INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three and nine months ended September 30, 2015 and 2014

Interim Condensed Consolidated Statement of Income

(In thousands of U.S. Dollars, except per share information; unaudited)	Notes	Three months ended September 30 2015	Three months ended September 30 2014	Nine months ended September 30 2015	Nine months ended September 30 2014
Sales					
Oil and gas sales		$ 659,782	$ 1,205,225	$ 2,039,461	$ 3,657,429
Trading sales		10,213	125,170	133,115	301,085
Total sales	5	669,995	1,330,395	2,172,576	3,958,514
Cost of operations					
Oil & gas operating cost	6	297,131	452,114	956,538	1,318,647
Purchase of oil for trading		9,660	125,034	126,423	299,407
(Underlift) overlift		(13,166)	(793)	121	(62,318)
Fees paid on suspended pipeline capacity	7	51,722	21,921	81,999	75,625
Gross earnings		324,648	732,119	1,007,495	2,327,153
Depletion, depreciation and amortization		344,577	407,280	1,148,735	1,165,625
General and administrative		53,079	97,040	159,088	262,344
Impairment and exploration expenses	19	568,013	-	1,016,980	-
Share-based compensation	24c	(8,880)	27,180	4,681	30,271
(Loss) earnings from operations		(632,141)	200,619	(1,321,989)	868,913
Finance costs	20	(71,954)	(61,412)	(228,929)	(187,562)
Share of (loss) gain of equity-accounted investees	17	(17,692)	284	13,662	15,687
Equity tax	8	-	-	(39,149)	-
Foreign exchange loss		(71,887)	(22,841)	(113,081)	(10,972)
Gain on risk management		136,558	8,005	67,921	9,330
Other (expenses) income		(6,094)	57,983	(53,078)	22,833
Net (loss) earnings before income tax		(663,210)	182,638	(1,674,643)	718,229
Current income tax	9	(12,124)	(7,898)	(42,317)	(268,133)
Deferred income tax	9	46,317	(171,580)	150,162	(100,200)
Total income tax recovery (expense)		34,193	(179,478)	107,845	(368,333)
Net (loss) earnings for the period		$ (629,017)	$ 3,160	$ (1,566,798)	$ 349,896
Attributable to:					
Equity holders of the parent		(617,318)	3,484	(1,565,951)	351,251
Non-controlling interests		(11,699)	(324)	(847)	(1,355)
		$ (629,017)	$ 3,160	$ (1,566,798)	$ 349,896
Basic (loss) earnings per share attributable to equity holders of the parent	10	(1.97)	0.01	(5.00)	1.11
Diluted (loss) earnings per share attributable to equity holders of the parent	10	(1.97)	0.01	(5.00)	1.11

See accompanying notes to the Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Comprehensive Income

		Three months ended September 30		Nine months ended September 30	
(In thousands of U.S. Dollars; unaudited)	Notes	2015	2014	2015	2014
Net (loss) earnings for the period		$ (629,017)	$ 3,160	$ (1,566,798)	$ 349,896
Other comprehensive (loss) income not to be reclassified to net earnings in subsequent periods (nil tax effect)					
Fair value adjustments		(214)	-	(2,435)	301
Other comprehensive income (loss) to be reclassified to net earnings in subsequent periods (nil tax effect)					
Foreign currency translation		(71,386)	(41,817)	(136,641)	(32,695)
Unrealized gain (loss) on cash flow hedges	26d	98,592	(3,849)	68,761	(2,434)
Unrealized gain (loss) on the time value of cash flow hedges		14,693	7,144	7,759	5,186
Realized loss (gain) on cash flow hedges transferred to earnings	26d	(16,310)	(344)	(15,940)	331
		25,375	(38,866)	(78,496)	(29,311)
Total comprehensive (loss) income for the period		$ (603,642)	$ (35,706)	$ (1,645,294)	$ 320,585
Attributable to:					
Equity holders of the parent		$ (591,943)	$ (35,382)	$ (1,644,447)	$ 321,940
Non-controlling interests		(11,699)	(324)	(847)	(1,355)
		$ (603,642)	$ (35,706)	$ (1,645,294)	$ 320,585

See accompanying notes to the Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Financial Position

(In thousands of U.S. Dollars; unaudited)	Notes	As at September 30 2015	As at December 31 2014
ASSETS			
Current			
Cash and cash equivalents		$ 488,885	$ 333,754
Restricted cash		10,029	331
Accounts receivables	26b	661,576	817,359
Inventories	12	36,959	45,340
Income tax receivable		190,120	198,794
Prepaid expenses		7,196	5,206
Risk management assets	26d	145,383	59,606
		1,540,148	1,460,390
Non-current			
Oil and gas properties	13	3,955,042	5,133,478
Exploration and evaluation assets	14	1,967,663	2,243,481
Plant and equipment	15	129,635	153,527
Intangible assets	16	39,902	62,132
Investments in associates	17	438,677	567,040
Other assets	18	194,890	289,538
Goodwill	19	-	237,009
Risk management assets	26d	10,168	-
Restricted cash		14,647	15,313
		$ 8,290,772	$ 10,161,908
LIABILITIES			
Current			
Accounts payable and accrued liabilities	26c	$ 1,219,809	$ 1,918,969
Deferred revenue	11	149,795	-
Risk management liability	26d	35,678	68,065
Income tax payable		1,232	34,143
Current portion of long-term debt	20	-	321,655
Current portion of obligations under finance lease	21	15,891	17,202
		1,422,405	2,360,034
Non-current			
Long-term debt	20	5,301,967	4,332,194
Obligations under finance lease	21	24,361	33,601
Deferred tax liability	9	372,838	523,634
Risk management liability	26d	1,695	-
Asset retirement obligation	22	179,548	257,797
		$ 7,302,814	$ 7,507,260
EQUITY			
Common shares	24a	$ 2,614,743	$ 2,610,485
Contributed surplus		124,150	129,029
Other reserves		(225,479)	(146,983)
Retained deficit		(1,690,845)	(124,894)
Equity attributable to equity holders of the parent		822,569	2,467,637
Non-controlling interests		165,389	187,011
Total equity		$ 987,958	$ 2,654,648
		$ 8,290,772	$ 10,161,908

See accompanying notes to the Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2015

(In thousands of U.S. Dollars; unaudited)	Note	Common Shares	Contributed Surplus	Retained Deficit	Cash flow hedge	Time Value Reserves	Foreign currency translation	Fair value Investment	Total	Non-controlling interests	Total Equity
		Attributable to equity holders of parent									
As at December 31, 2014		$ 2,610,485	$ 129,029	$ (124,894)	$ 5,100	$ (7,806)	$ (141,320)	$ (2,957)	$ 2,467,637	$ 187,011	$ 2,654,648
Net loss for the period		-	-	(722,256)	-	-	-	-	(722,256)	(2,220)	(724,476)
Other comprehensive income		-	-	-	(26,871)	17,750	(33,096)	(2,466)	(44,683)	-	(44,683)
Total comprehensive income		-	-	(722,256)	(26,871)	17,750	(33,096)	(2,466)	(766,939)	(2,220)	(769,159)
Exercise of options		-	(2,679)	-	-	-	-	-	(2,679)	2,679	-
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	(13,164)	(13,164)
Transaction with non-controlling interest		-	(2,143)	-	-	-	-	-	(2,143)	-	(2,143)
As at March 31, 2015		$ 2,610,485	$ 124,207	$ (847,150)	$ (21,771)	$ 9,944	$ (174,416)	$ (5,423)	$ 1,695,876	$ 174,306	$ 1,870,182
Net loss for the period		-	-	(226,377)	-	-	-	-	(226,377)	13,072	(213,305)
Other comprehensive income		-	-	-	(2,590)	(24,684)	(32,159)	245	(59,188)	-	(59,188)
Total comprehensive income		-	-	(226,377)	(2,590)	(24,684)	(32,159)	245	(285,565)	13,072	(272,493)
Exercise of options		-	-	-	-	-	-	-	-	63	63
Transaction with non-controlling interest		-	(84)	-	-	-	-	-	(84)	-	(84)
As at June 30, 2015		$ 2,610,485	$ 124,123	$ (1,073,527)	$ (24,361)	$ (14,740)	$ (206,575)	$ (5,178)	$ 1,410,227	$ 187,441	$ 1,597,668
Net loss for the period		-	-	(617,318)	-	-	-	-	(617,318)	(11,699)	(629,017)
Other comprehensive income		-	-	-	82,282	14,693	(71,386)	(214)	25,375	-	25,375
Total comprehensive income		-	-	(617,318)	82,282	14,693	(71,386)	(214)	(591,943)	(11,699)	(603,642)
Treasury shares issued as part of severance package	24a	4,258	-	-	-	-	-	-	4,258	-	4,258
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	(10,305)	(10,305)
Transaction with non-controlling interest		-	27	-	-	-	-	-	27	(48)	(21)
As at September 30, 2015		$ 2,614,743	$ 124,150	$ (1,690,845)	$ 57,921	$ (47)	$ (277,961)	$ (5,392)	$ 822,569	$ 165,389	$ 987,958

For the nine months ended September 30, 2014

(In thousands of U.S. Dollars; unaudited)	Common Shares	Contributed Surplus	Retained Earnings	Cash flow hedge	Time Value Reserves	Foreign currency translation	Fair value Investment	Total	Non-controlling interests	Total Equity
	Attributable to equity holders of parent									
As at December 31, 2013	$ 2,667,820	$ 157,810	$ 1,392,284	$ 1,093	$ (3,092)	$ (17,083)	$ (3,258)	$ 4,195,574	$ 31,359	$ 4,226,933
Net earnings for the period	-	-	119,240	-	-	-	-	119,240	-	119,240
Other comprehensive income	-	-	-	(2,417)	(1,000)	(16,089)	795	(18,711)	(730)	(19,441)
Total comprehensive income	-	-	119,240	(2,417)	(1,000)	(16,089)	795	100,529	(730)	99,799
Share-based compensation	-	-	-	-	-	-	-	-	4	4
Dividends paid	-	-	(51,933)	-	-	-	-	(51,933)	-	(51,933)
Repurchase of shares	(75,281)	(58,895)	-	-	-	-	-	(134,176)	-	(134,176)
As at March 31, 2014	$ 2,592,539	$ 98,915	$ 1,459,591	$ (1,324)	$ (4,092)	$ (33,172)	$ (2,463)	$ 4,109,994	$ 30,633	$ 4,140,627
Net earnings for the period	-	-	228,527	-	-	-	-	228,527	-	228,527
Other comprehensive income	-	-	-	4,507	(958)	25,211	(494)	28,266	(301)	27,965
Total comprehensive income	-	-	228,527	4,507	(958)	25,211	(494)	256,793	(301)	256,492
Share-based compensation	-	-	-	-	-	-	-	-	3	3
Dividends paid	-	-	(51,858)	-	-	-	-	(51,858)	-	(51,858)
Exercise of options	16,763	(5,684)	-	-	-	-	-	11,079	-	11,079
As at June 30, 2014	$ 2,609,302	$ 93,231	$ 1,636,260	$ 3,183	$ (5,050)	$ (7,961)	$ (2,957)	$ 4,326,008	$ 30,335	$ 4,356,343
Net earnings for the period	-	-	3,484	-	-	-	-	3,484	-	3,484
Other comprehensive income	-	-	-	(4,193)	7,144	(41,817)	-	(38,866)	(324)	(39,190)
Total comprehensive income	-	-	3,484	(4,193)	7,144	(41,817)	-	(35,382)	(324)	(35,706)
Share-based compensation	-	-	-	-	-	-	-	-	3	3
Share-based issuance by subsidiary	-	-	-	-	-	-	-	-	7,001	7,001
Dividends paid	-	-	(52,075)	-	-	-	-	(52,075)	-	(52,075)
Exercise of options	24,103	(8,298)	-	-	-	-	-	15,805	-	15,805
As at September 30, 2014	$ 2,633,405	$ 84,933	$ 1,587,669	$ (1,010)	$ 2,094	$ (49,778)	$ (2,957)	$ 4,254,356	$ 37,015	$ 4,291,371

See accompanying notes to the Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Cash Flows

(In thousands of U.S. Dollars; unaudited)	Notes	Three months ended September 30 2015	Three months ended September 30 2014	Nine months ended September 30 2015	Nine months ended September 30 2014
OPERATING ACTIVITIES					
Net (loss) earnings for the period		$ (629,017)	$ 3,160	$ (1,566,798)	$ 349,896
Items not affecting cash:					
Depletion, depreciation and amortization		344,577	407,280	1,148,735	1,165,625
Impairment	19	544,700	-	993,667	-
Accretion expense		7,542	5,000	29,969	19,983
Unrealized (gain) loss on risk management contracts		(136,558)	(8,392)	(81,512)	756
Share-based compensation		(4,622)	27,504	8,939	28,872
Loss (gain) on cash flow hedges included in operating expense		20,103	(344)	46,353	331
Deferred income tax (recovery) expense	9	(46,317)	171,580	(150,162)	100,200
Unrealized foreign exchange loss (gain)		66,740	30,507	30,466	(8,707)
Share of loss (gain) of equity-accounted investees	17	17,692	(284)	(13,662)	(15,687)
Gain on change of control		-	(61,891)	-	(61,891)
Dividends from associates	17	31,004	38,076	56,670	38,076
Equity tax	8	(18,641)	-	-	-
Other		-	(5,982)	19,967	(5,982)
Deferred revenue net proceeds	11	(50,000)	-	149,155	-
Changes in non-cash working capital	27	(205,064)	(7,147)	(533,391)	(123,922)
Net cash (used) provided by operating activities		$ (57,861)	$ 599,067	$ 138,396	$ 1,487,550
INVESTING ACTIVITIES					
Additions to oil and gas properties and plant and equipment		(113,389)	(462,681)	(422,123)	(1,131,911)
Additions to exploration and evaluation assets		(23,324)	(196,537)	(129,832)	(516,100)
Investment in associates and other assets		(5,855)	(27,238)	(5,855)	(54,865)
Net cash outflow on business acquisitions		-	(68,000)	-	(68,000)
Proceeds from sale of assets held for sale		-	-	-	274,634
(Increase) decrease in restricted cash and others		(11,237)	10,270	(11,302)	(3,739)
Finance loan repayment from Bicentenario		12,909	-	30,125	-
Net cash used in investing activities		$ (140,896)	$ (744,186)	$ (538,987)	$ (1,499,981)
FINANCING ACTIVITIES					
Advances from debt and Senior Notes		-	1,220,000	-	1,880,750
Payment of debt and leases		(5,275)	(941,683)	(517,300)	(1,747,130)
Transaction costs		-	(12,727)	(5,475)	(12,727)
Proceeds from the exercise of warrants and options		-	15,805	-	26,884
Dividends paid		-	(52,075)	-	(155,866)
Repurchase of common shares		-	-	-	(134,176)
Drawdown of revolving credit facility		-	-	1,000,000	-
Advances from short-term debt		-	-	125,000	-
Dividends paid to non-controlling interest		(10,305)	-	(23,469)	-
Proceeds on option exercise		(21)	-	15	-
Net cash (used) provided by financing activities		$ (15,601)	$ 229,320	$ 578,771	$ (142,265)
Effect of exchange rate changes on cash and cash equivalents		(21,301)	(2,293)	(23,049)	514
Change in cash and cash equivalents during the period		(235,659)	81,908	155,131	(154,182)
Cash and cash equivalents, beginning of the period		724,544	396,413	333,754	632,503
Cash and cash equivalents, end of the period		$ 488,885	$ 478,321	$ 488,885	$ 478,321
Cash		$ 314,961	$ 412,781	$ 314,961	$ 412,781
Short-term money market instruments		173,924	65,540	173,924	65,540
		$ 488,885	$ 478,321	$ 488,885	$ 478,321

See accompanying notes to the Interim Condensed Consolidated Financial Statements

1. Corporate Information

Pacific Exploration & Production Corp. (formerly Pacific Rubiales Energy Corp. and the "Company") is an oil and gas company incorporated in Canada and engaged in the exploration, development and production of crude oil and natural gas in Colombia, Peru, Brazil, Guatemala, Papua New Guinea, Guyana and Belize. The Company's common shares are listed and publicly traded on the Toronto Stock Exchange and Bolsa de Valores de Colombia (the Colombian Stock Exchange). The Company's registered office is located at Suite 650 – 1188 West Georgia Street, Vancouver, British Columbia, V6E 4A2, Canada, and it also has corporate offices in Toronto, Canada and Bogota, Colombia.

These Interim Condensed Consolidated Financial Statements of the Company were authorized for issuance by the Audit Committee of the Board of Directors on November 3, 2015.

2. Basis of Preparation and Significant Accounting Policies

The Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2014.

Critical Judgments in Applying Accounting Policies

Dilution Agreement

A non-related entity has agreed to provide dilution services to the Company for a fixed fee for the crude oil transported through Colombian pipelines. The Company is required to apply significant judgment regarding how it accounts for this transaction and in particular the point of revenue recognition. In determining the revenue recognition point, the Company has analyzed whether the legal rights of the product are transferred.

Financing for ODL Finance and Bicentenario

As part of the Company's investment in ODL Finance S.A. ("**ODL Finance**"), the company that constructed the ODL pipeline, and Oleoducto Bicentenario de Colombia ("**Bicentenario**"), the Company has signed certain "take or pay" contracts with ODL Finance and Bicentenario to finance their respective debt obligations. The payments related to these agreements were reflected as an increase in the investments in ODL Finance and Bicentenario according to the Company's participating interest instead of being recorded as operating expenses. The Company was required to apply judgment in determining that these payments to ODL Finance and Bicentenario were made as investments on the basis that they were directly related to meeting ODL Finance and Bicentenario's debt obligations and were not for financing the costs of operating the pipeline. Following the acquisition of 36% of Pacific Midstream Ltd. ("**PM**") by the International Finance Corporation and its associated entities (collectively the "**IFC**"), these payments are no longer being capitalized; instead, they are being recorded as operating expenses, due to the fact that the IFC is not required to make further investments in Bicentenario or ODL Finance.

New Standards, Interpretations and Amendments Adopted by the Company

The accounting policies used in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Company's Annual Consolidated Financial Statements for the year ended December 31, 2014, except for the adoption of new standards and interpretations effective as of January 1, 2015, as described below:

IFRS 3 ***Business Combinations***

This amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This policy became effective for annual periods starting on or after July 1, 2014.

The adoption of this amendment to IFRS 3 did not have any material impact on the Company's Interim Condensed Consolidated Financial Statements.

IFRS 8 ***Operating Segments***

This amendment is applied retrospectively and clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar."

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

This policy became effective for annual periods starting on or after July 1, 2014.

The adoption of IFRS 8 did not have any material impact on the Company's Interim Condensed Consolidated Financial Statements.

IAS 16 ***Property, Plant and Equipment*** **and IAS 38** ***Intangible Assets***

These amendment are applied retrospectively and clarify in IAS 16 and IAS 38 that an asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. These policies became effective for annual periods starting or on after July 1, 2014.

The adoption of IAS 16 and IAS 38 did not have any material impact on the Company's Interim Condensed Consolidated Financial Statements.

IAS 24 ***Related-Party Disclosures***

This amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related-party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Standards Issued but Not Yet Effective

IFRS 9 ***Impairment of financial instruments under IFRS 9***

The impairment requirements in the new standard, IFRS 9 Financial Instruments, are based on an expected credit loss model and replace the IAS 39 Financial Instruments: Recognition and Measurement incurred loss model. The expected credit loss model applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income, such as loans, debt securities and trade receivables, lease receivables and most loan commitments and financial guarantee contracts. Entities are required to recognise an allowance for either 12-month or lifetime expected credit losses ("**ECL**"s), depending on whether there has been a significant increase in credit risk since initial recognition. The ECL impairment requirements must be adopted with the other IFRS 9 requirements from 1 January 2018, with early application permitted.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

IFRS 15 ***Revenue and Contracts with Customers***

This amendment is applied retrospectively and clarifies the policy will become effective for annual periods starting or on after January 1, 2018. Earlier application is permitted.

3. Business Acquisitions

Acquisitions in 2014

Cubiro and Arrendajo

Cubiro and Arrendajo were commercially producing blocks in which the Company shared an interest with LAEFM Colombia Ltda. ("**LAEFM**"). On August 12 and September 15, 2014, the Company completed the acquisition of the remaining interests in Cubiro and Arrendajo, respectively, from LAEFM. The consideration for the two transactions consisted of $250 million in cash and contingent consideration of $21.93 per barrel of proven and probable oil reserves upon the certification of certain areas on the Cubiro Block as at December 31, 2014. Based on the reserve certification, the contingent consideration was determined to be $27 million.

Since the date of acquisition, Cubiro and Arrendajo have contributed total revenue, operating costs and net income of $154 million, $72 million and $2 million respectively to the continuing operations of the Company.

If the acquisition of Cubiro and Arrendajo had been completed on January 1, 2014, oil and gas sales, operating costs and net earnings would have been $4,003 million, $1,340 million and $365 million respectively.

4. Material Partly-Owned Subsidiary

Pacific Midstream Ltd. ("PM")

PM is the holding company for a number of the Company's pipeline and power transmission assets, including a 35% interest in the ODL pipeline, a 41.5% interest in the Bicentenario pipeline, and a 100% interest in Petroelectrica, a power transmission entity. On December 17, 2014, the Company entered into an agreement to divest 43% of its ownership interest in PM to the IFC for $240 million in cash. The payment was received in 2014. The Company fully consolidated PM and has recognized a non-controlling interest in the equity statement of its Interim Condensed Consolidated Statement of Financial Position as a result of the minority interest held by the IFC.

The financial information of PM is provided below:

	As at September 30		As at December 31	
	2015		2014	
Current assets	$	44,150	$	11,822
Non-current assets		456,867		600,595
Total assets	$	501,017	$	612,417
Current liabilities	$	36,791	$	53,305
Non-current liabilities		105,359		103,023
Total liabilities		142,150		156,328
Equity		358,867		456,089
Total liabilities and equity	$	501,017	$	612,417

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

	Three months ended September 30	Nine months ended September 30
	2015	2015
Revenue	$ 7,350	$ 21,511
Other (expense) income, net	(2,859)	25,707
Net income	$ 4,491	$ 47,218

As of September 30, 2015, the carrying value of the non-controlling interest for PM is $165 million (December 2014: $173.4 million).

5. Segmented Information

The Company is organized into business units based on activity category and has one reportable segment as at September 30, 2015: the exploration, development, and production of heavy crude oil and gas in Colombia. The Company's assets in other countries are still in the early stages of development or are not significant; therefore, they are not considered a reportable segment as at September 30, 2015. The Company manages its operations to reflect differences in the regulatory environments and risk factors of each country.

As at September 30, 2015	Canada	Colombia	Peru	Brazil	Papua New Guinea	Guyana	Guatemala	Belize	Others	Total
Cash and cash equivalent	$ 168,223	$ 288,635	$ 22,003	$ 237	$ -	$ 1,181	$ 504	$ 1,109	$ 6,993	$ 488,885
Non-current assets	27,489	5,350,066	835,610	380,844	49,461	35,677	40,162	6,363	24,952	6,750,624
	$ 195,712	$ 5,638,701	$ 857,613	$ 381,081	$ 49,461	$ 36,858	$ 40,666	$ 7,472	$ 31,945	$ 7,239,509

As at December 31, 2014	Canada	Colombia	Peru	Brazil	Papua New Guinea	Guyana	Guatemala	Belize	Others	Total
Cash and cash equivalents	$ 118,009	$ 166,483	$ 26,028	$ 1,101	$ -	$ 6,518	$ 1,469	$ -	$ 14,146	$ 333,754
Non-current assets	42,465	7,277,314	762,104	369,515	142,826	34,940	45,598	15,469	11,287	8,701,518
	$ 160,474	$ 7,443,797	$ 788,132	$ 370,616	$ 142,826	$ 41,458	$ 47,067	$ 15,469	$ 25,433	$ 9,035,272

The selected Interim Consolidated Statement of Income components by reporting segment are as follows:

Three months ended:

September 30, 2015	Colombia	Corporate	Other Non-Reportable Segments	Total
Oil and gas sales	$ 649,597	$ -	$ 10,185	$ 659,782
Trading sales	10,213	-	-	10,213
Oil & gas operating cost	287,153	-	9,978	297,131
Purchase of oil for trading	9,660	-	-	9,660
Underlift	(13,166)	-	-	(13,166)
Fees paid on suspended pipeline capacity	51,722	-	-	51,722
General and administrative	30,615	14,274	8,190	53,079
Depletion, depreciation, amortization	338,973	-	5,604	344,577
Impairment and exploration expenses	422,000	-	146,013	568,013
Finance costs	(1,285)	73,304	(65)	71,954
Share of loss of equity-accounted investees	17,306	386	-	17,692
Income tax	(32,296)	-	(1,897)	(34,193)
Net loss	$ (383,313)	$ (82,025)	$ (163,679)	$ (629,017)

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

September 30, 2014	Colombia	Corporate	Other Non-Reportable Segments	Total
Oil and gas sales	$ 1,184,771	$ -	$ 20,454	$ 1,205,225
Trading sales	125,170	-	-	125,170
Oil & gas operating cost	442,065	-	10,049	452,114
Purchase of oil for trading	125,034	-	-	125,034
Underlift	(793)	-	-	(793)
Fees paid on suspended pipeline capacity	21,921	-	-	21,921
General and administrative	79,564	10,864	6,612	97,040
Depletion, depreciation, amortization	403,439	-	3,841	407,280
Finance costs	714	60,512	186	61,412
Share of loss (gain) of equity-accounted investees	1,206	(1,490)	-	(284)
Income tax	177,997	-	1,481	179,478
Net earnings (loss)	$ 90,087	$ (80,473)	$ (6,454)	$ 3,160

Nine months ended:

September 30, 2015	Colombia	Corporate	Other Non-Reportable Segments	Total
Oil and gas sales	$ 2,011,452	$ -	$ 28,009	$ 2,039,461
Trading sales	133,115	-	-	133,115
Oil & gas operating cost	935,018	-	21,520	956,538
Purchase of oil for trading	126,423	-	-	126,423
Overlift	121	-	-	121
Fees paid on suspended pipeline capacity	81,999	-	-	81,999
General and administrative	102,357	30,571	26,160	159,088
Depletion, depreciation, amortization	1,134,746	-	13,989	1,148,735
Impairment and exploration expenses	771,009	-	245,971	1,016,980
Finance costs	2,172	220,807	5,950	228,929
Share of (gain) loss of equity-accounted investees	(14,152)	490	-	(13,662)
Income tax	(104,934)	-	(2,911)	(107,845)
Net loss	$ (995,163)	$ (276,632)	$ (295,003)	$ (1,566,798)

September 30, 2014	Colombia	Corporate	Other Non-Reportable Segments	Total
Oil and gas sales	$ 3,591,196	$ -	$ 66,233	$ 3,657,429
Trading sales	301,085	-	-	301,085
Oil & gas operating cost	1,289,850	-	28,797	1,318,647
Purchase of oil for trading	299,407	-	-	299,407
Underlift	(62,318)	-	-	(62,318)
Fees paid on suspended pipeline capacity	75,625	-	-	75,625
General and administrative	211,280	30,262	20,802	262,344
Depletion, depreciation, amortization	1,153,188	-	12,437	1,165,625
Finance costs	7,594	179,426	542	187,562
Share of gain of equity-accounted investees	(14,630)	(1,057)	-	(15,687)
Income tax	359,811	-	8,522	368,333
Net earnings (loss)	$ 627,383	$ (267,164)	$ (10,323)	$ 349,896

The Company's revenue based on geographic location of customers is as follows:

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
United States	$ 504,414	$ 98,608	$ 1,613,561	$ 745,648
China	123,442	746,338	342,270	2,212,551
Colombia	31,954	35,764	96,192	111,611
Peru	10,185	20,453	28,009	66,232
Spain	-	126,736	-	519,976
South Korea	-	177,105	-	177,105
Singapore	-	125,391	-	125,391
Malaysia	-	-	52,559	-
Ivory Coast	-	-	36,095	-
Other countries	-	-	3,890	-
Total sales	$ 669,995	$ 1,330,395	$ 2,172,576	$ 3,958,514

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

6. Oil & Gas Operating Costs

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Oil and gas production costs	$ 82,436	$ 211,877	$ 312,265	$ 619,722
Transportation costs	157,598	180,145	502,196	542,179
Dilution costs	32,087	29,370	79,796	90,582
Other costs	25,010	30,722	62,281	66,164
Total cost	$ 297,131	$ 452,114	$ 956,538	$ 1,318,647

7. Fees Paid on Suspended Pipeline

The Bicentenario pipeline (Note 17) has experienced periodic suspensions following security-related disruptions. For the three and nine months ended September 30, 2015, the net fees paid relating to the periods of disrupted pipeline capacity were $51.7 million and $82 million respectively (2014: $21.9 million and $75.6 million).

8. Equity Tax

Effective January 1, 2015, the Colombian Congress introduced a new wealth tax that is calculated on a taxable base (net equity) in excess of COP$1 billion ($0.4 million) as at January 1 of the applicable taxation year. The applicable rates for January 1, 2015, 2016, and 2017 are 1.15%, 1.00% and 0.40%, respectively. Based on the Company's taxable base, the Company has accrued a liability for the 2015 fiscal year. Pursuant to IAS 37 and IFRIC 21, in the current year the Company has not made an accrual for future years. The 2015 wealth tax has been estimated at $39.1 million, and recorded as an expense in the statement of income. In May 2015, the Company made the first payment of $20.5 million and in September 2015 made the second payment of the remaining $18.6 million.

9. Income Tax

Reconciliation between income tax expense and the product of accounting profit multiplied by the Company's domestic tax rate is provided below:

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Net (loss) earnings before income tax	$ (663,210)	$ 182,638	$ (1,674,643)	$ 718,229
Colombian statutory income tax rate	39%	34%	39%	34%
Income tax (recovery) expense at statutory rate	$ (258,652)	$ 62,097	$ (653,111)	$ 244,198
Increase (decrease) in income tax provision resulting from:				
Other non-deductible (taxable) expenses	$ (34,665)	$ (23,003)	$ (65,768)	$ (16,855)
Foreign exchange impact on deferred income tax	223,446	103,124	360,180	87,411
Share-based compensation	(2,577)	10,086	822	11,134
Risk management gain	-	(5,199)	-	(5,389)
Differences in tax rates in foreign jurisdictions	71,951	(20,773)	(53,406)	(22,714)
Other and losses for which no tax benefit is recorded	(33,696)	53,146	303,438	70,548
Income tax (recovery) expense	$ (34,193)	$ 179,478	$ (107,845)	$ 368,333
Current income tax expense	$ 12,124	$ 7,898	$ 42,317	$ 268,133
Deferred income tax (recovery) expense:				
Relating to origination and reversal of temporary differences	(46,317)	171,580	(150,162)	100,200
Income tax (recovery) expense	$ (34,193)	$ 179,478	$ (107,845)	$ 368,333

The Company's deferred tax relates to the following:

	As at September 30 2015	As at December 31 2014
Tax loss carry-forwards	$ 109,638	$ 35,199
Oil and gas properties and equipment	(389,123)	(483,160)
Other	(93,353)	(75,673)
Deferred tax liability	$ (372,838)	$ (523,634)

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

	As at September 30 2015	As at December 31 2014
Beginning of period	$ (523,634)	$ (490,390)
Recognized in deferred income tax (recovery) expense		
Tax loss carry-forwards	74,439	18,721
Oil and gas properties and equipment	94,037	181,521
Others	(17,680)	(170,893)
Acquisitions	-	(62,593)
End of period	$ (372,838)	$ (523,634)

The Colombian statutory tax rate as at September 30, 2015 was 39% (2014: 34%), which includes the general income tax rate of 25% (2014: 25%), and the fairness tax ("**CREE**") rate of 14% (2014: 9%).

The Canadian statutory combined income tax rate was 26.5% as at September 30, 2015 and for 2014. The Peruvian statutory income tax rate was 28% as at September 30, 2015 (2014: 30%). The Peruvian income tax rate for Block Z-1 was 22% as at September 30, 2015 and for 2014.

As at September 30, 2015, non-capital losses totalled $748 million (December 31, 2014: $460 million) in Canada and expire between 2015 and 2035. Capital losses totalled $Nil as at September 30, 2015 (December 31, 2014: $Nil). No deferred tax assets have been recognized with respect to the non-capital losses as at September 30, 2015 (December 31, 2014: $Nil). In Colombia, non-capital losses totalled $167 million (December 31, 2014: $27.7 million), of which $59 million has been recognized as a deferred tax assets as at September 30, 2015 (December 31, 2014: $5.5 million).

10. Earnings per Share

Earnings per share amounts are calculated by dividing the net earnings for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Net (loss) earnings attributable to equity holders of the parent	$ (617,318)	$ 3,484	$ (1,565,951)	$ 351,251
Basic weighted average number of shares	313,255,053	314,707,053	313,255,053	315,363,296
Effects of dilution	-	1,499,548	-	1,257,604
Diluted weighted average number of shares	313,255,053	316,206,601	313,255,053	316,620,900
Basic (loss) earnings per share attributable to equity holders of the parent	(1.97)	0.01	(5.00)	1.11
Diluted (loss) earnings per share attributable to equity holders of the parent	(1.97)	0.01	(5.00)	1.11

All options that are anti-dilutive have been excluded from the diluted weighted average number of common shares. 16,640,117 options (2014: 23,728,692) are excluded from the calculation of dilution as they are out-of-the-money.

11. Deferred Revenue

In March 2015, the Company entered into an agreement with a customer to deliver six million barrels of crude oil over the six-month period from April to September 2015. A prepayment of $200 million (less $0.53 million in fees) was advanced to the Company in March 2015 representing a prepayment of $33.33 per barrel of oil.

On June 30, 2015, the Company entered into a second agreement with the same customer to deliver another six million barrels of oil over the six-month period from October 2015 to March 2016. A prepayment of $100 million (less $0.32 million in fees) was advanced to the Company on June 30, 2015. An additional prepayment of $50 million was advanced in July 2015 for a total of $150 million or $25.00 per barrel of oil.

Pursuant to these prepaid forward sale agreements, during the six-month period following the execution of the agreements, the sale price on the oil to be delivered shall be determined based on the Brent or WTI reference price and adjusted for the Company's price differential and certain discounts. The Company is either entitled to receive the cumulative excess of the sale price over the prepayment price or obligated to deliver additional barrels of oil to satisfy any shortfall. The prepayment has been recognized as a deferred revenue liability and is amortized and recognized as revenue upon the monthly delivery of the crude oil. The deferred revenue balance as at September 30, 2015 was $149.8 million, which represented the sum of the prepayments less the amortization for the delivery of the crude oil.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

12. Inventories

	As at September 30 2015	As at December 31 2014
Crude oil and gas	$ 17,236	$ 22,356
Materials and supplies	19,723	22,984
	$ 36,959	$ 45,340

13. Oil and Gas Properties

Cost	Note	Amount
Cost as at December 31, 2014		$ 10,613,538
Additions		135,093
Currency translation adjustment		(2,945)
Change in asset retirement obligation	22	(18,690)
Cost as at March 31, 2015		$ 10,726,996
Additions		162,768
Currency translation adjustment		(33,496)
Change in asset retirement obligation	22	(41,710)
Cost as at June 30, 2015		$ 10,814,558
Additions		123,089
Currency translation adjustment		(50,526)
Change in asset retirement obligation	22	(9,422)
Cost as at September 30, 2015		$ 10,877,699

Accumulated depletion and impairment	Note	Amount
Accumulated depletion as at December 31, 2014		$ 5,480,060
Charge for the period		384,955
Currency translation adjustment		464
Accumulated depletion as at March 31, 2015		$ 5,865,479
Charge for the period		379,616
Currency translation adjustment		(2,277)
Accumulated depletion as at June 30, 2015		$ 6,242,818
Charge for the period		326,973
Currency translation adjustment		(3,134)
Impairment	19	356,000
Accumulated depletion as at September 30, 2015		$ 6,922,657

Net book value	Amount
As at December 31, 2014	$ 5,133,478
As at March 31, 2015	4,861,517
As at June 30, 2015	4,571,740
As at September 30, 2015	3,955,042

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

14. Exploration and Evaluation Assets

	Note		Amount
Cost net of impairment as at December 31, 2014		$	2,243,481
Additions			51,176
Disposals			(274)
Impairment	19		(201,000)
Change in asset retirement obligation	22		(5,701)
Cost net of impairment as at March 31, 2015		$	2,087,682
Additions			55,606
Change in asset retirement obligation	22		(6,240)
Cost net of impairment as at June 30, 2015		$	2,137,048
Additions			23,324
Impairment and exploration expenses	19		(188,700)
Change in asset retirement obligation	22		(4,009)
Cost net of impairment as at September 30, 2015		$	1,967,663

15. Plant and Equipment

Cost		Land & buildings		Assets under construction		Other plant & equipment		Total
Cost as at December 31, 2014	$	57,991	$	7,065	$	199,419	$	264,475
Additions		1,456		3		2,354		3,813
Cost as at March 31, 2015	$	59,447	$	7,068	$	201,773	$	268,288
Additions		321		-		4,991		5,312
Cost as at June 30, 2015	$	59,768	$	7,068	$	206,764	$	273,600
Additions		940		-		210		1,150
Cost as at September 30, 2015	$	60,708	$	7,068	$	206,974	$	274,750
Accumulated depreciation and impairment								
Accumulated depreciation as at December 31, 2014	$	32,761	$	4,200	$	73,987	$	110,948
Charge for the period		2,866		-		7,724		10,590
Accumulated depreciation as at March 31, 2015	$	35,627	$	4,200	$	81,711	$	121,538
Charge for the period		3,042		-		9,147		12,189
Accumulated depreciation as at June 30, 2015	$	38,669	$	4,200	$	90,858	$	133,727
Charge for the period		3,057		-		8,331		11,388
Accumulated depreciation as at September 30, 2015	$	41,726	$	4,200	$	99,189	$	145,115
Net book value								
As at December 31, 2014	$	25,230	$	2,865	$	125,432	$	153,527
As at March 31, 2015		23,820		2,868		120,062		146,750
As at June 30, 2015		21,099		2,868		115,906		139,873
As at September 30, 2015		18,982		2,868		107,785		129,635

16. Intangible Assets

Cost		Capacity Rights
Cost as at December 31, 2014, March 31, 2015, June 30, 2015 and September 30, 2015	$	190,000

Accumulated amortization		Amount
Accumulated amortization as at December 31, 2014	$	127,868
Charge for the period		7,610
Accumulated amortization as at March 31, 2015	$	135,478
Charge for the period		7,381
Accumulated amortization as at June 30, 2015	$	142,859
Charge for the period		7,239
Accumulated amortization as at September 30, 2015	$	150,098

Net book value		Amount
As at December 31, 2014	$	62,132
As at March 31, 2015		54,522
As at June 30, 2015		47,141
As at September 30, 2015		39,902

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Capacity rights are comprised of the rights to the available capacity of the OCENSA pipeline system in Colombia and the right to available capacity at the crude blending station. The OCENSA right is amortized based on the usage of the 160 million barrel capacity over the term of the agreement.

17. Investments in Associates

Set out below are the investments in associates as of September 30, 2015. Investments in associates are accounted for using the equity method, with the Company's share of the associates' net income or loss recognized in the Interim Condensed Consolidated Statement of Income.

	ODL	Bicentenario	PII	Pacific Power	Pacific Coal	Total
As at December 31, 2014	$ 162,353	$ 219,020	$ 161,781	$ 23,061	$ 825	$ 567,040
Income (loss) from equity investments	9,838	10,485	(2,380)	(196)	(180)	17,567
Dividends	(17,710)	(7,956)	-	-	-	(25,666)
Foreign currency translation	(11,555)	(10,522)	(4,216)	-	-	(26,293)
Impairment of equity investments	-	-	-	-	(114)	(114)
As at March 31, 2015	$ 142,926	$ 211,027	$ 155,185	$ 22,865	$ 531	$ 532,534
Income (loss) from equity investments	1,605	14,267	(2,358)	387	-	13,901
Foreign currency translation	2,630	(423)	(38)	-	-	2,169
As at June 30, 2015	$ 147,161	$ 224,871	$ 152,789	$ 23,252	$ 531	$ 548,604
Income (loss) from equity investments	14,687	9,523	(41,516)	95	(481)	(17,692)
Dividends	(7,970)	(23,034)	-	-	-	(31,004)
Foreign currency translation	(29,324)	(24,709)	(7,198)	-	-	(61,231)
As at September 30, 2015	$ 124,554	$ 186,651	$ 104,075	$ 23,347	$ 50	$ 438,677

ODL Finance S.A. ("ODL")

The Company's investment represents a 35% interest in ODL, a Panamanian company with a Colombian branch that has constructed an oil pipeline for the transportation of heavy crude oil produced from the Rubiales field. The remaining 65% interest is owned by Ecopetrol, S.A. ("**Ecopetrol**"), the national oil company of Colombia. ODL's functional currency is the Colombian peso and the currency translation adjustment upon conversion to U.S. dollars has been recorded in other comprehensive income.

The Company has take-or-pay contracts with ODL for the transportation of crude oil from the Rubiales field to Colombia's oil transportation system for a total commitment of $96.8 million from 2015 to 2020.

Oleoducto Bicentenario de Colombia ("Bicentenario")

Bicentenario is a corporation established and owned by a consortium of oil producers operating in Colombia led by Ecopetrol; the Company owns 43%. Bicentenario operates a private-use oil pipeline in Colombia between Casanare and Coveñas. Bicentenario's functional currency is the Colombian peso and the currency translation adjustment upon conversion to U.S. dollars has been recorded in other comprehensive income.

The Company has ship-or-pay contracts with Bicentenario for the transportation of crude oil from the Rubiales field to Colombia's oil transportation system for a total commitment of $1.61 billion from 2015 to 2025. The Bicentenario pipeline has experienced periodic suspensions following security-related disruptions. During the three and nine months ended September 30, 2015, the Company paid $41.5 million and $128.4 million respectively (2014: $44 million and $132.5 million) under the ship-or-pay contract.

Pacific Infrastructure Ventures Inc. ("PII")

PII is a BVI company established for the purpose of developing an export terminal, an industrial park, and a free trade zone in Cartagena. The Company's interest in PII is 41.65%; it holds two board seats in PII. The functional currency of PII is the U.S. dollar.

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Pacific Power Generation Corp ("Pacific Power")

The Company's investment in Pacific Power represents a 24.9% indirect interest in Promotora de Energia Electrica de Cartagena & Cia, S.C.A. E.S.P. ("**Proelectrica**"). Proelectrica is a private, Cartagena, Colombia-based 90-megawatt electrical utility peak-demand supplier to the local Cartagena utility. The functional currency of Pacific Power is the U.S. dollar.

Pacific Coal Resources Ltd. ("Pacific Coal")

Pacific Coal is engaged in the acquisition and development of coal mining assets and related businesses in Colombia. On March 18, 2015, as a result of Pacific Coal issuing shares as part of a debt settlement agreement, the Company's interest was diluted to 8.49% (December 31, 2014: 13.28%). The functional currency of Pacific Coal is the Canadian Dollar.

The Company has determined that it holds significant influence but not control over Pacific Coal as a result of the Company's equity interests and the right to nominate a director.

During the three and nine months ended September 30, 2015, the Company received cash dividends of $31 million and $56.6 million (Bicentenario: $30.9 million and ODL: $25.7 million) respectively (2014: $38 million ODL).

18. Other Assets

	As at September 30 2015	As at December 31 2014
Bicentenario prepayments	$ 87,971	$ 87,971
Bicentenario loan	-	41,992
Long-term receivables	10,375	10,375
Long-term recoverable VAT	53,800	86,886
Advances	36,594	42,390
Investments	6,150	19,924
	$ 194,890	$ 289,538

Bicentenario Loan and Prepayments

In 2011, the Company, as well as the other shareholders of Bicentenario entered into certain subordinated loan agreements with Bicentenario. During the three and nine months ended September 30, 2015 Bicentenario repaid $12.9 million and $30.1 million, respectively, related to the Bicentenario loan and agreed to repay the outstanding balance within 12 months (refer to Note 26b). As at September 30, 2015, the outstanding balance was $11.8 million.

Prepayments include advances for the use of the Bicentenario pipeline.

Long-Term Receivables, Investments and Advances

These assets include a variety of items such as receivables from the sale of OCENSA, investments in other companies such as Oleoducto de Colombia, and advances for pipeline usage and on the construction, testing and commissioning of gas facilities.

Long-Term Recoverable VAT

This amount includes recoverable VAT that the Company expects to receive one year after the end of the reported period.

19. Goodwill and Impairment

At the end of each reporting period, the Company assesses internal and external sources of information to decide whether there is any indication that an asset or cash generating unit ("**CGU**") and goodwill may be impaired. Information the Company considers includes changes in the market, the economic and legal environment in which the

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Company operates, and other factors that are not within the Company's control and that may affect the recoverable amount of oil & gas, the value of exploration and evaluation properties, and goodwill.

As at September 30, 2015, due to continued low oil prices and the Company's market capitalization remaining below book value of its equity, the Company has determined that indicators of impairment exist. As such, the Company has performed a test for recoverability of the value of the assets.

The impairment model as at December 31, 2014 was updated to reflect the noted assumptions changes:

- Long-term WTI bench mark oil prices of $49, $52, $70, $75, $80 and $84 per barrel for the 2015-2020 respectively (previous assumptions as at December 31, 2014: $64, $77, $83, $87, $91 and $94 per barrel); and
- Capital expenditures and operational expenditures as a result of the continued depreciation of the Colombia peso relative to the U.S dollar were reduced by 18% and 25% respectively.

Based on the impairment test performed by the Company, for the three and nine months ended September 30, 2015, certain assets exceeded their recoverable amount. As such, the Company has recorded a total after-tax impairment charge of $273 million and $684 million respectively, as detailed below:

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
North Colombia CGU	$ 40,000	$ -	$ 40,000	$ -
Central Colombia CGU	262,000	-	262,000	-
South Colombia CGU	54,000	-	54,000	-
Oil and gas properties	$ 356,000	$ -	$ 356,000	$ -
		-		-
Colombia	$ 66,000	$ -	$ 178,000	$ -
Belize	8,000	-	8,000	-
Peru	-	-	33,000	-
Brazil	-	-	35,000	-
Papua New Guinea	-	-	13,000	-
Other	-	-	18,958	-
Exploration and evaluation assets and others	$ 74,000	$ -	$ 285,958	$ -
		-		-
Goodwill	-	-	237,009	-
		-		-
Total impairment before tax	$ 430,000	$ -	$ 878,967	$ -
Deferred tax effect	(156,580)	-	(194,580)	-
Total impairment after tax	$ 273,420	$ -	$ 684,387	$ -

The recoverable amount of the CGU's is as follows: Central Colombia CGU: $3,862 million (December 31, 2014: $5,210 million); South Colombia CGU: $257 million (December 31, 2014: $303 million); North Colombia CGU: $853 million (December 31, 2014: $656 million); other non-Colombian CGU: $48 million (December 31, 2014: $62 million); Guyana (CGX): $46 million (December 31, 2014: $36 milllion).

Exploration Expenses

During the three months ended September 30, 2015, through its subsidiary CGX Energy Inc. ("**CGX**"), the Company incurred a $20.5 million fee for the termination of an offshore exploratory drilling contract. Pending certain regulatory approvals, $5.5 million will be settled through the issuance of common shares of CGX in fourth quarter of 2015. $7.25 million is payable by March 25, 2016, and another $7.25 million is payable by June 15, 2016.

During the three months ended September 30, 2015, the Company decided to withdraw from its participation in the exploratory blocks in Papua New Guinea. The Company is in the process of finalizing the terms of the withdrawal and the final amount to be reimbursed by the Company's partner under those contracts. As a result, the Company has recorded a charge of $114.7 million as exploration expense in the Interim Condensed Consolidated Statement of Income for the three months ended September 30, 2015.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

Total impairment and exploration expense are summarized below:

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Impairment	$ 430,000	$ -	$ 878,967	$ -
Exploration expenses	138,013	-	138,013	-
Total impairment and exploration expenses	$ 568,013	$ -	$ 1,016,980	$ -

20. Interest-Bearing Loans and Borrowings

	Maturity	Currency	Interest Rate	As at September 30 2015	As at December 31 2014
Senior Notes - 2011	2021	USD	7.25%	$ 658,364	$ 654,947
Senior Notes - March 2013	2023	USD	5.13%	991,641	990,785
Senior Notes - November 2013	2019	USD	5.38%	1,287,819	1,285,284
Senior Notes - September 2014	2025	USD	5.63%	1,050,200	1,048,908
Other debt	2016-2018	USD	Various	321,305	388,561
Revolving credit facility	2017	USD	LIBOR + 3.5%	992,638	-
Short-term working capital loans	2015	USD/COP	Various	-	285,364
				$ 5,301,967	$ 4,653,849
Current portion				$ -	$ 321,655
Non-current portion				5,301,967	4,332,194
				$ 5,301,967	$ 4,653,849

The following table summarizes the main components of finance cost for the period:

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Interest on Senior Notes	$ 62,571	$ 53,015	$ 189,719	$ 158,998
Interest on other debt	12,516	11,121	37,234	30,018
Accretion of asset retirement obligations	2,523	3,156	7,747	6,130
Interest income	(4,791)	(7,967)	(15,164)	(14,137)
Other	(865)	2,087	9,393	6,553
	$ 71,954	$ 61,412	$ 228,929	$ 187,562

2011 Senior Notes

The 2011 Senior Notes, due December 12, 2021, are direct, unsecured, unsubordinated obligations with interest payable in arrears at a rate of 7.25% on June 12 and December 12 of each year.

The 2011 Senior Notes are on the Official List of the Luxembourg Stock Exchange and trade on the Euro MTF. Under the terms of the notes, the Company is required to maintain: (1) an interest coverage ratio of greater than 2.5; and (2) a debt-to-EBITDA ratio of less than 3.5. The covenants do not apply during any period of time when the notes have an investment grade rating from at least two rating agencies. These financial covenants are incurrance covenants which, if breached, would restrict the Company from incurring additional indebtedness, but would not result in an event of default or acceleration of repayment. The Company was compliant with the interest coverage covenant during the period. The Company’s debt-to-EBITDA ratio was over the covenant during the period, at 4.35, however no additional indebtedness was incurred by the Company.

The 2011 Senior Notes are carried at amortized cost using the effective interest rate method with note discount and transaction costs netted against the principal. The principal amount outstanding on the 2011 Senior Notes as at September 30, 2015 was $690 million (December 31, 2014: $690 million).

March 2013 Senior Notes

The March 2013 Senior Notes, due March 28, 2023, are direct, unsecured, unsubordinated obligations with interest payable in arrears at a rate of 5.125% on March 28 and September 28 of each year.

The March 2013 Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and trade on the Euro MTF. Under the terms of the notes, the Company is required to maintain: (1) an interest coverage ratio of greater than 2.5 and (2) a debt-to-EBITDA ratio of less than 3.5. The covenants do not apply during any period of time when the notes have an investment grade rating from at least two rating agencies. These financial covenants are incurrance covenants which, if breached, would restrict the Company from incurring additional indebtedness, but would not result in an event of default or acceleration of repayment. The Company was compliant with the interest coverage covenant during the period. The Company's debt-to-EBITDA ratio was over the covenant during the period, at 4.35, however no additional indebtedness was incurred by the Company.

The March 2013 Senior Notes are carried at amortized cost using the effective interest rate method with note discount and transaction costs netted against the principal. The principal amount outstanding on the March 2013 Senior Notes as at September 30, 2015 was $1 billion (December 2014: $1 billion).

November 2013 Senior Notes

The November 2013 Senior Notes, due November 26, 2019, are direct, unsecured, unsubordinated obligations with interest payable in arrears at a rate of 5.375% on January 26 and July 26 of each year.

The November 2013 Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and trade on the Euro MTF. Under the terms of the notes, the Company is required to maintain: (1) an interest coverage ratio of greater than 2.5; and (2) a debt-to-EBITDA ratio of less than 3.5. The covenants do not apply during any period of time when the notes have an investment grade rating from at least two rating agencies. These financial covenants are incurrance covenants which, if breached, would restrict the Company from incurring additional indebtedness, but would not result in an event of default or acceleration of repayment. The Company was compliant with the interest coverage covenant during the period. The Company's debt-to-EBITDA ratio was over the covenant during the period, at 4.35, however no additional indebtedness was incurred by the Company.

The November 2013 Senior Notes are carried at amortized cost using the effective interest rate method with note discount and transaction costs netted against the principal. The principal amount outstanding on the November 2013 Senior Notes as at September 30, 2015 was $1.3 billion (December 2014: $1.3 billion).

September 2014 Senior Notes

On September 19, 2014, the Company closed the issuance of $750 million of senior notes due January 19, 2025. The September 2014 Senior Notes are direct, unsecured, unsubordinated obligations with interest payable in arrears at a rate of 5.625% on January 19 and July 19 of each year.

The September 2014 Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and trade on the Euro MTF. Under the terms of the notes, the Company is required to maintain: (1) an interest coverage ratio of greater than 2.5: and (2) a debt-to-EBITDA ratio of less than 3.5. The covenants do not apply during any period of time when the notes have an investment grade rating from at least two rating agencies. These financial covenants are incurrance covenants which, if breached, would restrict the Company from incurring additional indebtedness, but would not result in an event of default or acceleration of repayment. The Company was compliant with the interest coverage covenant during the period. The Company's debt-to-EBITDA ratio was over the covenant during the period, at 4.35, however no additional indebtedness was incurred by the Company.

The September 2014 Senior Notes are carried at amortized cost using the effective interest rate method with note discount and transaction costs netted against the principal. The principal amount outstanding on the September 2014 Senior Notes as at September 30, 2015 was $1,114 million (December 2014: $1,114 million).

Revolving Credit Facility

In April 2014, the Company entered into a revolving credit facility of $1 billion denominated in U.S. dollars with a syndicate of international and Colombian banks ("**Revolving Credit Facility**"). This U.S. dollar credit facility is fully committed to its maturity in 2017 and has an interest rate determined in accordance with the ratings assigned to the Company's senior notes; based on the current credit rating, the interest rate is LIBOR + 3.5%. In addition, the Company is required to pay commitment fees of 0.95% on the unutilized portion under the revolving credit facility. As of September 30, 2015, the Company has drawn down $1 billion (December 31, 2014: $Nil) on the revolving credit facility. The Revolving Credit Facility is subject to covenants that require the Company to maintain: (1) an interest coverage ratio of greater than 2.5, (2) a debt-to- adjusted EBITDA ratio of less than 4.5, calculated on total long-term debt divided by the Adjusted EBITDA for the preceding 12 months; and (3) a net worth of greater than $1 billion. Net worth is calculated as total assets less total liabilities, excluding those of the excluded subsidiaries, which are Pacific Midstream Ltd. and Pacific Infrastructure Ventures Inc. (refer to Note 4 and Note 17). On September 29, 2015 the Company obtained a temporary waiver from its lenders under the Revolving Credit Facility with respect to the $1 billion net worth covenant. The waiver will terminate on December 28, 2015. The Company's net worth as calculated above, was $628.9 million as of September 30, 2015. The Company was compliant with the remainder of the covenants for which the waiver does not apply.

Other Debt

In 2013, the Company borrowed $109 million from Bank of America ("**2013 BOFA Loan**"). This loan carries an interest rate of LIBOR + 1.5% and matures in November 2016, with interest payments due biannually. As at September 30, 2015, the principal outstanding was $36.3 million (December 31, 2014: $72 million).

On April 4, 2014, the Company borrowed $75 million from Banco Latinoamericano de Comercio Exterior ("**Bladex Facility**"). The Bladex Facility carries an interest rate of LIBOR + 2.70% and the principal is to be repaid in equal parts in October 2016, April and October 2017, and April 2018 with interest payments on the outstanding principal due biannually. As at September 30, 2015, the principal outstanding was $75 million (December 31, 2014: $75 million).

On April 8, 2014, the Company received $250 million under a working capital facility from HSBC Bank USA ("**HSBC Facility**"). The HSBC Facility carries an interest rate of LIBOR + 2.75%. As at September 30, 2015, the principal amount outstanding was $212.5 million (December 31, 2014: $250 million), with $62.5 millon due in 2016 and $150 million due in 2017.

The 2013 BOFA Loan, the Bladex Facility, and the HSBC Facility are subject to certain financial covenants that require the Company to maintain: (1) an interest coverage ratio of greater than 2.5; (2) a debt-to-EBITDA ratio of less than 4.5; and (3) a net worth greater than $1 billion, with net worth being calculated in the same way as under the Revolving Credit Facility. On September 29, 2015, the Company obtained a temporary waiver from the lenders with respect to the minimum net worth covenant of $1 billion. The waiver expires on December 28, 2015. The Company was compliant during the period with the remainder of the covenants for which the waiver does not apply.

Short-Term Working Capital Loans and Facilities

The working capital facilities that are denominated in U.S. dollars have interest rates ranging from LIBOR + 0.95% to LIBOR + 1.5%. The total balance outstanding on these working capital facilities was $Nil as at September 30, 2015 (December 31, 2014: $185 million).

In October 2014, the Company entered into a number of working capital facilities that are denominated in Colombian pesos and have interest rates ranging from 5.9% to 6%. The total balance outstanding on these working capital facilities was $Nil as at September 30, 2015 (December 31, 2014: $100 million).

21. Finance Leases

The Company has entered into two power generation arrangements to supply electricity for three of its oil fields in Colombia until June 2016 and August 2021. In addition, the Company has lease and take-or-pay arrangements for airplanes, IT equipment and a gas facility that are accounted for as finance leases. These finance leases have an average effective interest rate of 12.85%. The Company's minimum lease payments are as follows:

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

	As at September 30 2015	As at December 31 2014
Within 1 year	$ 20,273	$ 23,346
Year 2	7,339	14,567
Year 3	6,778	6,790
Year 4	6,778	6,778
Year 5	6,797	6,778
Thereafter	6,224	11,310
Total minimum lease payments	$ 54,189	$ 69,569
Amounts representing interest	(13,937)	(18,766)
Present value of net minimum lease payments	$ 40,252	$ 50,803
Current portion	$ 15,891	$ 17,202
Non-current portion	24,361	33,601
Total obligations under finance lease	$ 40,252	$ 50,803

For the three and nine months ended September 30, 2015, interest expense of $1.5 million and $4.8 million respectively (2014: $2.1 million and $6.5 million) was incurred on these finance leases.

22. Asset Retirement Obligation

The Company makes full provision for the future cost of decommissioning oil production facilities on a discounted basis on the installation of those facilities.

	Note	Amount
As at December 31, 2014		$ 257,797
Accretion expense		2,715
Changes during the period	13,14	(18,964)
Foreign exchange	13,14	(5,427)
As at March 31, 2015		$ 236,121
Accretion expense		2,509
Changes during the period	13,14	(43,312)
Foreign exchange	13,14	(4,862)
As at June 30, 2015		$ 190,456
Accretion expense		2,523
Changes during the period	13,14	(2,768)
Foreign exchange	13,14	(10,663)
As at September 30, 2015		$ 179,548

The asset retirement obligation represents the present value of decommissioning costs relating to oil and gas properties, of which up to $258 million is expected to be incurred (December 31, 2014: $323 million). Cash flows are expected to occur in a variety of countries and currencies, and the discount rates and inflation rates are chosen in association with the currencies in which the liabilities are expected to be settled. The future decommissioning costs are discounted using the risk-free rate between 3.53% and 5.83% and an inflation rate of 0.10% for cash flows expected to be settled in U.S. dollars, and a risk-free rate between 5.66% and 9.64% and an inflation rate of 4.74% for cash flows expected to be settled in Colombian pesos (December 31, 2014: U.S. dollars risk-free rate between 3.61% and 4.43% with inflation of 1.3%; Colombian pesos risk-free rate between 5.99% and 8.99% with inflation of 3.65%) to arrive at the present value. Assumptions, based on the current economic environment, have been made that management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend on future market prices for the necessary decommissioning expenditures, which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend on future oil and gas prices, which are inherently uncertain.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

23. Contingencies and Commitments

A summary of the Company's commitments, undiscounted and by calendar year, is presented below:

As at September 30, 2015	2015	2016	2017	2018	2019	Subsequent to 2020	Total
LNG Project	$ -	$ 35,190	$ 50,328	$ 50,328	$ 50,328	$ 568,742	$ 754,916
ODL Take-or-Pay Agreement	5,131	30,834	17,606	16,591	15,576	11,016	96,754
Minimum work commitments	6,673	87,300	102,496	92,246	9,000	9,000	306,715
Bicentenario Ship-or-Pay Agreement	40,833	164,228	163,780	163,780	163,780	914,922	1,611,323
Operating purchase and leases	163,829	207,287	58,674	51,971	51,114	88,793	621,668
Transportation and processing commitments	12,675	58,399	144,356	138,722	138,722	639,517	1,132,391
Purchase Genser Power	10,863	28,750	-	-	-	-	39,613
Community obligations	12,566	2,728	-	-	-	-	15,294
Total	$ 252,570	$ 614,716	$ 537,240	$ 513,638	$ 428,520	$ 2,231,990	$ 4,578,674

The Company has various guarantees in place in the normal course of business. As at September 30, 2015, the Company had issued letters of credit and guarantees for exploration and operational commitments for a total of $324 million (December 31, 2014: $434 million).

Certain association contracts signed before 2003 with Ecopetrol include clauses in which Ecopetrol may commence participating in the operation of new discoveries made by the Company at any time, without prejudice to the Company's right to be reimbursed for the investments made on their sole account and risk (back-in right). The contract provides that if Ecopetrol decides to declare the commerciality of the field and participate in the commercial phase of the association contract, the Company shall have the right to be reimbursed for 200% of the total costs incurred during the exploration phase of the contract. Once the reimbursement has been made, Ecopetrol is entitled to acquire a 50% share of the oil production of the fields. As of September 30, 2015, Ecopetrol has exercised the back-in rights in the Guaduas field (Dindal and Río Seco Association Contracts).

The Company has an assignment agreement with Transporte Incorporado S.A.S. ("**Transporte Incorporado**"), a Colombian company owned by an unrelated international private equity fund. Transporte Incorporado owns a 5% equity interest and capacity right in the OCENSA pipeline in Colombia. Under the assignment agreement, the Company is entitled to use Transporte Incorporado's capacity to transport crude oil through the OCENSA pipeline for a set monthly premium until 2024. Pursuant to the assignment agreement, the Company is required for the duration of the agreement to maintain a minimum credit rating of Ba3 (Moody's), which was breached in September 2015 when Moody's downgraded the Company's credit rating to B3. As a result of the downgrade and in accordance with the assignment agreement, upon giving notice to the Company, Transporte Incorporado would have the right to early-terminate the assignment agreement and the Company would be required to pay an amount determined in accordance with the agreement, estimated at $129 million. The Company has not received such notice from Transporte Incorporado, and on October 1, 2015, the Company received a waiver from Transporte Incorporado of its right to early-terminate for a period of 45 days until November 14, 2015. The Company continues to pay monthly premiums and is currently in negotiation with Transporte Incorporado regarding the terms of the agreement and the minimum credit rating requirement. No provision has been recognized as of September 30, 2015 relating to the breach of the credit rating requirement.

In Colombia, the Company is participating in a project to expand the OCENSA pipeline, which is expected to be completed and commence operation in 2016. As part of the expansion project, the Company, through its subsidiaries Meta Petroleum and Petrominerales Colombia, entered into separate crude oil transport agreements with OCENSA for future transport capacity. The Company will start paying ship-or-pay fees once the expansion project is complete and operational. As part of the transport agreements, the Company is required to maintain minimum credit ratings of BB- (Fitch) and Ba3 (Moody's). This covenant was breached in July and September 2015 when Fitch and Moody's downgraded the Company's credit ratings to B+ and B3 respectively. As a result of the downgrades and pursuant to the transport agreements, upon giving notice to the Company, OCENSA has the right to require the Company to provide a standby letter of credit or proof of sufficient equity or working capital within a cure period of 60 days starting from the day on which notice is received by the Company. The Company has not received such notice from OCENSA. Furthermore, in October 2015, the Company requested in writing a waiver for the provision of the cure as required by the transport agreements for an indefinite period until the pipeline expansion project is complete and operational. The Company is currently in negotiation with OCENSA to obtain the requested waiver. No provision has been recognized as of September 30, 2015 relating to the breach of the credit rating requirement.

Contingencies

The Company is involved in various claims and litigation arising in the normal course of business. Since the outcome of these matters is uncertain, there can be no assurance that such matters will be resolved in the Company's favour. The Company does not currently believe that the outcome of adverse decisions in any pending or threatened proceedings related to these and other matters or any amount which it may be required to pay by reason thereof would have a material impact on its financial position, results of operations or cash flows.

Tax Review in Colombia

The Company currently has a number of tax filings under review by the Colombian tax authority ("**DIAN**").

The DIAN has officially reassessed several value-added tax ("**IVA**") declarations on the basis that the volume of oil produced and used for internal consumption at certain fields in Colombia should have been subject to IVA. As of September 30, 2015, the amount reassessed, including interest and penalties, is estimated at $36 million, of which, the Company estimates that $22 million should be assumed by companies that share interests in these contracts. The Company disagrees with the DIAN's reassessment and official appeals have been initiated. Several other taxation periods back to 2011 with respect to IVA on field oil consumption are also currently under review by the DIAN. For the periods that are under review, if the DIAN's views were to prevail, the Company estimates that the IVA, including interest and penalties, could range between $14 million and $76 million , of which, the Company estimates that a range of $7 million to $39 million should be assumed by other companies that share interests in these contracts.

The Company continues to utilize oil produced for internal consumption, which is an accepted practice for the oil industry in Colombia.

The DIAN is also reviewing certain income tax deductions with respect to the special tax benefit for qualifying petroleum assets as well as other exploration expenditures. As at September 30, 2015, the DIAN has reassessed $56 million of tax owing, including estimated interest and penalties, with respect to the denied deductions.

As at September 30, 2015, the Company believes that the disagreements with the DIAN related to IVA and denied income tax deductions will be resolved in favour of the Company. As a result, no provision has been made in the financial statements.

High-Price Royalty in Colombia

The Company has certain exploration contracts acquired through business acquisitions where there existed outstanding disagreements with the Agencia Nacional de Hidrocarburos (National Hydrocarbon Agency or "**ANH**" of Colombia) relating to the interpretation of the high-price participation clause. These contracts require high-price participation payments to be paid to the ANH once an exploitation area within a contracted area has cumulatively produced five million or more barrels of oil. The disagreement is around whether the exploitation areas under these contracts should be determined individually or combined with other exploration areas within the same contracted area, for the purpose of determining the five million barrel threshold. The ANH has interpreted that the high-price participation should be calculated on a combined basis.

The Company disagrees with the ANH's interpretation and asserts that in accordance with the exploration contracts, the five million barrel threshold should be applied on each of the exploitation areas within a contracted area. The Company has several contracts that are subject to ANH high-price participation. One of these contracts is the Corcel Block, which was acquired as part of the Petrominerales acquisition and which is the only one for which an arbitration process has been initiated. However, the arbitration process for Corcel was under suspension at the time the Company acquired Petrominerales. As at September 30, 2015, the amount under arbitration is approximately $194 million plus related interest of $34 million. The Company also disagrees with the interest rate that the ANH has used in calculating the interest cost. The Company asserts that since the high-price participation is denominated in the U.S. dollar, the contract requires the interest rate to be three-month LIBOR + 4%, whereas the ANH has applied the highest legally authorized interest rate on Colombian peso liabilities, which is over 20%. An amount under discussion with the ANH for another contract is approximately $99 million plus interest.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

The Company and the ANH are currently in discussion to further understand the differences in interpretation of these exploration contracts. The Company believes that it has a strong position with respect to the high-price participation based on legal interpretation of the contracts and technical data available. However, in accordance with IFRS 3, to account for business acquisitions the Company is required to and has recorded a liability for such contingencies as of the date of acquisition, even though the Company believes the disagreement will be resolved in favour of the Company. The Company does not disclose the amount recognized as required by paragraphs 84 and 85 of IAS 37, on the grounds that this would be prejudicial to the outcome of the dispute resolution.

24. Issued Capital

a) Authorized, Issued and Fully Paid Common Shares

The Company has an unlimited number of common shares with no par value.

The continuity schedule of share capital is as follows:

	Number of Shares		Amount
As at December 31, 2014, March 31, 2015 and June 30, 2015	313,255,053	$	2,610,485
Treasury shares issued as part of severance package	-		4,258
As at September 30, 2015	313,255,053	$	2,614,743

b) Stock Options

The Company has established a "rolling" Stock Option Plan (the "**Plan**") in compliance with the applicable TSX policy for granting stock options. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares. The exercise price of each option shall not be less than the market price (as defined under the TSX Company Manual) of the Company's stock at the date of grant.

A summary of the changes in stock options is presented below:

	Number of options outstanding	Weighted average exercise price (C$)
As at December 31, 2014	23,168,792	21.86
Cancelled and expired during the period	(3,645,050)	14.11
As at March 31, 2015	19,523,742	23.31
Cancelled and expired during the period	(2,810,125)	20.65
As at June 30, 2015	16,713,617	23.76
Cancelled and expired during the period	(73,500)	24.97
As at September 30, 2015	16,640,117	23.75

The following table summarizes information about the stock options outstanding and exercisable as of September 30, 2015:

Outstanding & exercisable	Exercise price (C$)	Expiry date	Remaining contractual life (years)
116,667	6.30	July 10, 2017	1.78
250,000	34.43	February 2, 2016	0.34
3,725,750	25.76	March 16, 2016	0.46
53,000	28.01	May 3, 2016	0.59
12,000	25.59	May 26, 2016	0.65
160,000	22.05	September 27, 2016	0.99
5,000	24.68	October 24, 2016	1.07
5,197,700	22.75	January 18, 2017	1.30
69,000	29.10	March 30, 2017	1.50
6,212,000	23.26	January 28, 2018	2.33
714,000	24.32	February 8, 2018	2.36
125,000	19.21	November 15, 2018	3.13
16,640,117	23.75		1.54

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

c) *Deferred Share Units*

The Company established the Deferred Share Unit Plan (the "**DSU Plan**") for its non-employee directors in 2012 and for its employees in July 2014. Each DSU represents the right to receive a cash payment on retirement or termination equal to the volume-weighted average market price of the Company's shares at the time of surrender. Cash dividends paid by the Company are credited as additional DSUs. The fair value of the DSUs granted and the changes in their fair value during the period were recognized as share-based compensation on the Interim Condensed Consolidated Statement of Income with a corresponding amount recorded in accounts payable and accrued liabilities on the Interim Condensed Consolidated Statement of Financial Position.

The following table summarizes information about the DSUs outstanding:

	Number of DSUs outstanding		Amount
As at December 31, 2014	2,487,386	$	17,075
Fair value adjustment for the period	-		(10,836)
Granted during the period	5,128,451		11,924
Settled during the period	(13,803)		(37)
As at March 31, 2015	7,602,034	$	18,126
Fair value adjustment for the period	-		10,479
Granted during the period	381,644		1,439
Settled during the period	(38,706)		(142)
As at June 30, 2015	7,944,972	$	29,902
Fair value adjustment for the period	-		(10,746)
Granted during the period	429,743		1,014
Settled during the period	(1,272,879)		(4,313)
As at September 30, 2015	7,101,836	$	15,857

The September 30, 2015 liability is based on an estimated fair value of $2.23 (December 31, 2014: $6.86) per DSU approximating the Company's closing share price in U.S. dollars.

For the three and nine months ended September 30, 2015, $8.9 million of gain and $4.7 million loss (2014: $27.2 million and $30.3 million of loss) were recorded as share-based compensation expenses with respect to DSUs granted during the period and the change in fair value.

25. Related-Party Transactions

The following sets out the details of the Company's related-party transactions:

a) During the three and nine months ended September 30, 2015, the Company received cash of $43 million and $43 million respectively in accordance with its joint operations obligation associated with its 49% interest in Block Z-1 in Peru. In addition, the Company had accounts receivable of $0.5 million under the joint operation agreement from Alfa SAB de CV ("**Alfa**") who owns a 51% working capital interest in Block Z-1 and also holds 19.2% of the issued and outstanding capital of the Company.

b) In October 2012, the Company and Ecopetrol signed two Build, Own, Manage, and Transfer ("**BOMT**") agreements with Consorcio Genser Power-Proelectrica and its subsidiaries ("**Genser-Proelectrica**") to acquire certain power generation assets for the Rubiales field. Genser-Proelectrica is a joint venture between Promotora de Energia Electrica de Cartagena & Cia S.C.A.E.S.P ("**Proelectrica**"), in which the Company has a 24.9% indirect interest and Genser Power Inc. ("**Genser**") which is 51% owned by Pacific Power Generation Corp. ("**Pacific Power**"). On March 1, 2013, these contracts were assigned to TermoMorichal SAS ("**TermoMorichal**"), the company created to perform the agreements, in which Pacific Power has a 51% indirect interest. Total commitment under the BOMT agreements is $229.7 million over ten years. In April 2013, the Company and Ecopetrol entered into another agreement with Genser-Proelectrica to acquire additional assets for a total commitment of $57 million over ten years. At the end of the Rubiales Association Contract in 2016, the Company's obligations along with the power generation assets will be transferred to Ecopetrol. During the three and nine months ended September 30, 2015 the Company paid $8.9 million and $20.2 million (2014: $9.0 million and $9.0 million) under the Rubiales Association Contract. As at September 30, 2015, the Company had an advance of $5.8 million (December 2014:

$7.6 million). The Company had accounts payable of $5.5 million (December 2014: $5.9 million) due to Genser-Proelectrica as at September 30, 2015. In addition, on May 5, 2014, a subsidiary of the Company provided a guarantee in favour of XM Compañia de Expertos en Mercados S.A. on behalf of Proelectrica guaranteeing obligations pursuant to an energy supply agreement in the aggregate amount of approximately $16.7 million. In December 2014, the Company entered into a new contract with Genser related to the operation and maintenance of the power generation facility located in the Sabanero field.

In October 2013, the Company entered into connection agreements and energy supply agreements with Proelectrica for the supply of power to the oil fields in the Llanos basin. The connection agreements authorize Meta Petroleum Corp. and Agro Cascada S.A.S. to use the connection assets of Petroelectrica for power supply at the Quifa and Rubiales fields. The agreement commenced on November 1, 2013 and will operate for 13 years. During the three and nine months ended September 30, 2015 the Company made payments of $10.3 million and $36.9 million (2014: $24.9 million and $53.9 million) under this agreement.

The Company has entered into several take-or-pay agreements as well as interruptible gas sales and transport agreements to supply gas from the La Creciente natural gas field to Proelectrica's gas-fired plant. During the three and nine months ended September 30, 2015, the Company recorded revenues of $2.2 million and $3.5 million (2014: $4.2 million and $11.2 million) from such agreements. As at September 30, 2015, the Company had trade accounts receivable of $9 million (December 2014: $7.5 million) from Proelectrica.

Under the energy supply agreements, Proelectrica provides electricity to the Company for power supply at the Quifa and Rubiales fields, with payments to be calculated monthly on a demand-and-deliver basis. The term of the agreement is until December 31, 2026. The aggregate estimated energy supply agreement is for 1.5 million kilowatts.

c) As at September 30, 2015, the Company had trade accounts receivable of $9 million (December 31, 2014: $7.5 million) from Proelectrica, in which the Company has a 24.9% indirect interest and which is 31.49% owned by Blue Pacific Assets Corp. ("**Blue Pacific**"). The Company and Blue Pacific's indirect interests are held through Pacific Power. Revenue from Proelectrica in the normal course of the Company's business was $2.2 million and $3.5 million for the three and nine months ended September 30, 2015 (2014: $4.2 million and $11.2 million).

d) During the three and nine months ended September 30, 2015, the Company paid $0.8 million and $3.1 million (2014: $2.1 million and $6.8 million) to Transportadora Del Meta S.A.S. ("**Transmeta**") in crude oil transportation costs. In addition, the Company had accounts receivable of $0.8 million (December 31, 2014: $1.1 million) from Transmeta and accounts payable of $0.4 million (December 31, 2014: $0.9 million) to Transmeta. Transmeta is controlled by a director of the Company.

e) As at September 30, 2015, loans receivable from related parties in the aggregate amount of $0.6 million (December 31, 2014: $0.9 million) are due from one executive director and seven officers of the Company. The loans are non-interest bearing and payable in equal monthly payments over a 48-month term.

In August 2015, the Company agreed to pay $8.3 million in severance to one of its officers, which included $5.5 million in cash paid during the three months ended September 30, 2015 and $2.8 million payable in March 2016. In addition, the departing officer's DSU entitlement was paid in kind with the Company's shares held in treasury on a one-to-one basis, for a total of approximately 1.3 million common shares.

f) The Company has entered into aircraft transportation agreements with Helicopteros Nacionales de Colombia S.A.S. ("**Helicol**"), a company controlled by a director of the Company. During the three and nine months ended September 30, 2015, the Company paid $1.4 million and $5.8 million (2014: $5.5 million and $11.5 million) in fees as set out under the transportation agreements. The Company had accounts payable to Helicol as at September 30, 2015, of $1.7 million (December 31, 2014: $2.8 million).

g) During the three and nine months ended September 30 2015, the Company paid $27.3 million and $81.5 million to ODL (2014: $57.9 million and $121.1 million) for crude oil transport services under the pipeline take-or-pay agreement, and had accounts payable of $10.3 million (December 31, 2014: $Nil). In addition, the Company received $0.7 million and $1.7 million from ODL during the three and nine months ended September 30, 2015 (2014: $0.7 million and $1.7 million) with respect to certain administrative services and rental equipment and machinery. The Company accounts receivable from ODL as at September 30, 2015 of $0.4 million (December 31, 2014: $0.4 million).

h) During the three and nine months ended September 30, 2015, the Company paid $41.5 million and $128.4 million to Oleoducto Bicentenario de Colombia S.A.S. (2014: $44.9 million and $132.5 million), a pipeline company in which the Company has a 27.6% interest, for crude oil transport services under the pipeline ship-or-pay agreement. As at September 30, 2015, the balance of loans outstanding to Bicentenario was $11.8 million (December 31, 2014: $42 million). Interest income of $0.3 million and $1.3 million was recognized during the three and nine months ended September 30, 2015 (2014: $0.7 million and $2.1 million). Interest of $0.7 million and $2 million was paid on the loans during the three and nine months ended September 30, 2015, and capital of $12.9 million and $30.1 million was paid on the loans in the three and nine months ended in September 30, 2015. During the three and nine months ended September 30, 2015, the Company received $Nil and $Nil (2014: $Nil and $0.5 million) with respect to certain administrative services, rental equipment and machinery. The Company has advanced $87.9 million as at September 30, 2015 (December 31, 2014: $87.9 million) to Bicentenario as a prepayment of transport tariff, which is amortized against the barrels transported. As at September 30, 2015 the Company had trade accounts receivable of $13.4 million (December 31,2014: $13.7 million) as a short-term advance.

i) The Company has established two charitable foundations in Colombia: the Pacific Rubiales Foundation and the Foundation for Social Development of Energy Available ("**FUDES**"). Both foundations have the objective of advancing social and community development projects in the country. During the three and nine months ended September 30, 2015, the Company contributed $4.3 million and $11 million to these foundations (2014: $7.7 million and $28.6 million). At as September 30, 2015, the Company had accounts receivable (advances) of $3.5 million (December 31, 2014: $5.0 million) and accounts payable of $1.7 million (December 31, 2014: $8.7 million).

j) At as September 30, 2015, the Company had demand loans receivable from PII in the amount of $72.4 million (December 31, 2014: $71.4 million). The loans are guaranteed by PII's pipeline project and bear interest that ranges from LIBOR + 2% to 7% per annum. The Company owns 41.65% of PII. In addition, during the three and nine months ended September 30, 2015, the Company received $3 million and $3.3 million (2014: $1.3 million and $1.3 million) from PII with respect to contract fees for advisory services and technical assistance in pipeline construction of "**Oleoducto del Caribe**". In addition, as at September 30, 2015, the Company had accounts receivable of $0.9 million (December 31, 2014: $1.0 million) from Pacific Infrastructure Ventures Inc., a branch of PII. As at September 30, 2015 the Company had accounts payable of $3.2 million to PII (December 31, 2014: $Nil).

In December 2012, the Company entered into a take-or-pay agreement with Sociedad Puerto Bahia S.A., a company that is wholly owned by PII. Pursuant to the terms of the agreement, Sociedad Puerto Bahia S.A. will provide for the storage, transfer, loading and unloading of hydrocarbons at its port facilities. The contract term commenced in 2014 and will continue for seven years, renewable in one-year increments thereafter. These agreements may indirectly benefit Blue Pacific and other unrelated minority shareholders of PII. During the three and nine months ended September 30 2015, the Company advanced $8.9 million and $15.3 million respectively, to Sociedad Puerto Bahía (2014: $Nil and $Nil) of which $2.6 million and $3.4 million were expensed during the three and nine months ended in September 30, 2015 in relation to services received (2014: $Nil).

k) In October 2012, the Company entered into an agreement with Pacific Coal, Blue Advanced Colloidal Fuels Corp. ("**Blue ACF**"), Alpha Ventures Finance Inc. ("**AVF**"), and an unrelated party whereby the Company acquired from Pacific Coal the right to a 5% equity interest in Blue ACF for a cash consideration of $5 million. Blue ACF is a company engaged in developing colloidal fuels; its majority shareholder is AVF, which is controlled by Blue Pacific. As part of the purchase, Pacific Coal also assigned to the Company the right to acquire up to an additional 5% equity interest in Blue ACF for an additional investment of up to $5 million. The Company currently has an 8.49% equity interest in Pacific Coal.

l) Blue Pacific provides the Company with passenger air transport services on an as-needed basis. During the three and nine months ended September 30, 2015, the Company paid $Nil and $Nil (2014: $Nil and $0.2 million) for these services.

m) The Company has a lease agreement for an office in Caracas, Venezuela for approximately $6 thousand per month. The office space is 50% owned by a family member of an executive officer of the Company.

26. Financial Assets and Liabilities

Overview of Risk Management

The Company explores, develops and produces oil and gas and enters into contracts to sell its oil and gas production and to manage its market risk associated with commodity markets, notably its exposure to crude oil pricing. The Company also enters into supply agreements and purchases goods and services denominated in non-functional currencies such as Colombian pesos for its Colombia-based activities. These activities expose the Company to market risk from changes in commodity prices, foreign exchange rates, interest rates, and credit and liquidity risks that affect the Company's earnings and the value of associated financial instruments it holds.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge its risk exposures. The Company's strategy, policies and controls are designed to ensure that the risks it assumes comply with the Company's internal objectives and its risk tolerance. It is the Company's policy that no speculative trading in derivatives be undertaken.

When possible and cost effective, the Company applies hedge accounting. Hedging does not guard against all risks and is not always effective. The Company could recognize financial losses as a result of volatility in the market values of these contracts.

Risks Associated with Financial Assets and Liabilities

a) Market Risks

Commodity Price Risk

Commodity price risk is the risk that the cash flows and operations of the Company will fluctuate as a result of changes in commodity prices associated with crude oil pricing. Significant changes in commodity prices can also impact the Company's ability to raise capital or obtain additional debt financing. Commodity prices for crude oil are affected by world economic events that dictate the levels of supply and demand. While the Company does not engage in speculative financial instrument trading, it may enter into various hedging strategies such as costless collars, swaps, and forwards to minimize its commodity price risk exposure to crude oil pricing.

Foreign Currency Risk

Foreign exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. As the Company operates primarily in Colombia, fluctuations in the exchange rate between the Colombian peso and the U.S. dollar can have a significant effect on the Company's reported results.

To mitigate the exposure to the fluctuating COP/USD exchange rate associated with operating and general and administrative expenses incurred in COP, the Company may enter into various hedging strategies such as currency costless collars, swaps and forwards. In addition, the Company may also enter into currency derivatives to manage the foreign exchange risk on financial assets that are denominated in the Canadian dollar.

The Company's foreign exchange gain/loss primarily includes unrealized foreign exchange gains and losses on the translation of COP-denominated risk management assets and liabilities held in Colombia.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

Interest Rate Risk

The Company is exposed to interest rate risk on its outstanding variable-rate revolving credit borrowings due to fluctuations in market interest rates. The Company monitors its exposure to interest rates on an ongoing basis.

Sensitivity Analysis on Market Risks

The details below summarize the sensitivities of the Company's risk management positions to fluctuations in the underlying benchmark prices, with all other variables held constant. Fluctuations in the underlying benchmarks could have resulted in unrealized gains or losses affecting pre-tax net earnings as follows:

- A $1 change in the crude oil price would have resulted in a $39.9 million change in revenue as at September 30, 2015 (2014: $38 million);
- A 10% change in the COP/USD exchange rate would have resulted in a $7.1 million change in foreign exchange gain/loss as at September 30, 2015 (2014: $1.1 million); and
- A 1% (100 basis points) change in the interest rate would increase or decrease interest expense by $3.1 million (2014: $2.5 million).

b) Credit Risk

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligations in accordance with agreed terms. The Company actively limits the total exposure to individual client counterparties and holds a trade credit insurance policy for indemnification for losses from non-collection of trade receivables.

	As at September 30 2015	As at December 31 2014
Trade receivable	$ 167,776	$ 224,871
Advances / deposits	55,366	108,828
Recoverable VAT and withholding tax	94,572	70,890
Other receivables	189,294	163,874
Receivable from joint arrangements	156,059	252,745
Allowance for doubtful accounts	(1,491)	(3,849)
	$ 661,576	$ 817,359
Bicentenario prepayments (non-current, Note 18)	87,971	129,963
Long-term recoverable VAT (non-current, Note 18)	53,800	86,886
	$ 803,347	$ 1,034,208

As at September 30, 2015, five of the Company's customers had accounts receivable that were greater than 10% of the total trade accounts receivable. The Company's credit exposure to these customers was $31 million, $29 million, $21 million $20 million and $19 million or 18%, 17%, 12%, 12% and 11% of trade accounts receivable respectively (September 30, 2014: four customers at $84 million, $87 million, $61 million and $45 million or 23%, 24%, 17% and 13% of trade accounts receivable). Revenues from these customers for 2015 were $18 million, $28 million, $42 million $20 million and $18 million or 3%, 4%, 6%, 3% and 3% of revenue (September 30, 2014: $169 million, $338 million, $163 million and $124 million or 4%, 9%, 4% and 3% of revenue) respectively.

The majority of the recoverable VAT and withholding tax is due to the Colombian and Peruvian tax authorities.

Included in other receivables are loans receivable from PII and Bicentenario of $72.4 million and $11.8 million (December 2014: $71.4 million and $42 million) respectively. The demand loan receivable from PII is guaranteed by PII's pipeline project and bears interest that ranges from LIBOR + 2% to 7% per annum; interest income of $1.3 million and $3.7 million was recognized during the three and nine months ended September 30, 2015 respectively. The Bicentenario loan bears interest at 7.32% and interest income of $0.3 million and $1.3 million was recognized during the three and nine months ended September 30, 2015 (2014: $0.7 million and $2.1 million).

The majority of the receivables from joint arrangements are due from Ecopetrol.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets except for the loan with PII.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's process for managing liquidity risk includes ensuring, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they become due. The Company prepares annual capital expenditure budgets that are monitored and updated as required. In addition, the Company requires authorizations for expenditures on projects to assist with the management of capital. As at September 30, 2015, the Company had available $Nil of revolving credit.

The Company has entered into a facility for the sale of its accounts receivables up to a revolving balance not to exceed $110 million. The Company reserves the right to utilize a portion or all of the facility at its discretion. The Company would pay an effective fee equal to LIBOR. As of September 30, 2015, the facility has not been used.

The following are the contractual maturities of non-derivative financial liabilities (based on calendar year and undiscounted):

Financial liability due in	Note	2015	2016	2017	2018	2019	Subsequent to 2020	Total
Accounts payable and accrued liabilities		$ 1,219,809	$ -	$ -	$ -	$ -	$ -	$ 1,219,809
Long-term debt	20	-	117,583	1,187,500	18,750	1,300,000	2,804,200	5,428,033
Obligations under finance lease	21	8,058	14,486	6,778	6,778	6,778	11,311	54,189
Total		$ 1,227,867	$ 132,069	$ 1,194,278	$ 25,528	$ 1,306,778	$ 2,815,511	$ 6,702,031

Accounts payables and accrued liabilities consisted of the following as at September 30, 2015 and December 31, 2014:

	As at September 30 2015	As at December 31 2014
Trade and other payables	$ 211,554	$ 600,404
Accrued liabilities	610,182	844,500
Payables - JV partners	14,096	45,409
Advances, warranties, and deposits	117,060	127,535
Withholding tax and provisions	266,917	301,121
	$ 1,219,809	$ 1,918,969

d) Hedge Accounting and Risk Management Contracts

The terms and conditions of the hedging instruments and expected settlement periods are as follows for instruments outstanding as at:

September 30, 2015

Type of Instrument	Term	Notional Amount / Volume (bbl)	Floor/ Ceiling or strike price	Benchmark	Carrying amount Assets	Liabilities
Subject to Hedge Accounting:						
Foreign Currency Risk						
Zero-cost collars	October 2015 to December 2015	45,000	2070-2251 COP/$	COP/USD	-	(13,433)
Commodities Price Risk						
Zero-cost collars	October to December 2015	2,550,000	53-54.20 / 59-63	WTI	20,437	-
Zero-cost collars	October to December 2015	3,900,000	59.20-62.90 / 64.50-67.90	BRENT	45,509	-
Zero-cost collars	January to June 2016	600,000	60-66	WTI	7,498	-
Total subject to hedge accounting					$ 73,444	$ (13,433)

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

Type of Instrument	Term	Notional Amount / Volume (bbl)	Floor/ Ceiling or strike price	Benchmark	Carrying amount Assets	Carrying amount Liabilities
Not Subject to Hedge Accounting:						
Foreign Currency Risk						
Zero-cost collars	October 2015 to December 2015	30,000	1900-2050 COP/$	COP/USD	-	(10,214)
Zero-cost collars	October 2015 to November 2015	7,500	3112 COP/$	COP/USD	-	(1)
Commodities Price Risk						
Zero-cost collars	April to December 2016	1,800,000	48 / 68	WTI	7,803	-
Zero-cost collars	January to December 2016	3,600,000	48.60 - 56 / 58.75 -73.45	BRENT	29,475	(13,725)
(counterparty option)						
Extendable	Various 2015 to Various 2016	1,800,000	59.0-61.5 / 64.15 - 66.0	WTI	25,545	-
Extendable	Various 2016	1,650,000	57-59.30 / 62-70	BRENT	10,616	-
Extendable Swap	Various 2015 to Various 2016	450,000	65.20	WTI	8,668	-
Total not subject to hedge accounting					$ 82,107	$ (23,940)
Total September 30, 2015					$ 155,551	$ (37,373)
				Current portion	$ 145,383	$ (35,678)
				Non-current portion	10,168	(1,695)
					$ 155,551	$ (37,373)

December 31, 2014

Type of Instrument	Term	Notional Amount / Volume (bbl)	Floor/ Ceiling or strike price	Benchmark	Carrying amount Assets	Carrying amount Liabilities
Subject to Hedge Accounting:						
Foreign Currency Risk						
Zero-cost collars	January to December 2015	240,000	2070-2251 COP/$	COP/USD	$ -	$ (26,672)
Zero-cost collars	January to June 2015	180,000	2020-2180 COP/$	COP/USD	-	(17,984)
Commodities Price Risk						
Zero-cost collars	January to March 2015	600,000	80 / 112	WTI	16,017	-
Zero-cost collars	January to June 2015	900,000	80 / 111.50	WTI	22,852	-
Total subject to hedge accounting					$ 38,869	$ (44,656)
Not Subject to Hedge Accounting:						
Foreign Currency Risk						
Zero-cost collars	July to December 2015	150,000	1900-2050 COP/$	COP/USD	$ -	$ (23,409)
Commodities Price Risk						
Zero-cost collars	January to December 2015	1,200,000	75 / 90	BRENT	16,999	-
Zero-cost collars	January to June 2015	3,000,000	75 / 88-89.15	WTI	3,738	-
Total not subject to hedge accounting					$ 20,737	$ (23,409)
Total December 31, 2014					$ 59,606	$ (68,065)

Hedging Relationship

The Company's hedging strategies for which hedge accounting is applied consist of the following:

- Foreign exchange: From its highly probable forecasted COP expenditures, the Company has identified the foreign exchange fluctuation risk as the hedged item. To mitigate the risk, currency collars were entered into and classified as hedging instruments. The collars used limit the risk of variability in cash flows arising from fluctuations in the COP to USD exchange rates above and below the specified ranges.

  To determine the effectiveness of the hedging relationship, the Company assesses the critical terms between the hedged item and hedging instruments on a qualitative basis. If mismatches in the terms are noted, a quantitative assessment is used to determine the impact of potential ineffectiveness.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

The sources of ineffectiveness identified in the current foreign exchange hedging strategy relate to differing credit ratings of the counterparties and the duration of the relationship. These sources of ineffectiveness were insignificant for the three and nine months ended September 30, 2015 and 2014.

- Commodity price: The Company's forecasted sales are subject to benchmark price, quality differential, and location differential risk components. As part of the Company's risk management strategy, the benchmark price risk component is hedged, which has historically comprised approximately 94% of the hedged item as a whole. The basis and location risk components are not subject to hedge accounting, as it was not considered economical.

  From its forecasted sales, the Company has identified its crude oil price risk as the specific benchmark risk component to be hedged, consistent with the Company's risk management strategy and exposure. The Company utilized commodity price collars as designated hedging instruments to manage related fluctuations in cash flow above or below the specified ranges.

The following table summarizes the Company's outstanding financial derivative positions subject to hedge accounting:

As at September 30, 2015:

	Hedging Instrument		Hedged Item		
	Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness for 2015	Changes in fair value used for calculating hedge ineffectiveness for 2015	Cumulative Cash flow hedge reserve for continuing hedges	Cumulative Cash flow hedge reserve for discontinued hedges
Cash flow hedges:					
Foreign Currency Risk					
Zero-cost collars	Risk Management Liabilities	$ (8,065)	$ (9,008)	$ (8,065)	$ (5,044)
Commodities Price Risk					
Zero-cost collars	Risk Management Assets	$ 72,560	$ 81,526	$ 71,037	$ -
		$ 64,495	$ 72,518	$ 62,972	$ (5,044)

As at December 31, 2014:

	Hedging Instrument		Hedged Item		
	Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness for 2014	Changes in fair value used for calculating hedge ineffectiveness for 2014	Cumulative cash flow hedge reserve for continuing hedges	Cumulative cash flow hedge reserve for discontinued hedges
Cash flow hedges:					
Foreign Currency Risk					
Zero-cost collars	Risk Management Liabilities	$ (33,988)	$ (34,216)	$ (33,978)	$ -
		$ (33,988)	$ (34,216)	$ (33,978)	$ -

Impact of Hedging Relationship

The Company excludes changes in fair value relating to the option time value from ineffectiveness assessments and records these amounts in other comprehensive income, as a cost of hedging.

For the three months ended September 30, 2015:

	Change in the value of the hedging instrument recognized in OCI gain/(loss)	Hedge ineffectiveness recognized in profit or loss gain/(loss)	Line item in profit or loss (that includes hedge ineffectiveness)	Amount reclassified from the cash flow hedge reserve to profit or loss gain/(loss)	Line item affected in profit or loss because of the reclassification
Foreign exchange risk					
Zero-cost collars	$ (8,858)	$ (8)	Foreign exchange gain (loss)	$ (20,103)	Production and operating costs
Commodities Price Risk					
Zero-cost collars	107,450	6,263	Risk management gain (loss)	36,413	Revenue
	$ 98,592	$ 6,255		$ 16,310	

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

For the nine months ended September 30, 2015:

	Change in the value of the hedging instrument recognized in OCI gain/(loss)	Hedge ineffectiveness recognized in profit or loss gain/(loss)	Line item in profit or loss (that includes hedge ineffectiveness)	Amount reclassified from the cash flow hedge reserve to profit or loss gain/(loss)	Line item affected in profit or loss because of the reclassification
Foreign exchange risk					
Zero-cost collars	$ (25,485)	$ (4,700)	Foreign exchange gain (loss)	$ (46,353)	Production and operating costs
Commodities Price Risk					
Zero-cost collars	94,246	1,076	Risk management gain (loss)	62,293	Revenue/Risk management
	$ 68,761	$ (3,624)		$ 15,940	

For the three and nine months ended September 30, 2015, the Company recorded ineffectiveness on foreign currency risk management contracts of $8 thousand and $4.7 million respectively as foreign exchange losses (2014: loss of $1.7 million and loss of $1.3 million). These amounts are unrealized and represent the change in fair value of the foreign currency derivatives.

For the three and nine months ended September 30, 2015, the Company recorded ineffectiveness on commodity price risk management contracts of $6.3 million and $1.1 million respectively as risk management gains (2014: $Nil). These amounts are unrealized and represent the change in fair value of the commodity price derivatives.

For the three months ended September 30, 2014:

	Change in the value of the hedging instrument recognized in OCI gain/(loss)	Hedge ineffectiveness recognized in profit or loss gain/(loss)	Line item in profit or loss (that includes hedge ineffectiveness)	Amount reclassified from the cash flow hedge reserve to profit or loss gain/(loss)	Line item affected in profit or loss because of the reclassification
Foreign exchange risk					
Zero-cost collars	$ (3,849)	$ (1,749)	Foreign exchange gain (loss)	$ 344	Production and operating costs
Commodities Price Risk					
Zero-cost collars	-	-	Risk management gain (loss)	-	Revenue
	$ (3,849)	$ (1,749)		$ 344	

For the nine months ended September 30, 2014:

	Change in the value of the hedging instrument recognized in OCI gain/(loss)	Hedge ineffectiveness recognized in profit or loss gain/(loss)	Line item in profit or loss (that includes hedge ineffectiveness)	Amount reclassified from the cash flow hedge reserve to profit or loss gain/(loss)	Line item affected in profit or loss because of the reclassification
Foreign exchange risk					
Zero-cost collars	$ (2,434)	$ (1,290)	Foreign exchange gain (loss)	$ (331)	Production and operating costs
Commodities Price Risk					
Zero-cost collars	-	-	Risk management gain (loss)	-	Revenue/Risk management
	$ (2,434)	$ (1,290)		$ (331)	

Instruments Not Subject to Hedge Accounting

As part of the Company's risk management strategy, derivative financial instruments are used to manage exposure to risks in addition to those designated for hedge accounting. As these instruments have not been designated as hedges, the change in fair value is recorded in profit or loss as risk management gain or loss.

For the three and nine months ended September 30, 2015, the Company recorded risk management gains of $131 million and $47 million respectively on commodity price risk management contracts in net earnings (2014: gains of $19 million and $25 million). In addition during the three and nine months ended September 30, 2015, the Company recognized gains in revenue of $87 million and $95 million respectively related to these instruments, which were settled (2014: $3.8 million and $9.2 million gains).

For the three and nine months ended September 30, 2015, the Company recorded risk management gains of $0.8 million and $32.5 million respectively on foreign currency risk management contracts in net earnings (2014: gain of $6.1 million and loss of $5.8 million). Included in these amounts were $4.2 million and $72 million respectively of unrealized gains (2014: $59 million and $4.8 million losses) representing the change in fair value. In addition during the three and nine months ended September 30, 2015, the Company recognized realized losses in foreign exchange of $3.4 million and $39.5 million respectively related to these instruments, which were settled (2014: $16 thousand gain and $0.8 million loss).

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

e) Fair Value

The Company's financial instruments are cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, risk management assets and liabilities, bank debt, finance lease obligations, debentures and equity investments on the statement of financial position. The carrying value and fair value of these financial instruments are disclosed below by financial instrument category.

		As at September 30, 2015		As at December 31, 2014	
	Note	Carrying value	Fair value	Carrying value	Fair value
Financial Assets					
Financial assets measured at amortized cost					
Cash and cash equivalents		$ 488,885	$ 488,885	$ 333,754	$ 333,754
Restricted cash		24,676	24,676	15,644	15,644
Accounts receivable[(1)]		715,376	715,376	904,245	904,245
Bicentenario loan	18,26b	11,834	11,834	41,992	41,992
Long-term receivables	18	10,375	10,375	10,375	10,375
		1,251,146	1,251,146	1,306,010	1,306,010
Financial assets mandatorily measured at fair value through profit or loss (FVTPL)					
Held-for-trading derivatives that are not designated in hedge accounting relationships	26d	82,107	82,107	20,737	20,737
		82,107	82,107	20,737	20,737
Financial assets designated as measured at fair value through other comprehensive income (FVTOCI)					
Investments in equity instruments	18	6,150	6,150	19,924	19,924
		6,150	6,150	19,924	19,924
Derivative instruments in designated hedge accounting relationships	26d	73,444	73,444	38,869	38,869
		73,444	73,444	38,869	38,869
		$ 1,412,847	$ 1,412,847	$ 1,385,540	$ 1,385,540
Financial Liabilities					
Financial liabilities measured at amortized cost					
Accounts payable and accrued liabilities	26c	$ (1,219,809)	$ (1,219,809)	$ (1,918,969)	$ (1,918,969)
Long-term debt	20	(1,313,943)	(1,323,833)	(673,925)	(680,446)
Senior Notes [(2)]	20	(3,988,024)	(1,477,977)	(3,979,924)	(3,372,736)
Obligations under finance lease	21	(40,252)	(50,713)	(50,803)	(64,006)
		(6,562,028)	(4,072,332)	(6,623,621)	(6,036,157)
Financial liabilities measured at fair value through profit or loss (FVTPL)					
Held-for-trading derivatives that are not designated in hedge accounting relationships	26d	(23,940)	(23,940)	(23,409)	(23,409)
		(23,940)	(23,940)	(23,409)	(23,409)
Derivative instruments in designated hedge accounting relationships	26d	(13,433)	(13,433)	(44,656)	(44,656)
		(13,433)	(13,433)	(44,656)	(44,656)
		$ (6,599,401)	$ (4,109,705)	$ (6,691,686)	$ (6,104,222)

(1) Includes long-term VAT.
(2) Total fair value of the various Senior Notes is estimated using their last traded prices as at September 30, 2015.

When drawn, bank debt bears interest at a floating rate; accordingly, the fair value approximates the carrying value.

Due to the short-term nature of cash and cash equivalents, accounts receivable and other current assets and accounts payable and accrued liabilities, their carrying values approximate their fair values.

The following table summarizes the Company's financial instruments that are carried or disclosed at fair value in accordance with the classification of fair value input hierarchy in IFRS 7 *Financial Instruments - Disclosures*.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

As at September 30, 2015:

	Quoted prices in active markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Financial assets at Fair Value				
Held-for-trading derivatives that are not designated in hedge accounting relationships	$ -	$ 82,107	$ -	$ 82,107
Derivative instruments in designated hedge accounting relationships	-	73,444	-	73,444
Financial assets at FVTOCI				
Investments in equity instruments	$ -	$ -	$ 6,150	$ 6,150
Other Assets				
Loan to Bicentenario	$ -	$ 11,834	$ -	$ 11,834
Long-term receivables	-	10,375	-	10,375
Financial liabilities at Fair Value				
Held-for-trading derivatives that are not designated in hedge accounting relationships	$ -	$ (23,940)	$ -	$ (23,940)
Derivative instruments in designated hedge accounting relationships	-	(13,433)	-	(13,433)
Other liabilities				
Long-term debt	$ -	$ (1,323,833)	$ -	$ (1,323,833)
Senior notes	(1,477,977)	-	-	(1,477,977)
Obligations under finance lease	-	(50,713)	-	(50,713)

As at December 31, 2014:

	Quoted prices in active markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Financial assets at Fair Value				
Held-for-trading derivatives that are not designated in hedge accounting relationships	$ -	$ 20,737	$ -	$ 20,737
Derivative instruments in designated hedge accounting relationships	-	38,869	-	38,869
Financial assets at FVTOCI				
Investments in equity instruments	$ 13,774	$ -	$ 6,150	$ 19,924
Other Assets				
Loan to Bicentenario	$ -	$ 41,992	$ -	$ 41,992
Long-term receivables	-	10,375	-	10,375
Financial liabilities at Fair Value				
Held-for-trading derivatives that are not designated in hedge accounting relationships	$ -	$ (23,409)	$ -	$ (23,409)
Derivative instruments in designated hedge accounting relationships	-	(44,656)	-	(44,656)
Other liabilities				
Long-term debt	$ -	$ (680,446)	$ -	$ (680,446)
Senior notes	(3,372,736)	-	-	(3,372,736)
Obligations under finance lease	-	(64,006)	-	(64,006)

The Company uses Level 1 inputs, specifically the last quoted price of the traded investments, to measure the fair value of its financial assets at FVTOCI.

The Company uses Level 2 inputs to measure the fair value of its risk management contracts. The fair values of these contracts are estimated using internal discounted cash flows based on forward prices and quotes obtained from counterparties to the contracts, taking into account the creditworthiness of those counterparties or the Company's credit rating when applicable.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

The Company uses Level 3 inputs to measure the fair value of certain investments that do not have an active market.

Valuation Techniques

Foreign currency forward contracts are measured based on observable spot exchange rates and the yield curves of the respective currencies, as well as the currency basis spreads between the respective currencies. The credit risks associated with the counterparties and the Company are estimated based on observable benchmark risk spreads.

Commodity risk management contracts are measured at observable spot and forward crude oil prices.

Investment in unquoted ordinary shares that have no observable market data are valued at cost.

27. Supplemental Disclosure on Cash Flows

Changes in non-cash working capital are as follows:

	Three months ended September 30		Nine months ended September 30	
	2015	**2014**	**2015**	**2014**
Decrease in accounts receivable	$ 39,086	$ 79,202	$ 178,174	$ 20,659
(Increase) decrease in income taxes receivable	(242)	(28,505)	(39,870)	17,105
Decrease in accounts payable and accrued liabilities	(236,101)	(19,627)	(712,441)	(55,105)
Increase (decrease) in inventories	1,577	(16,775)	(2,324)	(29,801)
(Decrease) increase in income taxes payable	(9,922)	(21,528)	45,060	(78,182)
Decrease (increase) in prepaid expenses	538	86	(1,990)	1,402
	$ (205,064)	$ (7,147)	$ (533,391)	$ (123,922)

	Three months ended September 30		Nine months ended September 30	
	2015	**2014**	**2015**	**2014**
Cash income taxes paid	$ 2,952	$ 55,554	$ 80,801	$ 150,842
Cash interest paid	101,140	81,134	183,185	206,972
Cash interest received	1,042	879	3,469	2,563

28. Comparative Financial Statements

The comparative consolidated financial statements have been reclassified from the ones previously presented to conform to the presentation of the current consolidated financial statements.