

***Transcript of***  
***GeoPark Limited***  
**First Quarter 2017 Results Conference Call**  
**May 11, 2017**

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**Participants**

James Park – Chief Executive Officer  
Augusto Zubillaga – Chief Operating Officer  
Andres Ocampo – Chief Financial Officer  
Stacy Steimel – Shareholder Value Director  
Dolores Santamarina – Investor Manager

**Analysts**

Jenny Xenos – Canaccord  
Isuru Sen – Radiant  
Miguel Ospina – Compass Group  
Ian Macqueen – Eight Capital

**Presentation**

**Operator**

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

After the speakers' 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 Verbinen & Company in New York at +1212-687-8080 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.geo-park.com](http://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 protection afforded by the Private Security 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 statement but are not intended to represent a complete list of the company's business. All financial figures include herein were prepared in accordance with 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 F. Park, Chief Executive Officer; Augusto Zubillaga, Chief Operating Officer; Andres Ocampo, Chief Financial Officer; Stacey Steimel, Shareholder Value Director; and Dolores Santamarina, Investor 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. We are joining you this morning with our executive team in Buenos Aires, Argentina to report on our first quarter 2017 results.

Our success with the drill bit continues at a strong pace and the key this quarter is the impact our consistent operational success is having on our financial performance -- which produced a tripling of EBITDA and positive earnings.

These strong numbers are coming after completing just a quarter of our 2017 work program and already putting us on the road to exit the year over 30,000 barrels per day as well as deleveraging our balance sheet.

We are entering the second quarter now with four rigs drilling for oil and gas. Our first priority is continuing to expand, build and develop our bedrock Llanos 34 Asset in Colombia, accompanied by some exciting new exploration drilling in Argentina and Chile. Zubi?

**Augusto Zubillaga – Chief Operating Officer**

Thank you Jim. We have another quarter of record production, which increased by 12% to over 25,000 boepd and is currently over 26,500 boepd.

During the first quarter, we have concentrated most of our operations in Llanos 34 in Colombia which included:

- On the exploration side, testing Chiricoca 1 well that discovered a new oil field and is currently on production; and drilling Sinsonte 1, which was dry and was plugged and abandoned. Jacamar 1 well is currently drilling and will be followed by Curucucu 1.

- We also drilled 2 appraisal wells to further push out the limits of the Tigana/Jacana oil field: Jacana 11 -- that is producing over 3,200 bpd, and Jacana Sur 2 which will be tested in the next few weeks.
- On the development side, we drilled 4 wells, Tigana Sur 6, Jacana Sur 1, Jacana 7 and Jacana 8, the first three on production at a combined rate of 3,700 bopd and the fourth well to be tested in the next few days.

In the second quarter, we have 2 rigs drilling in Colombia, 1 rig in Argentina and 1 rig in Chile. We expect to drill a total of 8 to 10 wells this quarter -- including 4 or 5 exploration wells, and we continue on track to grow our average production by 20-25% this year. So now over to Andres.

**Andres Ocampo – Chief Financial Officer**

Thank you Zubi. During the first quarter this year -- following increased production, oil prices and continued significant cost reductions --, we more than tripled our Adjusted EBITDA to almost \$39 million, which also represents a 44% increase compared with the fourth quarter last year - and resulted in a bottom-line net profit of \$5.8 million.

Our \$45 million dollars of cash flow from operations, represented twice our capital spending for the quarter and funded \$11 million dollars of Financial Debt repayment.

The combination of our EBITDA growth and Debt reduction allowed us to continue quickly deleveraging - which has been one of our main areas of focus in 2016 and 2017. Our gross debt to EBITDA ratio was reduced down from 5.3 times to 3.2 times, and down to 2.6 times on a net debt basis. Currently GeoPark has over \$180 million in cash and available credit facilities of which approximately 70 million dollars is cash.

We continue on track to deliver results on our \$80-90 million work program, which includes drilling 30-35 gross wells, fully funded with our own cash generation - which supported by our hedges in place -- that set a 50-54 dollars per bbl floor on the oil price for 12,000 bbl/d -- will allow us to continue deleveraging and strengthening our Balance Sheet, as we exit 2017 above 30,000 barrels per day

Thank you and now we invite any questions for our team, and some additional insight.

**Operator**

At this time, I'd like to inform 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. Again, that is star one to ask a question. Your first question comes from the line of Jenny Xenos of Canaccord.

**Jenny Xenos – Canaccord**

Good morning, gentlemen, and congratulations on fantastic results last night. I have a couple of questions. First of all, could you please confirm for me that your guidance for the year, the exit rate specifically, of 30,000 (barrels) a day that, that does not include any (exploration a crest).

**Andres Ocampo – Chief Financial Officer**

Hi, Jenny. Good morning. Yes, that is correct, 30,000 barrels a day is not including any (really) production from (exploration).

**Jenny Xenos – Canaccord**

OK. So that's all development and appraisal.

**Andres Ocampo – Chief Financial Officer**

Correct.

**Jenny Xenos – Canaccord**

Great. And then, could you give us a further breakdown of these eight to 10 wells that you're planning to drill in Q2. You mentioned Jacamar and (Curucucu X) exploration wells and two appraisal wells at Llanos 34. Where are the rest of these wells?

**Andres Ocampo – Chief Financial Officer**

OK. And looking at (this) right now, so, exploration wells is basically Jacamar and (Curucucu) in Llanos 34 and then we have Uaken in Chile and Rio Grande Oeste in Argentina. Those two are drilling right now. We are starting this week ...

**Jenny Xenos – Canaccord**

OK. What happened to the exploration well that used to be kind of in the Q1 plans in Brazil?

**Andres Ocampo – Chief Financial Officer**

That was drilled. That was announced in the operational update a few weeks ago. That was Praia do Espelho. It was a dry well for a total cost of \$2 million.

**Jenny Xenos – Canaccord**

OK. Great. Thank you.

(Multiple Speakers)

**Andres Ocampo – Chief Financial Officer**

To (know that).

**Jenny Xenos – Canaccord**

OK. And then the rest are appraisal and development wells?

**Andres Ocampo – Chief Financial Officer**

Yes, mostly development wells in Llanos 34. Those – sorry, appraisal and development wells in Llanos 34. So, those are Jacana 9 – let me see.

(Off Mic)

And the second quarter we have Jacana 9, Jacana 10, Tigana Sur 5 – what else? Jacana 12 and 13. Whole bunch of wells. So, it's tough to give you the exact names but let's say ...

**Jenny Xenos – Canaccord**

No, that's good.

**Andres Ocampo – Chief Financial Officer**

So, let's say – so the work program in the -- in the second quarter is largely focused on continue developing and appraising the Tigana Jacana oil play with the addition of the two exploration wells in the eastern fault trend which are Jacamar which is rigging right now, following Jacamar, Curucucu, which is -- which follows up to that and it's also an exploration well.

**Jenny Xenos – Canaccord**

OK great and finally, what are you seeing in terms of cost pressures in Colombia?

**Andres Ocampo – Chief Financial Officer**

So on the first quarter, we had a deal, so on a -- on a cost per barrel basis, we're -- we're down again this quarter as we've been for the last quarters. There's been some pressure -- (oil that takes) small pressure on the FX or the FX appreciated slightly in the first quarter in Colombia. So compared to -- to the same quarter of previous year, the appreciation was around 10 percent with following almost a more than 50 percent increase in oil prices.

So we see currencies strengthening much less than oil prices. But in any case, on the -- on the actual -- on the actual total cost side, we are continuing to keep our costs down. We're signing long term contracts, we are service providers to try to keep and secure these rates for a longer period of time so we can actually avoid any further or any future incremental cost pressures.

**Jenny Xenos – Canaccord**

So you're seeing operating and drilling costs kind of being stable to slightly lower?

**Andres Ocampo – Chief Financial Officer**

Yes, correct.

**Jenny Xenos – Canaccord**

Great. OK, thank you so much.

**Andres Ocampo – Chief Financial Officer**

Thank you.

**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 Isuru Sen of Radiant.

**Isuru Sen – Radiant**

Hi good morning, thanks again for the call. Question on realized prices, I see this quarter about a \$25 discount to brent. How would you think of that going forward in terms of the production mix as envisioned in the development plan and how could that change -- what -- what are the variables where that could change?

**Andres Ocampo – Chief Financial Officer**

Hi good morning, Isuru. Thank you. So on a consolidated basis, we have -- our production mix is mostly oil, but we have some gas in -- into our production mix. So that's why -- that may affect the numbers a little bit. In Colombia, our realized -- our realized price is -- is around \$34 per barrel, in Colombia its 100 percent oil during the first quarter was around \$34 per barrel. That's roughly \$20 below brent.

The two -- the two items that impact this are one, is the Colombian crude that is called Vasconia so the Colombian differential. For the first quarter was around \$5 per barrel, \$5.3 approximately per barrel, that's coming down from \$6 per barrel on the fourth quarter last year. And the rest is a \$15 transportation cost that we have to pay to -- to bring the oil from the field to the market. That is accounted as a discount to the price because we sell 100 percent of our oil in Colombia at the well head.

So our -- our (rough takes) are based for the transportation and then discounts that amount from the price. So the realized price in Colombia was \$20 below brent, in Chile this quarter we didn't sell oil but the discount is going to be \$7.6 per barrel. We already sold that oil this -- this week. And then Brazil is 100 percent gas, so there's no discount to brent, the price there is fixed by contract.

**Isuru Sen – Radiant**

And this production, in terms of the production mix going forward, is it shifting more towards oil or depending on the development plans that you're having in play, how does that -- how does that production exchange?

**Andres Ocampo – Chief Financial Officer**

So we're focusing largely our CapEx in Colombia which is 100 percent oil, so we see longer term, we see the oil gaining a bigger portion in our production mix. We are drilling two gas wells in Chile this year, so that would probably hopefully increase some the gas production, but its not going to offset the oil production growth from Colombia. So we see it largely balancing or gaining more weight oil in Colombia in our production mix.

**Isuru Sen – Radiant**

Got it. In terms of Jacana and connecting (the – this out), what -- what signs would you need to see or would the (risk evidence) need to see here to kind of make the resource pool a lot larger than it is identified now?

**Andres Ocampo – Chief Financial Officer**

We are -- again, we're largely focusing our program this year in doing an (appraisal) and development of the whole Tigana/Jacana oil place. We experienced very significant reserves growth in 2016 and also in 2015 by following a program like this. So last year we increased our reserves by 50 percent. After our -- we invested nearly \$30 million in this block and that were (presented) over \$350 million of NPV increase Llanos 34.

So this year we're targeting most of our drilling and most of our CapEx into continuing fully appraising this place. So we expect to have a new reserves certification by the end of the year -- I'm sorry that will be published probably as we did this year, early next year.

And we expect by then to have much better information and understanding on how big these whole play is.

So we're -- again we're drilling in Llanos 34 around 20 to 25 wells this year. We're reprocessing seismic, reinterpreting seismic, also with the new wells and new information that we're getting. We're getting pressure information from the reservoir. So with all that we will have a new certification by end of the year and that's when we expect to have much more information, hopefully much more conclusive information on the size of this play.

**Operator**

Your next question comes from the line of Miguel Ospina of Compass Group.

**Miguel Ospina – Compass Group**

Thank you for the presentation, I have one question in terms of royalties. Are you still close to reaching the five million barrels threshold in any of the fields? Either the Jacana or the Tigana at Llanos 34?

**Augusto Zubillaga – Chief Operating Officer**

Hi Miguel good morning. Yes Tigana has already crossed that threshold and it's already paying the high royalties. And Jacana -- it's about to cross it within the next few months. Days actually, not even months.

**Miguel Ospina – Compass Group**

Thank you.

**Augusto Zubillaga – Chief Operating Officer**

Days actually, not even months. It's going to be before the end of the months. Sorry I got corrected here.

**Operator**

At this time there are no further questions. I will now return the call to Mr. James Park for any additional or closing remarks. Sorry you now have a question from Ian Macqueen of Eight Capital.

**Ian Macqueen – Eight Capital**

Just a question guys. On the potential for a pipeline connection into block 34. It's something that's been discussed. I just wondered if you could give us an update on that?

**Augusto Zubillaga – Chief Operating Officer**

Hi Ian good morning. Yes that is one of the ideas that we're working on this year. Right now we're trying to line up all the environmental permits or environmental and legal permits to be able to build it. And if that is the case then we'll make a decision. And once we make the decision we'll announce it to the market. But it is something that we're working on right now and getting all the approvals to have that in place.

**Ian Macqueen – Eight Capital**

Perfect. Thanks, guys.

**Operator**

Thank you. I will now return the call to Mr. Park for any additional or closing remarks.

**James Park – Chief Executive Officer**

Well thank you to everyone 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 please call us any



time for any information. Thank you and good day.

**Operator**

Thank you. That does conclude the GeoPark Limited Conference Call. We thank you for your participation and ask that you please disconnect your line.

END