

***Transcript of***  
***GeoPark Limited***  
**Fourth Quarter and Full Year 2017 Results Conference Call**  
**March 8, 2018**

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**Participants**

James Park – Chief Executive Officer  
Andres Ocampo – Chief Financial Officer  
Stacy Steimel – Shareholder Value Director  
Diego Gully – Capital Markets Manager

**Analysts**

Andre Hachem – Itaú BBA  
Jenny Xenos – Canaccord  
Isero Ian – Radiant

**Presentation**

**Operator**

Good morning, and welcome to the GeoPark Limited Conference Call following the results announcement for the fourth quarter ended December 31, 2017.

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 withdraw your question press the pound key.

If you do not have a copy of the press release, please call Sard Verbinen & 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 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. Reserve figures correspond to PRMS standards.

On the call today from GeoPark is James S. Park, Chief Executive Officer; Andrés Ocampo, Chief Financial Officer; Stacy Steimel, Shareholder Value Director; and Diego Gully, Capital Markets Manager.

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 everyone to our 2017 Fourth Quarter and Full Year Results conference call from Houston, Texas.

Our team has GeoPark firing on all cylinders.

Through good science and engineering, we found and produced more oil and gas. We drilled 35 wells with a success rate > 85% - including 4 new oil field discoveries. Our biggest focus was on appraising our large Tigana/Jacana oil play in Colombia – where we further pushed out the field boundaries and grew reserves and asset values. Company-wide, we exited 2017 producing over 30,000 boepd, with proven and probable (2P) reserves of 159 million boe and exploration resources of more than 1 billion barrels. Today we are producing >33,000 boepd.

Through innovation and efficiencies, we reduced our capital and operating costs. We continued beating down operating costs by another 9% and dropped the cost to drill, complete and put-on-production a 12,000 foot well in Colombia to less than \$3.5 million. Our finding and development costs were again an industry leading \$4 per barrel and less than \$3 per barrel in Colombia.

Through organic cash flows, we self-funded our work and investment program. For the third year in a row – we were able to grow our Company from our own cash generation. Our 2017 EBITDA more than doubled with \$55 million in the fourth quarter and \$176 million for the year.

Through effective capital allocation, every dollar of new investment created multiples of net present value. With an investment of \$106 million, our certified 2P net present value grew by more than \$400 million to a total of \$2.3 billion. [In other words, we invested less than \$2 per share to increase our value by nearly \$7 per share.]

Through balance sheet management, we extended our debt maturities, lowered our cost of capital, and improved our credit rating. We closed a new 2024 bond for \$425 million at 6.5% which was substantially oversubscribed by top tier investors. And, with our cash flow growth, our net debt to EBITDA ratio fell to 1.7 times and S&P increased our rating to B+.

Through engagement with our neighbors and conscientious operations, we operated safely, cleanly and without interruption. GeoPark's in-house developed SPEED program is proving to be a competitive and enduring advantage for us in our different environments and communities across the region.

Through regional knowledge and scouting, we acquired new high-impact acreage and projects. Last quarter, we bid for new projects simultaneously in four countries - Argentina, Brazil, Ecuador and Mexico – with success in two. We acquired new exploration acreage in Brazil and an exciting group of assets in Argentina with production, cash flow and exploration and unconventional upside. We also picked up more high potential acreage surrounding our prized Llanos 34 block in Colombia. And, to support our growth strategy, we just announced a strategic partnership with ONGC, the state oil company of India – the world's fastest growing oil and gas consuming nation – to help us expand our portfolio of assets across Latin America.

Through a rewarding and motivating workplace, we were able to train and continue to attract talented people to expand our capabilities. With our long term approach and goals, we are continuously investing in our know-how and capacities to be the best in our business.

Through efforts to more widely share our performance story, we were the number ONE performing E&P stock on the NYSE. And, we have a long way to go. Our certified 2P net asset value equals \$29 per share – nearly three times our current share price.

With higher oil prices now, our big organic project inventory comes into play and our country business units are working to upgrade programs and accelerate our production and cash flows targets for the year. Our team now has a proven 15-year track record of continuous growth, and we are just getting warmed up for the big opportunities coming our way.

Thank you – and we will be pleased to answer any questions. Operator.

**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. Again, that is star one to ask a question.

Your first question comes from the line of Andre Hachem of Itaú BBA.

**Andre Hachem – Itaú BBA**

I have 2 quick questions. The first one is related to Peru. Can you please give us some updates on how you are seeing inflation growing on this year? How the works with the local communities and the environmental licenses are ongoing? And what are your expectations towards the whole (continue towards) (inaudible) 2018?

My second question is related to Chile. Could you please comment a little bit more on your strategy of under-investing the asset or obviously not investing the asset as much and if you are considering a possible farm out of the asset going forward?

**Andres Ocampo – Chief Financial Officer**

Hi, Andre. Good morning.

To your first question on Peru, this year we are focusing on finalizing the environmental impact studies. We expect to have those finalized around end of the year or before the end of the year. And also, we are continuing to work on bringing a partner to the project.

As we mentioned in the previous call, we have a couple of proposals and we are discussing the basic terms, but hopefully we will be able to secure a partner also before the end of the year.

Then for next year, we are looking forward to start activities on the existing wells that already exist on Situche Central field. So as a reminder, this is a discovered field with existing certified reserves that have already 2 wells on the field, that our first activities are going to be to test these wells by putting them on production. We expect that to happen in 2019 and looking to hopefully have our first oil by the end of 2019.

Then with respect your question in Chile, we, for the last couple years, given our capital allocation methodology where we rank every project in our wide inventory across the region. We make all those projects compete. And obviously, over the last couple of years, most of the capital has been allocated to Colombia because the returns, the paybacks that we are getting there are multiple times bigger than we're getting in other places.

However, now, with higher oil prices, our teams are looking into all the inventories and that includes Chile to see if the project that we would like to move forward or that they would like to move forward in this environment.

And just more recently – just to finish on Chile, just more recently, we announced the successful testing of Uaken, which is a new play in the south of Chile. It's a shallow gas play that our team thinks can be replicated in a number of other opportunities also in the Fell block. So we hope we are going to be doing some more activities in Chile during the rest of the year.

And to the partners question, yes, we always entertain partners in the assets that we have. This is a risk business. As a basic policy, we always try to get partners in every project that we have. So we would have partners in Chile as well.

**Operator**

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

Your next question comes from the line of Jenny Xenos of Canaccord.

**Jenny Xenos – Canaccord**

I have 3 questions, if I may, please. First of all, I didn't see in the press release a mention of the status of the LG earnout. When do you expect your interest in the Colombian joint venture to increase to 84 percent from the current 80 percent?

Second question is with regards to Brazil. I saw that gas prices there were up 8 percent to \$5.70 per mcf due to an inflation adjustment last January. Has there been a similar adjustment in January over this year?

And what are you forecasting for gas prices in Brazil as well as operating costs? I see that they are down quite substantially from \$8 per boe to \$3.40 per boe in Q4 of '17.

And finally, could you please give us an update on your drilling and testing program year-to-date?

**Andres Ocampo – Chief Financial Officer**

Hi, Jenny. Good morning. I'll try to cover them.

So the first one about the LG earnout in Colombia. We expect that earnout gets triggered once they recover – every time they recover onetime their investment. And that recovery gets done through the dividends that they receive – that we both receive effectively from Colombia. So we are expecting to close the financial statements this month.

Actually, next week on – sorry, this week on Colombia. And then, we will have the unit to pay up a dividend. We will both receive that dividend. That is going to be the trigger for the first jump of 4 percent of our equity interest. The implementation of that may take some time because it's not automatic.

We need to sign papers and there's some administrative things that need to move forward. So I would assume somewhere around June, July this year, we hope we have that incremental 4 percent interest in Colombia so – but the trigger that actually gives us the right for that to happen, that is going to happen before the end of March.

Then your second question about gas prices in Brazil, that adjustment was done in 2017. In 2018, there was a small deflation actually. So there wasn't an increase – an additional increase as a result of inflation adjustment on our prices in Brazil. So we're seeing it fairly flat compared to last year for 2018.

And also on the cost side, the reduce – the reduction that you see is mainly as a result of increased production this year – of higher production this year given that the costs there are mainly fixed costs. So when production goes up, there's a big absorption effect on that operation.

And then, update on the drilling campaign this year. So we currently have 3 rigs operating in Llanos 34, 3 drilling rigs and 2 work auger rigs, so a total of 5 rigs in Llanos 34. I'm starting with Colombia.

The 3 drilling rigs, one of them is moving from Chachalaca, which is an exploration well that just finished drilling. We have good indications from logging information both on Mirador and Guadalupe and we are going to be testing these wells, Chachalaca sur one in the next weeks.

So we hope we will have news from that well fairly soon. That drilling rig is moving to the Tigana Southwest area where it's going to drill a couple of wells, Tigana Southwest 5, 4, 8 and so on. The second rig is currently drilling in the northern part of Tigana. Today, drilling Tigana North 7 is around halfway through.

And then, the third rig – and then, sorry. After Tigana North 7, it's going to continue drilling some Tigana North wells. 9 and 8 are coming right after that. And then, in the third rig is on Jacana area. It is finishing drilling and about to start testing Jacana 20 and following that it's going to continue drilling Jacana 21, 22, 24.

So that's pretty much what we are doing in Llanos 34. I mean, it's a full-blown campaign and we are very excited about results that are coming out.

On Brazil, we drilled the exploration well at the beginning of the year. We're testing and we expect also to have results soon. And then, that's pretty much for the activity that is going on today.

There's another exploration well in Brazil in the fourth quarter this year and then we have an exploration well in Argentina, Rio Grande Este, which is an adjacent exploration prospect to the discovery of last year. That is going to start drilling in May this year.

**Operator**

Your next question comes from the line of Isero Ian of Radiant

**Isero Ian – Radiant**

Could you elaborate a little bit on the ONGC partnership? I know you have similar or maybe a similar agreement with LGI. How do those 2 things measure with each other? Or do you carve out different areas for the different partners? Or how do you proceed on that?

**Andres Ocampo – Chief Financial Officer**

Hi. Good morning, Isero. The – so we are very excited about this new partnership with ONGC. As you know, well, they have some assets in Latin America and, well, they are the fastest oil consuming nation in the world. And we expect – the basic of this partnership is build a portfolio of assets in Latin America.

It's a joint acquisition partnership so our idea is to combine our strengths, GeoPark's operating and very wide platform in the region jointly with ONGC's scale and knowledge of the business. And we expect to both to be able to get some good acquisitions hopefully this year.

As we said at the beginning, we always work with partners. We have a partnership with LG. They are our partners in Chile and Colombia. And we would also look at opportunities with them. We find this new partnership with ONGC that maybe they are more aggressive in looking into opportunities in Latin America.

**Isero Ian – Radiant**

(You said they already) – ONGC already has assets that they might want to bring you in to take another look? Or is that something that is not under discussion currently?

**Andres Ocampo – Chief Financial Officer**

I mean, it's not the core of the agreement, but it's something that we could evaluate together. Some of the assets that they have are in the area of Llanos 34. So obviously, for them, it's interesting to see how attractively we're drilling in Llanos 34 and how cost-efficient we are in an area that is very close by.

So – and we also have other ideas that we can work on together. So looking into each other's assets is not the core or not the main goal of the agreement, but we will certainly look into each other's assets and see if there is anything we can help each other with.

**Isero Ian – Radiant**

Excellent. And in terms of the projects that you are working on at Llanos 34 to reduce the transportation costs there, could you give a little bit of update on potential pipeline? When you proceed on something like that? What kind of costs that would be to you?

**Andres Ocampo – Chief Financial Officer**

Yes. This year, I mean, the project of connecting Jacana with the central pipeline system has already started. We expect to have that finalized by the end of this year and we expect that to reduce transportation costs by at least \$1 to \$2 per barrel starting in...

**Isero Ian – Radiant**

For those barrels only, right?

**Andres Ocampo – Chief Financial Officer**

Right. The ones that we transport for Llanos 34, which today accounts for probably 25,000 out of the 33,000 that we're producing.

**Isero Ian – Radiant**

And how much was the capital (subsidy)?

**Andres Ocampo – Chief Financial Officer**

It's 16 – between \$16 million to \$20 million net to GeoPark.

**Isero Ian – Radiant**

One more question, if I may. You have been considering looking at Mexico. How do those things fare or how do those things look today given the potential changes in approach in the country?

**Andres Ocampo – Chief Financial Officer**

We – as we've been on a number of bidding rounds in Mexico, in all of them we were outbid by other people, but we're bidding probably very high prices. And this is something that we see all the time in different basins and in different places in the world, places that get overheated by people coming and bidding very high bids.

Through time, we expect that to normalize. And we have a long-term approach. So we want to enter Mexico the right way. We want to enter Mexico at right prices as we always do in every country that we go in.

So we are going to continue participating, continue developing relationships with the local partners there, relationship with Pemex, with CNH, with the different actors in the Mexican industry, but we have a long-term view.



We don't expect – we don't see big changes in our approach as a result of this new view of potential changes arising as a result of the elections. We think the changes that have been done substantially are going to remain for a long time.

**Operator**

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

At this time, there are no further questions. I will now return the call to Mr. James Park for any additional or closing remarks.

**James Park – Chief Executive Officer**

Well 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 to call us at any time for any information. Thank you and good day.

**Operator**

Thank you for participating in today's conference call. You may now disconnect your lines and have a wonderful day.

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