Global Energy Development plc

Report and Financial Statements

Year Ended

31 December 2014

Company Number 4330608

Cash strong, debt-free; preserving acreage and pursuing alternatives

Global Energy Development PLC
Annual Report and Accounts 2014

Global Energy Development PLC is a petroleum exploration and development company, with a resilient balance sheet, pursing strategic opportunities to realise value for its shareholders.

Business Review

Corporate Governance

Financial Statements

Financial Position
As at 31 December 2014, the Company holds a strong cash balance, is debt-free and has no mandatory drilling obligations on its contract areas in Colombia, South America.

Contracts
The Company's portfolio of contracts is within the country of Colombia and comprises a base of production, developmental drilling and exploration opportunities. The Company held as at 31 December 2014 two contracts operated in Colombia.

Reserves
The independent petroleum engineers Ralph E. Davis Associates, Inc ("RED") reported that as at 31 December 2014: proved plus probable ("2P") reserves net to the Company totalled 24.3 million barrels of oil equivalent ("BOE"); and proved plus probable plus possible ("3P") reserves net to the Company totalled 32.6 million BOE.

AIM
The Company's shares have been traded on AIM, a market operated by the London Stock Exchange, since March 2002 (LSE-AIM: "GED").

2014 Highlights

- Completed the sale of the rights and obligations of the Company's Llanos Basin producing properties through the sale of the entire issued share capital of the Company's wholly-owned subsidiary, Colombia Energy Development Company, ("CEDCO") for gross cash consideration of $50 million, net of purchase price adjustments

- Eliminated all outstanding debt obligations

- As at 31 December 2014:

- Cash and cash equivalents:	$41.2 million
- Working capital:	$38.0 million
- Debt balance:	nil
- Current ratio:	8.7 to 1

- Dramatically lower oil prices as at 31 December 2014 led to the full impairment of $11.2 million of the carrying value of the Company's Bocachico Contract oil assets at year-end 2014

- Preserving remaining contract acreage in Colombia (Bolivar and Bocachico Contract areas) with no mandatory contract obligations during low oil pricing environment

Regional Asset Summary

In December 2014, the Company completed the sale of CEDCO, which included the rights and obligations of the Company's contract areas within the Llanos Basin in Colombia, South America, specifically the Rio Verde Concession Contract, the Alcaravan Association Contract and the Los Hatos Concession Contract.

The Company holds two contract areas in the Middle Magdalena region of Colombia, the Bolivar Association Contract and the Bocachico Association Contract.

Magdalena Valley, Colombia

Contract 1 **Bolivar** *Colombia*	Contract 2 **Bocachico** *Colombia*
Basin *Middle Magdalena*	Basin *Middle Magdalena*
Held with *Empresa Colombiana de Petróleos ("Ecopetrol")*	Held with *Ecopetrol*
Year signed *1996*	Year signed *1994*
Expiry date *2024*	Expiry date *2022*
Acreage *21,000*	Acreage *54,700*
Initial royalty (%) *20*	Initial royalty (%) *20*
Status *Production & Development*	Status *Production & Development*
Proved reserves (bbls)* *19.7m*	Proved reserves (bbls) -**
2P reserves (bbls)* *24.3m*	2P reserves (bbls) -**

2P = Proved plus probable.
bbls = barrels of oil

* At 31 December 2014
** Low oil pricing caused the heavy oil reserves within the Bocachico Contract area to be uneconomic at 31 December 2014.

Chairman's Statement

"Poised and financially liquid while other companies may be struggling in this low oil price environment"

In December 2014, the Group disposed of its rights and obligations of its Llanos Basin Contract areas (Rio Verde, Alcaravan and Los Hatos) through the sale of the entire issued share capital of its wholly-owned subsidiary, Colombia Exploration and Development Company ("CEDCO") for gross cash consideration of $50 million, net of approximately $1.0 million adjusted for CEDCO's operating income received and capital expenditures spent by the Group during the period between the transaction's effective date (1 August 2014) and the closing date in December 2014. Per the share purchase agreement, the purchaser of CEDCO may send their final proposed adjustments to the purchase price following 90 days after the closing date. In February 2015, the Group received the purchaser's adjustment statement with proposed additional purchase price adjustments totalling $1.5 million. The Group is reviewing the proposed adjustments, and in accordance with the share purchase agreement, will pay allowable adjustments as agreed upon by the parties. The Llanos properties had historically provided consistent cash flow for the Group, but the downtime of certain of its producing wells was continuing to increase as the producing properties declined in production. The Group had already taken numerous steps over the past few years to reduce operational costs. Consequently the Directors believe their decision to monetise the Llanos properties and relinquish the related plugging and abandonment liabilities of these properties was in the best interests of shareholders.

During 2014, the Group's actions for the development of its Middle Magdalena contract areas (Bolivar and Bocachico) included the hydraulic-fracturing of the Simiti formation in its existing Catalina #1 well, located in the Bolivar contract area of the Northern Middle Magdalena Valley in Colombia. Flowback of the well commenced at low rates after the injection of significant volumes of fracture fluids. After efforts to facilitate fracture fluid recovery were unsuccessful, the Group temporarily shut in the well in July 2014. Also during 2014, the Group closed two separate farm-out agreements covering the Bolivar and Bocachico contract areas which provided the Group's farm-out partner a 50 per cent. interest in the respective areas in exchange for the payment of certain work commitments and programmes as set out in the agreements, together with gross cash payments of $5.0 million in respect of the Bolivar agreement and $1.0 million in respect of the Bocachico agreement. The re-entry of the Catalina #1 well was financed entirely by the Group's farm-out partner.

Subsequent to the re-entry of the Catalina #1 and with the beginning of the decline in oil prices during the second half of 2014, the Group turned its focus and efforts to completing a sale of its Llanos properties. Following months of due diligence and negotiation, the Group entered into the conditional share purchase agreement for the disposal of CEDCO in October 2014 with the closing of the transaction occurring in December 2014. As a result of the Group's focus and efforts on the sale of CEDCO coupled with the decline of oil prices, the Group chose not to pursue exploration or development projects on its Bolivar and Bocachico contract areas during the second half of 2014.

Given the significant decrease in oil prices, in December 2014, the Group's farm-out partner elected to exercise its option under the farm-out agreements to terminate and release their rights and obligations with respect to the Group's Bolivar and Bocachico Contracts. All future obligations by the Group's farm-out partner to undertake the future funding of work programmes for either contract area, including an obligation to pay all future costs and expenses incurred with respect to the proposed operations, were released with effect from 12 December 2014 in exchange for the return of the 50 per cent interest in these contract areas.

The decrease in oil prices also affected the Group's oil reserves included in its reserve report at 31 December 2014, which was produced by an independent petroleum engineering firm. Lower oil benchmark pricing at 31 December 2014 of $57.33 per barrel ("bbl") was used to price the Group's year-end oil reserves (2013: $109.95 per bbl). The lower oil prices resulted in a reduction in the estimated quantity of proved and probable reserves and in the estimated future net cash flows expected to be generated from the Group's Bolivar and Bocachico contract areas. In addition, the low oil prices caused the heavy oil reserves within the Bocachico contract area to be uneconomic at 31 December 2014 which required the Group to fully impair the carrying value of its Bocachico contract oil assets within the Group's financial statements.

Whilst 2014 did not bring about production success at Bolivar from the re-entry of the Catalina #1 well, the monetisation of the Llanos properties proved to be a timely and strategic divestiture in the face of declining oil prices. Immediately following the sale of the Llanos properties, the Group extinguished all remaining debt obligations. The Company has a strong cash balance, no outstanding debt obligations and proven oil reserves in Colombia, South America. In addition, the Company has no mandatory contractual obligations with its Middle Magdalena contract areas. At this time, the Company is poised and financially liquid while other companies, with much higher market-caps in comparison to ours, may be struggling in this low oil price environment. With the outlook for oil pricing uncertain for 2015, the Company continues to streamline its overhead structure, preserve its acreage in Colombia and review alternatives to create value for our shareholders.

Mikel Faulkner
Chairman
9 March 2015

Managing Director's Review of Operations

Financial overview

On 5 December 2014, the Group completed the disposal of the Llanos properties through the sale of CEDCO, and consequently the Llanos properties have been treated as a discontinued operation for reporting purposes. The results for the period to the effective date of disposal (1 August 2014) together with the loss on disposal, have been shown as loss from discontinued operations, net of tax, in the statement of comprehensive income. As required by accounting standards, the comparative figures for the year ended 31 December 2013 have also been restated to show the discontinued operations separately from continuing operations.

Revenue from continuing operations during 2014 related solely to production from the Company's Torcaz #2 well located in the Bocachico contract area. During 2013, continuing operations included production from the Torcaz #2 well as well the Olivo #1 well located in the Bolivar contract area. Turnover from continuing operations declined to $689,000 in 2014 (2013: $1.5 million) due to lower realised average oil pricing of $64 per barrel ("bbl") (2013: $90 per bbl) as well as lower production volumes resulting from the shut-in of the Olivo #1 well during late 2013. Net production volumes from continuing operations declined by 19 per cent with 10,772 bbls sold in 2014 (2013: 13,262 bbls).

Cost of sales decreased by 13 per cent to $1.7 million during the year (2013: $1.9 million) due to lower production volumes. Based on lower turnover, the gross loss increased to $990,000 from continuing operations in 2014 (2013: $405,000). Administrative expenses from continuing operations increased to $3.6 million during 2014 (2013: $2.7 million) due primarily to higher allocations of operations and technical personnel salaries to administrative expense during the second half of 2014. Salary costs for technical and operational personnel can only be capitalised when their related time is clearly allocated to the development of a qualifying asset. During the second half of the year, there were fewer ongoing operational and development projects while the focus of the Group was to close the sale of the Llanos properties. In December 2014, the Group's employee count declined dramatically subsequent to the sale of CEDCO, and the Group anticipates lower salary expense and administrative costs in 2015.

The Group performed its annual impairment test as at 31 December 2014. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2014, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of the assets of the Company's two continuing operating segments (the Bolivar contract area and the Bocachico contract area). Low oil prices caused the heavy oil reserves within the Bocachico area to be uneconomic at 31 December 2014. The significant decline in oil prices at 31 December 2014 and the resulting uneconomic nature of the proved and probable reserves within the Bocachico area required the Group to fully impair the $11.2 million of carrying value of its Bocachico area oil assets within its consolidated financial statements at 31 December 2014. Under current accounting standards, the Group may reverse such impairment in the future if there is an indication that the previously recognised impairment loss no longer exists or has decreased. Management did not identify an impairment for the Bolivar contract area as at 31 December 2014. Consequently, the operating loss from continuing operations before tax and interest expense increased to $15.5 million during 2014 from $2.4 million in the prior year.

During 2014, the Group transferred its Bolivar and Bocachico contracts from its wholly-owned subsidiary, CEDCO, to new wholly-owned Colombian branches resulting in a decrease in deferred tax expense due to the revaluation of tax balances resulting from this transfer of assets and liabilities at the Colombian branch level. Overall, the Group's net tax benefit related to continuing operations was $2.3 million (2013: $1.1 million expense), resulting in a net loss from continuing operations of $15.0 million (2013: $5.8 million).

The Group generated $6.3 million of cash from operations before tax in 2014 (2013: $11.6 million). Capital expenditures of $7.5 million relate primarily to the completion of the Catalina #1 well test and improvements to surface facilities at the Group's Torcaz field. During 2014, the Group received a non-refundable payment of $6.2 million from its farm-out partner for reimbursement of the costs for the Catalina #1 well test, as this well test was to be fully funded by the farm-out partner under the previously existing farm-out agreement. The Group also received gross non-refundable payments totalling $6.0 million (net of $2.4 million in fees) from the establishment of the Bolivar and Bocachico farm-out agreements. In December 2014, the Group's farm-out partner elected to exercise its option to terminate both farm-out agreements.

Upon closing of the sale of CEDCO, the Group received net cash proceeds of $49 million. The Group extinguished all of its previously-outstanding debt obligations during 2014 with debt and interest payments totalling $13.9 million. As of 31 December 2014, the Group no longer holds any outstanding debt obligations. The Group ended 2014 with cash in bank of $41.2 million (2013: $3.4 million).

Operational overview

Following the conclusion of the Catalina #1 well test on the Simiti Formation, the well was temporarily shut-in during July 2014. The Group continues to monitor the pressure in the well. Although this well test is considered an economical failure, the Group did gain various technical insights, in particular that high-pressure and high-volume hydraulic fracturing are unlikely to be required in future Bolivar projects due to the naturally-fractured formations within the area.

In the Bocachico contract area, the Group took measures during 2014 to reduce the operational costs for its one producing well, Torcaz #2, by intermittently producing the well in cycles of 18 hours on and 6 hours off to lower diesel fuel costs for the pump. In addition, the Group implemented additional cost-saving measures to reduce operational expenses related to engineering services, boiler fuel, maintenance, and field personnel. The Group has identified other cost-saving measures to implement in 2015 to minimise operating expenses for Torcaz #2. Certain operational costs are fixed and cannot be suspended, such as environmental and social compliance along with security and maintenance of the surface facilities.

During this environment of low oil prices, the Group has currently paused its discretionary capital spending on exploration and developmental drilling on its Bolivar and Bocachico contract areas in Colombia. The Group has no mandatory drilling obligations. Whilst the oil pricing environment remains depressed and uncertain, the Group will maintain its acreage position in Colombia while seeking to implement further cost reduction initiatives to reduce operational and overhead costs.

Conclusion

2015 could prove to be an interesting year for the Company and its shareholders. Other oil companies with much higher production, turnover and market capitalisation tend to also hold high levels of outstanding debt. In the previous high oil pricing environment, cash flows from operations could easily satisfy any ongoing debt requirements for these types of companies. Low oil pricing and the resulting decrease in cash flow from operations coupled with lower oil reserve values can be difficult circumstances to survive during a prolonged amount of time. Our Company is currently structured to allow us to seek alternatives and opportunities to create value for our shareholders during this precarious time in our industry.

Stephen Voss
Managing Director
9 March 2015

Corporate Strategy

The Company's current goal in 2015 is to increase value for its shareholders by minimising exploration and development expenditures while oil pricing is low, preserving its oil reserves and acreage in the Magdalena Valley of Colombia, South America and by reviewing other strategic alternative options.

[insert "globe" and "oil well" images here]

"The Company is at a crossroad."

In the current low oil price environment and capital-tight economy, the Company has a strong cash balance, a streamlined overhead structure and no mandatory contract or debt obligations. While preserving our remaining oil reserves and acreage in Colombia until prices rebound, we are in a unique position to watch for and pursue strategic opportunities in this precarious economy.

Oil Reserves Information (unaudited)
As at 31 December 2014

The reserve estimates shown in this report were developed by Ralph E. Davis Associates, Inc., an independent petroleum engineering firm, and are based on the PRMS joint reserve and resource definitions of the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers consistent with UK reporting purposes. Proved and probable reserve estimates are based on a number of underlying assumptions including oil prices, future costs, oil in place and reservoir performance, which are inherently uncertain. Management uses established industry techniques to generate its estimates and regularly references its estimates against those of joint venture partners or external consultants. However, the amount of reserves that will ultimately be recovered from any field cannot be known with certainty until the end of the field's life.

All reserves are located in Colombia, South America.

Estimated net proved and probable reserves of crude oil

	Proved South America Barrels ('000s)	Probable South America Barrels ('000s)	Total All Barrels ('000s)
At 1 January 2014			
Developed	1,815	–	1,815
Undeveloped	44,837	54,412	99,249
	46,652	**54,412**	**101,064**
Changes in year attributable to:			
Revision of previous estimates[1]	(23,467)	(47,639)	(71,106)
Sale of CEDCO[2]	(3,226)	(2,200)	(5,426)
Production	(201)	–	(201)
Developed	**–**	**–**	**–**
Undeveloped	**19,758**	**4,573**	**24,331**
At 31 December 2014	**19,758**	**4,573**	**24,331**

1 The revisions in previous estimates are due primarily to lower oil benchmark prices as at 31 December 2014 as well as the elimination of anticipated improved recoveries through fracture stimulation within the Simiti Formation in the Bolivar Contract area. The lower oil prices at year-end 2014 caused the heavy oil reserves within the Bocachico Contract area to be uneconomic as at 31 December 2014.

2 All proved and probable reserves associated with the Company's Llanos Basin properties were disposed of in December 2014 through the sale of the entire issued share capital of the Company's wholly-owned subsidiary, CEDCO.

Directors' Biographies

Mikel Faulkner Chairman (65)
Mikel Faulkner holds a Bachelors degree in Mathematics and Physics and a Masters degree in Business Administration. His employment experience includes service as an officer in the United States Naval Nuclear Power Programme, a member of the audit staff at Arthur Andersen & Co., a financial officer for American Quasar Petroleum, and at HKN, Inc., where he served as chairman from 1991 to 2003 and has been the chief executive officer since 1982.

Stephen Voss Managing Director (66)
Stephen Voss received a Masters degree in Business Administration from Harvard University in June 1976 and a Bachelor of Science degree in Petroleum Engineering from Texas A&M in May 1971. From 1972 to 1974, he was employed by Chevron Oil Company and Burmah Oil and Gas Company in Lafayette, Louisiana as a drilling engineer. From 1976 to 1981, he worked for Goldrus Drilling Company as executive vice president and chief operating officer and from 1981 to 1990 was chief executive officer of Reliant Drilling Company. Stephen has held various positions with Global Energy Development PLC and/or its predecessor companies since 1990, and currently serves as Managing Director. Stephen is a Member of SPE (Society of Petroleum Engineers) and is a Registered Professional Engineer in Texas.

Alan Henderson Non-executive Director (81)
Alan Henderson is chairman of Smart Matrix Limited. He is a director of North One Garden Centre Limited and West Six Garden Centre Limited. He was previously chairman of Forum Energy PLC, Aberdeen New Thai Investment Trust PLC, Aberdeen New Dawn Investment Trust PLC and Ranger Oil (UK) Ltd and a director of ADT Ltd and Ranger Oil Ltd.

David Quint Non-executive Director (64)
David Quint is a graduate of the University of Notre Dame from which he received a Bachelors degree in Modern Languages in 1972 and a Juris Doctorate in 1975. From 1975 until 1982, he was an attorney with Arter & Hadden in Cleveland, Ohio and Washington D.C. From 1983 until 1992, he served as the managing director of the London-based international financing arm of a US oil and gas company. In 1992, David founded RP&C International, Inc., an investment-banking firm with offices in London and New York. He currently serves as the chief executive officer of RP&C International, Inc. and of RP&C International Limited. He also serves as an executive director of USI Group Holdings AG, a property company listed on the SIX Swiss Stock Exchange in Zurich.

Zac Phillips Non-executive Director (42)
Zac Phillips was elected to the Board of Directors in 2014. Zac holds a chemical engineering degree and a doctorate of chemical engineering from BP and the University of Bath. From 2006 to 2010, Mr. Phillips served as Chief Financial Officer and founding director of Dubai World's Oil & Gas Business, DB Petroleum (formerly BSG Energy). He currently acts as an independent energy consultant to companies during periods of development and expansion, assisting with areas such as investment banking, assets valuation and capital market activity through Phillips Energy Consultants, a financial management firm he founded. He currently holds the role of non-executive director for Kairos Petroleum. He is also a member of the SPE and the Institute of Chemical Engineers.

Corporate Governance Statement

Statement by the Directors on Corporate Governance

The Board of Directors of the Company ("Board") acknowledges that adhering to rules of good corporate governance is in the best interests of the Company and its shareholders. Although the Company is not required to comply with the UK Corporate Governance Code (formerly the Combined Code) published by the Financial Reporting Council in September 2012, all the Directors remain committed to high standards of corporate governance and consider that the Board progressively adopts best practices. Although the Company does not apply the full requirements of the UK Corporate Governance Code, the following sections describe how the Board has applied the principles of the UK Corporate Governance Code that they consider relevant to a company of their size and stage of development.

The Workings of the Board and its Committees

The Board

The Board comprises three Non-executive Directors and two Executive Directors. The Executive Directors are Mikel Faulkner, who serves as the Chairman of the Company, and Stephen Voss, who serves as the Company's Managing Director. There is a clear division of responsibility between the Chairman and Managing Director, with the Chairman being charged with the running of the Board, and the Managing Director with the running of the Company's operations, thus ensuring a balance of power and authority. The three Non-executive Directors are Alan Henderson, David Quint and Zac Phillips. The Company considers that each of the Non-executive Directors is an independent Director in that: i) none are executive officers or employees of the Company; and ii) none have a relationship with the Company that will interfere with the exercise of independent judgement in carrying out the responsibilities of such Directors. Although share option awards and/or long-term incentive grants have been made to the Non-executive Directors these are not considered to impact their independence. Details of the Directors' skills and experience are continued in the Directors' Biographies on page 10. The combined Board provides the Company with a wide range of expertise on issues relating to the Company's mission, operations, strategies and, most importantly, its standards or conduct.

The Board is responsible to the shareholders for the leadership and control of the Company. The Board meets formally four times a year and on an ad hoc basis as required. In compliance with the UK Corporate Governance Code, the Board considers and monitors all such matters as are specifically reserved to it under the Company's articles of association (the "Articles"). The Company's management provides appropriate and timely information to the Board to enable the Board to carry out its duties. The Company's Articles provide for formal and transparent procedures to appoint new Board members.

The Articles further provide for re-election of all Directors annually. The Board has considered the formation of a Nomination Committee but does not consider it to be appropriate for the recurrent nature and size of the Board and Company. The Board will continue to monitor this issue.

The following committees deal with specific aspects of the Group's affairs:

Audit Committee

The Audit Committee, which is chaired by David Quint, comprises only the Non-executive Directors and meets as required and at least twice a year. The Audit Committee provides a forum for reporting by the Group's external auditors.

The responsibilities of the Audit Committee comprise recommending to the Board the appointment and remuneration of the auditors, coordinating with the auditors on any problems or reservations they may have and reviewing with them the management reports prepared as a result of audits carried out, review of the Company's policy on internal controls and review of interim and annual financial statements before submission to the Board.

Remuneration Committee

The Remuneration Committee, which is chaired by Alan Henderson, is responsible for recommending to the Board the remuneration of the Executive Directors and the ongoing review of the remuneration and other benefits of the Executive Directors and senior executives, recommending from time to time the introduction, variation or discontinuance of any benefits, including bonuses and share options. The Remuneration Committee comprises only Non-executive Directors.

Relations with shareholders

Communication with shareholders is conducted through correspondence, meetings, London Stock Exchange releases and the Company's website, www.globalenergyplc.com.

Internal controls

The Board acknowledges that it is responsible for establishing and maintaining the Group's system of internal control, the effectiveness of which is reviewed on a regular basis. The internal control system is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and is designed to meet particular needs of the Group and the risks to which it is exposed, and by its nature can provide reasonable but not absolute assurance against material misstatement or loss. In 2014, the Company completed ongoing updates of the internal policies and procedures. In view of the size of the Company, the Board does not consider that an internal audit function is required at present; however, the Board intends to keep this under review. The key procedures, which the Directors have established with a view to providing effective internal control, are as follows:

Management structure

The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board. Each executive has been given responsibility for specific aspects of the Group's affairs.

Corporate accounting and procedures manual
Responsibility levels are communicated throughout the Group as part of the corporate accounting and procedures manual which sets out, inter-alia, the general ethos of the Group, delegation of authority and authorisation levels, segregation of duties and control procedures together with accounting policies and procedures.

Quality and integrity of personnel
The integrity of personnel is ensured through supervision and training. High-quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the corporate accounting and procedures manual.

Identification of business risks
The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks.

Budgetary process
Regularly the Board reviews the annual budget. Key risk areas are identified. Performance is monitored and relevant actions taken throughout the year through the periodic reporting to the Board of variances from the budget, updated forecasts for the year together with information on the key risk areas.

Investment appraisal
The budgetary process and authorisation levels regulate capital expenditures. For expenditures beyond specified levels, detailed written proposals have to be submitted to Management. Reviews are carried out after the investment is complete and, for some projects, during the investment period, to monitor expenditure. Major overruns are investigated.

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Principal activities and future developments
The principal activities of the Group are oil production and development in Colombia, South America. In December 2014, the Company completed the sale of its rights and obligations of the Company's Llanos Basin oil producing properties ("Llanos assets") through the sale of the entire issued share capital of the Company's wholly-owned subsidiary, CEDCO. Current plans for strategic development are included in the Company's Corporate Strategy on page 8.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review section. The financial position of the Group, its cash flows and liquidity position are described in the Managing Director's Review of Operations on page 6. In addition, note 26 to the financial statements includes the Group´s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Group meets its day-to-day working capital requirements through its cash on hand and internal cash flows.

The Group´s forecast and projections, taking account of reasonably possible changes in performance, indicate the Group should be able to operate within the level of its current cash balance and internally generated cash flows. The Group has no manadatory capital expenditures within Colombia in 2015, and all discretionary capital expenditure plans can be modified at any time, if the need arises.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Business review
A full review of the Group's activities during the year, recent events, principal risks and uncertainties and expected future developments is contained within the Chairman's Statement on page 5, within the Managing Director's Review of Operations on page 6, and the Corporate Governance Statement on page 11, which form part of this report. The Group's primary key performance indicators for 2014 were:

- Completion of the sale of the Llanos assets for gross cash consideration of $50 million, net of $1 million in purchase price adjustments.
- Cash balance at 31 December 2014 of $41.2 million (31 December 2013: $3.4 million).
- Outstanding debt balance at 31 December 2014 of $Nil (31 December 2013: $13.4 million).
- Low oil prices at 31 December 2014 led to the full impairment of the capitalised costs for the Bocachico Contract of $11.2 million.

Principal business risk factors
The Group is subject to various risks and uncertainties which derive from its oil exploration and production activities. These risks and uncertainties may have a material impact on the Company's performance and could cause future results to differ materially from expected and historical results. The Group's business risks and uncertainties include, but are not limited to, the items described below.

Crude oil pricing
The Group's revenue from continuing operations is sensitive to the fluctuations in benchmark pricing for crude oil. There was a significant decline in oil pricing during the second half of 2014 and continuing into 2015. Such declines in pricing negatively affect the Group's turnover, operating cash flow, net income and reserve estimates.

Reserve estimates
There are numerous uncertainties inherent in estimating reserve and assumptions that, whilst valid at the time of estimation, may change significantly when new information becomes available. Change in the forecast prices of oil, production costs or recover rates may change the economic status of reserve and may, ultimately, result in the reserves being restated. Such changes in reserves could impact depreciation and amortisation rates and asset carrying values. The Group utilises the expertise of third party consultants to report on its reserves estimates to increase the reliability of its estimations.

Exploration
In addition to the Group's continuing oil production, the Group may explore and develop its oil reserves in the Middle Magdalena Valley, Colombia, South America. There is no assurance that the Company's exploration activities will be successful. The Group mitigates exploration risk through the experience and expertise of internal technical staff, the expertise of third-party consultants and specialists, the application of appropriate technology and the selection of exploration and development assets. The Company utilises employees and consultants with strong technical skills and experience in Colombia.

Health, safety and environmental
The Group operates in an industry and country that is subject to numerous health, safety and environmental laws and regulations as well as community expectations. Evolving regulatory standards and expectations can result in increased costs which can have a material and adverse effect on earnings and cash flows. The Group complies with all applicable environmental laws and regulations and seeks to apply cost-effective management practices to ensure the protection of the environment as well as worker and community health. The Group strives to make environmental management a high corporate priority. In addition, the Company's social and community policies include a framework that addresses local community needs and expectations within the context of the Company and its prudent business operations.

Results and dividends
The Group's net loss after taxation for the year amounted to $25.1 million (Net profit in 2013: $0.38 million). The Directors do not propose to recommend any distribution by way of a dividend for the year ended 31 December 2014 (2013: $nil).

Financial instruments
Note 26 on pages 48 to 51 details the risk factors affecting the Group and summarises the Group's policies for mitigating such risks through holding and issuing financial instruments. These policies have been followed during the year 2014.

Directors
The Directors of the Company who served during the year up to and including the year-end were as follows:

Mikel Faulkner	–	Chairman
Stephen Voss	–	Managing Director
Alan Henderson	–	Non-executive Director
David Quint	–	Non-executive Director
Zac Phillips	–	Non-executive Director (appointed in February 2014)

There were no contracts existing during, or at the end of the year, in which a Director was or is materially interested.

A summary of the number of meetings called and attended by the Directors of the Company during 2014 is provided below.

	Board Meetings	Audit Committee[1]	Remuneration Committee[1]	Total
Mikel Faulkner	6	–	–	6
Stephen Voss	6	–	–	6
Alan Henderson	6	2	1	9
David Quint	6	2	1	9
Zac Phillips	6	2	1	9

1 Only Non-executive Directors are entitled to attend the meetings of the Audit Committee and Remuneration Committee.

Details of the Directors' interests in the ordinary shares of the Company and options over ordinary shares are set out below:

	As at 31 December 2014		As at 31 December 2013	
	Ordinary shares	Options	Ordinary shares	Options
Mikel Faulkner	**370,000**	**1,890,000**	370,000	1,890,000
Stephen Voss	**333,068**	**1,200,000**	333,068	1,200,000
Alan Henderson	**14,527**	**150,000**	14,527	150,000
David Quint	**135,000**	**150,000**	120,000	150,000
Zac Phillips[1]	**4,872**	**50,000**	–	–
Total	**857,467**	**3,440,000**	837,595	3,390,000

1 Zac Phillips became a Director of the Company during February 2014.

All the holdings are beneficially held.

Details of the Director's holdings of cash-settled – long-term service benefits, as previously issued, are as follows:

	As at 31 December 2014		As at 31 December 2013	
	Units	Notional Price (£)	Units	Notional Price (£)
Mikel Faulkner	**600,000**	**1.50**	**600,000**	**1.50**
Stephen Voss	**600,000**	**1.50**	**600,000**	**1.50**
Alan Henderson	**100,000**	**1.50**	**100,000**	**1.50**
David Quint	**100,000**	**1.50**	**100,000**	**1.50**
Zac Phillips[1]	–	–	–	–
Total	**1,400,000**		**1,400,000**	

Note 28 on pages 51 to 55 provide further detail on these cash-settled – long-term service benefits.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Directors in respect of liabilities incurred as a result of their office to the extent permitted by law.

Corporate social responsibility
The Group is fully committed to high standards of environmental, health and safety management (see page 17).

Auditors

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are not aware.

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

Mikel Faulkner
Chairman
9 March 2015

Stephen Voss
Managing Director
9 March 2015

Global Energy Development PLC
3 More London Riverside
London SE1 2AQ
UK

Strategic Report

Section 414C of the Companies Act 2006 (the "Act") requires that the Company inform members as to how the Directors have performed their duty to promote the success of the Company, by way of a Strategic Report.

Set out below are the applicable reporting requirements under the Act for the purposes of the Strategic Report, together with guidance to other applicable sections of the 2014 Annual Report, which are incorporated by reference into the Company's Strategic Report.

Fair review of the business
(Section 414C (2) (a) of the Act)

The information is contained on page 5 of the Chairman's Statement and pages 6 and 7 of the Managing Director's Review of Operations.

Principal risks and uncertainties
(Section 414C (2) (b) of the Act)

This information is contained in Principal Business Risk Factors on page 13 and the Corporate Governance Statement on pages 11 and 12.

Analysis of the development and performance of the business
(Section 414C (3) of the Act)

This information is contained on page 5 of the Chairman's Statement and pages 6 and 7 of the Managing Director's Review of Operations.

Analysis using key financial performance indicators
(Section 414C (4) (a) of the Act)

This information is contained on page 6 of the Managing Director's Review of Operations and page 9 of the Oil Reserves Information.

Approval of the Board
(Section 414D (1) of the Act)

This strategic report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil exploration and production business. While the Directors believe the expectation reflected herein to be reasonable in light of the information available up to the time of their approval of this report, the actual outcome may be materially different owing to factors either beyond the Group's control or otherwise within the Group's control but, for example, owing to a change of plan or strategy. Accordingly, no reliance may be placed on the forward-looking statements.

By order of the Board.

Mikel Faulkner
Chairman
9 March 2015

Stephen Voss
Managing Director
9 March 2015

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Corporate Social Responsibility

The Company is a petroleum production and development company with contracts in Colombia, South America.

The Group has been active in Colombia for approximately 25 years, and has strived throughout this time to be recognised as one that maintains the highest standards in all areas of its operations.

For the purposes of its continuing operations in Colombia, the Company regularly reviews its internal policies and procedures in all areas paying special attention to Community Relations, Integrity and Business Conduct, Health and Safety, Environmental Issues, and Performance and Operational Excellence.

All of the contracts that the Company owns are covered by strict environmental permits and the Company's adherence to these should continue to reduce any adverse impact on the areas or communities surrounding the contracts held. For the past years, the Company has taken a commitment to comprehensively and proactively review its compliance with all environmental requirements and has instituted an aggressive compliance framework to remain in full compliance with the commitments recorded in the environmental licences, environmental management plans and in the environmental regulations and norms applicable to our operations in Colombia.

The Company acknowledges its responsibility as a participant of the communities in which it operates. To that end, the Company's social policies include a framework that addresses local community needs and expectations within the context of the contractual commitments of the Company and prudent business operations. The Company's commitments to the local communities are manifested, by way of example, in the following activities:

- Employment of local personnel at market rates that provides for sustainable living standards.
- Active participation in the construction and maintenance of access roads that provide multiple beneficial uses.
- Periodic seminars that provide training and education on various topics including technical labour, environmental and social issues.
- Support for local schools and medical clinics through the furnishing of supplies.
- Participation and sponsoring of reforestation programmes in areas affected by our operations.

In addition, the Company makes donations to The Children's Vision International, a non-profit, non-government foundation in Bogotá, Colombia helping needy and homeless children.

The Company carefully evaluates all future projects and contract areas, assessing their economic viability, future value for the Company and also the effect on the local communities and surrounding areas.

The Company intends to continue its commitments to be a responsible corporate citizen and, through continual review of its policies and procedures and education of employees.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Global Energy Development Plc website.

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

Financial Statements

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Independent Auditors' Report to the Members of Global Energy Development PLC

We have audited the group and parent company financial statements ("the financial statements") on pages 21 to 61. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statement

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at
http://www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Baker Tilly UK Audit LLP

PAUL WATTS (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
9 March 2015

Consolidated Statement of Comprehensive Income
For the 12 months ended 31 December 2014

	Note	2014 $'000	2013 $'000
Continuing Operations			
Revenue	2	**689**	1,515
Cost of sales		**(1,679)**	(1,920)
Gross loss		**(990)**	(405)
Other income		**14**	62
Administrative expenses		**(3,644)**	(2,743)
Share-based credit	6	**413**	635
Exchange rate expense		**(113)**	4
Impairment loss	13	**(11,163)**	-
Operating loss from continuing operations		**(15,483)**	(2,447)
Finance income	8	**1**	-
Finance expense	9	**(1,793)**	(2,292)
Loss before taxation from continuing operations		**(17,275)**	(4,739)
Tax benefit / (expense)	10	**2,311**	(1,094)
Loss from continuing operations, net of tax		**(14,964)**	(5,833)
(Loss) / income from discontinued operations, net of tax	3	**(10,177)**	6,211
Total comprehensive (loss) / income for the year attributable to the equity owners of the parent		**(25,141)**	378
Loss per share for continuing operations			
– Basic	5	**$(0.41)**	$(0.16)
– Diluted	5	**$(0.41)**	$(0.16)
(Loss) / earnings per share for discontinued operations			
– Basic	5	**$(0.28)**	$0.17
– Diluted	5	**$(0.28)**	$0.17
Total (loss) / earnings per share			
– Basic	5	**$(0.69)**	$0.01
– Diluted	5	**$(0.69)**	$0.01

The notes on pages 26 to 55 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
For the 12 months ended 31 December 2014

	Share capital $'000	Share premium $'000	Capital reserve $'000	Retained losses $'000	Total equity $'000
At 1 January 2013	608	27,139	210,844	(158,123)	80,468
Total comprehensive income for the year attributable to equity holders of the parent	–	–	–	378	378
Share-based payment – options equity settled	–	–	–	44	44
At 1 January 2014	**608**	**27,139**	**210,844**	**(157,701)**	**80,890**
Total comprehensive (loss) for the year attributable to equity holders of the parent	–	–	–	(25,141)	(25,141)
Share-based payment – options equity settled	–	–	–	51	51
Disposal of CEDCO	–	–	(158,989)	158,989	-
At 31 December 2014	**608**	**27,139**	**51,855**	**(23,802)**	**55,800**

The notes on pages 26 to 55 form an integral part of these financial statements.

Consolidated Statement of Financial Position
As at 31 December 2014

	Notes	2014 $'000	2013 $'000
Assets			
Non-current assets			
Intangible assets	12	**33**	486
Property, plant and equipment	13	**22,263**	110,089
Trade receivables		**–**	1,388
Total non-current assets		**22,296**	111,963
Current assets			
Inventories	15	**290**	1,903
Trade and other receivables	16	**467**	3,445
Prepayments and other assets	17	**1,014**	1,697
Term deposits	18	**–**	896
Cash and cash equivalents	19	**41,153**	3,415
Total current assets		**42,924**	11,356
Total assets		**65,220**	123,319
Liabilities			
Non-current liabilities			
Deferred tax liabilities (net)	11	**(2,375)**	(16,291)
Long-term provisions	23	**(2,130)**	(6,304)
Long-term loans payable	20	**–**	(6,878)
Total non-current liabilities		**(4,505)**	(29,473)
Current liabilities			
Trade and other payables	24	**(3,782)**	(4,487)
Corporate and equity tax liability	25	**(1,133)**	(1,974)
Short-term loans and finance leases	20	**–**	(6,495)
Total current liabilities		**(4,915)**	(12,956)
Total liabilities		**(9,420)**	(42,429)
Net assets		**55,800**	80,890
Capital and reserves attributable to equity holders of the parent			
Share capital	27	**608**	608
Share premium account		**27,139**	27,139
Capital reserve		**51,855**	210,844
Retained deficit		**(23,802)**	(157,701)
Total equity		**55,800**	80,890

These financial statements were approved by the Board of Directors and authorised for issue on 9 March 2015 and were signed on its behalf by:

Mikel Faulkner
Chairman
9 March 2015

Stephen Voss
Managing Director
9 March 2015

Global Energy Development PLC
3 More London Riverside
London SE1 2AQ
UK

The notes on pages 26 to 55 form an integral part of these financial statements.

Consolidated Statement of Cash Flows
For the 12 months ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Cash generated from operations	3	**6,295**	11,535
Tax paid (continuing and discontinued operations)		**(5,560)**	(545)
Net cash generated from operating activities		**735**	10,990
Cash flows from investing activities			
Proceeds from sale of subsidiary	3	**49,002**	3,283
Interest received	8	**19**	30
Purchase of property, plant and equipment	13	**(7,539)**	(10,062)
Decrease in short term deposits (discontinued operations)	18	**(480)**	712
Net cash provided by (used in) investing activities		**41,002**	(6,037)
Cash flows from financing activities			
Farm-out partner cash calls	4	**6,238**	–
Bolivar farm-out proceeds	4	**5,000**	–
Bocachico farm-out proceeds	4	**1,000**	–
Fees paid for Bolivar and Bocachico farm-outs	4	**(2,372)**	–
Debt principal repayments	20	**(12,000)**	(5,000)
Repayment of finance leases (discontinued operations)	21	**(360)**	(329)
Interest paid	9	**(1,505)**	(2,418)
Net cash used in financing activities		**(3,999)**	(7,747)
Increase (decrease) in cash and cash equivalents for the year		**37,738**	(2,794)
Cash and cash equivalents at beginning of year	19	**3,415**	6,209
Cash and cash equivalents at the end of year		**41,153**	3,415

The notes on pages 26 to 55 form an integral part of these financial statements.

Notes to the Primary Financial Statements
For the 12 months ended 31 December 2014

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

In forming its opinion as to going concern, the Board prepares a working capital forecast based upon its assumptions. The Board also prepares a number of alternative scenarios modelling the business variables and key risks and uncertainties. Based upon these, the Board remains confident that the Group's current cash on hand and current cash flow from operations will enable the Group to fully finance its future working capital discretionary expenditures beyond the period of 12 months of the date of this report.

The financial statements of the Group for the 12 months ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union.

New standards and interpretations

(a) New standards, amendments to published standards and interpretations to existing standards effective in 2014 and adopted by the Group:

Standard description	Date of adoption	Impact on initial application
IFRS 10 Consolidated Financial Statements	1 January 2014	IFRS 10 includes a definition of control and sets out requirements for situations when control is difficult to assess.
IFRS 11 Joint Arrangements	1 January 2014	The principle in IFRS 11 is that a party to a joint arrangement recognises its rights and obligations arising from the arrangement rather than focusing on the legal form. There will no longer be an option to use proportionate consolidation.
IFRS 12 Disclosure of Interests in Other Entities	1 January 2014	IFRS 12 Disclosure of Interests in Other Entities includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.
IFRS 13 Fair Value Measurement	1 January 2014	Clarifies that the "portfolio exception" applies to all contracts within the scope of IAS 39 or IFRS 9
IAS 27 Separate Financial Statements	1 January 2014	The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with the applicable financial instruments standard (i.e. IAS 39 or IFRS 9).
IAS 28 Investments in Associates and Joint Ventures	1 January 2014	IAS 28 now includes the required accounting for joint ventures as well as the definition and required accounting for associates. No effect on the Group.
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	1 January 2014	The Amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements.
IAS 32 (Amendment 2011) Offsetting financial assets and financial liabilities	1 January 2014	The amendment seeks to clarify rather than change the off-setting requirements previously set out in IAS 32.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014	The Amendments provide an exception from the requirements for a qualifying entity to consolidate its controlled investees and, instead, requires them to present their investments in subsidiaries as a net investment that is measured at fair value.
Recoverable amounts disclosures for non-financial assets (Amendments to IAS 36)	1 January 2014	This narrow-scope amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014	This narrow-scope amendment to IAS 39 will allow hedge accounting to continue, if specific conditions are met, in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation.
IFRIC 21 Levies	1 January 2014*	This is an Interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets on the accounting for levies imposed by governments. The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

(b) Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Standard description	Date of adoption	Impact on initial application
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards. No material effect on the Group.
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016	The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards. No material effect on the Group.
IFRS9 Financial Instruments	1 January 2018	Replacement to IAS 39 and is built on a logical, single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics. Also addresses the so-called 'own credit' issue and includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment.
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	Addresses the conflicts between IAS 27 and IFRS 10 and the conflicts between IAS 28 and SIC-13 and IAS 28 (2011) in respect of the recognition of gains or loss on loss of control of a subsidiary.
IFRS 10 and IFRS 12 Investment Entities: Applying the Consolidation Exception	1 January 2016	Clarifies that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. This clarification extends to the equity method for entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 clarifies that an investment entity is not excluded from the scope of the standard.
IFRS 11 Accounting for Acquisitions of Interest in Joint Operations	1 January 2016	Introduces guidance as to how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3 Business Combinations. Proposes that a joint operator should apply the relevant principles for business combinations accounting in IFRS 3 and other relevant IFRSs when accounting for these acquisitions.

IFRS 14 Regulatory Deferral Accounts	1 January 2017	Introduces guidance as to how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3 Business Combinations. Proposes that a joint operator should apply the relevant principles for business combinations accounting in IFRS 3 and other relevant IFRSs when accounting for these acquisitions.
IFRS 15 Revenue from Contracts with Customers	1 January 2016	Introduces requirements for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue and provides or improves guidance for transactions that were not previously addressed comprehensively and for multiple-element arrangements.
IAS 1 Disclosure Initiative	1 January 2016	Amended to further clarify the concept of materiality, namely that it is applicable to the financial statements as a whole, not just the primary statements and that it applies to specific disclosures required by an IFRS and, therefore, an entity does not have to disclose information required by an IFRS if that information would not be material.
IAS 16 and IAS 41 Agriculture: Bearer Plants	1 January 2016	Bearer plants brought into the scope of IAS 16 because their operation is similar to manufacturing. Initial measurement at cost, then accounting choice either cost or revaluation model may be applied to each class of bearer plant. Related agricultural produce remains in scope of IAS 41.
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	Clarifies that preparers should not use revenue-based methods to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets.
IAS 27 Equity Method in Separate Financial Statements	1 January 2016	Restoration of the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of Global Energy Development PLC and entities controlled by the Company up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Any excess of the cost of acquisition over the fair values of identifiable net assets is recognised as goodwill. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant inter-Company transactions and balances between Group entities are eliminated on consolidation.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers have been identified as the management team including the Chairman, Managing Director and the Finance Director.

During 2014 prior to the sale of the Group's wholly-owned subsidiary, Colombia Energy Development Company ("CEDCO"), the Group operated three operating segments, the properties located in the Llanos Basin (the "Llanos area"), the Bolivar Contract area (the "Bolivar area") in the Magdalena Valley and the Bocachico Contract area (the "Bocachico area") in the Magdalena Valley. The primary function of the Group's segments is the development and sale of hydrocarbons and related activities in Colombia, South America.

During December 2014, the Group completed the sale of its rights and obligations of its contract areas within the Llanos Basin ("Llanos assets") through the sale of the entire issued share capital of CEDCO. Subsequent to the completion of the sale of the Llanos assets and as at 31 December 2014, the Group now operates two operating segments, the Bolivar and Bocachico areas.

Revenue and other income

Revenue reflects actual volumes, delivered to customers only when the risk is transferred, valued at invoiced prices, as well as accruals for volumes delivered to the sales point but not yet invoiced pending finalisation of pricing negotiations. Those volumes are accrued as sales and valued at the weighted average sales price for the month.

Revenues relating to the sale of oil are recognised when the oil is received by the customer and the risk is transferred and are net of taxes and royalty interests.

Other income relates to crude transportation fees and gains on materials inventory adjustment. Other income is recognised as earned.

Oil assets
The following policy definitions provide the guidelines for accounting treatment of oil assets including properties, wells, facilities, pipelines and the other related oil producing assets during all stages of development and production activities:

Intangible assets – evaluation and exploration assets
The Company accounts for Evaluation and Exploration ("E&E") activity in accordance with the provisions of IFRS 6. The Company will continue to monitor the application of its policy with respect to any future guidance on accounting for oil activities which may be issued.

Capitalisation of E&E Assets
All costs (other than payments to acquire the legal right to explore, evaluate or appraise an area) incurred during the Pre-licensing Phase are charged directly to the statement of comprehensive income. All costs incurred during the Evaluation and Exploration Phases, such as Geological & Geophysical ("G&G") costs, other direct costs of exploration (drilling, trenching, sampling and technical feasibility and commercial viability analyses) and appraisal are accumulated and capitalised as intangible E&E assets in accordance with the principles of full cost accounting.

At the completion of the Exploration Phase, if technical feasibility is demonstrated and commercial reserves are discovered, then, following the decision to continue into the development phase, the carrying value of the relevant E&E asset will be reclassified as a Development and Production ("D&P") asset, but only after the carrying value of the asset has been assessed for impairment in accordance with the Impairment of E&E Assets policy. E&E costs are not amortised prior to reclassification to the D&P Phase.

Impairment of E&E Assets
Upon reclassification of a project from the E&E phase to D&P phase, an impairment review of the affected E&E assets is performed. The E&E impairment test is performed by comparing the carrying value of the costs against the estimated recoverable value of the reserves (proved plus probable) related to these assets. Any resulting impairment loss is charged to the statement of comprehensive income. The recoverable value is determined as the higher of a) its fair market value less costs of disposal or b) the sum of related cash flows, on a net present value basis.

Further, if at any time when indicators or circumstances exist which suggest the E&E assets may be impaired such as:

- the licence to explore a particular area has expired or will expire soon and will not be renewed; or
- further exploration or evaluation work in a particular area is not budgeted or planned; or
- Evaluation and Exploration work has concluded that commercially viable amounts of oil are not available in a particular area and the Company has decided to discontinue Evaluation and Exploration in that area; or
- data shows that, although development of an area will continue, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development, indicating the possibility that the carrying value of an E&E asset may exceed its recoverable amount;

an impairment review of the affected E&E assets is performed. The E&E impairment test is carried out by adding the value of the E&E assets being evaluated to the D&P assets at a sales and geographical area to determine the relevant Cash Generating Unit ("CGU").

The combined carrying value of the E&E and D&P assets in the CGU is compared against the estimated recoverable value, and any resulting impairment loss is charged to the statement of comprehensive income.

Other intangible assets
Other intangible assets include computer software.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment – D&P assets
The Company accounts for D&P assets in accordance with the provisions of IAS 16 following the full cost accounting principles. The Company will continue to monitor the application of its policy with respect to any future guidance on accounting for oil and gas activities which may be issued.

Capitalisation
Development and production assets are accumulated into single field cost centres and represent the cost of developing the commercial reserves and bringing them into production together with the E&E expenditures incurred in finding commercial reserves previously transferred from E&E assets as outlined in the policy above. From time to time different scenarios occur that call for specific policy guidance. The following specific policies are applied by the Company:

- CGUs – The Company has defined its CGUs as assets or groups of assets representing the smallest identifiable segments generating cash flows that are largely independent of cash flows from other assets or groups of assets. As defined, each CGU includes the relevant properties, wells, facilities, pipelines and other key components of the included operations.
- Dry Hole Costs – Dry hole costs are included in the capitalised costs of the field and would therefore be included in any impairment tests conducted, as described below.
- Water Injection/Disposal Wells – The Company may convert an existing well into a water injection or disposal well. At the time of conversion, all costs associated with the asset are transferred to facility costs. Any capitalisable costs incurred thereafter will be included as facility costs.
- Allocated Costs – Costs such as G&G, Seismic, Capitalised General and Administrative costs, Financing costs, etc. which may cover multiple countries, business segments, CGUs or other assets will be allocated to the appropriate CGUs during the period in which the costs were incurred.

Depreciation, Depletion and Amortisation (DDA)
Asset costs relating to each CGU as defined above, which include the components of properties, wells, facilities, pipelines and other, are depreciated, depleted or amortised ("DDA") on a unit of production method based on the commercial proven and probable reserves for that CGU. Development and Production assets are depreciated over the relevant net production within the corresponding CGU. As noted above, asset costs associated with E&E projects, even though those assets may or may not have reserves associated with them and are within a CGU with active producing operations, are not depreciated until such costs are analysed for impairment and then transferred to D&P phase. The DDA calculation takes into account the estimated future costs of development for recognised proven and probable reserves for each field based on current price levels and escalated annually based on projected cost inflation rates. Changes in reserve quantities and cost estimates are recognised prospectively from the last reporting date.

Impairment of D&P Assets
A review is performed for any indication that the value of the Company's D&P assets may be impaired such as:

- significant changes with an adverse effect in the market or economic conditions which will impact the assets; or
- obsolescence or physical damage of an asset; an asset becoming idle or plans to dispose of the asset before the previously expected date; or
- evidence is available from internal reporting that indicates that the economic performance of an asset is or will be worse than expected.

For D&P assets when there are such indications, an impairment test is carried out on the CGU. Cash generating units are identified in accordance with IAS 36 'Impairment of Assets', where cash flows are largely independent of other significant asset groups and are normally, but not always, single development or production areas. When an impairment is identified, the depletion is charged through the statement of comprehensive income if the net book value of capitalised costs relating to the CGU exceeds the associated estimated future discounted cash flows of the related commercial oil reserves.

Workovers/overhauls and maintenance
From time to time a workover or overhaul or maintenance of existing D&P assets is required, which normally fall into one of two distinct categories. The type of workover dictates the accounting treatment and recognition of the related costs:

Capitalisable costs
Costs will be capitalised where the performance of an asset is improved, where an asset being overhauled is being changed from its initial use, the assets useful life is being extended, or the asset is being modified to assist the production of new reserves. The asset will then be subject to depreciation.

- If the workover is being performed on an asset which has been the subject of a previous workover, the net book value of costs previously capitalised will be derecognised and charged to Cost of Sales at the same time as the subsequent capitalisable workover expenditures are being recognised as part of the asset's revised carrying value.

- If the workover replaces parts, equipment or components of an asset or group of assets, and these replacement items qualify for capitalisation, then the original cost of those parts or equipment, including related installation and set up costs that were capitalised as part of the original asset, will be derecognised and charged to cost of sales in the Statement of Comprehensive Income. In the event that the original cost of parts, equipment or components being replaced are not reasonably identifiable, the cost of the new items, adjusted for inflation, may be deemed adequate for consideration as the original cost.

Non-capitalisable costs
Expense type workover costs are costs incurred such as maintenance type expenditures, which would be considered day-to-day servicing of the asset. These types of expenditures are recognised within cost of sales in the statement of comprehensive income as incurred. Expense workovers generally include work that is maintenance in nature and generally will not increase production capability through accessing new reserves, producing from a new zone or significantly extend the life or change the nature of the well from its original production profile.

Decommissioning
Where a material liability for the removal of production facilities and site restoration at the end of the productive life of a field exists, a provision for decommissioning is recognised. The amount recognised is the present value of estimated future expenditure determined in accordance with local conditions and requirements. The unwinding discount arising on the recognition of the provision is released to the Statement of Comprehensive Income and included within finance expense.

An amount equivalent to the provision is also recognised with the cost of the respective tangible asset and depreciated on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated fixed asset.

Joint ventures
Joint ventures are those ventures in which the Group holds an interest on a long-term basis which are jointly controlled by the Group and one or more ventures under a contractual arrangement. When these arrangements do not constitute entities in their own right, the consolidated financial statements reflect the relevant proportion of costs, revenues, assets and liabilities applicable to the Group's interests in accordance with IFRS 11.

Property, plant and equipment other than oil assets
Property, plant and equipment other than oil assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is charged on such assets, with the exception of freehold land, so as to write off the cost, less estimated residual value, on a straight-line basis over their useful lives of between three and five years.

Inventories
Inventories are stated at the lower of cost and net realisable value. Net realisable value of crude oil is based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory amounts include all costs incurred in the normal course of business in bringing product to its present location and condition. The cost of crude oil inventory includes the appropriate proportion of depreciation, depletion and amortisation and administrative cost.

Taxation
The income tax expense represents the sum of the tax currently payable and deferred tax. Current tax, including UK Corporation and any overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income as it excludes items of income or expense that are taxable or deductible in other years or are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted at, or substantively enacted by, the balance sheet date.

Deferred Tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the primary financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax assets and liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Financial instruments
Financial assets
The Group classifies its financial assets into receivables and cash and cash equivalents, which comprise the categories discussed below,

depending on the purpose for which the asset was required. The Group has not classified any of its financial assets as held to maturity or available for sale. The Group has not classified any of its assets at fair value through profit and loss.

Receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (i.e. trade receivables) but also incorporate other types of contractual monetary assets including term deposits, which relate to US Dollar denominated Certificates of Deposit with restricted access and varying maturity dates which act as guarantees for Letters of Credits required for performance assurance on oilfields. The receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost (which is considered to approximate to carrying cost) less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the expense being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time the Group may elect to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations may lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows would be discounted at the original effective interest rate.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, deposits with a maturity of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash and overdrafts repayable on demand. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Financial liabilities
The Group classifies its financial liabilities into categories depending on the purpose for which the liability was acquired. The Group has not classified any of its liabilities at fair value through profit and loss.

The Group's accounting policy for each category is as follows:

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

Share capital
Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares and unclassified ordinary shares are classed as equity instruments.

Provisions
From time to time it is necessary for the Group to defend itself against legal claims that may or may not result in the Group having to make a financial settlement. Provisions for anticipated settlement costs and associated expenses arising from any legal and other disputes are made where a reliable estimate can be made of the probable outcome of the dispute. Where it is not possible to make such an estimate, no provision is made.

Under Colombian law relating to certain exploration and producing contracts, the Group is required to perform additional reinvestment in the amount of 1 per cent of specific investment activity to provide for the recovery, conservation, preservation, and monitoring of the hydrographic basin of the exploration areas. In such cases, a provision is provided and an amount equal to the provision is recognised within the cost of the respective asset and amortised on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provisions and the associated fixed asset.

Share-based payments
In accordance with IFRS 2 'Share-based payments', the Group reflects the economic cost of awarding shares and share options to employees and Directors by recording an expense in the Statement of Comprehensive Income equal to the fair value of the benefit awarded. The expense is recognised in the Statement of Comprehensive Income over the vesting period of the award. Fair value is measured by use of a binomial model which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where share-based payments are awarded in lieu of services, the fair value of the share-based payment is considered to be the value of services.

Long-term service benefits
The Group also operates a cash settled share-based payment scheme ("the long-term incentive bonus award"). An option pricing model is used to measure the Group's liability at each reporting date, taking into account the terms and conditions on which the bonus is awarded and the extent to which employees have rendered service. Movements in the liability (other than cash payments) are recognised in the Statement of Comprehensive Income.

Post retirement benefits
The Group contributes to a defined contribution scheme at the discretion of the Board of Directors. Contributions are charged to the Statement of Comprehensive Income as they become payable.

Foreign currencies
Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the Statement of Comprehensive Income.

On consolidation, the results of overseas operations are translated into US Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date.

Exchange differences recognised in the statement of comprehensive income of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are recognised in the foreign exchange reserve on consolidation.

At the date of transition to IFRS on 1 January 2006, the Group used an exemption available under IFRS 1, 'First time adoption of International Financial Reporting Standards', which resulted in the cumulative translation differences for all foreign operations being deemed to be zero at the date on transition to IFRS. Any gain or loss on the subsequent disposal of those foreign operations would exclude translation differences that arose before the date of transition to IFRS and include only subsequent translation differences.

Functional and presentational currency
The functional currency of the Company and its subsidiaries has been determined to be the US Dollar and accordingly the financial statements have been presented in US Dollars.

Borrowings
Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Leased assets
Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest.

The interest element is charged to the Statement of Comprehensive Income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Critical accounting judgements and key sources of estimation uncertainty
Details of the Group's significant accounting judgements and critical accounting estimates are set out in these financial statements and include:

- (CGU) Cash-generating unit (note 2);
- Carrying value of property, plant and equipment (note 13);
- Commercial reserves estimates (on page 9);
- Decommissioning provision (note 23);

2. Segmental analysis
For management purposes, the Group organised its business units based upon the field locations of its production, development and sale of hydrocarbons and related activities in Colombia, South America as follows:

- Bolivar area (comprised of the Bolivar Contract in the Magdalena valley)

- Bocachico area (comprised of the Bocachico Contract in the Magdalena valley)

Segment performance is evaluated and measured consistently with operating profit in the consolidated financial statements. However, the Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

	Bolivar segment $'000	Bocachico segment $'000	Other segment $'000	Total 2014 $'000	Bolivar segment $'000	Bocachico Segment $'000	Other segment $'000	Total 2013 $'000
Total revenues[1]	**39**	**650**	**–**	**689**	605	910	-	1,515
Profit (loss) before tax[1]	**(839)**	**(11,758)**	**(4,678)**	**(17,275)**	(684)	177	(4,232)	(4,739)
Total non-current assets	**22,193**	**–**	**103**	**22,296**	24,973	11,872	24	36,869
Total non-current liabilities	**5,670**	**(1,106)**	**(59)**	**4,505**	4,561	2,605	467	7,633

[1]*From continuing operations*

The loss before tax for the Bocachico segment for the year ended 31 December 2014 contains the $11.2 million impairment of the carrying value of the Bocachico oil assets due to the decline in oil prices and the resulting uneconomic nature of the proved and probable oil reserves.

All oil revenues from the Group's business units are generated entirely in Colombia and result from sales to Colombia-based customers. Revenue from continuing operations from one major customer exceeded 10 per cent, and amounted to $497,000 and $1.2 million arising from sales of crude in 2014 and 2013, respectively.

Non-current assets comprise intangible assets (note 12) and property, plant and equipment (note 13) and exclude deferred tax assets (note 11).

3. Discontinued operations – CEDCO

On 6 December 2014, the Group closed on the sale of its wholly-owned subsidiary, CEDCO, with an effective date of 1 August 2014. CEDCO held the Company's contract areas (Rio Verde, Alcaravan and Los Hatos contracts) within the Llanos Basin of Colombia, South America. These contracts previously comprised the majority of the Company's oil producing properties. As a result of this disposal, the operations of CEDCO have been treated as discontinued operations for the year ended 31 December 2014. A single amount is shown on the face of the statement of operations comprising the post-tax result of discontinued operations and the post-tax loss recognised on the disposal of CEDCO. The table below provides further details of the amount shown in the statement of operations for CEDCO as of the effective date of 1 August 2014. The statement of operations for the prior year has been restated to show the discontinued operations separately from continuing operations.

Colombia	**2014 $'000**	2013 $'000
Revenue	**16,440**	32,097
Cost of sales	**(10,977)**	(20,816)
Gross profit	**5,463**	11,281
Other income (expense)	**(5)**	61
Administrative expenses	**(1,060)**	(2,768)
Finance income	**18**	30
Finance expense	**(298)**	(454)
Profit before taxation	**4,118**	8,150
Tax expense[1]	**(4,274)**	(2,307)
(Loss) / profit after taxation	**(156)**	5,843
Loss on disposal of business (including costs of sale of business and purchase price adjustments)	**(10,021)**	_
(Loss) / income from discontinued operations	**(10,177)**	5,843

Peru	2014 $'000	2013 $'000
Gain recognised on disposal of net assets less costs to sell:		
Other income[2]	–	463
Administrative expenses	–	(106)
Exchange rate expense and other	–	11
Profit on disposal of discontinued operations, net of tax	–	368
Total (loss) income from discontinued operations	**(10,177)**	6,211

[1] In December 2013, CEDCO received a special requirement letter from DIAN (Colombian tax authority) related to the review of CEDCO's 2010 Colombian income tax return. A special requirement letter is not a tax assessment but a basis for seeking additional information regarding certain tax deductions taken by CEDCO. Under the special requirement letter, the original possible tax effect of losing the deductions under review could have been $6 million with additional penalties upwards of $10 million (if the deductions were challenged by the Group through the courts) for a possible contingency amount of $16 million. During 2014, after filing the Company's statutory response to DIAN, CEDCO received a final assessment from DIAN in September 2014 which accepted certain of the previously questioned deductions and assessed a reduced penalty for the disallowed deductions in 2010. In November 2014, as a condition prior to the closing of the sale of CEDCO, the Group filed CEDCO's amended 2010 tax return and paid $5.0 million to fully settle the matter.

[2] Other income recognised in 2013 related to the Company's previous ownership in Peruvian Block 95 Licence Contract and was related to a decrease in accrued taxes payable for the gain on disposal from the prior year and recovery of legal fees provision incurred during 2012.

The net assets at the effective date of disposal (1 August 2014) were as follows:

	$'000
Net Assets disposed of:	
Intangible assets	**223**
Property, plant and equipment	**68,160**
Trade receivables (long-term)	**1,387**
Inventories	**2,341**
Trade and other receivables (short-term)	**3,244**
Prepayments and other assets	**2,027**
Term deposits	**1,376**
Cash and cash equivalents	**–**
Deferred tax liabilities (net)	**(8,796)**
Long-term provisions	**(4,115)**
Financing lease payables (short-term and long-term)	**(1,182)**
Trade and other payables	**(8,811)**
Corporate and equity tax liability	**(2,529)**
Retained profit	**3,004**
Net Assets at effective date of disposal	**56,329**
Loss on disposal (including purchase price adjustments, actual and contingent[1])	**(8,818)**
Costs for sale of business	**(1,204)**
Total consideration	**46,307**
Satisfied by:	
Cash	**50,000**
Less: Costs for sale of business and purchase price adjustment (actual)	**(2,202)**
Less: Purchase price adjustment (contingent)[1]	**(1,491)**
	46,307

[1]Per the share purchase agreement, the purchaser of CEDCO may send proposed adjustments to the purchase price following 90 days after the closing date. In February 2015, the Group received the purchaser's adjustment statement with proposed additional purchase price adjustments totalling $1.5 million. The Group is reviewing the proposed adjustments, and in accordance with the share purchase agreement, will pay allowable adjustments as agreed upon by the parties.

Reconciliation of profit / (loss) before taxation to net cash flow from operations

	Note	2014 $'000	2013 $'000
Continuing operations			
Loss before tax		**(17,275)**	(4,739)
Adjustments for:			
Depreciation of property, plant & equipment	13	**191**	360
Amortisation of intangible assets	12	**1**	-
Impairment charge	13	**11,163**	-
Share based payment expense	28	**(413)**	(635)
Finance income		**(1)**	-
Finance cost		**1,793**	2,292
Operating cash flow before movements in working capital		**(4,541)**	(2,722)
Decrease /(increase) in inventories	15	**113**	(360)
Increase in trade and other receivables		**(159)**	(512)
(Decrease)/ increase in trade and other payables		**2,328**	(89)
Cash generated from continuing operations		**(2,259)**	(3,683)
Discontinued operations			
Profit before tax		**4,118**	8,520
Adjustments for:			
Depreciation of property, plant & equipment	13	**5,379**	6,747
Amortization of intangible assets	12	**263**	253
Loss on sale of subsidiary		**(7,017)**	-
Finance income		**(18)**	(30)
Finance cost		**298**	454
Operating cash flow before movements in working capital		**3,023**	15,944
Decrease / (increase) in inventories	15	**(841)**	211
Decrease / (increase) in trade and other receivables		**(1,361)**	3,208
(Decrease) / increase in trade and other payables		**7,733**	(4,145)
Cash generated from discontinued operations		**8,554**	15,218
Cash generated from operations		**6,295**	11,535

The Statement of Cash Flows contains the following elements related to discontinued operations:

	2014 $'000	2013 $'000
Net cash generated from operating activities	**3,004**	15,218
Net cash used in investing activities	**(1,903)**	(8,057)
Net cash used in financing activities	**(433)**	(436)
Total	**668**	6,725

4. Farm-out agreements (Bolivar & Bocachico)

In March and May 2014, the Group entered into two separate farm-out agreements with Everest Hill Energy Group Ltd ("Everest") on behalf of its affiliated company, Magdalena Energy Management Inc. ("Magdalena"), to share costs and risks associated with development and production activities in the Bolivar and Bocachico contract areas in Colombia. The Group was appointed as operator under both farm-out arrangements. Everest is an affiliated company of the Quasha family trusts which also have an interest in Lyford Investments, Inc., an existing shareholder of the Group. HKN Inc, ("HKN"), the Group's principal shareholder, Lyford Investments, Inc. and its parties acting in concert with it are interested in 21,849,016 shares of the Group, representing 60.50 per cent. of the issued share capital of the Company. By virtue of these holdings, entry into these farm-out agreements constituted related party transactions.

The Group accounted for its farm-out arrangements as jointly controlled operations under IFRS 11 "Joint Arrangements". A jointly controlled operation involves the use of assets and other resources of the Group and other venturers rather than the establishment of a separate corporation, partnership or other entity.

Bolivar Farm-Out Arrangement

Under the Bolivar Agreement, Magdalena would have acquired, subject to Ecopetrol approvals, a 50 per cent. interest in the Contract Area, including any and all rights, obligations and duties in respect of the Contract Area, in exchange for payment of the work commitments stipulated in the Bolivar Agreement and cash consideration of $5.0 million, net of fees, which was paid in March 2014. The work programme was governed by a joint-venture agreement between the Group and Magdalena.

During 2014, the Group recorded the gross cash consideration of $5.0 million as a reduction of the carrying value of its property, plant and equipment (applied as a recovery of prior costs), and the fees for the farm-out of $2.1 million were capitalised reducing the overall increase to property, plant and equipment to net cash received (after fees). Also during 2014, Magdalena funded the $6.2 million of costs for the obligation under the work program for the re-entry of the Catalina #1 well, and the Group did not recognize any related increase to property, plant and equipment in its consolidated statement of financial position for these costs since these costs were fully funded by its partner.

Bocachico Farm-Out Arrangement

Under the Bocachico Agreement, Magdalena would have acquired, subject to Ecopetrol approvals, a 50 per cent. interest in the Contract Area, including any and all rights, obligations and duties in respect of the Contract Area, in exchange for payment of the work commitments stipulated in the Bocachico Agreement and cash consideration of $1.0 million, net of fees, which was paid in May 2014. The work programme was governed by a joint-venture agreement between the Group and Magdalena. During 2014, the Group recorded the gross cash consideration of $1.0 million as a reduction of the carrying value of its property, plant and equipment (applied as a recovery of prior costs), and the fees for the farm-out of $255,000 were capitalised reducing the overall increase to property, plant and equipment to net cash received (after fees). During 2014, no other activity under the Bocachico farm-out agreement occurred.

Termination of Farm-Out Arrangements

In December 2014, Everest elected to exercise its option under the farm-out and joint operating agreements to terminate and release its rights and obligations with respect to the Group's Bolivar and Bocachico Contract areas due to the significant fall of the price of oil. All obligations by Everest to undertake the future funding of work programs for the Bolivar and Bocachico Contract areas, including an obligation to pay all future costs and expenses incurred with response to the proposed operations, were released with effect from 12 December 2014 in exchange for the return of the rights for the 50 per cent. interest in the Group's interest in each of the Bolivar and Bocachico Contract areas.

5. Earnings per share (EPS)

Basic earnings per share amounts are calculated by dividing the profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at the end of the year, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares. The calculation of the dilutive potential ordinary shares related to employee and Director Share option plans includes only those options with exercise prices below the average share trading price for each period.

	2014 $'000	2013 $'000
Loss from continuing operations after taxation	**(14,964)**	(5,833)
Profit (loss) from discontinued operations after taxation	**(10,177)**	6,211
Net (loss)/profit attributable to equity holders used in dilutive calculation	**(25,141)**	378
Loss per share for continuing operations		
– Basic	**$(0.41)**	$(0.16)
– Diluted	**$(0.41)**	$(0.16)
(Loss) / earnings per share for discontinued operations		
– Basic	**$(0.28)**	$0.17
– Diluted	**$(0.28)**	$0.17
Total (loss)/earnings per share		
– Basic	**$(0.69)**	$0.01
– Diluted	**$(0.69)**	$0.01
Basic weighted average number of shares	**36,112,187**	36,112,064
Dilutive potential ordinary shares		
Employee and Director share option plans	**626,162**	1,205,054
Diluted weighted average number of shares	**36,738,349**	37,317,118

The calculation of the diluted EPS assumes all criteria giving rise to the dilution of the EPS are achieved and all outstanding share options with exercise prices lower than the average period share price are exercised..

6. Operating loss from continuing operations
Loss from continuing operations is stated after charging/(crediting):

	2014 $'000	2013 $'000
Depletion, depreciation and amortisation (included in cost of sales):		
Oil assets	**149**	277
Intangible assets	**1**	-
Other property plant and equipment	**42**	83
Other cost of sales	**1,486**	1,920
Employee costs	**3,317**	3,022
Share-based payment – options – equity-settled (note 28)	**51**	44
Share-based payment – cash-settled (note 28)	**(464)**	(681)
Net foreign currency losses (gains)	**113**	(4)
Auditors' remuneration	**382**	370
Total cost of sales, administrative and other operating costs	**5,077**	5,031

During the year, the Group obtained the following services from the Group's auditors at costs as detailed below:

Analysis of auditors' remuneration

	2014 $'000	2013 $'000
Principal Auditors		
Audit Services		
Statutory audit	**120**	178
Review of interim report	**20**	21
Other services (tax)	**-**	6
Other Auditors		
Audit of subsidiaries pursuant to legislation	**59**	58
Other services (tax)	**183**	107
Total auditors' remuneration	**382**	370

7. Employee costs
Group employee costs (including Executive Directors) during the year amounted to:

	2014 $'000	2013 $'000
Wages and salaries	**3,257**	3,045
Social security costs and other payroll taxes	**288**	346
Insurances and other benefits	**124**	95
Company contributions to defined contribution plan	**61**	-
Share-based payments – options (note 28)	**(413)**	(635)
Termination benefits	**-**	171
Total employee costs	**3,317**	3,022

The average number of Group employees (including Executive Directors) was:

	2014 $'000	2013 $'000
Technical and operations	**25**	34
Management and administrative	**22**	31
Total Group employees	**47**	65

The employee costs and number of employees above do not include contract and casual labour in field operations which are charged directly to operating expense as incurred. These employees are not on the Group's payroll and are contracted through third parties.

Directors' remuneration

	Salary $'000	Benefits $'000	Bonus $'000	Fees $'000	**Total 2014 $'000**	Total 2013 $'000
Executives						
Mikel Faulkner	320	–	93	–	**413**	310
Stephen Voss[1]	310	16	74	–	**400**	313
Non-executives[2]						
Alan Henderson	–	–	–	76	**76**	72
David Quint	–	–	–	76	**76**	72
Zac Phillips[3]	–	–	–	81	**81**	–
Total	630	16	167	233	**1,046**	767

1 Included in Benefits is a Company contribution of $11,000 to the Group's defined contribution plan during 2014 for Stephen Voss (2013: $Nil).
2 The non-executive fees were paid in Pounds Sterling of the amount £47,500 each (2013: £45,000).
3 Zac Phillips became a Director of the Company during 2014.

Compensation paid to key management personnel including Directors and Executive Directors:

	2014 $'000	2013 $'000
Non-executive Director fees	**233**	144
Compensation and benefits paid to key management personnel:		
Compensation paid	**1,200**	1,412
Performance bonuses	**280**	8
Health and life insurances	**17**	50
Company contributions to defined contribution plan	**61**	-
Company contributions to payroll taxation	**56**	59
Share-based payment (note 28)	**(413)**	(635)
Total	**1,434**	1,038

In accordance with IAS 24, at 31 December 2014, there were no amounts due to or from key management personnel (2013: nil).

8. Finance income

	2014 $'000	2013 $'000
Income on cash and cash equivalents	1	-

9. Finance expense

	2014 $'000	2013 $'000
HKN Amortising Note Payable (note 20)	**1,601**	2,134
Unwinding of discount on decommissioning provision	**192**	154
Letter of Credit (Peru)	**-**	4
Total finance expenses	**1,793**	2,292

10. Income tax

The Group is subject to UK and Colombian taxation.

UK taxation

The Group does not expect to be liable for UK corporation tax in the foreseeable future because, as of the date of the last UK tax return, the Group had trading losses carried forward of approximately $28.9 million as at 31 December 2014 and $32.5 million as at 31 December 2013.

Colombian taxation

The Group pays taxes in Colombia through the branch offices of its wholly owned subsidiaries. The Colombian corporation tax is calculated as the CREE tax and the higher of net income tax or presumptive income tax as follows:

• Presumptive income tax. An alternative minimum tax calculated on the prior year gross equity less liabilities at a rate of 3 per cent to determine the presumptive income. A rate of 25 per cent is applied to the presumptive income to arrive at the tax obligation; or

• Net income tax. Calculated at a rate of 25 per cent taking into account revenues minus costs, standard and special deductions.

• CREE tax. Calculated at a rate of 9 per cent through 2015, and 8 per cent thereafter, as an income tax except for certain limitations on the ability to claim costs and expenses. Tax loss carryforwards are not eligible to offset the CREE taxable amount. Lastly, the CREE tax may not be less than three per cent of the taxpayer's net equity as of 31 December of the preceding taxable year.

Additionally, the Group pays an Equity Tax calculated using a taxable base of the Net Equity (as at 1 January 2011) at a rate of 6 per cent. The payment of the tax was required to be paid over four years with payments made twice per year. The last installment payments of this Equity Tax were paid in March and September 2014.

The major components of income tax expense for the periods ended 31 December 2014 and 2013 are:

	2014 $'000	2013 $'000
Current taxes:		
Current income tax charge (continued operations)[1]	**509**	91
Current income tax charge (discontinued operations)	**141**	192
CREE income tax	**-**	40
Current income tax CREE charge (discontinued operations)[2]	**1,022**	85
Other withholding tax (continued operations)	**47**	18
Other withholding tax (discontinued operations)	**64**	37
Discontinued operations income tax from prior years[3]	**5,300**	-
Total current taxes	**7,083**	463
Deferred tax:		
Relating to origination and reversal of temporary differences (See note 11)	**(2,867)**	945
Discontinued operations	**(2,253)**	1,993
Total deferred tax expense (benefit)	**(5,120)**	2,938
Total income tax expense (benefit) for continued operations	**(2,311)**	1,094
Total income tax expense for discontinued operations	**4,274**	2,307
Total income tax expense reported in the income statement	**1,963**	3,401

[1] The increase in current income tax was the result of a 10 per cent. Colombian capital gain tax charge on the gross proceeds received by the Group related to the Bolivar and Bocachico farm-out agreements. In December 2014, upon the termination of such agreements, the capital gains tax was recognised.

[2] The increase in CREE income tax is due to the taxable profit generated from the transfer of the Bolivar and Bocachico Contracts between branch offices of the Group's wholly-owned Colombian subsidiaries in 2014. Any transfer of assets located in Colombia (even between wholly-owned Group subsidiaries) constitutes a disposition of assets for Colombian tax purposes if such assets represent more than 20% of the assets of the Group. The transfer of the Bolivar and Bocachico Contracts to newly-created wholly-owned Colombian branches during 2014 constituted more than 20% of the Group's consolidated assets.

[3] *The income tax for discontinued operations relates to the amended 2010 Colombian income tax return and the DIAN assessment. See note 2 for further detail.*

Taxation reconciliation

The charge for the year can be reconciled to the (loss) / profit per the statement of comprehensive income which includes discontinued operations:

	2014 $'000	2013 $'000
(Loss) profit before tax in the Statement of Comprehensive Income	**(23,178)**	3,779
Tax (benefit) on Group (loss) profit at UK Corporation tax rate of 21.5% (2013: 23.25%)	**(4,983)**	879
Effects of:		
Permanent differences	**–**	64
CREE income tax	**1,022**	125
UK tax on losses carried forward and losses not deductible	**1,108**	(147)
CREE tax on transfer of contracts	**509**	–
Temporary differences on fixed assets at higher rates	**2,450**	2,450
Reduction in deferred tax liabilities due to foreign exchange movement	**(1,670)**	–
Increase in tax base on transfer of contracts	**(1,422)**	–
Presumptive income tax on alternative basis and other withholdings	**251**	–
Tax expense prior year	**5,300**	–
Effect of higher tax rates in the UK	**(602)**	30
Total income tax expense from comprehensive income reported in the income statement	**1,963**	3,401

11. Deferred tax

The gross movement in net deferred tax liabilities are reported as follows:

	2014 $'000	2013 $'000
Opening balance as of 1 January	**(16,291)**	(13,353)
Disposal of CEDCO	8,796	-
Change in deferred tax related to temporary differences and other	5,120	(2,938)
Closing balance as at 31 December	**(2,375)**	(16,291)

The Group offsets deferred tax assets and liabilities if, and only if, it has a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to corporation taxes levied by the same tax authority. Deferred tax assets and liabilities listed below are related to corporation taxes levied by the Colombian tax authority with jurisdiction over the Group's Colombian branches. Deferred taxes primarily have been provided at a 39 per cent. rate.

The movement in deferred income tax assets and liabilities during the year is as follows:

Deferred tax assets	Tax losses $'000	Provisions $'000	Total $'000
As at 1 January 2013	8,946	1,012	9,958
Other charges	132	–	132
As at 1 January 2014	9,078	1,012	10,090
Discontinued operations	(7,324)	-	(7,324)
Change in deferred tax related to temporary differences and other	(1,430)	(1,012)	(2,442)
As at 31 December 2014	**324**	**-**	**324**

Deferred tax liabilities	Fixed assets value $'000	Inventory $'000	Total $'000
As at 1 January 2013	(23,355)	44	(23,311)
Temporary differences	(2,536)	–	(2,536)
Other charges	(534)	–	(534)
As at 1 January 2014	(26,425)	44	(26,381)
Discontinued Operations	16,120	-	16,120
Changes in deferred tax related to temporary differences and other	7,533	29	7,562
As at 31 December 2014	**(2,772)**	**73**	**(2,699)**

Temporary differences between the tax base and carrying values arise in relation to the effect of inflation adjustments, differences in exchange rate of non-monetary assets, differences between tax and accounting depreciation and the adjustment and use of tax losses.

12. Intangible assets

The balance in intangible assets was associated with the costs of CEDCO's SAP-ERP accounting system. The Group disposed of CEDCO in 2014. The additions for 2014 relate to the cost of the new SAP-ERP accounting system for continuing operations.

	2014 $'000	2013 $'000
Costs		
At 1 January	**829**	829
Additions	**34**	_
Disposal of CEDCO	**(829)**	_
Total costs	**34**	829
Accumulated amortisation		
At 1 January	**(343)**	(90)
Provided during the year (continuing operations)	**(1)**	_
Provided during the year (discontinued operations)	**(263)**	(253)
Disposal of CEDCO	**606**	_
Accumulated amortisation at 31 December	**(1)**	(343)
Total intangible assets at 31 December	**33**	486

13. Property, plant and equipment

	Oil properties $'000	Facilities and pipelines $'000	Office equipment & other $'000	Total $'000
Cost				
At 1 January 2013	141,304	29,919	1,487	172,710
Additions	1,534	8,459	159	10,152
Write off	–	(1,562)	–	(1,562)
At 31 December 2013	142,838	36,816	1,646	181,300
Additions	2,606	1	461	3,068
Reimbursement of prior costs	(6,000)	–	–	(6,000)
Sale of CEDCO	(94,590)	(33,871)	(1,210)	(129,671)
At 31 December 2014	**44,854**	**2,946**	**897**	**48,697**
Depreciation:				
At 1 January 2013	(43,390)	(19,784)	(930)	(64,104)
Provided during the year	(6,100)	(887)	(120)	(7,107)
At 31 December 2013	(49,490)	(20,671)	(1,050)	(71,211)
Sale of CEDCO	40,641	20,204	665	61,510
Provided during the year (continuing operations)	(148)	(17)	(26)	(191)
Provided during the year (discontinued operations)	(3,951)	(1,125)	(303)	(5,379)
Impairment loss	(10,761)	(287)	(115)	(11,163)
At 31 December 2014	**(23,709)**	**(1,896)**	**(829)**	**(26,434)**
Net book value at 31 December 2014	**21,145**	**1,050**	**68**	**22,263**
Net book value at 31 December 2013	93,348	16,145	596	110,089
Net book value at 1 January 2013	97,914	10,135	557	108,606

As at 31 December 2014, there are no amounts included in the cost of property, plant and equipment in respect of capitalised financing costs (2013: $797,600). The amount of the financing costs capitalised during the year was $nil (2013: $nil). There are no amounts included in PP&E relating to capitalised finance leases (2013: $1,595,575) as at 31 December 2014.

Expenditures in 2014 on oil assets primarily related to the Catalina #1 well. Magdalena fully funded the $6.2 million of costs for their obligation under the farm-out agreement for the re-entry of the Catalina #1 well into the Simiti formation, and the Group did not recognize any related increase to property, plant and equipment in its consolidated statement of financial position for these costs since these costs were fully funded by its partner.

Depletion and depreciation for oil assets is calculated on a unit-of-production basis, using the ratio of oil production in the period to the estimated quantities of proved and probable reserves at the end of the period plus production in the period. Oil assets are tested periodically for impairment to determine whether the net book value of capitalised costs relating to the cash generating unit, as defined, exceed the associated estimated future discounted cash flows of the related commercial oil reserves. If an impairment is identified, the depletion is charged through the statement of comprehensive income in the period incurred.

The Group performed its annual impairment test as at 31 December 2014. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2014, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of the assets of the Company's two operating segments. The recoverable amounts of the two CGUs, the Bolivar area and the Bocachico area, were determined based upon value in use calculations using risked cash flow projections. The value in use calculations include estimates about the future financial performance of each CGU. All estimates and assumptions included in the value in use calculations are derived from the reserve report developed by Ralph E. Davis Associates, Inc., an independent petroleum engineering firm, and are based on the PRMS joint reserve and resource definitions of the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers consistent with UK reporting purposes. The projected risked discounted cash flows are calculated using the Brent oil pricing as at December 2014 of $57.33 per bbl (2013: $109.95 per bbl), with an escalation of 3% each following year, with historical pricing discounts and historical operating costs. The pre-tax discount rate applied to the cash flow projections is 10 per cent (2013: 10 per cent).

Low oil prices caused the heavy oil reserves within the Bocachico area to be uneconomic at 31 December 2014. The significant decline in oil prices at 31 December 2014 and the resulting uneconomic nature of the proved and probable reserves within the Bocachico area required the Group to fully impair the $11.2 million of carrying value of its Bocachico area oil assets within its consolidated financial statements at 31 December 2014. Under current accounting standards, the Group may reverse such impairment in the future if there is an indication that the previously recognised impairment loss no longer exists or has decreased. Bolivar's proved and probable reserves continued to be economic at the lower oil prices based upon many factors, such as estimated oil recovery rates, quality of the oil and lower estimated future operating costs. Management did not identify an impairment for the Bolivar area as at 31 December 2014.

14. Investments in subsidiaries

The principal subsidiary undertakings in which the Group's interest at year end is equal to or more than 50 per cent are as follows (these undertakings are included in consolidation):

Held directly	Country of incorporation	Class of share capital held	Proportion held by the Company
Lagosur Petroleum Colombia, Inc.	Panama	Ordinary	100%
Cinco Ranch Petroleum Colombia, Inc.	Panama	Ordinary	100%
Harken del Peru Limitada	Cayman Islands	Ordinary	100%
Global Energy Management Resources – Colombia, Inc.	Panama	Ordinary	100%
Global Energy Management Resources Inc.	United States	Ordinary	100%

The following branches are included in the subsidiaries listed above:

Lagosur Petroleum Colombia, Inc. Sucursal Colombia	Colombian Branch	Indirect holding	100%
Cinco Ranch Petroleum Colombia, Inc. Sucursal Colombia	Colombian Branch	Indirect holding	100%
Harken del Peru Limitada	Peruvian Branch	Indirect holding	100%
Global Energy Management Resources – Colombia Inc. Sucursal Colombia	Colombian Branch	Indirect holding	100%

All of the above companies and branches are engaged in oil development and production.

15. Inventories

	2014 $'000	2013 $'000
Oil stocks	**27**	481
Materials and supplies	**263**	1,422
Total inventories	**290**	1,903

The amount of inventory which has been recognised as an expense from continuing operations during the year is $146,797 (2013: $281,463). The inventories are carried at cost.

16. Trade and other receivables – current

	2014 $'000	2013 $'000
Trade receivables	**62**	3,117
Less provision for impairment of trade receivables	**–**	(112)
Net trade receivables	**62**	3,005
Other receivables	**405**	440
Total trade and other receivables – current	**467**	3,445

Included are trade receivables from customers totalling $62,000 (2013: $3.1 million) in crude sales receivables which are not considered at risk due to the short-term nature of the receivables, the positive credit rating of the customers and the historical trading relationship with the customers. All customer balances as at 31 December 2014 were due within 30 to 60 days (2013: 30 days). The Board of Directors considers that there is no significant difference between the carrying values and the fair values of all receivables. The maximum exposure of the gross carrying amount net of provisions for impairment to credit risk at the reporting date is the fair value of each class of receivable set out above.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The carrying values of the Group's trade and other receivables are denominated in the following currencies:

	2014 $'000	2013 $'000
US Dollar	**83**	3,047
Colombian Peso	**2**	–
Peruvian Nuevo Sol	**382**	398
Total	**467**	3,445

17. Prepayments and other assets

	2014 $'000	2013 $'000
Prepayments	**189**	394
Prepaid taxes[1]	**825**	1,303
Total prepayments and other assets	**1,014**	1,697

[1] Prepaid taxes represent an account receivable from Tax Authorities that could be offset against taxes payable in 2015.

18. Term deposits

	2014 $'000	2013 $'000
Dollar denominated investments	–	896

Prior to the sale of CEDCO, according to the requirements in certain of the Group´s Llanos area association and concession contracts, the Group was required to maintain three trust funds totalling $896,000 to fund the cost for the future plugging and abandonment of certain fields in Colombia. As at 31 December 2014, the Group's Bolivar and Bocachico area contracts have no requirements to maintain trust funds for future plugging and abandonment obligations.

The maturity of the Group's term deposits is as follows:

	2014 $'000	2013 $'000
Over six months	–	896
Total	–	896

19. Cash and cash equivalents

	2014 $'000	2013 $'000
Cash in bank and on hand	**41,153**	3,415

All cash balances constitute demand deposits or short-term investments available at call and held in US Dollars and Colombian Pesos. Details of balances, interest rates on deposits and currency exposures are summarised in note 26.

20. Borrowings

	2014 $'000	2013 $'000
Non-current		
Amortizing note payable	–	5,966
Finance leases (See note 21)	–	912
Total non-current borrowings	–	6,878
Current		
Amortizing note payable	–	5,865
Finance leases (See note 21)	–	630
Total current borrowings	–	6,495
Total borrowings	–	13,373

During 2013 and 2014, the Group previously had outstanding an Amortising Note Payable (the "Amortising Note Payable") with HKN. The Amortising Note Payable was not convertible into shares, and was subject to an interest charge of 12.75 per cent. per annum (which was increased to 13.50 per cent. per annum in September 2014 following the publication of the 2014 interim results), payable quarterly in arrears. The Amortising Note Payable was subject to quarterly principal repayment amounts with the final repayment amount due on 15 June 2015.

The Amortising Note Payable was unsecured, but HKN could have required the Company to provide adequate collateral security in the event of a material adverse effect. In December 2014, following the disposal of CEDCO, the Group extinguished the remaining principal balance of $7.5 million (along with accrued interest payable of $200,000 and a required prepayment penalty of $225,000). As of 31 December 2014, the outstanding principal balance of the Amortising Note Payable is $nil (2013: $12 million).

	2014 $'000	2013 $'000
Analysis of borrowings		
Debt can be analysed as falling due:		
Within one year or on demand	–	6,495
Between one and two years	–	6,878
	–	13,373

See note 29 for related party disclosures.

21. Finance leases

Prior to the sale of CEDCO in 2014, the Group's wholly-owned subsidiary, CEDCO, leased operating equipment, and the Group classified these costs as finance leases in accordance with IAS 17. As part of the terms of the sale of CEDCO, the Group paid the outstanding balance of the finance leases in full ($1 million) in November 2014 as a condition prior to the closing of the sale.

22. Obligations under operating lease contracts

	2014 $'000	2013 $'000
Minimum lease payments paid during the year	**397**	465
Outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:		
Within one year	**255**	370
Between two and five years	**197**	169
Total annual lease payments	**452**	539

All commitments relate to land and buildings. There are no lease agreements where the Group is a lessor.

23. Long-term provisions

	2014 $'000	2013 $'000
Decommissioning liability at start of year[1]	**5,576**	4,316
Sale of CEDCO	**(3,674)**	–
Unwinding of discount	**190**	492
Increase in provision	**–**	768
Decommissioning liability at end of year	**2,092**	5,576
Environmental provision at start of year[2]	**261**	82
Sale of CEDCO	**(228)**	–
Increase in provision	**2**	179
Environmental Provision at end of year	**35**	261
Long-term benefits[3]	**3**	467
Total long-term provision	**2,130**	6,304
Maturity analysis of provisions:		
Due in more than one year	**2,130**	6,304

1 The decommissioning provision represents the present value of decommissioning costs for existing assets in the Group's oil operations, which are expected to be incurred between 2016 and 2024. These provisions have been generated based on the Group's internal estimates, and where available, studies and analyses from external sources. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed periodically to take into account any material changes to those assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning work required at the time assets are decommissioned and abandoned. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates, which in turn is dependent upon future oil and gas prices that are inherently uncertain.

2 The environmental provision represents the creation of an environmental investment reserve to reflect a liability under Colombian law for certain exploration and producing contracts requiring the Group to perform additional reinvestment in the amount of 1 per cent of specified investment activity to provide for the recovery, conservation, preservation, and monitoring of the hydrographic basin of the exploration areas. In such cases, a provision is provided and an amount equal to the provision is recognised within the cost of the respective asset and amortised on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provisions and the associated fixed asset.

3 The Company granted to specific management employees Long-Term Incentive Bonus Award (see note 28).

24. Trade and other payables

	2014 $'000	2013 $'000
Trade payables[1]	**675**	2,759
Accrued liabilities	**3,107**	1,728
Total current liabilities	**3,782**	4,487

1 Trade payables reflect balances owed on invoices received from vendors and contractors related to active projects in progress at the end of each period. It is considered that carrying amounts of trade and other payables approximate to fair value at 31 December 2014 and 2013.

25. Corporate and equity tax payable

	2014 $'000	2013 $'000
Current tax		
Withholding tax[2]	**581**	357
VAT (receivable) payable[2]	**(70)**	749
Current equity tax[1]	**–**	467
Income tax	**621**	400
Other tax[2]	**1**	1
Total corporate and equity	**1,133**	1,974

1 The Group paid an Equity Tax calculated using a taxable base of the Net Equity as at 1 January 2011 and a rate of 6 per cent. The tax was paid over four years with payments made twice per year. The final payments of this Equity Tax were completed in May and September 2014.

2 Corresponds to taxes payables in Colombia.

26. Financial Instruments

Financial instruments – Risk Management

Financial assets and liabilities as per Statement of Financial Position:	2014 $'000	2013 $'000
Financial assets – Loans and receivables		
Trade and other receivables	**467**	3,445
Cash and cash equivalents	**41,153**	3,415
Total	**41,620**	6,860
Financial liabilities – Held at amortised cost		
Trade and other payables	**(3,782)**	(4,487)
Borrowings (short-term and long-term)	**-**	(13,373)
Total	**(3,782)**	(17,860)

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

- Price risk
- Credit risk
- Market risk
- Liquidity risk

This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

During 2014, the Group fully extinguished the remaining principal balance of its Amortising Note Payable with HKN; otherwise there have been no substantive changes in the Group's exposure to financial instruments, its objectives, policies and processes for managing those risks and the methods to measure them as previous periods.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

- Trade and others receivables
- Cash and cash equivalents
- Trade and other payables
- Loans and other borrowings

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from the Group Finance Director through which it reviews the effectiveness of the processes in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Price risk

The Group is exposed to the risk of fluctuations in prevailing market prices of crude oil, specifically the Brent and other light oil benchmark prices which were the source reference price in Global's crude sales contracts during 2014.

Crude oil price sensitivity analysis

A sensitivity analysis based on a 50 per cent price volatility assumption is used internally by management to estimate the potential impact of variations in crude oil market prices. As at 31 December 2014, a 50 per cent increase in the average sales price obtained during the year would have increased revenues from continuing operations and equity by $344,000 (2013: $758,000) and a 50 per cent decrease in the average sales price would have reduced revenues from continuing operations and equity by $230,000 (2013: $505,000).

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. The Group's review includes external credit ratings, when available. Potential customers that fail to meet the Group's benchmark credit worthiness may transact with the business on a prepayment basis only. Credit risk also arises from cash and cash equivalents, and deposits with banks and financial institutions. The Group's cash deposits are only held in banks and financial institutions which are independently-rated with a minimum grading of "A".

The Group does not enter into derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

The Group monitors the utilisation of credit ratings and available credit evaluation information as appropriate and at the reporting date does not envisage any losses from non-performance of counterparties.

Market risk

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk from its deposits of cash and cash equivalents with banks. The cash balances maintained by the Group are proactively managed in order to ensure that the maximum level of interest is received for the available funds but without affecting the working capital flexibility the Group requires.

As of 31 December 2014, the Group does not consider itself exposed to cash flow interest rate risk related to debt instruments, which can carry fixed and floating interest rates within the terms of the agreements. As at 31 December 2014, the Group has no outstanding debt obligations. No subsidiary company of the Group is permitted to enter into any borrowing facility without the prior consent of the Board. Previously during 2014, through the fixing of the interest rate within the Amortising Note Payable with HKN, the Group considered it had minimised the exposure of the Group to cash flow interest rate risk.

Interest rates on financial assets and liabilities

The interest rate profile of the Group's financial assets and liabilities at 31 December 2014 was as follows:

US Dollar equivalent of:	US Dollar $'000	Colombian Peso $'000	Total $'000
Cash at bank at floating interest rate	–	305	305
Cash at bank on which no interest is received	40,848	–	40,848
Net cash	**40,848**	**305**	**41,153**

The profile at 31 December 2013 for comparison purposes was as follows:

US Dollar equivalent of:	US Dollar $'000	Colombian Peso $'000	Total $'000
Cash at bank at floating interest rate	–	129	129
Cash at bank on which no interest is received	3,256	2	3,258
Fixed rate debt	(11,831)	–	(11,831)
Floating rate debt	–	(1,542)	(1,542)
Net (debt)/cash	**(8,575)**	**(1,411)**	**(9,986)**

During 2014, the cash at bank at floating rates consisted of demand deposits and money market investments subject to floating rates which vary from to 0.3 per cent to 1.25 per cent.

Interest rate sensitivity analysis

At 31 December 2014, the Group held cash of $305,000 (2012: $129,000) in financial assets with floating interest rates (2013: averaged 0.23 per cent. return on investment) and no outstanding debt with floating interest rates (2013: $1.5 million).

Foreign exchange risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose local operational currency is not the same as the functional currency of the Group. Although its wider market penetration reduces the Group's operational risk, the Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains and losses on translation into US Dollars. Only in exceptional circumstances will the Group consider hedging its net investments in overseas operations as generally it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques. It is the Group's policy to ensure that individual Group entities enter into local transactions in their operational currency and that surplus funds over and above working capital requirements should be transferred to the parent company treasury. The Group considers this policy minimises any unnecessary foreign exchange exposure.

In order to monitor the continuing effectiveness of this policy, the Board, through their approval of capital expenditure budgets and review of management accounts, considers the effectiveness of the policy on an ongoing basis. The following table discloses the exchange rates of those currencies utilised by the Group:

Foreign currency units to $1.00 US Dollar	Colombian Peso	Peruvian Nuevo Sol	Pound Sterling
At 31 December 2014	**2,392**	**2.976**	**0.642**
At 31 December 2013	1,927	2.761	0.606

Currency exposures
The monetary assets and liabilities of the Group that are not denominated in US Dollars and are therefore exposed to currency fluctuations are shown below. The amounts shown represent the US Dollar equivalent of local currency balances.

US Dollar equivalent of exposed net monetary assets and liabilities	Colombian Peso $'000	Peruvian Nuevo Sol $'000	Pound Sterling $'000	Total $'000
At 31 December 2014	**(233)**	**132**	**(222)**	**(323)**

The year-on-year fluctuation in Colombian Peso denominated balances is attributed primarily to accrued liabilities payable (see note 24).

Foreign currency sensitivity analysis
The Group is mainly exposed to currency rate fluctuations of the Colombian Peso versus the US Dollar, and measures its foreign currency risk through a sensitivity analysis considering 10 per cent favourable and adverse changes in market rates on exposed monetary assets and liabilities denominated on Colombian Pesos. At 31 December 2014, a 10 per cent devaluation of the Peso against the US Dollar would have resulted in translation gains of $23,000 (2013: gains of $132,000), and a 10 per cent revaluation of the Peso against the US Dollar would have resulted in a translation loss of $21,000 (2013: loss of $120,000) with the corresponding movement in net assets.

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its previously-outstanding debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. As of 31 December 2014, the Group has no outstanding debt obligations. The Group also seeks to reduce future liquidity risk through monthly updates of its cash flow projections, in order to provide the Company with solid tools to monitor define and approve all cash uses with the purpose of ensuring the funds required to develop the expected operational activities.

The Group maintains an integrated business performance and cash flow forecasting model, incorporating the most recent statement of financial position information (updated monthly) with the business plan and current year budget and management forecast of benchmark oil prices. The Group's performance against budget and associated cash flow forecast is evaluated on a monthly basis. The Group's management reviews rolling 12-month cash flow projections on periodic basis as well as information regarding cash balances and Group performance against budget. At the reporting date, these projections indicate that the Group expected to have sufficient liquidity to meet its obligations under all reasonably expected circumstances.

The following tables illustrate the contractual maturity analysis of the Group's financial liabilities, including the liabilities that must be settled gross based, where relevant, on statement of financial position interest rates and exchange rates prevailing at the reporting date.

Maturity analysis of the financial liabilities is as follows:

	2014 $'000	2013 $'000
Analysis of current liabilities include		
Up to 3 months	**4,915**	5,691
3 to 6 months	-	1,654
Over 6 months	-	3,718
Total current liabilities	**4,915**	11,063
Analysis of non-current liabilities include		
Not later than two years	-	6,878
Later than two years	-	-
Total non-current liabilities	-	6,878
Total	**4,915**	17,941

Capital management policies
The Board has established guidelines and policies which are for the management of the Group's capital resources, including shareholder equity and debt, based on a long-term strategy against which the Board continually evaluates and monitors the achievement of corporate objectives and the development of the Group's portfolio in core areas. Specific capital management policies set forth include the following:

- the reinvestment of all profits into new and existing assets that fit the corporate objectives;
- consolidation of positions in developing regions and disposition of assets of low materiality or where meaningful operational influence cannot be achieved;
- identification of the appropriate mix of debt, equity and partner sharing opportunities in order to balance the highest returns to shareholders overall with the most advantageous timing of investment flows;
- the hiring and maintenance of highly qualified employees through effective manpower management processes, including compensation and benefit programmes in concert with ongoing training and motivational programmes; and
- the retention of maximum flexibility to allocate capital resources between exploration and appraisal, production and development projects based on available funds and quality of opportunities.

On a monthly basis, management receives financial and operational performance reports that enable continuous management of assets, liabilities and liquidity. In addition, management communicates frequently with the Board of Directors to provide consistent information and data to evaluate and measure the achievement of objectives. The above policies and practices are consistent with strategies and objectives employed in prior years and are expected to remain consistent in the extension of future resource allocation objectives.

27. Share capital

	2014 Number of shares	**2014 $'000**	2013 Number of shares	2013 $'000
Allotted, called up and fully paid				
Ordinary shares of 1p each	**36,112,187**	**608**	36,112,187	608

The ordinary shares confer the right to vote at general meetings of the Company, to a repayment of capital in the event of liquidation or winding up and certain other rights as set out in the Company's articles of association. The ordinary shares also confer the right to receive dividends if declared by the Directors and approved by the Company.

In June 2013, following notices of exercise of option in respect of 66,667, ordinary shares of 1p each in the Company, the Company issued a total of 5,007 ordinary shares to ex-employees of the Company.

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share capital	Represents the nominal value of shares issued.
Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserve	Equity element of the previously outstanding convertible loan notes accounted for in accordance with IAS 32 and IAS 39.
Retained losses	Cumulative net gains and losses recognised in the consolidated income statement.
Capital reserve	Reserve created on issue of shares on acquisition of subsidiaries in prior years.

28. Share-based payments
Equity-settled – Discretionary share option incentive plan
The Group periodically grants share options to employees and Directors, as approved by the Board. At 31 December 2014 and 31 December 2013 the following share options were outstanding in respect of the ordinary shares:

Year ended 31 December 2014

Year of grant	Number of shares	Issued in year	Forfeited/ lapsed	Number of shares	Number exercisable at year end	Start date	End date	Price per share
2002	2,415,196	–	–	2,415,196	2,415,196	31.01.2002	31.01.2016	50.0p
2004	450,000	–	–	450,000	450,000	03.12.2004	05.12.2016	151.1p
2005	40,000	–	–	40,000	40,000	08.12.2005	08.12.2015	265.1p
2008	300,000	–	–	300,000	300,000	11.02.2008	11.02.2018	100.0p
2008	500,000	–	–	500,000	500,000	11.12.2008	11.12.2018	70.0p
2011	125,000	–	–	125,000	125,000	06.10.2011	06.10.2021	83.0p
2012	50,000	–	–	50,000	–	13.07.2012	13.07.2022	100.0p
2012	75,000	–	(75,000)	–	–	05.12.2012	05.12.2022	100.0p
2013	70,000	–	–	70,000	–	01.10.2013	01.10.2023	100.0p
2014	–	50,000	–	50,000	–	01.04.2014	01.04.2024	100.0p
Total	**4,025,196**	**50,000**	**(75,000)**	**4,000,196**	**3,830,196**			

Year ended 31 December 2013

Year of grant	Number of shares	Issued in year	Forfeited/ lapsed	Number of shares	Number exercisable at year end	Start date	End date	Price per share
2002	2,415,196	–	–	2,415,196	2,415,196	31.01.2002	31.01.2016	50.0p
2004	575,000	–	(125,000)	450,000	450,000	03.12.2004	03.12.2014	151.1p
2005	90,000	–	(50,000)	40,000	40,000	08.12.2005	08.12.2015	265.1p
2008	375,000	–	(75,000)	300,000	300,000	11.02.2008	11.02.2018	100.0p
2008	500,000	–	–	500,000	500,000	11.12.2008	11.12.2018	70.0p
2011	125,000	–	–	125,000	–	06.10.2011	06.10.2021	83.0p
2012	50,000	–	–	50,000	–	13.07.2012	13.07.2022	100.0p
2012	75,000	–	–	75,000	–	05.12.2012	05.12.2022	100.0p
2013	–	70,000	–	70,000	–	01.10.2013	01.10.2023	100.0p
Total	**4,205,196**	**70,000**	**(250,000)**	**4,025,196**	**3,705,196**			

Cash-settled – Long-term service benefits

The Group granted to specific management employees a long-term incentive bonus award. The incentive confers the right, exercisable after three years of effectiveness of the grant and provided that the employee continues to be eligible (i.e. employed with a valid grant) to receive a payment equal to the excess, if any, over the "Notional Exercise Price" (as determined by the Board with respect to each grant) of the average 30 days stock price for the Company's stock at the time of exercise multiplied by the number of share units in respect of which the grant is exercised (the "Grant Profit") (see note 23).

Year ended 31 December 2014

Year of grant	Number of shares	Issued in year	Forfeited/ lapsed	Number of shares	Number exercisable at year end	Start date	End date	Price per share
2010	2,000,000	–	–	–	2,000,000	30.06.2010	30.06.2015	150.0p
2010	90,000	–	–	–	90,000	15.08.2010	15.08.2015	150.0p
2011	400,000	–	–	–	400,000	01.01.2011	01.01.2016	150.0p
2011	25,000	–	–	–	25,000	15.01.2011	15.01.2016	150.0p
2011	200,000	–	–	–	200,000	15.03.2011	15.03.2016	150.0p
Total	**2,715,000**	**–**	**–**	**–**	**2,715,000**			

Year ended 31 December 2013

Year of grant	Number of shares	Issued in year	Forfeited/ lapsed	Number of shares	Number exercisable at year end	Start date	End date	Price per share
2010	2,000,000	–	–	–	2,000,000	30.06.2010	30.06.2015	150.0p
2010	415,000	–	(325,000)	–	90,000	15.08.2010	15.08.2015	150.0p
2011	400,000	–	–	–	400,000	01.01.2011	01.01.2016	150.0p
2011	25,000	–	–	–	25,000	15.01.2011	15.01.2016	150.0p
2011	200,000	–	–	–	200,000	15.03.2011	15.03.2016	150.0p
Total	**3,040,000**	**–**	**(325,000)**	**–**	**2,715,000**			

The Group's mid-market closing share price at 31 December 2014 was 50.0p (31 December 2013: 93.5p). The highest and lowest mid-market closing share prices during the year were 96.0p (2013: 117.5p) and 39.0p (2013: 69.0p) respectively.

The weighted average exercise price at the beginning of 2014 was 73.10p (2013: 80.11p) and end of period was 73.43p (2013: 73.10p).

The total intrinsic value at the 31 December 2014 of liabilities for which the counterparty's right to cash or other assets had vested was $3,202 (2013: $199,984).

Under the terms of the equity-settled option scheme the holder has the option, at the time of exercise, to elect to forego a number of their share options, and thereby reduce the exercise price of the remaining shares by the notional gain on the shares foregone. The effect of this is that the number of shares exercised and the price per share may be lower than as disclosed in the table above.

The options and long-term benefits are granted to employees; exercise of the vested options is conditional upon the individual being employed by the Company at the date of exercise.

The initial fair values of awards granted under the Group's equity option and long-term cash settled plan have been calculated using a variation of a binomial option pricing model that takes into account factors specific to share incentive plans such as the vesting periods, estimated share price volatility, the expected dividend yield on the Company's shares and expected exercise of share options.

The liability in relation to the cash-settled long-term service benefits is recalculated at each balance sheet date based on the fair value of the cash-settled benefit at the balance sheet date, with the corresponding movement recognised in the income statement. The following principal assumptions were used in the valuation:

Equity-settled – Discretionary share option incentive plan

Grant date	Share price at date of grant	Exercise price	Volatility	Option life	Dividend yield	Risk-free investment rate	Employee turnover
3 Dec 2004	151.1p	151.1p	36.73%	3 Dec 2014	0%	4.65%	3.7 years
8 Dec 2005	265.1p	265.1p	33.02%	8 Dec 2015	0%	4.23%	3.3 years
11 Feb 2008	82.4p	100.0p	53.14%	11 Feb 2018	0%	4.49%	4.2 years
11 Dec 2008	67.5p	70.0p	55.63%	11 Dec 2018	0%	4.49%	3.8 years
6 Oct 2011	87.0p	83.0p	49.57%	6 Oct 2021	0%	1.58%	5.0 years
13 Jul 2012	76.0p	100.0p	49.57%	13 Jul 2022	0%	0.75%	3.0 years
5 Dec 2012	100.0p	100.0p	49.57%	5 Dec 2022	0%	0.86%	3.0 years
1 Oct 2013	98.5p	100.0p	49.57%	6 Oct 2023	0%	1.53%	3.0 years
1 Apr 2014	72.5p	100.0p	49.57%	1 Apr 2024	0%	1.99%	3.0 years

Cash-settled – Long-term service benefits

Grant date	Share price at date of grant	Exercise price	Volatility	Option life	Dividend yield	Risk-free investment rate	Employee turnover
30 Jun 2010	150.0p	150.0p	47.72%	30 Jun 2015	0%	2.07%	3.5 years
15 Aug 2010	150.0p	150.0p	47.97%	15 Aug 2015	0%	1.84%	3.0 years
1 Jan 2011	110.9p	150.0p	52.83%	1 Jan 2016	0%	2.03%	3.0 years
15 Jan 2011	104.5p	150.0p	52.93%	15 Jan 2016	0%	2.27%	3.0 years
15 Mar 2011	92.8p	150.0p	51.18%	15 Mar 2016	0%	2.06%	3.0 years

The fair values of awards granted under the Group's option plan have been calculated based on a Volatility Cone calculation model using the historic share price two years prior to each grant date and assigning a probability weighting. Volatilities were selected between the median and the 75th percentile calculations.

Based on these assumptions the fair values of the options granted are estimated to be:

Equity-settled – Discretionary share option incentive plan

Grant date	Fair value
3 Dec 2004	51p
8 Dec 2005	76p
11 Feb 2008	47p
11 Dec 2008	32p
6 Oct 2011	23p
13 Jul 2012	19p
5 Dec 2012	41p
1 Oct 2013	34p
1 Apr 2014	18p

Cash-settled – Long-term service benefits

Grant date	Fair value
30 Jun 2010	1.0p
15 Aug 2010	3.0p
1 Jan 2011	2.3p
15 Jan 2011	2.7p
15 Mar 2011	4.3p

Expense arising from share-based payments
Based on the above fair values and the Group's expectations of employee turnover, the expense arising from equity-settled share options made to employees was $51,000 for the period (2013: $44,000) and for cash-settled long-term service benefits was $(464,000) for the period (2013: $(681,000)).

During the period, there were no ordinary shares issued in lieu of certain portions of salaries and Director fees (2013: $Nil). There were no other share-based payment transactions.

Details of the Directors' interests in the ordinary shares of the Company and options over ordinary shares are set out below:

	As at 31 December 2014		As at 1 January 2014	
	Ordinary shares	Options	Ordinary shares	Options
Mikel Faulkner	**370,000**	**1,890,000**	370,000	1,890,000
Stephen Voss	**333,068**	**1,200,000**	333,068	1,200,000
Alan Henderson	**14,527**	**150,000**	14,527	150,000
David Quint	**135,000**	**150,000**	120,000	150,000
Zac Phillips[1]	**4,872**	**50,000**	–	–
Total	**857,467**	**3,440,000**	837,595	3,390,000

1 Zac Phillips became a Director of the Company during 2014.

All the holdings are beneficially held.

Details of the Director's holdings of cash-settled – long-term service benefits, as previously issued, are as follows:

	As at 31 December 2014		As at 31 December 2013	
	Units	Notional Price (£)	Units	Notional Price (£)
Mikel Faulkner	**600,000**	**1.50**	**600,000**	**1.50**
Stephen Voss	**600,000**	**1.50**	**600,000**	**1.50**
Alan Henderson	**100,000**	**1.50**	**100,000**	**1.50**
David Quint	**100,000**	**1.50**	**100,000**	**1.50**
Zac Phillips[1]	–	–	–	–
Total	**1,400,000**		**1,400,000**	

29. Related party disclosures

HKN and its parties in concert are major shareholders of the Group. During 2014 and 2013, the Group held an Amortising Note Payable with HKN. The Amortising Note Payable was fully repaid in December 2014 and is no longer outstanding (2013: $12 million). Please see note 20 for information on the Amortising Note Payable.

The Group entered into two separate farm-out agreements with Everest, an affiliate of Lyford Investments Inc., with respect to the Bolivar and Bocachico Association Contract areas. These farm-out agreements were terminated during December 2014. Please see note 4 for information on these farm-out agreements.

Company Accounts

Company Balance Sheet
As at 31 December 2014

	Note	2014 $'000	2013 $'000
Fixed assets			
Tangible assets	3	-	1
Investment in subsidiaries	4	26,338	14,572
		26,338	14,573
Current assets			
Debtors	5	21	58
Cash at bank and in hand	6	40,821	3,255
		40,842	3,313
Creditors: amounts falling due within one year	7	(25,426)	(15,581)
Short-term notes payable	8	-	(5,865)
Net current assets (liabilities)		15,416	(18,133)
Total assets less current liabilities		41,754	(3,560)
Non-current liabilities			
Long-term notes payable	8	-	(5,966)
Long-term service benefits	9	(3)	(466)
Net assets (liabilities)		41,751	(9,992)
Capital and reserves			
Called up share capital	10	608	608
Share premium account	12	27,139	27,139
Profit and loss account	12	14,004	(37,739)
Shareholders' funds (deficit)	13	41,751	(9,992)

These financial statements were approved by the Board of Directors and authorised for issue on 9 March 2015 and were signed on its behalf by:

Mikel Faulkner
Chairman
9 March 2015

Stephen Voss
Managing Director
9 March 2015

Global Energy Development PLC
3 More London Riverside
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UK

The notes on pages 60 to 63 form an integral part of these financial statements.

Notes to the Financial Information
For the 12 months ended 31 December 2014

1. Accounting policies
Basis of preparation
The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and UK Generally Accepted Accounting Principles ("UK GAAP"). The following paragraphs describe the main accounting policies under UK GAAP, which have been applied consistently.

Results and dividends
In accordance with the provisions of section 408 of the Companies Act 2006 the Company has elected not to present a profit and loss account.

The loss for the year was $17.6 million (2013 income: $842,000).

The Directors do not propose to recommend any distribution by way of a dividend for the year ended 31 December 2014 (2013: $nil).

Changes in accounting policies
There have been no changes in accounting policies adopted during the year.

Investments
Fixed asset investments in subsidiaries are included in the accounts at cost less provision for impairment.

Tangible assets
Depreciation is charged on fixed assets so as to write off the cost, less estimated residual value, on a straight-line basis over their useful lives of between three and five years.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax, including UK Corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Share-based payments
The Company has applied the requirements of FRS20 'Share-based payments', reflecting the economic cost of awarding shares and share options to employees and Directors by recording an expense in the profit and loss equal to the fair value of the benefit awarded. The expense is recognised in the profit and loss over the vesting period of the award.

Fair value is measured by use of a binomial model which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where share-based payments are awarded in lieu of services, the fair value of the share-based payment is considered to be the value of services.

Long-term service benefits
The Company also operates a cash settled share-based payment scheme ("the long-term incentive bonus award"). An option pricing model is used to measure the Company liability at each reporting date, taking into account the terms and conditions on which the bonus is awarded and the extent to which employees have rendered service. Movements in the liability (other than cash payments) are recognised in the profit and loss account.

Post-retirement benefits
The Company contributes to a defined contribution scheme at the discretion of the Board of Directors. Contributions are charged to the profit and loss account as they become payable.

Foreign currencies
The functional currency of the Company is the US Dollar. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Exchange gains or losses on translation are included in the profit and loss account. See note 26 in the Group financial statements for further discussion on foreign currency exchange risk.

Borrowings
Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Leases
Operating leases and the corresponding rental charges are charged to the profit and loss on a straight-line basis over the life of the lease. Assets under finance leases are included under tangible fixed assets at their capital value and depreciated over their useful lives. Capital value is defined as the amount equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments consist of capital and finance charge elements; the finance charge element is charged to the profit and loss account.

2. Staff costs and audit fee
The disclosures relating to the Director's remuneration for the current and prior year, as well as share holdings and share options interests are included in note 7 in the Group Financial Statements.

3. Tangible assets

	Office Equipment & Other $'000
Cost:	
At 1 January 2014	395
Additions	-
At 31 December 2014	**395**
Depreciation:	
At 1 January 2014	(394)
Charge	(1)
At 31 December 2014	(395)
Net book value at 31 December 2014	-
Net book value at 31 December 2013	1

4. Investments in subsidiaries

	At 1 January 2014 $000	Increase (decrease) $000	Provision for diminution in value $000	Total $000I
Lagosur Petroleum Colombia, Inc.	-	9,489	-	9,489
Cinco Ranch Petroleum Colombia, Inc.	-	4,761	(4,761)	-
Colombia Energy Development Co (disposal of company)	1,894	(1,894)	-	-
Global Energy Management Resources, Inc.	12,678	4,171	-	16,849
Total	14,572	16,527	(4,761)	26,338

Included within investments in subsidiaries are inter-Group loans which funded the subsidiaries' operations. The increase to investments in subsidiaries during 2014 is related to the share capital investments in the Colombian subsidiaries. In 2014, the Company fully impaired its *investment in the Colombian subsidiary holding the Bocachico Contract. See note 13 in the Group financial statements.*

The principal subsidiary undertakings in which the Company's interest at the year-end is equal to or more than 50 per cent are as follows (these undertakings are included on consolidation):

Held directly	Country of incorporation	Class of share capital held	Proportion held by the Company
Lagosur Petroleum Colombia, Inc.	Panama	Ordinary	100%
Cinco Ranch Petroleum Colombia, Inc.	Panama	Ordinary	100%
Harken del Peru Limitada	Cayman Islands	Ordinary	100%
Global Energy Management Resources – Colombia, Inc.	Panama	Ordinary	100%
Global Energy Management Resources Inc.	United States	Ordinary	100%

The following branches are included in the subsidiaries listed above:

Lagosur Petroleum Colombia, Inc. Sucursal Colombia	Colombian Branch	Indirect holding	100%
Cinco Ranch Petroleum Colombia, Inc. Sucursal Colombia	Colombian Branch	Indirect holding	100%
Harken del Peru Limitada	Peruvian Branch	Indirect holding	100%
Global Energy Management Resources – Colombia Inc. Sucursal Colombia	Colombian Branch	Indirect holding	100%

All of the above companies and branches are engaged in oil development and production.

5. Debtors

	2014 $'000	2013 $'000
Other debtors	**21**	41
Prepayments	-	17
	21	58

All amounts fall due for payment within one year.

6. Cash in bank and in hand

	2014 $'000	2013 $'000
Cash at bank and at hand	**40,821**	3,255

All cash balances constitute demand deposits or short-term investments available at call and held in US Dollars and Colombian Pesos.

7. Creditors: amounts falling due within one year

	2014 $'000	2013 $'000
Amounts owed to subsidiaries	**22,026**	15,383
Accrued liabilities	**3,400**	198
	25,426	15,581

8. Creditors: amounts falling due in more than one year
See note 20 in the Group Financial Statements.

9. Long-term service benefits provision

	2014 $'000	2013 $'000
Balance bought forward	**466**	**1,148**
Change for year	**(463)**	(682)
Balance carried forward	**3**	466

The Company granted to specific management employees a Long-Term Incentive Bonus Award (see note 28 in the Group Financial Statements).

10. Share capital

See note 27 in the Group Financial Statements.

11. Share-based payments

See note 28 in the Group Financial Statements.

12. Movement in capital and reserves

	Share premium account $'000	Profit and loss account $'000
At 1 January 2014	27,139	(37,739)
Loss for the year	-	(13,703)
Disposal of CEDCO	-	65,395
Share-based payment – options	-	51
At 31 December 2014	**27,139**	**14,004**

13. Reconciliation of movements in shareholders' deficit

	2014 $'000	2013 $'000
Profit (loss) for financial year	**(13,703)**	842
Disposal of CEDCO	**65,395**	–
Share option movements	**51**	44
Opening shareholder's funds	**(9,992)**	(10,878)
Closing shareholders' (deficit)/funds	**41,751**	(9,992)

14. Related party disclosures

HKN and its parties in concert are major shareholders of the Group. The Group held an Amortising Note Payable with HKN which was fully repaid in 2014 and is no longer outstanding as at 31 December 2014 (2013: $12 million). Please see note 20 in the Group Financial Statements for information on the Amortising Note Payable. The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with members of the group headed by Global Energy Development PLC on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in publically available financial statements

	Services provided 2014 $'000	Amounts owed to related parties as at 31 December 2014 $'000	Services provided 2013 $'000	Amounts owed to related parties as at 31 December 2013 $'000
HKN, Inc.	–	–	–	**12,000**

Forward-looking statements

This annual report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this annual report and include, but are not limited to, statements regarding the Group's intentions, beliefs, or current expectations concerning, among other things, the Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Group operates may differ materially from those described in, or suggested by, any forward-looking statements contained in this annual report. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained within this annual report, those developments may not be indicative of the developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in law or regulation, currency fluctuations (including the US Dollar), the Group's ability to recover its reserves or develop new reserves, changes in its business strategy, political and economic uncertainty. Save as required by law, the Group is under no obligation to update the information contained in this annual report.

Past performance cannot be relied on as a guide to future performance.

Corporate Directory

Directors
Mikel Faulkner (Chairman)
Stephen Voss (Managing Director)
Alan Henderson (Non-executive Director)
David Quint (Non-executive Director)
Zac Phillips (Non-executive Director)

Executive Management
Anna Williams (Finance Director)
Rodger Ehrlish (Company Secretary)

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Cinco Ranch Petroleum Colombia, Inc. Sucursal Colombia
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