

## **Year 2007 - Operational and Financial Highlights**

**Oil and Gas Production Increase:** Oil and gas production in Chile and Argentina increased by 56% from approximately 1,470 barrels of oil equivalent per day (boepd) in January 2007 to approximately 2,300 boepd at the end of December 2007. This production rate represents approximately a seven fold increase since the time of GeoPark's IPO in May 2006. Gross production at the end of April 2008 is approximately 3,250 boepd (2,830 boepd net).

**Total Revenues Up and Net Earnings Loss:** Oil and gas production revenue increased by approximately 83% from US\$6.0 million in 2006 to approximately US\$11.0 million in 2007 due to a combination of higher production and increased oil and gas prices. The Company recorded a net loss after tax of US\$13.8 million for 2007 and had cash and available facilities of US\$35.0 million at the end of 2007.

**Oil and Gas Reserves Increase:** In accordance with a preliminary report dated April 2008 issued by DeGolyer & MacNaughton, the independent petroleum engineering firm, proven reserves increased by approximately 40% to 16.7 million barrels of oil equivalent (boe), probable reserves increased by approximately 9% to 18.8 million, and possible reserves increased by approximately 244% to 92.0 million boe. These numbers are subject to the issuance of the final report and may be subject to revision.

**New Block Acquisition:** GeoPark has entered into an agreement (subject to Chilean government approval) to operate and acquire a 30% working interest in the Tranquilo Block in southern Chile. This new high potential acreage position, which totals 6,300 square kilometres and is located near GeoPark's Fell Block, substantially builds the Company's inventory of exploration opportunities.

**Drilling Program Success:** The Company's long term drilling program commenced in June 2007, resulting in 5 new producing wells to date, including two new field discoveries in Chile. Two other new wells have tested hydrocarbons but require further testing or remedial operations before being put on stream. A further well is waiting for sidetracking operations while two more wells have been drilled and cased and are currently waiting to be tested. Two exploration wells drilled in Argentina were unsuccessful. The Company currently has two rigs (1 drilling and 1 workover) in operation in Chile under long term contract – with a third rig for drilling now being transported to Chile. The 2008 drilling program envisages drilling 17-20 new wells in Chile and Argentina.

**New Oil and Gas Fields on Production:** During 2007, GeoPark added production from five new gas fields in Chile (San Miguel, Dicky, Dicky Oeste, Kimiri Aike and Kimiri Aike Norte) and now has twelve producing oil and gas fields in Argentina and Chile.

**New Long Term Gas Sales Contract:** The Company entered into a new 10 year sale and purchase agreement with the Methanex Corporation of Canada ("Methanex") for its Chilean gas production which provides a secure long term market for the Company's Fell Block gas reserves and an increase in the gas sales price. This agreement underpins the long term economic development of the Company's Fell Block project. During Q1 2008, GeoPark's gas sales price, which is dependent on the world price of methanol, exceeded US\$5.00 per thousand cubic feet (mcf), which represents more than a doubling of the gas price achieved in January 2007 under the previous contract.

**New Capital Funding in Place:** The Company also entered into an agreement with Methanex during Q4 2007 which provides for a US\$40 million financing of GeoPark's development and investment activities

on the Fell Block, subject to achieving defined production levels. The financing is structured as a gas pre-sale agreement with a six year pay-back period at an interest rate of LIBOR flat. As of December 31, 2007, approximately US\$13.7 million of this fund had been drawn down by GeoPark.

**Infrastructure Growth:** Construction of the Kimiri Aike Dew Point Plant in Chile was completed and brought on line in November 2007 enabling the direct entry into the regional gas pipeline infrastructure and the early commercialization of the Fell Block gas production. Current plant capacity is 35 million cubic feet per day (mmcfpd) – following the installation of an additional compressor in Q1 2008. The Company also constructed approximately 30 kilometers of new gas pipelines in Chile during 2007 to tie-in new fields.

**3D Seismic Results:** The US\$7 million 3D seismic program in Chile (covering 472 square kilometers) was concluded during the Q1 2007. Following processing and interpretation, additional new prospects and opportunities have been delineated which had not been previously available from the 2D seismic information. In addition, new structures have been identified which contain bright spot anomalies suggesting the presence of gas in these structures and which will assist in the location of new drilling opportunities.

**IFC Financing Completed:** During January 2007, the Company received the final US\$3 million tranche of the US\$20 million loan from the International Finance Corporation (IFC). IFC is also a GeoPark shareholder.

**Aggressive 2008 Work and Investment Program:** Supported by the 2007 results, the Company is pursuing an increasingly active US\$57 million capital investment program in 2008 in Chile and Argentina which includes the drilling of 17-20 wells, new 3D seismic surveys and additional facility and pipeline construction. The 2008 program will focus on a balanced mix of production, development and exploration opportunities and projects targeted to both increase production and add new reserves.