



**GeoPark Limited**  
**Second Quarter 2014 Results Conference Call**  
**August 26, 2014**

**INTRODUCTION**

**Operator:**

Good morning and welcome to the GeoPark Limited conference call following the results announcement for the financial quarter ended 30th June 2014. [Operator Instructions]

I would now like to introduce your host for the conference, Sofia Chellew, Investor Relations for GeoPark Limited.

**Sofia Chellew:**

Thank you, Operator. I would like to extend a warm welcome to all our participants on behalf of GeoPark Limited. GeoPark issued its quarterly report today. If you do not have a copy of our press release, please call Grayling in New York at (646) 284-9406 and we will have one sent to you. Alternatively, you may obtain a copy of the release at the Investor Support section on the company's corporate website at [www.geo-park.com](http://www.geo-park.com). A replay of today's call may be accessed by dialing-in on the numbers provided in the press release. Before we continue, I would like to point out that certain statements contained in the results release, and on this conference call, are forward-looking statements rather than historical facts, and are subject to risks and uncertainties that could cause actual results to differ materially from those described. With respect to such forward-looking statements, the company seeks protections afforded by the Private Securities Litigation Reform Act of 1995. These risks include a variety of factors, including competitive developments and risk factors listed from time to time in the company's SEC reports and public releases. Those lists are intended to identify certain principal factors that could cause actual results to differ

materially from those described in the forward-looking statements, but are not intended to represent a complete list of a Company' business.

All financial figures included herein were prepared in accordance with IFRS and are stated in U.S. dollars, unless otherwise noted. Reserves figures correspond to PRMS standards.

Joining us today from GeoPark is James F. Park our Chief Executive Officer, Augusto Zubillaga our Chief Operating Officer, and Andrés Ocampo our Chief Financial Officer.

And now, I will turn the call over to Jim.

### **James Park Comments:**

Thank you Sofia, and good morning everyone. Thank you for your interest in GeoPark.

We have some strong results for the quarter to report to you today, and want to leave most of the time open for the Question and Answer period. However, since this is our first conference call since joining the NYSE earlier this year, we felt it would be helpful to begin by giving a short introduction and some perspective to our Company.

GeoPark is an exploration & production company focused on Latin America -- an area of huge opportunity with immense hydrocarbon resources and surprisingly few players.

We have grown from scratch and systematically built ourselves to a production level of over 20,000 bpd - with the opportunity now for accelerated growth.

Our start was in Chile where we are the first private oil and gas producer and we now have successful businesses in Colombia, Brazil and Argentina.

GeoPark is uniquely positioned in LATAM with a self-funding platform of 30 blocks - representing nearly 4 mm acres - in 10 proven hydrocarbon basins - in 4 countries - with an attractive and risk balanced mix of production, development, exploration and unconventional resource opportunities.

We have grown by the drill bit and have drilled over 180 wells in the last 5 years with a good success rate. This year we are drilling 50-60 new wells as part of our roughly \$250 mm work program.

We have invested in our oil finding and operating capabilities and have strong local teams managing and building our projects in each country.

We have a consistent track record of increasing production, reserves and cash flow – our principal performance measures – every year for the last 8 years. And believe this is a strong indicator both of the capabilities of our team and quality of our assets.

Our balance sheet is strong and we are fully funded for our \$250 mm work program this year. We have over \$125 mm of cash in the bank – and strong supporting shareholders like the IFC of the World Bank to assist our growth. Earlier this year, we listed on the NYSE to share our story with a wider investor base and to raise additional funds. Since our IPO, our share price has increased over 50% and our liquidity has improved significantly.

We have established ourselves as a consolidator and acquirer in the region. We have a track record of successful acquisitions on which we have quickly built value. We have a deep inventory of new projects that we have been working on for many years -- and a strategic partnership with LG (the Korean conglomerate) to build a portfolio of upstream assets across LATAM.

We are currently working on new projects in the countries where we are operating (Chile, Colombia, Brazil and Argentina) and are presently analyzing other countries like Peru and Mexico, where we see an attractive potential.

One of our competitive advantages is our business model. This is based on a larger scale portfolio approach with multiple attractive projects in different regions, managed by talented local oil and gas teams -- unified by operational and financial synergies. We believe this creates a more effective investment vehicle by providing a strong foundation to minimize any downside; a big upside through multiple growth opportunities and an overall organizational approach to efficiently allocate capital and grow the individual businesses. Therefore, in each country we have an attractive stand-alone growing business that runs better, is more secure and has more value by being part of a bigger pie.

Looking briefly at our businesses:

In Chile, from a flat-footed start-up, we have built a successful business by being the first private producer in the region. We have production of approximately 6,400 boepd – with an attractive inventory of reserves and exploration resources to continue to grow production and cashflow. We also recently expanded our acreage across the Magellan Straits to Tierra del Fuego, where we are now carrying out an exploration and development drilling program and expect to replicate our previous success on the Fell Block.

In Colombia, in a little more than 2 years, we have acquired and merged 3 companies, built a team, begun drilling, and increased production from approximately 2,500 bopd to over 20,000 bopd gross and over 10,000 bopd net. This is one of the strongest current success stories in Colombia and we continue to see good results from our drilling. We have also introduced new paradigms both below ground - by introducing a new play type to the region - and above ground - by our community relations approach. We also recently expanded our asset base by the award of a new block in the Lower Magdalena Valley last month.

In Brazil, we established a business last year with our same risk-balanced approach with the acquisition of a cashflow producing asset – the Manati field operated by Petrobras – Brazil's largest producing gas field -- and the participation in 8 new exploration blocks. Next quarter, we will begin to shoot seismic and prepare for a drilling program in 2015.

In Argentina, we were just awarded two new exploration licenses in Mendoza through a consortium consisting of GeoPark and Pluspetrol, where we have a non-operating 18% working interest. These blocks position GeoPark in an attractive new play with a big upside in a proven basin, working with a great partner, and involving a modest investment exposure.

Ours is a long term business so quarterly results only provide a snapshot of our total progress, however, our positive Second Quarter results are a clear indication that we are on track to reach our targets and goals for the year – with advancements on all fronts.

Augusto and Andres will review the Second Quarter results in more detail but some highlights include:

- Oil and gas production is up 57% to over 20,000 boepd – led by a 68% increase in oil production in Colombia.
- Exploration drilling on the Llanos 34 Block in Colombia – which we operate - continues to have success and now indicates that Tigana, Tigana Sur and Tigana Norte fields form part of a single larger field. Further drilling and testing must be carried out but this is good news and suggests a larger opportunity than originally targeted or currently certified.
- We also had new discoveries in Chile: including the Ache gas field on the Fell Block, the Primavera Sur oil field on the Campanario Block and the Pantana Oeste oil field on the Isla Norte Block
- These operational gains have led to financial growth for the Second Quarter with Net Revenues up 80% to \$131.4 million; Adjusted EBITDA up 122% to \$76.4 million and Profit up to \$27.3 million.

As you see, our fundamentals are strong and our results are coming in. We have the team; assets; partners; capital; plan; [production, reserves and cashflow]; and the new opportunities for continuous growth – both in the near and long term.

Let's please now turn the call over to Augusto who will discuss the Company's operations and businesses in more detail.

### **Augusto Zubillaga Comments:**

Thanks Jim. Good morning to everyone.

In 2014, GeoPark is carrying out an ambitious work and investment program of approximately \$250 million, which includes the drilling of 50- 60 wells, new seismic and the construction of new facilities. We are midway through this program and on target, having already drilled a total of 28 new wells.

Our total production increased 57% in the second quarter and was mainly the result of higher oil production in Colombia along with higher gas production from the addition of the Brazilian project.

Let's now take a closer look at each of GeoPark's businesses to review the progress of our efforts and growth in each Country.

Beginning with Chile: GeoPark owns 6 blocks covering an area of around 1 million acres.

- Second quarter production was more than 6,400 boepd with almost 4,000 bopd of oil and 15 million cfpd of gas. We had a 5% decrease in production in the quarter resulting from a natural production decline.
- In terms of certified 2P reserves, we had 45.1 mmboe as of December 2013.
- We are on track with our work program in Chile of about \$150 million dollars and have drilled 16 wells during the first half.

In Chile, according to our work program, we have continued developing the Tobifera formation with the drilling of the following key wells:

In the Fell Block –

- a. The exploration well Ache 1 was tested at an average production rate of 9.2 million cfpd of gas.

b. The development well Konawentru 6 was tested at an average rate of 1,000 bpd of oil. The well is currently in production.

c. The development well Molino 9 well also tested at an average rate of approximately 400 bpd of oil.

Moving to our exploration program in Tierra del Fuego, we discovered the first oil field in the Campanario Block with Primavera Sur 1, which tested at a production rate of around 215 bopd gross of oil. The well is in production with surface facilities already in place.

Also worth highlighting is our first oil discovery in the Isla Norte Block - Pantano Oeste 1 - which tested at a production rate of around 600 bopd. Surface facilities are being currently built.

Moving now to Colombia:

- GeoPark owns 10 blocks covering an area of approximately 700 thousand acres.
- Second quarter production was more than 10,000 boepd. This represents a 68% increase led by new discoveries and production in the Llanos 34 Block operated by Geopark.
- Certified 2P reserves are 16.5 mmbbl as of December 2013.
- We are on track with our work program of \$70-\$80 million dollars – with 12 wells drilled during the first half.
- Key highlights include:

The Tigana field in the Llanos 34 block, where we are operator and have a 45% working interest. Our first discovery was announced in December 2013, following a new play type Geopark introduced to the Llanos basin. In 2014, we discovered two additional fields: Tigana Sur and Tigana Norte. Our results now indicate that these new fields are part of one single larger structure. Out of a total of 8 wells drilled to date, 5 wells are now on production at a rate of over 8,500 bopd.

The three remaining wells, Tigana Sur Oeste 1, Tigana Sur 2 and Tigana Sur 3 will be tested in the following months. We expect these tests to provide important information about the size of the Tigana field as well contribute new production.

We have also been working to build new treatment and storage facilities in the Tarotaro and Max fields on Llanos 34 block to improve our operating expenses in those fields.

Also, on a non-operating block, Llanos 32 Block, where we have a 10% working interest, we had a discovery with the Kananaskis 1 well, which is currently producing approximately 4,500 bopd gross.

Lastly in Colombia, GeoPark participated in the hydrocarbon block bidding round in July and was awarded the VIM-3 Exploratory Block in the Lower Magdalena Basin. The block covers an area of approximately 225,000 acres, and GeoPark's commitment is approximately \$22.2 million for the initial three-year exploratory period. GeoPark will be the operator and have a 100% working interest. The block has an attractive oil and gas exploration potential in a large area within a proven hydrocarbon system but limited exploration activity. It is surrounded by existing oil and gas fields, such as the Cicuco and Boquete fields.

Now, turning to Brazil:

- GeoPark owns 9 blocks covering an area of approximately 90 thousand acres.
- Second quarter production was over 21 million cfpd of gas from the Manati field, which is operated by Petrobras and where GeoPark has a 10% WI
- Certified 2P reserves are 8.6 mmboe as of December 2013.
- We are on track with our work program in Brazil of \$10 - \$15 mm dollars and includes expenditures related to the gas compression facility in Manati, and the 3D seismic acquisition for 2 exploratory blocks, which is expected to start in the third quarter.

Finally, in Argentina:

- We were just awarded - with our partner Pluspetrol - two new blocks in Mendoza. Sierra del Nevado and Puelen Blocks, which cover about 1.7 million acres, and are located on the northeast edge of the Neuquen Basin, which is Argentina's most productive hydrocarbon basin. Geopark's investment commitment is approximately \$6.2 million over the initial exploratory period of three years.
- These new blocks give us the opportunity to partner with a well known operator, Pluspetrol, and also participate in a high potential play with big shallow structures and a fairly low investment commitment.

In summary, from an operational perspective for GeoPark, all is on track for our 2014 program -- and our teams are making good progress in building our businesses in each country.

Now let's please turn the call over to Andres who will provide more detail on our financial results.

### **Andrés Ocampo Comments:**

Thank you, Augusto. Hello everyone.

We are pleased to report that, consistent with the successful operational performance that Augusto just shared with us, GeoPark continues to improve its financial condition and health – with very positive financial results during this quarter.

Net Revenues, Adjusted EBITDA and Net Profits have shown strong increase with respect to the same period of the previous year.

Also, we are fully funded for our 2014 work program, and have a strong balance sheet – with over \$125 million of cash – and last twelve-months pro-forma Adjusted EBITDA generation of \$228 million.

Before going to the financial highlights, I would like to clarify that as of the second quarter of 2014, we began consolidating line by line the results from the Manati field in Brazil.

I will start by describing some of the most relevant lines of our Income statement. Our Consolidated **Net Revenues** increased by 80% to \$131.4 million, mainly as a result of the production increase and inventory normalization in Colombia, as well as a 17% increase in the overall average selling prices.

Turning to our costs, GeoPark's **consolidated production costs** increased by 50% to \$64.3 million in the quarter, as a result of higher production and deliveries in Colombia as well as the addition of the Brazilian operations.

**Consolidated exploration costs** increased to \$7.4 million from \$6.3 million in the same quarter of 2013, primarily as a result of higher staff costs, related to our increased exploration efforts, which were partially offset by lower write-offs in Chile.

**Consolidated administrative costs** for the quarter increased by 6% to \$11.8 million, mostly due to the Brazilian operations.



**Consolidated selling expenses** increased to \$6.0 million in the quarter, from \$1.6 million in the same prior year period, driven by increased selling expenses in Colombia.

Our **consolidated adjusted EBITDA** increased by 122% to \$76.4 million. This significant growth is being led by our Colombian business as well as the incorporation of Brazil, partially offset by lower adjusted EBITDA in the Chilean operations.

Now I will break down our financial results in each of our businesses of Chile, Colombia and Brazil.

In **Chile**, Net revenues increased by 5% to \$39.2 million, mainly due to higher gas deliveries, higher oil prices and gas prices as a result of better commercial terms agreed with our buyers – which were partially offset by lower oil production.

Operating costs in Chile increased by 18% to \$7.8 million, Adjusted EBITDA decreased by 2% to \$22.5 million, and adjusted EBITDA per boe increased by 12% to \$44.3 per boe, which represents an addition of approximately \$5 per each barrel equivalent of production compared to 2Q2013.

In **Colombia**, Net revenues – which represented 60% of the total consolidated revenues - increased by 125% to \$79.4 million as a result of a 68% increased production, and 29% higher average realized price, which resulted from a combination of higher international prices and a lower proportion of our sales being done at the well-head.

Operating costs for the quarter amounted to \$21.6 million, which represents a 38% increase with respect to the same period in 2013.

Adjusted EBITDA in Colombia increased by 188% to \$46.8 million, and our Adjusted EBITDA per bbl increased by 61% to \$46.9 per boe in the quarter. This means that we have improved our Netbacks by \$18.8 dollars per each barrel of production during this quarter, compared to the same quarter of the previous year.

In terms of our **Brazilian** operations, as announced during the first quarter, we completed the acquisition of a 10% working interest in the Manati Field in Brazil. With this acquisition, our Brazilian operations recorded Net revenues of \$12.3 million, Production costs of \$6.2 million and Adjusted EBITDA of \$7.1 million.

Moving on to our **consolidated non-operating results**, our **Net financial expenses** decreased to \$3.5 million in the quarter from \$8.0 million in 2013, as a result of a higher cash and cash equivalents balance (which generated higher financial income) and non-cash gains from exchange differences resulting in

Brazil. These effects were partially offset by higher interest expenses due to higher average debt during 2Q2014 compared to previous year.

**Income tax** amounted to \$11.3 million in the quarter compared to \$2.7 million in the same quarter of 2013, and was in line with the increase in profit before income taxes in the period.

**Profit for the period** amounted to record of \$27.3 million, and is explained by higher operating income and to a lesser extent by lower net financial expenses, which were partially compensated by higher income taxes.

Turning to the **balance sheet, cash and cash equivalents** in the second quarter of 2014 totaled \$125.3 million, compared to the year-end 2013 cash and cash equivalents of \$121.1 million.

This variation is the result of a combination of factors:

- Cash generation from our operations of \$105 million during the first half of 2014;
- \$128.2 million of net funds generated from financing activities (including the \$70 million credit facility from Itau to acquire the interest in the Manati gas field and the \$90.9 million net proceeds resulting from the NYSE-IPO and some debt and interest payments); and
- \$229.8 million of net cash used in the Company's investment activities, both CAPEX and acquisitions.

**GeoPark's total assets** as of June 30, 2014, amounted to \$1,079.5 million and **Total financial debt** to \$368.6 million which included \$300.4 million related to the 2020 Bond issued in February 2013 and \$70 million related to the Itau credit facility.

Our **shareholders' equity** reached \$501.7 million and included minority interests of \$104.3 million, related to LG International's participation in the Chilean and Colombian operations as well as the net proceeds resulting from the NYSE-IPO.

Finally, I would like to mention that as of June 30, 2014, the Company's leverage ratio was 1.8-times, or 1.6 times if we consider the pro-forma adjusted EBITDA. Additionally, interest coverage for the period reached 6.0-times. Both ratios fall within our internal guidelines, and are well within the requirements of our 2020 bond covenants.

This concludes my remarks.

Let's please ask our Operator now to move on to the question and answer session.

## **QUESTIONS AND ANSWERS SESSION**

### **Operator Instructions:**

Thank you. At this time if you would like to ask a question, press star then the number 1 on your telephone keypad. Your first question comes from \_\_\_\_\_.

Operator: There are no further questions at this time. I'll turn the call back over to Mr. James F. Park for any closing remarks.

### **Diego Mendes – Itau Analyst**

Yes, hi, good morning all. Sir, I have three questions. The first one is on Colombia, about Tigana, Tigana Sur and Tigana Norte that you mentioned that information is actually larger than you originally thought. My question is, can you provide us more or less what's the size of the reserve that you have this year for the next year?

The second question is still on Colombia. If you have been suffering any impact from the current tax to the pipelines in Colombia, either you have some problems to transport your oil?

And the third, when you did the re-IPO or the follow-on, you mentioned on acquisitions in Peru, Colombia or even in other countries. So, I'd like to know what is new there, if you have found new targets, so what is the status? Thank you.

### **Augusto Zubillaga, Chief Operating Officer**

Okay, Diego. I'm going to answer your first question. My name is Augusto Zubillaga. So, regarding Tigana, we are really optimistic and excited about the potential for the Tigana field. So, we are currently completing our development program and testing additional wells and we will provide more information in the near future. So, as I mentioned before, we have drilled eight wells; five wells have been completed so far and they are currently producing over 8,500 value of oil per day gross. So, also we are now in process of completing the test in Tigana Sur Oeste and Tigana Sur 2 and Tigana Sur 3. So, and sooner we have more information about these exploration, we will inform to the market.

### **Andres Ocampo, Chief Financial Officer**

Thank you, Diego. This is Andres here. So, going to your second and third questions, with respect to the attacks and disruptions in the transportation in Colombia, we haven't suffered any delays or any disruptions in our transportation of production as a result of those issues. Fortunately, we are in a separate or in a different region and we use different transportation vehicles or avenues different than those that suffer those disruptions. So, just to confirm, we haven't suffered any of those and we are not expecting those in the near future.

And then, in terms of our inorganic growth efforts, that was your third question, we continue to move forward with our -- as you know, we have a multiple project inventory, long-term multiple project inventory in the region with a number of initiatives that we are following in all of the countries where we have a presence and including also Peru as you mentioned and Mexico as Jim mentioned. Since the IPO until today, we closed three new blocks, we signed up for three new blocks: one in Colombia and two in Argentina. And we continue to develop that inventory of opportunities and we are looking forward to close on some new ones. At this point, we don't have any specific project that is at a state that would deserve some comments, so, but we will inform everybody if the time comes.

**Gavin Wylie, Scotia Analyst**

Hi guys. I have a couple of quick questions. Just, first, around production. I'm wondering if you can give us a little bit more guidance with the Methanex plant shutdown for the majority of Q3. Just a sense of where Q3 volumes for Chilean overall production would be, I mean, on a boe basis is fine. And then looking into year-end, is there any sense around in exit rate for the total company that you might be able to give us a little bit of further clarity on?

And then, on the Tigana side, I'm just wondering if I can approach it in a slightly different way and look at Tigana as what you currently believe to be the closure independently of Tigana and Tigana Sur independently and then perhaps looking at what you've seen today as where do you think that closure might be on the sort of a P-50 or even a P-90 basis?

**Andres Ocampo, Chief Financial Officer**

Well, thank you, Gavin. This is Andres here. Thanks for your questions. I will try to answer your first two questions. With respect to the production in Chile, we are expecting the Methanex facility to resume operations in September. So, we are looking at our production through -- our gas production to be back fully on-line back then.

And then with respect to our overall exit production rate, we are well within our guidance for this year. So, we expect the exit rate to be probably in line with -- to allow us to be in line with our guidance.

And then, maybe, can you please repeat your third question with respect to the --

**Gavin Wylie, Analyst**

May be if I can just follow-up, Andres, on that, is there any specific numbers that you can give on Q3 just like an overall boe for Chile, just the specific numbers and what you're expecting, I mean, is it going to be around 5,500 to 6,000 boe a day for Chile for Q3?

**Andres Ocampo, Chief Financial Officer**

We can -- we try to stick to our annual guidance and we typically don't give quarterly guidance, but we don't -- we think that those numbers are reasonable for 3Q.

**Gavin Wylie, Analyst**

Okay, that's fine. And then, the last question I had was just around Tigana. If you look at the three independent structures: Tigana Sur, Tigana Norte and Tigana, independently, what do you believe that the closure is? And then, as you look to assess the upside, if all three are connected, what does that closure look like? I mean, are you talking 400 or 500 acres per closure and then if they're larger accumulation, it could be 200 -- call it 2,500 or 2000 acres. I mean what is further sense around that number?

**Andres Ocampo, Chief Financial Officer**

Well, thank you. I think, I understand your question now. This is Andres again. I think as Augusto mentioned we're still going to test three very important wells in the coming weeks, the Tigana Southwest, Tigana South 2 and 3. And I think we'll be ready to give that kind of detail and information when we get the information from those three wells. I think that's pretty much what we're looking at.

**Gavin Wylie, Analyst**

Sure. That's understandable. Thanks, guys.

**Gustavo Gattass, BTG Analyst**

Hi, guys. I had a couple of questions here. Let me start with probably I think the easiest of all. Can you give us an idea of when the asset swap between Arrendajo and Yamu is going to be effective from earnings and balance sheet point of view?

My other questions, just to focus first on the growth guidance, the message that you guys have 15% to 20% would imply, if we look at the pro-forma figures, something that would be, kind of, flattish for the second half of the year. And it seems that the tone in the message you guys were sending is a bit more upbeat with regards particularly to Tigana itself. Can you just give us some flavor, is it really what we should be thinking about, kind of, be in the 20,000 barrels from now until year end, the right message to go ahead or is there room for upside? So, that'll be the second.

And then the third, I just wanted to touch on two aspects of your exploration story. Now, in Argentina, whether or not you could give us an idea of what things are looking like on that new block that you aimed for. So, that's a conventional play if you're going for shale or

something different? And within Tierra del Fuego, I just wanted to understand if, given all the wells that have been drilled, if you guys have already mapped out where the Tobifera is basically oil bearing and gas bearing. So, if you guys already have a very good view of that for the remainder of the year. Thank you.

**Andres Ocampo, Chief Financial Officer**

Thank you, Gustavo and good morning. This is Andres. I'll go to your first question with respect to the asset swap in Colombia. That has been closed already, the effective date of the transaction is January 1st. And you should see that in our balance sheet from now on, it's -- those are relatively small, small-ish type of asset sold. The impact in our balance sheet or P&L is going to be relatively marginal. But, you should be seeing that in our numbers from now on, as well as the \$3 million -- \$3.6 million in cash that we have already collected.

Then, with respect to our pro-forma guidance, we'd rather speak to our guidance at this point; we're not ready to revise it yet. Again, as we said, we are cautious about the Tigana, the Tigana information and we are waiting for the new wells to come into line and be tested and hope to give you some more detail around that once we have all those results.

So, maybe I would hand it over to Zubi now to go to -- to answer your third question.

**Augusto Zubillaga, Chief Operating Officer**

Well, it's (inaudible) we have experience in these kind of blocks. These two blocks are Sierra del Nevado and Puelen Blocks. They are shallow and heavy oil. So we are not looking for unconventional, we are looking for heavy old type of fluids. And you know that Pluspetrol has a nearby field that is called El Corcovo, there we have a lot of experience with that kind of operation. So, that's a short history that we have from that kind of blocks.

**James F. Park, Chief Executive Officer**

And Gustavo, could you repeat your last question please?

**Gustavo Gattass, Analyst**

Yeah. Jim, the question has to do more with the TDS drilling and in particularly drilling in Tierra del Fuego for the Tobifera formation. Some months ago, I actually had the impression that it wasn't completely clear where the gas windows and the oil windows were. But, ever since then, you guys have actually found both oil and gas on those place. And I was just wondering is the mapping of where those windows are already completed and do you guys have a good enough picture of where to aim for each right now?

**Andres Ocampo, Chief Financial Officer**

Okay. Thank you, Gustavo. I think it's -- I think we've drilled just a few wells in a very large acreage area. So, it's hard to assess right now the exact areas where the oil or gas windows are located. And we have mapped over 25 or 30 different prospects in multiple areas and some of them are gas -- are targeted for gas and some of them are targeted for oils. Not sure if that answers your question.

**Gustavo Gattass, Analyst**

No, no, it does. So, it's still ongoing. That's fine. It's not a problem. Thank you, guys.

**Michael Letros, Libra Investors**

Thank you everyone for doing this call. I think it's great after the listing to get the story by doing these calls on a regular basis. I guess, I had about two questions. One is, in terms of the VIM-3 in Colombia, can you give us a sense, are you targeting a conventional target or unconventional, what is the game plan in terms of doing seismic and drilling and when do you expect to do that and have some results on that?

And second question, probably more for Jim, is just on capital allocation. You mentioned obviously the two fields with the small commitment you have in Argentina and possibility going into Peru and Mexico, and how do you balance doing that and increasing inventory versus spending more money and accelerating 34, where you have had tremendous success and work it up probably a bigger impact on the share price and the value of the Company by actually allocating capital to that play and accelerating the drilling rather going further afield? That's it.

**Augusto Zubillaga, Chief Operating Officer**

So, thanks, Michael. I'm Augusto, just going to your first question, VIM-3. VIM-3 allows us to expand our portfolio and getting to new opportunities that provide significant upside on the exploration in (inaudible) characteristic, and is surrounded by recent oil and gas discoveries that is for example Cicuco and Boquete fields that belong to Ecopetrol and it's adjusted to our block. So, we are not looking for unconventional type of reservoirs, we are looking for conventional type of reservoirs. And the investment that I mentioned which is, it would be \$22 million, it would included to recycling in over 200 square kilometers and one exploration well.

**Michael Letros, Libra**

And what is the timing for that exploration well. Do you think you get that by year-end or is that too quick?

**Augusto Zubillaga, Chief Operating Officer**

Maybe in one year.

**Michael Letros, Libra**

Okay.

**Andres Ocampo, Chief Financial Officer**

Hi, Michael. This is Andres here. To go into your capital allocation question, as we are growing bigger, as you know, our business model is to have multiple-portfolio approach on multiple different projects in multiple different countries, but we do an efficient capital

allocation to ensure that we bring the capital to the most rewarding projects in each of the countries and in each of the opportunities that we have.

Of course, we are not thinking and we are not taking capital away from our Tigana opportunity, which is one of the best opportunities we have right now in our portfolio. But, simultaneously, with that, we continue to develop others in different places. We think that's one of the key elements of this Company and its business model, and it's one of the most powerful resource management tools that we have today.

**Michael Letros, Libra**

I guess -- let me ask the question a little bit differently then, if I could. If -- these next three wells that are coming out of Tigana, (inaudible) have some results shortly and they'll be able to identify how much bigger the resource gets. How much more can you do in this field, like, do you think -- what is your plan after those three wells and could you accelerate that even faster?

**Andres Ocampo, Chief Financial Officer**

Okay, Michael. Yes, Tigana as we mentioned we have to understand which is (inaudible) we have in our hands. So it has, for sure, we will do development in that field, also have to develop the field that we have already recovered in the past, which is Tarotaro, Tua. And also, with the new exploration prospect, we will next year. So, we are seeing not only development, but also upside exploration in Llanos 34 Block.

**Michael Letros, Libra**

Okay. Thank you very much.

**James F. Park, Chief Executive Officer**

So, and just to strengthen that point, there will -- we will put full resources on the development of Tigana. As Andres mentioned, we select the projects based on their return to our shareholders. And consequently, if that proves to be going in the direction that we believe it is, that will have -- that won't be -- we won't keep resources from developing that project.

**Michael Letros, Libra** I think that's an excellent point to make, Jim, because, basically, what you're saying is, if you continue the amazing success you've had on this field, you'll probably accelerate it rather than just keep it steady. Would that be a right characterization?

**James F. Park, Chief Executive Officer**

Yes. Thank you.

**CONCLUSION**



**James Park Comments:**

Thank you all again for your time and consideration in participating in GeoPark's second quarter 2014 conference call. To conclude, we want to stress that our Second Quarter Results were strong and consistent with our continuous growth track record. We believe we are uniquely positioned in LATAM, we have a solid balance sheet to support our growth, we have a self-funding platform that includes 30 blocks in 4 countries and we see many opportunities, which we will seek to explore and continue growing.

We look forward to updating you regularly on our continuing long term progress.

In the meantime, if you have any additional questions or recommendations, please do not hesitate to us or our investor relations department.

Thank you and have a good day.

**CALL ENDS (May disconnect at this time)****Operator**

Ladies and gentlemen, this concludes today's teleconference. You may disconnect your lines at this time and thank you for your participation

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