

***Transcript of***  
***GeoPark Limited***  
**Second Quarter 2018 Results Conference Call August**  
**9, 2018**

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**Participants**

James F. Park – Chief Executive Officer  
Augusto Zubillaga, Chief Operating Officer  
Andres Ocampo – Chief Financial Officer  
Stacy Steimel – Shareholder Value Director

**Analysts**

Ian Macqueen – Eight Capital  
Leonardo Marcondes – Itaú BBA  
Joel Musante – Alliance Global Partners  
Shahin Amini – Pareto Securities

**Presentation**

**Operator**

Good morning and welcome to the GeoPark Limited Conference Call following the results announcement for the second quarter ended June 30, 2018. After the speaker's remarks there will be a question and answer session. If you would like to ask a question at this time press "star one" on your telephone keypad. If you would like to withdraw your question, press the pound key.

If you do not have a copy of the press release, please call Sard Verbinnen & Co. in New York at +1-212-687-8080 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.geopark.com](http://www.geopark.com). A replay of today's call may be accessed through this webcast in the Investor support section of the GeoPark corporate website.

Before we continue, please note that certain statements contained in the results press 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 principle 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 the company's business.

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

On the call today from GeoPark is James F. Park, Chief Executive Officer; Augusto Zubillaga, Chief Operating Officer; Andres Ocampo, Chief Financial Officer; and Stacy Steimel, Shareholder Value Director.

And now, I'll turn the call over to Mr. James Park. Mr. Park you may begin.

**James Park – Chief Executive Officer**

Thank you and welcome to our 2018 Second Quarter Results conference call where we are participating with our executive team from Bogota, Colombia.

GeoPark is delivering up and down and across the board. In the subsurface, in the field, in the neighborhood, on the top and bottom lines, on the balance sheet, in the market and expanding our platform so we can do even more.

Some highlights from last Quarter:

In the Subsurface: Our active drilling program discovered two new oil fields in Columbia – Tigui and Chachalaca Sur - and a healthy chunk of new oil reserves in Tigana Norte in Columbia.

In the Field: Oil and gas production was up 37% to a record 35,870 boepd which included a seamless operational takeover of three new producing blocks in Argentina. And our team keeps working to push down costs – with Llanos 34 operating costs under \$4/bbl.

In the Neighborhood: The United Nations, Columbian Ministry of Mines and Energy and the ANH awarded GeoPark for the best social and community practices in Columbia.

On the top and bottom lines: We had record revenues of \$159 million, record EBITDA of \$83 million and a positive net income.

On the Balance Sheet: We de-levered from nearly 5X 2 years ago to just a comfortable 1.3X net debt to EBITDA. And after self-funding \$36 million in CAPEX this quarter, we have a good \$105 million cash cushion.

In the Market: We are trading more shares every day – with our daily trading amount climbing from \$1 million at the end of last year to over \$8 million in June – as well as GeoPark passing the \$1 billion market cap milestone.

And Expanding to do even more: Building on our unique regional Latin American platform – we were able to add over 350,000 new high potential underexplored acres in the Neuquen Basin in Argentina with our partners YPF at no upfront costs.

And what's coming ahead: With our better than expected results, we have stepped up our work and investment program to be moving at full speed, with some good catalysts coming, with five drilling rigs operating in three countries (3 in Columbia, 1 in Argentina and 1 in Chile). This means we will be working harder and investing more in the second half to find and produce more oil and gas, make more money and continue building a better company for our Shareholders.

Thank you. And we will be pleased to answer any questions.

**Operator**

At this time, I would like to remind everyone, if you would like to ask a question, please press "star" then the number "one" on your telephone keypad. If your question has been answered and you wish to remove yourself from the queue, press the "pound" key. We ask that you please pick up your handset to allow optimal sound quality.

Your first question comes from line of Ian Macqueen of Eight Capital.

**Ian Macqueen – Eight Capital**

Morning, guys. Just one quick question.

With respect to the LGI interest, I believe it was still at 20 percent Q2 -- can you give us a timeline for the reduction to 16 percent and ultimately to 12 percent?

**Andres Ocampo – Chief Financial Officer**

Hi Ian, good morning.

Well, considering the earnings, the increase of the 4% has been already accrued, though the dilution mechanism is triggered only under realized cash dividends. We've paid a dividend that is \$1 below triggering the threshold. In parallel, we are working with LG on designing the implementation, as this is the first time that we triggered the clause. We need to decide how we are going to do that dilution mechanism. We are working with them in parallel before paying those dividends at the subsidiary level. The timeline we're working on it is now; and we are expecting to have it implemented by this quarter. There were some delays because of difficulties with accounting and tax issues in Korea, but we are working with them and we will have it in place very soon.

Following that, according to the cash flows that D&M figures are showing is that we will go from the initial 84% up to 92%; that is the maximum that we can increase under this clause, within the next 2 to 3 years.

**Ian Macqueen – Eight Capital**

For modelling purposes should I assume it's a Q4 event or a Q3 event on the 16? Right now in my model I've got Q3 at 19 for 12 percent.

**Andres Ocampo – Chief Financial Officer**

OK. From an economic perspective it shouldn't change your model. The value is the same. The timing of the transfer doesn't change given that it's treated by dividends. We can share with you some of the calculations we make. It's really the economic essence of the item; it doesn't change. What changes is the accounting mechanism, but the reality of the ownership of the value remains the same. In any case, the timing is definitely before the end of the year, hopefully within the third quarter.

**Ian Macqueen – Eight Capital**

OK. Thanks very much guys. Good job, keep it up.

**Operator**

Once again, if you would like to ask a question, please press "star" then the number "one" on your telephone keypad. Again, that is "star," "one" to ask a question.

Your next question comes from the line of Leonardo Marcondes of Itaú.

**Leonardo Marcondes – Itaú BBA**

Hi, guys. Just a quick question from my end.

Could you give us an update of your current situation at block 64 in Peru? Thanks.

**Andres Ocampo – Chief Financial Officer**

Good morning. Thank you, Leonardo.

Yes. A few weeks ago, our team filed the environmental impact study which is the necessary item for us to start working and operating on the asset. We are working with the regulatory entities currently, going back and forth, making clarifications on the document. Our expectation is to have approval of this environmental impact study hopefully before the end of the year. If not, it's definitely the first quarter next year.

**Leonardo Marcondes – Itaú BBA**

OK. That's fine. Many thanks, guys.

**Operator**

Your next question comes from the line of Joel Musante of Alliance Global Partners.

**Joel Musante – Alliance Global Partners**

Good morning.

I just had a question, with all the success you've had operationally and with your stock price, you look like you're probably in a really good position to make an acquisition at this point, and I know you've been looking for different properties.

I was hoping you could give us an update on what the acquisition market looks like for you for you at this point?

**Andres Ocampo – Chief Financial Officer**

Hi, good morning, Joel. Thank you for your question.

As you know, our three basic parameters or strengths around which we build our company are to be an explorer, operator and consolidator. Really, searching and looking for good opportunities is an ongoing process, and it is something that we do continuously. It is a big component of our company, and we keep ourselves very busy on that front and we are working in streaming a lot of opportunities throughout this region. Hopefully, we will be able to close one soon.

As you know, we're long-term, patient, conservative buyers. We really don't rush into acquisitions. We really close on the ones that we think really make sense. We just did two -- maybe smaller acquisitions -- but we just closed on two acquisitions in Argentina this year. The three new assets that are producing on the Neuquen basin and near large acreage being in the same basin in partnership with the YPF.

**Joel Musante – Alliance Global Partners**

Does your relationship with the Indian national oil company give you more bandwidth in terms of size of acquisitions? Or I'm not sure how that relationship works, so you can speak to that?

**Andres Ocampo – Chief Financial Officer**

Yes, it's a strategic alliance, and we're jointly working with them on a number of these -- evaluating these acquisition opportunities. And yes, effectively, they are a great oil and gas company -- very large oil and gas company that is looking to grow. They partner with us leveraging with our operating skills. And yes, I mean, given the size of ONGC, it really opens up a much bigger number and type of opportunities.

With this partnership, we are effectively not really limited by size in terms of the opportunities that we look for.

**Joel Musante – Alliance Global Partners**

OK. Great. That's all I had. Appreciate it. Thanks.

**Andres Ocampo – Chief Financial Officer**

Thank you, Joel.

**Operator**

Next question comes from line of Shahin Amini of Pareto Securities.

**Shahin Amini – Pareto Securities**

Hi, good morning, gentlemen. Two questions.

One, a point on the cost that I think's kind of important to get a better feel. Your consolidated OPEX steps up compared to Q1, I think that was mainly on the back of Argentina. I just wondered if you could elaborate further how we should be thinking about those costs over the coming quarters? And if you could provide more colour on how you see those operations developing in the next year or so?

And I think your personnel costs also step up from the previous quarter, is that now peaking or could it continue to rise?

And I suppose from the previous caller who had a question about acquisitions, I'm just wondering, is there also scope for you to be perhaps divesting certain assets that are becoming non-core to your portfolio?

**Andres Ocampo – Chief Financial Officer**

OK. Good morning, Shahin. How are you? Thank you for your questions. Sorry, I'm writing them down.

To your question about costs, as you pointed out, yes. I mean, the step up that you see it around \$1-1.50 per barrel on a consolidated basis, that's coming as this is the first quarter that we consolidated the assets that we acquired in Argentina.

The cost per barrel on those assets, currently it's around \$26, \$27 per barrel, that's the OPEX, and we expect those to start coming down as we're taking over the assets. We have our team working on this, so we expect them to start coming down as of the third quarter this year and onwards, both because of cost reductions and also on increasing production.

We are currently moving a pulling rig there to test a very attractive tight gas opportunity, which is a well that was drilled by the previous operator that tested roughly 100,000s cubic meter a day for a period of two months, and now it's shut down. This it was not factored in our reserves or in our calculations, but provides the opportunity to open up (50 to 60) BCF tight gas field right there within our blocks.

It's an exciting opportunity. And that really is going to move to do some work over some older wells to bring them on production and improve the water flooding on the field. Hopefully, that is going to be improved in the production profile in the field and also absorbing costs.

And then, your other question was about the divestitures. We are definitely -- as we continue growing and as we continue bringing more to our company, we're actively considering potential divestitures on assets that are not core or that are not really part of our key strategy or focus.

**Shahin Amini – Pareto Securities**

Very good.

There was also I think as part of your G&A, the personnel costs have gone up, if I recall correctly compared to the previous quarter. I mean, obviously, you're growing and you've got Argentina - is that something that you can see increasing over the coming quarters or has it kind of peaked?

**Andres Ocampo – Chief Financial Officer**

Well, we don't expect big increases on our structured cost going forward. We added a few more people in some of the countries where we are growing -- same as the added assets in Argentina - - but really, we're not expecting that to grow. We are, as you know, investing in our human capital for the long-term, and we look at this -- particularly, the G&G and G&A cost lines -- more as an investment really than a cost. But we're not expecting increases in that area.

**Shahin Amini – Pareto Securities**

OK. Thanks very much.

Just a very quick follow-on from the Argentina question I had, just what percentage of those costs are in the local currency? And in terms of managing U.S. dollar local currency fluctuations, is that something that you need to actively manage or is it just comped – is it not a major issue as it currently stands?

**Andres Ocampo – Chief Financial Officer**

Yes. We're on the right side in terms of currency exposure in Argentina because roughly 50 percent of our costs are in local currency and 100 percent of all the revenues are dollar denominated. Effectively, the most recent devaluation is going to dilute a portion of our costs locally and is going to be part of the other cost reductions that you should expect to see over the next quarters.

**Shahin Amini – Pareto Securities**

Right. Cost inflations would be quite steep I expect.

**Andres Ocampo – Chief Financial Officer**

Yes. Inflation on cost is also on the local currency. But usually, in Argentina, the devaluation has been winning to inflation, so devaluation has been higher than inflation for most periods.

**Shahin Amini – Pareto Securities**

OK. Well, thank you very much for your answers. And congratulations on your new records. All the best. Thank you.

**Andres Ocampo – Chief Financial Officer**

Thanks very much.



**Operator**

Thank you.

I'll now turn the call over to Mr. James Park for any additional or closing remarks.

**James Park – Chief Executive Officer**

Thank you to everybody for your interest in GeoPark and your continued support of our company. We encourage you to please visit us at our operations, and invite you to please call us at any time for any information. Thank you and good day.

**Operator**

Thank you. That does conclude today's conference call. You may now disconnect.

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