

Company Number 04030166

## **Amerisur Resources Limited**

**Report and Financial Statements**  
**31 December 2020**

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**Amerisur Resources Limited**  
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**As at 31 December 2020**

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**Amerisur Resources Limited**  
**Company information**  
**As at 31 December 2020**

**Directors**

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Giles Clarke (resigned 16 January 2020)  
John Wardle (resigned 16 January 2020)  
Nick Harrison (resigned 16 January 2020)  
Chris Jenkins (resigned 16 January 2020)  
Alex Snow (resigned 16 January 2020)  
Elodie Grant Goodey (resigned 16 January 2020)  
James Franklin Park (appointed 16 January 2020)  
Pedro Enrique Aylwin Chiorrini (appointed 16 January 2020)  
Andrés Ocampo (appointed 16 January 2020)

**Independent auditor**

Dixon Wilson Audit Services LLP  
22 Chancery Lane  
London  
WC2A 1LS

**Registered office**

Hamilton House  
1 Temple Avenue  
London  
EC4Y 0HA

**Company secretary**

Dunne & Waterman (appointed 25 January 2021)

**Registered number**

04030166

**Branch offices**

Calle 94 No. 11-30  
Piso 8  
Bogotá  
Colombia

Portugal No. 34-360 y Av. 6 de Diciembre  
Edificio Zyra  
Piso 12  
Quito  
Ecuador

Fulgencio R. Moreno N° 509  
Edificio La Colina  
Asunción  
Paraguay

**Amerisur Resources Limited**  
**Directors' report**  
**As at 31 December 2020**

The Directors present their report, together with the financial statements, on the Company for the year ended 31 December 2020.

**Results and dividends**

The Company statement of comprehensive income for the year is presented on page 14 and shows the loss for the year. The Directors do not recommend the payment of a dividend for the year (2019: \$nil).

**Principal activities and future developments**

Amerisur Resources Limited (formerly Amerisur Resources PLC) is a private company limited by shares, incorporated and domiciled in the United Kingdom. The Company acts as a holding company for a group of companies whose business is the oil and natural gas exploration and production with operations in Latin America. The Company also had a revenue stream in the sale of third-party oil which is further explained in note 4.

The directors who served during the period were as follows:

Giles Clarke (resigned 16 January 2020)  
John Wardle (resigned 16 January 2020)  
Nick Harrison (resigned 16 January 2020)  
Chris Jenkins (resigned 16 January 2020)  
Alex Snow (resigned 16 January 2020)  
Elodie Grant Goodey (resigned 16 January 2020)  
James Franklin Park (appointed 16 January 2020)  
Pedro Enrique Aylwin Chiorrini (appointed 16 January 2020)  
Andrés Ocampo (appointed 16 January 2020)

*Going concern*

These financial statements have been prepared on a basis 'Other than a going concern'. The Directors have, at the time of approving the financial statements agreed that the company will be wound down and expect that this will happen in one to two years from sign off. Thus, it is not appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Starting in March 2020, the oil market experienced a significant over-supply condition that resulted in a sharp drop in prices, with Brent falling from over US\$ 50 per barrel at the beginning of March 2020 up to US\$ 16 per barrel in late April 2020. There were two key drivers for this market scenario. On the demand side, the sustained impact of the COVID-19 pandemic across the world and the associated containment measures, resulted in a sharp and sudden drop in fuel demand and hence on crude demand as well. This impact had been felt since early 2020 but accelerated significantly in March and April.

Concurrently, on the supply side, during the first week of March 2020, OPEC and non-OPEC producers (sometimes referred to as OPEC+) met to discuss the prospect of extending or increasing oil production cuts that had been first put in place in late 2016 and had been renewed and expanded ever since. No consensus was reached among the 24 participating countries, effectively eliminating output reduction targets as of April 1, 2020. As a consequence, OPEC+ countries and especially Saudi Arabia, significantly increased production during April 2020.

The combined impact of sharply lower demand and growing supply led the market into a significant oil surplus with inventories building around the world and prices dropping to levels last seen in the early 2000s.

In mid-April, in the midst of a significant reduction of demand, OPEC+ agreed to a historical 9.7 MMbbl/d output cut. They were joined by other G-20 countries, which indicated they would reduce their production between 3 and 5 MMbbl/d. Following this agreement, global crude production dropped significantly with high compliance from OPEC+ countries and economic-driven shut-ins in other regions, especially the United States and Canada, helping re-attain some balance in the market during the second half of 2020.

Over the past few months, even as COVID-19 cases remained high across the world, the strictest restrictions were gradually lifted. Additionally, as of December 2020, vaccination campaigns have started around the world providing hope that the pandemic effects on economic activity will be milder going forward. Reduced restrictions and vaccination have allowed for a gradual crude demand recovery and also helping re-balance the market.

The crude price trajectory is highly uncertain for the months to come, as the long-term economic impact of COVID-19 may hinder energy demand around the globe while, on the supply side, OPEC+ commitment to current supply cuts and their gradual lifting will remain a key factor for market balance.

**Amerisur Resources Limited**  
**Directors' report**  
**As at 31 December 2020**

The Company is a holding company and has discontinued its third party oil revenue stream due to a strategic decision made by its shareholders. The Directors estimate that this situation will not have an adverse and significant impact on the Company and subsidiaries' operations.

*Events since the balance sheet date*

Events since the balance sheet date are presented in the Strategic report.

*Financial instruments*

Financial instruments are presented in the Strategic report.

**Directors' interests in share capital**

The following persons were Directors of the Company at the date of this report:

James Franklin Park (appointed 16 January 2020)  
Pedro Enrique Aylwin Chiorrini (appointed 16 January 2020)  
Andrés Ocampo (appointed 16 January 2020)

Subject to applicable law and the Articles of Association and to any directions given by special resolution, the business of the Company will be managed by the Board, which may exercise all the powers of the Company.

**Indemnity of Directors**

The Company may purchase and maintain, for any Director or officer, insurance against any liability.

The Company maintains appropriate insurance cover against legal action brought against its Directors and officers.

**Disclosure of information to auditors**

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the board on 17<sup>th</sup> December 2021 and signed on its behalf.



Pedro Enrique Aylwin Chiorrini  
Director

**Amerisur Resources Limited**  
**Statement of Directors' Responsibilities**  
**As at 31 December 2020**

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that year.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Amerisur Resources Limited**  
**Strategic report**  
**As at 31 December 2020**

**Introduction**

Amerisur Resources Limited (formerly Amerisur Resources PLC) is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales subject to the Companies Act 2006.

The Company has chosen to prepare Company only accounts as, post the transaction with GeoPark, it is now an intermediary holding company.

**Business review**

Amerisur Resources Limited ("Amerisur" or the "Company") acts as a holding company for a group of companies (the "Group") whose strategy has been to unlock the potential of its portfolio of assets in the proven but under-explored Putumayo and more established Llanos basins onshore Colombia through active drilling and by increasing resources, reserves and production volumes. The Company was acquired by GeoPark Colombia SAS, a wholly owned subsidiary of Geopark Limited, the parent company of GeoPark group of companies, ("GeoPark") on 14 January 2020. The intention of GeoPark was and remains to assign the Company's assets and liabilities to other GeoPark group companies in order to remove the Company as an intermediate holding company post acquisition. Accordingly, the management and personnel of the Company were immediately reduced, and the Company has engaged a legal firm to assist with the process of transfer of the assets and liabilities. Once complete the Company will enter into members' voluntary liquidation and be struck from the register. We note that the steps to affect our intentions have already commenced and we anticipate completion in 2022.

**Events since the balance sheet date**

Details of significant post balance sheet events are set out in note 25 to the financial statements.

**Going concern**

Given the support of the new Parent, GeoPark, at the time of approving the financial statements the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. However, the Directors have agreed that the company will be wound down within one to two years and therefore the financial statements are drawn up on a basis other than a going concern.

**Financial instruments**

We have identified the principal risks and uncertainties that may affect the Company, which include:

- Currency risk
- Price risk
- Credit risk
- Interest rate risk
- Liquidity risk.

The policy for managing these risks is set by the Board of Directors. The policy for each of the above risks is described in more detail below.

*Currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Cash balances are held in other currencies to meet immediate operating and administrative expenses or to comply with local currency regulations. The non-US dollar denominated cash balances at the year-end held by the Company are as follows:

	2020 \$'000	2019 \$'000
British Pound (GBP)	8,730	2,569

The Company minimises the local currency positions by seeking to balance local and foreign currency assets and liabilities.

*Price risk*

**Amerisur Resources Limited**  
**Strategic report**  
**As at 31 December 2020**

The Company is not exposed to any significant price risk due to its activity as a holding company. However, its subsidiaries' activity is highly exposed to the oil and natural gas price risk.

*Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Company obtains guarantees where appropriate to mitigate credit risk. The Company does not hold any collateral.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade and other receivables. To measure the expected credit losses, trade and other receivables are grouped based on the days past due and then assessed on an individual basis based on recent sales experience, historical collection rates and forward-looking information that is available.

The maximum exposure to credit risk for trade and other receivables at the reporting date is the carrying value of each class of financial asset disclosed in note 21. There are no loss provision allowances as at 31 December 2020 (2019: \$nil) as there are no credit impaired receivables.

The Company trades only with recognised, creditworthy third parties and does not need to securitise its trade and other receivables. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's experience of bad debts has not been significant.

*Interest rate risk*

The Company finances its operations through internally generated funds, advanced prepayments from Shell and equity fundraising and therefore does not carry significant borrowings. Interest rate risk is therefore considered to be immaterial based on the prevailing rates currently being earned.

*Liquidity risk*

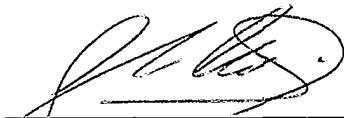
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

*Political donations*

No political donations were made, and nor was any political expenditure incurred, by the Company in the year ending 31 December 2020 (2019: \$nil).

This report is made in accordance with a resolution of Directors.

On behalf of the Directors



Pedro Enrique Aylwin Chiorrini  
Director

17<sup>th</sup> December 2021  
Company number: 04030166

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## **Opinion**

We have audited the financial statements of Amerisur Resources Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, statement of other comprehensive income, statement of financial position, statement of changes in equity, statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of matter**

As explained in note 2, the financial statements have been prepared on a basis other than that of a going concern.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

**Amerisur Resources Limited**  
**Independent auditor's report**  
**As at 31 December 2020**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company by considering, amongst other things, the industry and jurisdictions in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the assessed level of risk, but recognised that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, UK Company Law and UK tax legislation.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of third parties.

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Amerisur Resources Limited**  
**Independent auditor's report**  
**As at 31 December 2020**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
Gordon Spinks (Senior Statutory Auditor)  
For and on behalf of Dixon Wilson Audit Services LLP, Statutory Auditor  
22 Chancery Lane  
London  
WC2A 1LS

Date: 18 December 2021  
.....

**Amerisur Resources Limited**  
**Statement of profit or loss**  
**For the year ended 31 December 2020**

	<b>Note</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Revenue	4	1,167	3,327
Cost of sales		<u>(513)</u>	<u>(3,092)</u>
<b>Gross profit</b>		<u>654</u>	<u>235</u>
<b>Expenses</b>			
Administrative expenses		(1,161)	(19,211)
Impairment of assets	6	<u>(2,487)</u>	<u>(17,900)</u>
<b>Operating loss</b>		(2,994)	(36,876)
Net foreign exchange gains/(losses)	7	372	36
Finance and similar charges	8	(274)	(1,321)
Finance income	9	<u>41</u>	<u>626</u>
<b>Loss before taxation</b>		(2,855)	(37,535)
Taxation	10	<u>-</u>	<u>-</u>
<b>Loss after taxation for the year attributable to the equity owners</b>		<u><u>(2,855)</u></u>	<u><u>(37,535)</u></u>

**Amerisur Resources Limited**  
**Statement of other comprehensive income**  
**For the year ended 31 December 2020**


	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Loss for the year	(2,855)	(37,535)
Other comprehensive income	<u>-</u>	<u>-</u>
<b>Comprehensive income for the year attributable to the equity owners</b>	<b><u>(2,855)</u></b>	<b><u>(37,535)</u></b>

*The above statement of other comprehensive income should be read in conjunction with the accompanying notes*

**Amerisur Resources Limited**  
**Statement of financial position**  
**As at 31 December 2020**

	Note	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Financial assets at amortised cost	11	44,717	36,873
Investments	12	26,913	26,514
Total non-current assets		<u>71,630</u>	<u>63,387</u>
<b>Current assets</b>			
Cash and cash equivalents	13	25,544	28,949
Trade and other receivables	14	41	2,994
Total current assets		<u>25,585</u>	<u>31,943</u>
<b>Total assets</b>		<u>97,215</u>	<u>95,330</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Amounts due to subsidiary undertakings	15	28,336	19,859
Total non-current liabilities		<u>28,336</u>	<u>19,859</u>
<b>Current liabilities</b>			
Trade and other payables	16	1,391	9,570
Total current liabilities		<u>1,391</u>	<u>9,570</u>
<b>Total liabilities</b>		<u>29,727</u>	<u>29,429</u>
<b>Net assets</b>		<u>67,488</u>	<u>65,901</u>
<b>Equity</b>			
Share capital	17	1,819	1,764
Share premium	18	150,916	144,941
Reserves	19	25,554	28,830
Accumulated deficit	20	(110,801)	(109,634)
<b>Total equity</b>		<u>67,488</u>	<u>65,901</u>

The financial statements were approved for issue by the Board of Directors on 17 December 2021 and were signed on its behalf by:

  
 Pedro Enrique Aylwin Chiorrini  
 Director

17 December 2021  
 Company number: 04030166

**Amerisur Resources Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2020**

	Share capital \$'000	Share premium \$'000	Merger reserve \$'000	Share-based payments reserves \$'000	Shares to be issued \$'000	Accumulated deficit \$'000	Total equity \$'000
Balance at 1 January 2019	1,761	144,941	13,532	14,161	-	(76,149)	98,246
Loss after taxation for the year	-	-	-	-	-	(37,535)	(37,535)
Total comprehensive loss for the year	-	-	-	-	-	(37,535)	(37,535)
<i>Transactions with owners:</i>							
Contributions of equity, net of transaction costs	3	-	-	-	-	-	3
Share-based payments (note 23)	-	-	-	3,589	-	-	3,589
Share options exercised	-	-	-	(4,050)	-	4,050	-
Shares to be issued	-	-	-	-	1,598	-	1,598
Balance at 31 December 2019	<u>1,764</u>	<u>144,941</u>	<u>13,532</u>	<u>13,700</u>	<u>1,598</u>	<u>(109,634)</u>	<u>65,901</u>
	Share capital \$'000	Share premium \$'000	Merger reserve \$'000	Share-based payments reserves \$'000	Shares to be issued \$'000	Accumulated deficit \$'000	Total equity \$'000
Balance at 1 January 2020	1,764	144,941	13,532	13,700	1,598	(109,634)	65,901
Loss after taxation for the year	-	-	-	-	-	(2,855)	(2,855)
Total comprehensive loss for the year	-	-	-	-	-	(2,855)	(2,855)
<i>Transactions with owners:</i>							
Contributions of equity, net of transaction costs	-	-	-	-	-	-	-
Share-based payments (note 23)	-	-	-	-	-	-	-
Share options exercised	55	5,975	-	(1,678)	(1,598)	1,688	4,442
Balance at 31 December 2020	<u>1,819</u>	<u>150,916</u>	<u>13,532</u>	<u>12,022</u>	<u>-</u>	<u>(110,801)</u>	<u>67,488</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Amerisur Resources Limited**  
**Statement of cash flows**  
**For the year ended 31 December 2020**

	<b>Note</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
<b>Cash flows from operating activities</b>			
Loss before taxation for the year		(2,855)	(37,535)
Adjustments for:			
Impairment	6	2,487	17,900
Share-based payments	5	-	1,845
Interest received	9	(41)	(626)
Interest and other finance costs	8	274	1,321
		(135)	(17,095)
Change in operating assets and liabilities:			
Decrease/(Increase) in trade and other receivables	14	2,953	(2,807)
(Decrease)/Increase in trade and other payables	16	(8,179)	7,649
Net cash used in operating activities		(5,361)	(12,253)
<b>Cash flows from investing activities</b>			
Increase in investments	12	(573)	(1,676)
Net (increase)/decrease in intercompany loans	11	(1,679)	1,163
Movement in restricted cash	15	-	6,900
Net cash (used in) from investing activities		(2,252)	6,387
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	18	-	3
Cash proceeds for issue of shares	20	-	1,598
Options exercised		4,443	-
	8	626	385
Interest and other finance costs paid	7	(1,324)	(1,324)
Interest received	8	41	626
Net cash from financing activities		4,210	906
Net (decrease)/increase in cash and cash equivalents		(3,405)	(4,960)
Cash and cash equivalents at the beginning of the financial year		28,949	33,909
Cash and cash equivalents at the end of the financial year	13	25,544	28,949

*The above statement of cash flows should be read in conjunction with the accompanying notes*



## **1. Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements are presented United States Dollars (\$) which is the functional currency of the Company and rounded to the nearest thousand (\$'000), except where otherwise indicated.

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

### **Going concern**

These financial statements have been prepared on a basis other than the going concern. The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future given its substantial and sufficient liquid resources. However, the directors have agreed that the company will be wound down within one to two years so they have adopted a basis other than a going concern.

In December 2019, the appearance in China of a new SARS-CoV-2 coronavirus (known as "COVID-19") was announced, which after 31 December 2019 spread practically throughout the world. On 11 March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak as a pandemic. This emergency situation and the measures adopted in the different countries to face it have significantly affected international economic activity with diverse impacts in each affected country and business sectors.

The Company is a holding company and after the year end has discontinued its third party oil revenue stream due to a strategic decision made by its shareholders. The Directors estimate that this situation will not have an adverse and significant impact on the Company and subsidiaries' operations. However, the future evolution of COVID-19 is highly uncertain and cannot be predicted but the funds available will cover the Company's costs over the next 12 months from signing these financial statements.

### **Changes in accounting policies**

The Company has considered the following new standards and concluded that their impact is not material to the financial statements:

- IFRS 16 *Leases*; and
- IFRIC 23 *Uncertainty over Income Tax Treatments*

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the financial statements.

### **Revenue recognition**

The Company recognises revenue as follows:

#### ***Sale of third-party oil***

Revenue from the sale of third-party crude oil is recorded when performance obligations are satisfied. Performance obligations associated with the sale of crude oil are satisfied at the point in time when the products are delivered to the customer, which is at the Esmeraldas port, per contract terms, where volumes are agreed upon with the customer. This is considered to be the point at which the Company transfers control of the product to the customer. Crude oil sales prices are determined by reference to average third-party pricing window quotes for the sale period less a discount per barrel for quality, marketing and other agreed deductions when the performance obligation is satisfied.

Revenue is recognised net of production related royalties.

## **2. Summary of significant accounting policies (continued)**

### **Interest income**

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### **Taxation**

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

### **Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date with gains and losses recognised in profit and loss.

### **Current and non-current classification**

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### **Other financial assets**

Investments and other financial assets are initially measured at fair value and subsequently at amortised cost. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

## **2. Summary of significant accounting policies (continued)**

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

### *Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest. See notes 12 and 21 for a breakdown of the financial assets held by the Company.

### *Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Lifetime expected credit losses (ECLs) for intercompany loan receivables are based on the assumptions that repayment of the loans is demanded at the reporting date as the loan is contractually repayable on demand. Given the central treasury function operated by the Company, the subsidiaries don't have access to highly liquid assets in order to repay the loan if demanded and therefore the expected manner of recovery to measure lifetime expected credit losses is considered. A range of different recovery strategies and credit loss scenarios are evaluated using reasonable and supportable external and internal information to assess the likelihood of recoverability of the balance under these scenarios. The method used to assess these scenarios is a 'repayment over time' recovery strategy. The company uses net trading cash flow projections to project the payment of loans receivable. Where loans are shown to be non recoverable or due to operational or other economic factors the loans may become difficult to recover, then an impairment loss will be recognised.

### **Investments**

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid.

Investments in subsidiaries are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Employee benefits**

#### *Share-based payments*

Equity-settled share-based compensation benefits are provided to Executive Directors and employees.

## **2. Summary of significant accounting policies (continued)**

Equity-settled transactions are awards of options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium. At this time, the appropriate balance in the other reserve relating to the share options exercised is transferred to retained earnings by way of a transfer within reserves.

National Insurance contributions are accrued as a current liability in the financial statements where it is considered likely that certain share options will be exercised.

### **Foreign currency translation**

The financial statements are presented in US Dollars ("USD"), which is the Company's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into USD 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### **Issued capital**

Ordinary shares are classified as equity.

Where funds or a conversion notice has been received which entitles an individual or an entity to shares, but at the balance sheet date such shares had not been issued, the pending issuance is recorded as shares to be issued in the financial statements.

Incremental costs directly attributable to shares to be issued and the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **Value-Added Tax ("VAT") and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

## **2. Summary of significant accounting policies (continued)**

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

## **3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below:

### *IFRS 15 – principal v agent consideration*

The company is required to determine whether it is the principal or the agent in a transaction on the basis of whether it controls goods or services before they are transferred. The company has performance obligations within its contractual promises to ship and deliver crude oil. Whilst that crude is under the control of the company, the company is considered the principal under IFRS 15.

### *Share-based payment transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Monte Carlo model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

The following measurement assumptions have been made:

- expected volatility was determined by calculating the historic share price over the three years prior to the grant date;
- the expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations;
- it has been assumed that no variables change during the life of the option (e.g. dividend yield);
- the option life is at the end of the allowed period.
- since the Company has no history of paying dividends the impact of dividends has been ignored in the calculation of the LTIP share option charge.

### *Carrying value of investments in subsidiaries and intercompany loans*

Judgement is required to assess the recoverability of investments in subsidiaries and intercompany loans taking into account future plans for the entity and its ability to repay the loan. While conducting an impairment review of its investments and other assets, the Company exercises judgement in making assumptions about future commodity prices, oil and gas reserves and resources, future development and production costs. By their nature, impairment reviews include significant estimates regarding future financial resources and commercial and technical feasibility to enable the successful realisation of the exploration expenditure. Changes in the estimates used can result in significant charges to the statement of comprehensive income.

#### **4. Revenue**

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
<b>From new operations</b>		
Revenue from contracts with customers	1,167	3,327

All revenue is generated from one reportable segment, third-party oil, and arises from one geographical region, therefore revenue cannot be further disaggregated.

#### **5. Average number of employees and employee benefits expense**

The average number of employees during the year was as follows:

	<b>2020</b>	<b>2019</b>
Management	1	8
Administration	0	2
Average number of employees	<u>1</u>	<u>10</u>

The employee benefits expense during the year was as follows:

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Wages and salaries	16	2,458
Severance payments	-	3,677
Social security costs	1	737
Other pension costs	4	118
Share-based payments	-	1,845
Total employee benefits expense	<u>21</u>	<u>8,835</u>

Employee numbers and expense includes all Executive and Non-executive Directors.

**5. Average number of employees and employee benefits expense (continued)**

The emoluments of the directors in 2020:

	Fees / Basic Salary	Annual bonus	Benefits in kind and other taxable benefits	Severance payments	Total	Pension
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company: aggregate remuneration	-	-	-	-	-	-

Giles Clarke, John Wardle and Nick Harrison exercised share options of 3,000,000 each in December 2019 with these options being issued on 16<sup>th</sup> January 2020. They had gains of \$126,300, \$126,300 and \$244,800 respectively.

There were no directors accruing pension benefits under defined contribution schemes (2019: 2).

The emoluments of the directors in 2019:

	Fees / Basic Salary	Annual bonus	Benefits in kind and other taxable benefits	Severance payments	Total	Pension
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company aggregate remuneration	3,731	891	205	2,605	7,432	83

The highest paid Director received the following remuneration in 2020:

	Fees / basic salary	Annual bonus	Severance payment	Benefits in kind and other taxable benefits	2020 Total	2020 Pension
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company aggregate remuneration	-	-	-	-	-	-

The highest paid Director received the following remuneration in 2019:

	Fees / basic salary	Annual bonus	Severan ce payment	Benefits in kind and other taxable benefits	2019 Total	2019 Pension
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company aggregate remuneration	1,119	425	1,190	-	2,734	-

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**6. Loss before tax**

	2020 \$'000	2019 \$'000
Loss before income tax includes the following specific expenses:		
<i>Administrative expenses</i>		
Share based payment expense	-	1,845
Legal and professional fees	797	10,147
Other administrative expenses	143	1,066
Impairment of investments	174	729
Impairment of intercompany balances	2,313	17,171
Impairment of intangible assets	-	-
	<u>3,427</u>	<u>17,900</u>
<i>Audit fees</i>		
Fees payable to the Company's auditor for the Annual Report	-	288
Fees paid by the Company	34	72
Other audit related fees paid by the Company	-	132
	<u>34</u>	<u>492</u>
Total audit and audit related fees payable		
	<u>34</u>	<u>492</u>
Non-audit fees: Tax compliance services	-	2
Non-audit fees: Other services	-	237
	<u>-</u>	<u>239</u>
Total non-audit fees		
	<u>-</u>	<u>239</u>

Held within Legal and professional fees are \$8.7m of costs specifically pertaining to the formal sales process which culminated in the acquisition by GeoPark.

**7. Net foreign exchange gains**

	2020 \$'000	2019 \$'000
Net foreign exchange gains	<u>372</u>	<u>36</u>

Foreign exchange differences arise on the conversion of local currency transactions to US dollars.



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**8. Finance and similar charges**

	2020 \$'000	2019 \$'000
Bank interest	75	167
Bank charges	175	45
Other interest	97	845
	<u>347</u>	<u>1,057</u>
Fair value (gains)/losses on derivative financial instruments	(73)	264
	<u>274</u>	<u>1,321</u>

The Company entered into a fixed floor put option commodity contract in 2018 in order to limit its exposure to downward movements in the oil price. Hedge accounting was not applied and as such the normal recognition and measurement rules under IFRS 9 were followed. This derivative instrument had expired by the balance sheet date.

Other interest in 2020 of \$97,000 (2019: \$845,000) relates to Shell prepayment interest. In April 2018, the company entered into a \$35m renewable working capital facility with Shell Western Supply and Trading Limited (SWST) under which SWST will provide, at the company's request, advance payments to Amerisur against deliveries of crude oil under an Offtake agreement. Amounts due from SWST in respect of crude oil delivered by Amerisur are applied towards repayment of any drawdowns on the facility. Interest is payable on advance payments at LIBOR plus 3.5%. Funds committed were available upon request until June 2019 and were repaid by the Group on a quarterly basis through future oil deliveries until June 2020.

**9. Finance income**

	2020 \$'000	2019 \$'000
Finance income	<u>41</u>	<u>626</u>

**10. Income tax**

	2020 \$'000	2019 \$'000
<i>Reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before taxation	<u>(2,855)</u>	<u>(37,535)</u>
Tax at the statutory tax rate of 19% (2019: 19%)	(542)	(7,132)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	<u>532</u>	<u>7,451</u>
Tax	<u>(10)</u>	<u>319</u>
Current year loss relief		(319)
Current year tax losses not recognised	<u>10</u>	<u>-</u>
Taxation	<u>-</u>	<u>-</u>

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	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	<u>66,078</u>	<u>63,535</u>
Potential tax benefit at statutory tax rates	<u>12,554</u>	<u>12,071</u>

The above potential tax benefit for tax losses has not been recognised as a deferred tax asset in the balance sheet due to uncertainty of recovery of these losses.

In addition to the above income tax losses, the company has unused capital losses of \$28,981,449 (2019: Losses \$28,962,607) available, with a potential tax benefit of \$5,506,475 (2019: \$5,502,895).

There are no items charged to equity with any current or deferred tax effect.

**11. Financial assets at amortised cost**

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Financial assets at amortised cost	<u>44,717</u>	<u>36,873</u>

These relate to intercompany loans to subsidiary undertakings which are non-interest bearing and have no fixed repayment date.

The movement in the year was as follows:

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
At the start of the year	36,873	36,573
Additions	10,157	17,470
Repayment	-	-
Impairment of assets	<u>(2,313)</u>	<u>(17,171)</u>
	<u>44,717</u>	<u>36,873</u>

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**12. Investments**

	2020 \$'000	2019 \$'000
Cost	54,429	53,856
Less: Impairment	<u>(27,516)</u>	<u>(27,342)</u>
	<u>26,913</u>	<u>26,514</u>

*Reconciliation*

The reconciliation of the movement from the beginning to the end of the current and previous financial year is set out below:

At the start of the year	26,514	23,822
Additions	573	3,421
Impairment of assets	<u>(174)</u>	<u>(729)</u>
At the end of the year	<u>26,913</u>	<u>26,514</u>

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid, less any impairment.

The additions in 2020 relate to the following:

- i) Increase in investment in PDSA of \$0.4 million in relation to deferred consideration royalty payments payable to the former owners of the CPO-5 block.
- ii) Payments to Paraguay S.A of \$0.1 million.
- iii) Payments to Ecuador of \$0.1 million.

The additions in 2019 largely relate to the following:

- i) Increase in investment in PDSA of \$0.9 million in relation to deferred consideration royalty payments payable to the former owners of the CPO-5 block.
- ii) The share based payment charge in relation to subsidiary employees of \$1.9 million (2018: \$0.8 million); and
- iii) Payments to Paraguay S.A of \$0.6 million.

The impairment charges in 2020 and 2019 relates to intercompany transactions in Paraguay and Ecuador, which management have impaired due to the level of activity forecast to take place in those regions.

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**12. Investments (continued)**

The Company's subsidiary undertakings as at 31 December 2020 are listed below:

Name of subsidiary	2020 and 2019 % voting rights and shares held	Business
Amerisur Exploración Colombia Limited	100	Mineral resource hydrocarbon E&P permit applications and crude oil exploration, production and distribution  Branch in Colombia: Amerisur Exploración Colombia Limitada Registered address: Rodus Building P.O. Box 3093 Road Town Tortola VG1110
Petrodorado South America Limited	100	Mineral resource hydrocarbon E&P permit applications and crude oil exploration, production and distribution  Branch in Colombia: Petrodorado South America SA Registered address: Torre Universal, 3er Piso Ave. Federico Boyd, Panamá Apdo. Postal 0819-00257
Amerisur S.A. (Paraguay)	100	Dormant Registered address: Fulgencio R. Moreno 509, Piso 4, Edificio de la Colina, Asunción - Paraguay
Fenix Oil and Gas Limited	100	Mineral resource hydrocarbon E&P permit applications Branch in Colombia: Fenix O&G Registered address: Rodus Building P.O. Box 3093 Road Town Tortola VG1110
Amerisurexplor Ecuador SA	99	Mineral resource hydrocarbon E&P permit applications Registered address: Avenida 6 de Diciembre y Portugal. Ed Zyrá Piso 12 (Ecuador)
E-Plus S.A.	100	Dormant Registered address: Fulgencio R. Moreno No 509, Edif. De La Colina, 5to. Piso, Asunción, Paraguay

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**12. Investments (continued)**

Yarumal S.A.*	100	Land acquisition rights Registered address: Barrio Altos del Cedral 86568 – Puerto Asís. (Colombia)
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\* Acquired in 2019

**13. Cash and cash equivalents**

	2020 \$'000	2019 \$'000
Cash at bank	25,544	2,435
Cash on deposit	-	26,514
	<u>25,544</u>	<u>28,949</u>

**14. Trade and other receivables**

	2020 \$'000	2019 \$'000
Trade receivables	-	515
Other receivables	-	1,620
VAT receivable	41	827
Prepayments	-	32
	<u>41</u>	<u>2,994</u>

Other receivables in 2019 included a receivable of \$1.6m relating to the cost of shares to be issued.

**15. Amounts due to subsidiary undertakings**

	2020 \$'000	2019 \$'000
Amounts due to subsidiary undertakings	<u>28,336</u>	<u>19,859</u>

This represents amounts due to Petrodorado South America SA ('PDSA'). The amounts are unsecured and are repayable on demand.

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**16. Trade and other payables**

	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Trade payables	179	209
Other payables	-	1
Social security and other taxes	956	66
Accruals	256	9,294
	<u>1,391</u>	<u>9,570</u>

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**17. Share capital**

	<b>2020 Shares</b>	<b>2019 Shares</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Ordinary shares - fully paid of 0.1 pence each	<u>1,258,107,775</u>	<u>1,215,467,768</u>	<u>1,819</u>	<u>1,764</u>

33,640,007 ordinary shares were issued and allocated on 16 January 2020 following the Court sanction of the scheme of arrangement pursuant to which GeoPark Colombia acquired the entire issued and to be issued ordinary share capital of Amerisur Resources.

Shares issued of \$1.6 million result from the Directors' exercising of 9,000,000 share options, granted in December 2009, allotted during 2019. These shares were issued in January 2020 upon the successful acquisition of the Company by GeoPark

**18. Share premium**

	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Share premium	<u>150,916</u>	<u>144,941</u>

**19. Reserves**

	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Merger reserve	13,532	13,532
Share-based payments reserve	12,022	13,700
Shares to be issued	-	1,598
	<u>25,554</u>	<u>28,830</u>

**Merger reserve**

24.3 million ordinary shares were issued in 2015 as consideration for the acquisition of Platino and a further 4.7 million ordinary shares were issued as final consideration for the acquisition of PDSA in 2016. The excess over the nominal value of the shares issued is classified within a separate merger reserve. This reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.

**Amerisur Resources Limited**  
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**19. Reserves (continued)**

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

**20. Accumulated deficit**

	2020 \$'000	2019 \$'000
Accumulated deficit at the beginning of the financial year	(109,634)	(76,149)
Loss after taxation for the year	(2,855)	(37,535)
Transfer from Share-based payments reserves	<u>1,688</u>	<u>4,050</u>
Accumulated deficit at the end of the financial year	<u>(110,801)</u>	<u>(109,634)</u>

**21. Financial instruments**

The Company holds the following financial instruments.

	2020 \$'000	2019 \$'000
<b>Financial assets at amortised cost</b>		
Carrying amount:		
Trade receivables (note 14)	-	515
Other receivables (note 14)	-	1,620
Cash and cash equivalents (note 13)	25,543	28,949
Other financial assets at amortised cost (note 11)	<u>44,717</u>	<u>36,873</u>
	<u>70,260</u>	<u>67,957</u>
	2020 \$'000	2019 \$'000
<b>Financial liabilities at amortised cost</b>		
Carrying amount:		
Trade payables (note 16)	179	209
Other payables - current liabilities (note 16)	-	1
Amounts due to subsidiary undertakings (note 15)	28,336	19,859
Accruals (note 16)	<u>9,256</u>	<u>9,796</u>
	<u>28,771</u>	<u>29,363</u>

The carrying amount of all financial assets at amortised cost net of impairment loss allowance is equal to the net carrying amount shown in the table above on the basis that there is no impairment of any financial asset.

There are no gains or losses on derecognition of assets in the current or prior period.

The Company's financial instruments resulted in the following expenses recognised in the statement of profit or loss.

## 21. Financial assets and financial liabilities (continued)

### Remaining contractual maturities

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>2020</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	179	-	-	-	179
Other payables	-	-	-	-	-	-
Accruals	-	256	-	-	-	256
Total non-derivatives	-	435	-	-	-	435
<b>2019</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	209	-	-	-	209
Other payables	-	1	-	-	-	1
Accruals	-	9,294	-	-	-	9,294
Total non-derivatives	-	9,504	-	-	-	9,504

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## 22. Related party transactions

### Ultimate parent entity

GeoPark Limited is the ultimate parent entity. The financial statements of GeoPark can be obtained from [www.geo-park.com](http://www.geo-park.com). The immediate parent entity of the Company is GeoPark Colombia SAS.

### Subsidiaries

Interests in subsidiaries are set out in note 12.

### Key management personnel compensation

	2020 \$'000	2019 \$'000
<b>Individuals who were directors in the year are considered to be key management personnel</b>		
Short-term employee benefits	-	2,280
Severance payments	-	3,677
Post-employment benefits	-	106
Share based payments	-	1,641
	-	7,704



## **22. Related party transactions (continued)**

### *Transactions with related parties*

The following transactions occurred with related parties:

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Sale of goods and services:		
Sale of services to commonly controlled entities	-	-
Provision of technical services to subsidiaries	-	1,219
Payment for goods and services:		
Payments to ATL Telecom Limited, a company in which Nick Harrison has an interest.	-	77
Payments for services to Westleigh Investment Holdings Limited and its subsidiaries, in which Giles Clarke and Nick Harrison have an interest.	130	195
Payment for consultancy services:		
Fees paid to Tracarta Limited, a company in which John Wardle has an interest.	-	1,544
Fees paid to Jade Oil and Gas Limited, a company in which Doug Ellenor has an interest.	-	-

### *Loans to/(from) related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Non-current receivables:		
Loan to subsidiaries (see note 11)	44,717	36,873
Non-current borrowings:		
Loan from subsidiaries (see note 15)	(28,336)	(19,589)

### *Terms and conditions*

Management services provided by the Company to subsidiary companies are made on normal commercial terms and conditions.

The amounts due to and from subsidiary companies are unsecured.

## **23. Share-based payments**

The Company has share based payment schemes in place for the benefit of its employees and Directors. The charge in relation to these arrangements is shown below, with further details of the schemes following:

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Share-based payment charge	<u>-</u>	<u>1,845</u>

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*Share option schemes*

Share options have previously been granted to Directors. The exercise price of the granted options is equal to the market price of the shares at the time of the award of the options. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The options were valued on grant date using a Monte Carlo option pricing model which calculates the fair value of an option by using the vesting period, the expected volatility of the share price, the current share price, the exercise price and the risk-free interest rate. The fair value of the option is amortised over the vesting period. There is no requirement to revalue the option at any subsequent date.

There were no share options granted in 2020. The table below shows the movement in the share options in 2019:

**2019**

Grant date	Expiry date	Exercise price (pence)	Balance at start of year	Granted	Exercised	Lapsed/ forfeited/ other	Balance at end of year
22/12/2009	23/12/2019	11.10	3,000,000	-	(3,000,000)	-	-
22/12/2009	23/12/2019	15.00	6,000,000	-	(6,000,000)	-	-

The above options were exercised on 20 December 2019 and 9,000,000 ordinary shares were issued and allocated on 16 January 2020 following the Court sanction of the scheme of arrangement pursuant to which GeoPark Colombia acquired the entire issued and to be issued ordinary share capital of Amerisur Resources.

The weighted average remaining contractual life of the options outstanding at 31 December 2019 is 0 months.

The weighted average exercise price at 31 December 2019 is not applicable.

All the above options were due to expire at 23 December 2019.

*Long term incentive plan (LTIP)*

From 1 January 2012 until December 2019 equity settled share options were granted under the Company's LTIP scheme.

Set out below are summaries of performance rights granted under the plan:

**2020**

Grant date	Expiry date	Exercise price (pence)	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
07/02/2015	07/02/2020	0.1	1,750,000	-	-	(1,750,000)	-
09/05/2017	08/05/2022	0.1	4,465,000	-	(4,465,000)	-	-
23/04/2018	22/04/2023	0.1	12,699,642	-	(12,699,642)	-	-
12/04/2019	11/04/2022	0.1	18,052,686	-	(16,475,365)	(1,577,321)	-
			<u>36,967,328</u>	<u>-</u>	<u>(33,640,007)</u>	<u>(3,327,321)</u>	<u>-</u>

Weighted average exercise price (pence)	0.1	0.1	0.1	0.1	0.1
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The above were exercised on 20 December 2019 and 33,640,007 ordinary shares were issued and allocated on 16 January 2020 following the Court sanction of the scheme of arrangement pursuant to which GeoPark Colombia acquired the entire issued and to be issued ordinary share capital of Amerisur Resources.

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**2019**

Grant date	Expiry date	Exercise price (pence)	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
15/02/2014	14/02/2019	0.1	1,750,000	-	(1,750,000)	-	-
07/02/2015	07/02/2020	0.1	2,262,000	-	(512,000)	-	1,750,000
20/05/2016	19/05/2021	0.1	9,885,000	-	-	(9,885,000)	-
09/05/2017	08/05/2022	0.1	5,415,000	-	-	(950,000)	4,465,000
23/04/2018	22/04/2023	0.1	12,444,642	255,000	-	-	12,699,642
12/04/2019	11/04/2022	0.1	-	18,157,686	-	(105,000)	18,052,686
			<u>31,756,642</u>	<u>18,412,686</u>	<u>(2,262,000)</u>	<u>(10,940,000)</u>	<u>36,967,328</u>
Weighted average exercise price			0.1	0.1	0.1	0.1	0.1

Set out below are the performance rights exercisable at the end of the financial year:

Grant date	Expiry date	2020 Number	2019 Number
07/02/2015	07/02/2020	-	1,750,000
		<u>-</u>	<u>1,750,000</u>

## **24. Contingent liabilities and commitments**

On January 8, 2020, the company received a copy of a claim issued in the High Court of England and Wales (the "Court") by Leigh Day solicitors on behalf of a group of claimants (the "Claimants") described as members of a farming community in the department of Putumayo in Colombia. The claim states that the Claimants seek compensation for economic and non-economic damages said to be caused by alleged environmental contamination and pollution caused by the company's operations in Colombia. The accusations of environmental damage referenced in the claim are being investigated by Colombian authorities and to-date have been deemed to be without merit. Following court hearings held in January and February 2020, an interim freezing order was imposed on the company in respect to GBP 4,465,600 (equivalent to US\$ 6,073,216 as of February 2, 2021) of its assets located in the United Kingdom. The company is negotiating with the Claimants in order to file a bank guarantee that will enable the Court to lift the freezing order. On May 7, 2020, the company served a substantive letter of response, responding to Leigh Day's letter of claim. In June 2020, both parties (the company and Leigh Day) filed their case summaries with the Court. The company appointed Professor Javier Tamayo Jaramillo to act as witness expert in respect to the two preliminary Colombian law issues that will be discussed in the limited trial for Q1 2022. The witness expert report was submitted to the Claimants in November 2021. The Costs Management Conference was held on 26 October, 2021 before the UK Court. The UK Court ruled that: i) Amerisur's costs of the general pollution claims are enforceable against the Claimants only after the conclusion of the proceedings and those costs have been either assessed or agreed; ii) Amerisur's application for an interim payment in respect of those costs and for security for costs were dismissed; and, iii) Amerisur shall pay the Claimants' the costs of the interim payment application and the security for costs application, which costs were summarily assessed at £85,000 and payable within 21 days. The new trial will be in February 2022.

### *Commitments:*

The company had the following commitments at the 31 December 2020:

Class guarantee facility dated 21<sup>st</sup> July 2020 in favour of Banco De Occidente S.A. of \$5,007,000

Guarantee dated 18<sup>th</sup> September 2020 in favour of Leigh Day on behalf of certain of for GBP 4,465,600 (equivalent of US\$6,077,681)

Commercial card facility - GBP60,000 (equivalent to US\$81,660)

## **25. Events after the reporting period**

On 1 April 2021, the Company settled a reduction of capital process where its wholly-owned shares in the operating affiliated entities, Amerisur Exploracion Colombia Limited and Petrodorado South America S.A. were distributed and transferred to the company's shareholder, GeoPark Colombia SAS. There was no change to the number of shares in issue in the company. Under the capital reduction, the shares were transferred at their book value. The purpose of reducing capital was to allow corporate simplification.