ANNUAL REPORT 2010

EXECUTION RISK MANAGEMENT CREATING OPPORTUNITIES COMMITMENT

GEOPARK

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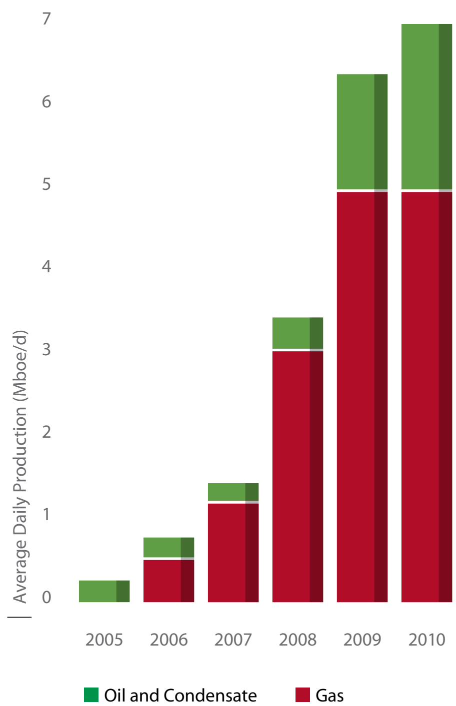
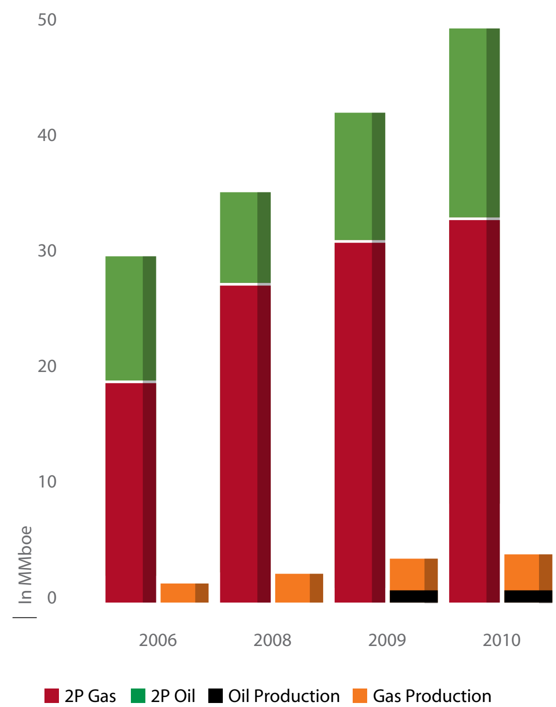
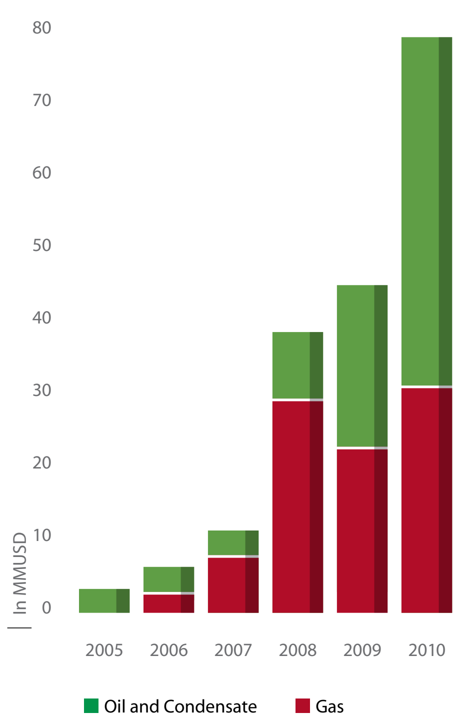


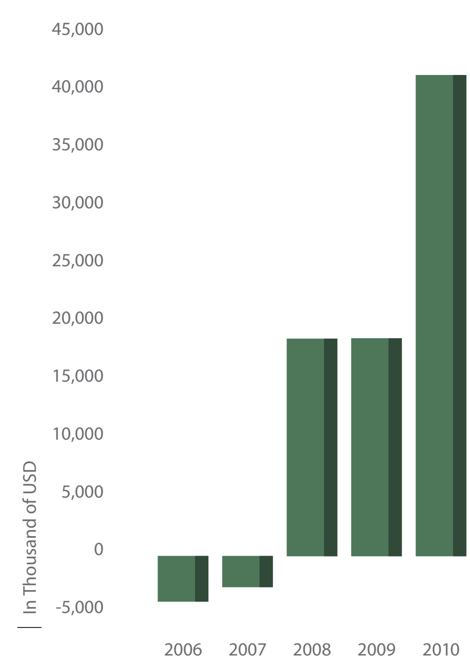
Oil and Gas Reserves



Total Revenues



EBITDA



Dear Shareholders,

GeoPark's bold founding objective was to build the leading Latin American oil and gas finder and operator. We saw Latin America as an area of attractive hydrocarbon potential with immense opportunity for a technically-focused and agile independent company. Although we are still only at an early stage of development, we believe our results in 2010 – within a consistent trend of growth since our founding – position us closer to the achievement of what is still our ambitious goal.

2010 Results

Bottom line, GeoPark improved in all key performance measurements in 2010:

- **Operationally,** oil and gas production increased by 10% (with a 59% increase in oil production) and 2P oil and gas reserves grew 29%.
- **Financially,** revenues grew 77%, Adjusted EBITDA increased by 132% and a US$ 4.2million net profit was achieved.
- **Strategically,** the Company entered into a partnership with LG International (LGI), the Korean conglomerate, to acquire new projects throughout Latin America and raised US$ 133 million through a bond placement in Chile (substantially over-subscribed) to fund new project acquisitions.
- **Organizationally,** new experienced professionals joined the Company to bring further strength and structure to our technical and management capabilities.

In response to these achievements, our market value more than doubled – with GeoPark now rated among the top 15 international oil and gas firms listed on the LSE:AIM exchange.

Growth on the ground during 2010 was led by the drill bit. Twelve successful wells were recorded out of a total of fifteen wells drilled – representing a balance of development and exploration wells. The delayed start-up in our new drilling rig and some steeper than forecasted well declines resulted in a slower increase in annual production than expected. This situation is being addressed in 2011 by the addition of a second drilling rig and improvements in operational efficiency.

Chile continued to be our principal area of focus where GeoPark has established itself as the first and only private oil and gas producer – today accounting for over 30% of Chile's total hydrocarbon production. Our large acreage position, with over 3.4 million gross acres, contains a broad inventory of attractive production, development and high-impact exploration opportunities. As the only OECD country in Latin America, Chile continues to provide an attractive base for investment and an ideal platform for expansion throughout Latin America. We very much appreciated the support given by President Sebastián Piñera of Chile when he flew to and visited our field operations this year in recognition of the Company's success.

New Projects Initiative

After proving our business model and team's ability to convert under-performing assets into productive and economically-attractive oil and gas projects, GeoPark is now working aggressively to expand its asset base and project portfolio into new areas. Our partnership with LGI, our growing capital resources and our track record of performance place us in a favourable strategic position to now achieve these goals.

As a new development in March 2011, GeoPark and LGI further cemented its relationship by entering into an in-principle agreement for LGI to acquire a 10% equity interest in GeoPark's Chile business for US$ 70 million. This development, which is expected to close during the Second Quarter 2011, both strengthens each company's commitment for a long-term acquisition partnership and shows the underlying value of the business GeoPark has built in Chile. In a related but separate agreement, GeoPark also agreed to invest up to US$ 10 million in LGI's Block 8 in Kazakhstan (subject to regulatory approvals) to participate in the drilling of a large pre-salt oil prospect.

President Sebastián Piñera of Chile visited GeoPark's Fell Block in August 2010

Petreven Drilling Rig, Fell Block

Alaktaluf Field, Fell Block

2011 Outlook

Aided by its successes in 2010, GeoPark is well-positioned for 2011 and beyond. We have a secure production base and positive cash flow stream capable of supporting continued growth on the Company's assets. We have substantial cash reserves to accelerate capital investment and to acquire new projects. Our technical and management team are built for growth and ready to handle increased activity. Our low operating costs and discretionary investment programmes provide flexibility and security even in widely varying oil and gas price environments.

GeoPark has implemented a US$ 80-90 million capital investment programme in 2011 with the following priorities:

- **Execute to Grow:** Drill 20-25 new wells on current blocks to increase oil and gas production by 15-20% and increase oil and gas reserves; and improve operating and investment efficiency to improve economic performance.

- **Manage Risk:** Continue to balance production profile between oil and gas; spread work programme exposure between production, development and high-impact exploration projects; expand funding exposure and capital sources; strengthen management and technical team; expand country footprint; and farmout higher risk / non-core areas.

- **Expand the Business:** Increase our portfolio of organic growth opportunities on existing properties and acquire new projects in Latin America – targeting projects with proven reserves and production and with development and exploration upside.

- **Strengthen Commitment:** Continue to build the right kind of company – with a performance-driven culture which values and protects our shareholders, employees, environment and communities and thereby supports and enhances our long-term business plan.

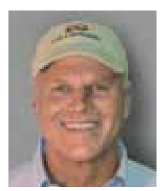
Our confidence in GeoPark's future is bolstered by our in-house culture of continuous improvement. As we grow, continuous efforts are made to evolve into an effectively managed company compatible with our increasing scale and scope. It is a vital and welcome challenge to successfully introduce the tools and structure necessary to run a larger company – and still maintain and encourage the original pioneering spirit which led us to be where we are today.

We express admiration and appreciation for the GeoPark team for its important achievements over the years and to the experienced professionals who have joined us and are helping to make GeoPark better every day. We are proud that all of GeoPark's employees are shareholders of the Company and know they are committed to meet any challenges and to drive us to success.

We also express our gratitude to our investors and shareholders for your continued support during 2010 and look forward with confidence to continue to deliver growth in value in 2011 and beyond.

Sincerely,

Gerald E. O'Shaughnessy,
Chairman



James F. Park,
Chief Executive Officer

2010 PERFORMANCE

Operational Performance

- **80% Drilling Success:** Drilled, completed and put into production 12 out of 15 wells as part of a US$58.0 million capital expenditure programme.

- **10% Oil and Gas Production Increase:** Net oil and gas production increased to approximately 7,000 boepd, led by a 59% growth in oil production.

- **29% Growth in 2P Oil and Gas Reserves:** DeGolyer & MacNaughton appraised 49.6 million boe of Proved and Probable (2P) reserves –including a 62% growth in 2P oil reserves and 18% growth in 2P gas reserves; and 3P reserves of 156.8 million boe.

- **High Impact Tranquilo Block Prospect:** Preparing to drill the Renoval prospect targeting unrisked mean resources of 715 billion cubic feet of gas.

- **Infrastructure and Rigs:** Gas production capacity was increased to 77 million cubic feet per day and two drilling rigs are now in operation for 2011.

Financial Performance

- **77% Revenue Growth:** Total revenues increased to US$79.6 million.

- **132% EBITDA Increase:** EBITDA increased to US$41.1 million. EBITDA per boe produced increased by 112% from US$7.70 to US$16.30 per barrel.

- **US$4.2 Million Net Income:** Achieved profitability with a net income of US$4.2 million.

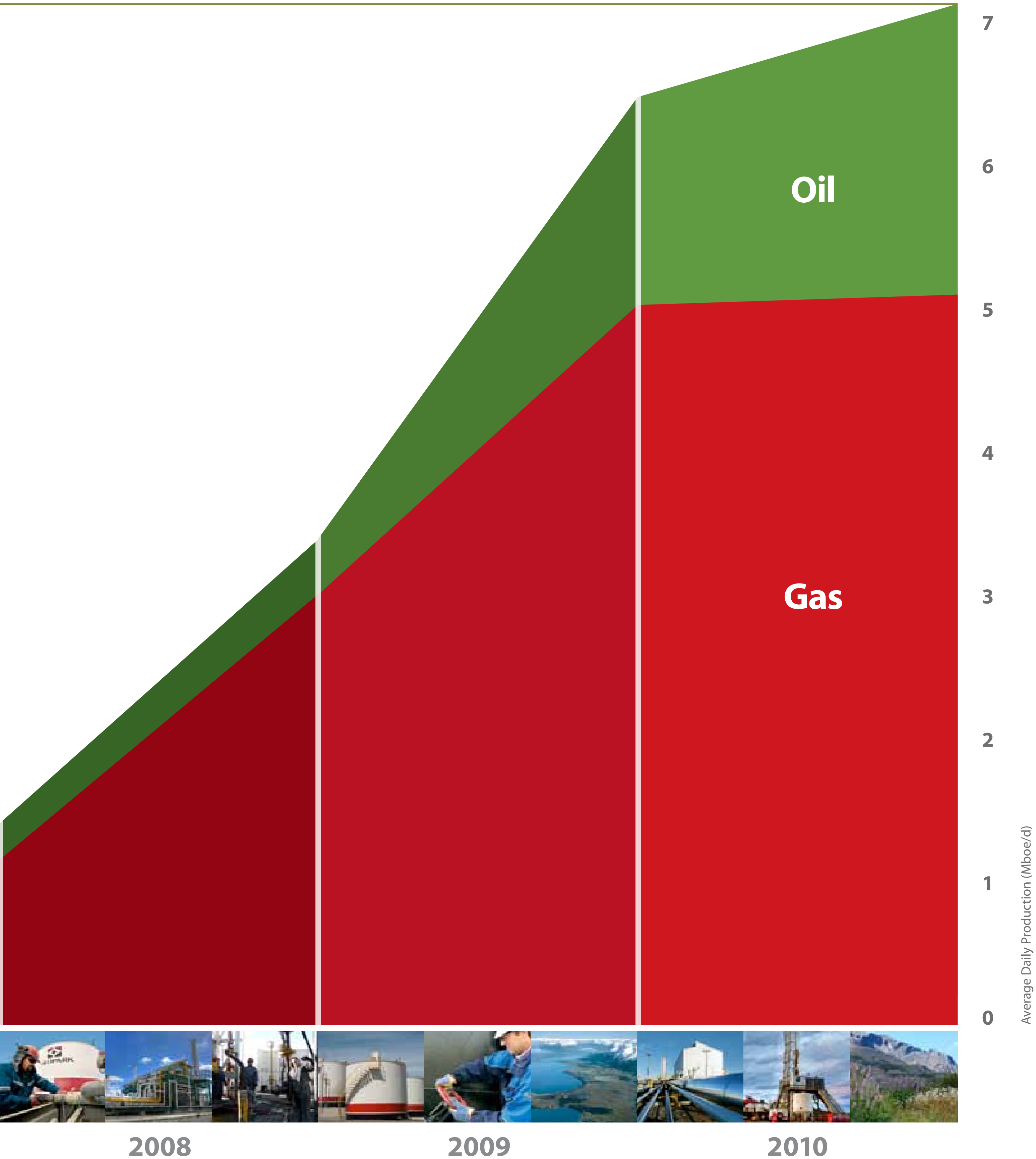
- **US$133 Million Funding:** Successfully placed US$133 million of notes (7 3/4% 5 year Reg-S) principally with Chilean investors to support new project acquisitions and fund work program.

- **Market Capitalisation Up 120%:** Total market capitalisation grew from the end of 2009 to US$562 million at the end of 2010.

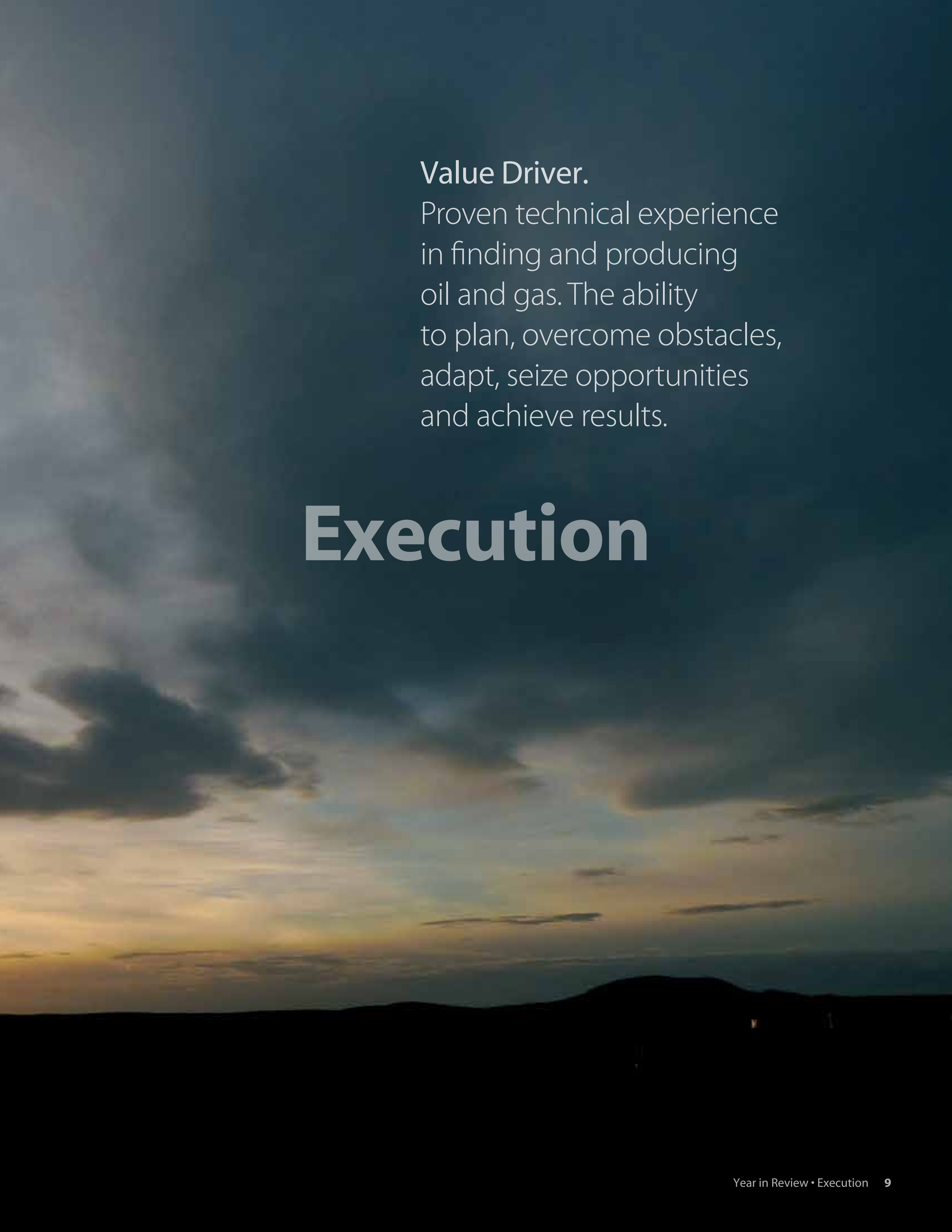
Strategic Developments

- **LGI Latin American Acquisition Partnership:** LG International and GeoPark entered into a strategic partnership to jointly acquire and develop upstream projects in Latin America, initially in the US$100-500 million range and targeting Chile, Argentina, Brazil, Peru and Colombia.

- **Strengthening of the Team:** Continued to add to operational and management capabilities.



7
6
5
4
3
2
1
0
Oil
Gas
Average Daily Production (Mboe/d)
2008
2009
2010



Value Driver.
Proven technical experience in finding and producing oil and gas. The ability to plan, overcome obstacles, adapt, seize opportunities and achieve results.

Execution

DRILLING

GeoPark's growth continued to be led by the drill bit – as directed by the Company's geoscience and operation team. All drilling occurred on the Fell Block in Chile where fifteen wells were drilled with twelve wells successfully put on production. The chart below summarises GeoPark's drilling programme on the Fell Block during 2010:

Well Name	Well Type	Formation	Hydrocarbon
Dicky 16	Development	Springhill	Gas
Alakaluf 6	Development	Springhill	Oil
Alakaluf 8	Development	Springhill	Oil
Guanaco 3	Exploration	Springhill	Oil
Aonikenk Sur 1	Exploration	Springhill	Oil & Gas
Alakaluf 7	Appraisal	Springhill	Oil
Alakaluf 9	Appraisal	Springhill	Oil
Tetera 4	Development	Springhill	Oil
Cerro Iturbe 1	Exploration	Springhill	Gas
Ayelén 2	Appraisal	Tertiary	WOC
Yagán Norte 2	Development	Springhill & Tobifera	WOC
Guanaco 4	Development	Springhill	Oil
Dicky 18	Exploration	Springhill	Gas
Ayelén 1	Appraisal	Tertiary	-
Guanaco 6	Development	Springhill	Oil

Dew Point Plant, Fell Block


GEOPARK

Monte Aymond Field, Fell Block

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 29% increase in 2P reserves to a total of 49.6 million barrels oil equivalent (mmboe) in its report dated 31 December 2010. In this report, DeGolyer & MacNaughton estimated, on four of GeoPark's six blocks, a total of 19.9 mmboe of proved reserves, a total of 29.6 mmboe of probable reserves, and a total of 107.3 mmboe of possible reserves. DeGolyer & MacNaughton also appraised 47.5 mmboe of contingent resources (total estimate). GeoPark's drilling successes in early 2011 have not yet been appraised by DeGolyer & MacNaughton and will be included in a new reserve report targeted for completion at year-end.

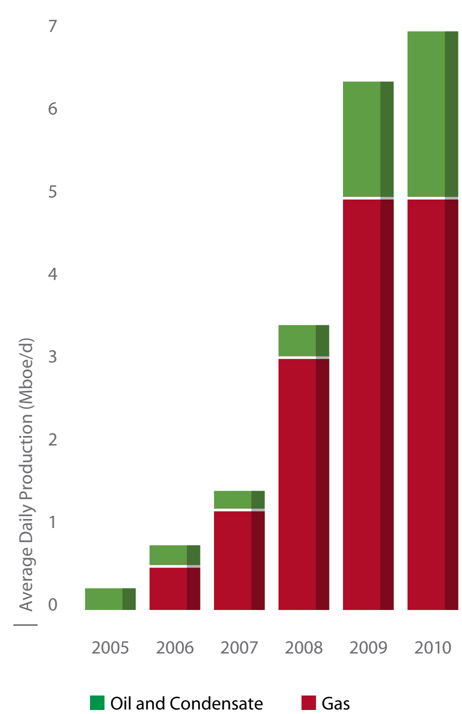
The chart to the right summarises the reserves appraised by DeGolyer & MacNaughton in December 2010. Approximately 96% of the Company's total oil and gas reserves are in Chile and approximately 4% in Argentina. In this appraisal, gas represents approximately 67% of 2P reserves and oil represents approximately 33% of 2P reserves.

Country	Reserve Type	Oil (MMBBL)	Gas (BCF)	BOE (MMBOE)
Chile	P1	5.9	80.0	19.2
	P2	7.9	119.9	27.9
	P3	18.4	513.5	104.0
	P1+P2	13.8	199.9	47.1
	P1+P2+P3	32.2	713.4	151.1
Argentina	P1	0.7	0.2	0.8
	P2	1.7	0	1.7
	P3	3.3	0	3.3
	P1+P2	2.4	0.2	2.5
	P1+P2+P3	5.7	0.2	5.7
Total	P1	6.6	80.2	19.9
	P2	9.6	119.9	29.6
	P3	21.7	513.5	107.3
	P1+P2	16.2	200.1	49.5
	P1+P2+P3	37.9	713.6	156.8

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 2010, approximately 99% of the Company's total oil and gas production was produced in Chile and approximately 1% in Argentina. During 2010, gas represented approximately 72% of the total production (80% in 2009) and oil represented approximately 28% of the total production volume (20% in 2009).

Oil and gas production is shown in the chart to the right:




Argentina
Chile
TRANQUILO
OTWAY

ASSETS

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 licences, 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.

CHILE LICENCES

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 43% 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

Sofía Lake, North Tranquilo Block

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 2010, 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 centre is located approximately 140 km northeast 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 Straits.

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 more than 1,000 sq km of 3D seismic and drilled 50 exploration, appraisal and development wells resulting in current oil and gas production of approximately 32 million cubic feet per day of gas and 2,000 barrels per day of oil.

The Block is located geologically in the Cretaceous depocentre 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 meters). 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 programme over the next years. The recent oil and gas discoveries in the Guanaco, Aonikenk Sur and Cerro Iturbe fields (where three successful wells were drilled in 2010) have further opened up new oil and gas potential in the Block – and additional prospects have been identified.

In 2010, GeoPark discovered the new Guanaco oil field in the Springhill formation which has further development opportunities. In the Santiago Norte Field Complex, where DeGolyer & MacNaughton estimated a total of approximately 415 bcf of 3P gas reserves and approximately 174 bcf of contingent gas resources, GeoPark has carried out a series of studies, including petrophysical analysis, reservoir simulation and fracture design analysis. GeoPark is currently drilling the Williche 1 well to further appraise the attractive Santiago Norte Complex gas reserve.

Alakaluf Field, Fell Block

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. ENAP 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, the partners, subject to Chilean government regulatory approvals, in the Tranquilo Block consist of GeoPark (29%), Pluspetrol (29%), Wintershall (25%) and Methanex (17%). The partners have requested the Chilean government for an 18 month extension to the first exploration period. 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

Morro Chico, Tranquilo Block

Tertiary sequences. Stratigraphic traps are developed toward the Foreland Basin including Upper Tertiary deltaic and turbiditic deposits (Loreto and Agua Fresca formations).

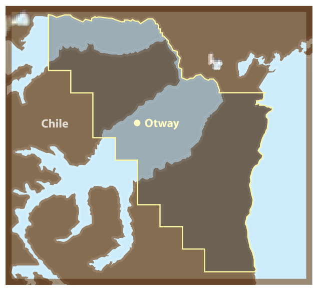
GeoPark's current exploration focus is in the Folded Belt, Esperanza, Gales and Kerber areas. In the southeast sector, Marcou area, there is the potential of gas accumulations in stratigraphic traps. In 2010, GeoPark initiated the seismic programme which consisted of 160 sq km of 3D seismic and 292 sq km of 2D seismic. Geological and geophysical interpretation of the seismic information identified a large prospect in the Esperanza-Gales region, with potential mean resources of 715 bcf of gas (possibility of success risked at 28%). This prospect will be drilled during 2011 with the Renoval 1 well.

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. ENAP drilled 31 wells and carried out 875 km of 2D seismic 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, 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), where potential unrisked mean resources of 1,570 bcf of gas have been identified (possibility of success risked at 17%). 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), where potential unrisked mean resources of 162 bcf of gas have been identified (possibility of success risked at 17%). The seismic programme was initiated in 2010 and included 270 sq km of 3D seisimic and 175 km of 2D seismic.

Seismic Registration in Cabo Negro, Otway Block

Pampa Larga Plant, Fell Block

ARGENTINA LICENCES

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 sparse well coverage. 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 has been underexplored.

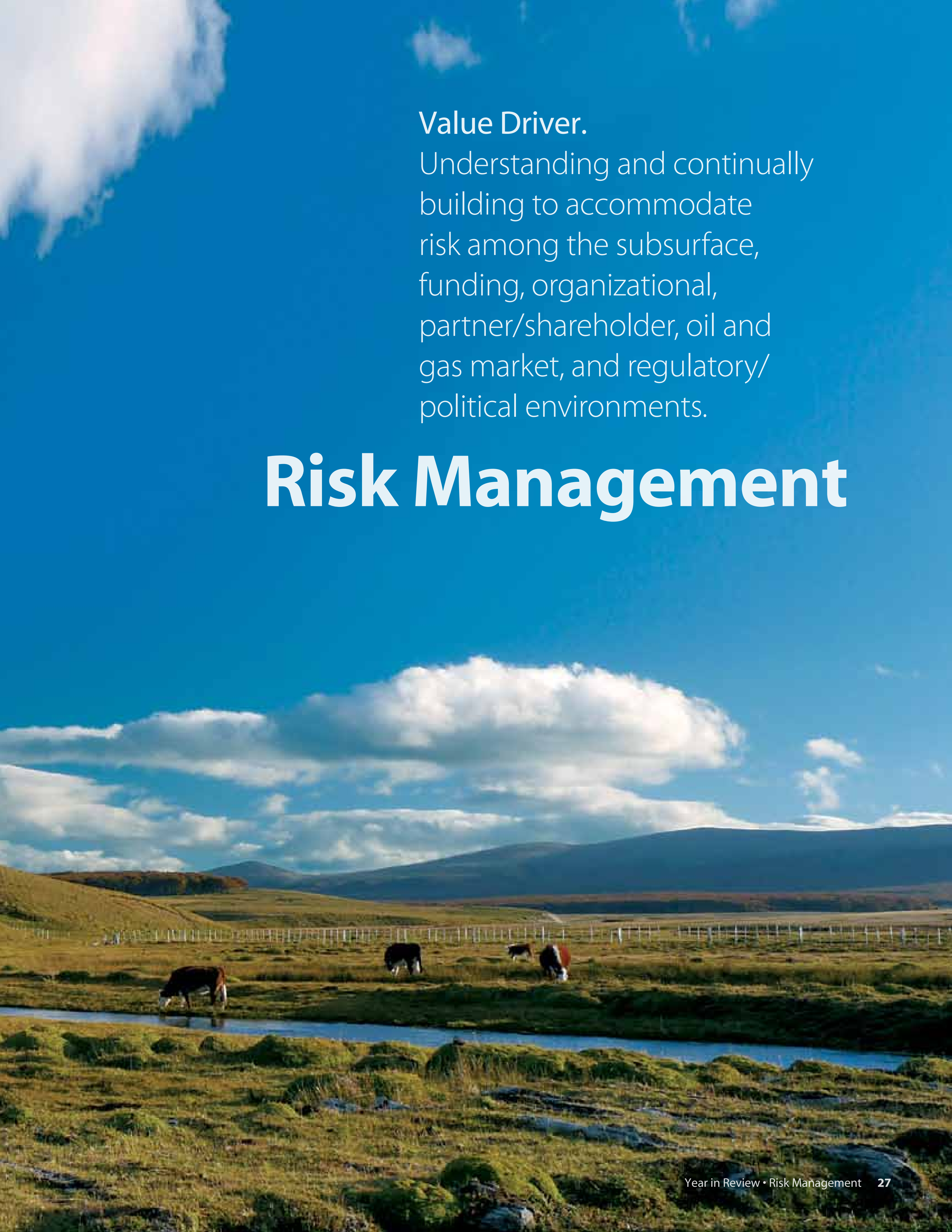
GeoPark is the operator of the Del Mosquito Block and has a 100 per cent working interest. GeoPark established oil production on the block in 2002 by rehabilitating the abandoned Del Mosquito field. In 2004, GeoPark discovered a new field – Del Mosquito Norte – which currently has two producing wells. The discovery well on Del Mosquito Norte was the first well drilled on the block since the 1980's. 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 2011, the Company will reprocess and reinterpret a 3D seismic survey with the objective to drill a new exploration 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 shut-in waiting for a workover and the Blocks are not currently in production). Further geological studies were performed on the blocks during 2010 with the expectation of developing a future exploration and development programme and providing a basis to potentially farmout the blocks.



Value Driver.
Understanding and continually building to accommodate risk among the subsurface, funding, organizational, partner/shareholder, oil and gas market, and regulatory/political environments.

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 consistent record of growth – including during the global crisis in 2009 - reflect the Company's success in balancing these uncertainties and building a foundation to sustain continuous growth.

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.
- **Partners:** Associating with long-term strategic partners which understand the upstream oil and gas business.
- **Market / Infrastructure:** Areas with high market demand and infrastructure in place; financially-strong clients.
- **Project Economics:** Balanced work programme of production, development and exploration; invest in technology and operational efficiency.
- **Organization / Management:** Build good demographics (seasoned professionals with new recruits); local organizations; all employees are shareholders.

BUSINESS PLAN

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:

1. Technical strength in economically finding, developing and producing new and bypassed oil and gas reserves;
2. Commercial capabilities in acquiring high potential assets at attractive prices;
3. Risk-management in expanding the portfolio, increasing options and protecting against uncertainties; and
4. Strategic mix of partners and allies 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 programme 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.

OIL AND GAS MARKET

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 major 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. GeoPark captured this opportunity by entering 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 programme funding and to jointly acquire new hydrocarbon blocks in Chile. This marketing alliance has substantially de-risked GeoPark's Chile investment activities.

A new step in this alliance was demonstrated in March 2011 with a new agreement with Methanex aimed at increasing gas production by improving project economics.

During 2010, commodity prices recovered from the global economic crisis suffered in 2009. Global methanol prices increased by 50% during 2010 resulting in a corresponding 45% increase in natural gas prices for GeoPark in Chile. The increasing price trend continued during the first quarter of 2011.


Petreven Drilling Rig

Crude Oil

Crude oil markets in the region are both accessible and secure. In Chile, GeoPark's crude oil and condensate production are 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. To accommodate increased oil deliveries, 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.

Crude oil prices in Chile increased 35% during 2010 in line with world petroleum markets. First Quarter 2011 crude oil prices in Chile have increased by over 20% compared to average prices in 2010. Argentina oil prices remain relatively stable as a result of prevailing retention taxes which cap crude oil prices.

Dew Point Plant, Fell Block

CAPABILITIES

GeoPark deems it critical to continuously develop creative and long-term solutions to build its capabilities and acquire the capital, tools, and people necessary to achieve its growth plans. The Company's record of performance demonstrates that its attention to and investment in these basics are creating an important differentiating factor and a competitive advantage over the longer term.

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 2010 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 fifteen wells in 2010.

- Acquired a new state-of-art hydraulic drilling rig from Petreven in Italy to begin operating in early 2011 in an effort to decrease drilling costs and increase depth capabilities.

- Operated a 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 twelve wells during 2010. In early 2011, the management of the workover rig was subcontracted to Petreven.

- 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$ 8 million. The plant provides direct access to the main regional gas pipeline and allows rapid commercialization of new wells. Current plant capacity is 47 million cubic feet per day.

- An additional gas delivery point at Municion, with a capacity of 30 million cubic feet per day, was opened in 2010 allowing gas production from the northeastern area of the Fell Block to be transported and sold through an alternative pipeline system. This increased total Fell Block gas production delivery capacity to 77 million cubic feet per day.

- Built new oil and gas production gathering centres in Guanaco and Alakaluf fields (processing and storage facilities) and constructed an additional 6 kilometres of gas pipelines on the Fell Block to connect new oil and gas fields to production. Approximately 141 kilometres of gas pipelines have been built on the Block since 2006.

- Operated a storage tank 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 increased crude oil production until a new facility will be constructed on the Fell Block in 2011.

Value Driver.

Initiating and creatively building an attractive high-impact portfolio of organic and new project opportunities – coupled with the commercial skills to buy right and to close.

Creating Opportunities

A strategic pillar of GeoPark's long-term business plan is based on creatively initiating and developing growth opportunities – both organically on existing assets and by acquiring new economically-attractive projects. There is a strong competitive environment for new project acquisitions and GeoPark has been focused to build foundation, capabilities and capital necessary to successfully acquire new projects.

Latin America is the focus of GeoPark's growth and represents 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 oil and gas will be the chief contributor to this mix. With its experience in the region, strong technical team and committed financial resources from strategic partners, GeoPark is well-positioned to participate in this growing opportunity.

Dew Point Plant, Fell Block

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 2011, GeoPark will pursue a US$ 80-90 million investment programme to drill 20-25 new wells and to expand its production facilities and infrastructure in Chile and Argentina. The programme 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. Efforts also will be focused on improving reservoir performance by fracture stimulation programmes, expanding the prospect inventory, and increasing the efficiency of expenditures. Exploration driling has been initiated on GeoPark's large Tranquilo and Otway blocks in Chile with a well on Tranquilo to be drilled during 2011 targeting the high potential 715 bcf Esperanza prospect.

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 vthe 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 2011.

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

The Company has acquisition initiatives now underway in Chile, Argentina, Brazil, Peru and Colombia.

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, more than US$ 325 million has been raised by GeoPark – demonstrating its ability to attract the capital and strong shareholders needed to facilitate its future growth.

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

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 programme 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 flat

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. The facility which was repayable in gas with an interest rate adjustable to the gas deliveries was repaid in full with the proceeds from the 2010 Notes (see below).

- 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. (Approximately US$ 1.8 million was disbursed from this loan in 2010.)

- IFC Loan Rescheduling of US$ 14.0 million. In November 2009, the IFC agreed to reschedule until 2016 the outstanding US$ 14.0 million from its 2006 loan to GeoPark. This facility was repaid in full with the proceed form the Notes issued in 2010 (see below).

- 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 foundation in the region and ties to the Chilean financial community which is an increasingly active supporter of the Company's efforts.

2010

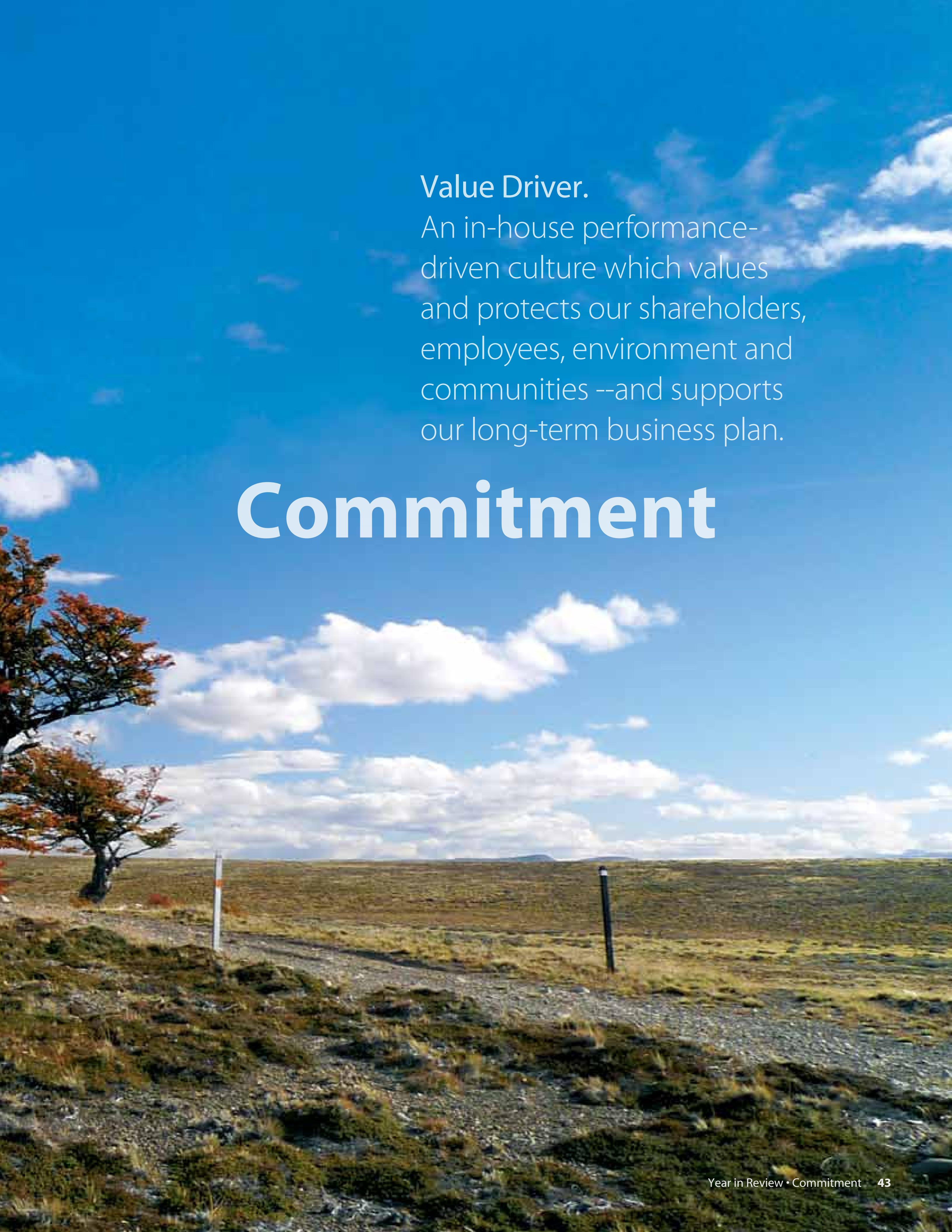
- Strategic partnership with LG International (LGI) to jointly acquire upstream oil and gas assets in Latin America in side-by-side acquisitions. This partnership enables GeoPark to both accelerate and expand its current efforts to acquire new projects; with initial projects targeted in the US$ 100-500 million range.

- On 2 December 2010, GeoPark Chile Limited successfully completed the private placement of a US$ 133 million of Reg S Note. The Notes carry a coupon of 7.75% per annum and mature on 15 December 2015. The Notes are guaranteed by GeoPark and secured with the pledge of 51% of the shares of GeoPark Chile. In addition, the Note agreement allows for the placement of up to an additional US$ 27 million of Notes under the same indenture subject to the maintenance of certain financial ratios.

2011

- As a new development in March 2011, GeoPark and LGI further cemented its relationship by entering into an in-principle agreement for LGI to acquire a 10% equity interest in GeoPark's Chile business for US$ 70 million. This development, which is expected to close during the Second Quarter 2011, both strengthens each company's commitment for a long-term acquisition partnership and shows the underlying value of the business GeoPark has built in Chile.

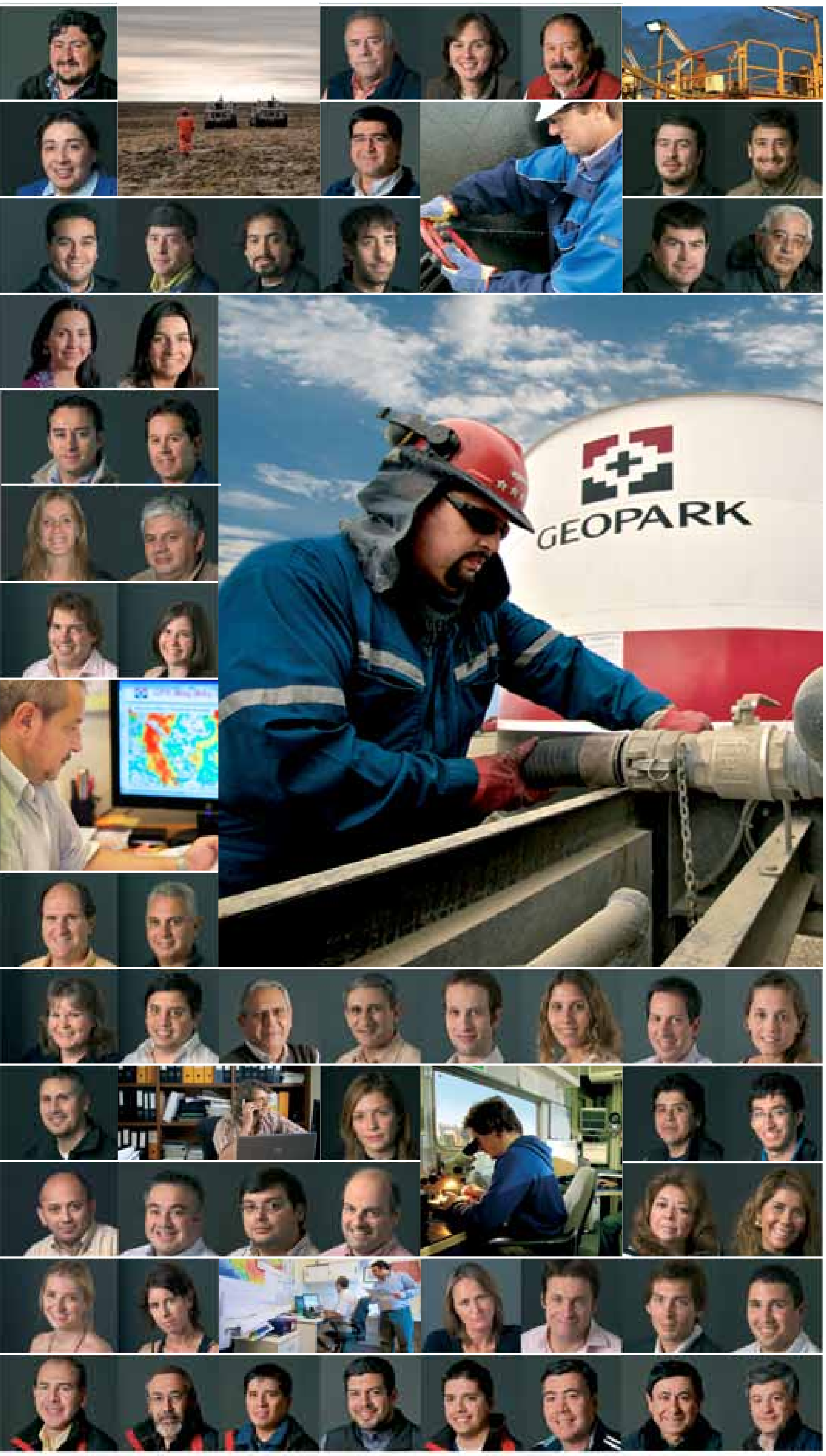
- Four stock market oil and gas analysts cover GeoPark and provide valuations on the Company. These include three analysts in London (as of March 2011) and one analyst in Chile – with all four maintaining "Buy" recommendations.



Value Driver.

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

Commitment



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.

S.P.E.E.D. (Safety, Prosperity, Employees, Environment, Community Development)

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 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 short-age 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 neighbor 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 programmes based on best world practices. Our emphasis is on building key principles and company-wide ownership and then expanding programmes from within as we continue to grow. Our comprehensive in-house designed EHSS management programme, 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 account-ability 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. It is our competitive advantage. And, it reflects 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.

COMMITMENT

Examples of community efforts in 2010:

- GeoPark... Simply, Thanks (El Pingüino Editorial, April 5)
  "To be sincere, not all the companies in the region take actions on behalf of the community. In most cases (my apologies to the exceptions), profit takes precedence over investment. On Saturday, I went with my son Javier to the First Freestyle Biking Contest... What moves a company to take action on behalf of the City's kids and youngsters? …To me all this is worthy of praise. Good for you, GeoPark, thanks for the beautiful gift given to all of us… «Creating Value and Giving Back» still lingers on my mind… Noteworthy, GeoPark…"

- A Praiseworthy Initiative (La Prensa Austral Editorial, April 6)
  "…Additionally, GeoPark is providing a great example of integration with the Magallanic community, one that is doubly valuable given the focus on a group of youngsters often times stigmatized by society. Other major companies should, as part of their social responsibility strategy, sponsor similar activities that have a direct impact on certain local groups. Sometimes, initiative and the desire to contribute to positive transformation in a community take precedence over financial resources…"

- GeoPark sponsored a new edition of the classic (out-of-print) illustrated book, *Andes Patagónicos*, on the exploration of Patagonia by the Salesian Priest, Father De Agostini, fifty years following its first Spanish edition and in commemoration of the 100th anniversary of the author's birth.

- GeoPark founded the GeoPark Sports Club in Punta Arenas, Chile to provide a supporting environment to young people and to improve their quality of life and personal skills through sports and team efforts. Sports include basketball, volleyball, rugby, badminton and BMX freestyle biking competitions – and GeoPark employs a coach / psychologist to assist developing individual skills and member responsibilities.

- GeoPark's principle focus is helping to create jobs in regions where it operates. This includes assisting start-ups and providing preferential contracting to new small companies that can provide needed services. GeoPark has assisted in the start-up of over fifteen micro companies and contracts with over 150 regional companies in its operations.

- GeoPark and its employees donated US$ 200,000 to the earthquake relief efforts following the devastating earthquake in Chile in February 2010.

Financial Statements

The Directors submit their report together with the audited consolidated financial statements of GeoPark Holdings Limited (the Company) for the year ended 31 December 2010. The Company and its subsidiaries together are referred to herein as the Group.

Addresses

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

Principal Activity

The principal activity of the Group in the period under review was to 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 2010. The Group achieved increases or improvements in oil and gas production, oil and gas reserves, revenues, adjusted EBITDA, profitability, balance sheet, organization, safety performance and market value.

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

a. Chairman's and Chief Executive's Letter to Shareholders (Pages 2 to 5); and
b. Year in Review (Pages 6 to 47).

2. Year-End Cash and Debt Position

The Group's year-end cash position was US$ 99.4 million. Year-end debt was US$ 169.4 million.

On 2 December 2010, GeoPark Chile Limited successfully completed the private placement of a US$ 133 million of Reg S Note as further described in note 26 to the Financial Statements. The net proceeds of the Notes will be used to support the Company's growth strategy, which include a combination of acquisition led growth and the exploration and development of its assets in Chile. From the proceeds of the Notes, US$ 14.5 million was used to repay the IFC loan and US$ 14.5 million was used to repay the loan held with Methanex since 16 October 2009.

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 programmes, capital sources, regulatory issues, oil and gas markets and organizational 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. Year in Review (Risk Management section); and
b. Note 3 to the Financial Statements (Pages 71 to 72);

4. Health, Safety, Environment and Community Development: SPEED

The Group seeks to ensure that its operations are conducted in a safe manner and to minimise any impact on the environment. The Group's specific methodology is focused on undertaking realistic and practical programmes based on best world practices, with an emphasis on building key principles and company-wide ownership and then expanding programmes from within as the Group continues to grow. The Group's comprehensive in-house designed EHSS management programme, 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 2010, the Group continued to improve its SPEED Programme by establishing objectives, increasing the safety training of all its employees, effective analysis and investigation of all incidents and the benchmarking against global industry standards. The SPEED Programme is described in further detail in the section titled "Commitment".

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:

	2010	2009	2010 vs 2009
Oil and Gas 2P Reserve Growth (1) (millions of barrels of oil equivalent - boe)	49.6	42.2	+ 29%
Oil and Gas Production Growth (boe per day)	6,947	6,320	+ 10%
Average Realised Sales Price (Chile)			
Oil (US$ per bbl)	72.8	54.1	+ 35%
Gas (US$ per mcf)	3.13	2.16	+ 45%
Total Net Revenues (US$ million)	79.6	44.8	+ 78%
Adjusted EBITDA (2)			
US$ million	41.1	17.7	+ 132%
US$ per boe	16.3	7.7	+ 112%
Operating Costs			
US$ per boe	6.9	5.9	+ 17%
Gearing Ratio (3)	43%	30%	+ 43 %

(1) As of 31 December 2010 and 31 August 2009; % change adjusted for production during the period

(2) As defined in Note 6

(3) Calculated as total borrowing less cash and cash equivalent over total capital (borrowings - cash / capital)

1. Production, Prices and Revenue

During 2010, oil and gas production increased as a result of the Group's successful drilling programme on the Fell Block in Chile, which resulted in twelve productive wells out of fifteen wells drilled. The drilling programme represented a balance between exploration, appraisal and development prospects.

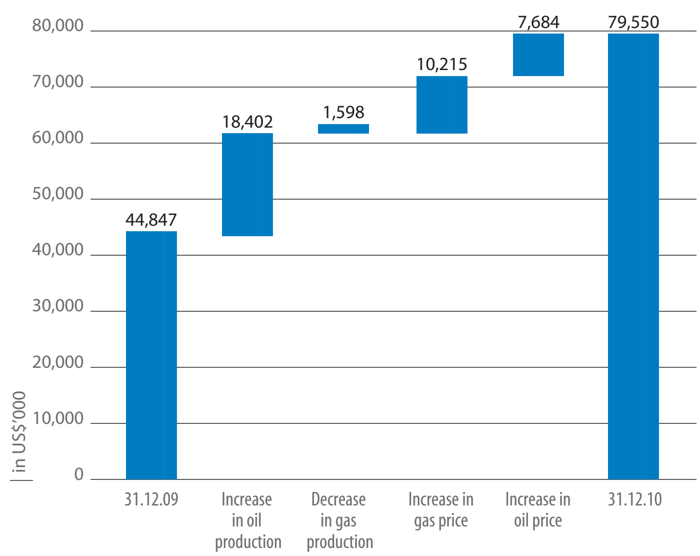
Production	2010	2009	2010 vs 2009
Oil (in thousand of bbls)	719	449	59%
Gas (in thousand of mcf)	10,901	11,147	-2%

Net Revenues

The Group directed most of the drilling efforts in late 2009 and 2010 towards the development of oil reserves, which resulted in increased oil production and maintained gas production.

Revenue growth was due to a rise in prices (both oil and gas) and the increase in oil production.

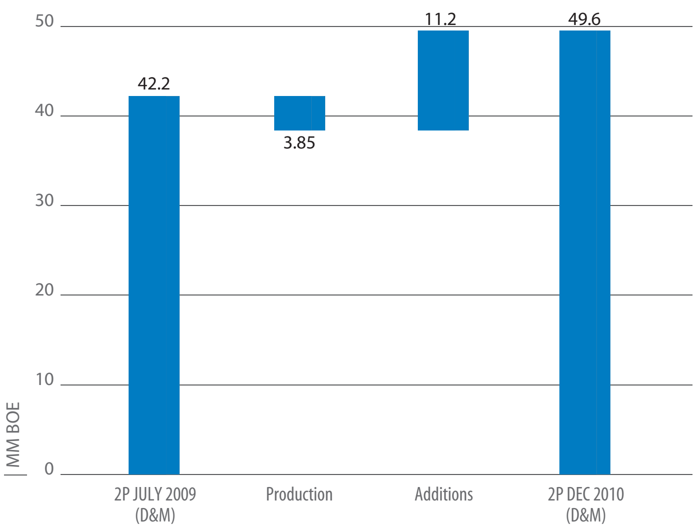
Net Revenues 2009 vs 2010



2. Reserves

The Group achieved a 29% growth in 2P oil and gas reserves, after deducting production for the period, to 49.6 million barrels of oil equivalent at year-end, compared to the last independent reserve certification completed in July 2009 as appraised by DeGolyer and MacNaughton and us. This increase results from a 62% growth in 2P oil reserves and a 18% growth in 2P gas reserves. DeGolyer and MacNaughton further estimated 3P reserves of 156.8 million boe of which 24% or 38 million of barrels correspond to oil reserves and 76% or 722 billion cubic feet correspond to gas reserves.

Reserves



3. Production Costs

Production costs in 2010 increased to US$ 43.6 million from US$ 29.6 million in 2009 - resulting from an increase in depreciation charges and an increase in 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 2010 depreciation charge of US$ 22.3 million represented a 52% increase compared to 2009 (US$ 14.7 million) resulting principally from the increase in production volumes. The average depreciation charge in 2010 was US$ 7.45 per barrel of oil equivalent (boe) - (US$ 5.8 in 2009).

b. Operating expenditures

Operating expenditures (OPEX) per producing unit (boe) is a key indicator measuring the efficiency of the producing process. In 2010, OPEX per boe rose to US$ 6.86/bbl from US$ 5.91/bbl in 2009. This variance was driven by the change in production mix from gas to oil, which has higher productive cost than gas. In 2010 the production was split 27% oil and 73% gas, compared to 18% and 82%, in 2009.

4. Adjusted EBITDA

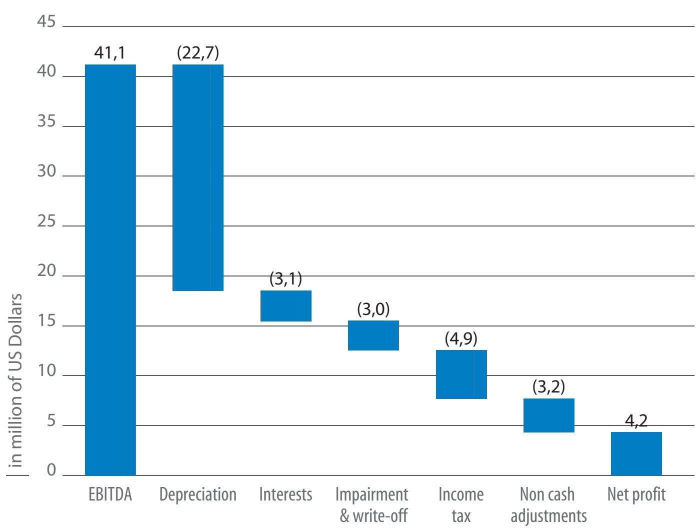
Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortization and certain non cash items such as write offs, impairments and share based payments. This measurement excludes the effects of non-recurring expenditures from the operating segments, such as impairments if it is a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

Adjusted EBITDA for 2010 of US$ 41.1 million represented an increased from US$ 17.7 million in 2009. In terms of producing units, the 2010 Adjusted EBITDA equalled US$ 16.30 per boe, compared to US$ 7.70 per boe in 2009.

5. Net Result

The Group generated a net profit of US$ 4.2 million in 2010 compared to a net loss of US$ 8.0 million in 2009. The chart below shows the reconciliation in 2010 of the Adjusted EBITDA to the Net Result.

Net Result and Adjusted EBITDA Reconciliation



Non cash adjustments include a US$ 0.9 million loss incurred by the Group due to exchange differences.

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, capitalizing exploration and evaluation costs until such time as the economic viability of producing the underlying resources is determined. Although 12 of the 15 wells drilled during 2010 were brought onto production within the year (with the remaining three wells still waiting completion and further evaluation works), the Group decided to take an impairment charge in respect to previous years' exploration activities of US$ 3.0 million which are no longer considered commercially viable for development within the Fell and Del Mosquito Blocks.

Dividends

The Directors do not recommend the payment of any dividend for the period ended 31 December 2010; (2009: nil). The Group is currently re-investing all cash generated by its operations and intends to continue to re-invest these funds for the near future. Cumulative losses for the Group are US$ 19.5 million.

Events since the Balance Sheet Date

In 2010, GeoPark and LGI entered into a strategic partnership to acquire a portfolio of oil and gas upstream assets in Latin America. As a first step towards cementing this long-term growth partnership, in March 2011 GeoPark reached an in-principle agreement to sell to LGI a 10% interest in the Chilean business (participation in Fell, Otway and Tranquilo) for US$ 70 million. The transaction is expected to close in 2Q 2011.

In addition, in a separate transaction, and subject to obtaining regulatory approvals, GeoPark has reached an in-principle agreement to invest up to US$ 10 million in the drilling of an exploration well on the Sholkara prospect in the LGI-operated Block 8 in Kazakhstan, which would give GeoPark effectively a 25% participating interest in Block 8. The Sholkara prospect has an unrisked mean oil resource estimate of 100-400 million barrels and represents an exciting opportunity for GeoPark outside its historical and principal area of focus.

Both transactions are subject to the signing of definitive legal agreements and final approval of the GeoPark and LGI Boards of Directors.

Community Development Efforts, Charitable and Political Donations

For its community development efforts, the Group encourages the development of new local businesses by contracting services and people for its needs and work programme 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. Total charitable donations in 2010 amounted to US$ 221,330 (2009: US$ 9,346).

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: Audit	Committees: Nomination	Committees: Remuneration	Ordinary share of US$ 0.001 each at 31 December 2010
Gerry O'Shaughnessy Executive Chairman	28 July 2010 (*)		●		8,172,793
James F. Park Chief Executive Officer	28 July 2010 (*)				6,983,068
Sir Michael Jenkins Non-Executive Director	28 July 2010 (*)	■	●		34,711
Christian Weyer Non-Executive Director	28 July 2010 (*)		■	●	214,191
Juan Cristóbal Pavez Non-Executive Director	28 July 2010 (*)	●		●	2,032,304
Peter Ryalls Non-Executive Director	28 July 2010 (*)	●		■	34,125
Carlos Gulisano Non-Executive Director	28 July 2010 (*)				(1) 1,469

● Committee Member
■ Committee Chairman
(*) Most recent reappointment date
(1) Dr. Carlos Gulisano holds 50,000 IPO Stock options vested and unexercised and 100,000 stock awards which will vest on 15 December 2012.

Directors' Remuneration

Executive and Non-Executive Directors remuneration is discussed in the Director's Remuneration Report (Pages 58 to 59).

Auditor

PricewaterhouseCoopers LLP has completed the audit of the 2010 Financial Statements, as appointed in the Annual General Meeting held in July 2010 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 Group's cash position, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue with its investment programme in order to increase oil and gas reserves, production and revenues and 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
14 April 2011

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-taking 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 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 has at least two independent non-Executive directors. All Directors submit themselves for re-election at the Annual General Meetings each year -a practice the Group has followed since 2006. All Directors proposed to shareholders for election are accompanied by a biography and a description of the skills and experience that the Group feels are relevant.

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

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

The Board comprises:

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

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

On 28 July 2010, following Shareholder's approval at the Annual General Meeting Dr. Carlos Gulisano joined GeoPark's Board as a Non-Executive Director. Dr. Gulisano has an extensive and recognised experience in petroleum exploration and has been a key element of GeoPark's growth as an advisor since 2002 and as Managing Director from 2008 until June 2010.

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

Board Meetings
The Board meets at least quarterly and when issues arise and has a schedule of matters reserved for decisions of the Board. In addition to those formal matters required by relevant local laws to be set before a Board of Directors, the Board will also consider strategy and policy, acquisition and divestment proposals, approval of major capital investments, risk management policy, significant financing matters and statutory shareholder reporting. The Board met eight times during 2010 and maintains regular communication with management.

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

Independence
The Board reviews 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, Mr. Martín Perez de Solay, 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 and performance against the budget is monitored and reported.

The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has considered the need for an internal audit function but does not consider it necessary at the current time. During 2010, with the assistance of PricewaterhouseCoopers, the Group initiated a thorough review of the key administrative processes. As a result, all the administrative and finance procedures have been reviewed and formalised.

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 to approve the Financial Statements and as required during the year.

The Committee's specific responsibilities to the Board are:

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

Nomination Committee

The Nomination Committee is comprised of three Directors (currently being 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 and
- 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 and
- Reviewing the design of the share incentive plans for approval by the Board and shareholders.

The Director's Remuneration report on pages 58 to 59 contains further details of the role and activities of the Remuneration Committee.

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 2010, Executive Directors and senior management met with institutional investors and shareholders in Europe, North America and South America and conducted field trips to the Group's operations.

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

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

Financial Accounts

A statement of Director's responsibilities in respect of the accounts is set out on page 60.

The following information is not subject to audit.

Remuneration Committee

The Company has a Remuneration Committee. The members of the Committee during 2010 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 Programme - Key Terms

In order to align the interests of its management, employees and key advisors with those of the Company and its shareholders, the Directors have established a Performance-based Employee Long-Term Incentive Programme ("the Plan"). At the Annual General Meeting held on 19 November 2007, Shareholders voted to 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 programme within some broadly-defined guidelines.

IPO Award Programme and Executive Stock Option plan:

On admission to AIM, the Executive Directors, the management and key employees of the Company received the following options over Common shares of the Company granted under the Executive stock options plan.

IPO stock Options to Management and key employees

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

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

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

None of these IPO Stock Options have been exercised.

During 2010, the Remuneration Committee and the Board of Directors approved the granting of 1.0 million performance share awards to certain group of employees and management, under the Plan. The 2010 awards encompass new employees that have joined the Company since the 2008 awards. The awards will vest on the fourth anniversary of the grant date and will be subject to the award-holder remaining in employment during that period (following the rules set out in the Plan). As a result of executive employment contract, 100,000 shares are subject to a vesting of three years.

Stock Awards to Management and Employees

No. of Underlying Common Shares	% of Issued Common Share Capital	Grant Date	Exercise Price (US$)	Earliest Exercise Date	Expiry Date
(1) 1,000,000	Approximately 2.4%	15 Dec 2008	0.001	15 Dec 2012	15 Dec 2018
(2) 1,300,000	Approximately 3.1%	15 Dec 2010	0.001	15 Dec 2014	15 Dec 2020

(1) Dr. Carlos Gulisano holds 100,000 of these Stock awards.
(2) Includes 300,000 Stock awards granted in October 2010 with a maximum vesting of two years.

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

There are approximately 1,179,000 shares available for distribution under the Employee Long-Term Incentive Programme.

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 summarised 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$ 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$ 400,000 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 2010 to the Executive Directors.

Non-Executive Directors Contracts

In July 2010, at the Annual General Meeting the shareholders re-elected the Non-Executive Directors.

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

a) Annual salary of £ 35,000; the fees payable shall be made up, at the option of the Company, of an issue of new shares in the Company on the basis determined by the Board and/or cash consideration payable quarterly in arrears. The share price to determine the quantity of share is the simple average to the daily closing price of the stock in the quarter prior to the payment date.

b) Committee Chairman fee: annual remuneration of £ 5,750 payable quarterly in arrears in cash.

c) Notice for contract termination: 2 Months.

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

	2010 Cash Payment		Stock Payment
	Non-Executive Director's Fees	Committee Chairman Fees	Director Fees Paid in Shares No. of Shares
Sir Michael Jenkins (1)	£21,875	£5,750	2,393
Peter Ryalls (2)	£17,500	£5,750	3,614
Christian Weyer (3)	£17,500	£5,750	3,614
Juan Cristóbal Pavez	£17,500	-	3,614
Carlos Gulisano	£8,750	-	1,469

Additionally Dr. Carlos Gulisano received US$ 410,000 corresponding to technical consultancy and bonus during 2010.

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

Approval

This report was approved by the Board of Directors on 14 April 2011 and signed on its behalf by:

Peter Ryalls
Chairman, Remuneration Committee
14 April 2011

Statement of Directors' Responsibilities

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

International Accounting Standard 1 requires that financial statements present fairly for each financial year the 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 each of 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 Members of Geopark Holdings Limited

We have audited the Group financial statements (the "financial statements") of GeoPark Holdings Limited for the year ended 31 December 2010 which comprise the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law in Bermuda and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 60 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law in Bermuda and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the UK Auditing Practices Board's Ethical Standards for Auditors.
This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 90 of The Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving the opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2010 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

Other matters

a) The maintenance and integrity of the GeoPark Holdings Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

b) Legislation in Bermuda and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
14 April 2011

pwc

Consolidated Statement of Income

Amounts in US$ ´000	Note	2010	2009
Net Revenue	7	79,550	44,847
Production costs	8	(43,551)	(29,582)
Gross Profit		**35,999**	**15,265**
Exploration costs	11	(5,183)	(6,714)
Administrative costs	12	(14,435)	(8,450)
Selling expenses		(2,027)	(1,345)
Other operating costs	13	(1,130)	(2,524)
Operating Profit / (Loss)		**13,224**	**(3,768)**
Financial income	14	239	64
Financial expenses	15	(4,427)	(3,765)
Profit / (Loss) before Income Tax		**9,036**	**(7,469)**
Income Tax	16	(4,856)	(520)
Profit / (Loss) for the Year		**4,180**	**(7,989)**
Attributable to:			
Owners of the Company		4,180	(7,989)
Earnings / (Loss) per share (in US$) for profit attributable to owners of the Company. Basic	18	**0.10**	**(0.22)**
Earnings / (Loss) per share (in US$) for profit attributable to owners of the Company. Diluted	18	**0.09**	**(0.22)**

Consolidated Statement of Comprehensive Income

Amounts in US$ ´000	2010	2009
Income / (Loss) for the year	4,180	(7,989)
Other comprehensive income:		
Currency translation differences	-	(26)
Total comprehensive Income / (Loss) for year	**4,180**	**(8,015)**
Attributable to:		
Owners of the Company	4,180	(8,015)

The notes on pages 66 to 86 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

Amounts in US$ ´000	Note	2010	2009
Assets			
Non Current Assets			
Property, plant and equipment	19	156,497	122,447
Prepaid taxes	21	2,655	2,965
Other financial assets	24	5,601	2,214
Deferred income tax asset	17	374	302
Prepayments and other receivables	23	183	-
Total Non Current Assets		**165,310**	**127,928**
Current Assets			
Inventories	22	3,472	2,258
Trade receivables	23	13,071	5,908
Prepayments and other receivables	23	3,158	1,763
Prepaid taxes	21	1,341	668
Cash and cash equivalents	24	99,411	23,760
Total Current Assets		**120,453**	**34,357**
Total Assets		**285,763**	**162,285**
Total Equity			
Equity attributable to owners of the Company			
Share capital	25	42	42
Share premium	25	107,858	107,524
Reserves	25	3,919	3,950
Retained losses		(19,527)	(26,034)
Total Equity		**92,292**	**85,482**
Liabilities			
Non Current Liabilities			
Borrowings	26	143,824	52,174
Provisions for other long-term liabilities	27	3,153	1,021
Deferred income tax liability	17	6,014	1,086
Total Non Current Liabilities		**152,991**	**54,281**
Current Liabilities			
Borrowings	26	25,564	8,236
Trade and other payable	28	12,710	12,923
Provisions for other liabilities		2,206	1,363
Total Current Liabilities		**40,480**	**22,522**
Total Liabilities		**193,471**	**76,803**
Total Equity and Liabilities		**285,763**	**162,285**

The notes on pages 66 to 86 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors on 14 April 2011.

Consolidated Statement of Changes in Equity

	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 2009	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**
Comprehensive income:						
Profit for the year	-	-	-	-	4,180	4,180
Other comprehensive income:						
Currency translation differences	-	-	-	-	-	-
Total Comprehensive Income for the Year 2010	**-**	**-**	**-**	**-**	**4,180**	**4,180**
Transactions with owners:						
Proceeds from issue of shares	-	-	-	-	-	-
Share based payment (Note 29)	-	334	(31)	-	2,327	2,630
Total 2010	**-**	**334**	**(31)**	**-**	**2,327**	**2,630**
Balances at 31 December 2010	**42**	**107,858**	**3,025**	**894**	**(19,527)**	**92,292**

The notes on pages 66 to 86 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow

Amounts in US$ '000	Note	2010	2009
Cash flows from operating activities			
Income / (Loss) for the year		4,180	(7,989)
Adjustments for:			
Income tax for the year	16	4,856	520
Depreciation of the year	9	22,700	14,922
Loss on disposal of property, plant and equipment		115	-
Write off of unsuccessful efforts	11	3,033	4,345
Impairment loss	13	-	1,490
Accrual of borrowing's interests		2,758	880
Unwinding of discount	15	259	165
Accrual of stock options and stock awards	12	2,630	1,312
Exchange difference generated by borrowings		55	504
Changes in working capital	5	(9,688)	5,018
Cash flows from operating activities - net		**30,898**	**21,167**
Cash flows from investing activities			
Purchase of property, plant and equipment	19	(58,025)	(40,440)
Purchase of financial assets	24	(3,387)	(65)
Cash flows used in investing activities - net		**(61,412)**	**(40,505)**
Cash flows from financing activities			
Proceeds from borrowings		1,853	15,000
Proceeds from the issue of bond		130,296	-
Bond emission expenditures		(3,162)	-
Proceeds from issue of common shares		-	31,688
Principal paid		(36,171)	(8,092)
Interest paid		(1,666)	(1,191)
Cash flows from financing activities - net		**91,150**	**37,405**
Net increase in cash and cash equivalents		**60,636**	**18,067**
Cash and cash equivalents at 1 January		23,760	5,710
Currency translation differences relating to cash and cash equivalents		-	(17)
Cash and cash equivalents at the end of the year		**84,396**	**23,760**
Ending Cash and cash equivalents are specified as follows:			
Cash in bank		99,408	23,757
Cash in hand		3	3
Bank overdrafts		(15,015)	-
Cash and cash equivalents		**84,396**	**23,760**

The notes on pages 66 to 86 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 have been authorised for trading on the Santiago Off-Shore Stock Exchange, since 30 October 2009 (in US$) under the trading symbol "GPK".

These consolidated financial statements were authorised for issue by the Board of Directors on 14 April 2011.

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.

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

2.1.1 Changes in accounting policy and disclosure
The Group's accounting policy for the valuation of crude oil inventories was to measure it at net realisable value. The net realisation value was stated at sales price less costs incurred to execute the sale. Following industry practice and in absence of specific IFRS guidance in this respect, the accounting policy was changed, effective from 1 January 2010. The crude oil is valued at the lower of cost and net realisable value. No restatement in respect of prior periods has been made as the effect on comparative figures is not material.

Effective from 1 January 2010, GeoPark Argentina Ltd, the Group's Argentinean subsidiary, changed its functional currency from Argentinean Pesos to the US Dollars, reflecting the change in the balance of its operations to be primarily the provider of technical and administrative services to the Group's other operations. As there has been a change in the underlying transactions, conditions and events, IAS 21 requires the change to be accounted for prospectively from the date of change and the comparatives have not been restated.

New and amended standards adopted by the Group
The new and amended accounting standards mandatory for the first time for the financial year beginning 1 January 2010 did not have an impact on the Group's financial statements.

IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are 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 either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), 'consolidated and separate financial statements', at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if here 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 re-measured to fair value, and a gain or loss is recognised in profit or loss. There has been no impact of IAS 27 (revised) on the current period, as none of the non-controlling interests have a deficit balance.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted
The Group's assessment of the impact of these new standards and interpretations is set out below:

- IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU. The group is yet to assess IFRS 9's full impact.

- Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 January 2011.

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 programme 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 consists of the CEO, Managing Director, CFO and managers in charge of the Geocience, Drilling, Operations and SPEED departments. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

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.

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.

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 amortization 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$ 397,164 (US$ 221,535 in 2009).

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, capitalizing exploration and evaluation costs until such time as the economic viability of producing the underlying resources is determined. Costs incurred prior to obtaining legal rights to explore are expensed immediately to the income statement.

Exploration and evaluation costs may include: licence acquisition, geological and geophysical studies (i.e.: seismic), direct labour costs and drilling costs of exploratory wells. No depreciation and/or amortization 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. If not developed, Exploration and evaluation assets are written off after three years unless, it can be clearly demonstrated that the carrying value of the investment is recoverable.

A charge of US$ 3,033,000 has been recognised in the Statement of Income within Exploration costs (US$ 4,345,000 in 2009) for write offs 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 holes, service wells and seismic surveys for development purposes), project-related engineering and the acquisition costs of rights and concessions related to proved properties.

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

Capitalised costs of proved oil and gas properties are depreciated on a licenced area by licenced 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 Statement of Income as production, exploration and administrative expenses, based on the nature of the associated asset.

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

2.11 Provisions

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 pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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 re-evaluate future costs of well-capping. The effects of this recalculation are included in the financial statements in which this re-calculation 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 amortization (i.e.: exploration and evaluation assets) are tested annually for impairment. Assets that are subject to depreciation and/or amortization 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 licenced 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 if it can be clearly demonstrated that the carrying value of the investment will be recoverable.

No impairment loss has been recognised during 2010 (US$ 1,490,000 was recognised within Other operating costs as a result of the impairment test performed regarding operating fields in Argentina in 2009).

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 the lower of cost and net realisable value. 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 Statement of Income. All of the Group's financial assets are classified as loan and receivables.

2.17 Other financial assets

Non current financial assets relate solely to the cash collateral account required under the terms of the Bond issued (see Note 26). This investment is intended to guarantee interest payments and will be recovered once the borrowing is fully paid. The 2009 balance related to the cash collateral account required under the terms of the borrowing obtained from the IFC and has been released during 2010 following the repayment of the loan principal.

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

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

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

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 managment

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

Currency risk

In Argentina and Chile the functional currency is the US dollar. The fluctuation of the Argentine peso and the Chilean peso does not impact the loans, costs and revenues held in US dollars; but it does impact the balances denominated in local currency. Such is the case of the prepaid taxes. As currency rate changes between the US dollar and the Argentine peso or the Chilean peso, the Group recognises gains and losses in the consolidated Statement of Income.

In both countries, most of the balances are denominated in US dollars, and since it is the functional currency of the subsidiaries, there is no exposure to currency fluctuation except from receivables originated in local currency mainly corresponding to VAT credits for US$ 646,892 (US$ 611,572 in 2009) in Chile and US$ 2,661,000 in Argentina (no impact in 2009 as the functional currency was the Argentine Peso).

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

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

During 2010, the Argentine peso weakened by 5% (10% in 2009) against the US dollar and the Chilean peso strengthened by 8% (weakened by 20% in 2009). 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 profit for the year would have been lower by US$ 127,000 (post-tax loss for the year would have been higher by US$ 632,000 in 2009).

Price risk

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

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

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

If the market prices of WTI and methanol had fallen by 10% compared to actual prices during the year, with all other variables held constant, post-tax profit for the year would have been lower by US$ 6,619,000 (post-tax loss for the year would have been higher by US$ 3,669,347 in 2009).

The Board will consider adopting 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, a Brazilian 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 (39% of total revenue). All the oil produced in Chile is sold to ENAP (59% of total revenue), the 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 give rise to a significant collection risk.

The Group has US$ 100 million deposited at Citibank New York in low risk interest bearing CD's aimed to have immediate access to the funds should they be required to pay for an acquisition.

See disclosure in Note 24.

Funding and Liquidity risk

The extent of the global economic crisis and the accompanying oil and gas price volatility have created substantial uncertainty in accurately forecasting future activities. The Group, like virtually every enterprise in every industry today, faces a period of challenge and adjustment. Following its successes in 2009 and 2010, the Group is in the fortunate position of having a secure production base and cash flow stream - coupled with low operating costs and the flexibility of a discretionary investment programme 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 programme 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 to 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. At 31 December 2010 the outstanding long-term borrowing affected by variable rates amounted to US$ 25,848,000.

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 2010, if interest rates on currency-denominated borrowings had been 1% higher with all other variables held constant, post-tax profit for the year would have been US$ 448,992 lower (post-tax loss for the year would have been US$ 432,603 higher in 2009), mainly as a result of higher interest expense on floating rate borrowings.

Capital risk management

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

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

The Group's strategy, until 2010, was to keep the gearing ratio within a 40% to 55% range. During 2010, as a result of the bond issuance for future acquisitions, the gearing ratio increased but remains within the above range.

The gearing ratios at 31 December 2010 and 2009 were as follows:

Amounts in US$ '000	2010	2009
Net Debt	69,977	36,650
Total Equity	92,292	85,482
Total Capital	162,269	122,132
Gearing Ratio	43%	30%

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 takes professional advice from qualified independent experts.

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

The process of estimating reserves is complex. It requires significant judgements and decisions based on available geological, geophysical, engineering and economic data. The estimation of economically recoverable oil and natural gas reserves and related future net cash flows was performed based on the Reserve Report dated December 2010 prepared by De-Goyler and MacNaughton, an international consultancy to the oil and gas industry based in Dallas. It incorporates many factors and assumptions including:

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

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

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.

- 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 and the Chilean subsidiaries operates 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.

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

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

Note 5
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 2010

Balance Sheet Items	Movements derived from Consolidated Financial Position	Movements arising from Currency Translation	Other Non-Cash Movements (*)	Movements from Consolidated Cash Flow Statement
Property, plant and equipment	34,050	-	(1,873)	32,177
Prepaid taxes	363	-	-	363
Inventory	1,214	-	-	1,214
Trade receivables	7,163	-	-	7,163
Prepayment and other receivables	1,578	-	-	1,578
Other financial assets	3,387	-	-	3,387
Cash and cash equivalents	60,636	-	-	60,636
Borrowings	(93,963)	-	-	(93,963)
Trade accounts payable	213	-	-	213
Deferred tax	(4,856)	-	-	(4,856)
Other liabilities	(2,975)	-	1,873	(1,102)
Equity	(6,810)	-	-	(6,810)

31 December 2009

Balance Sheet Items	Movements derived from Consolidated Financial Position	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
Other financial assets	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)

(*) 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	2010	2009
Change in Prepaid taxes	(363)	2,141
Change in Inventory	(1,214)	(591)
Change in Trade receivables	(7,163)	2,499
Change in Prepayments and other receivables	(1,578)	(414)
Change in Current liabilities	630	1,383
	(9,688)	**5,018**

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, amortization 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
2010				
Net revenue	1,119	78,431	-	79,550
Gross profit	367	35,632	-	35,999
Adjusted EBITDA (1)	(905)	49,973	(7,976)	41,092
Depreciation	(798)	(21,900)	(2)	(22,700)
Impairment and write off	(240)	(2,793)	-	(3,033)
Total assets	10,806	(2) 273,450	1,507	285,763
Employees (average)	70	111	1	182

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)	61	92	1	154

(1) Corporate expenses included in the Adjusted EBITDA are allocated within the Statement of Income as Exploration costs for an amount of US$ 1,093,000

(US$ 663,000 in 2009), Production costs for an amount of US$ 1,012,000 (US$ 710,000 in 2009) and the remaining amount corresponds to Administrative costs.

(2) Includes cash received from bond issuance.

Over 90% of CAPEX is allocated to Chile in 2010 and 2009.

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

Amounts in US$ '000	2010	2009
Adjusted EBITDA for reportable segments	**41,092**	**17,730**
Depreciation	(22,700)	(14,922)
Accrual of stock options and stock awards	(2,630)	(1,312)
Impairment and write off of unsuccessful efforts	(3,033)	(5,835)
Others	495	571
Operating profit / (loss)	**13,224**	**(3,768)**
Net finance cost	(4,188)	(3,701)
Profit / (Loss) before tax	**9,036**	**(7,469)**

Note 7

Net Revenue

Amounts in US$ '000	2010	2009
Sale of crude oil	48,186	22,064
Sale of gas	31,364	22,783
	79,550	**44,847**

Note 8

Production costs

Amounts in US$ '000	2010	2009
Depreciation	22,301	14,682
Gas plant costs	3,067	2,901
Royalties	3,940	2,126
Staff costs (Note 10)	2,936	2,098
Facilities maintenance	2,206	1,503
Transportation costs	1,876	1,144
Well maintenance	1,293	1,115
Consumables	1,319	888
Pulling costs	614	602
Vehicle rental and personnel transportation	870	503
Insurance costs	312	375
Landowners	239	253
Other costs	2,578	1,392
	43,551	**29,582**

Note 9

Depreciation

Amounts in US$ '000	2010	2009
Oil and gas properties	16,171	11,210
Production facilities and machinery	6,209	3,444
Furniture, equipment and vehicles	185	151
Buildings and improvements	135	117
Depreciation, property, plant and equipment	**22,700**	**14,922**
Recognised as follows:		
Production costs	22,301	14,682
Administrative expenses	290	240
Other operating costs	109	-
Depreciation total	**22,700**	**14,922**

Note 10

Staff costs

	2010	2009
Average number of employees	182	154
Amounts in US$ '000		
Wages and salaries	7,665	5,514
Shared-based payment	2,630	1,312
Social security charges	1,446	948
	11,741	**7,774**

	2010	2009
Board of Directors' and key managers' remuneration		
Salaries and fees	2,786	2,127
Other benefits [(a)]	1,422	83
	4,208	**2,210**

(a) The Company have granted stock awards in connection with service agreements entered with key management, generating a charge of US$ 1,300,000 in 2010. These stock awards can be payable to key management or related companies to the key management.

Note 11

Exploration costs

Amounts in US$ '000	2010	2009
Staff costs (Note 10)	1,749	1,660
Write off of unsuccessful efforts [(a)]	3,033	4,345
Other services	401	709
	5,183	**6,714**

(a) The 2010 charge corresponds to the write off of exploration and evaluation assets amounting to US$ 2,793,000 and US$ 240,000 in the Fell Block and Del Mosquito Block, respectively. These assets have been kept for more than three years, so in accordance with the Group's accounting policy and considering that no additional work will be performed, these assets have been written off. During 2009 there were not any unsuccessful exploratory wells. The impairment charge corresponds to prior years' exploration activities which required additional appraisal and development work to determine whether commercial reserve existed. During 2009, and based on new information, it was decided that the additional work would no longer be carried out and therefore the related costs were written off.

Note 12

Administrative costs

Amounts in US$ '000	2010	2009
Staff costs (Note 10)	4,426	2,704
Consultant fees	2,499	1,470
Share-based payments (Notes 10 and 29)	2,630	1,312
Office expenses	696	646
Travel expenses	1,026	506
Communication and IT costs	454	317
Depreciation	290	240
Other administrative expenses	2,414	1,255
	14,435	**8,450**

Note 13

Other operating costs

Amounts in US$ '000	2010	2009
Costs not allocated to capitalised projects	-	1,186
Impairment loss	-	1,490
Depreciation	109	-
Other expense / (income)	1,021	(152)
	1,130	**2,524**

Note 14

Financial income

Amounts in US$ '000	2010	2009
Exchange difference	237	49
Interest received	2	15
	239	**64**

Note 15

Financial expenses

Amounts in US$ '000	2010	2009
Bank charges and other financial costs	534	277
Tax credits: discount to present value	-	429
Exchange difference	921	1,793
Unwinding of long-term liabilities	259	165
Interest and amortization of debt issue costs	3,110	1,323
Less: amounts capitalised on qualifying assets	(397)	(222)
	4,427	**3,765**

Note 16

Income Tax

Amounts in US$ '000	2010	2009
Current tax	-	-
Deferred tax	4,856	520
	4,856	**520**

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	2010	2009
Profit / (Loss) before tax	9,036	(7,469)
Tax losses from non taxable jurisdictions	11,134	6,443
Taxable profit / (loss)	**20,170**	**(1,026)**
Income tax calculated at statutory tax rate	2,230	(1,277)
Tax losses where no deferred income tax is recognised	1,454	1,954
Expenses not deductible for tax purposes	-	10
Difference between functional currency and tax currency	1,228	(167)
Non taxable profit	(56)	-
Income tax	**4,856**	**520**

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

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	2010	2009
Argentina	18,095	13,370
Total tax losses at 31 December	**18,095**	**13,370**

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 2010 are:

Expiring date	Amounts in US$ '000
2011	1,625
2012	5,723
2013	4,104
2014	777
2015	5,866

Note 17

Deferred income tax

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

Amounts in US$ '000	2010	2009
Deferred tax at 1 January	(784)	(261)
Exchange differences	-	(3)
Income statement charge	(4,856)	(520)
Deferred tax at 31 December	**(5,640)**	**(784)**

The breakdown and movement of deferred tax assets and liabilities as of 31 December 2010 and 2009 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)	(874)	-	(936)
Taxable losses (*)	352	958	-	1,310
Other	12	(12)	-	-
Total 2010	**302**	**72**	**-**	**374**
Total 2009	**15**	**290**	**(3)**	**302**

Amounts in US$ '000	At the beginning of year	(Charged)/ credited to net profit/loss	At end of year
Deferred tax liabilities			
Difference in			
depreciation rates	(8,508)	(4,832)	(13,340)
Taxable losses (*)	7,258	713	7,971
Borrowings	-	(948)	(948)
Other	164	139	303
Total 2010	**(1,086)**	**(4,928)**	**(6,014)**
Total 2009	**(276)**	**(810)**	**(1,086)**

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

Note 18

Earnings / (Loss) per share

Amounts in US$ '000	2010	2009
Numerator:		
Profit / (Loss) for the year	4,180	(7,989)
Denominator:		
Weighted average number of shares used in basic EPS	41,673,256	36,998,702
Earnings / (Loss) after tax per share (US$) - basic	**0.10**	**(0.22)**

Amounts in US$ '000	2010	2009
Weighted average number of shares used in basic EPS	41,673,256	36,998,702
Effect of dilutive potential common shares		
Stock award to employees at US$ 0.001	1,101,414	-
Stock option at £ 4.00	1,218,380	-
Executive Directors stock option at £ 3.20	306,690	-
Weighted average number of common shares for the purposes of diluted earnings per shares	44,299,739	36,998,702
Earnings / (Loss) after tax per share (US$) - diluted	**0.09**	**(0.22)**

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 2009	**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**
Additions	2,129	418	379	199	32,344	24,429	59,898
Disposals	(141)	(43)	-	-	-	-	(184)
Write off / Impairment	-	-	-	-	-	(3,033)	(3,033)
Transfers	41,732	81	7,793	74	(30,622)	(19,058)	-
Cost at 31 December 2010	**126,626**	**1,445**	**38,142**	**2,076**	**12,977**	**23,412**	**204,678**
Depreciation and write down at 1 January 2009	**(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)
Depreciation	(16,171)	(185)	(6,209)	(135)	-	-	(22,700)
Disposals	45	24	-	-	-	-	69
Depreciation and write down at 31 December 2010	**(33,508)**	**(851)**	**(13,308)**	**(514)**	**-**	**-**	(48,181)
Carrying amount at 31 December 2009	**65,524**	**299**	**22,871**	**1,424**	**11,255**	**21,074**	**122,447**
Carrying amount at 31 December 2010	**93,118**	**594**	**24,834**	**1,562**	**12,977**	**23,412**	**156,497**

As of 31 December 2010, the Company has pledged, as security for a mortgage obtained for the acquisition of the operating base in Chile, assets amounting to US$ 708,000 (US$ 653,000 in 2009). See note 26.

Note 20

Subsidiary undertakings

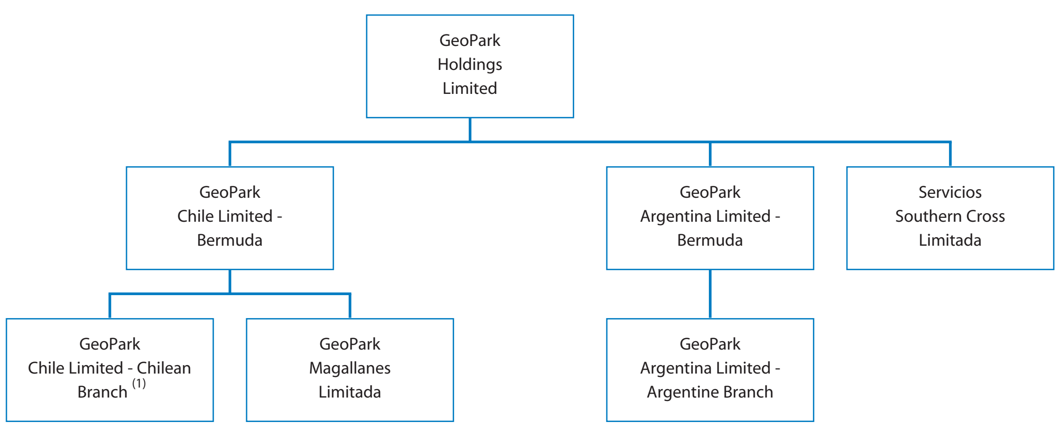
Details of the subsidiaries and Jointly controlled assets of the Company are set out below:

	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)	25% (**)

(*) Indirectly owned.

(**) On 15 July 2010 following Governmental approval the new ownership of the Otway Block was confirmed.

The following chart illustrates the Group structure:



(1) The Group is always seeking opportunities to access to new capital sources to finance the continuous growth and expansion of the business. Consequently, GeoPark Chile Limited - Chilean Branch has incorporated two new Chilean subsidiaries during December 2010 (Geopark Fell S.p.a. and Geoprak S.A.) in order to create the corporate structure that would enable a potential listing in the Chilean Stock Exchange among other financing alternatives. Accordingly the Board of Directors has agreed to continue exploring this alternative. Should the Company decide not to pursue this initiative these changes in the Corporate Structure will not affect the business.

Note 21

Prepaid taxes

Amounts in US$ '000	2010	2009
V.A.T.	3,347	3,152
Other prepaid taxes	649	481
Total prepaid taxes	**3,996**	**3,633**
Classified as follows:		
Current	1,341	668
Non current	2,655	2,965
Total prepaid taxes	**3,996**	**3,633**

Note 22

Inventories

Amounts in US$ '000	2010	2009
Crude oil	199	1,462
Materials and spares	3,273	796
	3,472	**2,258**

Note 23

Trade receivables and Prepayments and other receivables

Amounts in US$ '000	2010	2009
Trade accounts receivable	13,071	5,908
	13,071	**5,908**
To be recovered from co-venturers	1,890	731
Prepayments and other receivables	1,451	1,032
	3,341	**1,763**
Total	**16,412**	**7,671**

Classified as follows:		
Current	16,229	7,671
Non current	183	-
Total	**16,412**	**7,671**

Trade receivables that are aged by less than three months are not considered impaired. As of 31 December 2010, trade receivables of US$ 26,174 (US$ 32,479 in 2009) 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 2010 and 2009.

Movements on the Group provision for impairment are as follows:

Amounts in US$ '000	2010	2009
At 1 January	33	34
Provision for receivables impairment	-	-
Currency translation	-	(1)
	33	**33**

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

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	2010	2009	2010	2009
Assets as per statement of financial position				
Trade receivables	13,071	5,908	13,071	5,908
Other financial assets (*)	5,601	2,214	5,601	2,214
Cash and cash equivalents	99,411	23,760	99,411	23,760
	118,083	**31,882**	**118,083**	**31,882**

	Other financial liabilities		Total	
Amounts in US$ '000	2010	2009	2010	2009
Liabilities as per statement of financial position				
Trade and other payable	11,592	12,923	11,592	12,923
Borrowings	169,388	60,410	169,388	60,410
Other liabilities	-	-	-	-
	180,980	**73,333**	**180,980**	**73,333**

(*) Non current financial assets relate solely to the cash collateral account required under the terms of the Bond issued. This investment is intended to guarantee interest payments and will be recovered once the borrowing is fully paid. The 2009 balance related to the cash collateral account required under the terms of the borrowing obtained from the IFC and has been released during 2010 following the repayment of the loan principal.

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	2010	2009
Trade receivables		
Counterparties with external credit rating (Moody's)		
A3	5,977	2,593
Ba1	6,731	3,168
Baa1	334	114
Counterparties without external credit rating		
Group1 (*)	29	33
Total trade receivables	**13,071**	**5,908**

(*) Group 1 - 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)		
A1	3,694	25,971
Aa3	101,315	-
Total	**105,009**	**25,971**

(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 2010				
Borrowings	21,970	7,391	212,182	-
Trade payables	11,592	-	-	-
	33,562	**7,391**	**212,182**	**-**
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**

Note 25

Share capital

Issued share capital	2010	2009
Common stock (amounts in US$ '000)	**42**	**42**
The share capital is distributed as follows:		
Common shares, of nominal US$ 0.001	41,703,011	41,666,307
Total common shares in issue	**41,703,011**	**41,666,307**

Authorised share capital		
US$ per share	0.001	0.001
Number of common shares (US$ 0.001 each)	5,171,969,000	5,171,969,000
Amount in US$	5,171,969	5,171,969

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

Common shares

As of 31 December 2010 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 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**
Issue of shares to non-Executive Directors	2010	0.02	41.7	42
Stock awards	Dec 2010	0.02	41.7	42
Shares outstanding at the end of 2010			**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 was to provide for exploration and development investments on the Fell, Otway and Tranquilo Blocks in Chile in order to increase oil and gas reserves, production and revenue.

In accordance with the requirements of IAS 32, the costs associated with the issuance of these shares of US$ 606,393 in 2009 have been deducted from equity.

During 2010, the Company issued 14,704 (46,121 in 2009) shares to Non-Executive Directors in accordance with contracts as compensation.

On 20 December 2010, 22,000 new common shares were issued, pursuant to a consulting agreement for services rendered to GeoPark Holdings Limited generating a shared premium of US$ 243,000.

Other Reserve
As stated above, the Company has issued 14,704 (46,121 in 2009) shares regarding Non-Executive Directors fees paid in shares. Shares are issued at average price for the period, generating a share premium of US$ 91,000 (US$ 269,000 in 2009).

The 23,530 shares granted in 2008 have been issued during 2009 and 2010 resulting in a decrease of US$ 150,000 of Other Reserve (US$ 31,000 in 2010 and US$ 119,000 in 2009)

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	2010	2009
Outstanding amounts as of 31 December		
International Finance Corporation [a]	-	13,901
Methanex Corporation [b]	25,848	45,935
Banco de Crédito e Inversiones [c]	541	574
Overdrafts [d]	15,015	-
Bond [e]	127,984	-
	169,388	**60,410**
Classified as follows:		
Non current	143,824	52,174
Current	25,564	8,236

(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 programme. 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 extended the maturity until 2016 and includes an eighteen month repayment grace period and a reduced repayment schedule thereafter. In December 2010 the outstanding amount was fully cancelledrepaid (see point (e) below).

(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 financing was also structured as a gas pre sale agreement with a five year pay-back period. The repayment is 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 December 2010 the outstanding amount was fully repaid (see point (e) below).

In addition on 30 October 2009 another financing agreement was signed with Methanex Corporation, under which Methanex will fund GeoPark's portions of cash calls for the Otway Joint Venture up to US$ 3.3 million until 30 June 2011 (or earlier). The loan will be repaid by GeoPark funding Methanex's portion of cash calls made between 30 June 2011 (or final funding date) and 11 May 2012 (or earlier). If any amount of loan remains outstanding on 11 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 though 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%.

(d) The Group has been granted with credit lines for approximately US$ 15,000,000.

(e) GeoPark Chile Limited has successfully completed the private placement of US$ 133 million of Reg S Notes announced on 2 December 2010.

The Notes will carry a coupon of 7.75% per annum and mature on 15 December 2015. The Notes are guaranteed by the Company and secured with the pledge of 51% of the shares of GeoPark Chile. In addition, the Note agreement allows for the placement of up to an additional US$ 27 million of Notes under the same indenture, subject to the maintenance of certain financial ratios. The net proceeds of the Notes will be used to support the Company's growth strategy and improve the Company's financial flexibility. Also, US$ 14.5 million was used to repay the IFC loan and US$ 14.5 million was used to repay the loan held with Methanex since 16 October 2009.

The fair value of these financial instruments at 31 December 2010 amounts to US$ 158,492,000 (US$ 58,115,000 in 2009).

Note 27

Provisions for other long-term liabilities

Amounts in US$ '000	Assets retirement obligation
At 1 January 2009	**1,548**
Revision to provision	(691)
Currency translation	(1)
Unwinding of discount	165
At 31 December 2009	**1,021**
Revision to provision	1,873
Unwinding of discount	259
At 31 December 2010	**3,153**

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	2010	2009
V.A.T	1,118	-
Trade payables	11,592	12,923
	12,710	**12,923**

The average credit period (expressed as creditor days) during the year ended 31 December 2010 was 49 days (2009: 63 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 Programme and Executive Stock Option plan

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

The costs for these Programmes 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	2010	2009
Stock awards 2010 [a]	253	-
Stock awards 2010 [b]	1,300	-
Stock awards 2008 [c]	1,017	1,162
Stock awards 2006 [d]	-	-
Stock option plan [e]	-	-
Shares granted to Non-Executive Directors	60	150
	2,630	**1,312**

(a) The Board of Directors on 23 September 2010 has approved a Stock Award Programme for employees with the following characteristics:

- Grant date: 15 December 2010.
- All employees are eligible.
- Vesting period of 4 years.
- Exercise price is equal to the nominal value of shares.

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 shares.

(b) Stock awards granted to key management in connection with service agreement. See Note 10.

(c) 2008 Performance-based Employee Long-Term Incentive Programme

During 2008 GeoPark 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 has approved a Stock Award Programme 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 shares.

(d) 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 2010, 241,500 (35,000 in 2009) of these shares were sold by the employees at a weighted average price of 5.81 (2.85 in 2009) pounds per share. The shares held in the Employee Beneficiary Trust rank pari passu with GeoPark's ordinary shares.

(e) 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 2010.

During 2010 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 14,704 (22,591 in 2009) 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 costs line in the amount of US$ 60,815 (US$ 149,074 in 2009).

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%		25%	
	2010	**2009**	**2010**	**2009**
Assets				
PP&E / E&E	3,114	232	1,108	105
Other assets	435	344	176	169
Total assets	**3,549**	**576**	**1,284**	**274**
Liabilities				
Current liabilities	(495)	(101)	(98)	(178)
Total liabilities	**(495)**	**(101)**	**(98)**	**(178)**
Net assets / (liabilities)	**3,054**	**475**	**1,186**	**96**
Sales	-	-	-	-
Net loss	**547**	**371**	**219**	**341**

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 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 total cost of US$ 14,360,000 for these works. GeoPark's working interest is 30%.

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 total cost of US$ 10,550,000 for these works. GeoPark's working interest is 25%.

(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$ 11,676,000 (US$ 11,225,000 in 2009) was charged to the income statement during 2010 related to operating leases.

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

Amounts in US$ '000	2010	2009
Operating lease commitments		
Falling due within 1 year	13,224	11,066
Falling due within 1 - 5 years	30,301	11,113
Total minimum lease payments	**43,525**	**22,179**

Note 32
Related parties

Controlling interest

The main shareholders of GeoPark Holdings Limited, a company registered in Bermuda, as of 31 December 2010, are:

a) 19.60 per cent of share capital, by Gerald O'Shaughnessy (founder).
b) 16.74 per cent of share capital, by Energy Holdings, LLC controlled by James F. Park (founder).
c) 10.31 per cent of share capital, by Cartica Corporate Governance Fund, L.P.
d) 8.29 per cent of share capital, by IFC (International Finance Corporation).
e) 5.65 per cent of share capital, by PERSHING Keen, New Jersey (ND)
f) 4.36 per cent of share capital, by MONEDA A.F.I.
g) 3.62 per cent of share capital, by ING Bank
h) 3.30 per cent of share capital, by UBS Wealth Management (ND)

Balances outstanding and transactions with related parties

(Amounts in ´000) Account	Transaction	Balances	Related Party	Relationship
2010				
To be recovered from co-ventures	-	1,890	Joint Ventures	Joint Ventures
Borrowings	1,061	-	IFC	Shareholders
Exploration costs	162	-	Carlos Gulisano	Non Executive Director (*)
Administrative costs	248	-	Carlos Gulisano	Non Executive Director (**)
2009				
To be recovered from co-ventures	-	731	Joint Ventures	Joint Ventures
Borrowings	1,086	(13,901)	IFC	Shareholders
Administrative costs	6		Lario Enterprises	(***)
Production costs	20		Peter Ryalls	Non Executive Director (****)

(*) Corresponding to geosciences consultancy.
(**) Corresponding to fees for his position of Managing Director held until June 2010 when he was appointed as Non-Executive Director.
(***) The Company paid US$ 6,000 during 2009 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	2010	2009
Fees payable to the Group's auditors for the audit of the consolidated financial statements	115	105
Fees payable to the Group's auditors for the review of interim financial results	28	28
Fees payable for the audit of the Group's subsidiaries pursuant to legislation	98	71
Non audit services	146	168
Fees paid to auditors	**387**	**372**

Non audit services relates to tax services for US$ 94,000 (US$ 141,000 in 2009) and other services for US$ 52,000 (US$ 27,000 in 2009).

Note 34

Subsequent Events

Strategic partnership with LGI

In 2010, GeoPark and LGI entered into a strategic partnership to acquire a portfolio of oil and gas upstream assets in Latin America. As a first step towards cementing this long-term growth partnership, in March 2011 GeoPark reached an in-principle agreement to sell to LGI a 10% interest in the Chilean business (participation in Fell, Otway and Tranquilo) for US$ 70 million. The transaction is expected to close in 2Q 2011.

In addition, in a separate transaction, and subject to obtaining regulatory approvals, GeoPark has reached an in-principle agreement to invest up to US$ 10 million in the drilling of an exploration well on the Sholkara prospect in the LGI-operated Block 8 in Kazakhstan, which would give GeoPark effectively a 25% participating interest in Block 8. The Sholkara prospect has an unrisked mean oil resource estimate of 100-400 million barrels and represents an exciting opportunity for GeoPark outside its historical and principal area of focus.

Both transactions are subject to the signing of definitive legal agreements and final approval of the GeoPark and LGI Boards of Directors.

Agreement with Methanex

In March 2011 GeoPark Chile Limited - Chilean Branch has signed an amendment to the Sale and Purchase of Natural Gas Agreement with Methanex Chile S.A. Under this new agreement the Group's subsidiary has committed to drill twelve gas wells in the Fell Block during 2011. Methanex will contribute to the cost of drilling the wells in order to improve the project economics.

Seno Obstrucción, Tranquilo Block

Board of Directors

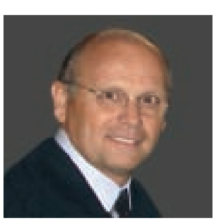
Gerald E. O'Shaughnessy | Executive Chairman
Mr. O'Shaughnessy graduated from the University of Notre Dame with degrees in government and law, and thereafter practiced law until joining Lario Oil and Gas (his family company and one of the oldest independent oil and gas companies in the USA) as Senior 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.



Carlos Gulisano | Non-Executive Director
Dr. Gulisano is a respected leader in the fields of petroleum geology and geophysics in Latin America and has over 30 years of successful exploration, development and management experience in the oil and gas industry. Dr. Gulisano has worked with YPF, Petrolera Argentina San Jorge, Chevron and GeoPark and has been a leader on teams credited with significant oil and gas discoveries (including the giant Trapial Field in Argentina). He has worked in Argentina, Bolivia, Peru, Ecuador, Colombia, Venezuela, Brazil, Chile, and USA. Dr. Gulisano holds a B.Sc in Geology, a postgraduate degree in Petroleum Engineering and a PhD in Geology from the University of Buenos Aires and has authored and co-authored over 40 technical papers. He is a former adjunct professor at the Universidad del Sur, a former thesis director at the University of La Plata, and a former scholarship director at CONICET (the national technology research council) in Argentina. Dr. Gulisano has been a key element of GeoPark's growth – as an adviser since 2002 and as the Managing Director from February 2008 until June 2010.

James F. Park | Chief Executive Officer and Deputy Chairman
Mr. Park has over 35 years of 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 which pioneered the development of commercial oil and gas production in Central America and, as a senior executive, and Board member, 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) until its sale 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 and has been the Chief Executive Officer since its founding.

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) Carlos Gulisano (Non-Executive Director)
Registered Office	Milner House 18 Parliament Street Hamilton HM 12 Bermuda
Buenos Aires Office	Florida 981 Fourth Floor C1005AAS Buenos Aires Argentina + 54 11 4312 9400
Secretary	Martín Pérez de Solay
Nominated Advisor and Broker	Oriel Securities
Solicitors to the Company as to English Law	Norton Rose Kempson House Camomile Street London EC3A 7AN United Kingdom
Solicitors to the Company as to Bermuda Law	Cox Hallett Wilkinson Milner House 18 Parliament Street PO Box HM 1561 Hamilton HMFX Bermuda
Solicitors to the Company as to Chilean Law	Aylwin Abogados Avenida Isidora Goyenechea 3162 Of. 801 Las Condes, Santiago Chile
Solicitors to the Company as to Argentine Law	Maciel, Norman & Asociados San Martín 323, Piso 19 C1004AAG Buenos Aires Argentina
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH, United Kingdom www.pwc.com
Petroleum Consultant	DeGolyer and MacNaughton 5001 Spring Valley Road Suite 800 East Dallas, Texas 75244 USA
Registrar	Computershare Investor Services (Channel Islands) Ltd Ordnance House, 31 Pier Road St Helier, Jersey JE4 8PW Channel Islands, United Kingdom
Registrar to the Depositary	Computershare Investor Services plc PO Box 82 The Pavilions, Bridgewater Road Bristol BS99 7 NH United Kingdom

Designed by:
Chiappini + Becker
Tel. +54 11 4314 7774
www.ch-b.com

Photographer:
Diego Dicarlo, geologist.

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