

GEPARK

**August 6, 2020
10:00 a.m. ET**

OPERATOR: This is Conference #: 9095479.

Operator: Good morning. And welcome to the GeoPark Limited conference call following the results announcement for the second quarter ended June 30, 2020. (Operator Instructions)

If you do not have a copy of the press release, it is available at the Investor Support section on the company's corporate website at www.geo-park.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 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 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; Andres Ocampo, Chief Financial Officer; Martin Terrado, Director of Operations; 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: Thank you, and welcome, everyone. We are joining you this morning with our executive team - united as ever - but still physically separated and calling in from our respective locations in Colombia, Argentina and Texas.

Again, we wish to begin by expressing our passionate thanks and respect for the GeoPark women and men who are working day and night, pushing us through this downturn and continuously making our Company perform, protecting our shareholders, and positioning us for the new world on the other side.

And - wow - this second quarter was the ugliest and meanest 3-month period I have experienced in 40-plus years in our business. We got the whole rotten enchilada: a global pandemic, a production war, a lockdown of the world's economy, a historic demand collapse and even negative oil prices.

Before opening up to questions, and in order to give some flavor to the dynamics and operational and financial efforts during the quarter, let's please review 5 key areas of our business.

First. Looking at our Production and Drilling Response and Actions.

With speed and agility, all of our drilling and workover operations were suspended at the beginning of the quarter, involving the shutdown of 8 rigs. Then, always considering health and safety, reservoir, mechanical and cost factors, we shut-in 6,500 to 7,500 (boepd) barrels per day of production when prices were at their lowest.

As prices subsequently strengthened, we reopened 70% to 80% of these wells, which raised us back up to our current production of over 40,000 (boepd) barrels per day and a quarterly average of 37,000 (boepd) barrels per day. We also resumed drilling with a revised program of 6 to 8 wells in the Llanos 34 block (where GeoPark is operating) and 1 to 2 wells in the CPO-5 block (where ONGC is operating), and we put our workover and well maintenance rigs back into operation.

Second. Looking at our Cost and Investment Response and Actions.

We put the brakes on capital expenditures with an 80% cut and began driving down each and every cost. Production and operating costs down 55%. Operating cost per barrel down 26% to \$6 per barrel, and G&A and G&G costs down 19%.

Across our platform, total cost and investment savings exceeded \$290 million. And now, with strengthening prices, we were able to revise our full year 2020 budget upward to \$65 million to \$75 million, supporting a program targeting production of 40,000 to 42,000 (boepd) barrels per day and an operating netback of \$230 million to \$260 million at Brent of \$35 to \$40 per barrel.

Third. Looking at our Cash Preservation, Safety-Net and Risk Management Response and Actions.

Cash preservation was a key risk management principle and after beginning the quarter with cash of \$166 million, we have the same level today. As an additional safety net, we secured a \$75 million oil prepayment facility, with \$50 million committed and no amounts drawn - and we have an additional \$140 million in uncommitted credit lines.

We have a long-term financial debt maturity profile with no principal payments until September 2024 - and S&P and Fitch recently reaffirmed GeoPark's long-term corporate credit rating at B+. Our hedging program was an effective tool in protecting our base oil price and provided a \$14 million cash gain in the first half of 2020.

Fourth. Looking at our SPEED/ESG Response and Actions.

SPEED is GeoPark's successful integrated value system, which includes ESG components as well as health and safety and employee well-being.

Confronting the pandemic, we quickly put protocols, preventative measures and crisis response plans in place across our 6-country platform and reduced field teams to a minimum with backup crews and contingencies in place to keep people working safely and production flowing.

GeoPark was the first E&P company in Colombia to obtain Bureau Veritas certification on biosecurity protocols to mitigate and manage the impact of COVID-19 in our operations. In keeping with our continuous work with our neighbors and communities, we stepped up our efforts during the pandemic to provide safety, medical and food supplies, particularly for the most vulnerable. Our efforts have impacted over 1,100 families or 6,000 people, supported local health officials and also coordinated with federal officials.

Fifth. Looking at our structural efforts to Create a Better and Stronger Business.

Taking advantage of the turbulence, we began working to streamline all of our business to improve the overall cost structure and benefit from available synergies and new innovative technology. This has involved a review of all departments and capabilities and a reorganization of our asset management approach. We also retired from the nonproducing Morona block in Peru due to an extended force majeure. Our teams are now working on the 2021 work program and the upcoming capital allocation process and are developing a rich inventory of new projects that provide attractive returns at a \$35 to \$40 oil price environment.

We also are pleased to welcome Sylvia Escovar and Somit Varma as new independent Board members, 2 respected and proven executives who will help drive GeoPark to our exciting energy future.

So a lot has been accomplished - and we remain prepared for however long the full duration of this storm might be. Our Company was born in a crisis in 2002, and has showed, once again, we can keep focused and navigate through these upheavals. And as much as these times hurt, GeoPark has always

adapted to come out better and stronger on the other side - as we are on the move to do so again.

Thank you. And we would be pleased to answer any questions you may have. (And please be patient as we try to coordinate our question answering with our team located across 2 continents today)

Operator: (Operator Instructions)

Your first question comes from the line of Alejandro Demichelis of NAU Securities.

Alejandro Demichelis: A couple of questions, if I may. You have had an impressive run in terms of reducing the cost base, and you have done very well on that. I am wondering, as you restart production, bring again back some of the more expensive fields, how much of that kind of cost savings are we going to see kind of coming back into the numbers?

And then the second question is, some of your peers seem to be having trouble on the Putumayo area, maybe you can comment how you're seeing in your own block and what the risk of facing some capital locate over there?

Andres Ocampo: Great. Thank you, Alejandro. On the cost side, as you said, we we've improved significantly our cost basis across all of the fields. I would say, probably with the reduction that you see from the first quarter to the second quarter, it is, as you said, depending part of it on the OpEx side mostly, depends a little bit on how much of the production is put on stream, so part of the savings that you see in the second quarter are going to be reversed when – or have been reversed when the production has been brought back.

So I would say probably half of that is there to stay, half of the savings is there to stay, and half of it may come back if oil prices – if you assume oil prices, remaining at the levels that we are experiencing today, which is much higher than what it was in the second quarter. Martin Terrado can also add some of the efforts that have been done on the renegotiations and also some of the things that have been included in those negotiations. (Martin)?

Martin Terrado: Yes. Thank you, Andres. Alejandro, in the past month, we negotiated around 300 contracts, and we got savings in both service contracts and material purchases. This is about a 10 percent savings on top of the savings that we have achieved back in 2015 so that's basically where we are today. And we expect to have, for this year, with those discounts, about \$10 million on contracts and material savings.

Andres Ocampo: And some of those are contracts that are long term and have been put in place years ago. So in 2015 and '16. So we already had embedded in them a 30 percent discount compared to normalized contracts. And then your second question was about operations in our operations in Putumayo. It is certainly surface wise a different area compared to the (Llanos) basin, we had expected that.

Our production in Putumayo represents less than 10 percent of the overall company production. In any case, since we started our operations there, we have not faced any disruptions or issues with our neighbors. We are currently, as a result of COVID, and we obviously increasing safety and health measures across all of our operations. Obviously, some of these communities do have incremental worries of cases or contamination coming their way.

So we have seen increasing activity or increasing limitations with respect of having operators coming in and out. So that is a risk that exists continuously. We haven't had any interruptions as a result of that yet, but we do see some of that concern raising in the area. But in any case, as I mentioned, this does not represent a significant portion of our production. And obviously, our #1 priority in these cases is the health of our neighbors and the health of our operations group.

Operator: Your next question comes from the line of Gavin Wylie of Scotia Bank.

Gavin Wylie: Just 1 – maybe 2 quick questions for me, if I can. So it looks like you're taking advantage of some of the Colombian government's tax deferral programs that are available. There's no cash taxes paid during the quarter, which is typically when you guys do your big installment payment for Colombia.

So just a quick question on that is, if I do the math, it looks like there's kind of remaining about \$50 million to \$55 million of cash tax charges for the balance of 2020. And wondering if you can kind of give me a sense of what quarters those will be layered into? Or if there's a deferral program in place that you actually could see that pushed out to Q1 of 2021?

Second question is just around M&A and how you're thinking about the longer-term kind of portfolio with the block in Peru kind of retired now, that was a big chunk of future growth. And is that – kind of are you back on the warpath, so to speak, to find new acreage or some more significant project given that you do have quite a bit of liquidity headroom currently? Those are the 2 questions.

Andres Ocampo: Gavin, thank you for your questions. The first one with respect to cash taxes. Our original estimation in our budget was a completely different number. But the last data point that we gave was included in our corporate presentation, was something around let's say, \$60 million cash taxes for 2020, from which \$17 million had already been paid in the first quarter this year.

The remaining cash taxes, let's say, more or less \$40 million. As you pointed out, it was not paid in the second quarter. So those remaining \$40 million are composed as follows. Between \$20 million to \$25 million are deferred to 2021 as part of the agreement of refinancing those payments in installments beginning in August and ending in August next year. That gives you more or less a \$20 million to \$25 million payable next year.

And there's roughly \$15 million additional cash taxes to be paid in 2020. However, at the same time, we have collected, and we have collected already, but you don't see the cash in the balance sheet because it was collected in July, around \$15 million of former taxes that were paid in 2019 that (Colombian fiscal authority) have accelerated typically - these applications for reimbursement take a couple of years. And the (Colombian fiscal authority) have accelerated the procedures to collect faster.

So basically, we collected \$15 million already in July that will offset the payment that is still due on 2020. So the net effect, short answer is 0 in 2020

and then remaining \$24 million in the first half of – most of it in the first half of 2021.

There are additional cash tax benefits that may occur during 2020. We have \$4 million to \$5 million of additional income tax reimbursement from prior years that are still following their due course that may come later on this year, and there's additional \$15 million of VAT taxes that we may collect also from now until the end of the year.

So – but those 2 are still contingent, let's say. But the ones that are firm, are \$15 million that will offset the payment for this year and then the \$24 million payable first half next year. Sorry, that was long. I hope that was clear. So if that was clear, I'll move on to the next one about the portfolio.

So as you pointed out, we decided to exit our project in Peru. And it was part of our future significant growth. But something that occurred during 2019 has been, what we call a pretty significant silent expansion, particularly in Colombia and more specifically in the Llanos basin.

So basically, we moved from – or we expanded an original position that we have, if you place yourself at the beginning of 2019, we had 80,000 acres in the central Llanos basin, which is mainly Llanos 34, and then we pretty much ended the year or started 2020 with roughly 1.5 million acres of exploration and reserves and development opportunities around some of that on trend of our Llanos 34 block.

So we agree that Peru does impact our long term – I mean, the exiting of Peru does impact our long-term future growth. It was an additional upside optionality for us. But we believe that the land grab that we were able to achieve during 2019 has been very significant. Some of those blocks are home of some of the most attractive onshore exploration prospects that our team has mapped in the region over the last few years.

And we are looking forward to continue our exploration activities in those areas and expect pretty significant future growth from them. And then obviously, we will continue looking for additional opportunities throughout the remaining areas in our portfolio. But I would say that probably Colombia

and particularly the Llanos Basin is one of the most imminent and most attractive exploration opportunities.

I would also add the fact that we – not only we had a significant acreage position in the Llanos, but also added the Putumayo basin, which is part of the MOP basin. The Marañon Oriente Putumayo basin that has been targeted by our team for many years. We're doing it in the right way with production and development opportunities, but also significant exploration upside in partnership with a world-class partner like Oxy, and we also have pretty significant partners in our acreage in Llanos, such as obviously, ONGC in CPO 5, but also Ecopetrol - Hocol in the other exploration projects.

So it's really very exciting acreage, and we look forward to have our next field trip in Colombia where our geologists can start sharing some of the ideas that they are seeing because it's really, really, really exciting.

Operator: Your next question comes from the line of Johanna Castro of Itau.

Johanna Castro: My question is regarding Platanillo. And just to understand a little bit as the rationale of the operation, how you guys are opening up the operations. I did understand that from the acquisition of Amerisur Platanillo had relatively low production cost.

So I think just checking in January, Platanillo produces on 4,000 barrels and I don't know if maybe because I don't know what the production is break into well distant between them and it's not economically efficient to put them into production, but I understood that it was a low breakeven kind of production.

I guess not the same as CPO-5, but something that could have been kept. So it will be great if you can explain a little bit the logic of how you are opening up those production facilities in the coming months.

Andres Ocampo: Thank you, Johanna. Yes, Platanillo is a field that has the potential production of roughly 3,700 to 4,000 barrels a day. It has been most of it on production throughout the whole year. There were a few days of disruption because of that problem in the Sote pipeline in Ecuador.

But really field wise, it has been operating most of the time. As you said, it's fairly low-cost field, it's not as low as CPO-5 or Llanos 34, but has an OpEx of roughly \$13 per barrel and commercial discounts that go from \$4 or \$5 per barrel. So with the exception of certain periods of time where we open or close some of the wells, most of the times, the field is producing something between 3,000 to 3,700 barrels a day, which is the potential. So that's how we have been managing the field this far and with no significant issues. I'm not sure if that addresses your point.

Johanna Castro: Well, what I was thinking is, how is it going to work ahead depending on prices and how flexible are you to open and close production in those facilities?

Andres Ocampo: Sorry, can you say that again?

Johanna Castro: Sorry. Just to understand how does the picking up of the production and the opening up of the production facilities is working, like it depends on what levels of oil prices for you to start pushing Platanillo again? Or how should we look at this in the future?

Andres Ocampo: At these prices Platanillo is economic and is producing and generating cash flow. That is the current status of the field. It's not part of the shut-in production that we mentioned before. Platanillo has been continued to produce throughout the cycle.

We did shut in a few wells in Platanillo for a period of time at the bottom when Brent touched \$20 or lower \$20s for a few weeks, but not more than that. It was brought back at full capacity pretty fast. So the expectation is that it will continue to produce within the same levels that it has the potential to produce.

Operator: Your next question comes from the line of Robin Haworth of Stifel.

Robin Haworth: Two, if I may. So I think Jim, in his prepared remarks, said that current production was around 40,000 barrels a day. I was just wondering where we should expect that to go over the rest of quarter and the year? Should we be looking for that to increase towards the 45,000 barrel a day level that you

were able to achieve in Q1? Or would you really expect that to be flat, I think, both compatible with your guidance for the full year?

And then second question is on CPO-5, great to see some firm wells in the schedule there. I was just wondering if you could talk about the current status. Are you preparing to rig up there if you could say a little bit about the targets and the risk profile? Are these exploration wells? Or are these appraisal wells of some of the discoveries that have already been made in that block, that would be great.

Andres Ocampo: Thanks very much, Robin. With respect to your question about production outlook, the expectation for the remaining of the year is more or less around 40,000 to 42,000 barrels a day, that's the range more or less that we would expect. That is pretty much what you should expect, assuming that we are only estimating 1 rig drilling in Llanos 34.

So with that level of activity, the expectation is more or less to be within the levels we're saying in the release, which is something more or less between 40,000 to 42,000 barrels a day. And then with respect to the specific activity and the wells that we're targeting to drill, the rigs are already up and drilling.

Actually, we have 2 drilling rigs right now because these are the rigs that we're operating when we shut them down, and they just stay there. So one of the rigs is finishing drilling and will leave Llanos 34, and we will keep the other rig full-time until the end of the year – at least until the end of the year, and hopefully, we'll just stay there drilling back-to-back wells.

On the side of that rig, we have 2 completion rigs or workover rigs, 1 of them to complete the wells that we drill, the other 1 to lead to do workovers or lead back wells that may go offline from time to time. So they are already – they are ready and already drilling. That's the answer.

And most of the wells that we're targeting are development wells mainly in the Tigana and Jacana area – Tigui, sorry, these are Tigana Jacana and Tigui wells, most of them really. And I don't know, (Martin), if I missed anything, please add whatever you think.

Martin Terrado: No. I think you covered most of it, Andres, unless there's a follow-up question.

Robin Haworth: And I guess my question was also relating to CPO-5 as well. And so just on wells in the schedule there.

Martin Terrado: Yes, I can take CPO-5, Robin. So the plan is to drill 1 appraisal well, which will be Indico. Indico out of the 2 wells that are cruising in that block is the one that has more than 250 feet of net paying. It has – it's producing around 5,000 barrels of oil per day and with 0 water cut.

So the well did not find the water oil contact. And we're very excited that, that will be a well that is going to help us understand and confirm that it's much bigger than just 1 well. So that will be the first well to be drilled by ONGC, followed by Agila, which is an exploration well, targeting the same formation and the same play from Mariposa and Agila – and Indico, sorry. So that would be the second well. I don't know if you have – that answers your question, Robin?

Robin Haworth: Perfect. No, that's great.

Operator: That was our final question for today. I will now return the call to Mr. James Park for closing comments.

James Park: Thank you, everybody, for your interest in GeoPark and your continued support of our Company. Once the world's borders begin to open again, we encourage you to please visit us at our operations in each country. Also, our Shareholder Value team has accelerated their interactions and is busier than ever with webinars, video conferences and direct calls, and is available around-the-clock, as is all of our management team, to answer any questions or to listen to your comments. Thank you, and please stay healthy and strong.

Operator: Thank you for participating in the GeoPark Second Quarter 2020 Results Release Conference Call and Webcast. You may now disconnect your lines, and have a wonderful day.

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