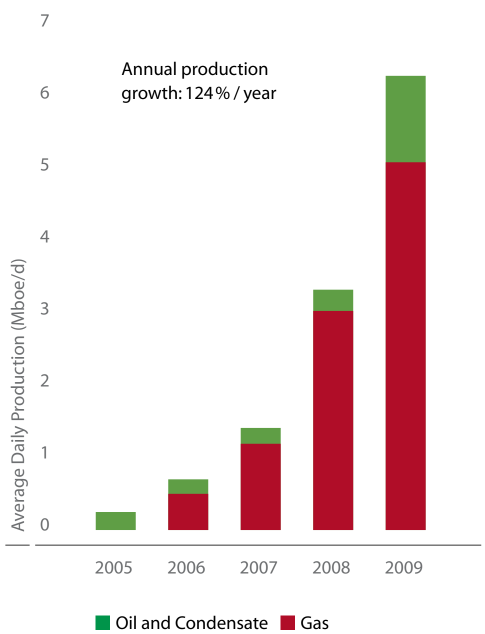
ANNUAL REPORT 2009

GEOPARK

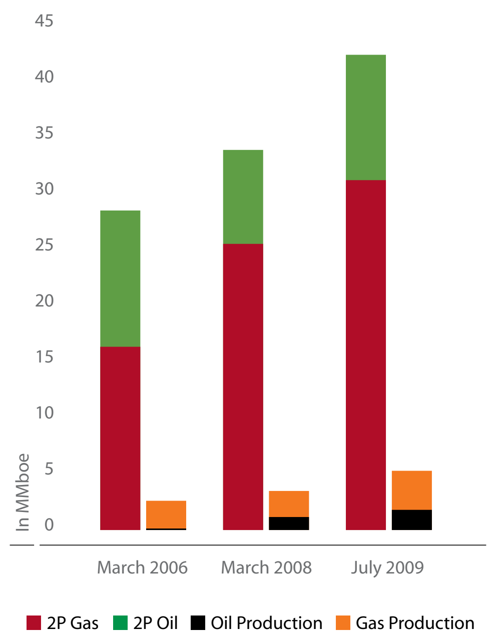
ASSETS CAPABILITIES PERFORMANCE OPPORTUNITY COMMITMENT

CONTENTS

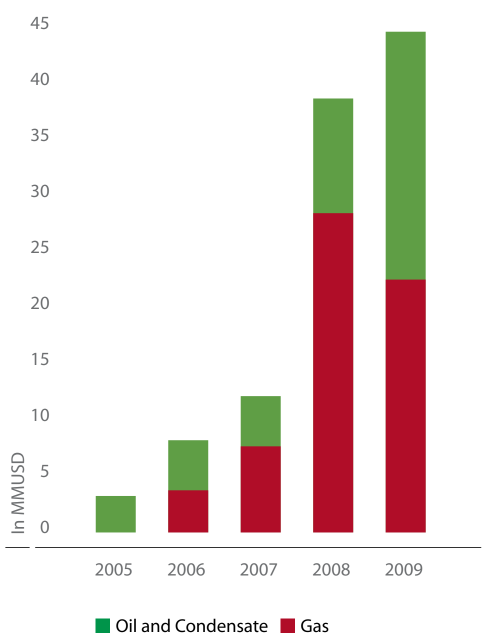
Oil and Gas Production



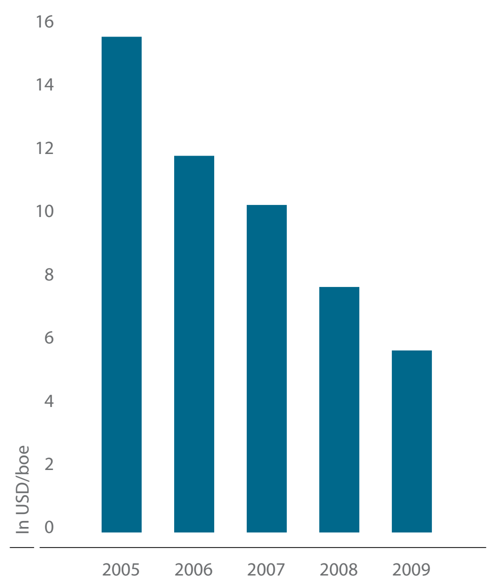
Oil and Gas 2P Reserves



Total Revenues



Operating Costs



DEAR SHAREHOLDERS

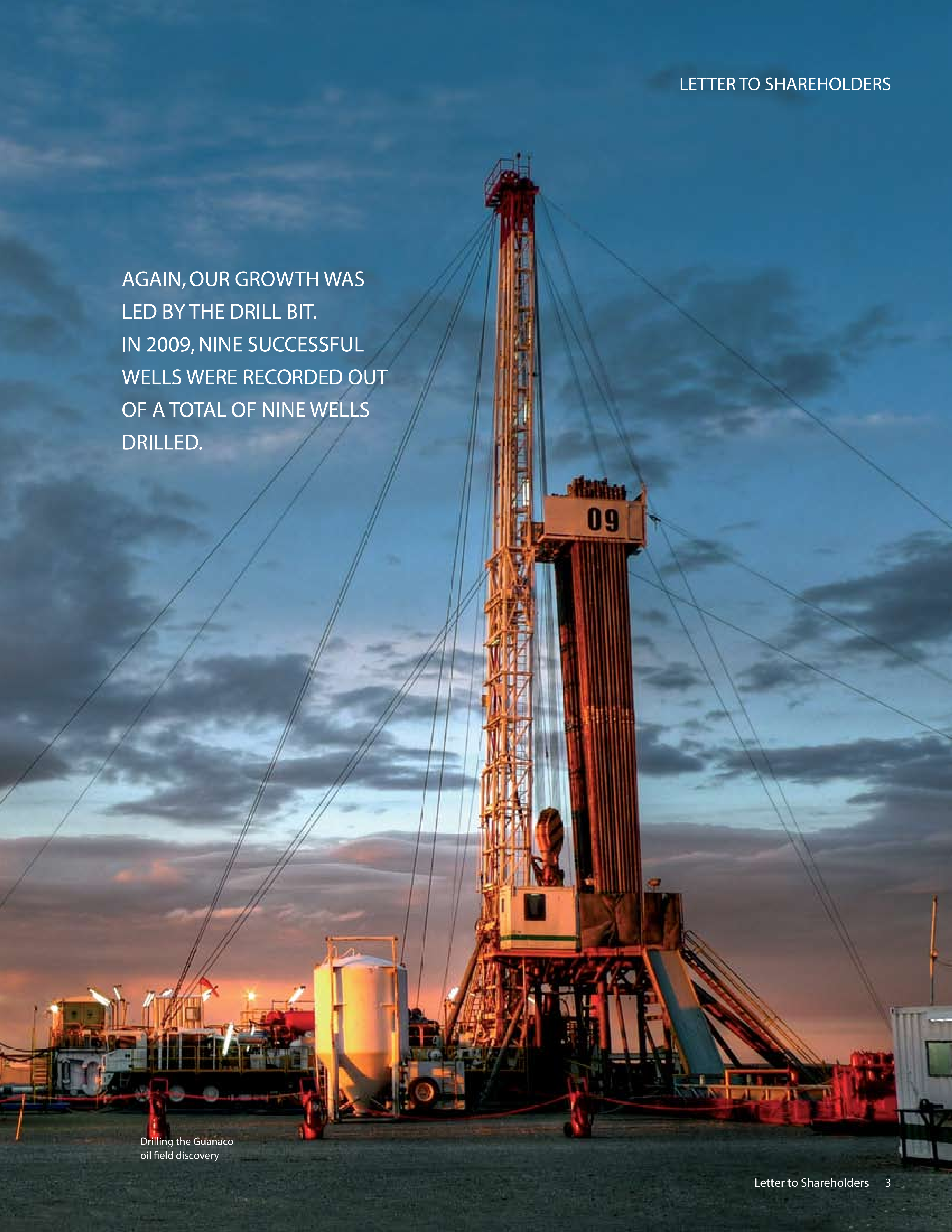
Since our founding in 2002 – and beginning with no oil and gas production, revenues or reserves – GeoPark has consistently improved year by year in every key measurement of value employed in our industry.

Results in 2009 continued this important trend – demonstrating the durability of our business plan and establishing momentum for future growth. Despite global economic headwinds, including a collapse in oil and gas prices and a general paralysis in the oil and gas upstream industry, GeoPark forged a path forward and exceeded our targets. Oil and gas production and reserves increased; revenues and operating cash flow grew; the balance sheet was strengthened; our portfolio of projects expanded; our team was further improved; and our market capitalisation almost doubled.

As before, our growth was led by the drill bit. During 2009, nine successful wells were recorded out of a total of nine wells drilled. Our principal focus continued to be Chile, where GeoPark has established itself as the first and only private oil and gas producer. GeoPark accounts for over 30% of Chile's total hydrocarbon production, with the promise of further growth as we continue to develop our large land position and broad portfolio of attractive production, development and high-impact exploration opportunities. Significantly, our organic growth is now self-funding and can be expected to deliver important future value to shareholders. We also believe there are additional opportunities for further expansion in Chile, which recently received OECD status.

Having validated our business model in Chile, GeoPark is preparing to expand its asset base and project portfolio. Towards this goal, GeoPark entered into a strategic partnership agreement in March 2010 with LG International, the Korean conglomerate, to jointly acquire and develop oil and gas upstream assets throughout

AGAIN, OUR GROWTH WAS LED BY THE DRILL BIT. IN 2009, NINE SUCCESSFUL WELLS WERE RECORDED OUT OF A TOTAL OF NINE WELLS DRILLED.



Drilling the Guanaco oil field discovery

ALL KEY VALUE MEASUREMENTS IMPROVED IN 2009: PRODUCTION, RESERVES AND CASHFLOW INCREASED; THE BALANCE SHEET STRENGTHENED; OUR PORTFOLIO EXPANDED; AND OUR TEAM CONTINUED TO BECOME STRONGER.

Latin America – initially targeting projects in the US$100 to 500 million range. LGI has a long term commitment in the region and its participation both expands our range of opportunities and accelerates our efforts as GeoPark enters this new phase of development.

VALUE DRIVERS

GeoPark's value proposition is built on five fundamental competitive advantages:

- **Self-Supporting Base:** A growing high potential platform of acreage, production, revenues and reserves – which supports its own value growth and appreciation.

- **Best People / Proven Competence:** Technical excellence in finding and producing oil and gas reserves – and the ability to plan, execute, overcome obstacles, adapt, seize opportunities and achieve results.

- **Dynamic Balanced Investment:** Aggressively applying the long term investment necessary to achieve success – sourced creatively and cost-effectively. Risk management across the subsurface, funding, organizational, partner/shareholder, oil and gas market, and regulatory/political environments.

- **Big Potential:** An attractive high-impact portfolio consisting of both organic growth and new project acquisition opportunities – coupled with the commercial abilities to buy right and supported by a strong long term strategic partner.

- **Commitment:** An in-house culture which values and protects our shareholders, employees, environment and communities and supports our long term business plan.

As our Annual Report details herein, GeoPark effectively grew our business in 2009 and strengthened our core competences – thereby positioning us for another strong year in 2010.

Operational Results

- **100% Drilling Success:** GeoPark's technical and operational strength was demonstrated by drilling 9 productive wells out of 9 wells drilled and completed during 2009 and the rapid monetization of this production. The drilling program, focused on the Fell Block in Chile, represented a balance of exploration, appraisal and development wells – and included three new field discoveries. Two of these discoveries resulted from testing new geological formations in Chile – Tobifera (Jurassic) and El Salto (Tertiary) – which are expected to deliver new development opportunities and new reserves.

- **Oil and Gas Production Up 86%:** Average annual oil and gas production increased by 86% from 3,390 barrels of oil equivalent per day (boepd) during 2008 to 6,320 boepd during 2009. Year-on-year crude oil production increased by 287% and natural gas production increased by 55%, thereby helping GeoPark to rebalance its mix of oil versus gas production. Since 2005, GeoPark has increased its oil and gas production approximately 25 times with an average annual growth rate of 124% per year.

- **2P Reserves Up 27%:** In its report as of 31 July 2009, and after deducting production during the period, independent engineering consultants DeGolyer & MacNaughton reported a 27% increase in GeoPark's 2P (proved and probable) reserves to 42.3 million barrels of oil equivalent (mmboe). This includes a 16% increase in P1 (proved) reserves to 16.7 mmboe; a 35% increase in P2 (probable) reserves to 25.6 mmboe; and an 8% increase in P3 (possible) reserves to 98.8 mmboe. In Chile, where the Company currently concentrates its investment activities, 2P crude oil reserves grew by 67% to 8.4 mmboe and 2P natural gas reserves grew by 23% to 188.2 billion cubic feet (bcf). These figures do not include results since 31 July 2009, which the Company estimates (internally) to represent an additional 5 mmboe of 2P reserves.

- **Improved Economics - Reduced Operating and Capital Costs:** Operating costs were reduced to less than US$6 per boe representing a 30% reduction compared to 2008. Drilling operations were improved resulting in a 32% reduction in drilling times per well drilled – including safer operations and better quality well-bores.

- **Expanded Production and Market Infrastructure:** During 2009, the Company expanded its oil and gas processing, storage and transporting facilities on the Fell Block in Chile to accommodate new production and enable the rapid hook-up and commercialisation of new wells. This included the construction of 10 kilometres of new oil and gas pipelines and new oil treatment and storage facilities. GeoPark's natural gas processing and selling capacity in the Fell Block was increased to 60 million cubic feet per day (mmcfpd) – with plans to further expand this capacity to 88 mmcfpd during 2010.

Financial Results

- **Total Revenue Up 17%:** Despite severe commodity price erosion (44% reduction in crude oil prices and 54% reduction in natural gas prices), oil and gas production revenue increased by approximately 17% to US$44.8 million in 2009 from US$38.4 million in 2008.

- **Operating Cashflow Up 12%:** During 2009's depressed oil and gas price environment, operating cashflow was increased by 39% to US$21.2 million compared to US$15.2 million in 2008.

- **Net Loss and Positive Adjusted EBITDA:** Impacted by the oil and gas price decline (and despite increases in oil and gas production and reductions in unit operating costs), Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) in 2009 was US$17.7 million (which remained equal to an Adjusted EBITDA of US$17.7 million in 2008). After considering the effect of non-cash items, GeoPark had a US$8.0 million net loss for 2009 (compared to a net income of US$3.7 million for 2008). Non cash items include depreciation, exchange differences, stock awards and impairments and write-offs of approximately US$6.0 million for previous investments and certain assets in Argentina and Chile. The net loss included a depreciation charge of US$14.9 million (compared to US$7.4 million in 2008) which resulted principally from the increase in oil and gas production.

- **Year-End Debt and Cash Position:** The Company's year-end cash position was US$23.8 Million. Year-end debt was US$60.4 million – approximately 75% of which represents gas pre-sale funding from Methanex Corporation which is repaid in gas deliveries to Methanex's methanol plant in southern Chile.

SINCE 2005, GEOPARK HAS INCREASED ITS OIL AND GAS PRODUCTION 25 TIMES WITH AN AVERAGE ANNUAL GROWTH RATE OF 124% PER YEAR.

- **Market Capitalisation Up 86%:** GeoPark's total market capitalisation grew by 86% from US$137 million at the end of 2008 to US$255 million at the end of 2009. (Current market capitalisation is now approximately US$330 million.) GeoPark's share price grew by approximately 48% from the beginning of 2009 to the beginning of 2010. GeoPark is now covered by four oil and gas market analysts: three in London and one in Chile.

- **Strategic Equity Placings:** During 2009, GeoPark carried out two equity placings. In May 2009, GeoPark raised US$11.8 million from UK and Chilean institutional investors, the International Finance Corporation of the World Bank (IFC) and certain GeoPark Board members and shareholders. In November 2009, GeoPark raised US$20.5 million from a new strategic US investor, UK and Chilean institutional investors, the IFC and certain GeoPark Board members. The strong interest from the Chilean investment community provides regional long term security for the Company's activities and growth plans. The IFC continues to provide long term financial and advisory support to the Company as both a shareholder and lender.

- **Gas Pre-Sale Funding:** To help fund its development activities, the Company agreed to a new US$18.3 million facility with the Methanex Corporation of Canada – which is in addition to its previous US$40 million gas pre-sale facility with Methanex (US$30 million outstanding). The financing is structured in two parts: US$15 million as a gas pre-sale facility with a six year pay-back period; and US$3.3 million to fund GeoPark's exploration investments on the Otway Block. GeoPark has a ten year supply agreement with Methanex to provide natural gas to Methanex's large methanol plant located in Punta Arenas, Chile. (Methanex's plant, which has a demand of 350 million cubic feet of gas per day, is currently operating at approximately 40% capacity.)

- **Debt Rescheduling:** In order to free-up funds for additional investment activities in Chile during 2009, the IFC agreed to reschedule approximately US$14 million of outstanding debt owed by GeoPark to the IFC. The rescheduling provided a grace period and longer principal repayment period.

Growth and New Projects

- **New Strategic Partnership:** In March 2010, LG International Corporation ("LGI"), the Korean conglomerate, and GeoPark entered into a new strategic partnership to jointly acquire and develop

upstream oil and gas projects in Latin America. The objective of the LGI-GeoPark partnership is to build a risk-balanced portfolio of upstream opportunities across Latin America – and to leverage the platform and experience of both partners to identify and carry out side-by-side acquisitions; initially targeting upstream projects in the US$100-500 million range size. GeoPark will be the manager of the strategic partnership and Operator of acquired projects. GeoPark will have the right to earn additional equity interests in each project, over and above its initial working interest, in accordance with a formula based upon the financial performance of each acquired project. The initial term of the partnership is three years and the target for closing the first acquisition is during 2010.

- **Operational Start-Up and Restructuring of New Chilean Blocks:** GeoPark initiated start-up activities on the new Tranquilo and Otway blocks in Chile which in total cover an area of approximately 12,640 square kilometres. The Company initiated its seismic program on the Tranquilo block in January 2010 and on the Otway block in March 2010. In February 2010, the Tranquilo and Otway consortia partners submitted a request to the Minister of Energy in Chile to restructure the working interest ownership in each block. Subject to approval of the Ministry of Energy in Chile, the new ownership of the Otway and Tranquilo blocks shall be the same and will consist of partners Pluspetrol Chile S.A. (25%), Wintershall Chile Limitada (25%), International Finance Corporation (12.5%), Methanex Chile S.A. (12.5%) and GeoPark (25%). The objective of the restructuring is to create stronger consortia with similar long term commitments in the region, as well as, provide synergistic operational benefits. GeoPark is the Operator of both blocks.

- **Strengthened Organization:** During 2009, GeoPark continued to invest in its long term oil and gas finding, drilling and production capabilities. Important additions were made to the management team, and to the drilling, reservoir engineering, production, geological and finance and administrative departments. The Company also expanded its employee share plans to include all employees.

- **Chilean Stock Exchange Listing:** In October 2009, GeoPark was authorized to trade its shares on the Santiago Off-Shore Stock Exchange – thereby providing further exposure to the Chilean financial community which is an increasingly active supporter of GeoPark's efforts to grow in the region. GeoPark is the first independent oil and gas company to list on the Chilean exchange.

THE SCIENCE, CAPITAL, KNOW-HOW AND DRIVE REQUIRED TO ACHIEVE OUR 2009 RESULTS REPRESENT THE TRUE MEASURE OF GEOPARK - AND THE ENGINE FOR DELIVERING CONTINUED SUCCESS.

2010 OUTLOOK

Following its successes in 2009, GeoPark now has a secure production base and positive cash flow stream capable of supporting continued growth on the Company's existing blocks in Chile and Argentina. Commodity price swings and changes in the work program may impact our level of activity; however, our low operating costs and the flexibility of a discretionary investment program allow GeoPark to adapt to unexpected circumstances and to sustain ourselves in low oil and gas price environments.

Our priorities during 2010 will be to increase cash flow from existing assets by new development and exploration efforts, coupled with improving operating and investment efficiency, and to acquire a new upstream oil and gas project. GeoPark's 2010 capital investment program is designed to:

1. **Increase oil and gas production and reserves:** Drill new wells (14-17) and perform workovers to explore for new fields and to develop existing fields; optimize reservoir performance by hydraulic fracturing and stimulation; perform geological and geophysical surveys to increase inventory of drilling opportunities; and construct additional production facilities to accommodate new well discoveries and production.

2. **Increase cash flow and improve project economics and performance:** Reduce costs and increase efficiency in production operations and administrative management; reduce capital expenditures (drilling and facilities) by technological and design improvements; continue to strengthen core competences (i.e. the ability to economically find and produce oil and gas); and expand SPEED (GeoPark's integrated safety, shareholder, employee, environmental and community development program).

3. **Manage risk:** Prioritise projects with short cycle time to production; continue to balance production profile between oil and gas; spread work program exposure between production, development and exploration projects; expand funding exposure and capital sources; strengthen management and technical team; expand country footprint; and farm-out higher risk / non-core areas.

4. **Grow and expand portfolio:** In accordance with the partnership with LG International, jointly acquire new projects in Latin America – targeting projects with proven reserves and production and with development and exploration upside.

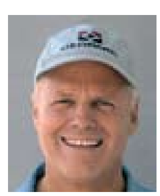
GeoPark is projecting to invest approximately US$50-60 million on its assets in Chile and Argentina with the expectation of increasing annual oil and gas production by 25%, and which will be funded by forecasted cashflow and current cash reserves.

We salute the GeoPark team and express our appreciation and admiration for its accomplishments in 2009 and ability to adapt and continue to grow through the challenges created by the global crisis. The science, capital, experience and drive required to achieve this result represent the true measure of your Company – as well as the engine for delivering our continued success.

Additionally, we express our appreciation to our Shareholders for your continued support during 2009. Your Board, management and employees look forward to the exciting challenges and opportunities of 2010 and to further demonstrate our performance and to deliver results throughout the year.

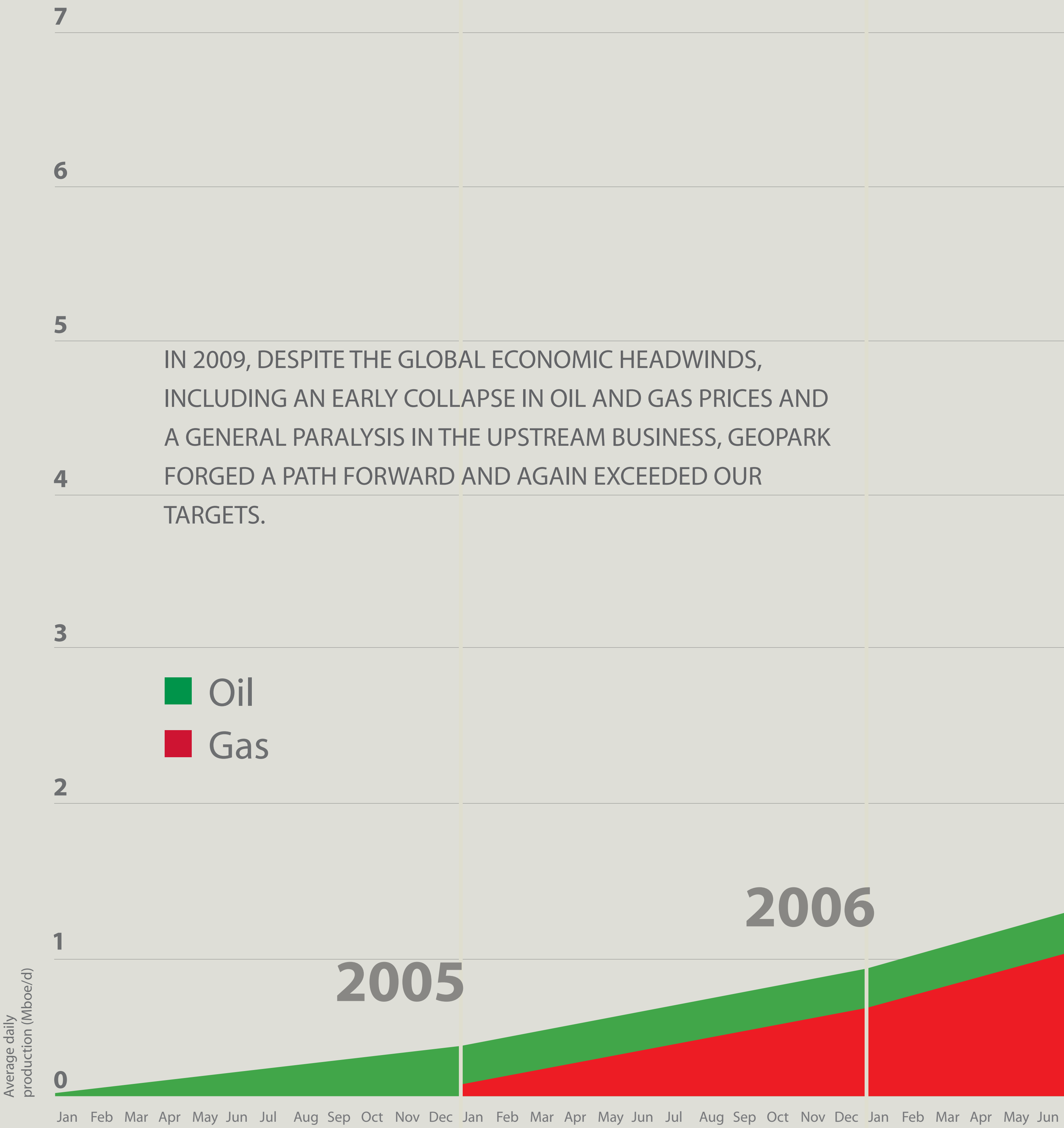
Sincerely,

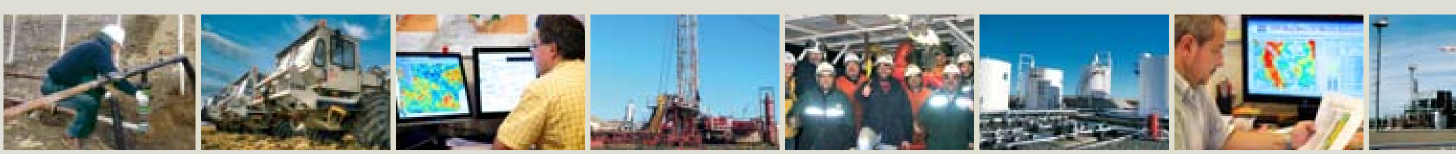
Gerald E. O'Shaughnessy,
Chairman



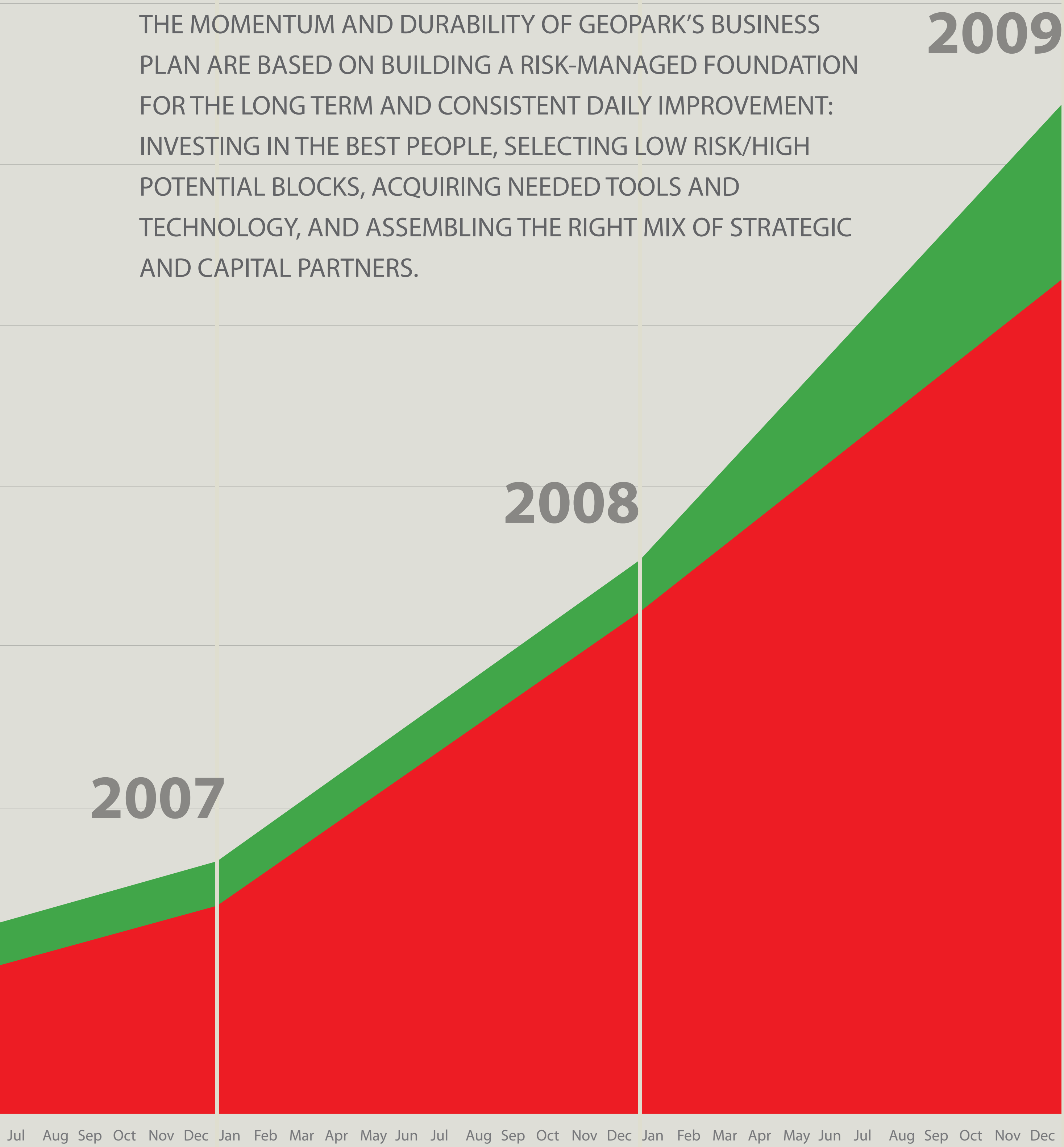
James F. Park,
Chief Executive Officer

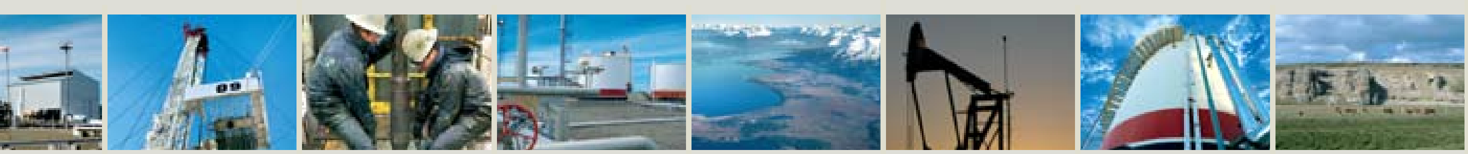
IN 2009, DESPITE THE GLOBAL ECONOMIC HEADWINDS, INCLUDING AN EARLY COLLAPSE IN OIL AND GAS PRICES AND A GENERAL PARALYSIS IN THE UPSTREAM BUSINESS, GEOPARK FORGED A PATH FORWARD AND AGAIN EXCEEDED OUR TARGETS.

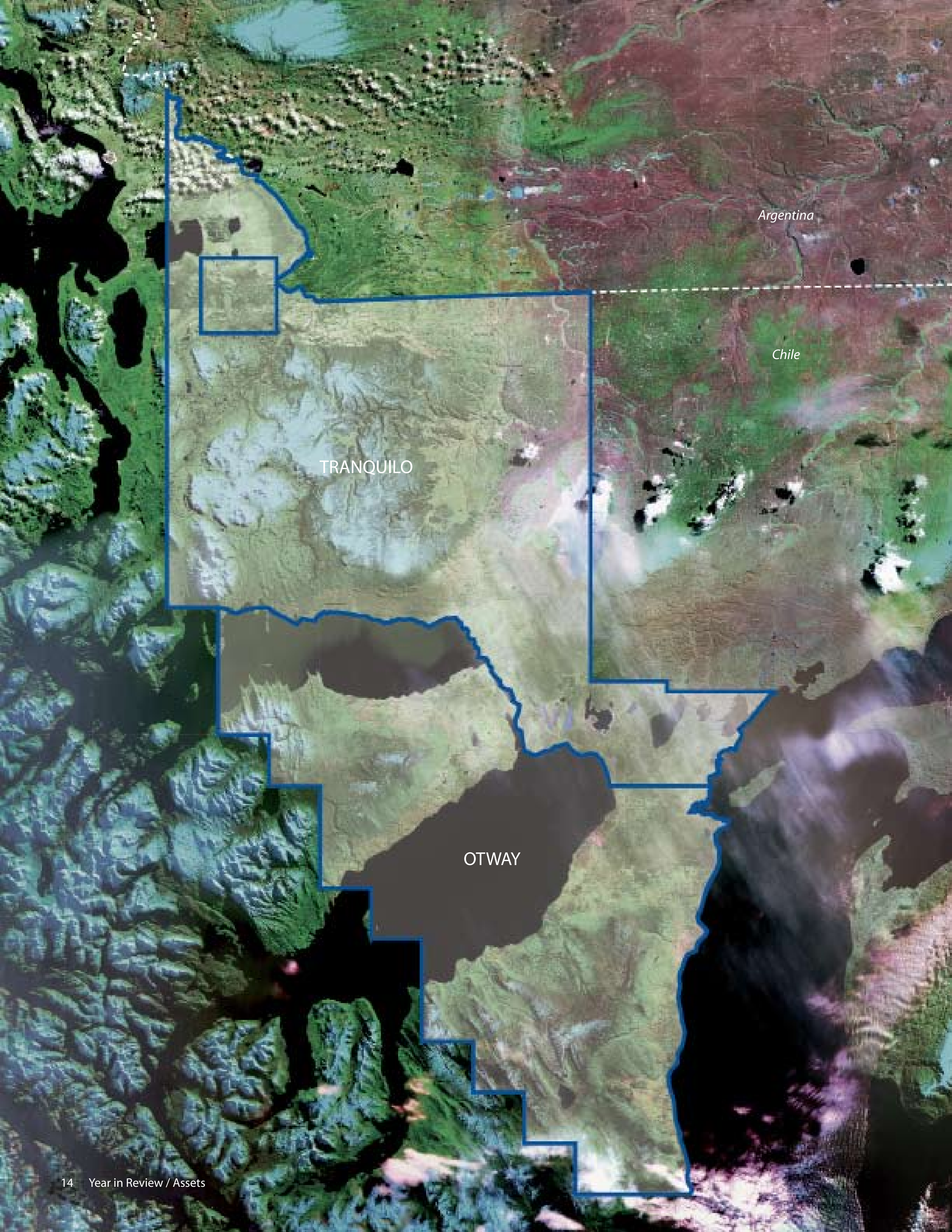


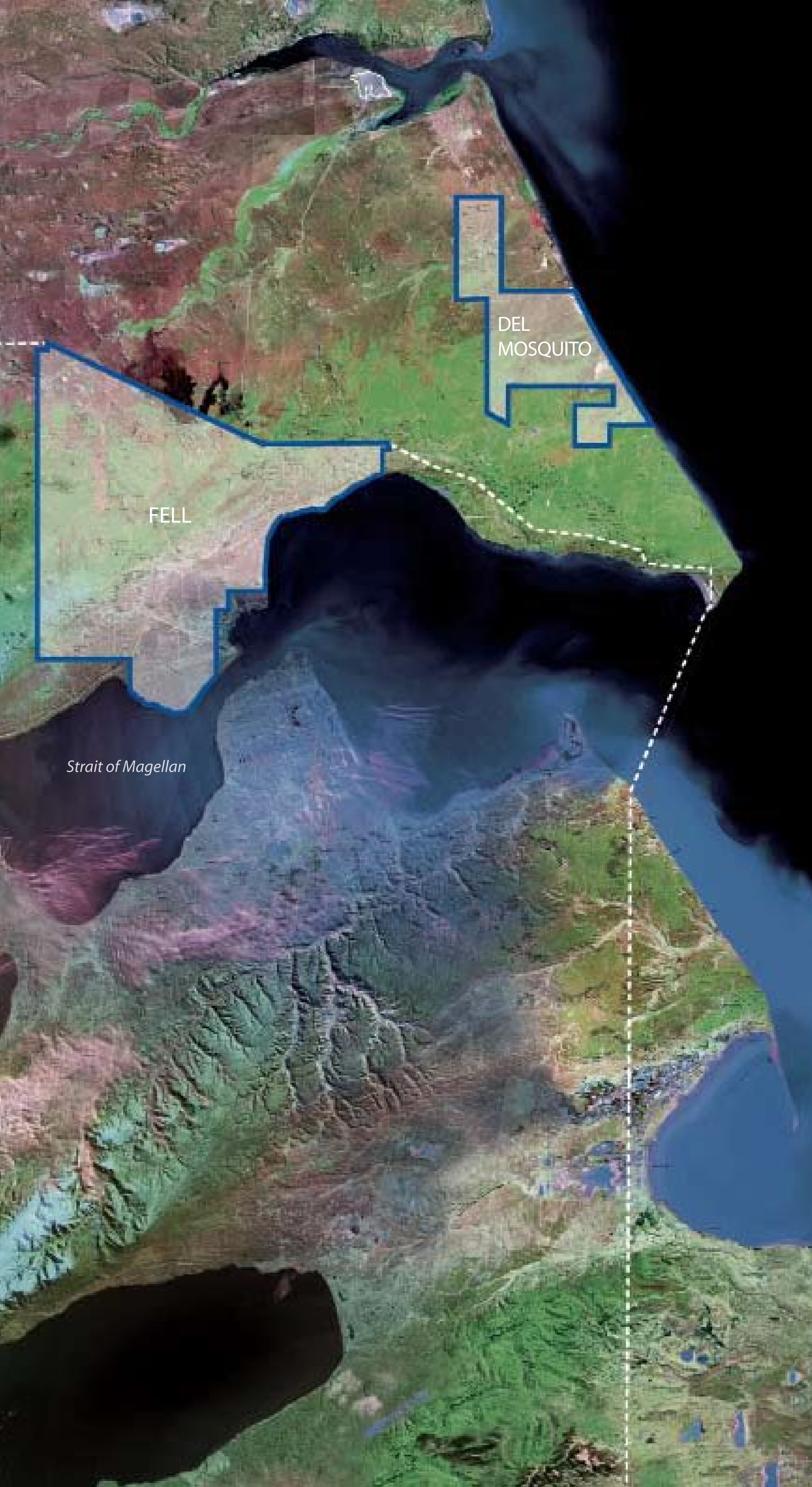


THE MOMENTUM AND DURABILITY OF GEOPARK'S BUSINESS PLAN ARE BASED ON BUILDING A RISK-MANAGED FOUNDATION FOR THE LONG TERM AND CONSISTENT DAILY IMPROVEMENT: INVESTING IN THE BEST PEOPLE, SELECTING LOW RISK/HIGH POTENTIAL BLOCKS, ACQUIRING NEEDED TOOLS AND TECHNOLOGY, AND ASSEMBLING THE RIGHT MIX OF STRATEGIC AND CAPITAL PARTNERS.






Argentina
Chile
TRANQUILO
OTWAY



GEOPARK'S PORTFOLIO OF OIL AND GAS ASSETS CONSISTS OF SIX HYDROCARBON BLOCKS TOTALING APPROXIMATELY 3.7 MILLION GROSS ACRES – WITH OIL AND GAS PRODUCTION, PROVEN OIL AND GAS RESERVES, OPERATING LICENSES, ASSOCIATED INFRASTRUCTURE AND PRODUCTION FACILITIES, AN EXTENSIVE TECHNICAL DATABASE – AND MANAGED BY A TEAM WITH A TRACK RECORD OF SUCCESS IN THE REGION. THE PROPERTIES REPRESENT HIGH POTENTIAL BLOCKS (WITH MULTIPLE PLAY TYPES AND OBJECTIVES THAT ARE OFFSET BY MAJOR OIL AND GAS FIELDS) WITH A LARGE RISK-BALANCED PORTFOLIO OF OPPORTUNITIES INCLUDING WELL REACTIVATION, BY-PASSED RESERVOIRS, STRANDED AND PRODUCING FIELD DEVELOPMENT AND MEDIUM TO HIGH IMPACT EXPLORATION PROJECTS.

Oil and Gas Reserves

GeoPark has achieved consistent growth in oil and gas reserves from its investment activities since 2005. DeGolyer & MacNaughton, independent petroleum engineers, appraised a 27% increase in 2P reserves to a total of 42.3 million barrels oil equivalent (mmboe) in its report dated July 2009. In this report, DeGolyer & MacNaughton estimated, on four of GeoPark's six blocks, a total of 16.7 mmboe of proved reserves, a total of 25.6 mmboe of probable reserves, and a total of 98.8 mmboe of possible reserves. DeGolyer & MacNaughton also appraised 46.6 mmboe of contingent resources (best estimate). GeoPark's drilling successes in the latter half of 2009 and early 2010 have not yet been appraised by DeGolyer & MacNaughton and will be included in a new reserve report targeted for completion at year-end. GeoPark management estimates an additional 5 MMboe of proved and possible reserves have been discovered in this period.

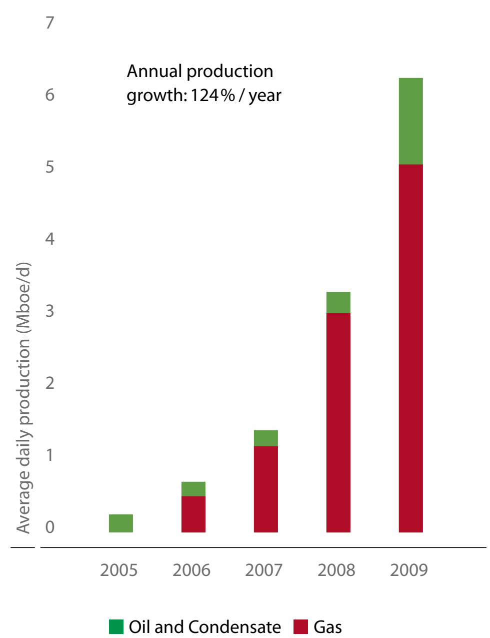
The chart below summarizes the reserves appraised by DeGolyer & MacNaughton in July 2009. Approximately 96% of the Company's total oil and gas reserves are in Chile and approximately 4% in Argentina. In this appraisal, gas represents approximately 80% of total reserves and oil represents approximately 20% of total reserves.

Country	**Reserve Type**	**Oil (MMBBL)**	**Gas (BCF)**	**BOE (MMBOE)**
Chile	P1	3.0	77.6	15.9
	P2	5.4	110.2	23.8
	P3	13.2	494.1	95.5
	P1+P2	8.4	187.9	39.7
	P1+P2+P3	21.6	682.0	135.3
Argentina	P1	0.7	0.3	0.8
	P2	1.7	0.0	1.7
	P3	3.3	0.0	3.3
	P1+P2	2.5	0.3	2.5
	P1+P2+P3	5.8	0.3	5.8
Total	P1	3.7	77.9	16.7
	P2	7.2	110.2	25.6
	P3	16.4	494.1	98.8
	P1+P2	10.9	188.2	42.3
	P1+P2+P3	27.4	682.3	141.1

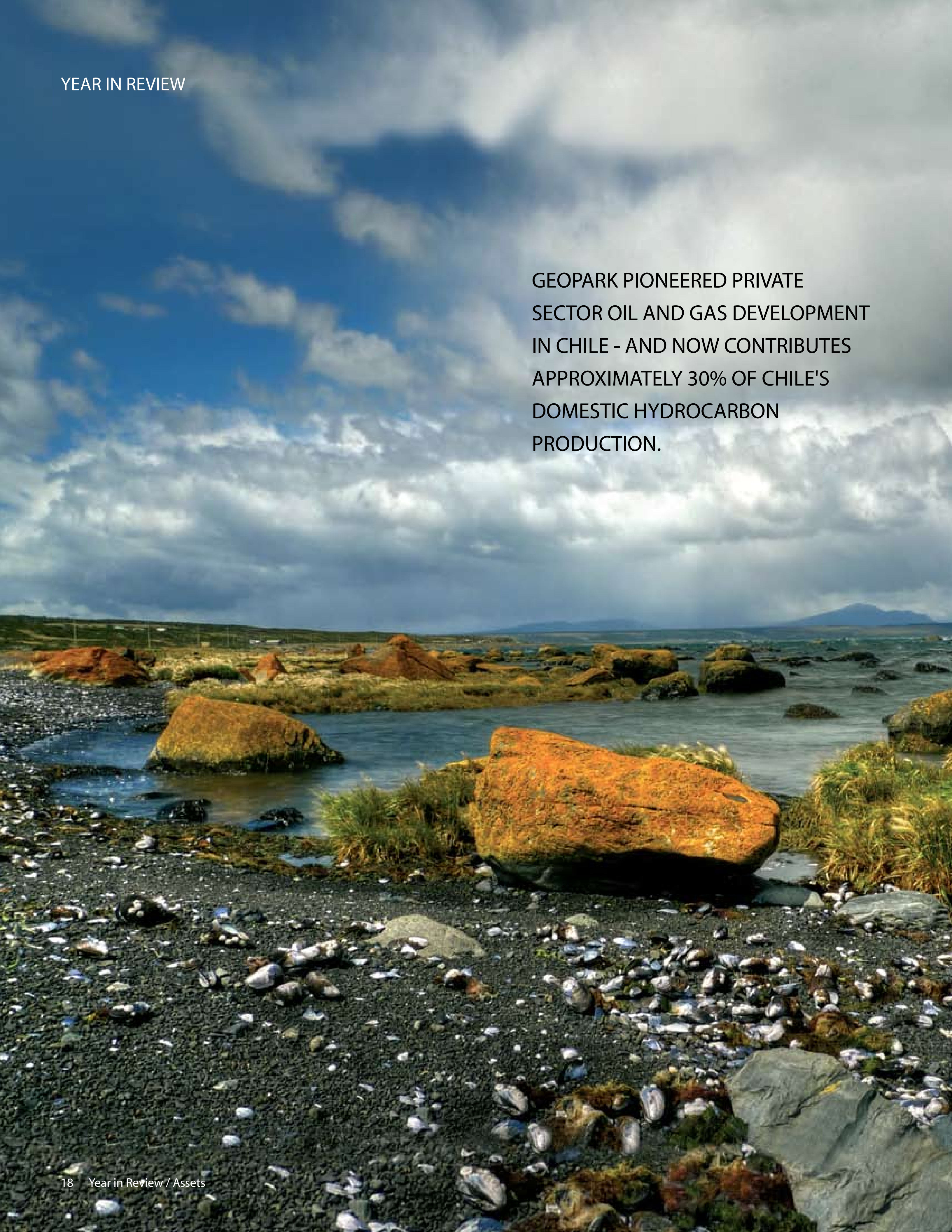
Oil and Gas Production

GeoPark's oil and gas production currently is generated from the Fell Block in Chile and the Del Mosquito Block in Argentina. During 2009, approximately 98% of the Company's total oil and gas production was produced in Chile and approximately 2% in Argentina. During 2009, gas represented approximately 80% of the total production (90% in 2008) and oil represented approximately 20% of the total production volume (10% in 2008).

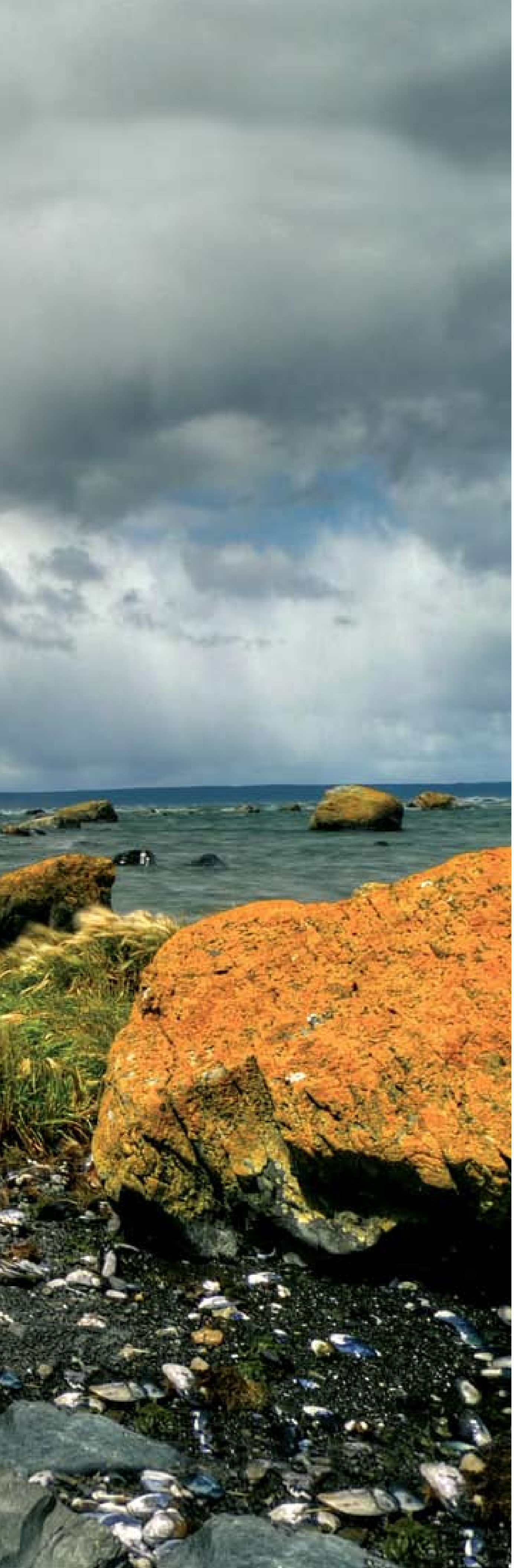
Oil and gas production is shown in the chart below:



Production operations
at Aonikenk oil field



GEOPARK PIONEERED PRIVATE SECTOR OIL AND GAS DEVELOPMENT IN CHILE - AND NOW CONTRIBUTES APPROXIMATELY 30% OF CHILE'S DOMESTIC HYDROCARBON PRODUCTION.



CHILE

GeoPark became the first private-sector oil and gas producer in Chile when it began production on the Fell Block in May 2006 and currently is producing approximately 50% of Chile's crude oil production and 20% of Chile's natural gas production. Its substantial acreage position with over 3.4 million gross acres (14,420 square kilometres) in Chile represents an important platform for continued growth and expansion. GeoPark's blocks in Chile consist of:

Block	Area (Sq Km)	Operator	Basin
Fell	1,780	GeoPark	Magellan / Austral
Tranquilo	6,648	GeoPark	Magellan / Austral
Otway	5,992	GeoPark	Magellan / Austral

The Blocks are located in the continental Magallanes region in a proven oil and gas producing basin (Magellan or Austral Basin) and on trend with recent discoveries to the north in Argentina and to the south in Tierra del Fuego. The Magallanes region currently produces all of Chile's oil and gas production. Although it has been producing for over 50 years, the basin remains relatively underdeveloped with new exploration frontiers being opened in recent years.

Substantial technical data (seismic, geological, drilling and production information), both developed by GeoPark and ENAP (the Chilean State Oil Company), provides an excellent base for technical evaluation. Log interpretations by engineers experienced in the region indicate by-passed oil and gas production zones in certain existing wells. Shut-in and abandoned fields also have the potential to be put back on production by constructing new pipelines and plants. Geophysical interpretations by GeoPark suggest additional development potential in known fields and exploration potential in new undrilled prospects and plays – including opportunities in the Springhill, Tertiary, Tobifera, and Estratos con Favrella formations. During 2009, GeoPark successfully added to its oil and gas production from new discoveries in the Springhill, Tertiary and Tobifera formations.

FELL BLOCK

The Fell Block has an area of approximately 440,000 acres (1,780 sq km) and its center is located approximately 140 km north east from the city of Punta Arenas. The Fell Block's northern border coincides with the international border between Argentina and Chile and its southern limit is bordered by the Magellan Strait.

The first exploration efforts began on the Fell Block in the 1950's and from then until 2005, ENAP carried out 2,400 km of 2D seismic and 256 sq km of 3D seismic and drilled 146 wells. In 2006, GeoPark became Operator and 100% interest owner of the Fell Block when the Fell Block had no oil and gas production. Since GeoPark has been Operator, it has completed 628 sq km of 3D seismic and drilled 35 exploration, appraisal and development wells resulting in current oil and gas production of approximately 30 mmcfpd of gas and 2,000 bpd of oil.

Alakaluf 1 well
on the Fell Block

OUR GEOSCIENCE TEAM CONTINUES TO EXPAND OUR ATTRACTIVE INVENTORY OF DEVELOPMENT AND EXPLORATION PROSPECTS - ALLOWING US TO CONTINUE AN AGGRESSIVE DRILLING PROGRAM IN 2010 AND BEYOND.

The Block is located geologically in the Cretaceous depocenter of the Magellan Basin – in the northwest area comprising the structural platform (developing to the east) and the slope (developing to the west). The source rocks relate to the Estratos con Favrella (Cretaceous) deposits. The principal producing reservoir is the Springhill formation sandstone (Lower Cretaceous) at depths of 2,200-3,500 metres. Additional reservoirs were discovered and put into production on the Fell Block in 2009 -- namely the Tobifera (Jurassic) volcaniclastics (2,600 to 3,600 metres) and the Upper Tertiary and Upper Cretaceous sandstones (700 to 2,000 metres). Trap types in the Fell Block are mainly structural traps defined by anticlines developed in the basement and involving the Cretaceous and Tertiary sequences. Stratigraphic and combined traps are developed in the southern and northern sector of the Block.

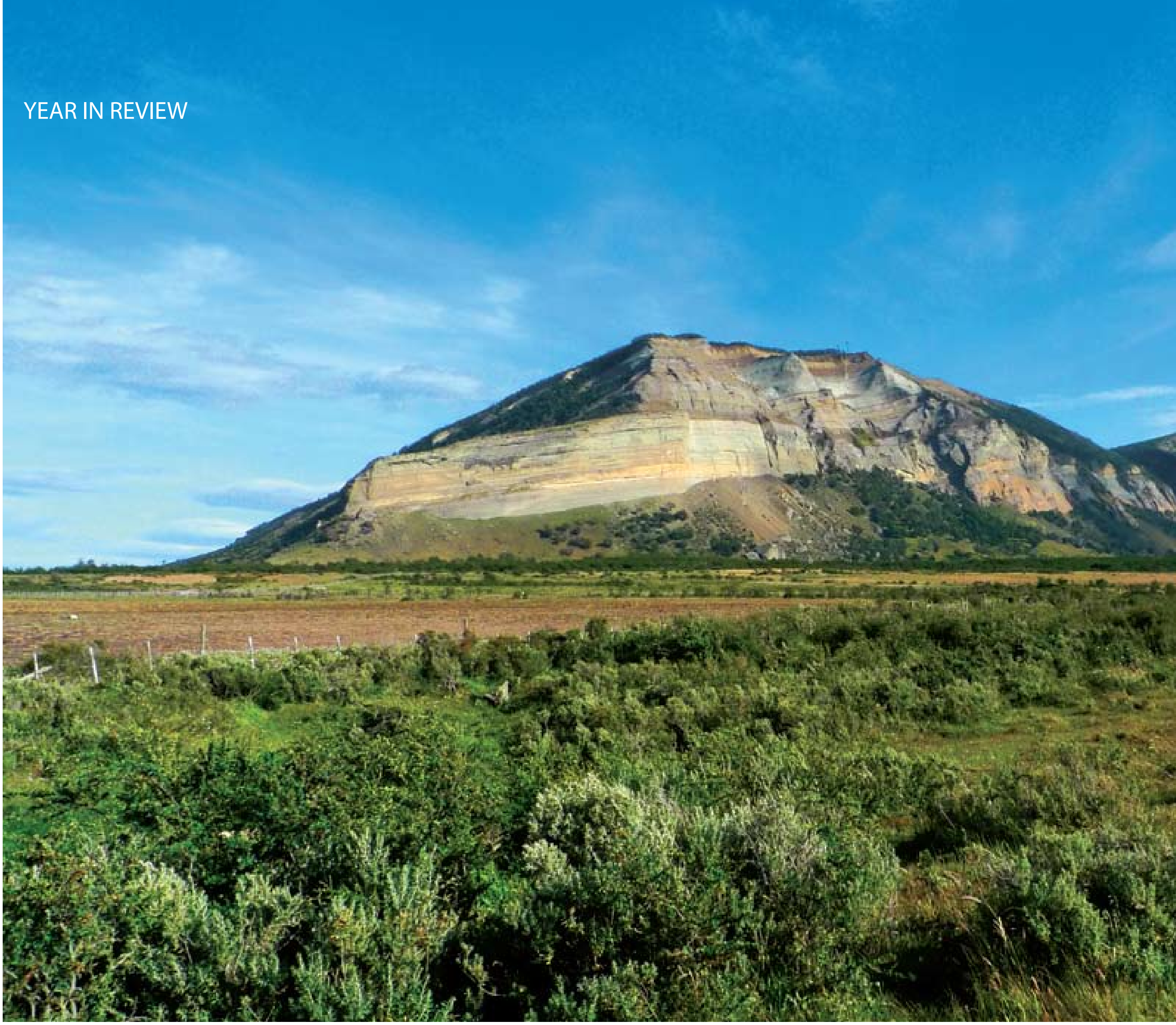
GeoPark's geoscience team is continuing to identify and expand a large and attractive inventory of prospects and drilling opportunities on the Fell Block – both exploration and development projects – and the Company will be continuing its aggressive drilling program over the next years. The recent oil discoveries in the Alakaluf and Aonikenk fields (where five successful wells were drilled in 2009) have opened up a new oil potential in the northeastern portion of the Block – and additional prospects have been identified. A new oil discovery in 2009 in the Yagan Norte field in the Tobifera formation is currently on production and has additional development potential. Increased oil production on the Fell Block will further balance the hydrocarbon stream which is currently weighted towards gas.

In 2009, while drilling the Monte Aymond 34 well, GeoPark discovered the new Ayelen gas field in the Tertiary (El Salto formation) which has further development opportunities. This discovery also opens up a new attractive play in the Tertiary on the Fell Block. In the Santiago Norte Field Complex, DeGolyer & MacNaughton estimated a total of approximately 415 bcf of 3P gas reserves and approximately 174 bcf of contingent gas resources. GeoPark is currently developing a reservoir stimulation and development program to further test and exploit this substantial gas resource potential, including the drilling of a new well in 2010.

The chart below summarises GeoPark's drilling program on the Fell Block during 2009:

Well name	**Well type**	**Hydrocarbon / Formation**
Yagán 1	Exploration	Gas / Springhill
Alakaluf 2	Development	Gas / Springhill
Alakaluf 3	Development	Oil / Springhill
Alakaluf 4	Development	Gas / Springhill
Aonikenk 3	Development	Oil / Springhill
Yagán Norte 1	Exploration	Oil / Tobífera
Pampa Larga 15	Development	Gas / Springhill
Monte Aymond 34	Exploration	Gas / El Salto (Tertiary)
Alakaluf 5	Appraisal	Oil / Springhill

Pumping unit
in Alakaluf oil field

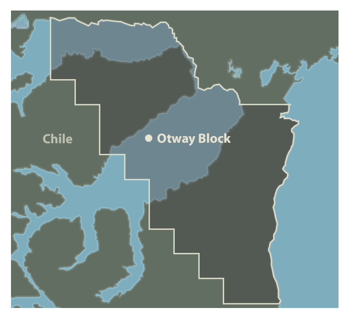


OTWAY BLOCK

The Otway Block consists of an area of approximately 1,480,000 acres (5,992 sq km) and is located approximately 110 km from the city of Punta Arenas. The Block consists of onshore areas (Peninsula Brunswick and Isla Riesco) and offshore areas (Seno Skyring and Seno Otway). The first hydrocarbon exploration activities began in the 1920's and during the 1930's and 1940's several wells were drilled with gas manifestations. To date, 31 wells have been drilled and 875 km of 2D seismic carried out on the Block. During a drilling campaign in the 1970's, gas was tested in three structures on the Block.

GeoPark is the Operator of the Otway Block. Following a partnership restructuring (and subject to the approval of the Chilean Ministry of Energy), the partners in the Otway Block consist of GeoPark (25%), Pluspetrol Chile Limitada (25%), Wintershall Chile Limitada (25%), International Finance Corporation (12.5%), and Methanex Chile Limitada (12.5%). Historically, the Block has tested and produced oil and gas, however, there is currently no oil or gas production and no reserves have been independently appraised by GeoPark's engineering consultants on the Block.

Geologically, the Block is located in the Magellan Basin's northwest area comprising the Folded Belt and Thrust Front and the Tertiary Foreland Basin. The source rocks relate to the deep marine basal



Cretaceous deposits. The proven reservoirs with production history relate to the Agua Fresca formations marine and/or deltaic sandstones at depths of 200-1,500 metres. Other potential reservoirs include the Chorillo Chico sandstones at depths of 1,500-1,900 metres and the Loreto formation (Upper Tertiary) and Rocallosa and Rosa formations (Upper Cretaceous). Trap types are fundamentally structural traps defined by anticlines developed in the Folded Belt and Thrust Front and involving the basement and Cretaceous and Tertiary sequences. Stratigraphic traps are developed toward the Foreland Basin in the northern sector of Peninsula Brunswick including Upper Cretaceous and Lower Tertiary deltaic and turbiditic deposits.

GeoPark's current exploration focus is in the Folded Belt (central and western areas of Isla Riesco). In the Foreland Basin (northeastern sector of Peninsula Brunswick), there is the potential of gas accumulations in stratigraphic traps in the Upper Tertiary (Loreto formation). In 2009, GeoPark performed geological, geophysical and environmental surveys to further delineate the Block's potential and define the 2010 seismic program which will consist of 270 sq km of 3D and 175 km of 2D. The seismic program was initiated in March 2010. Existing wells are also being studied to determine the feasibility of early production opportunities in the sector of Peninsula Brunswick (Mina Rica and Corey areas).

TRANQUILO BLOCK

The Tranquilo Block extends over an area of approximately 1,643,000 acres (6,648 sq km) and is located approximately 110 km northwest of Punta Arenas. The first hydrocarbon exploration efforts began in the 1940's and the Tranquilo gas field was discovered in 1958. To date, ENAP has drilled 21 wells and carried out 1,428 km of 2D seismic on the Block.

GeoPark is the Operator of the Tranquilo Block. Following a partnership restructuring (and subject to the approval of the Chilean Ministry of Energy), the partners in the Tranquilo Block consist of GeoPark (25%), Pluspetrol Chile Limitada (25%), Wintershall Chile Limitada (25%), International Finance Corporation (12.5%), and Methanex Chile Limitada (12.5%). Historically, the Block has tested and produced oil and gas, however, there is currently no oil or gas production and no reserves have been independently appraised by GeoPark's engineering consultants on the Block.

Geologically, the Tranquilo Block is located in the Magellan Basin's northwest area, comprising the Folded Belt and Thrust Front and the Tertiary Foreland Basin. The source rocks relate to the deep marine basin Cretaceous deposits. The proven reservoirs with production history relate to the Loreto formation deltaic sandstones at depths of 700-1,000 metres. Other potential reservoirs include the Morro Chico formation (Basal Tertiary) sandstones and the Rocallosa formation (Upper Cretaceous) sandstones. Trap types are fundamentally structural traps defined by anticlines developed in the Folded Belt and Thrust Front involving the basement and Cretaceous and Tertiary sequences. Stratigraphic traps are developed toward the Foreland Basin including Upper Tertiary deltaic and turbiditic deposits (Loreto and Agua Fresca formations).

GeoPark's current exploration focus is in the Folded Belt, Esperanza, Kerber and Diana areas. In the southeast sector, there is the potential of gas accumulations in stratigraphic traps. In 2009, GeoPark performed geological, geophysical and environmental surveys to further delineate the Block's potential and define the 2010 seismic program which will include160 sq km of 3D and 370 km of 2D. The seismic program was initiated in March 2010. Early geological re-interpretations suggest the potential for a very large structure in the Esperanza-Gales region. Existing wells are also being evaluated to determine the feasibility of early production opportunities in the Esperanza area.


5398
5402
5399

ARGENTINA

GeoPark has interests in the following blocks in Argentina:

Block	Area (Sq Km)	Operator	Basin
Del Mosquito	485	GeoPark	Austral
Cerro Doña Juana	80	GeoPark	Neuquén
Loma Cortaderal	115	GeoPark	Neuquén

DEL MOSQUITO BLOCK

The Del Mosquito Block is located in the Austral basin in southern Argentina. The Austral Basin produces nearly ten per cent of Argentina's total oil production and nearly twenty per cent of its total gas production. (Although the Fell and Del Mosquito Blocks are located in different countries, they are situated in the same geological basin and, at their closest point, are less than 20 kilometres apart.)

The Del Mosquito Block (120,000 acres) is surrounded by producing oil and gas fields to the north, south, east and west. There is oil production currently from two fields and there is good infrastructure, nearby gas plants and pipelines and an easily accessible crude oil market (40 kilometres by truck). Eighty per cent of the block is at an early stage of exploration with currently one 600 square kilometre

area covered by only eight wells. Two 3D seismic surveys, totaling an area of 355 square kilometres, cover approximately 73 per cent of the block and GeoPark's geoscience team has identified and delineated multiple potential hydrocarbon-bearing prospects. The potential of the Lower Magallanes and Tobifera geological formations as been underexplored.

GeoPark is the operator of the Del Mosquito Block and has a 100 per cent working interest. GeoPark established oil production on the block in 2002 by rehabilitating the abandoned Del Mosquito field. In 2004, GeoPark discovered a new field – Del Mosquito Norte – which currently has two producing wells. The discovery well on Del Mosquito Norte was the first well drilled on the block since the 1980's. In accordance with prevailing regulations, GeoPark relinquished approximately 38% of the Del Mosquito Block back to the province of Santa Cruz at the end of 2008. GeoPark is evaluating potential drilling opportunities on Del Mosquito and also evaluating the option of bringing a partner into the project to increase investment activity. During 2010, the Company will reprocess and reinterpret a 3D seismic survey with the objective to drill a new well on Del Mosquito during 2011.

CERRO DOÑA JUANA & LOMA CORTADERAL BLOCKS

The Cerro Doña Juana and Loma Cortaderal Blocks (47,959 total acres) are located in the Neuquén Basin (west-central Argentina) which represents the most prolific hydrocarbon producing basin in Argentina, accounting for over forty per cent of its total oil production and over sixty per cent of its total gas production.

The blocks are located in the Andean fold and thrust belt, along a proven producing fairway, where large hydrocarbon accumulations exist. There are excellent source rocks, multiple reservoir objectives and large structural traps. The oil potential on the blocks can be characterised as high risk with potentially high associated costs.

GeoPark is the operator of the Cerro Doña Juana and Loma Cortaderal Blocks and has a 100 per cent working interest in each block. In 2007, GeoPark established oil production on the Loma Cortaderal Block after repairing an existing well. (Well is currently shut-in waiting for a workover). In accordance with prevailing regulations, GeoPark relinquished approximately 36% of the two blocks back to the province of Mendoza at the end of 2007. Further geological studies were performed on the blocks during 2009 with the expectation of developing a future exploration and development program and providing a basis to potentially farm-out the blocks.

THE UNDERLYING PRINCIPLE OF GEOPARK'S LONG TERM STRATEGY IS TO ATTRACT AND INVEST IN THE BEST PEOPLE AND SUPPORT THOSE PEOPLE WITH THE PROPER TOOLS AND FINANCIAL RESOURCES NECESSARY TO ACHIEVE SUCCESS.

GEOPARK IS BUILDING THE STRONGEST OIL AND GAS FINDING AND PRODUCING TEAM IN THE REGION. THIS IS OUR COMPETITIVE ADVANTAGE.

TOOLS AND INFRASTRUCTURE

In new regions such as Chile where oilfield services are scarce or in tight oilfield equipment supply markets (as recently experienced), GeoPark works to develop solutions to ensure the availability of needed services and equipment – including drilling and workover rigs. In order to quickly commercialise its oil and gas reserves, GeoPark also invests in and builds the infrastructure (plants and pipelines) necessary to produce, process, store and transport its hydrocarbon reserves to market.

Examples of these projects in 2009 include:

- Operated a drilling rig with a depth capacity of 10,500 feet contracted from Quintana WellPro (US/Argentine drilling contractor) under a three year contract, with an option for an additional two years. This rig was imported from China as a result of the tight local rig market. The Quintana rig was used to drill nine wells in 2009.

- Created a new service company subsidiary – Southern Cross Services – to own and operate a workover rig for testing and completion operations. The workover rig was assembled and rebuilt during 2007 and was used to test and complete ten wells during 2009.

Fell Block
driling operation

- Began expanding the capacity of the Kimiri Aike gas production plant (dew point and compression facility) on the Fell Block from 35 million cubic feet per day of gas to 47 million cubic feet per day with the addition of another compressor – and performed other works to expand GeoPark's total natural gas processing and selling capacity to 60 million cubic feet per day. The Kimiri Aike facility, which originated in Bolivia and is being leased from the Exterran Compression Company under a long term contract, was put into operation during 2007 after an investment (including the construction of associated tank batteries) of US$6.5 million. The plant provides direct access to the main regional gas pipeline and allows rapid commercialisation of new production wells.

- Built new oil and gas production gathering centers (processing and storage facilities) and constructed an additional 10 kilometres of gas pipelines on the Fell Block to connect new oil and gas fields to production. Approximately 135 kilometres of gas pipelines have been built on the Block since 2006.

- Built a new storage facility at the ENAP San Gregorio refinery to receive and market new crude oil deliveries. Rehabilitated and leased an existing ENAP oil treatment and storage facility at Faro Este to handle the increased crude oil production until a new facility will be constructed on the Fell Block in 2011.

TO SUCCESSFULLY PARTICIPATE IN THE CAPITAL-INTENSIVE OIL AND GAS BUSINESS, GEOPARK IS CONTINUOUSLY DEVELOPING STRATEGIC FUNDING SOURCES TO ENSURE THE EFFICIENT DEVELOPMENT OF ITS ASSETS.

Kimiri Aike dew point gas processing plant

CAPITAL

To successfully participate in the capital-intensive oil and gas business, GeoPark is continuously developing potential funding sources to ensure the efficient development of its assets. To date, approximately US$180 million has been raised by GeoPark – demonstrating its ability to attract the capital and strong shareholders needed to facilitate its future growth.

Every year, GeoPark has made progress in strengthening its balance sheet through new funding, increased revenues and debt repayments. Key financings included:

IFC International Finance Corporation World Bank Group

London Stock Exchange

METHANEX A Responsible Care® Company

LG

- **2006**

- International Finance Corporation of the World Bank ("IFC") equity investment in February 2006 for US$10 million following a thorough technical, financial and environmental review of GeoPark.

- Admission to the London Stock Exchange Alternative Investment Market (AIM) in May 2006 which resulted in:
  - US$35 million for new capital investment
  - Access to the capital markets
  - A base of strong institutional shareholders
  - Improvement in GeoPark's ability to attract, recruit and retain key employees
  - Potential acquisition currency

- IFC loan in December 2006 for US$20 million to accelerate the development program and which reconfirmed the IFC's long term support for GeoPark.

- **2007**

- Methanex Gas Pre-Sale Loan Facility for US$40 million. This agreement provided US$40 million from Methanex in order to increase development of the Fell Block. Conditions include:
  - Pay back in gas production over six years in variable installments
  - An interest rate paid on borrowed funds of LIBOR f at.

- **2008**

New equity funding of approximately US$24 million (3,080,000 shares at GBP 3.94) in May 2008 from a strategic block of Chilean investors and pension funds, the IFC and certain London institutional investors. The placing, which was limited to 10% of the current issued share capital of the Company, was significantly oversubscribed.

- **2009**

- New equity funding of approximately US$11.8 million (3,437,000 shares at GBP 2.25) in May 2009 from a block of GeoPark's founders, directors and shareholders and including the IFC and certain London and Chilean institutional investors. The placing, which was limited to 10% of the current issued share capital of the Company, was significantly oversubscribed.

- New equity funding of approximately US$20.5 million (3,784,000 shares at GBP 3.23) in November 2009 from a new strategic investor in the USA, a UK institutional investor, the IFC and a director of the Company. The placing was limited to 10% of the current issued share capital of the Company and was oversubscribed.

- Methanex Gas Pre-Sale Loan Facility for US$15.0 million. This facility provided US$15.0 million from Methanex in order to increase development of the Fell Block. Conditions include:
  - Pay back in gas over five years in fixed installments beginning September 2010
  - An interest rate paid on borrowed funds determined by gas delivery volumes

- Methanex Loan for US$3.3 million. This facility provides US$3.3 million, interest-free, from Methanex in order to finance the exploration, development and production of natural gas from the Otway Block.

- IFC Loan Rescheduling of US$14.0 million. In November 2009, the IFC agreed to reschedule the outstanding US$14.0 million from its 2006 loan to GeoPark. The rescheduling extends the maturity until 2016 and includes an eighteen month repayment grace period and a reduced repayment schedule thereafter.

- Chile Stock Exchange Listing. Following the approval of the Chilean Superintendencia de Valores y Seguros (SVS), GeoPark's stock was admitted to trade on the Santiago Offshore Stock Exchange in Chile in October 2009. This development strengthens GeoPark's foundations in the region and ties to the Chilean financial community which is becoming an increasingly active supporter of the Company's efforts.

- As a result of GeoPark's performance, four stock market oil and gas analysts cover GeoPark and provide valuations on the Company. These include three analysts in London (as of March 2010) and one analyst in Chile – with all four maintaining "Buy" recommendations.

- **2010**

- Strategic partnership with LG International to jointly acquire upstream oil and gas assets in Latin America in side-by-side acquisitions. This partnership enables GeoPark to both accelerate and expand its current efforts to acquire new projects. (This agreement was entered into in March 2010.)

Latin America is an attractive growth region for GeoPark because of the following fundamentals:

- **Resource Base:** vast under-explored areas and opportunity for expansion
- **Regulatory Environment:** competitive regulatory and fiscal framework
- **Infrastructure:** existing oil and gas services, transportation and markets
- **Human Resources:** availability of qualified and experienced personnel
- **Security:** negligible security concerns
- **Economics:** easy access and low cost operating environment
- **Hedge:** multi-country position provides political balance
- **Market:** substantial immediate and long term energy requirements
- **Trends:** regional industry reorientation favours smaller technically-proficient companies

LATIN AMERICA'S ECONOMIC FUTURE IS DEPENDENT ON THE DEVELOPMENT OF SECURE ENERGY SUPPLIES - AND GEOPARK IS WELL POSITIONED TO PARTICIPATE IN THIS GROWING OPPORTUNITY.

Pampa Larga production facility

GROWTH

GeoPark's management believes shareholder value is increased most economically by consistently pursuing a strategy of discovery and development of oil and gas deposits in areas in or nearby known reserves. GeoPark implements this strategy through a business plan which emphasises:

- Technical strength in economically finding, developing and producing new and bypassed oil and gas reserves;
- Commercial capabilities in acquiring high potential assets at attractive prices;
- Risk-management in expanding the portfolio, increasing options and protecting against uncertainties; and
- Strategic mix of partners to facilitate organic and inorganic growth.

GeoPark's opportunity portfolio includes multiple in-house projects and an asset foundation from which to pursue a targeted acquisition plan, which is expected to include both asset and corporate targets. Its full-cycle exploration and production work program allows the Company to move forward along different lines simultaneously and independently. This available mix of rehabilitation, development, exploration and acquisition opportunities allows GeoPark to balance its risk exposure and ensure continuous growth.

RISK MANAGEMENT

Since its founding, GeoPark has approached building its business with a long term view and a keen appreciation of the inherent uncertainties associated with the oil and gas industry – both above and below ground. Consequently, efforts are consistently made to balance activities and diversify support. GeoPark's ability to continue growing during the global crisis in 2009 ref ected the Company's success in this regard.

Examples of key risk management elements addressed by GeoPark include:

- **Subsurface / Geological:** Invest in best people and balanced projects (proven production plus development and exploration upside).
- **Regulatory / Political:** Multi-country footprint; local knowledge and ownership; IFC shareholding; SPEED initiative.
- **Capital / Balance Sheet:** Multiple capital sources (funders and regions); creative and inexpensive financing; long term strategic partners.
- **Market / Infrastructure:** Areas with high market demand and infrastructure in place; financially-strong clients.
- **Project Economics:** Balanced work program of production, development and exploration; invest in technology and operational efficiency.
- **Organisation / Management:** Build good demographics (seasoned professionals with new recruits); local organisations; all employees are shareholders.

Aonikenk
oil field

ORGANIC GROWTH

With over 3.7 million gross acres and a large and balanced prospect inventory on its six hydrocarbon blocks in Chile and Argentina, GeoPark has an attractive land position and high growth potential from its existing properties.

In 2010, GeoPark will pursue a US$50-60 million investment program to drill 14-17 new wells and to expand its production facilities and infrastructure in Chile and Argentina. The program is targeted to develop existing fields and discover new fields in order to both increase oil and gas production and increase oil and gas reserves – with the objective of increasing total annual oil and gas production (boepd) by approximately 25%. Efforts also will be focused on improving reservoir performance by fracture stimulation programs, expanding the prospect inventory, and increasing the efficiency of expenditures. Exploration also has been initiated on GeoPark's new Tranquilo and Otway blocks in Chile, where some attractive targets are now being identified.

NEW PROJECTS

Following its successful development of its Chile project, GeoPark now intends to leverage its strategic operating and management base and its technical and commercial capabilities to acquire new assets where suitable opportunities arise. This represents a new growth phase for the Company with assets being targeted which bring a mix of production and development opportunities with attractive exploration acreage and which utilise, where applicable, various forms of participation including block acquisitions, farm-ins, corporate transactions, work and investment commitments and/or operator-earned interests. From its history and work in the region, GeoPark has identified and screened multiple attractive properties which it believes can be available for acquisition at favourable terms.

In March 2010, GeoPark entered into a strategic partnership with LG International for the purposes of this objective and to jointly acquire and develop upstream oil and gas projects in Latin America. The intent of the LGI-GeoPark partnership is to build a risk-balanced portfolio of upstream opportunities across Latin America – and to leverage the platform and experience of both partners to identify and carry out side-by-side acquisitions; initially targeting upstream projects in the US$100-500 million range size. GeoPark will be the manager of the strategic partnership and Operator of acquired projects. GeoPark will have the right to earn additional equity interests in each project, in addition to its working interest, in accordance with a formula based upon the financial performance of each acquired project. The initial term of the partnership is three years and the target for closing the first acquisition is during 2010.

Additional strategic relationships supporting GeoPark's growth include the IFC (World Bank), ENAP (Chilean State Oil Company), and Methanex (largest regional gas consumer).

NATURAL GAS

Over the long term, GeoPark has continued to benefit from the major changes undergoing the regional gas markets. In particular, the supply of gas from Argentina to Chile has been severely limited and, as the only private-sector gas producer currently in Chile, this market shift has substantially increased the value of GeoPark's Chilean gas reserves.

Located approximately 140 kilometres from GeoPark's Fell Block, Methanex operates a US$1.2 billion plant in Chile which has the capacity to consume 350 million cubic feet per day of gas and produce over 10 per cent of the world's methanol supply. Over sixty percent of the Methanex gas supply, which historically has originated in Argentina, was cut-off by Argentina export duties and restrictions in 2007; thereby creating an important market opportunity for GeoPark. As a result, GeoPark entered into a strategic alliance with Methanex providing for a ten year gas purchase and supply contract at an improved gas price (linked to the international price of methanol) and with the opportunity to pre-sell gas to generate future work program funding and to jointly acquire new hydrocarbon blocks in Chile. This marketing alliance has substantially de-risked GeoPark's Chile investment activities.

During 2009, the global economic crisis created a general collapse in commodity prices as world-wide industrial activity was severely cut back. Global methanol prices fell approximately 47% during 2009 resulting in a corresponding decrease in natural gas prices for GeoPark in Chile of 54%. First quarter 2010 gas prices have recovered and are currently 36% higher than 2009 average prices.

CRUDE OIL

Crude oil markets in the region are both accessible and secure. In Chile, GeoPark's crude oil and condensate production is sold to ENAP (the Chilean State Oil Company) and delivered by truck from the GeoPark wells to ENAP's refining facilities or pipeline access. The sales price is equivalent to WTI less quality adjustments (based on degrees API and mercury content). To accommodate increased oil deliveries,

Crude oil prices in Chile decreased 40% during 2009 in line with world petroleum markets. First Quarter 2010 crude oil prices have recovered and are currently 38% higher than 2009 levels. (Argentina prices f uctuate relatively minor amounts as a result of prevailing retention taxes which cap crude oil prices.)

GeoPark has also built truck reception, metering and storage facilities at the ENAP San Gregorio refinery.

In Argentina, GeoPark's oil production is sold to Petrobras (the Brazilian State Oil Company) at WTI less quality and Argentina retention tax adjustments. GeoPark's crude oil is trucked to a local facility located 40 km from the Del Mosquito field.

Methanex Plant - Cabo Negro

COMMITMENT

Long term success for international resource companies depends upon solving complex logistical and operational challenges, overcoming competition for new opportunities and good people, and meeting a broadening set of demands and standards from local governments and core constituencies. Meeting these challenges and performing to these new standards are what differentiate a successful company from the rest of the pack.

"Creating Value and Giving Back" represents GeoPark's integrated and market-based approach for meeting these challenges by aligning our business objectives with our core values and responsibilities. GeoPark's overall business plan is to create long term value by finding and producing energy, based on good science and efficient operations, and to return that value to our core constituencies, which we define as our: Shareholders, Employees, Communities and Environment.

- GeoPark is committed to delivering significant bottom-line financial value to our shareholders. Only a financially-healthy company, with proper corporate governance, can continue to grow, attract needed resources and create real long term benefits.

- GeoPark is committed to creating a safe and motivating workplace for employees. With today's shortage of capable energy professionals, the company which is able to attract, protect, retain and train the best team with the best attitude will always prevail.

- GeoPark is committed to minimising the impact of our projects on the environment. As our footprint becomes cleaner and smaller – the more areas and opportunities will be opened up for us to work in. Our long term well-being requires us to properly fit within our natural surroundings.

- GeoPark is committed to being the preferred neighbour and partner by creating a mutually beneficial exchange with the local communities where we work. Unlocking local knowledge creates and supports long term sustainable value in our projects. Simply put, if our efforts enhance local goals and customs, we will be invited to do more.

GeoPark's specific methodology is focused on undertaking realistic and practical programs based on best world practices. Our emphasis is on building key principles and company-wide ownership and then expanding programs from within as we continue to grow. Our comprehensive in-house designed EHSS management program, entitled S.P.E.E.D. (for Safety, Prosperity, Employees, Environment and Community Development), is being developed in accordance with: ISO 14001 for environmental management issues; OSHAS 18001 for occupational health and safety management issues; SA 8000 for social accountability and worker rights issues; the Development Standards of the World Bank; and the Quoted Companies Alliance standards for good corporate governance.

"Creating Value and Giving Back" represents GeoPark's underlying value system which provides us the leadership, confidence and foundation required for long term success. And, it ref ects our pride in achieving an important mission in the right way. If we are the true performer, the best place to work, the preferred partner and the cleanest operator - our future is bigger, better and more secure.

Directors' Report

The Directors submit their report together with the audited consolidated financial statements of GeoPark Holdings Limited (the Company) for the year ended 31 December 2009. The Company and its subsidiaries together are referred to herein as the Group.

Addresses
The Registered office address is Milner House, 18 Parliament Street, Hamilton HM 12, Bermuda. The Company has a representative office at 35 Piccadilly, London, United Kingdom.

Principal Activity
The principal activity of the Group in the period under review was to produce, develop and explore for oil and gas reserves in Chile and Argentina. The Group owns and operates six hydrocarbon blocks including the Fell, Otway and Tranquilo Blocks in Chile and the Del Mosquito, Cerro Doña Juana and Loma Cortaderal Blocks in Argentina.

Business Review
The Business Review is intended to provide a balanced and comprehensive analysis of the development and performance of the business of the Company during the year and its position at the year end. Key elements of the Business Review are contained within the Annual Report and accompanying documents. The Business Review has been divided in the following areas:

1. Development and Performance

The Group has successfully improved and strengthened its business during 2009. Despite the backdrop of the global economic crisis and a significant decline in oil and gas prices, the Group measured increases or improvements in oil and gas production, oil and gas reserves, revenues, adjusted EBITDA, balance sheet, organisation, safety performance and market capitalisation. The Group had a net loss in 2009 principally resulting from certain non-cash and impairment charges.

A detailed review of the operations, development and performance of the Group's business is included in:

a. Letter to Shareholders (Pages 2 to 11); and
b. Year in Review (Pages 12 to 45)

2. Year-End Cash and Debt Position

The Group's year-end cash position was US$23.8 Million. Year-end debt was US$60.4 million - of which approximately 75% represents gas pre-sale funding from Methanex Corporation and which is repaid in gas deliveries to Methanex's methanol plant in southern Chile.

3. Principal Risks and Uncertainties

Given the nature of the upstream oil and gas business, effective operational and financial risk management is a principal focus of the Group. Efforts are continuously made to balance and manage long-term work programs, capital sources, regulatory issues, oil and gas markets and organisational issues in order to achieve continuous growth.

A description of the principal risks to which the Group are exposed and a description of financial risk management objectives and policies of the Group are included in:

a. Note 3 to the Financial Statements (Pages 68 to 69); and
b. Year In Review (Growth and Risk Management sections, Pages 38 to 39)

4. Health, Safety, Environment and Community Development: S.P.E.E.D.

The Group seeks to ensure that its operations are conducted in a safe manner and to minimize any impact on the environment. The Group's in-house designed EHSS management program, entitled S.P.E.E.D. (for Safety, Prosperity, Employees, Environment and Community Development), is being developed in accordance with: ISO 14001 for environmental management issues; OSHAS 18001 for occupational health and safety management issues; SA 8000 for social accountability and worker rights issues; the Development Standards of the World Bank; and the Quoted Companies Alliance standards for good corporate governance. During 2009, the Group worked to improve its S.P.E.E.D. Program by establishing objectives, increasing the safety training of all its employees, effective monitoring of all incidents and the benchmarking against global industry standards. The S.P.E.E.D. Program is described in further detail in the section titled "Commitment" (Pages 44 to 45).

Key Performance Indicators

The Group uses a number of financial and non-financial key performance indicators in order to measure performance, which are set out below:

	2009	2008	2009 vs 2008
Oil and Gas 2P Reserve Growth (millions of barrels of oil equivalent - boe)	42.2	(1) 33.1	+ 27%
Oil and Gas Production Growth (boe per day)	6,320	3,390	+ 86%
Average Realised Sales Price			
Oil (US$ per bbl)	54.1	96.0	- 44%
Gas (US$ per mcf)	2.2	4.7	- 54%
Total Revenues (US$ million)	44.8	38.4	+ 17%
Adjusted EBITDA (2)			
US$ million	17.7	17.7	0%
US$ per boe	7.7	14.3	- 46%
Operating Costs			
US$ per boe	5.9	8.5	- 30%
Gearing Ratio (3)	41%	47%	- 6 %

(1) Adjusted for production

(2) As defined in Note 6

(3) Calculated as total borrowing over total capital (borrowings + equity)

1. Production and Revenue

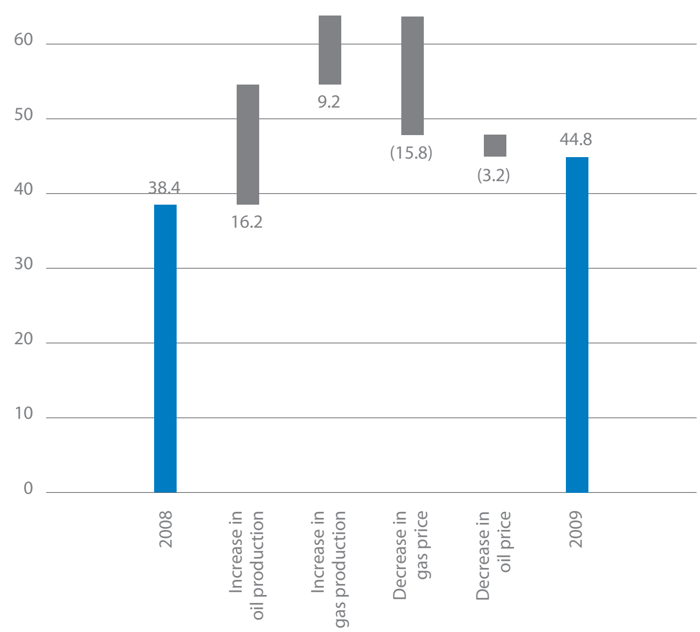
During 2009, oil and gas production increased as a result of the Group's successful drilling program on the Fell Block in Chile, which resulted in nine productive wells out of nine wells drilled. The drilling campaign also resulted in increased oil production thereby rebalancing the mix of oil versus gas production.

Production	2009	2008	2009 vs 2008
Oil (in thousand of bbls)	402	104	286%
Gas (in thousand of mcf)	11,798	7,603	55%

As a result of the sharp decline in oil and gas prices, the significant oil and gas production increases did not achieve a corresponding increase in revenue growth, which increased only 17% compared to 2008.

Revenues 2008 vs 2009

in million of US Dollars



2. Production Costs

Production costs in 2009 increased to US$29.6 million from US$19.1 million in 2008 - resulting principally from higher depreciation charges and to a lesser extent an increase in operating expenditures resulting from larger production volumes.

a. Depreciation charges

Capitalised costs of proved oil and gas properties are depreciated on a block-by-block basis, using the unit of production method and based on proved and probable reserves - as defined in chapter 19 of the listing rules of the United Kingdom Listing Authority (UKLA). Oil and gas reserves for this purpose are determined in accordance with Society of Petroleum Engineers definitions and were estimated by DeGolyer and MacNaughton, the Group's independent reservoir engineers. The 2009 depreciation charge of US$14.7 million represented a 106% increase compared to 2008 (US$7.1 million) resulting principally from the increase in production volumes. The average depreciation charge in 2009 was US$5.80 per barrel of oil equivalent (boe).

b. Operating expenditures

Operating expenditures (OPEX) per producing unit (boe) is a key indicator measuring the efficiency of the producing process. In 2009, OPEX per boe was reduced to less than US$6.00 per boe representing a 30% reduction compared to 2008. This decrease resulted primarily because fixed operating costs remained at similar levels of 2008, but volumes of production increased. An increase in total OPEX results from an increase in variable costs such as transportation, consumables and other costs that increase in line with increased production volumes.

3. Adjusted EBITDA

Adjusted EBITDA is another key performance indicator of the Group, and is defined as earnings before interest, tax, depreciation, amortisation and certain non cash items such as write-offs, impairments and share based payments. This measurement excludes the effects of non-recurring expenditures from the operating segments, such as impairments when it is a result of an isolated, non-recurring event.

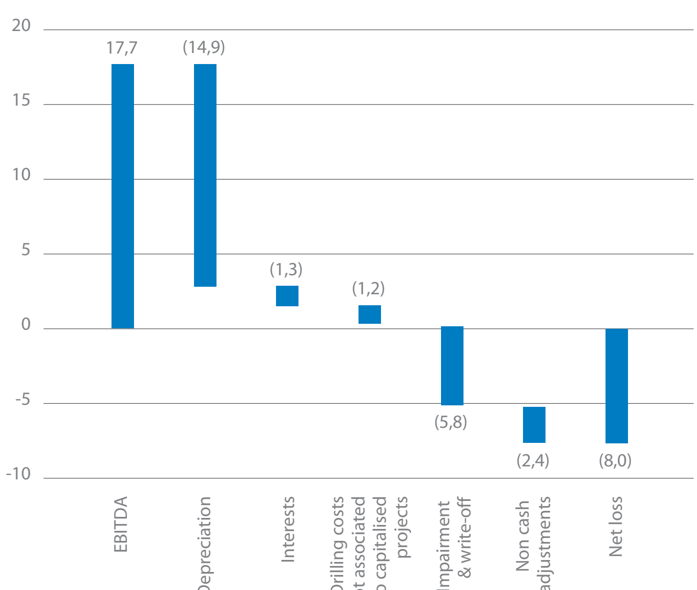
Adjusted EBITDA for 2009 of US$17.7 million was in line with 2008 (US$17.7 million). In terms of producing units, the 2009 Adjusted EBITDA equalled US$7.70 per boe, compared to US$14.30 per boe in 2008. The 2009 revenue increase resulted from significant production increases, but with lower selling prices, and therefore was not reflected in an Adjusted EBITDA increase since higher production levels generated higher production costs.

4. Net Result

The Group generated a net loss of US$8.0 million in 2009 compared to a net profit of US$3.7 million in 2008. The chart below shows the reconciliation in 2009 of the Adjusted EBITDA to the Net Result.

Net Result and Adjusted EBITDA Reconciliation

in million of US Dollars



Non cash adjustments include a US$1.2 million loss incurred by the Group due to the devaluation of the Argentine peso.

Oil and gas exploration and production activities are accounted for in a manner similar to the successful efforts method on a field by field basis. The Group accounts for exploration and evaluation activities in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources, capitalising exploration and evaluation costs until such time as the economic viability of producing the underlying resources is determined. Although there were only successful investments during 2009, the Group decided to take an impairment charge in respect to previous years' exploration activities including several wells and investments which required additional appraisal and development works to determine commercial viability. Consequently, the Group took an impairment charge of US$1.4 million on the Del Mosquito and Loma Cortaderal fields in Argentina, and wrote off US$4.4 million of its previous exploration and development investment in the Fell Block.

Dividends

Cumulative losses for the Group are negative US$26.0 million and therefore the Directors do not recommend the payment of any dividend for the period ended 31 December 2009; (2008: nil). The Group is currently reinvesting all cash generated by its operations and intends to continue to reinvest these funds for the near future.

Events since the Balance Sheet Date

In March 2010, the Group entered into a strategic partnership with LG International Corporation to jointly acquire and develop upstream oil and gas projects in Latin America. The objective of the partnership is to build a risk balanced portfolio of upstream opportunities across Latin America. The Group is the manager of the partnership and will be the operator of any acquired projects, with the right to earn additional equity interests based on the financial performance of each project.

In February 2010, the Group submitted, along with its consortia partners in the Otway and Tranquilo Blocks in Chile, a request for Chilean Government approval to reorganise and strengthen the partnership structure of the Otway and Tranquilo Blocks. Following approval from the Chilean Ministry of Energy, the participating interests in both Otway and Tranquilo Blocks will be as follows: GeoPark (25% and Operator), Pluspetrol Chile S.A. (25%), Wintershall Chile Limitada (12.5%), the IFC (12.5%), and Methanex Chile S.A. (12.5%).

Charitable and Political Donations

During 2009, the Group made charitable donations of US$9,346 (2008: US$16,645). For its community development efforts, the Group encourages the development of new local businesses by contracting services and people for its needs and work program where it operates. The Group uses over 140 local contracting companies in its activities in Chile and has been credited with assisting in the start-up of 14 small businesses.

As a result of the devastating earthquake in Chile in March 2010, the Group and its employees pledged approximately US$200,000 to assist earthquake victims and in post-earthquake reconstruction efforts. (GeoPark's people, assets and operations were unaffected by the earthquake.)

No political donations are made by the Group.

Directors' Interests

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

Name	Re-Appointment	Committees			Ordinary share holding of US$ 0.001 each at 31 December 2009
		Audit	Nomination	Remuneration	
Gerry O'Shaughnessy Executive Chairman	28 July 2009 (*)		●		8,172,793
James F. Park Chief Executive Officer	28 July 2009 (*)				6,983,068
Sir Michael Jenkins Non-Executive Director	28 July 2009 (*)	■	●		32,318
Christian Weyer Non-Executive Director	28 July 2009 (*)		■	●	210,577
Juan Cristóbal Pavez Non-Executive Director	28 July 2009 (*)	●		●	1,065,690
Peter Ryalls Non-Executive Director	28 July 2009 (*)	●		■	30,511

● Committee Member
■ Committee Chairman
(*) Most recent reappointment date

Directors' Remuneration

Executive and Non-Executive Directors remuneration is discussed in the Director's Remuneration Report (Pages 54 to 55).

Auditor

PriceWaterhouseCoopers LLP has completed the audit of the 2009 Financial Statements, as appointed in the Annual General Meeting held in July 2009 and offer themselves for reappointment.

NOMAD

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

Annual General Meeting

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

Going Concern

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

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

On behalf of the Board

James F. Park

James F. Park
Chief Executive Officer
12 April 2010

Corporate Governance

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

GeoPark's good corporate governance goals include:

- Efficiency: Creating a governing body of an appropriate size to permit efficient decision-making with transparency for major decisions, clear definition of responsibilities and performance targets, and procedures in place to protect and ensure protection of the Company's assets.

- Effectiveness: Assembling a governing body with the required skills, provided with the proper information and collectively involved to make the best decisions for the Company.

- Entrepreneurial: Defining a vision for the Company with an understanding of goals, timing and necessary resources.

- Shareholder Common Good: Taking decisions which consider the good of all shareholders and which, if they involve management, major shareholders and other related parties, are reported in a transparent manner.

Board Matters

The role of the Board is to provide strategic leadership, guidance and perspective to the business on behalf of the shareholders and to ensure that the risks and rewards of the business are properly managed through different phases of the industry's cycle.

The Board sets the Group's strategic aims, ensuring that the necessary resources are in place to achieve those aims, and reviews management and financial performance. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. To achieve this, the Board directs and monitors the Group's affairs within a framework of controls which enable risk to be assessed and managed effectively through clear procedures, lines of responsibility and delegated authorities. The Board also has responsibility for setting the Group's core values and standards of business conduct and for ensuring that these, together with the Group's obligations to its stakeholders, are widely understood throughout the Group.

Board Members

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

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

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

The Board comprises:

Executive Directors:
Gerald E. O'Shaughnessy - Chairman
James F. Park - Chief Executive Officer

Non-Executive Directors:
Sir Michael R. Jenkins
Christian M. Weyer
Juan Cristóbal Pavez
Peter Ryalls

Together, the Executive and Non-Executive Directors bring a broad range of business, commercial and other relevant experience to the Board, which is vital to the management of an expanding company. (Page 84 contains descriptions of the background of each Director).

Board Meetings

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

The Directors also intend, as is feasible, to hold one meeting per year which includes a site visit to the Group's operation. This field visit, which has occurred every year since 2006, provides important perspective and exposes the Directors directly to the quality and depth of the Group's operations and workforce.

Independence

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

Board Support

The Company Secretary is available to advise all Directors and ensure that Board procedures are complied with. The Board has the power to appoint and remove the Company Secretary. A procedure is in place to enable Directors, if they so wish, to seek independent professional advice at the Group's expense.

Timely Information

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

Internal Control Review

Directors review on an ongoing basis, inter alia, financial, operational, compliance matters and risk management, and approve the annual budget and monitor performance. The Board has the responsibility to establish and maintain the Group's system of internal controls and reviewing its effectiveness. The procedures are reviewed on an ongoing basis. The Group has defined an approval system for capital expenditures and expenses. This system includes different levels of authorisation based on functions and position of individuals. The Board has approved the annual budget. Performance against budget is monitored and reported to the Board. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has considered the need for an internal audit function but does not consider it necessary at the current time.

Induction

All new Directors receive an induction as soon as practicable after appointment. This includes meetings with senior management, functional and business unit heads and where appropriate, visits to the Company's main properties. The Company Secretary also provides new Directors with an overview of their duties as Directors, corporate governance policies and established Board procedures as part of the induction process.

Insurance

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

Audit Committee

The Audit Committee is comprised of three independent Non-Executive Directors (currently being Sir Michael Jenkins, Mr. Peter Ryalls and Mr. Juan Cristóbal Pavez). The Committee is chaired by Sir Michael Jenkins and met three times during 2009.

The Committee's specific responsibilities to the Board are:

- Reviewing financial statements and formal announcements relating to the Group's performance;
- Reviewing the effectiveness of the Group's internal control procedures and risk management systems;
- Assessing the independence, objectivity and effectiveness of the external auditors;
- Making recommendations for the appointment, re-appointment and removal of the external auditors and approving their remuneration and terms of engagement;
- Implementing and monitoring policy on the engagement of the external auditor to supply non-audit services to the Group;
- Reviewing arrangements by which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting and other matters.

Nomination Committee

The Nomination Committee is comprised of three Directors (currently Mr. Christian Weyer, Sir Michael Jenkins and Mr. Gerald O'Shaughnessy), the majority of whom are independent Non-Executive Directors. The Committee is chaired by Mr. Christian Weyer and meets as required.

The Committee's specific responsibilities to the Board are:

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

Remuneration Committee

The Remuneration Committee is comprised of three independent Non-Executive Directors (currently being Mr. Peter Ryalls, Mr. Christian Weyer and Mr. Juan Cristóbal Pavez). The Committee is chaired by Mr. Peter Ryalls and meets as required during the year.

The Committee's specific responsibilities are:

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

The Director's Remuneration report on pages 54 to 55 contains further details of the role and activities of the Remuneration Committee. (As described in Note 32, Mr. Peter Ryalls provided operating consultancy to the Group at the beginning of 2009. It is the Board's opinion that his role as a consultant does not affect his performance or independent judgment in carrying out his duties as a Director.)

Shareholder Relations

Communication with shareholders is given high priority and there is regular dialogue with institutional investors, as well as general presentations to analysts at the time of the release of the annual and interim results.

Throughout 2009, Executive Directors and senior management met with institutional investors and shareholders in Europe, North America and South America.

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

In October 2009, following the approval of the SVS ("Superintendencia de Valores y Seguros") GeoPark's stock was admitted to trade on the Santiago Offshore Stock Exchange in Chile. This development strengthens the Group's foundations in the Southern Cone and also provides the local financial community the opportunity to more actively participate in the Group.

Financial Accounts

A statement of Director's responsibilities in respect of the accounts is set out on page 56.

The following information is not subject to audit.

Remuneration Committee
The Company has a Remuneration Committee. The members of the Committee during 2009 were Peter Ryalls (Chairman), Christian Weyer and Juan Cristóbal Pavez who are Non-Executive Directors.

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

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

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

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

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

The programs that were approved during 2008 continued to be in place and no awards were given during 2009.

There are approximately 2.5 million shares available for distribution under the Employee Long-Term Incentive Program.

IPO Award Program and Executive Stock Option Plan:
On admission, the Executive Directors, the management and key employees of the Company received the following options over Common shares of the Company; granted under the Executive stock option plan:

IPO Stock Options to Management and Key Employees

Nº of Underlying Common Shares	% of Issued Common Share Capital	Grant Date	Exercise Price (£)	Earliest Exercise Date	Expiry Date
605,000	Approximately 1.5%	15 May 2006	4.00	15 May 2008	15 May 2013

IPO Stock Options to Executive Directors

Name	Nº of Underlying Common Shares	Exercise Price (£)	Earliest Exercise Date	Expiry Date
Gerald	153,345	3.20	15 May 2008	15 May 2013
O'Shaughnessy	306,690	4.00	15 May 2008	15 May 2013
James F. Park	153,345	3.20	15 May 2008	15 May 2013
	306,690	4.00	15 May 2008	15 May 2013

2008 Stock Awards to Management and Key Employees

Nº of Underlying Common Shares	% of Issued Common Share Capital	Grant Date	Exercise Price (£)	Earliest Exercise Date	Expiry Date
1,000,000	Approximately 2.3%	15 Dec 2008	0.001	15 Dec 2012	15 Dec 2018

Considering the previously issued IPO Awards, the total share capital which can be awarded to employees represents approximately 13.5% of the shares issued.

Executive Directors' Contracts

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

Gerald O'Shaughnessy

Gerald O'Shaughnessy has a service contract with the Company which provides for him to act as Executive Chairman of the Company at a salary of US dollars 200,000 per annum. The agreement is stated to continue indefinitely, subject to it being terminable by either party by giving not less than 12 months' notice in writing at any time. The payment of any bonus to Mr. O'Shaughnessy is at the Company's discretion. Mr. O'Shaughnessy's service agreement contains restrictive covenants which restrict him, for a period of 12 months following the termination of employment, from soliciting senior employees of the Company and, for a period of 6 months following the termination of employment, from being involved in any competing undertaking.

James Park

James Park has a service contract with the Company which provides for him to act as Chief Executive Officer of the Company at a salary of US dollars 300,000 per annum. The agreement is stated to continue indefinitely, subject to it being terminable by either party by giving not less than 12 months' notice in writing at any time. The payment of any bonus to Mr. Park is at the Company's discretion. Mr. Park's service agreement contains restrictive covenants which restrict him, for a period of 12 months following the termination of employment, from soliciting senior employees of the Company and, for a period of 6 months following the termination of employment, from being involved in any competing undertaking.

No bonuses were awarded in 2009 to the Executive Directors.

Non-Executive Directors Contracts

In July 2009, at the Annual General Meeting the shareholders re-elected the Non-Executive Directors.

The remuneration package approved for Non-Executive Directors, which is detailed in the corresponding service contracts, contains the following components:

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

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

	2009 Cash Payment		Stock Payment
	Non-Executive Director's Fees	Committee Chairman Fees	Director Fees Paid in Shares
Sir Michael Jenkins (1)	£30,625	£5,750	1,648
Peter Ryalls (2)	£17,500	£5,750	6,981
Christian Weyer (3)	£17,500	£5,750	6,981
Juan Cristóbal Pavez	£17,500	-	6,981

Additionally Mr. Peter Ryalls received US$20,000 corresponding to operating consultancy in 2009 (2008: US$123,000).

(1) Audit Committee Chairman
(2) Remuneration Committee Chairman
(3) Nominations Committee Chairman

Approval

This report was approved by the Board of Directors on 12 April 2010 and signed on its behalf by:

Peter Ryalls
Chairman, Remuneration Committee
12 April 2010

Statement of Directors’ Responsibilities

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

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

The Directors are also required to:

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

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website.

In so far as the Directors are aware:

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

Independent Auditors' Report

To the Shareholders of GeoPark Holdings Limited

We have audited the financial statements of GeoPark Holdings Limited for the year ended 31 December 2009 which comprise the consolidated statement of income, the statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flow and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's shareholders in accordance with Section 90 of The Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted in the European Union, of the state of the Company's affairs as at 31 December 2009 and of its loss and cash flows for the year then ended.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
12 April 2010

PRICEWATERHOUSECOOPERS

Consolidated Statement of Income

1 January - 31 December

Amounts in US$ ´000	Note	2009	2008
Net Revenue	7	44,847	38,376
Production costs	8	(29,582)	(19,141)
Gross Profit		**15,265**	**19,235**
Exploration costs	11	(6,714)	(4,444)
Administrative costs	12	(8,450)	(6,988)
Selling expenses		(1,345)	(451)
Other operating costs	13	(2,524)	(170)
Operating (Loss)/Profit		**(3,768)**	**7,182**
Financial income	14	64	673
Financial expenses	15	(3,765)	(3,928)
(Loss)/Profit before Income Tax		**(7,469)**	**3,927**
Income Tax	16	(520)	(276)
(Loss)/Profit for the Year		**(7,989)**	**3,651**
Attributable to:			
Owners of the Company		(7,989)	3,651
(Loss)/Earnings per share (in US$) for profit attributable to owners of the Company. Basic	18	**(0.22)**	**0.11**
(Loss) / Earnings per share (in US$) for profit attributable to owners of the Company. Diluted	18	**(0.22)**	**0.11**

Statement of Comprehensive Income

Amounts in US$ ´000	2009	2008
(Loss) / Income for the year	(7,989)	3,651
Other comprehensive income:		
Currency translation differences	(26)	(18)
Total comprehensive (Loss) / Income for year	**(8,015)**	**3,633**
Attributable to:		
Owners of the Company	(8,015)	3,633

The notes on pages 62 to 83 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

31 December

Amounts in US$ ´000	Note	2009	2008
Assets			
Non-Current Assets			
Property, plant and equipment	19	122,447	104,802
Prepaid taxes	21	2,965	3,463
Other financial assets	24	2,214	2,141
Deferred income tax asset	17	302	15
Total Non-Current Assets		**127,928**	**110,421**
Current Assets			
Inventories	22	2,258	1,171
Trade receivables	23	5,908	8,434
Prepayments and other receivables	23	1,763	1,383
Prepaid taxes	21	668	2,688
Cash and cash equivalents	24	23,760	5,710
Total Current Assets		**34,357**	**19,386**
Total Assets		**162,285**	**129,807**
Total Equity			
Equity attributable to owners of the Company			
Share capital	25	42	34
Share premium	25	107,524	75,575
Reserves	25	3,950	4,095
Retained losses		(26,034)	(19,207)
Total Equity		**85,482**	**60,497**
Liabilities			
Non-Current Liabilities			
Borrowings	26	52,174	42,253
Provisions for other long-term liabilities	27	1,021	1,548
Deferred income tax liability	17	1,086	276
Total Non-Current Liabilities		**54,281**	**44,077**
Current Liabilities			
Borrowings	26	8,236	11,427
Trade and other payable	28	12,923	11,269
Provisions for other liabilities		1,363	2,537
Total Current Liabilities		**22,522**	**25,233**
Total Liabilities		**76,803**	**69,310**
Total Equity and Liabilities		**162,285**	**129,807**

The notes on pages 62 to 83 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors on 12 April 2010.

Consolidated Statement of Changes in Equity

1 January - 31 December

	Attributable to owners of the Company					
Amount in US$ '000	Share Capital	Share Premium	Other Reserve	Translation Reserve	Retained Losses	Total
Equity at 1 January 2008	31	52,714	3,260	938	(24,337)	32,606
Comprehensive income:						
Profit for the year	-	-	-	-	3,651	3,651
Other comprehensive income:						
Currency translation differences	-	-	-	(18)	-	(18)
Total Comprehensive Income for the Year 2008	**-**	**-**	**-**	**(18)**	**3,651**	**3,633**
Transactions with owners:						
Proceeds from issue of shares	3	22,672	-	-	-	22,675
Share based payment (Note 29)	-	189	(85)	-	1,479	1,583
Total 2008	**3**	**22,861**	**(85)**	**-**	**1,479**	**24,258**
Balances at 31 December 2008	**34**	**75,575**	**3,175**	**920**	**(19,207)**	**60,497**
Comprehensive income:						
Loss for the year	-	-	-	-	(7,989)	(7,989)
Other comprehensive income:						
Currency translation differences	-	-	-	(26)	-	(26)
Total Comprehensive Income for the Year 2009	**-**	**-**	**-**	**(26)**	**(7,989)**	**(8,015)**
Transactions with owners:						
Proceeds from issue of shares	8	31,680	-	-	-	31,688
Share based payment (Note 29)	-	269	(119)	-	1,162	1,312
Total 2009	**8**	**31,949**	**(119)**	**-**	**1,162**	**33,000**
Balances at 31 December 2009	**42**	**107,524**	**3,056**	**894**	**(26,034)**	**85,482**

The notes on pages 62 to 83 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow

1 January - 31 December

Amounts in US$ '000	Note	2009	2008
Cash flows from operating activities			
(Loss) / Income for the year		(7,989)	3,651
Adjustments for:			
Income tax for the year	16	520	276
Depreciation of the year	9	14,922	7,440
Profit on disposal of property, plant and equipment		-	(143)
Write-off of unsuccessful efforts	11	4,345	273
Impairment loss	13	1,490	-
Relinquishment of Del Mosquito Area	11	-	1,149
Accrual of borrowing's interests		880	1,931
Unwinding of discount	15	165	(434)
Accrual of stock options and stock awards		1,312	1,583
Exchange difference generated by borrowings		504	1,193
Changes in working capital	5	5,018	(1,723)
Cash flows from operating activities - net		**21,167**	**15,196**
Cash flows from investing activities			
Purchase of property, plant and equipment	19	(40,440)	(58,142)
Proceeds on disposal of property, plant and equipment		-	209
Purchase of financial assets		(65)	-
Cash flows used in investing activities - net		**(40,505)**	**(57,933)**
Cash flows from financing activities			
Proceeds from borrowings		15,000	26,319
Proceeds from issue of common shares		31,688	22,675
Principal paid		(8,092)	(7,117)
Interest paid		(1,191)	(2,183)
Cash flows from financing activities - net		**37,405**	**39,694**
Net increase/(decrease) in cash and cash equivalents		**18,067**	**(3,043)**
Cash and cash equivalents at 1 January		5,710	8,710
Currency translation differences relating to cash and cash equivalents		(17)	43
Cash and cash equivalents at the end of the year		**23,760**	**5,710**
Ending Cash and cash equivalents are specified as follows:			
Cash in bank		23,757	5,707
Cash in hand		3	3
Cash and cash equivalents		**23,760**	**5,710**

The notes on pages 62 to 83 are an integral part of these consolidated financial statements.

Note 1
General Information

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

The Company is quoted on the AIM London Stock Exchange. Also following approval of the Superintendencia de Valores y Seguros (Securities and Insurance Supervisor) in Chile, its shares are authorised for trading on the Santiago Off-Shore Stock Exchange, and those shares commenced trading on 30 October, 2009 (in US$) under the trading symbol "GPK".

These consolidated financial statements were authorised for issue by the Board of Directors on 12 April 2010.

Note 2
Summary of significant accounting policies

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

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

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

The consolidated financial statements have been prepared on a historical cost basis, modified by the recording of inventories at net realisable value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policy and disclosure
New and amended standards adopted by the Group
The following are the new and amended accounting standards mandatory for the first time for the financial year beginning 1 January 2009, which had an impact on the Group's financial statements:

- IAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. The Company has elected to present all items of income and expense recognised in a year in two statements: a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income). Comparative information has been represented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earning per share.

- IFRS 8, "Operating segments". IFRS 8 replaces IAS 14, "Segment reporting". It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. As the change in accounting policy only impacts presentation aspects, there is no impact on earning per share.

- IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and other providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company has adopted IFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Group or Company's financial statements.

- IAS 23 (amendment), "Borrowing costs" requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The Company has capitalised borrowing cost for wells and facilities that were initiated after 1 January 2009. Amounts capitalised totalled US$ 221,535, using an average rate of 3.85%.

There are other new standards that are applicable for the year but they are not relevant to the operations of the Group.

Standards, amendments and interpretations to existing standards that are not yet effective nor adopted early by the Group
The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010, but the Group has not early adopted them:

- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 - Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

None of the above is currently expected to have a material impact on the Group's financial statements.

There are other standards but they are not relevant to the operations of the Group.

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

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

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

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

2.4 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee that makes strategic decisions. This committee is integrated by the CEO, Managing Director, CFO and managers in charge of the Geoscience, Drilling, Operations and S.P.E.E.D. 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.

2.5 Foreign currency translation

a) Functional and presentation currency
The consolidated financial statements are presented in US dollars, which is the Group's presentation currency.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Group companies incorporated in Chile is the US dollar. Effective from 1 January 2008, the Chilean subsidiaries changed the functional currency from Chilean peso to the US dollar.

For the Argentine subsidiary the functional currency is the Argentine peso.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in other operating profit or other operating expenses.

c) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to shareholders' equity. On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are transferred to the Income Statement as part of the gain or loss on disposal.

Material intercompany transactions, balances and unrealised gains (losses) on transactions between the Group subsidiaries have been eliminated in consolidation. However, since the functional currency of some subsidiaries is its respective local currency, some financial gains (losses) arising from inter-company transactions are generated. During the year, US$ 740,267 were registered from intercompany loans denominated in US dollars from the parent company to subsidiaries in Argentina. These are included in the Consolidated Income Statement under Financial expenses.

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

2.7 Revenue recognition
Revenue from the sale of crude oil and gas is recognised in the Statement of Income when supply and risk transfer to the purchaser has taken place, and if the revenue can be measured reliably and is expected to be received. Revenue is shown net of VAT and discounts related to the sale.

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

2.9 Financial costs
Financial costs include interest expenses, realised and unrealised gains and losses arising from transactions in foreign currencies and the amortisation of financial assets and liabilities. The Company has capitalised borrowing cost for wells and facilities that were initiated after 1 January 2009. Amounts capitalised totalled US$ 221,535. No finance costs have been capitalised during 2008.

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

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

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

A charge of US$ 4,345,000 has been recognised in the Statement of Income within Exploration costs (US$ 273,000 in 2008) for write-off in Chile (see Note 11).

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

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

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

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

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

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

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

2.11 Provisions

Provisions for asset retirement obligations and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

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

2.12 Impairment of non-financial assets

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

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

No asset should be kept as an Exploration and Evaluation asset for a period of more than three years, except when it can be clearly demonstrated that the carrying value of the investment will be recoverable. We expect that assets under these conditions will be a rare exemption.

An impairment loss of US$ 1,490,000 was recognised within Other operating expenses as a result of the impairment test perform regarding operating fields in Argentina. See Note 19.

2.13 Lease contracts
All current lease contracts are considered to be operating leases on the basis that the lessor retains substantially all the risks and rewards related to the ownership of the leased asset. Payments related to operating leases and other rental agreements are recognised in the Income Statement on a straight line basis over the term of the contract. The Group's total commitment relating to operating leases and rental agreements is disclosed in Note 31.

2.14 Inventories
Inventories comprise crude oil and materials.

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

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

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

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

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

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

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

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

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

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables, prepayments and other receivables and cash and cash equivalents in the balance sheet. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Income Statement. All of the Group's financial assets are classified as loans and receivables.

2.17 Other financial assets

Non-current financial assets relate solely to the cash collateral account required under the terms of the borrowing obtained from the IFC. This investment accrues interests and will be recovered once the borrowing is fully paid.

2.18 Impairment of financial assets

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

2.19 Cash and cash equivalents

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

2.20 Trade and other payable

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

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

2.21 Borrowings

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

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

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

2.22 Share capital

Equity comprises the following:

- "Share capital" representing the nominal value of equity shares.
- "Share premium" representing the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Other reserve" representing the equity element attributable to shares granted according to IFRS 2 but not issued at year end.
- "Reserve for exchange adjustment" representing the differences arising from translation of investments in overseas subsidiaries.
- "Retained earnings" representing retained profits and losses.

2.23 Share-based payment

The Group operates a number of equity-settled, share-based compensation plans comprising share awards payments and stock options plans to certain employees and other third party contractors. Fair value of the employee or contractors services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted calculated using the Black-Scholes model.

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

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

Note 3

Financial instruments-risk management

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

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

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

Currency risk

There are activities in foreign countries in which its functional currency is its local currency (Argentine peso). The main exposure of the Group to currency changes is related to the financial loans denominated in US dollars, and to a lower extent to receivables and cash balances held in US dollars. As currency rate changes between the U.S. dollar and the Argentine peso, the Group recognises gains and losses in the consolidated Statement of Income. In Chile where the functional currency is the US dollar, the fluctuation of the Chilean peso does not impact the loans, costs and revenues held in US dollars; but it does impact the balances denominated in Chilean pesos. Such is the case of the prepaid taxes, held in Chilean pesos. As currency rate changes between the U.S. dollar and the Chilean peso, the Group recognises gains and losses in the consolidated Statement of Income.

In Argentina, the main exposure comes from the IFC loan. The amount outstanding at the moment of the issue of these financial statements was US$ 4.2 million, which is fully exposed to a devaluation of the Argentine peso. Given the high cost of a long-term peso/dollar hedge and the relatively low amount exposed, the management has decided not to hedge this exposure.

In Chile, most of the balances are denominated in US dollars, and since it is the functional currency of the Chilean subsidiary, there is no exposure to currency fluctuation except from receivables originated in Chilean peso mainly corresponding to VAT credits for US$ 611,572 (US$ 2,536,000 in 2008). As most of the credit was recovered during 2009, the exposure is not significant.

The Group minimises the local currency positions in Argentina and Chile by seeking to equilibrate local and foreign currency assets and liabilities.

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

During 2009, the Argentine peso weakened by 10% (10% in 2008) against the US dollar and the Chilean peso strengthened by 20% (weakened by 28% in 2008). If the Argentine peso had weakened an additional 5% against the US dollar and the Chilean peso had not strengthened by an additional 5% against the US dollar, with all other variables held constant, post-tax loss for the year would have been higher by US$ 632,000 (post-tax profit for the year would have been lower by US$ 597,000 in 2008).

Price risk

The price collected for the oil produced by the Group is dependant on WTI which is settled in the international markets in US dollars. The market price of these commodities is subject to significant fluctuation but the Group did not consider appropriate to manage the Group's risk to such fluctuation through futures contracts or similar.

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

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

If the market prices of the WTI and methanol would have fallen by 10% compared to actual prices during the year, with all other variables held constant, post-tax loss for the year would have been higher by US$ 3,669,347 (post-tax profit for the year would have been lower by US$ 3,188,110 in 2008).

The Board will adopt a hedging policy when it deems it appropriate according to the size of the business and market implied volatility.

Credit risk - concentration

The Group's credit risk relates mainly to accounts receivable where the credit risks correspond to the recognised values. There is not considered to be any significant risk in respect of the Group's major customers. Substantially all oil production in Argentina is sold to Petrobras, the Brazilian State oil and gas company, which has good credit standing.

In Chile, all gas production is sold to the local subsidiary of the Methanex Corporation, a Canadian public company (51% of total revenue). All the oil produced in Chile is sold to ENAP (47% of total revenue), the Chilean State owned oil and gas company. Both companies have a very good credit standing and despite the concentration of the credit risk, the Directors do not consider that this gives rise to a significant collection risk.

See disclosure in Note 24.

Funding and Liquidity risk

The extent of the global economic crisis and the accompanying oil and gas price volatility created uncertainty in forecasting future activities. Following its successes in 2008 and 2009, the Group is in the position of having a secure production base and cash flow stream - coupled with low operating costs and the flexibility of a discretionary investment program that can be maintained, reduced or increased in the short-term depending on the environment economic conditions. The Group's cost structure allows it to sustain itself in a very low oil and gas price environment.

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

See Note 24 for disclosure analysis.

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's profit and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings issued at variable rates, which expose the Group's cash flow to interest rate risk. The loans from the IFC and Methanex Corporation accrue variable interest rates which depends on the LIBOR rate. For the period covered by these financial statements, the Group has decided not to buy any coverage for this risk.

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

At 31 December 2009, if interest rates on currency-denominated borrowings had been 1% higher with all other variables held constant, post-tax loss for the year would have been US$ 432,603 higher (post-tax profit for the year would have been US$ 356,183 lower in 2008), mainly as a result of higher interest expense on floating rate borrowings.

Capital risk management

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

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

During 2009, the Group's strategy, which was unchanged from 2008, was to take the gearing ratio within 40% to 55% range. The gearing ratios at 31 December 2009 and 2008 were as follows:

Amounts in US$ '000	2009	2008
Net Debt	60,410	53,680
Total Equity	85,482	60,497
Total Capital	145,892	114,177
Gearing Ratio	41%	47%

The decrease in the gearing ratio during 2009 resulted primarily from the proceeds from the issue of common shares.

Note 4
Accounting estimates and assumptions

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

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

- The Group adopts an approach similar to the successful efforts method of accounting. The management of the Company makes assessments and estimates regarding whether an exploration asset should continue to be carried forward as an exploration and evaluation asset not yet determined or when insufficient information exists for this type of cost to remain as an asset. In making this assessment the management take professional advice from qualified independent experts.

- Cash flow estimates for impairment assessments require assumptions about two primary elements: future prices and reserves. Estimates of future prices require significant judgments about highly uncertain future events. Historically, oil and gas prices have exhibited significant volatility. The Group's forecasts for oil and gas revenues are based on prices derived from future price forecasts amongst industry analysts and our own assessments. Estimates of future cash flows are generally based on assumptions of long-term prices and operating and development costs. Given the significant assumptions required and the possibility that actual conditions will differ, the Group considers the assessment of impairment to be a critical accounting estimate.

The process of estimating reserves is complex. It requires significant judgements and decisions based on available geological, geophysical, engineering and economic data. The estimation of economically recoverable oil and natural gas reserves and related future net cash flows was performed based on the Reserve Report dated July 2009 prepared by DeGoyler and MacNaughton, an international consultancy to the oil and gas industry based in Dallas, and updated for subsequent changes by the Group's management. It incorporates many factors and assumptions including:

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

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

As part of this assessment, management has carried out an impairment test on the oil and gas assets within property, plant and equipment of the Argentine subsidiary. This test compares the carrying value at the balance sheet date with the expected discounted cash flows from the relevant projects (value in use). For the discounted cash flows to be calculated, management has used a production profile based on its best estimate of proven and probable reserves and a range of assumptions including a 10% pre-tax discount rate and an estimated oil price profile. The impairment loss recognised amounts to US$ 1,490,000. If the discount rate had been 1% higher than management's estimates, the Group would have recognised a further impairment of US$ 238,000.

- Reserves are also a key assumption for determining the depreciation of oil and gas properties that are depreciated using the unit of production method. As of 1 January 2009 the Group started using the proved and probable reserves for calculating the depreciation, instead of the proved reserves. This change was made to better reflect the consumption of oil and gas properties. If the previous approach would have been used, the depreciation charge of the year would have been US$ 4.6 million higher.

- As detailed in the relevant accounting policies the selection of functional currencies for each entity in the Group is dependent on the primary economic environment in which they operate which is determined by considering a number of factors. As detailed the Board consider that the primary economic environment in which the Argentinean subsidiary operates is the Argentine peso and for the Chilean subsidiaries is the US dollar. The Board considers this assessment to be a significant judgement as it gives rise to exchange differences as detailed in Note 3.

As a result of the LGI strategic alliance it is expected that the principal activities of the Argentinean branch will change from being primarily focused on operating the Group's existing Argentinean fields to being a technical services support function for the Group's operations across Latin America. This change is likely to mean that from 2010 the US$ will become the currency which has the most significant impact on the Branch's operations and as a result the Directors expect that this could result in a change in functional currency for the Argentinean Branch.

Note 5

Statement of Cash Flow

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

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

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

31 December 2009

Balance Sheet Items	Movements derived from Consolidated Balance Sheet	Movements arising from Currency Translation	Other Non-Cash Movements (*)	Movements from Consolidated Cash Flow Statement
Property, plant and equipment	17,645	829	1,209	19,683
Prepaid taxes	(2,518)	377	-	(2,141)
Inventory	1,087	22	(518)	591
Trade receivables	(2,526)	27	-	(2,499)
Prepayment and other receivables	380	34	-	414
Investments	73	-	(8)	65
Cash and cash equivalents	18,050	17	-	18,067
Borrowings	(6,730)	(379)	8	(7,101)
Trade accounts payable	(1,654)	(67)	-	(1,721)
Deferred tax	(523)	3	-	(520)
Other liabilities	1,701	(837)	(691)	173
Equity	(24,985)	(26)	-	(25,011)

31 December 2008

Balance Sheet Items	Movements derived from Consolidated Balance Sheet	Movements arising from Currency Translation	Other Non-Cash Movements (*)	Movements from Consolidated Cash Flow Statement
Property, plant and equipment	49,262	670	(718)	49,214
Prepaid taxes	(806)	471	-	(335)
Inventory	(911)	48	-	(863)
Trade receivables	6,129	21	-	6,150
Prepayment and other receivables	809	244	-	1,053
Investments	62	-	(62)	-
Cash and cash equivalents	(3,000)	(43)	-	(3,043)
Provision for decommissioning	(284)	-	718	434
Borrowings	(18,939)	(1,266)	62	(20,143)
Trade accounts payable	(2,820)	(83)	-	(2,903)
Deferred tax	(276)	-	276	-
Other liabilities	(1,335)	(44)	-	(1,379)
Equity	(27,891)	(18)	(276)	(28,185)

(*) Mainly transfers, increase in the asset retirement obligation and deferred tax.

Cash flows from investing activities include payments in connection with the purchase and sale of property, plant and equipment and cash flows relating to the purchase and sale of enterprises.

Cash flows from financing activities include changes in Shareholders' equity, and proceeds from borrowings and repayment of loans.

Cash and cash equivalents include bank overdraft and liquid funds with a term of less than three months.

Change in working capital shown in the Statement of Cash Flow is disclosed as follows:

Amounts in US$ '000	2009	2008
Change in Prepaid taxes	2,141	335
Change in Inventory	(591)	863
Change in Trade receivables	2,499	(6,150)
Change in Prepayments and other receivables	(414)	(1,053)
Change in Current liabilities	2,876	4,282
Change in Provision for other long-term liabilities	(1,493)	-
	5,018	**(1,723)**

Note 6
Segment information

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

The committee considers the business from a geographic perspective.

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

Segment areas (geographical segments):

Amounts in US$ '000	Argentina	Chile	Corporate	Total
2009				
Net revenue	798	44,049	-	44,847
Gross profit	91	15,174	-	15,265
Adjusted EBITDA (1)	(528)	24,273	(6,015)	17,730
Depreciation	(756)	(14,166)	-	(14,922)
Impairment and write-off	(1,490)	(4,345)	-	(5,835)
Total assets	10,785	125,856	25,644	162,285
Employees (average)	63	101	1	165

Amounts in US$ '000	Argentina	Chile	Corporate	Total
2008				
Net Revenue	1,066	37,310	-	38,376
Gross profit / (loss)	(306)	19,541	-	19,235
Adjusted EBITDA (1)	(685)	22,396	(4,018)	17,693
Depreciation	(610)	(6,762)	(68)	(7,440)
Impairment and write-off	(1,422)	-	-	(1,422)
Total assets	13,842	109,834	6,131	129,807
Employees (average)	63	97	1	161

(1) Corporate expenses included in the Adjusted EBITDA are allocated within the Statement of Income as Exploration costs for an amount of US$ 663,000 (US$ 1,075,000 in 2008), Production costs for an amount of US$ 710,000 (US$ 569,000 in 2008) and the remaining amount corresponds to Administrative costs.

Over 90% of CAPEX is allocated to Chile in 2009 and 2008.

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

Amounts in US$ '000	2009	2008
Adjusted EBITDA for reportable segments	**17,730**	**17,693**
Depreciation	(14,922)	(7,440)
Accrual of stock options and stock awards	(1,162)	(1,479)
Impairment and write-off of unsuccessful efforts	(5,835)	(1,422)
Others	421	(170)
Operating (loss) / profit	**(3,768)**	**7,182**
Financial results	(3,701)	(3,255)
(Loss) / Income before tax	**(7,469)**	**3,927**

Note 7

Net Revenue

Amounts in US$ '000	2009	2008
Sale of crude oil	22,064	8,901
Sale of gas	22,783	29,475
	44,847	**38,376**

Note 8

Production costs

Amounts in US$ '000	2009	2008
Depreciation	14,682	7,108
Gas plant costs	2,901	2,424
Royalties	2,126	2,173
Staff costs (Note 10)	2,098	2,393
Facilities maintenance	1,503	803
Transportation costs	1,144	372
Well maintenance	1,115	590
Consumables	888	431
Pulling costs	602	421
Vehicle rental and personnel transportation	503	484
Insurance costs	375	469
Landowners	253	364
Other costs	1,392	1,109
	29,582	**19,141**

Note 9

Depreciation

Amounts in US$ '000	2009	2008
Oil and gas properties	11,210	4,579
Production facilities and machinery	3,444	2,486
Furniture, equipment and vehicles	151	241
Buildings and improvements	117	134
Depreciation, property plant and equipment	**14,922**	**7,440**
Recognised as follows:		
Production costs	14,682	7,108
Administrative expenses	240	277
Exploration costs	-	55
Depreciation total	**14,922**	**7,440**

Note 10

Staff costs

	2009	2008
Average number of employees	165	161
Amounts in US$ '000		
Wages and salaries	5,514	4,876
Shared-based payment	1,162	1,479
Social security charges	948	666
	7,624	**7,021**

	2009	2008
Board of Directors' and key managers' remuneration		
Salaries and fees	2,127	1,826
Other benefits	83	98
	2,210	**1,924**

Note 11

Exploration costs

Amounts in US$ '000	2009	2008
Staff costs (Note 10)	1,660	1,667
Write-off of unsuccessful efforts (a)	4,345	273
Other services	709	1,355
Relinquishment of Del Mosquito Block (b)	-	1,149
	6,714	**4,444**

(a) Corresponds to the write-off of exploration and evaluations assets in Chile amounting to US$ 4,345,000. During 2009 there have not been any unsuccessful exploratory wells. The impairment charge corresponds to previous years' exploration activities which required additional appraisal and development work to determine whether commercial reserves existed. During 2009, and based on new information, it was decided that the additional work would not be carried out and therefore the related costs have been written-off.

(b) In Argentina, on 30 December 2008 the Group relinquished 38.43% of the Del Mosquito Block back to the government in accordance with the terms of the Del Mosquito license, effectively from 1 January 2009. This area includes 135 square kilometres of seismic surveys which represents 33.75% of the total seismic surveys (400 square kilometres).

Note 12

Administrative costs

Amounts in US$ '000	2009	2008
Staff costs (Note 10)	2,704	1,482
Consultant fees	1,470	1,165
Share-based payments (Note 29)	1,162	1,479
Office expenses	646	482
Travel expenses	506	433
Communication and IT costs	317	197
Depreciation	234	277
Other administrative expenses	1,411	1,473
	8,450	**6,988**

Note 13

Other operating costs

Amounts in US$ '000	2009	2008
Costs not allocated to capitalised projects	1,186	-
Impairment loss	1,490	-
Other (income) / expense	(152)	170
	2,524	**170**

Note 14

Financial income

Amounts in US$ '000	2009	2008
Exchange difference	49	281
Interest received	15	392
	64	**673**

Note 15

Financial expenses

Amounts in US$ '000	2009	2008
Bank charges and other financial costs	277	512
Tax credits: discount to present value	429	-
Exchange difference	1,793	1,654
Unwinding of long-term liabilities	165	(447)
Interest and amortisation of debt issue costs	1,323	2,209
Less: amounts capitalised on qualifying assets	(222)	-
	3,765	**3,928**

Note 16

Income Tax

Amounts in US$ '000	2009	2008
Current tax	-	-
Deferred tax	(520)	(276)
	(520)	**(276)**

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

Amounts in US$ '000	2009	2008
(Loss) / Profit before tax	(7,469)	3,927
Tax losses from non taxable jurisdictions	6,443	4,503
Taxable (loss) / profit	**(1,026)**	**8,430**
Income tax calculated at statutory tax rate	(1,277)	301
Tax losses where no deferred income tax is recognised	1,954	1,686
Expenses not deductible for tax purposes	10	158
Difference between functional currency and tax currency	(167)	(1,862)
Non taxable profit	-	(7)
Income tax	**520**	**276**

GeoPark Holdings Limited is not subject to taxation. Income tax rates in those countries where the Group operates ranges from 15% to 35%.

The Group has significant tax losses available which can be utilised against future taxable profit in those countries as set out below:

Amounts in US$ '000	2009	2008
Argentina	13,370	13,144
Total tax losses at 31 December	**13,370**	**13,144**

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

Expiring dates for tax losses accumulated at 31 December 2009 are:

Expiring date	Amounts in US$ '000
2010	680
2011	1,713
2012	5,988
2013	3,563
2014	1,426

Note 17

Deferred income tax

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

Amounts in US$ '000	2009	2008
Deferred tax at 1 January	(261)	15
Exchange differences	(3)	-
Income statement charge	(520)	(276)
Deferred tax at 31 December	**(784)**	**(261)**
Deferred tax asset (liability) relates to:		
Taxable losses (*)	3,149	3,669
Property, plant and equipment	(3,933)	(4,091)
Other temporary differences	-	161
	(784)	**(261)**

The breakdown and movement of deferred tax assets and liabilities as of 31 December 2009 and 2008 are as follows:

Amounts in US$ '000	At the beginning of year	(Charged)/ credited to net profit/loss	Exchange differences	At end of year
Deferred tax assets				
Difference in depreciation rates	-	(62)	-	(62)
Taxable losses (*)	-	352	-	352
Other	15	-	(3)	12
Total 2009	**15**	**290**	**(3)**	**302**
Total 2008	**15**	**-**	**-**	**15**
Deferred tax liabilities				
Difference in depreciation rates	(3,353)	(5,155)	-	(8,508)
Taxable losses (*)	2,955	4,303	-	7,258
Other	122	42	-	164
Total 2009	**(276)**	**(810)**	**-**	**(1,086)**
Total 2008	**-**	**(276)**	**-**	**(276)**

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

Note 18

(Loss) / Earnings per share

Amounts in US$ '000	2009	2008
Numerator:		
(Loss) / Profit for the year	(7,989)	3,651
Denominator:		
Weighted average number of shares used in basic EPS	36,998,702	32,984,875
(Loss) / Earnings after tax per share (US$) - basic	**(0.22)**	**0.11**

Amounts in US$ '000	2009	2008
Weighted average number of shares used in basic EPS	36,998,702	32,984,875
Effect of dilutive potential common shares		
Stock award to employees at US$ 0.001	-	-
Stock option at £ 4.00	-	-
Executive Directors stock option at £ 3.20	-	48,425
Non-Executive Directors fees	-	10,938
Stock awards to Non-Executive Directors	-	10,397
Weighted average number of common shares for the purposes of diluted earnings per shares	36,998,702	33,054,635
(Loss) / Earnings after tax per share (US$) - diluted	**(0.22)**	**0.11**

Note 19

Property, plant and equipment

Amounts in US$ '000	Oil & gas properties	Furniture, equipment and vehicles	Production facilities and machinery	Buildings and improvements	Construction in progress	Exploration and evaluation assets	Total
Cost at 1 January 2008	**15,498**	**825**	**17,354**	**1,434**	**433**	**23,833**	**59,377**
Exchange rate adjustment	(454)	(37)	(132)	(23)	(14)	(338)	(998)
Additions	5,240	162	3,029	3	9,736	40,690	58,860
Disposals	-	-	-	-	(66)	(1,149)	(1,215)
Transfers	25,768	-	6,525	208	(6,900)	(25,601)	-
Write-off / Impairment	-	-	-	-	-	(273)	(273)
Cost at 31 December 2008	**46,052**	**950**	**26,776**	**1,622**	**3,189**	**37,162**	**115,751**
Exchange rate adjustment	(623)	(43)	(122)	(21)	(9)	(327)	(1,145)
Additions	-	82	313	132	8,412	31,027	39,966
Disposals	(740)	-	-	-	-	-	(740)
Write-off / Impairment	(1,490)	-	-	-	-	(4,345)	(5,835)
Transfers	39,707	-	3,003	70	(337)	(42,443)	-
Cost at 31 December 2009	**82,906**	**989**	**29,970**	**1,803**	**11,255**	**21,074**	**147,997**
Depreciation and write-down at 1 January 2008	**(2,088)**	**(351)**	**(1,245)**	**(153)**	**-**	**-**	**(3,837)**
Depreciation	(4,579)	(241)	(2,486)	(134)	-	-	(7,440)
Exchange rate adjustment	251	26	38	13	-	-	328
Depreciation and write-down at 31 December 2008	**(6,416)**	**(566)**	**(3,693)**	**(274)**	**-**	**-**	**(10,949)**
Depreciation	(11,210)	(151)	(3,444)	(117)	-	-	(14,922)
Disposals	5	-	-	-	-	-	5
Exchange rate adjustment	239	27	38	12	-	-	316
Depreciation and write-down at 31 December 2009	**(17,382)**	**(690)**	**(7,099)**	**(379)**	**-**	**-**	**(25,550)**
Carrying amount at 31 December 2008	**39,636**	**384**	**23,083**	**1,348**	**3,189**	**37,162**	**104,802**
Carrying amount at 31 December 2009	**65,524**	**299**	**22,871**	**1,424**	**11,255**	**21,074**	**122,447**

As of 31 December 2009, the Company has pledged, as security for a mortgage obtained for the acquisition of the operating base in Chile, assets amounting to US$ 653,000 (US$ 520,000 in 2008). See Note 26.

Note 20

Subsidiary undertakings

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

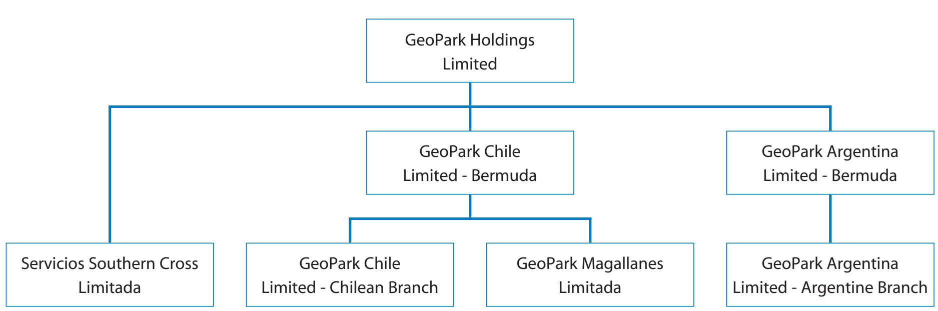
	Name and registered office	Ownership interest
Subsidiaries		
	GeoPark Argentina Ltd. - Bermuda	100%
	GeoPark Argentina Ltd. - Argentine Branch	100% (*)
	GeoPark Chile Ltd. - Bermuda	100%
	GeoPark Chile Ltd. - Chilean Branch	100% (*)
	Servicios Southern Cross Limitada (Chile)	100%
	GeoPark Magallanes Limitada (Chile)	100% (*)
Jointly controlled assets		
	Tranquilo Block (Chile)	30%
	Otway Block (Chile)	42%

(*) Indirectly owned.

In August 2008, GeoPark Holdings Limited established a new company located in Chile named GeoPark Magallanes Limitada and which started its operations in September 2008.

Also in Chile, during 2008, the Group acquired a 30% interest in the Tranquilo Block (with Pluspetrol, IPR and Manas) and was awarded, following with Chilean bidding round, a 42% interest in the Otway Block (with Wintershall and Methanex). Both consortia have requested GeoPark to be the Operator. GeoPark Magallanes Limitada will hold the Group's interests in the Tranquilo and Otway Blocks. See Note 30.

The following chart illustrates the Group's structure:



Note 21

Prepaid taxes

Amounts in US$ '000	2009	2008
VAT	3,152	5,651
Other prepaid taxes	481	500
Total prepaid taxes	**3,633**	**6,151**
Classified as follows:		
Current	668	2,688
Non-current	2,965	3,463
Total prepaid taxes	**3,633**	**6,151**

Note 22

Inventories

Amounts in US$ '000	2009	2008
Crude oil	1,462	464
Materials and spares	796	707
	2,258	**1,171**

Note 23

Trade receivables and Prepayments and other receivables

Amounts in US$ '000	2009	2008
Trade accounts receivable	5,908	8,434
To be recovered from co-venturers	731	312
Prepayments and other receivables	1,032	1,071
	7,671	**9,817**

Trade receivables that are aged by less than three months are not considered impaired. As of 31 December 2009, trade receivables of US$ 32,479 (US$ 145,000 in 2008) were aged by more than 3 months, but not impaired.

These relate to customers for whom there is no recent history of default. There are no balances due between 31 days and 90 days as of 31 December 2009 and 2008.

Movements on the Group provision for impairment are as follows:

Amounts in US$ '000	2009	2008
At 1 January	34	-
Provision for receivables impairment	-	34
Currency translation	(1)	-
	33	**34**

The costs providing for impaired receivables have been included in 'Selling expenses' in the income statement.

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

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

Note 24

Financial instruments by category

	Loans and receivables		Total	
Amounts in US$ '000	2009	2008	2009	2008
Assets as per statement of financial position				
Trade receivables	5,908	8,434	5,908	8,434
Other financial assets (*)	2,214	2,141	2,214	2,141
Cash and cash equivalents	23,760	5,710	23,760	5,710
	31,882	**16,285**	**31,882**	**16,285**

	Other financial liabilities		Total	
Amounts in US$ '000	2009	2008	2009	2008
Liabilities as per statement of financial position				
Trade and other payable	12,923	11,269	12,923	11,269
Borrowings	60,410	53,680	60,410	53,680
Other liabilities	-	1,492	-	1,492
	73,333	**66,441**	**73,333**	**66,441**

(*) Non-current investments relate solely to the cash collateral account required under the terms of the borrowing obtained from the IFC. This investment accrues interests and will be recovered once the borrowing is fully paid.

Credit quality of financial assets

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

Amounts in US$ '000	2009	2008
Trade receivables		
Counterparties with external credit rating (Moody's)		
A3	2,593	690
Ba1	3,168	7,498
Baa1	114	94
Counterparties without external credit rating		
Group1 (*)	33	152
Group2 (*)	-	-
Total trade receivables	**5,908**	**8,434**

(*) Group 1 - new customers (less than 6 months).
Group 2 - existing customers (more than 6 months) with no defaults in the past.

All trade receivables are denominated in US dollars.

Cash at bank and investments [1]		
Counterparties with external credit rating (Moody's)		
AAA	**25,971**	**7,848**

(1) The rest of the balance sheet item 'cash and cash equivalents' is cash on hand amounting to US$ 3,000.

Financial liabilities - contractual undiscounted cash flows

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

Amounts in US$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2009				
Borrowings	10,553	11,027	35,827	9,587
Trade payables	12,923	-	-	-
	23,476	**11,027**	**35,827**	**9,587**
At 31 December 2008				
Borrowings	13,403	16,818	26,472	167
Trade payables	11,269	-	-	-
Other liabilities	1,492	-	-	-
	26,164	**16,818**	**26,472**	**167**

Note 25
Share capital

Issued share capital	2009	2008
Common stock (amounts in US$ '000)	**42**	**34**
The share capital is distributed as follows:		
Common shares, of nominal US$ 0.001	41,666,307	34,399,186
Total common shares in issue	**41,666,307**	**34,399,186**

Authorised share capital		
US$ per share	0.001	0.001

Number of common shares (US$ 0.001 each)	5,171,969,000	5,171,969,000
Amount in US$	5,171,949	5,171,949

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

Common shares

As of 31 December 2009 the outstanding common shares confer the following rights on the holder:

- the right to one vote per share;
- ranking pari passu, the right to any dividend declared and payable on common shares provided that no dividends shall be declared or paid on common shares;

GeoPark common shares history	Date	Shares issued (millions)	Shares closing (millions)	US$('000) Closing
Shares outstanding at the end of 2007			**30.7**	**31**
Issue of shares to Non-Executive Directors	2008	0.03	30.7	31
Placing	May 2008	3.08	33.8	34
Share awards to officers, employees and consultants	July 2008	0.60	34.4	34
Shares outstanding at the end of 2008			**34.4**	**34**
Issue of shares to Non-Executive Directors	2009	0.05	34.5	35
Placing	May 2009	3.44	37.9	38
Placing	Nov 2009	3.78	41.7	42
Shares outstanding at the end of 2009			**41.7**	**42**

On 29 May 2009, the Company issued 3,437,000 ordinary shares representing 10% of the issued share capital of the Company at that time. Each share has been placed at a price of 225 pence per share, generating a share premium of US$ 11,796,438.

On 18 November 2009, the Company issued 3,784,000 ordinary shares representing an additional 10% of the issued share capital of the Company at that time. Each share has been placed at a price of 323 pence per share, generating a share premium of US$ 20,490,045.

The shares of the two above mentioned placings were placed by UK and Chilean institutional investors, the International Finance Corporation ("IFC") of the World Bank, certain Directors of the Company and a new strategic investor, Cartica Management LLC of Washington DC, an emerging market private equity specialist fund.

The proceeds of these placings will allow to increase the exploration and development investments on the Fell, Otway and Tranquilo blocks in Chile in order to increase oil and gas reserves, production and revenue and fund the Company's acquisition program.

On 9 May 2008, the Company issued 3,080,000 ordinary shares. Each share has been placed at a price of 394 pence per share, generating a share premium of US$ 23,612,067.

Included in the placing were a new strategic block of Chilean investors and pension funds, the IFC, and certain London institutional investors. The Placing was limited to 10% of the current issued share capital of the Company.

The gross proceeds of the Placing has been used principally to fund the acquisition and work program for the Company's farm-in on the new Tranquilo block in Chile and to accelerate the investment program on the Company's Fell Block in Chile.

In accordance with the requirements of IAS 32, the costs associated with the issuance of these shares of US$ 606,393 (US$ 940,404 in 2008) have been deducted from equity.

During 2009, the Company issued 46,121 (28,984 in 2008) shares to Non-Executive Directors in accordance with contracts as compensation. Shares are issued at average price for the period, generating a share premium of US$ 268,000 (US$ 189,000 in 2008).

Other Reserve

As stated above, the Company has issued 46,121 shares regarding Non-Executive Directors fees paid in shares. Additionally, 5,333 shares have been granted to Non-Executive Directors and have not been issued as of 31 December 2009 resulting in an amount of US$ 31,000 being included within Other reserve. The 23,530 shares granted in 2008 have been issued during 2009 resulting in a decrease of US$ 150,000 of Other reserve.

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

Note 26
Borrowings

Amounts in US$ '000	2009	2008
Outstanding amounts as of 31 December		
International Finance Corporation (a)	13,901	16,245
Methanex Corporation (b)	45,935	36,898
Banco de Crédito e Inversiones (c)	574	537
	60,410	**53,680**
Classified as follows:		
Non-current	52,174	42,253
Current	8,236	11,427

(a) On 12 December 2006, the Group entered into a loan agreement for an amount of US$ 20,000,000 with the International Finance Corporation ("IFC"), the private sector arm of the World Bank Group, to partially finance the 2007 Group investment program. The IFC is also a shareholder in the Group.

In November 2009, the Company successfully agreed with IFC to reschedule the outstanding amount of US$ 14,000,000. The rescheduling extends the maturity until 2016 and includes an eighteen month repayment grace period and a reduced repayment schedule thereafter. The current interest rate applicable to the outstanding loan is LIBOR + 5.5% (LIBOR + 3% before the rescheduling).

In relation to the IFC loan, the Company has pledged the shares of GeoPark Argentina Ltd. and GeoPark Chile Ltd. as collected security. Under the IFC facility the Group has committed to comply with some financial covenants. Failure to comply with those covenants may result in total or partial acceleration of any outstanding under the loan agreement.

(b) In 2007, the Group, through its subsidiary GeoPark Chile Limited, entered into an agreement with Methanex Corporation (the worlds largest methanol producer), for a US$ 40,000,000 financing facility for development and investing activities on the Fell Block.

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

On 16 October 2009 GeoPark Chile Limited entered into a new financing agreement with Methanex Corporation for a further US$ 15,000,000 financing facility.

The new financing was also structured as a gas pre sale agreement with a five year pay-back period. The repayment will made in fixed installments starting in September 2010. The applicable interest rate until 31 August 2012 will be LIBOR + 4%. From that date onwards, the spread will vary from 4% up to 10% depending on the amount of gas that GeoPark Chile Limited will deliver to Methanex Corporation.

In addition on 30 October 2009 a new financing agreement was signed with Methanex Corporation. Methanex shall fund GeoPark's portions of cash calls for the Otway Joint Venture up to US$ 3.3 million until 31 January 2011 (or earlier). Loan shall be repaid by the Group funding Methanex's portion of cash calls made between 31 January 2011 (or final funding date) and 10 May 2012 (or earlier). If any amount of loan remains outstanding on 10 May 2012, it will be repaid in a lump sum on that date. The purpose is to finance the exploration, development and production of natural gas from the Otway Block. This financing does not bear interest.

(c) Additionally, GeoPark Chile Limited acquired a facility to establish its operational base in the Fell Block. This facility was acquired through a mortgage loan granted by the Banco de Crédito e Inversiones (BCI), a Chilean private bank (note 19). The loan was granted in Chilean pesos and is repayable over a period of 8 years. The interest rate applicable to this loan is 6.6%.

Additionally, the Group has been granted with credit lines for US$ 3,000,000 which have not been used as of 31 December 2009.

The fair value of these financial instruments at 31 December 2009 amounts to US$ 58,115,000 (US$ 45,258,000 in 2008).

Note 27
Provisions for other long-term liabilities

Amounts in US$ '000	Assets retirement obligation
At 1 January 2008	**1,264**
Additional provisions	718
Unwinding of discount	(434)
At 31 December 2008	**1,548**
Revision to provision	(691)
Currency translation	(1)
Unwinding of discount	165
At 31 December 2009	**1,021**

The provision for decommissioning relates to the estimation of future disbursements related to the abandonment and decommissioning of oil and gas wells. This provision will be utilised when the related wells are fully depleted.

Note 28

Trade and other payable

Amounts in US$ '000	2009	2008
Trade payables	**12,923**	**11,269**

The average credit period (expressed as creditor days) during the year ended 31 December 2009 was 63 days (2008: 52 days).

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

Note 29

Share based payments

IPO Award Program and Executive Stock Option plan

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

The costs for these Programs are expensed in the Administrative costs line, included in the Statement of Income. Details of these costs are described in the following table and explanations:

Amounts in US$ '000	2009	2008
Stock awards 2008 (a)	1,162	-
Stock awards 2006 (b)	-	687
Stock option plan (c)	-	792
	1,162	**1,479**

(a) 2008 Performance-based Employee Long-Term Incentive Program
During 2008 the Group Shareholders have voted to authorise the Board to use up to 12% of the issued share capital of the Company at the relevant time for the purposes of the Performance-based Employee Long-Term Incentive Plan.

The Board of Directors on 3 November 2008 approved a Stock Award Program for employees with the following characteristics:

- Grant date: 15 December 2008.
- All employees are eligible.
- Vesting period of 4 years.

Specific Award amounts have been reviewed and approved by the Executive Directors and the Remuneration Committee of the Board of Directors for a total of 1,000,000.

(b) Corresponds to 613,380 IPO Awards that were granted to all of the Group's employees and certain consultants at the IPO date (May 2006). The Awards vested on 15 May 2008, the second anniversary of admission to IPO. On 3 July 2008, the Company issued 602,000 shares for nominal value of 0.001 each, corresponding to the total IPO awards vested which are held in a Beneficiary Trust. There are 11,380 awards that did not vest and were cancelled since they corresponded to employees that had left the Group before vesting date.

During 2009, 35,000 (85,000 in 2008) of these shares were sold by the employees at a weighted average price of 2.85 (4.1675 in 2008) pounds per share. The shares held in the employee Beneficiary Trust rank pari passu with the Company's ordinary shares.

(c) On admission to AIM the Company granted:
i) 605,000 stock options to the senior management and some eligible employees. The exercise price of these stock options is £ 4.00 (125 per cent of placing price). The vesting date of these stock options was 15 May 2008 and they expire in five years from that date, on 15 May 2013. The stock options give no voting rights to the holders until they are exercised and converted into common shares when they will rank pari passu with all existing common shares. None of these options has been exercised.

ii) to the Executive Directors 306,690 stock options at an exercise price of £ 3.20 and 613,380 at an exercise price of £ 4.00. The vesting conditions of these options are equal to those described in i). None of these options has been exercised during 2009.

During 2009 none of the abovementioned options have been exercised, forfeited or elapsed.

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

Other share based payments

As it is mentioned in note 25, the Company granted 27,924 (14,044 in 2008) shares at average price for each three months period for services rendered by the Non-Executive Directors of the Company. Fees paid in shares were directly expensed in the administrative expenses line in the amount of US$ 149,071 (US$104,405 in 2008).

Note 30

Interests in Joint Ventures

The Group has interests in two joint ventures, which are involved in the exploration of hydrocarbons in Chile (Note 20).

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

Joint venture	Tranquilo Block		Otway Block	
Subsidiary	GeoPark Magallanes Ltda.		GeoPark Magallanes Ltda.	
Interest	30%		42%	
	2009	**2008**	**2009**	**2008**
Assets				
PP&E / E&E	232	17	105	4
Other assets	344	-	169	-
Total Assets	**576**	**17**	**274**	**4**
Liabilities				
Current liabilities	(101)	(113)	(178)	(37)
Total Liabilities	**(101)**	**(113)**	**(178)**	**(37)**
Net Assets / (Liabilities)	**475**	**(96)**	**96**	**(33)**
Sales	-	-	-	-
Net loss	**371**	**96**	**341**	**33**

Capital commitments related to the Tranquilo and Otway Blocks are disclosed in Note 31 (b).

Note 31
Commitments

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

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

In Chile, royalties are payable to the Chilean Government, which is calculated at 5 per cent of crude oil production and 3 per cent of gas production. Additionally, GeoPark Chile Ltd - Chilean Branch - is committed to pay private royalties, calculated at 3 per cent on oil and gas revenues up to a total amount of US$ 3,250,000.

(b) Capital commitments
The Group has committed to drill one exploratory well in Del Mosquito Block during 2010 and 2011. The Group estimates a cost of US$ 1,800,000 to fulfil the commitment that has been undertaken as a compensation of the obligation of a cash payment for the exploratory annual concession fee payable in Argentina in respect of the Del Mosquito concession. This annual concession fee is levied by the Province authorities and gives the right to maintain the concession.

The Tranquilo Block Consortium has committed to drill six exploratory wells, to perform 2D and 3D seismic during 2009, 2010 and 2011. The joint venture estimates a cost of US$ 14,360,000 for these works.

The Otway Block Consortium has committed to drill two exploratory wells and to perform 3D seismic during 2009, 2010 and 2011. The joint venture estimates a cost of US$ 10,550,000 for these works.

(c) Operating lease commitments - Group company as lessee
The Group leases various plant and machinery under non-cancellable operating lease agreements.

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

A total amount of US$ 11,225,000 (US$ 12,271,000 in 2008) was charged to the income statement during 2009 related to operating leases.

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

Amounts in US$ '000	2009	2008
Operating lease commitments		
Falling due within 1 year	11,066	13,322
Falling due within 1 - 5 years	11,113	14,005
Falling due after 5 years	-	1,200
Total minimum lease payments	**22,179**	**28,527**

Note 32
Related parties

Controlling interest

The main shareholders of GeoPark Holdings Limited, a company registered in Bermuda, as of 31 December 2009, are:
a) 19.61 per cent of share capital, by Gerald O'Shaughnessy (founder).
b) 16.76 per cent of share capital, by Energy Holdings, LLC controlled by James F. Park (founder).
c) 10.43 per cent of share capital, by SCHRODER Investment Management.
d) 8.30 per cent of share capital, by IFC (International Finance Corporation).
e) 7.6 per cent of share capital, by Cartica Corporate Governance Fund, L.P.
f) 4.57 per cent of share capital, by MONEDA A.F.I.
g) 3.76 per cent of share capital, by PERSHING Keen, New Jersey (ND)

Balances outstanding and transactions with related parties

(Amounts in ´000) Account	Transaction	Balances	Related party	Relationship
2009				
To be recovered from co-ventures	-	731	Joint Ventures	Joint Ventures
Borrowings	1,086	(13,901)	IFC	Share-holders
Administrative expense	6		Lario Enterprises	(*)
Production costs	20		Peter Ryalls	Non Executive Director (**)
2008				
To be recovered from co-ventures		312	Joint Ventures	Joint Ventures
Borrowings	1,993	(16,245)	IFC	Share-holders
Administrative expense	36	-	Lario Enterprises	(*)
Production costs	123	-	Peter Ryalls	Non Executive Director (**)

(*) The Company paid US$ 6,000 during 2009 and US$ 36,000 during 2008 for services provided by Lario Enterprises LLC. Gerald O'Shaughnessy is a shareholder and director of GeoPark Holdings Limited, and is the beneficial owner of Lario Enterprises LLC through trusts.
(**) Corresponding to operating consultancy.

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

Note 33
Fees paid to Auditors

Amounts in US$ '000	2009	2008
Fees payable to the Group's auditors for the audit of the consolidated financial statements	105	85
Fees payable to the Group's auditors for the review of interim financial results	28	22
Fees payable for the audit of the Group's subsidiaries pursuant to legislation	71	57
Fees paid to auditors	204	164

Note 34
Subsequent Events

New Partnership structure for Otway and Tranquilo Blocks in Chile
On 29 January 2010, Pluspetrol completed its acquisition of a 20% interest in the Otway Block following government approval. Current working interests are: GeoPark 33.6%, Pluspetrol 20%, Wintershall 33.6% and Methanex 12.8%. The consortia have elected GeoPark to be the Operator.

On 1 February 2010, GeoPark submitted a request for Chilean government approval, to restructure and strengthen the participating interests of the Otway and Tranquilo Blocks in southern Chile.

Subject to approval of the Ministry of Energy in Chile, the new members of the Otway and Tranquilo Blocks shall be Pluspetrol Chile S.A. (Pluspetrol), Wintershall Chile Limitada (Wintershall), International Finance Corporation, a member of the World Bank Group (IFC), Methanex Chile S.A. (Methanex) and GeoPark Magallanes Limitada (GeoPark).

The objective of the restructuring was to create a stronger consortia with similar long-term objectives in the region. The working interest of each partner shall be the same in each Block (as detailed in the chart below) and GeoPark shall be the Operator of both Blocks. IPR Chile Tranquilo Limitada and Manas Energía Chile Limitada have agreed to assign their working interests in the Tranquilo Block to the new consortium.

	Otway Block		Tranquilo Block	
	Existing working interest	New agreed (1) working interest	Existing working interest	New agreed (1) working interest
GeoPark (2)	33.6%	25.0%	30.0%	25.0%
Pluspetrol	20.0%	25.0%	30.0%	25.0%
Wintershall	33.6%	25.0%	-	25.0%
Methanex	12.8%	12.5%	-	12.5%
IFC	-	12.5%	-	12.5%
IPR	-	-	20.0%	-
Manas	-	-	20.0%	-

(1) Subject to Chilean Ministry of Energy approval
(2) Operator

Board of Directors

Gerald E. O'Shaughnessy | Executive Chairman

Mr. O'Shaughnessy graduated from the University of Notre Dame with degrees in government and law, and thereafter practiced law until joining Lario Oil and Gas (his family company and one of the oldest independent oil and gas companies in the USA) as Senior Vice President. From 1986 to date, Mr. O'Shaughnessy has focused on private venture capital investment activities, including international oil and gas exploration and development through the Globe Resources Group. In 1992, Mr. O'Shaughnessy acquired a geophysical service company which co-founded the first energy sector joint venture in Russia during perestroika and from 1992 to 1995 he initiated and managed the largest well servicing and rehabilitation project in Western Siberia, involving sophisticated logistical operations and the rehabilitation of 700 wells (increasing production from 0 to 100,000 bpd). Mr. O'Shaughnessy's participation in this project made him the first western partner of OAO Lukoil, and he subsequently entered into other partnerships with OAO Lukoil including building and managing one of the world's largest oilfield pump repair facilities. Mr. O'Shaughnessy co-founded GeoPark in 2002.

Sir Michael Romilly Heald Jenkins | Non-Executive Director

After graduating from Cambridge University in 1959, Sir Michael joined the British Diplomatic Service and served in several European capitals, including ten years in the European Commission in Brussels with terms as Chef de Cabinet to the Commissioner for Regional Policy, Principal Adviser to the EC President Roy Jenkins and Deputy Secretary-General of the Commission. Sir Michael was Assistant Under-Secretary of State at the Foreign & Commonwealth Office responsible for European affairs and East/West relations before becoming Minister and deputy head of mission at the British Embassy in Washington D.C from 1986 to 1988. From 1988 to 1992, he was British Ambassador to The Netherlands. Sir Michael joined the board of investment bank Kleinwort Benson in 1993 as an Executive director and became Vice-Chairman of Dresdner Kleinwort Wasserstein in 1996 with particular focus on the investment bank's continental European activities. Sir Michael was a Non-Executive director of the Dutch insurance group AEGON from 1995 to 2001; Chairman of the British Group of the Trilateral Commission from 1996 to 1998; and President of Boeing UK from 2003 to 2005. Sir Michael joined GeoPark in April 2006.

Peter Ryalls | Non-Executive Director

Mr. Ryalls, who joined GeoPark in April 2006, obtained a Master's Degree in Petroleum Engineering from Imperial College in London and began working in the oil industry in 1972 with oil service company Schlumberger in Angola, Gabon and Nigeria. Mr. Ryalls then joined Mobil North Sea and later Unocal where he worked in increasingly senior positions, including Managing Director in Aberdeen, and where he developed extensive experience in offshore production and drilling operations in the North Sea and internationally. In 1994, Mr. Ryalls represented Unocal in the Azerbaijan International Operating Company (AIOC) as Vice President of Operations based in Baku and was responsible for production, drilling, reservoir engineering and logistics. In 1998, Mr. Ryalls moved to Buenos Aires, Argentina as General Manager for Unocal in Argentina. He subsequently moved to Louisiana as Vice President of Unocal's onshore Gulf of Mexico oil and gas business and then Vice President Global Engineering & Construction of Unocal, responsible for the implementation of all major capital projects ranging from deepwater developments in Indonesia and the Gulf of Mexico to conventional oil and gas projects in Thailand. Mr. Ryalls strengths are in risk management across the project development cycle with a strong focus on health, safety and environment.

Christian Maurice Weyer | Non-Executive Director

Christian Weyer is an international banker and financier with over 50 years of experience. Mr. Weyer began his banking career with Chase Manhattan Bank as a senior credit officer in Paris and Geneva and subsequently worked as an executive at Banque Paribas until becoming President of Banque Paribas (Suisse) in 1984-5. During his career, Mr. Weyer has been credited with innovating new forms of trade finance and lines of credit as one of the leaders of the Geneva banking industry. Mr. Weyer also was instrumental in the growth of several large oil trading firms; as well as supporting the development of oil and gas exploration companies. From 1988 to 1992, Mr. Weyer was special adviser to Banque Indosuez for energy matters. Since 1992, he has been President of ENERFIN in Geneva, Switzerland, an advisory firm providing investment banking services to junior oil and gas companies. Mr. Weyer joined GeoPark in 2002 as an advisory board member and in 2003 as a Director. In April 2006, he was appointed as a Non-Executive Director.

Juan Cristóbal Pavez | Non-Executive Director

Mr. Pavez graduated from the Universidad Católica de Chile (Catholic University of Chile) in 1992 with a degree in Commercial Engineering, and immediately joined Grupo CB (CB Group) as a research analyst. Thereafter, he obtained a master's degree in Business Administration from the Massachusetts Institute of Technology. He was then portfolio analyst at Moneda Asset Management until 1998, when he joined Santana, an investment company, as CEO. At Santana he focused mainly on investments in capital markets and real estate. While at Santana, he was appointed CEO of Laboratorios Andrómaco (Andrómaco Laboratories), one of Santana's principal assets. In 1999, Mr. Pavez co-founded Eventures, an internet company with subsidiaries in Argentina and Brazil. Since 2001 he has been CEO at Centinela, a company with diversified global investments, with a special focus in the energy industry, through the development of wind parks and run-of-the-river hydropower plants. Mr. Pavez is also a board member of Grupo Security, Vida Security, Quintec, Inversiones Frimetal, Trayenko and Norvind.

James F. Park | Chief Executive Officer and Deputy Chairman

Mr. Park has extensive experience in all phases of the upstream oil and gas business - with a strong background in the acquisition, implementation and management of international joint ventures, including assignments in North America, Latin America, Asia, Europe and the Middle East. He graduated from the University of California at Berkeley with a degree in geophysics, following which he worked as a research scientist in earthquake and tectonic studies. In 1978, Mr. Park joined an oil and gas exploration project in Guatemala (Basic Resources International Limited) which pioneered the development of commercial oil and gas production in Central America and, as a senior Executive, was closely involved in the development of the Company (including grass-roots exploration activities, drilling and production operations, surface and pipeline construction, legal and regulatory issues, crude oil marketing and transportation, and raising substantial investment funds). He remained as a member of the board of Directors until the company was successfully sold in 1997. Mr. Park has also participated in projects in California, Louisiana, Argentina, Yemen, and China. Mr. Park has lived in Argentina and Chile since co-founding GeoPark in 2002.

DIRECTORS, SECRETARY & ADVISORS

Directors	Gerald Eugene O'Shaughnessy (Executive Chairman) James Franklin Park (Chief Executive Officer and Deputy Chairman) Sir Michael Romily Heald Jenkins (Non-Executive Director) Peter Ryalls (Non-Executive Director) Christian Maurice Weyer (Non-Executive Director) Juan Cristóbal Pavez (Non-Executive Director)
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Solicitors to the Company as to Chilean Law	Aylwin Abogados Avenida Isidora Goyenechea 3162 Of. 801 Las Condes, Santiago Chile
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