

TRANSCRIPT - FOURTH QUARTER AND FULL-YEAR 2021 RESULTS

CONFERENCE CALL

MARCH 10, 2022

10:00 AM ET

C O R P O R A T E P A R T I C I P A N T S

James F. Park, *Chief Executive Officer*

Andres Ocampo, *Chief Financial Officer*

Augusto Zubillaga, *Chief Operating Officer*

Martin Terrado, *Director of Operations*

Veronica Davila, *Commercial Director*

Stacy Steimel, *Shareholder Value Director*

C O N F E R E N C E C A L L P A R T I C I P A N T S

Alejandro Demichelis, *Nau Securities*

Stephane Foucaud, *Auctus Advisors*

Daniel Guardiola, *BTG Pactual*

Juan Cruz, *Morgan Stanley*

P R E S E N T A T I O N

Operator

Good morning, and welcome to the GeoPark Limited Conference Call following the results announcements for the Fourth Quarter ended December 31, 2021.

After the speakers' remarks, there will be a question-and-answer session. 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 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 supported 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 the complete list of the Company's businesses.

All financial figures included herein were prepared in accordance with IFRS and are stated in U.S. dollars, unless otherwise noted. Reserves to these corresponds 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; Martin Terrado, Director of Operations; Veronica Davila, Commercial Director; and Stacy Steimel, Shareholder Value Director.

Now I will turn the call over to Mr. James Park. Mr. Park, you may begin.

James Park

Thank you and welcome, everyone.

We're joining you this morning with our executive team in Bogota, Colombia to report on our achievements and financial results during the last quarter and for the full-year 2021.

As always, we want to begin by thanking all the hard-working women and men at GeoPark for delivering another successful year. Personally, I want to emphasize my admiration and gratitude for this unique team of people as I begin to transition out of my role as CEO.

I'm very pleased to announce that this gentlemen beside me, Andres Ocampo, will become the new CEO of GeoPark. This decision is the result of a thoughtful and long planned succession process. It is a natural and healthy progression and change has been a continuous positive characteristic of GeoPark's history since our founding 20 years ago. It is also the right time to make this change with GeoPark stronger than ever and with so many incredible opportunities in front of us and a leadership team ready to take over.

Andres has been a key member of our executive team for more than a decade. Most of you know Andres and share my confidence that he is the right leader to take over as CEO, and has the character, vision, and knowledge of the business to continue executing on our proven business strategy, and guide GeoPark through our next promising chapter of growth and success.

Andres will be well supported by our colleagues on the executive team with backing from our exceptional technical and operations professionals. This is a proven team that has worked successfully together for over 10 years. Our Commercial Director, Veronica Davila, will now step up into being CFO, showing, again, the depth and strength of GeoPark's bench.

Reflecting briefly, not only in 2021, but also on the past couple of extraordinary years for the world and for GeoPark, we have seen an unprecedented global pandemic, followed by a year of resistance and frustration in Colombia and across Latin America. These events challenged GeoPark in new ways, but as always, our team rose to the occasion. We pushed ourselves to perform and capture opportunities and completed the largest acquisition in our history and a massive acreage expansion.

Twenty-twenty-one delivered excellent results with powerful cash generation from our core low-cost asset base. Five key 2021 highlights. First, what we do best, discovering and producing oil and gas. We drilled 32 wells in the year and learned more to extend the Tigui and Jacana fields in our Llanos 34 block.

Second, our oil and gas production and the recovery in oil prices produced a top-line revenue increase of 90% to almost \$700 million and a strong bottom-line profit of \$61 million for the year.

Third, our drive to continuously improve capital and operating cost efficiencies allowed us to reduce structural costs by 16% and our capital expenditures of \$129 million generated an EBITDA of 2.3 times that amount.

Fourth, with our big cash generation, we were able to pay down over \$100 million in debt and improve our balance sheet with more deleveraging in the works. Our net debt to EBITDA ratio closed the year under 2 times moving us towards our target range of 1 to 1.5 times which we expect to hit this year.

Fifth, we continue to return tangible value back to our shareholders by improving the underlying value of our Company, buying back GeoPark shares, and by doubling cash dividends for the second time in less than a year.

Our momentum is building with our big 2022 work program already underway and yielding good results. This is the most impressive drilling program in our history, spending between \$160 and \$180 million to drill 40 wells to 48 wells, with almost half of those being exploration wells.

Ten rigs are currently working in four basins, and we have already drilled 10 successful wells, including a new discovery in Ecuador and put on production another prolific 4,000-plus barrel per day well, in the CPO-5 Block in Colombia. We are expecting some more results soon from new wells being completed. At \$80 to \$85 Brent, and not including any expected exploration discoveries, this program will generate more than \$200 million of free cash flow, a 25% to 30% free cash flow yield. Of course, prices are even higher now, and providing an even stronger wind at our back.

As always, the foundation for GeoPark's performance is our in-house integrated value system we call SPEED or ESG+. Our SPEED initiatives continue to advance. The electrification project is 51% complete, and the solar plant is now 80% complete. Both projects are key components of the plan announced last November, which concretely moved GeoPark on its path to lower carbon emissions.

Before going to questions, I wish to thank our shareholders for your trust and the opportunity to work for you all these years. I look forward to continuing to serve as Vice Chair of the Board and a mentor to the team and am committed to remain one of the largest shareholders of the Company. As a shareholder, I am very excited by this transition, and believe that GeoPark's best days are ahead of us.

Thank you, and we will be pleased to answer any questions you may have.

Operator

Thank you. Our first question comes from Alejandro Demichelis from Nau Securities. Alejandro, please go ahead.

Alejandro Demichelis

Yes. Good morning. Congratulations, Andres and Veronica, on the appointments. Couple of questions, if I may, please? First, on the transition and the new chapter for GeoPark, how are you thinking about the Company going forward in terms of the opportunities that you have, in terms of the growth, in terms of balancing that kind of cash flow generation with the opportunities that you have, and also the focus of the Company going forward in terms of mostly Colombia versus the rest of Latin America? That's the first question.

Then the second question is just to follow-up on what Jim said on CPO-5, could you please confirm what's the current production of CPO-5? Where do you expect the field to be by the end of the year, please?

Andres Ocampo

Okay. Hi, good morning, Alejandro. Thank you for your questions. With respect to the first question about transition, we feel that one of the most important elements of this transition is that—I've been with GeoPark 12 years. I was born and raised in GeoPark and Veronica has been part of the team for five years and the rest of the executive team is continuing to work jointly with us. We see this as a point in time probably for acceleration of some things but really there's no change in strategy. This transition ensures the continuity of what we have been doing.

Obviously under Jims' leadership, we have the bar set very high with the Company's 20 years track record of growth and profits. Our plan is really to continue focusing and executing on the strategy and our ideas as we've been doing for the last few years.

Just as a reminder, we aspire to be one of the leading independents in Latin America. We emphasize the Latin American aspect as we always say, we probably became more concentrated in Colombia than we were intended to and the part of our challenges going ahead would be how we are going to expand and continue broadening our footprint throughout the region again as it was in the past.

We want to be the best oil finders, we want to be the lowest cost and safest operators, we want to be producing the cleanest and kindest, as we call it, hydrocarbons, and then continue delivering consistent free cash flow and value to our shareholders and stakeholders and all embedded in one of the best, or what we call our secret weapon, which is our unique culture, the group what basically keeps us all united together as a team.

That's pretty much what we see going forward, really emphasizing continuity and really—and also, we think the timing is perfect. This is 2022 and the next years we have the most ambitious work program ahead of us. We have tailwinds with high oil prices right now. We have significant cash flow to fund all of the things that we want to do and more.

Then on CPO-5 I'll let Martin answer on your CPO-5 question.

Martin Terrado

Sure, Good morning, Alejandro. CPO-5, we continue to be very excited. If we recall, when we acquired Amerisur, the field was producing around 8,000 barrels gross; that's 2,400 barrels net. We doubled that production. Right now, we're producing around 17,000 barrels gross; that's about 5,000 net to us. We had a very good result from the Indico 4 well that continues to produce, flowing naturally with no water and like Jim said, around 4,000 barrels of oil per day. Right now, the rig is finishing the drilling of Indico 5, which is another development well.

We expect to continue increasing production, finish the year probably in the order of 20% to 40% increased production. On top of that, we have the opportunities of exploration wells. As soon as we finish drilling Indico 5, we're moving into our first exploration well for the year, it's called Urraca and that is in the northwest of the field, pretty close to our Jacana, Tigana field, and that rig stays drilling all year long. We continue to be very excited about CPO-5 future.

Alejandro Demichelis

Okay. That's very clear. Thank you.

Andres Ocampo

Thank you, Alejandro.

Operator

Our next question comes from Stephane Foucaud from Auctus Advisors. Stephane, please go ahead.

Stephane Foucaud

Yes. Morning, guys. A few questions for me. The first one is, what's the current overall production in Colombia as we talk about CPO-5, but what about the rest? Then I think there's probably touching about exploration. What does the scheduling look like? We have the first Urraca well after CPO-5, then what's the schedule of the next high-impact exploration well in 2022? Lastly, could you give a word around Ecuador and how you see the way props to accelerate the developments of Jandaya and how you see production from the well? Thank you.

Martin Terrado

Certainly, Stephane. Good morning to you.

Answering in order, concerning production in Colombia, right now, we're above 34,000 barrels of oil per day. Compared to where we finished the year, that's about 3% to 5% increase. We talked about CPO-5. In Platanillo, we had successful drilling, and the production has increased in that field and in Llanos production, we have maintained the production and we have some wells that we're about to complete. That's the portion of where we are today on production. As we look at the high-impact wells that will be drilled, CPO-5, followed by Urraca and Flamenco, we have more exploration wells to be drilled.

Now, one of the strategies that we're following is that each of those locations, for exploration wells, have more than one cellar or place to drill a well. If we're successful in the exploration well, we can immediately agree with our partner to go and drill an appraisal well and continue understanding that discovery. If we move out of CPO-5, in Llanos 87, in that block, we're finishing all the preparation and we will be spudding the first well in the second half of the year. That's a four well back-to-back program that we have agreed with our partner.

When we move on to another block, Llanos 94, in that block, again, agreed with our partner, we will be spudding the first well in the second quarter of this year. As we move out of Colombia into Oriente, like you said, we finished and had a very successful Jandaya well. We're right now doing the completion of the Tui well, so more to come on that. In that block, the Perico block, we're already discussing with our partner to accelerate more activity. That is something that we're discussing based on the results that we had. In the block that we operate, which is called Espejo, we started doing the seismic and we are on plan to start drilling the first well in the second half of the year as well.

As you can hear, very excited. The team is very focused on executing on and drilling all these high-impact wells. I think finally on Ecuador, you mentioned, okay, what are the next steps or what else can we do? As we mentioned, we're having discussions with our partner to basically continue appraisal the discovery that we had, and we will see on the results of Tui any additional drilling.

Stephane Foucaud

Thank you. If I understood well there is only one independent prospect that would be drilled at CPO-5. Is that right?

Martin Terrado

No, Stephane, in CPO-5, with our partner we had already agreed on 10 locations. We have 10 exploration locations that are independent and we're drilling them with this first rig that has activity

throughout the whole year. We would be drilling about seven to eight wells with that rig, and we have a second rig coming in the second half of the year. It's several locations that we have already agreed.

By the way, our team is looking into the seismic that we acquired last year, and the team is very excited on what we're seeing there. In addition, as you saw on our work program, we will be shooting 3D seismic in the northeast of the block as well.

We have prospects already identified for the whole year.

Andres Ocampo

To clarify, Stephane, right now, the rig is drilling Indico 5, that is the last development well for now, expected in the block this year. After that, it's a back-to-back exploration campaign in CPO-5. The first prospect is Urraca-1, that is in the northwest of the block, which is the closest area to the south of Llanos 34. That is a very exciting prospect for us. The second one following Urraca is called Flamenco. That's another prospect that is also in the same area. Following that, there will still be a continuation of either more exploration wells, and we have the names: Apterix, Alondra, Milano.

There's no point on asking you the exact names because as you know drilling schedules can change and we may replace some of those exploration if we have discoveries in Urraca and Flamenco, we may want to add a development well as opposed to going to an exploration well. For sure, it's going to be the back-to-back drilling of exploration wells, which could change in the event of a new discovery. Also, as Martin mentioned, we're working with our partner to accelerate the campaign by bringing a second rig on the second half of the year. That's for CPO-5.

Stephane Foucaud

That's clear. Thank you very much.

Andres Ocampo

Okay. Thank you, Stephane.

Operator

We now have a few webcast questions from Daniel Guardiola from BTG Pactual. Daniel's first questions is: "Good morning. Can you provide more details on the reasons behind the increased operating costs, royalties, and buybacks and what are your expectations for 2022?"

Andres Ocampo

Thank you, Daniel.

First to your Opex question. If you look quarterly, basically, what explained the Opex increase in the fourth quarter was an inventory build in Platanillo. The way we sell the crude there, from time to time we build inventories and from time to time we reduce inventories, because we ship through the pipeline and until we fill the tankers, we don't sell. From quarter to quarter, sometimes that inventory builds and reduces. If you look at our Opex in Colombia, on the first Q was \$7.4, on the second Q was \$7.3 so more or less flat. It went down to \$5 on the third quarter with that inventory and then it went up to almost \$8 on the fourth quarter.

If you look at the average of the year was slightly less than \$7, \$6.8 the Opex in Colombia. Overall Company Opex for the year was about \$8. The way we're expecting, and this is already built in our guidance, we're estimating an overall Opex increase of about 5%, less than 10%, so from \$8 per boe this

year, we're estimating something like \$8.5 to \$9 for 2022. Again, this is built in our guidance already, and that's how we're seeing it. The fourth quarter and third quarter were more a one-off event. But you can take the fourth quarter as the highest range of the Opex that we're seeing for next year basically.

Operator

Thank you. Daniel's next question is: "Are you considering to modify your hedging strategy? Assuming oil prices remained stable, what would be the expected realized losses related to the hedging strategy?"

Andres Ocampo

Okay. Sorry, I missed to answer the second part of his first question about royalties. I'll get to the hedges in a second. The royalty, you asked about royalty's increase. The scheme of royalties in most of the countries in the region, and that is the case for, for example, Colombia and Ecuador, increases with oil prices. With higher oil prices, we get higher royalties. To give a reference, at \$60 Brent, our royalties per barrel are more or less \$8 to \$10 per barrel. At \$100 per barrel, Brent, our royalties are more or less \$19 to \$21 per barrel so that is more or less the order of magnitude. As a percentage of price at \$60 Brent, the royalties about 13%, 17% of our price. Then at \$100, the royalties' about 20% of the price.

Then, to the hedges point, honestly, with this spike, oil companies are hurting from the hedges and we're not the exception. We're experiencing losses or we're not perceiving the full upside of this sudden spike. We believe in a disciplined long-term strategy. Obviously, we'll review and we monitor our hedges continuously, and we adapt the strategy all the time. We believe that when oil prices are high is one of the best opportunities to hedge appear. Also, if you look at our hedging position right now, we're fully hedged for the next 12 months. We've added some more hedges in the recent biggest spikes, but not significantly, but for the next 12 months, I think we're more or less covered.

Then with respect to your point about potential future losses, right now, the way the forward curve is looking is in backwardation. If you look at the chart of the floors and ceilings that we disclosed in our release, you can see that we experienced to have some more losses probably on the second quarter this year, and then going down on the third quarter of this year. But then fourth quarter of this year, and then first half of next year, our ceilings are all above what the Brent curve is showing today. You can do the math with that at any time.

Operator

Thank you. Daniel's last few questions are: "Can you provide us an update on the divestiture in Brazil? Also, assuming oil prices remained high, what would be your priorities to allocate the excess in cash?"

Andres Ocampo

Yes. Sure. In Brazil, the transaction hasn't closed yet because all the conditions precedence for the transaction to close have not been met. These conditions should be met by the end of the month. If that doesn't happen, then the deal will not close. All of the conditions are beyond our control. It's not up to us to finish that. But in the event that the transaction doesn't close, we're still in a good shape. The field is performing very well. It doesn't require any cash from us. Production is performing better than expected and prices are performing better than expected. If that happens, then we'll have more production and cash flow this year as well. But the update is we need to wait until the end of the month to see if the conditions are met and if the deal closes, really is not in our control.

Then with respect to the excess cash flow priorities, as we always say, the number one priority is going to be fund potential acceleration in our organic portfolio. All of the teams are working now, have been working for a while and also working with our partners in identifying all the opportunities for us to accelerate our work program. When we gave the guidance, we said that above 80, we should be

expected to be adding something like \$30 million or more to our Capex. Also, that could be expanded further, as we said earlier, on the back of any new discoveries that could appear. That would be our number one priority for the cash flow.

Then the second is always a combination of debt reduction and increase shareholder value returns. We announced this morning, we doubled our dividend but now it's going to be somewhere around two—over 2% dividend yield. We think that still can be improved going forward with the cash flow that we're going to be generating this year. Also, if oil prices remain at these levels, we expect we'll have enough cash to fully cancel our 2024 bond, which became callable in September last year. Then any excess cash beyond that is always going to be used for general corporate purposes, could be a combination of the previous priorities as well.

Operator

Thank you. Our next question comes from Juan Cruz from Morgan Stanley. He says: "Hi, everyone, and thanks for the call. Just wanted to ask, what's your plan regarding the balance of the 2024 bond that became callable in last September?"

Andres Ocampo

Hi, thanks very much Juan Cruz. Yes, as I just said, if oil prices remain at these levels or maybe even a little lower, we are confident that we can cancel those bonds in full. That's going to be happening throughout the year as we build up that cash.

Operator

We have no further questions. I will now hand back to James Park for any closing remarks.

James Park

Thank you, everybody, for your interest in GeoPark, and your continued support of our Company. Our shareholder value team is available around the clock, as you know, as is our management team, to answer any questions or listen to your comments. Thank you, and ¡Vamos GeoPark!

Operator

This concludes today's call. Thank you for joining. You may now disconnect your lines.