chilean operation. The interest rate applicable to this loan is 4.14% per annum. The interest and the principal are paid on a monthly basis, with final maturity on February 2019.

As of the date of these interim condensed consolidated financial statements, the Group has available credit lines for over US\$ 50,000,000.

Note 13

Provisions and other long-term liabilities

The outstanding amounts are as follows:

Amounts in US\$ '000	At	Year ended
	30 June 2018	31 December 2017
Assets retirement obligation	43,399	38,075
Deferred income	1,290	1,452
Other	7,672	6,757
	52,361	46,284

Note 14

Trade and other payables

The outstanding amounts are as follows:

Amounts in US\$ '000	At	Year ended
	30 June 2018	31 December 2017
Trade payables	67,635	52,557
Payables to related parties ^(a)	32,101	31,184
Customer advance payments ^(b)	5,000	10,000
Taxes and other debts to be paid	3,738	4,191
Staff costs to be paid	7,203	9,143
V.A.T.	1,075	1,118
To be paid to co-venturers	14,017	10,015
Royalties to be paid	6,929	4,110
	137,698	122,318

Classified as follows:

Current	111,707	96,397
Non-Current	25,991	25,921

^(a) The outstanding amount corresponds to advanced cash call payments granted by LGI to GeoPark Chile S.A. for financing Chilean operations in TdF's blocks. The expected maturity of these balances is July 2020 and the applicable interest rate is 6.9% per annum.

^(b) In December 2015, the Colombian subsidiary entered into a prepayment agreement with Trafigura under which GeoPark sells and deliver a portion of its Colombian crude oil production. Funds committed were available upon request until September 2017 and will be repaid by the Group on a monthly basis through future oil deliveries until December 2018.

Note 15

Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Group's Consolidated Financial Statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 related to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies and a reclassification of measurement category, but no adjustments to the amounts recognised in the Consolidated Financial Statements.

Note 15 (Continued)

Changes in accounting policies (Continued)

On 1 January 2018, the Group classified money market funds for US\$ 44,123,000 accounted within Cash and cash equivalents as of 31 December 2017, as Financial assets at fair value through profit or loss that were previously classified as Loans and receivables. No results were generated as a consequence of this change. As of 30 June 2018, the Group holds no money market funds.

From 1 January 2018, the Group applies the following accounting policy in relation to its financial assets.

Financial assets are divided into the following categories: amortised cost; financial assets at fair value through profit or loss and fair value through other comprehensive income. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

All financial assets not at fair value through profit or loss are initially recognised at fair value, plus transaction costs. Transaction costs of financial assets carried at fair value through profit or loss, if any, are expensed to profit or loss.

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 Statement of Income when receivable, regardless of how the related carrying amount of financial assets is measured.

Amortised cost 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. These financial assets comprise trade receivables, prepayments and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. These financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment, if applicable.

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 amortised cost.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(b) IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 from 1 January 2018, which resulted in no changes in accounting policies or adjustments to the amounts recognised in the consolidated financial statements.

Note 16

Fair value measurement of financial instruments

Accounting policies for financial instruments have been applied to classify as either: amortised cost, fair value through other comprehensive income, or fair value through profit and loss. For financial instruments that are measured in the statement of financial position at fair value, IFRS 13 requires a disclosure of fair value measurements by level according to the following fair value measurement hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

(a) Fair value hierarchy

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2018 and 31 December 2017 on a recurring basis:

Amounts in US\$ '000	Level 2	At 30 June 2018
Liabilities		
Derivative financial instrument liabilities		
Commodity risk management contracts	12,415	12,415
Total Liabilities	12,415	12,415

Amounts in US\$ '000	Level 2	Year ended 31 December 2017
Liabilities		
Derivative financial instrument liabilities		
Commodity risk management contracts	19,289	19,289
Total Liabilities	19,289	19,289

There were no transfers between Level 2 and 3 during the period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2018.

Note 16 (Continued)

Fair value measurement of financial instruments (Continued)

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The market-to-market fair value of the Group's outstanding derivative instruments is based on independently provided market rates and determined using standard valuation techniques, including the impact of counterparty credit risk and are within level 2 of the fair value hierarchy.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis. All of the resulting fair value estimates are included in level 2.

(c) Fair values of other financial instruments (unrecognised)

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

Borrowings are comprised primarily of fixed rate debt and variable rate debt with a short term portion where interest has already been fixed. They are classified under other financial liabilities and measured at their amortized cost. The Group estimates that the fair value of its main financial liabilities is approximately 99.9% of its carrying amount including interests accrued as of 30 June 2018. Fair values were calculated using discounted cash flow analysis.

Note 17

Capital commitments

Capital commitments are detailed in Note 32 (b) to the audited Consolidated Financial Statements as of 31 December 2017. The following updates have taken place during the six-month period ended 30 June 2018:

Argentina

The second exploratory well was drilled in the CN-V Block, with completion and testing expected for the third quarter of the year. As of 30 June 2018, the remaining commitment amounts to US\$ 2,200,000.

Brazil

The Brazilian National Agency of Petroleum, Natural Gas and Biofuels ("ANP") extended the first exploratory period to fulfill our commitments in the SEAL-T-268 y REC-T-94 Blocks until 7 February 2020. The remaining commitments in the blocks amounts to US\$ 160,000 and US\$ 970,000, respectively.

Note 17 (Continued)

Capital commitments (Continued)

Brazil (Continued)

GeoPark was awarded one exploratory block, POT-T-785, in the Potiguar Basin. The assumed commitment is equivalent to acquiring 3D Seismic and performing geochemical analysis for a total amount of approximately US\$ 400,000, during the first exploratory period ending 29 January 2023.

As of the date of these interim condensed consolidated financial statements, the Group has already fulfilled its commitments in the POT-T-619 Block.

Note 18

Business transactions

Argentina - Aguada Baguales, El Porvenir and Puesto Touquet blocks

On 27 March 2018, GeoPark acquired a 100% working interest and operatorship of the Aguada Baguales, El Porvenir and Puesto Touquet blocks, which are located in the Neuquen Basin, for a total consideration of US\$ 52,000,000, less working capital adjustment of US\$ 3,150,000.

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. The excess of acquisition cost, if any, over the net identifiable assets acquired represents goodwill.

The purchase price allocation performed is preliminary, since the valuation process is ongoing. This process will be completed during 2018.

The following table summarises the combined consideration paid for the acquired blocks, the preliminary allocation of fair value of the assets acquired and liabilities assumed for these transactions:

Amounts in US\$ '000	Total
Cash ^(a)	48,850
Total consideration	48,850
Property, plant and equipment (including mineral interest)	50,854
Inventories	3,296
Provision for other long-term liabilities	(5,300)
Total identifiable net assets	48,850

- ^(a) On December 2017, GeoPark granted a security deposit of US\$ 15,600,000. On March 2018, the Group completed the total consideration with an additional payment of US\$ 36,400,000. On June 2018, GeoPark collected a working capital adjustment of US\$ 3,150,000.

Note 18 (Continued)

Business transactions (Continued)

Argentina - Aguada Baguales, El Porvenir and Puesto Touquet blocks (Continued)

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

Amounts in US\$ '000	Six-months period ended 30 June 2018
Revenue	294,448
Profit for the period	30,445

The revenue included in the consolidated statement of comprehensive income since acquisition date contributed by the acquired business is US\$ 13,057,000. The acquired business has also contributed profit of US\$ 1,342,000 over the same period.

As a consequence of this transaction, the Group considers that there is sufficient evidence of future taxable profits to offset tax losses and recognise a deferred tax asset for US\$ 1,346,000 in respect of tax losses from previous years which can be utilised against future taxable profit.

Argentina - Los Parlamentos block

On June 2018, GeoPark acquired a 50% working interest in the Los Parlamentos exploratory block in partnership with YPF S.A. (YPF), the largest oil and gas producer in Argentina. In accordance with the partnership agreement, YPF assumed the operationship of the block and GeoPark assumed a commitment to fund its 50% working interest of one exploration well and additional 3D seismic, which amounts to US\$ 6,000,000 at GeoPark's working interest, over the next three years.