

GEPARK LIMITED

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

For the three-months and nine-months period ended 30 September 2018 and 2019

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CONDENSED CONSOLIDATED STATEMENT OF INCOME

Amounts in US\$ '000	Note	Three-months period ended 30 September 2019 (Unaudited)	Three-months period ended 30 September 2018 (Unaudited)	Nine-months period ended 30 September 2019 (Unaudited)	Nine-months period ended 30 September 2018 (Unaudited)
REVENUE	3	151,202	166,786	470,851	449,994
Commodity risk management contracts	4	4,438	(559)	(16,015)	(15,807)
Production and operating costs	5	(41,734)	(48,722)	(126,666)	(127,568)
Geological and geophysical expenses	6	(4,256)	(3,892)	(12,861)	(9,946)
Administrative expenses	7	(14,467)	(12,323)	(39,526)	(37,439)
Selling expenses	8	(2,412)	(1,258)	(11,271)	(2,783)
Depreciation		(26,544)	(24,327)	(76,816)	(68,338)
Write-off of unsuccessful exploration efforts	11	(8,405)	(3,501)	(9,268)	(14,543)
Other (expenses) income		(1,437)	(1,201)	578	(551)
OPERATING PROFIT		56,385	71,003	179,006	173,019
Financial expenses	9	(9,341)	(9,439)	(28,690)	(28,080)
Financial income	9	700	703	2,140	2,132
Foreign exchange gain (loss)	9	770	(2,934)	(671)	(17,903)
PROFIT BEFORE INCOME TAX		48,514	59,333	151,785	129,168
Income tax expense	10	(41,757)	(29,654)	(93,859)	(69,081)
PROFIT FOR THE PERIOD		6,757	29,679	57,926	60,087
Attributable to:					
Owners of the Company		6,757	21,393	57,926	39,154
Non-controlling interest		-	8,286	-	20,933
Earnings per share (in US\$) for profit attributable to owners of the Company. Basic		0.11	0.35	0.96	0.65
Earnings per share (in US\$) for profit attributable to owners of the Company. Diluted		0.11	0.33	0.93	0.60

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 September 2019 (Unaudited)	Three-months period ended 30 September 2018 (Unaudited)	Nine-months period ended 30 September 2019 (Unaudited)	Nine-months period ended 30 September 2018 (Unaudited)
Profit for the period	6,757	29,679	57,926	60,087
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences	(2,455)	(546)	(2,104)	(3,349)
Total comprehensive income for the period	4,302	29,133	55,822	56,738
Attributable to:				
Owners of the Company	4,302	20,847	55,822	35,805
Non-controlling interest	-	8,286	-	20,933

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 September 2019 (Unaudited)	Year ended 31 December 2018
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	11	564,787	557,170
Right-of-use assets		14,369	-
Prepayments and other receivables		8,755	3,494
Other financial assets		10,635	10,570
Deferred income tax asset		27,119	31,793
TOTAL NON CURRENT ASSETS		625,665	603,027
CURRENT ASSETS			
Inventories		10,083	9,309
Trade receivables		34,663	16,215
Prepayments and other receivables		34,918	54,659
Derivative financial instrument assets	16	6,419	27,539
Other financial assets		58	898
Cash and cash equivalents		81,599	127,727
Assets held for sale		-	23,286
TOTAL CURRENT ASSETS		167,740	259,633
TOTAL ASSETS		793,405	862,660
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	59	60
Share premium		175,864	237,840
Reserves		109,705	111,809
Accumulated losses		(154,343)	(206,688)
Attributable to owners of the Company		131,285	143,021
TOTAL EQUITY		131,285	143,021
LIABILITIES			
NON CURRENT LIABILITIES			
Borrowings	13	424,438	429,027
Lease liabilities		5,238	-
Provisions and other long-term liabilities	14	46,569	42,577
Deferred income tax liability		21,244	14,801
Trade and other payables	15	6,296	14,789
TOTAL NON CURRENT LIABILITIES		503,785	501,194
CURRENT LIABILITIES			
Borrowings	13	10,581	17,975
Lease liabilities		7,962	-
Current income tax liability		33,298	58,776
Trade and other payables	15	106,494	131,420
Liabilities associated with assets held for sale		-	10,274
TOTAL CURRENT LIABILITIES		158,335	218,445
TOTAL LIABILITIES		662,120	719,639
TOTAL EQUITY AND LIABILITIES		793,405	862,660

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 2018	61	239,191	127,527	2,079	(283,933)	41,915	126,840
Comprehensive income (loss):							
Profit for the nine-months period	-	-	-	-	39,154	20,933	60,087
Currency translation differences	-	-	-	(3,349)	-	-	(3,349)
Total comprehensive income (loss) for the period ended 30 September 2018	-	-	-	(3,349)	39,154	20,933	56,738
Transactions with owners:							
Share-based payment	-	325	-	-	3,150	167	3,642
Dividends distribution to non-controlling interest	-	-	-	-	-	(8,089)	(8,089)
Total transactions with owners for the period ended 30 September 2018	-	325	-	-	3,150	(7,922)	(4,447)
Balance at 30 September 2018 (Unaudited)	61	239,516	127,527	(1,270)	(241,629)	54,926	179,131
Balance at 31 December 2018	60	237,840	114,131	(2,322)	(206,688)	-	143,021
Comprehensive income (loss):							
Profit for the nine-months period	-	-	-	-	57,926	-	57,926
Currency translation differences	-	-	-	(2,104)	-	-	(2,104)
Total comprehensive income (loss) for the period ended 30 September 2019	-	-	-	(2,104)	57,926	-	55,822
Transactions with owners:							
Share-based payment	3	7,020	-	-	(5,581)	-	1,442
Repurchase of shares (Note 12)	(4)	(68,996)	-	-	-	-	(69,000)
Total transactions with owners for the period ended 30 September 2019	(1)	(61,976)	-	-	(5,581)	-	(67,558)
Balance at 30 September 2019 (Unaudited)	59	175,864	114,131	(4,426)	(154,343)	-	131,285

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in US\$ '000	Nine-months period ended 30 September 2019 (Unaudited)	Nine-months period ended 30 September 2018 (Unaudited)
Cash flows from operating activities		
Profit for the period	57,926	60,087
Adjustments for:		
Income tax expense	93,859	69,081
Depreciation	76,816	68,338
Loss on disposal of property, plant and equipment	7	268
Write-off of unsuccessful exploration efforts	9,268	14,543
Amortization of other long-term liabilities	(428)	(545)
Accrual of borrowing interests	22,541	22,734
Unwinding of long-term liabilities	3,492	2,591
Accrual of share-based payment	1,442	3,642
Foreign exchange loss	671	17,903
Unrealized loss (gain) on commodity risk management contracts	19,902	(11,508)
Income tax paid	(88,638)	(67,704)
Change in working capital	(39,970)	(976)
Cash flows from operating activities – net	156,888	178,454
Cash flows from investing activities		
Purchase of property, plant and equipment	(88,162)	(90,937)
Proceeds from disposal of long-term assets (Note 18)	7,066	-
Acquisition of business	-	(48,850)
Cash flows used in investing activities – net	(81,096)	(139,787)
Cash flows from financing activities		
Proceeds from borrowings	-	15,000
Principal paid	(4,932)	(56)
Interest paid	(28,483)	(27,627)
Lease payments	(4,317)	-
Repurchase of shares (Note 12)	(69,000)	-
Payments for transactions with non-controlling interest (Note 15)	(15,000)	-
Dividends distribution to non-controlling interest	-	(8,089)
Cash flows used in financing activities – net	(121,732)	(20,772)
Net (decrease) increase in cash and cash equivalents	(45,940)	17,895
Cash and cash equivalents at 1 January	127,727	134,755
Currency translation differences	(188)	87
Cash and cash equivalents at the end of the period	81,599	152,737
Ending Cash and cash equivalents are specified as follows:		
Cash at bank and bank deposits	81,575	152,715
Cash in hand	24	22
Cash and cash equivalents	81,599	152,737

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 Cedar House, 3rd Floor, 41 Cedar Avenue, Hamilton HM12, 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, Peru and Ecuador.

This condensed consolidated interim financial report was authorized for issue by the Board of Directors on 5 November 2019.

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 2017 and 2018, 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 below within “Changes in accounting policies”.

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.

Changes in accounting policies

The Group has adopted IFRS 16 following the simplified approach, and has not restated comparative figures for previous reporting periods, as permitted under the specific transitional provisions in the standard. The reclassifications arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 9.4%.

Note 1 (Continued)

Changes in accounting policies (Continued)

The table below summarizes the initial recognition of assets and liabilities related to the adoption of IFRS 16:

Amounts in US\$ '000	Total
Right-of-use assets at 1 January 2019 ^(a)	14,610
Additions	2,634
Depreciation during the period	(2,875)
Right-of-use assets at 30 September 2019	14,369

^(a) Recognized as "Lease liabilities" as of 1 January 2019.

(a) Impact on segment information

As a result of the change in the accounting policy, segment assets as of 30 September 2019 increased for the amount of the Right-of-use assets. Nevertheless, there is no impact on Adjusted EBITDA as a consequence of the adoption of this new standard, as specified in the indenture governing the 2024 Notes.

(b) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(c) Accounting for the Group's leasing activities

The Group leases various offices, facilities, machinery and equipment. Rental contracts are typically made for fixed periods of 1 to 7 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Note 1 (Continued)

Changes in accounting policies (Continued)

(c) Accounting for the Group's leasing activities (Continued)

From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance expenses. The finance expense is charged to the Condensed Consolidated Statement of Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable,
- variable lease payments that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the Condensed Consolidated Statement of Income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Note 1 (Continued)

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 2018.

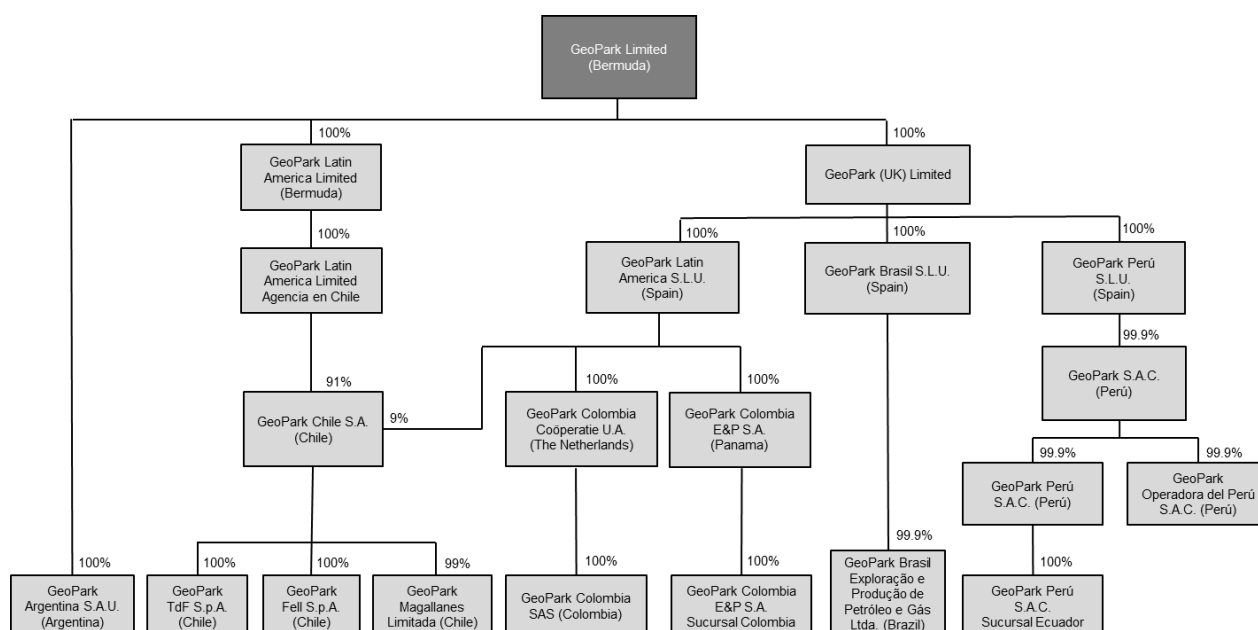
Financial risk management

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 2018.

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 September 2019:



During 2019, the subsidiary that used to be named GeoPark Argentina Limited was re-domiciliated from Bermuda to Argentina.

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 S.A.U. (Argentina)	100%	
	GeoPark Latin America Limited (Bermuda)	100%	
	GeoPark Latin America Limited – Agencia en Chile (Chile)	100% (a)	
	GeoPark S.A. (Chile)	100% (a) (b)	
	GeoPark Brasil Exploração y Produção de Petróleo e Gás Ltda. (Brazil)	100% (a)	
	GeoPark Chile S.A. (Chile)	100% (a)	
	GeoPark Fell S.p.A. (Chile)	100% (a)	
	GeoPark Magallanes Limitada (Chile)	100% (a)	
	GeoPark TdF S.p.A. (Chile)	100% (a)	
	GeoPark Colombia S.A. (Chile)	100% (a) (b)	
	GeoPark Colombia S.A.S. (Colombia)	100% (a)	
	GeoPark Latin America S.L.U. (Spain)	100% (a)	
	GeoPark Colombia Coöperatie U.A. (The Netherlands)	100% (a)	
	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 Brasil 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%	
	GeoPark Perú S.A.C. Sucursal Ecuador (Ecuador)	100% (a)	
	Joint operations	Flamenco Block (Chile)	50% (c)
		Campanario Block (Chile)	50% (c)
Isla Norte Block (Chile)		60% (c)	
Llanos 34 Block (Colombia)		45% (c)	
Llanos 32 Block (Colombia)		12.5%	
Puelen Block (Argentina)		18%	
CN-V Block (Argentina)		50%	
Manati Field (Brazil)		10%	
POT-T-747 Block (Brazil)		70% (c)	
REC-T-128 Block (Brazil)		70% (c)	
Espejo (Ecuador)		50% (c)	
Perico (Ecuador)		50%	
Llanos 86 Block (Colombia)		50% (c)	
Llanos 87 Block (Colombia)		50% (c)	
Llanos 104 Block (Colombia)	50% (c)		

(a) Indirectly owned - (b) Dormant companies - (c) GeoPark is the operator

On 2 July 2019, GeoPark obtained regulatory approval to increase its working interest in the Tranquilo Block, Chile, to 100%.

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 (determined as if IFRS 16 *Leases* has not been adopted, as specified in the indenture governing the 2024 Notes), 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.

Nine-months period ended 30 September 2019

Amounts in US\$ '000	Total	Colombia	Chile	Brazil	Argentina	Peru	Corporate ^(a)
Revenue	470,851	403,839	24,499	15,533	26,980	-	-
Sale of crude oil	434,634	402,406	8,076	663	23,489	-	-
Sale of gas	36,217	1,433	16,423	14,870	3,491	-	-
Production and operating costs	(126,666)	(86,917)	(15,546)	(4,015)	(20,188)	-	-
Royalties	(47,943)	(41,879)	(897)	(1,193)	(3,974)	-	-
Share-based payment	(329)	(231)	(31)	(29)	(38)	-	-
Operating costs	(78,394)	(44,807)	(14,618)	(2,793)	(16,176)	-	-
Depreciation	(76,816)	(34,270)	(25,737)	(5,097)	(11,163)	(436)	(113)
Operating profit / (loss)	179,006	230,892	(20,747)	4,463	(16,615)	(3,888)	(15,099)
Operating Netback	334,558	310,364	8,705	9,993	5,496	-	-
Adjusted EBITDA	277,679	281,519	5,780	7,496	2,813	(5,323)	(14,606)

^(a) Includes expenses for the initial activities in Ecuador (Operating loss of US\$ 393,000 and Adjusted Ebitda of US\$ 251,000 loss).

Note 2 (Continued)

Segment Information (Continued)

Nine-months period ended 30 September 2018

Amounts in US\$ '000	Total	Colombia	Chile	Brazil	Argentina	Peru	Corporate
Revenue	449,994	374,273	27,681	22,837	25,203	-	-
Sale of crude oil	408,896	373,208	13,501	908	21,279	-	-
Sale of gas	41,098	1,065	14,180	21,929	3,924	-	-
Production and operating costs	(127,568)	(89,381)	(15,241)	(6,644)	(16,302)	-	-
Royalties	(53,632)	(47,091)	(1,104)	(2,125)	(3,312)	-	-
Share-based payment	(568)	(294)	(157)	(22)	(95)	-	-
Operating costs	(73,368)	(41,996)	(13,980)	(4,497)	(12,895)	-	-
Depreciation	(68,338)	(32,821)	(20,389)	(7,919)	(6,993)	(190)	(26)
Operating profit / (loss)	173,019	198,843	(10,831)	3,518	(2,922)	(4,264)	(11,325)
Operating Netback	292,896	257,251	12,175	16,216	7,254	-	-
Adjusted EBITDA	244,848	233,812	7,292	13,631	3,865	(5,052)	(8,700)

Total Assets	Total	Colombia	Chile	Brazil	Argentina	Peru	Corporate
30 September 2019	793,405	316,501	250,587	70,468	83,612	55,302	16,935
31 December 2018	862,660	383,450	276,449	70,424	87,259	35,817	9,261

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

	Three-months period ended 30 September 2019	Three-months period ended 30 September 2018	Nine-months period ended 30 September 2019	Nine-months period ended 30 September 2018
Operating Netback	107,498	113,712	334,558	292,896
Geological and geophysical expenses	(6,290)	(4,506)	(16,831)	(13,354)
Administrative expenses	(14,490)	(10,989)	(40,048)	(34,694)
Adjusted EBITDA for reportable segments	86,718	98,217	277,679	244,848
Unrealized gain (loss) on commodity risk management contracts	3,038	2,856	(19,902)	11,508
Depreciation ^(a)	(26,544)	(24,327)	(76,816)	(68,338)
Write-off of unsuccessful exploration efforts	(8,405)	(3,501)	(9,268)	(14,543)
Share-based payment	(325)	(1,840)	(1,442)	(3,642)
Lease accounting - IFRS 16	1,480	-	4,317	-
Others ^(b)	423	(402)	4,438	3,186
Operating profit	56,385	71,003	179,006	173,019
Financial expenses	(9,341)	(9,439)	(28,690)	(28,080)
Financial income	700	703	2,140	2,132
Foreign exchange gain (loss)	770	(2,934)	(671)	(17,903)
Profit before tax	48,514	59,333	151,785	129,168

^(a) Net of capitalized costs for oil stock included in Inventories. Depreciation includes US\$ 2,238,000 (US\$ 1,719,000 in 2018) generated by assets not related to production activities. For the three-months period ended 30 September 2019 the amount included in depreciation is US\$ 774,000 (US\$ 610,000 in 2018).

^(b) Includes allocation to capitalized projects.

Note 2 (Continued)

Segment Information (Continued)

The following table presents a reconciliation of Adjusted EBITDA to operating profit (loss) for the nine-month periods ended 30 September 2019 and 2018:

	Nine-months period ended 30 September 2019					
	Colombia	Chile	Brazil	Argentina	Other ^(c)	Total
Adjusted EBITDA for reportable segments	281,519	5,780	7,496	2,813	(19,929)	277,679
Depreciation	(34,270)	(25,737)	(5,097)	(11,163)	(549)	(76,816)
Unrealized loss on commodity risk management contracts	(19,902)	-	-	-	-	(19,902)
Write-off of unsuccessful exploration efforts	(241)	-	-	(9,027)	-	(9,268)
Share-based payment	(433)	(46)	(51)	(50)	(862)	(1,442)
Lease accounting - IFRS 16	1,463	126	1,643	710	375	4,317
Others	2,756	(870)	472	102	1,978	4,438
Operating profit / (loss)	230,892	(20,747)	4,463	(16,615)	(18,987)	179,006

	Nine-months period ended 30 September 2018					
	Colombia	Chile	Brazil	Argentina	Other ^(c)	Total
Adjusted EBITDA for reportable segments	233,812	7,292	13,631	3,865	(13,752)	244,848
Depreciation	(32,821)	(20,389)	(7,919)	(6,993)	(216)	(68,338)
Unrealized gain on commodity risk management contracts	11,508	-	-	-	-	11,508
Write-off of unsuccessful exploration efforts	(11,914)	(397)	(1,879)	(353)	-	(14,543)
Share-based payment	(546)	(288)	(60)	(465)	(2,283)	(3,642)
Others	(1,196)	2,951	(255)	1,024	662	3,186
Operating profit / (loss)	198,843	(10,831)	3,518	(2,922)	(15,589)	173,019

^(c) Includes Peru, Ecuador and Corporate.

Note 3

Revenue

	Three-months period ended 30 September 2019	Three-months period ended 30 September 2018	Nine-months period ended 30 September 2019	Nine-months period ended 30 September 2018
Amounts in US\$ '000				
Sale of crude oil	138,245	152,183	434,634	408,896
Sale of gas	12,957	14,603	36,217	41,098
	151,202	166,786	470,851	449,994

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 September 2019 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 September 2019:

Period	Reference	Type	Volume	
			bbl/d	Price US\$/bbl
1 January 2019 - 30 September 2019	ICE BRENT	Zero Premium Collar	2,000	65.00 Put 92.50 Call
1 January 2019 - 30 September 2019	ICE BRENT	Zero Premium Collar	3,000	65.00 Put 92.26 Call
1 April 2019 - 31 March 2020	ICE BRENT	Zero Premium 3 Way	2,000	45.00-55.00 Put 79.02 Call
1 April 2019 - 31 March 2020	ICE BRENT	Zero Premium 3 Way	2,000	45.00-55.00 Put 79.00 Call
1 July 2019 - 31 March 2020	ICE BRENT	Zero Premium 3 Way	4,000	45.00-55.00 Put 81.50 Call
1 October 2019 - 31 December 2020	ICE BRENT	Zero Premium 3 Way	2,000	45.00-55.00 Put 71.00 Call
1 October 2019 - 31 December 2020	ICE BRENT	Zero Premium 3 Way	2,000	45.00-55.00 Put 73.80 Call

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

Amounts in US\$ '000	Three-months	Three-months	Nine-months	Nine-months
	period ended 30 September 2019	period ended 30 September 2018	period ended 30 September 2019	period ended 30 September 2018
Realized gain (loss) on commodity risk management contracts	1,400	(3,415)	3,887	(27,315)
Unrealized gain (loss) on commodity risk management contracts	3,038	2,856	(19,902)	11,508
Total	4,438	(559)	(16,015)	(15,807)

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 November 2019 - 31 December 2020	ICE BRENT	Zero Premium 3 Way	2,000	45.00-55.00 Put 65.20 Call

Note 5

Production and operating costs

Amounts in US\$ '000	Three-months period ended 30 September 2019	Three-months period ended 30 September 2018	Nine-months period ended 30 September 2019	Nine-months period ended 30 September 2018
Staff costs	3,759	4,004	10,909	12,362
Share-based payment	-	321	329	568
Royalties	15,136	21,074	47,943	53,632
Well and facilities maintenance	7,752	7,101	21,032	14,248
Operation and maintenance	1,643	1,983	5,939	5,389
Consumables	3,967	4,704	13,481	12,700
Equipment rental	2,568	2,449	7,282	7,025
Transportation costs	585	605	2,088	2,089
Gas plant costs	741	1,203	2,717	4,070
Safety and insurance costs	1,188	943	3,019	2,653
Field camp	527	639	1,977	2,229
Non operated blocks costs	371	407	973	1,096
Crude oil stock variation	220	1,096	(1)	2,672
Other costs	3,277	2,193	8,978	6,835
	41,734	48,722	126,666	127,568

Note 6

Geological and geophysical expenses

Amounts in US\$ '000	Three-months period ended 30 September 2019	Three-months period ended 30 September 2018	Nine-months period ended 30 September 2019	Nine-months period ended 30 September 2018
Staff costs	4,457	3,770	12,332	10,987
Share-based payment	-	185	136	329
Other services	1,659	736	4,253	2,367
Allocation to capitalized project	(1,860)	(799)	(3,860)	(3,737)
	4,256	3,892	12,861	9,946

Note 7

Administrative expenses

Amounts in US\$ '000	Three-months period ended 30 September 2019	Three-months period ended 30 September 2018	Nine-months period ended 30 September 2019	Nine-months period ended 30 September 2018
Staff costs	6,854	6,421	21,803	20,267
Share-based payment	325	1,334	977	2,745
Consultant fees	4,435	1,887	9,193	5,076
Travel expenses	1,018	1,140	3,533	3,478
Director fees and allowance	756	733	2,435	2,057
Communication and IT costs	948	503	2,465	1,424
Allocation to joint operations	(1,842)	(1,779)	(5,689)	(5,739)
Other administrative expenses	1,973	2,084	4,809	8,131
	14,467	12,323	39,526	37,439

Note 8

Selling expenses

Amounts in US\$ '000	Three-months period ended 30 September 2019	Three-months period ended 30 September 2018	Nine-months period ended 30 September 2019	Nine-months period ended 30 September 2018
Transportation	2,132	793	10,361	1,782
Selling taxes and other	280	465	910	1,001
	2,412	1,258	11,271	2,783

Note 9

Financial results

Amounts in US\$ '000	Three-months period ended 30 September 2019	Three-months period ended 30 September 2018	Nine-months period ended 30 September 2019	Nine-months period ended 30 September 2018
Financial expenses				
Bank charges and other financial costs	(698)	(859)	(2,904)	(2,755)
Interest and amortization of debt issue costs	(7,448)	(7,205)	(22,625)	(21,472)
Interest with related parties	-	(447)	-	(1,341)
Unwinding of long-term liabilities	(1,259)	(988)	(3,492)	(2,591)
Less: amounts capitalized on qualifying assets	64	60	331	79
	(9,341)	(9,439)	(28,690)	(28,080)
Financial income				
Interest received	700	703	2,140	2,132
	700	703	2,140	2,132
Foreign exchange gains and losses				
Foreign exchange gain (loss)	770	(2,934)	(3,514)	(17,903)
Result on currency risk management contracts ^(a)	-	-	2,843	-
	770	(2,934)	(671)	(17,903)
Total financial results	(7,871)	(11,670)	(27,221)	(43,851)

^(a) In December 2018, GeoPark decided to manage its future exposure to local currency fluctuation with respect to income tax balances in Colombia. Consequently, the Group entered into a derivative financial instrument with a local bank in Colombia, for an amount equivalent to US\$ 92,050,000, in order to anticipate any currency fluctuation with respect to income taxes payable in February, April and June 2019.

Note 10

Income tax expense

The effective tax rate was 62% for the nine-months period ended 30 September 2019 compared to 53% in 2018. The increase in the effective tax rate was primarily due to the devaluation of the local currencies in Colombia (7%), Chile (4%) and Argentina (53%) that reduced the tax basis of Property, plant and equipment when compared to the corresponding functional currencies, resulting in a higher deferred tax liability.

Also, during the nine-month period ended 30 September 2019 the Company income tax expense included an out of period adjustment related to prior periods that increased the income tax expense. The adjustment

Note 10 (Continued)

Income tax expense (Continued)

is related to the increase in deferred tax liabilities as a result of computing as temporary differences originally considered permanent generated between the tax and book basis of Property, plant and equipment.

The Company concluded that this adjustment was not material to the current period or to any previously reported quarterly or annual financial statements.

Note 11

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 2018	776,504	15,398	157,396	10,361	37,990	64,368	1,062,017
Additions	(1,782) ^(a)	1,098	-	-	55,665	37,087	92,068
Acquisitions	52,640	267	1,616	134	-	-	54,657
Disposals	(417)	-	-	-	-	-	(417)
Write-off of unsuccessful exploration efforts	-	-	-	-	-	(14,543) ^(b)	(14,543)
Transfers	48,277	267	12,935	594	(45,144)	(16,929)	-
Currency translation differences	(13,429)	(154)	(1,049)	(36)	(12)	(1,318)	(15,998)
Cost at 30 September 2018	861,793	16,876	170,898	11,053	48,499	68,665	1,177,784
Cost at 1 January 2019	717,510	17,748	172,094	11,554	60,597	59,992	1,039,495
Additions	1,763	1,566	362	27	73,629	16,237	93,584
Disposals	-	(41)	-	-	-	-	(41)
Write-off of unsuccessful exploration efforts	-	-	-	-	-	(9,268) ^(c)	(9,268)
Transfers	56,825	255	21,663	65	(67,124)	(11,684)	-
Currency translation differences	(4,623)	(53)	(158)	(11)	-	(492)	(5,337)
Reclassification ^(d)	26,302	-	(23,489)	-	-	-	2,813
Cost at 30 September 2019	797,777	19,475	170,472	11,635	67,102	54,785	1,121,246
Depreciation and write-down at 1 January 2018	(441,534)	(11,916)	(86,232)	(4,932)	-	-	(544,614)
Depreciation	(53,767)	(1,128)	(13,396)	(591)	-	-	(68,882)
Currency translation differences	7,417	110	400	30	-	-	7,957
Disposals	149	-	-	-	-	-	149
Depreciation and write-down at 30 September 2018	(487,735)	(12,934)	(99,228)	(5,493)	-	-	(605,390)
Depreciation and write-down at 1 January 2019	(359,358)	(13,361)	(103,704)	(5,902)	-	-	(482,325)
Depreciation	(59,066)	(1,561)	(13,217)	(677)	-	-	(74,521)
Disposals	-	34	-	-	-	-	34
Currency translation differences	2,292	45	817	12	-	-	3,166
Reclassification ^(d)	(27,664)	-	24,851	-	-	-	(2,813)
Depreciation and write-down at 30 September 2019	(443,796)	(14,843)	(91,253)	(6,567)	-	-	(556,459)
Carrying amount at 30 September 2018	374,058	3,942	71,670	5,560	48,499	68,665	572,394
Carrying amount at 30 September 2019	353,981	4,632	79,219	5,068	67,102	54,785	564,787

Note 11 (Continued)

Property, plant and equipment (Continued)

- (a) Corresponds to the effect of re-estimation of assets retirement obligation in Colombia.
- (b) 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 charge also includes the write off of other exploration costs incurred in the Fell Block in 2015 for which no additional work would be performed.
- (c) Corresponds to five unsuccessful exploratory wells drilled and other exploration costs incurred in Argentina (CN-V, Sierra del Nevado and Puelen Blocks) and other exploration costs in Colombia.
- (d) Corresponds to a disclosure reclassification related to the final closing of the sale of the La Cuerva and Yamu Blocks described in Note 18.

Note 12

Share capital

	At 30 September 2019	Year ended 31 December 2018
Issued share capital		
Common stock (US\$ '000)	59	60
The share capital is distributed as follows:		
Common shares, of nominal US\$ 0.001	59,287,305	60,483,447
Total common shares in issue	59,287,305	60,483,447
Authorized 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.

Buyback program

On 20 December 2018, the Company approved a program to repurchase up to 10% of its outstanding shares (approximately 6,063,000 shares). The repurchase program begun on 21 December 2018 and will expire on 31 December 2019.

The following table presents the quantity of common shares purchased and the amounts paid:

Period	Purchased common shares	Amounts paid (US\$ '000)
20 December 2018 - 31 December 2018	145,917	1,801
1 January 2019 - 31 March 2019	664,633	10,196
1 April 2019 - 30 June 2019	2,327,947	38,253
1 July 2019 - 30 September 2019	1,199,029	20,551
	4,337,526	70,801

Note 13

Borrowings

The outstanding amounts are as follows:

Amounts in US\$ '000	At 30 September 2019	Year ended 31 December 2018
2024 Notes (a)	420,715	426,993
Banco Santander (b)	14,304	20,006
Banco de Crédito e Inversiones	-	3
	435,019	447,002

Classified as follows:

Current	10,581	17,975
Non-Current	424,438	429,027

(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 guarantee granted by 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 provide, among other things, that during the two-years period between 22 September 2019 and 21 September 2021, the Net Debt to Adjusted EBITDA ratio should not exceed 3.25 times and the Adjusted EBITDA to Interest ratio should exceed 2.25 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 October 2018, GeoPark Brazil Exploração y Produção de Petróleo e Gás Ltda. executed a loan agreement with Banco Santander for Brazilian Real 77,640,000 (equivalent to US\$ 20,000,000 at the moment of the loan execution) to repay an existing US\$-denominated intercompany loan to GeoPark Latin America Limited - Agencia en Chile. The interest rate applicable to this loan is CDI plus 2.25% per annum. "CDI" (Interbank certificate of deposit) represents the average rate of all inter-bank overnight transactions in Brazil. The principal and the interest are paid semi-annually, with final maturity in October 2020.

As of the date of these interim condensed consolidated financial statements, the Group has available credit lines for over US\$ 112,000,000.

Note 14

Provisions and other long-term liabilities

The outstanding amounts are as follows:

Amounts in US\$ '000	At 30	Year ended
	September 2019	31 December 2018
Assets retirement obligation	43,356	40,317
Other	3,213	2,260
	46,569	42,577

Note 15

Trade and other payables

The outstanding amounts are as follows:

Amounts in US\$ '000	At 30	Year ended
	September 2019	31 December 2018
Trade payables	65,820	69,142
To be paid to co-venturers	5,745	8,449
Payables to LGI ^(a)	15,000	29,509
Customer advance payments	-	6,300
Other short-term advance payments ^(b)	-	9,000
Staff costs to be paid	11,296	12,049
Royalties to be paid	5,731	6,238
V.A.T.	4,564	852
Taxes and other debts to be paid	4,634	4,670
	112,790	146,209

Classified as follows:

Current	106,494	131,420
Non-Current	6,296	14,789

^(a) Payables related to the acquisition of non-controlling interest in Colombia and Chile's business from LG International in November 2018 (see Note 35.1 to the audited Consolidated Financial Statements as of 31 December 2018). The first installment of US\$ 15,000,000 was paid in June 2019.

^(b) Advance payment collected in relation with the sale of La Cuerva and Yamu Blocks in November 2018 (see Note 35.2 to the audited Consolidated Financial Statements as of 31 December 2018 and Note 18 to these Interim Condensed Consolidated Financial Statements as of 30 September 2019).

Note 16

Fair value measurement of financial instruments

Fair value hierarchy

The following table presents the Group's financial assets and financial liabilities measured and recognized at fair value at 30 September 2019 and 31 December 2018 on a recurring basis:

Amounts in US\$ '000	Level 1	Level 2	At 30 September 2019
Assets			
Cash and cash equivalents			
Money market funds	32,968	-	32,968
Derivative financial instrument assets			
Commodity risk management contracts	-	6,419	6,419
Total Assets	32,968	6,419	39,387

Amounts in US\$ '000	Level 1	Level 2	Year ended 31 December 2018
Assets			
Cash and cash equivalents			
Money market funds	53,794	-	53,794
Derivative financial instrument assets			
Commodity risk management contracts	-	27,539	27,539
Total Assets	53,794	27,539	81,333

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 September 2019.

Fair values of other financial instruments (unrecognized)

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 99.6% of its carrying amount including interests accrued as of 30 September 2019. Fair values were calculated using discounted cash flow analysis.

Note 17

Capital commitments

Capital commitments are detailed in Note 32.2 to the audited Consolidated Financial Statements as of 31 December 2018. The following updates have taken place during the nine-month period ended 30 September 2019:

Colombia

The Llanos 32 Block (12.5% working interest) has committed to drill an exploratory well, which amounts to US\$ 587,500 at GeoPark's working interest, before 20 February 2020.

On 17 June 2019, the Colombian National Hydrocarbons Agency ("ANH") extended the first exploratory phase in the VIM 3 Block for an additional period ending 12 November 2019.

In September 2019, GeoPark fulfilled the commitments of US\$ 1,935,000 at its working interest, that were remaining as of 31 December 2018 in the Llanos 34 Block.

Chile

On 7 May 2019, the Chilean Ministry accepted the GeoPark's proposal to extend the second exploratory period in the Flamenco, Campanario and Isla Norte Blocks, ending 7 November 2020, 11 January 2021 and 7 November 2020, respectively.

Argentina

GeoPark fulfilled the commitments that were remaining as of 31 December 2018 in the Sierra del Nevado and CN-V Blocks.

Note 18

Business transactions

Ecuador

Espejo and Perico Blocks

On 22 May 2019, GeoPark signed final participation contracts for the Espejo (GeoPark operated, 50% working interest) and Perico (GeoPark non-operated, 50% working interest) Blocks in Ecuador, which were awarded to GeoPark in the Intracampos Bid Round held in Quito, Ecuador in March 2019. GeoPark assumed a commitment of carrying out 3D seismic in the Espejo Block and drilling four exploration wells in each block, which amounts to US\$ 30,000,000 at GeoPark's working interest, over the next four years.

Note 18 (Continued)

Business transactions (Continued)

Colombia

Llanos 86, Llanos 87 and Llanos 104 Blocks

On 11 July 2019, GeoPark signed final contracts for the 50% working interest and operationship in the Llanos 86, Llanos 87 and Llanos 104 Blocks, in partnership with Hocol (a 100% subsidiary of Ecopetrol). The blocks represent significant and attractive, low-risk, high potential exploration acreage in the Llanos basin in proximity to the Llanos 34 Block. GeoPark assumed commitments to register 3D seismic and to drill six exploration wells, for between US\$ 40,000,000 and US\$ 55,000,000, at GeoPark's working interest, during the first exploration phase over the next three years.

Sale of La Cuerva and Yamu Blocks

On 2 November 2018, GeoPark executed a purchase and sale agreement to sell its 100% working interest in the La Cuerva and Yamu Blocks, in Colombia. The total consideration is US\$ 18,000,000, less a working capital adjustment of US\$ 1,934,000, plus a contingent payment of US\$ 2,000,000. Closing of the transaction took place in July 2019, after the corresponding customary regulatory approvals.

As a consequence of this transaction, GeoPark collected an advance payment of US\$ 9,000,000 in November 2018 and the final payment (which includes the working capital adjustment) of US\$ 7,066,000 in July 2019.

The following table summarizes the assets and liabilities related to these blocks and the result of the transaction at its closing date:

Amounts in US\$ '000	Total
Advance payment	9,000
Final payment (including working capital adjustment)	7,066
Total consideration	16,066
Assets held for sale	23,211
Liabilities associated with assets held for sale	(9,447)
Other net current assets	2,416
Total identifiable net assets	16,180
Result of the transaction recognized in the Condensed Consolidated Statement of Income	(114)

Note 18 (Continued)

Business transactions (Continued)

Brazil

REC-T-58, REC-T-67, REC-T-77 and POT-T-834 Blocks

In September 2019, GeoPark was preliminarily awarded the 100% working interest and operationship of the REC-T-58, REC-T-67, REC-T-77 and POT-T-834 Blocks. GeoPark assumed commitments of US\$ 1,300,000 during the first exploration period of five years.