

GEPARK LIMITED

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

For the three-months and six-months periods ended June 30, 2021 and 2022

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CONDENSED CONSOLIDATED STATEMENT OF INCOME

Amounts in US\$ '000	Note	Three-months period ended June 30, 2022 (Unaudited)	Three-months period ended June 30, 2021 (Unaudited)	Six-months period ended June 30, 2022 (Unaudited)	Six-months period ended June 30, 2021 (Unaudited)
REVENUE	3	311,229	165,598	560,380	312,193
Commodity risk management contracts	4	(15,523)	(47,669)	(93,676)	(94,960)
Production and operating costs	5	(115,063)	(53,020)	(195,666)	(95,972)
Geological and geophysical expenses	6	(2,953)	(2,128)	(5,697)	(5,203)
Administrative expenses	7	(10,834)	(12,694)	(20,780)	(24,027)
Selling expenses	8	(1,173)	(1,829)	(3,168)	(3,552)
Depreciation		(23,204)	(20,594)	(44,784)	(43,161)
Write-off of unsuccessful exploration efforts	10	—	(8,061)	—	(8,061)
Other income (expenses)		882	(394)	5,394	(2,148)
OPERATING PROFIT		143,361	19,209	202,003	35,109
Financial expenses	9	(16,614)	(20,735)	(32,066)	(36,709)
Financial income	9	1,128	135	1,440	598
Foreign exchange gain	9	7,087	1,810	454	4,504
PROFIT BEFORE INCOME TAX		134,962	419	171,831	3,502
Income tax expense		(67,101)	(2,887)	(72,966)	(16,307)
PROFIT (LOSS) FOR THE PERIOD		67,861	(2,468)	98,865	(12,805)
Earnings (Losses) per share (in US\$) for profit (loss) attributable to owners of the Company. Basic		1.13	(0.04)	1.65	(0.21)
Earnings (Losses) per share (in US\$) for profit (loss) attributable to owners of the Company. Diluted		1.12	(0.04)	1.63	(0.21)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three-months period ended June 30, 2022 (Unaudited)	Three-months period ended June 30, 2021 (Unaudited)	Six-months period ended June 30, 2022 (Unaudited)	Six-months period ended June 30, 2021 (Unaudited)
Amounts in US\$ '000				
Profit (Loss) for the period	67,861	(2,468)	98,865	(12,805)
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences	(2,788)	2,461	1,199	1,812
Loss on cash flow hedges	(696)	—	(4,247)	—
Income tax benefit relating to cash flow hedges	243	—	1,486	—
Other comprehensive (loss) profit for the period	(3,241)	2,461	(1,562)	1,812
Total comprehensive profit (loss) for the period	64,620	(7)	97,303	(10,993)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in US\$ '000	Note	At June 30, 2022 (Unaudited)	Year ended December 31, 2021
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	10	645,569	614,047
Right-of-use assets		39,353	21,014
Prepayments and other receivables		142	148
Other financial assets		12,088	13,883
Deferred income tax asset		10,021	14,072
TOTAL NON CURRENT ASSETS		707,173	663,164
CURRENT ASSETS			
Inventories		8,768	10,915
Trade receivables		108,085	70,531
Prepayments and other receivables		20,748	22,650
Derivative financial instrument assets	15	—	126
Other financial assets		12	864
Cash and cash equivalents		122,507	100,604
Assets held for sale		—	26,887
TOTAL CURRENT ASSETS		260,120	232,577
TOTAL ASSETS		967,293	895,741
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	60	60
Share premium		160,276	169,220
Reserves		72,336	83,554
Accumulated losses		(213,056)	(314,779)
TOTAL EQUITY		19,616	(61,945)
LIABILITIES			
NON CURRENT LIABILITIES			
Borrowings	12	570,038	656,176
Lease liabilities		28,232	12,513
Provisions and other long-term liabilities	13	59,021	62,848
Deferred income tax liability		19,914	20,947
Trade and other payables	14	—	1,540
TOTAL NON CURRENT LIABILITIES		677,205	754,024
CURRENT LIABILITIES			
Borrowings	12	15,340	17,916
Lease liabilities		10,754	8,231
Derivative financial instrument liabilities	15	57,998	20,757
Current income tax liability		36,988	8,801
Trade and other payables	14	149,392	127,513
Liabilities associated with assets held for sale		—	20,444
TOTAL CURRENT LIABILITIES		270,472	203,662
TOTAL LIABILITIES		947,677	957,686
TOTAL EQUITY AND LIABILITIES		967,293	895,741

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in US\$ '000	Attributable to owners of the Company					Total
	Share Capital	Share Premium	Other Reserve	Translation Reserve	Accumulated losses	
Equity at January 1, 2021	61	179,399	104,485	(12,269)	(380,866)	(109,190)
Comprehensive income:						
Loss for the six-months period	—	—	—	—	(12,805)	(12,805)
Other comprehensive profit for the period	—	—	—	1,812	—	1,812
Total comprehensive loss for the period ended June 30, 2021	—	—	—	1,812	(12,805)	(10,993)
Transactions with owners:						
Share-based payment	1	1,295	—	—	2,474	3,770
Repurchase of shares	(1)	(1,355)	—	—	—	(1,356)
Cash distribution	—	—	(2,353)	—	—	(2,353)
Total transactions with owners for the period ended June 30, 2021	—	(60)	(2,353)	—	2,474	61
Balance at June 30, 2021 (Unaudited)	61	179,339	102,132	(10,457)	(391,197)	(120,122)
Balance at January 1, 2022	60	169,220	97,261	(13,707)	(314,779)	(61,945)
Comprehensive income:						
Profit for the six-months period	—	—	—	—	98,865	98,865
Other comprehensive (loss) profit for the period	—	—	(2,761)	1,199	—	(1,562)
Total comprehensive (loss) profit for the period ended June 30, 2022	—	—	(2,761)	1,199	98,865	97,303
Transactions with owners:						
Share-based payment	1	534	—	—	2,858	3,393
Repurchase of shares	(1)	(9,478)	—	—	—	(9,479)
Cash distribution	—	—	(9,656)	—	—	(9,656)
Total transactions with owners for the period ended June 30, 2022	—	(8,944)	(9,656)	—	2,858	(15,742)
Balance at June 30, 2022 (Unaudited)	60	160,276	84,844	(12,508)	(213,056)	19,616

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in US\$ '000	Six-months period ended June 30, 2022 (Unaudited)	Six-months period ended June 30, 2021 (Unaudited)
Cash flows from operating activities		
Profit (Loss) for the period	98,865	(12,805)
Adjustments for:		
Income tax expense	72,966	16,307
Depreciation	44,784	43,161
Loss on disposal of property, plant and equipment	8	293
Write-off of unsuccessful exploration efforts	—	8,061
Amortization of other long-term liabilities	(89)	(118)
Accrual of borrowing interests	19,817	23,470
Borrowings cancellation costs	3,037	6,308
Unwinding of long-term liabilities	3,246	2,451
Accrual of share-based payment	3,393	3,770
Foreign exchange gain	(454)	(4,504)
Unrealized loss on commodity risk management contracts	26,529	38,619
Income tax paid	(12,348)	(61,267)
Change in working capital	(46,812)	15,184
Cash flows from operating activities – net	212,942	78,930
Cash flows from investing activities		
Purchase of property, plant and equipment	(71,843)	(54,738)
Proceeds from disposal of long-term assets (Note 17)	14,425	1,100
Cash flows used in investing activities – net	(57,418)	(53,638)
Cash flows from financing activities		
Proceeds from borrowings	—	162,201
Debt issuance costs paid	—	(2,019)
Principal paid	(84,167)	(255,000)
Interest paid	(19,309)	(22,957)
Borrowings cancellation and other costs paid	(8,300)	(12,908)
Lease payments	(3,956)	(3,948)
Repurchase of shares	(9,479)	(1,356)
Cash distribution	(9,656)	(2,353)
Payments for transactions with former non-controlling interest	—	(3,580)
Cash flows used in financing activities - net	(134,867)	(141,920)
Net increase (decrease) in cash and cash equivalents	20,657	(116,628)
Cash and cash equivalents at January 1	100,604	201,907
Currency translation differences	1,246	(256)
Cash and cash equivalents at the end of the period	122,507	85,023
Ending Cash and cash equivalents are specified as follows:		
Cash at bank and bank deposits	122,498	85,003
Cash in hand	9	20
Cash and cash equivalents	122,507	85,023

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

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1

General information

GeoPark Limited (the “Company”) is a company incorporated under the laws of Bermuda. The Registered Office address is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 9, 2022.

Basis of Preparation

The interim condensed consolidated financial statements of GeoPark Limited are presented in accordance with IAS 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2021, which have been prepared in accordance with IFRS.

The interim condensed consolidated financial statements have been prepared in accordance with the accounting policies applied in the most recent annual consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the condensed consolidated interim financial statements of the Group.

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

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

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

Estimates

The preparation of interim financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as of and for the year ended December 31, 2021.

Financial risk management

The Group’s activities expose it to a variety of financial risks: currency risk, price risk, credit risk concentration, funding and liquidity risk, interest risk and capital risk. The condensed consolidated interim financial statements do not include all the financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as of and for the year ended December 31, 2021.

Note 1 (Continued)

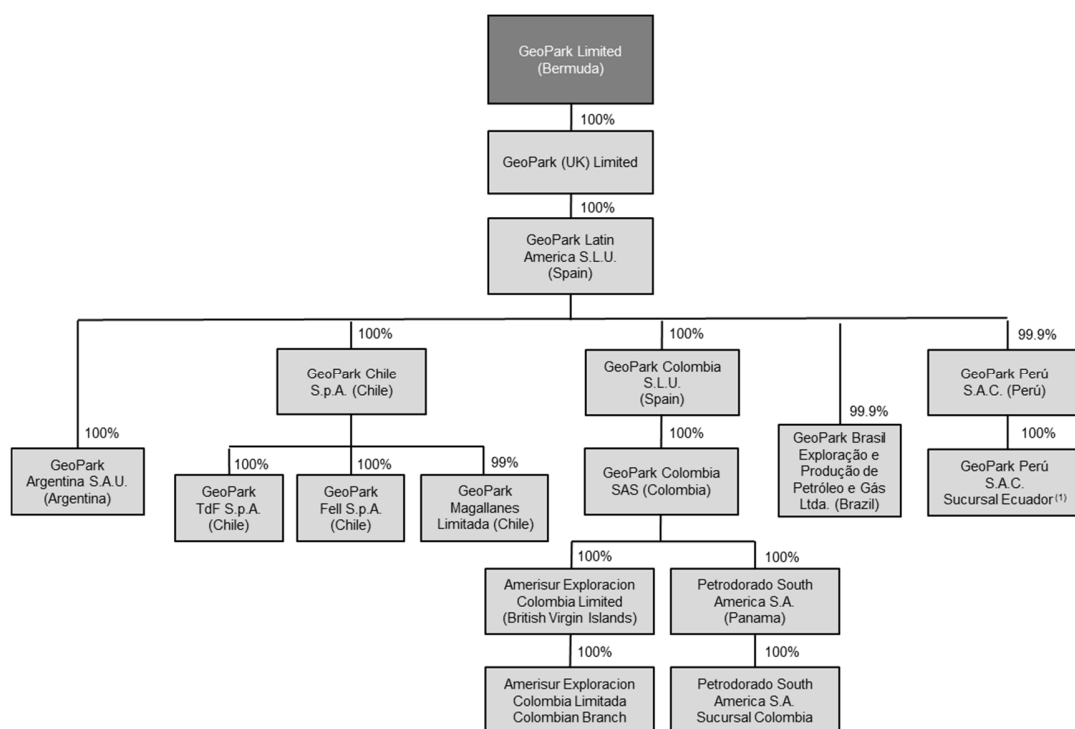
Financial risk management (Continued)

The ongoing conflict involving Russia and Ukraine has disrupted markets and resulted in volatility in commodities prices. The impact of this situation is uncertain.

The Group is continually reviewing its exposure to the current market conditions and adjusting the capital expenditures program which remains flexible, quickly adaptable and expandable as oil and gas prices increase. The Group also continues to add new oil hedges, increasing its price risk protection within the upcoming four quarters. GeoPark maintained a cash position of US\$ 122,507,000 and has available US\$ 133,334,000 in uncommitted credit lines as of June 30, 2022.

Subsidiary undertakings

The following chart illustrates the main companies of the Group structure as of June 30, 2022:



- (1) GeoPark Peru S.A.C. Sucursal Ecuador holds 50% working interest in the consortiums that operate the Espejo and Perico Blocks.

Details of the subsidiaries and joint operations of the Group are set out in Note 21 to the annual consolidated financial statements as of and for the year ended December 31, 2021.

During the six-months period ended June 30, 2022, the following changes have taken place:

- GeoPark Colombia S.A.S. acquired the shares of GeoPark Colombia E&P previously owned by GeoPark Latin America S.L.U.
- GeoPark Colombia S.A.S was assigned a 50% non-operated working interest in the CPO-4-1 Block.

Note 2

Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee. This committee is integrated by the CEO, COO, CFO and managers in charge of the Geoscience, Operations, Legal and Corporate Governance, People and Sustainability departments. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The committee considers the business from a geographic perspective.

The Executive Committee assesses the performance of the operating segments based on a measure of Adjusted EBITDA. Adjusted EBITDA is defined as profit (loss) for the period (determined as if IFRS 16 Leases had not been adopted), before net finance cost, income tax, depreciation, amortization, certain non-cash items such as impairments and write-offs of unsuccessful exploration efforts, accrual of share-based payment, unrealized result on commodity risk management contracts, geological and geophysical expenses allocated to capitalized projects and other items. Other information provided to the Executive Committee is measured in a manner consistent with that in the financial statements.

Six-months period ended June 30, 2022:

Amounts in US\$ '000	Total	Colombia	Chile	Brazil	Argentina	Ecuador	Corporate
Revenue	560,380	522,913	15,338	11,720	1,962	3,084	5,363
Sale of crude oil	535,416	521,890	8,293	485	1,664	3,084	—
Sale of purchased crude oil	5,363	—	—	—	—	—	5,363
Sale of gas	19,601	1,023	7,045	11,235	298	—	—
Production and operating costs	(195,666)	(177,067)	(8,761)	(2,898)	(1,579)	(927)	(4,434)
Royalties	(140,810)	(138,995)	(626)	(916)	(273)	—	—
Share-based payment	(529)	(465)	(65)	—	1	—	—
Operating costs	(54,327)	(37,607)	(8,070)	(1,982)	(1,307)	(927)	(4,434)
Depreciation	(44,784)	(35,879)	(7,176)	(1,518)	(187)	(22)	(2)
Adjusted EBITDA	267,358	261,989	5,448	7,476	(3,827)	883	(4,611)

Six-months period ended June 30, 2021:

Amounts in US\$ '000	Total	Colombia	Chile	Brazil	Argentina	Ecuador	Corporate
Revenue	312,193	277,008	10,186	10,618	14,381	—	—
Sale of crude oil	291,167	275,941	2,525	319	12,382	—	—
Sale of gas	21,026	1,067	7,661	10,299	1,999	—	—
Production and operating costs	(95,972)	(79,580)	(5,608)	(2,286)	(8,498)	—	—
Royalties	(44,429)	(41,044)	(356)	(905)	(2,124)	—	—
Share-based payment	(133)	(111)	(23)	—	1	—	—
Operating costs	(51,410)	(38,425)	(5,229)	(1,381)	(6,375)	—	—
Depreciation	(43,161)	(27,010)	(7,182)	(2,091)	(6,760)	(116)	(2)
Adjusted EBITDA	126,920	121,580	3,113	6,842	2,695	(1,009)	(6,301)

Total Assets	Total	Colombia	Chile	Brazil	Argentina	Ecuador	Corporate
June 30, 2022	967,293	822,384	75,219	42,536	3,177	23,244	733
December 31, 2021	895,741	689,401	71,515	38,846	38,111	7,782	50,086

Note 2 (Continued)

Segment Information (Continued)

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

	Three-months period ended June 30, 2022	Three-months period ended June 30, 2021	Six-months period ended June 30, 2022	Six-months period ended June 30, 2021
Adjusted EBITDA	144,791	60,451	267,358	126,920
Unrealized gain (loss) on commodity risk management contracts	21,084	(11,964)	(26,529)	(38,619)
Depreciation ^(a)	(23,204)	(20,594)	(44,784)	(43,161)
Write-off of unsuccessful exploration efforts	—	(8,061)	—	(8,061)
Share-based payment	(2,367)	(1,716)	(3,393)	(3,770)
Lease accounting - IFRS 16	2,174	1,487	3,956	3,948
Others ^(b)	883	(394)	5,395	(2,148)
Operating profit	143,361	19,209	202,003	35,109
Financial expenses	(16,614)	(20,735)	(32,066)	(36,709)
Financial income	1,128	135	1,440	598
Foreign exchange gain	7,087	1,810	454	4,504
Profit before tax	134,962	419	171,831	3,502

^(a) Net of capitalized costs for oil stock included in Inventories. Depreciation for the six-months period ended June 30, 2022 includes US\$ 1,023,000 (US\$ 1,424,000 in 2021) generated by assets not related to production activities. For the three-months period ended June 30, 2022, the amount included in depreciation is US\$ 484,000 (US\$ 724,000 in 2021).

^(b) Includes allocation to capitalized projects.

Note 3

Revenue

	Three-months period ended June 30, 2022	Three-months period ended June 30, 2021	Six-months period ended June 30, 2022	Six-months period ended June 30, 2021
Amounts in US\$ '000				
Sale of crude oil	296,420	153,849	535,416	291,167
Sale of purchased crude oil	5,363	—	5,363	—
Sale of gas	9,446	11,749	19,601	21,026
	311,229	165,598	560,380	312,193

Note 4

Commodity risk management contracts

The Group has entered into derivative financial instruments to manage its exposure to oil price risk. These derivatives are zero-premium collars and were placed with major financial institutions and commodity traders. The Group entered into the derivatives under ISDA Master Agreements and Credit Support Annexes, which provide credit lines for collateral posting thus alleviating possible liquidity needs under the instruments and protect the Group from potential non-performance risk by its counterparties.

The Group's derivatives that hedge cash flows from the sales of crude oil for periods through December 31, 2022 are accounted for as non-hedge derivatives and therefore all changes in the fair values of these derivative contracts are recognized immediately as gains or losses in the results of the periods in which they occur.

The Group's derivatives that hedge cash flows from the sales of crude oil for periods from January 1, 2023 onwards are designated and qualify as cash flow hedges. The effective portion of changes in the fair values of these derivative contracts are recognized in Other Reserve within Equity. The gain or loss relating to the ineffective portion, if any, is recognized immediately as gains or losses in the results of the periods in which they occur. The amount accumulated in Other Reserves is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

The following table summarizes the Group's production hedged during the six-months period ended June 30, 2022 and for the following periods as a consequence of the derivative contracts in force as of June 30, 2022:

Period	Reference	Type	Volume bbl/d	Average price US\$/bbl
January 1, 2022 - March 31, 2022	ICE BRENT	Zero Premium Collars	14,500	49.10 Put 74.81 Call
April 1, 2022 - June 30, 2022	ICE BRENT	Zero Premium Collars	12,500	53.35 Put 79.38 Call
July 1, 2022 - September 30, 2022	ICE BRENT	Zero Premium Collars	13,000	58.63 Put 86.50 Call
October 1, 2022 - December 31, 2022	ICE BRENT	Zero Premium Collars	12,000	60.63 Put 92.55 Call
January 1, 2023 - March 31, 2023	ICE BRENT	Zero Premium Collars	9,500	66.05 Put 112.59 Call
April 1, 2023 - June 30, 2023	ICE BRENT	Zero Premium Collars	6,500	68.85 Put 115.87 Call

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

	Three-months period ended June 30, 2022	Three-months period ended June 30, 2021	Six-months period ended June 30, 2022	Six-months period ended June 30, 2021
Realized loss on commodity risk management contracts	(36,607)	(35,705)	(67,147)	(56,341)
Unrealized gain (loss) on commodity risk management contracts	21,084	(11,964)	(26,529)	(38,619)
Total	(15,523)	(47,669)	(93,676)	(94,960)

Note 5

Production and operating costs

Amounts in US\$ '000	Three-months period ended June 30, 2022	Three-months period ended June 30, 2021	Six-months period ended June 30, 2022	Six-months period ended June 30, 2021
Staff costs	3,453	4,016	6,950	8,025
Share-based payment	411	115	529	133
Royalties	82,770	24,625	140,810	44,429
Well and facilities maintenance	5,166	4,602	9,953	9,544
Operation and maintenance	1,647	1,636	3,432	3,565
Consumables	4,768	4,131	10,081	8,795
Equipment rental	1,881	1,787	4,268	3,577
Transportation costs	994	300	1,975	1,550
Gas plant costs	416	708	1,098	1,266
Safety and insurance costs	1,012	1,070	2,100	2,017
Field camp	904	794	1,899	2,104
Non-operated blocks costs	3,443	1,436	4,705	2,377
Crude oil stock variation	3,461	5,104	(1,289)	4,723
Purchased crude oil	2,199	—	4,617	—
Other costs	2,538	2,696	4,538	3,867
	115,063	53,020	195,666	95,972

Note 6

Geological and geophysical expenses

Amounts in US\$ '000	Three-months period ended June 30, 2022	Three-months period ended June 30, 2021	Six-months period ended June 30, 2022	Six-months period ended June 30, 2021
Staff costs	1,887	1,788	3,859	3,745
Share-based payment	543	53	406	100
Other services	524	287	1,433	1,358
Allocation to capitalized project	(1)	—	(1)	—
	2,953	2,128	5,697	5,203

Note 7

Administrative expenses

	Three-months period ended June 30, 2022	Three-months period ended June 30, 2021	Six-months period ended June 30, 2022	Six-months period ended June 30, 2021
Amounts in US\$ '000				
Staff costs	5,741	6,368	11,817	12,637
Share-based payment	1,413	1,548	2,458	3,537
Consultant fees	2,334	3,011	3,991	4,574
Safety and insurance costs	1,046	865	1,976	1,274
Travel expenses	398	59	571	114
Director fees and allowance	144	672	837	1,566
Communication and IT costs	349	1,050	1,050	1,929
Allocation to joint operations	(2,124)	(1,950)	(4,393)	(3,925)
Other administrative expenses	1,533	1,071	2,473	2,321
	10,834	12,694	20,780	24,027

Note 8

Selling expenses

	Three-months period ended June 30, 2022	Three-months period ended June 30, 2021	Six-months period ended June 30, 2022	Six-months period ended June 30, 2021
Amounts in US\$ '000				
Transportation	860	833	2,238	1,766
Selling taxes and other	313	996	930	1,786
	1,173	1,829	3,168	3,552

Note 9

Financial results

	Three-months period ended June 30, 2022	Three-months period ended June 30, 2021	Six-months period ended June 30, 2022	Six-months period ended June 30, 2021
Amounts in US\$ '000				
Financial expenses				
Bank charges and other financial costs	(2,915)	(1,852)	(5,952)	(4,310)
Interest and amortization of debt issue costs	(9,460)	(11,309)	(19,831)	(23,640)
Borrowings cancellation costs	(2,218)	(6,308)	(3,037)	(6,308)
Unwinding of long-term liabilities	(2,021)	(1,266)	(3,246)	(2,451)
	(16,614)	(20,735)	(32,066)	(36,709)
Financial income				
Interest received	1,128	135	1,440	598
	1,128	135	1,440	598
Foreign exchange gains and losses				
Foreign exchange gain	7,087	1,810	454	4,504
	7,087	1,810	454	4,504
Total financial results	(8,399)	(18,790)	(30,172)	(31,607)

Note 10

Property, plant and equipment

Amounts in US\$ '000	Oil & gas properties	Furniture, equipment and vehicles	Production facilities and machinery	Buildings and improvements	Construction in progress	Exploration and evaluation assets	Total
Cost at January 1, 2021	968,617	20,707	197,829	12,442	18,848	78,614	1,297,057
Additions	(1,480) ^(a)	572	—	—	31,845	22,323	53,260
Disposals	—	(789)	(900)	(543)	(3,371) ^(b)	—	(5,603)
Write-off	—	—	—	—	—	(8,061) ^(c)	(8,061)
Transfers	20,741	—	8,578	64	(29,625)	242	—
Currency translation differences	(2,030)	(26)	(139)	(9)	(10)	(82)	(2,296)
Cost at June 30, 2021	985,848	20,464	205,368	11,954	17,687	93,036	1,334,357
Cost at January 1, 2022	957,932	18,421	201,177	11,662	27,204	100,470	1,316,866
Additions	(4,065) ^(a)	411	—	—	57,093	19,069	72,508
Disposals	—	(324)	(26)	—	—	—	(350)
Transfers	53,582	14	11,111	23	(56,050)	(8,680)	—
Currency translation differences	2,747	36	218	6	16	18	3,041
Cost at June 30, 2022	1,010,196	18,558	212,480	11,691	28,263	110,877	1,392,065
Depreciation and write-down at January 1, 2021	(548,445)	(16,985)	(109,987)	(6,975)	—	—	(682,392)
Depreciation	(33,417)	(1,076)	(6,279)	(348)	—	—	(41,120)
Disposals	—	474	900	436	—	—	1,810
Currency translation differences	2,260	21	139	9	—	—	2,429
Depreciation and write-down at June 30, 2021	(579,602)	(17,566)	(115,227)	(6,878)	—	—	(719,273)
Depreciation and write-down at January 1, 2022	(563,157)	(16,377)	(116,617)	(6,668)	—	—	(702,819)
Depreciation	(34,607)	(683)	(5,872)	(340)	—	—	(41,502)
Disposals	—	323	19	—	—	—	342
Currency translation differences	(2,262)	(31)	(218)	(6)	—	—	(2,517)
Depreciation and write-down at June 30, 2022	(600,026)	(16,768)	(122,688)	(7,014)	—	—	(746,496)
Carrying amount at June 30, 2021	406,246	2,898	90,141	5,076	17,687	93,036	615,084
Carrying amount at June 30, 2022	410,170	1,790	89,792	4,677	28,263	110,877	645,569

(a) Corresponds to the effect of the change in the estimate of assets retirement obligations.

(b) Corresponds to assets related to the operationship of the non-producing Morona Block (Block 64) in Peru, that were transferred to Petroperu in May 2021.

(c) Corresponds to two unsuccessful exploratory wells drilled in the Llanos 32 Block (Colombia) and other exploration costs incurred in the Fell Block (Chile).

Note 11

Equity

Share capital

	At June 30, 2022	Year ended December 31, 2021
Issued share capital		
Common stock (US\$ '000)	60	60
The share capital is distributed as follows:		
Common shares, of nominal US\$ 0.001	59,584,950	60,238,026
Total common shares in issue	59,584,950	60,238,026
Authorized share capital		
US\$ per share	0.001	0.001
Number of common shares (US\$ 0.001 each)	5,171,949,000	5,171,949,000
Amount in US\$	5,171,949	5,171,949

GeoPark's share capital only consists of common shares. The authorized share capital consists of 5,171,949,000 common shares, par value US\$ 0.001 per share. All of the Company issued and outstanding common shares are fully paid and nonassessable.

Cash distributions

On March 9, 2022, and May 11, 2022, the Company's Board of Directors declared quarterly cash distributions of US\$ 0.082 per share that were paid on March 31, 2022, and June 10, 2022, respectively.

Buyback program

On November 4, 2020, the Company's Board of Directors approved a program to repurchase up to 10% of its shares outstanding or approximately 6,062,000 shares. The repurchase program began on November 5, 2020, and was set to expire on November 15, 2021. On November 10, 2021, the Company's Board of Directors approved the renewal of this repurchase program until November 10, 2022. During the six-months period ended June 30, 2022, the Company purchased 691,374 common shares for a total amount of US\$ 9,479,000. These transactions have no impact on the Group's results.

Other reserves

Beginning in 2022, GeoPark applies hedge accounting for the derivative financial instruments entered to manage its exposure to oil price risk. Consequently, the Group's derivatives that hedge cash flows from the sales of crude oil for periods from January 1, 2023 onwards are designated and qualify as cash flow hedges and therefore the effective portion of changes in the fair values of these derivative contracts and the income tax relating to those results are recognized in Other Reserve within Equity. The amount accumulated in Other Reserves is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

Note 12

Borrowings

The outstanding amounts are as follows:

Amounts in US\$ '000	At June 30, 2022	Year ended December 31, 2021
2024 Notes	83,176	171,880
2027 Notes	500,967	499,893
Banco Santander	1,235	2,319
	585,378	674,092

Classified as follows:

Current	15,340	17,916
Non-Current	570,038	656,176

On September 21, 2017, the Company successfully placed US\$ 425,000,000 aggregate principal amount of 6.500% Senior Secured Notes due 2024 (the "2024 Notes"), which were offered to qualified institutional buyers in accordance with Rule 144A under the United States Securities Act (the "Securities Act"), and outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act. The 2024 Notes carry a coupon of 6.50% per annum. The debt issuance cost for this transaction amounted to US\$ 6,683,000 (debt issuance effective rate: 6.90%). The 2024 Notes are fully and unconditionally guaranteed jointly and severally by two principal subsidiaries of the Company. Final maturity of the 2024 Notes will be September 21, 2024.

On January 17, 2020, the Company successfully placed US\$ 350,000,000 aggregate principal amount of 5.500% Senior Secured Notes due 2027 (the "2027 Notes"), which were offered in a private placement to qualified institutional buyers in accordance with Rule 144A under the Securities Act, and outside the United States to non U.S. persons in accordance with Regulation S under the Securities Act. The 2027 Notes were priced at 99.285% and carry a coupon of 5.50% per annum (yield 5.625% per annum). The debt issuance cost for this transaction amounted to US\$ 5,004,000 (debt issuance effective rate: 5.88%). The 2027 Notes are fully and unconditionally guaranteed jointly and severally by two principal subsidiaries of the Company. Final maturity of the 2027 Notes will be January 17, 2027.

In April 2021, the Company executed a series of transactions that included a successful tender to purchase US\$ 255,000,000 of the 2024 Notes that was funded with a combination of cash in hand and a US\$ 150,000,000 aggregate principal amount new issuance from the reopening of the 2027 Notes. The new notes offering and the tender offer closed on April 23, 2021, and April 26, 2021, respectively.

The tender total consideration included the tender offer consideration of US\$ 1,000 for each US\$ 1,000 principal amount of the 2024 Notes plus the early tender payment of US\$ 50 for each US\$ 1,000 principal amount of the 2024 Notes. The tender also included a consent solicitation to align the covenants of the 2024 Notes to those of the 2027 Notes.

The reopening of the 2027 Notes was priced above par at 101.875%, representing a yield to maturity of 5.117%. The debt issuance cost for this transaction amounted to US\$ 2,019,000. The 2027 Notes were offered in a private placement to qualified institutional buyers in accordance with Rule 144A under the Securities Act, and outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act. The 2027 Notes are fully and unconditionally guaranteed jointly and severally by two principal subsidiaries of the Company.

Note 12 (Continued)

Borrowings (Continued)

During the first half of 2022, the Company continued its deleveraging process, by repurchasing and cancelling, with the Trustee, a total nominal amount of US\$ 82,876,000 of its 2024 Notes. Of this total amount, US\$ 37,876,000 were repurchased in open market transactions at prices below the call option and US\$ 45,000,000 were redeemed at a redemption price stated in the indenture governing the 2024 Notes. The difference between the carrying amount of debt that was repurchased and the consideration paid was recognized within financial expenses in the condensed consolidated statement of income. After the balance sheet date, the Company continued repurchasing 2024 Notes for a nominal amount of US\$ 20,000,000.

The indentures governing the 2024 Notes and the 2027 Notes include incurrence test covenants that provide, among other things, that the Net Debt to Adjusted EBITDA ratio should not exceed 3.25 times and the Adjusted EBITDA to Interest ratio should exceed 2.5 times. Failure to comply with the incurrence test covenants does not trigger an event of default. However, this situation may limit the Company's capacity to incur additional indebtedness, as specified in the indentures governing the Notes. Incurrence covenants, as opposed to maintenance covenants, must be tested by the Company before incurring additional debt or performing certain corporate actions including but not limited to dividend payments, restricted payments and others. As of the date of these interim condensed consolidated financial statements, the Company is in compliance of all the indentures' provisions and covenants.

On June 17, 2022, the Company received requisite consents from holders of the 2027 Notes for certain amendments to the indenture governing the 2027 Notes. The amendments intended to (i) address the impact of adverse market conditions and related drop in the price of crude oil during 2020 on the Company's results, which in turn negatively impacted the restricted payments builder basket, and (ii) increase and reset the general restricted payments basket in the indenture to provide the Company additional restricted payments capacity, giving the Company additional financial flexibility. Consequently, on June 27, 2022, the Company paid a consent fee equal to \$10.00 per \$1,000 to holders of the 2027 Notes that delivered their consents for the abovementioned amendments to the indenture governing the 2027 Notes. The consent fee and other related fees were deducted from the carrying value of the 2027 Notes and will be amortized over its term.

Note 13

Provisions and other long-term liabilities

The outstanding amounts are as follows:

Amounts in US\$ '000	At June 30, 2022	Year ended December 31, 2021
Assets retirement obligation	44,172	45,842
Deferred income	3,205	3,331
Other	11,644	13,675
	59,021	62,848

Note 14

Trade and other payables

The outstanding amounts are as follows:

Amounts in US\$ '000	At June 30, 2022	Year ended December 31, 2021
Trade payables	108,561	86,672
To be paid to co-venturers	457	953
Customer advance payments	11	426
Other short-term advance payments ^(a)	—	1,558
Staff costs to be paid	8,066	17,973
Royalties to be paid	12,693	7,347
Taxes and other debts to be paid	19,604	14,124
	149,392	129,053

Classified as follows:

Current	149,392	127,513
Non-Current	—	1,540

- ^(a) Advance payment collected in relation with the sale of the Aguada Baguales, El Porvenir and Puesto Touquet Blocks (see Note 17).

Note 15

Fair value measurement of financial instruments

Fair value hierarchy

The following table presents the Group's financial assets and financial liabilities measured and recognized at fair value at June 30, 2022, and December 31, 2021, on a recurring basis:

Amounts in US\$ '000	Level 1	Level 2	At June 30, 2022
Assets			
Cash and cash equivalents			
Money market funds	1,180	—	1,180
Total Assets	1,180	—	1,180
Liabilities			
Derivative financial instrument liabilities			
Commodity risk management contracts	—	57,998	57,998
Total Liabilities	—	57,998	57,998

Amounts in US\$ '000	Level 1	Level 2	At December 31, 2021
Assets			
Cash and cash equivalents			
Money market funds	427	—	427
Derivative financial instrument assets			
Commodity risk management contracts	—	126	126
Total Assets	427	126	553
Liabilities			
Derivative financial instrument liabilities			
Commodity risk management contracts	—	20,757	20,757
Total Liabilities	—	20,757	20,757

Note 15 (Continued)

Fair value measurement of financial instruments (Continued)

Fair value hierarchy (Continued)

There were no transfers between Level 2 and 3 during the period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as of June 30, 2022.

Fair values of other financial instruments (unrecognized)

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

Borrowings are comprised primarily of fixed rate debt and variable rate debt with a short term portion where the interest has already been fixed and are measured at their amortized cost. The Group estimates that the fair value of its main financial liabilities is approximately 87.5% of its carrying amount, including interests accrued as of June 30, 2022. Fair values were calculated based on market price for the Notes and cash flows discounted for other borrowings using a rate based on the borrowing rate and are within Level 1 and Level 2 of the fair value hierarchy, respectively.

Note 16

Capital commitments

Capital commitments are detailed in Note 33.2 to the audited Consolidated Financial Statements as of December 31, 2021. The following updates have taken place during the six-months period ended June 30, 2022:

The Group invested US\$ 20,738,000 to fulfil its working interest commitments.

Colombia

GeoPark drilled the 2 exploratory wells committed in the Platanillo Block. These investments require the approval from the Colombian National Hydrocarbons Agency ("ANH") to fulfil the Group's commitment.

On March 10, 2022, GeoPark submitted to the ANH a request to withdraw from the PUT-14 E&P contract and transfer the pending commitments to other E&P contracts.

On March 15, 2022, the E&P contracts related to the Llanos 86 and Llanos 104 Blocks entered into exploratory phase 1. The investment commitments for these blocks, at GeoPark's working interest, over the three-years term of this first phase are:

- Llanos 86 Block: 3D seismic, 2D seismic reprocessing and 1 exploratory well (US\$ 10,494,000)
- Llanos 104 Block: 3D seismic, 2D seismic reprocessing and 1 exploratory well (US\$ 9,325,000)

On March 25, 2022, the ANH approved the assignment of a 50% non-operated working interest to GeoPark in the CPO-4-1 Block. The block is in a preliminary phase as of the date of these interim condensed consolidated financial statements. During this preliminary phase, the operator must request from the Ministry of Interior a certificate that certifies the presence or absence of indigenous communities and develop a previous consultation process, if applicable. Only when this process has been completed and the corresponding regulatory approvals have been obtained, the blocks will enter into Phase 1, where the exploratory commitments are mandatory. The investment commitment for the block over three-years term of Phase 1 would be one exploratory well for a total amount of US\$ 2,922,000, at GeoPark's working interest.

Note 17

Business transactions

Manati Block (Brazil)

On November 22, 2020, GeoPark signed an agreement to sell its 10% non-operated working interest in the Manati Block in Brazil. The total consideration amounted to Brazilian reais 144,400,000 (equivalent to US\$ 30,478,000 as of March 31, 2022), including a fixed payment of Brazilian reais 124,400,000 plus an earn-out of Brazilian reais 20,000,000, which was subject to obtaining certain regulatory approvals. The transaction was subject to certain conditions that should have been met before March 31, 2022. As of March 31, 2022, the required conditions were not met and GeoPark decided not to extend this deadline. As a result, GeoPark will continue to own its 10% interest in the block.

Aguada Baguales, El Porvenir and Puesto Touquet Blocks (Argentina)

In August 2021, the Company's Board of Directors approved the decision to evaluate farm-out or divestment opportunities to sell its 100% working interest and operatorship in the Aguada Baguales, El Porvenir and Puesto Touquet Blocks in Argentina, including the associated gas transportation license through the Puesto Touquet pipeline.

On November 3, 2021, GeoPark signed a sale and purchase and assignment agreement for a total consideration of US\$ 16,000,000, subject to working capital adjustment. At that moment, GeoPark collected an advance payment of US\$ 1,600,000.

The closing of the transaction took place on January 31, 2022, after the corresponding regulatory approvals were granted and GeoPark received the remaining outstanding payment from the purchaser. In April 2022, GeoPark paid a working capital adjustment amounting to US\$ 370,000. As a consequence of this transaction, GeoPark recognized a gain of US\$ 3,983,000 within Other income (expenses).

Note 18

Subsequent events

Farm-out REC-T-128 Block (Brazil)

In 2021, GeoPark performed a farm-out transaction to sell its 70% interest in the REC-T-128 Block in Brazil. The total consideration was US\$ 1,100,000, which was collected at closing in 2021, plus a contingent payment of up to US\$ 710,000, subject to international oil price and field production performance. On August 1, 2022, GeoPark collected the contingent payment of US\$ 710,000.