TRANSCRIPT – FIRST QUARTER 2023 RESULTS

CONFERENCE CALL

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CORPORATE PARTICIPANTS

Andrés Ocampo, *Chief Executive Officer*

Verónica Dávila, *Chief Financial Officer*

Augusto Zubillaga, *Chief Technical Officer*

Martín Terrado, *Chief Operating Officer*

Stacy Steimel, *Shareholder Value Director*

CONFERENCE CALL PARTICIPANTS

Alejandro Demichelis, *Nau Securities*

Roman Rossi, *Canaccord Genuity*

Stephane Foucaud, *Auctus Advisors*

Oriana Covault, *Balanz Capital*

Philip Ross Skolnick, *Eight Capital*

Andrew De Luca, *T. Rowe Price*

PRESENTATION

Operator

Good morning, and welcome to the GeoPark Limited conference call following the results announcement for the first quarter ended March 31, 2023. If you do not have the copy of the press release, it is available at the Invest With Us section of the company's corporate website at www.geo-park.com. A replay of today's call may be accessed through this webcast in the Invest With Us 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 corresponding to PRMS standards.

On the call today from GeoPark is Andrés Ocampo, Chief Executive Officer; Verónica Dávila, Chief Financial Officer; Augusto Zubillaga, Chief Technical Officer; Martín Terrado, Chief Operating Officer; and Stacy Steimel, Share Value Director.

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

Andrés Ocampo
CEO & Director

Good morning, and welcome, everyone, to our first quarter results call. We're joining with our team here in Bogota, where we just celebrated our 10th anniversary in Colombia and our 20th year as a company. We're proud of our accomplishments so far. Today, we are the second largest operator in Colombia with about 8% of the country's oil production and are excited about the future in Colombia and in Latin America as well.

During the first quarter, we suffered some temporary production shortages, particularly in CPO-5 due to matters that are beyond our control. We lost approximately 2,400 barrels a day of production from Indico-6 and Indico-7 wells and have been working on assisting the operator to get those 2 wells back online as soon as possible. As a result of these shortages, and as previously announced, with the operator's new expectation that these wells may not be back online before July, we had to revise our full year production guidance down to a range of 38,000 to 40,000 barrels a day. Despite these challenges, we were able to quickly streamline our capital allocation and continue reducing our cost base to maintain our cash flow generation guidance. And following that, maintain our shareholder return program unchanged.

During the first quarter, we invested $45 million to drill 12 wells, all in Colombia, including wells in new exploration acreage in the Llanos 87 block and the successful drilling of the first horizontal well in the Tigana field in our core Llanos 34 block. This first horizontal well was a great success, executed within budget and on time and now flowing about 3,000 barrels a day with barely any water. In less than 2 months, the well has accumulated 50% of the production needed to recover the investment, encouraging our team to define multiple new drilling locations going forward. The next one is expected to spud in June.

The base business continues generating solid financial results with revenue topping about $182 million and an adjusted EBITDA of almost $115 million, a 63% EBITDA margin. Cost and capital efficiencies were a highlight of the quarter once again. And despite inflationary pressures, we were able to reduce our costs, our structured costs, G&A and G&G by 6% compared to the first quarter last year. Every dollar invested generated $2.50 in adjusted EBITDA, which showed both the efficiency of our capital investments and the profitability of our assets. Over the past 12 months, we have generated a 62% return on capital employed. Bottom line in the quarter, we generated $26 million of net profits or $0.45 per share during this quarter.

Following our debt reduction of $275 million during the last 2 years, our interest payments in the quarter were down by 30% to $13.5 million. We ended the quarter with $145 million

of cash in hand and a net leverage ratio of just 0.7x. We continue to deliver on our program to return more value to shareholders. Share buybacks increased by 142% to $7.5 million and cash dividends increased by 55% to $7.5 million, approximately a 5% dividend yield.

On April 26, GeoPark published its 2022 SPEED ESG report from which I would highlight our 34% carbon intensity reduction, which is a big step towards meeting our near and mid-term goals as well as the positive impact that we were able to have on 240,000 people that benefited from the company's social and environmental programs in 2022. Looking forward, we're executing the multiyear drilling program in our core and surrounding blocks in the Llanos basin. For the remainder of 2023, we're targeting the drilling of 6 to 8 exploration wells, including exploration prospects in the Llanos 123, 124 and CPO-5 blocks in addition to continue developing our core asset base. We look forward to reporting results on these activities in the upcoming quarters.

Thank you, and we will be happy to answer your questions.

Operator
Our first question comes from the line of Stephane Foucaud of Auctus Advisors.

Stephane Foucaud
Auctus Advisors

Hi, thank you for taking my question. I've got a few. The first one is around CPO-5, is the restart of the 2 wells is now being pushed back to July. And I was wondering any particular context. The question would be is there any stronger stance being taken by the government and whether you expect that the July date could has some further delays. That's my first question.

The second one is around the Capex reduction. I was wondering what activities have been taken out from the program? If you could comment on that. Is that exploration? Is that development or otherwise? And lastly, it's an accounting question. It's around the royalty and the economics rights in Q1. I see that $1 million, the value has dropped a lot compared to I think Q12022. Of course, oil price is a bit lower, but it doesn't seem to justify such a big drop. So, I was wondering what was behind the drop and whether there would be a catch-up at some point or not. Thank you.

Andrés Ocampo
CEO & Director

Good morning, Stephane. Thank you for your questions. I'll address the question on CPO-5. Obviously, this is a very important element of the business for us. It's one of the most important blocks for GeoPark. So, the main reason for the delay is typical delays in executing the operations or the constructions that were needed. So effectively, the reason why those 2 wells are shut-in is because the ANH has requested the operator after a long period of producing under temporary testing facilities to build definitive facilities which require some civil works and facilities construction.

So, when the operator gave us the May deadline to put those 2 wells back online, the actual work progress was barely zero. It hadn't been started. So, this is when we gave the information in March. Today, the advance in the works is about 60% to 65%. And Martín Terrado was there just a couple of weeks ago overseeing the works and making sure that everything was advancing. The works are being completed. Today, the estimation is to be

end-June or July by the operator. So, the degree of confidence we have on this new date is higher than the one we would have had on the May date we gave before.

So that's the reason. There are no new government requirements or any unreasonable requests or anything like that. It's really just the typical delay that sometimes happens, there's delays when executing some of the civil works in the facilities. That's all. We hope we can meet that date in July, and we are working and assisting the operator as much as we can. I took 2 trips to New Delhi this year already. We spent time with the management team of ONGC, as we always do. And as I said, Martin visited the operation and is in constant daily conversations with the ONGC crew to make sure that all these activities are completed as soon as possible. Obviously, as I said at the beginning, this is a major production for our company. It is also part of the future and our upside. We dedicate as much time and effort as we possibly can.

And then I will let Vero to answer the other 2 points that you mentioned, Stephane.

Verónica Dávila
Chief Financial Officer

Thank you, Andrés. Good morning, Stephane, and thank you for your question. As you mentioned, we have reduced our Capex guidance for 2023 to $20 million shifting it to $180 million to $200 million total from $200 million to $220 million before. It's a product of constantly looking for cost efficiencies and streamlining our projects. In particular, there's a combination here of those two factors, cost efficiencies and adjustment to projects. About half comes from cost savings in the execution of seismic in the blocks Llanos 86 and Llanos 104 that are to the east of Llanos 34 and result from cost savings in the contracting process of these activities.

About 25% comes from savings in the drilling and completion in Putumayo and in some infrastructure projects to be carried out in Llanos 34. And the remaining 25% comes from an adjustment to the drilling schedule that is getting pushed out mainly in Ecuador and to a lesser extent, in CPO-5. For Ecuador, particularly, our original guidance included 2 to 4 wells in the first half of the year, and our current guidance is including 1 to 2 wells in the second half.

And then moving on to your question on royalties. As you mentioned, the royalties are lower in the first quarter. And it has the impact of prices that you mentioned, so at lower prices, you get a lower royalty component and also, from the shifting of some of the royalties that are paid in cash to being paid in kind. This second impact, net-net, doesn't have an EBITDA adjustment to it. But you will see, as royalties shifted from cash to in-kind is that the revenue line, that the top line will drop, and the production and operation cost where the royalties are included will drop by a similar amount. Going forward, the definition of how royalties get paid, in cash or in-kind, is the decision made jointly with the regulator. And we would expect to have more royalties shifted to in-kind during the year. So, you could see a continuation of these numbers going forward.

Operator
Our next question comes from the line of Alejandro Demichelis of Nau Securities.

Alejandro Demichelis
Nau Securities

Good morning, thank you very much for taking my questions. To follow up on the CPO-5 situating, Andrés. So just to be clear, you don't have people seconded to the ONGC team. It's Martin and his team kind of overseeing things and going to the field. Is that the situation?

Andrés Ocampo
CEO & Director

Yes, I mean, we do have people seconded in the operations, and that's how we maintain the flow of communication with the field operations on a daily basis. But on top of that, we have Martin and his team, and our asset managers dedicated to CPO-5 that work all the time continuously supporting and providing any help that may be required by the operator. But actively, we cannot execute some of these activities ourselves, there is an operator that is responsible for these works.

Alejandro Demichelis
Nau Securities

Okay. But just to be clear, that was supposed to take 2 months, it's taking like 6 months.

Andrés Ocampo
CEO & Director

That's absolutely right.

Alejandro Demichelis
Nau Securities

Okay. That's clear. And then the second question is more on the exploration front. When we look at your exploration charges over the past kind of 9 months, it has been almost $40 million. So, I'm trying to understand the plan going forward. Are you changing the approach? Are you having some lessons learnt from those, kind of, let's say, less successful wells that we have seen over the past few months?

Augusto Zubillaga
Chief Technical Officer

Alejandro, good morning. Zubi here. So just to give more context regarding your question. We have in our exploration plan to drill between 13 to 15 wells this year. In this first part of this year, we drilled 7 exploration wells, 4 unsuccessful and 3 wells with positive results. One is the Guaco-Sur in Llanos 34 that we already announced and commented on the last call. That well is on production. The other 2 wells are under evaluation and testing in the Llanos 87 block. They are Tororoi that is testing in the Mirador formation with more than 200 barrels of oil per day without water and the other well is Zorzal-X1 that we are developing a workover plan to be able to test the light oil that showed in the initial test. In both wells, we are working on plans and volumes for possible future development plans. For the rest of the year, we have at least 6 to 8 more wells, exploration wells that we are going

to drill. 1 to 2 wells in Llanos 124, 2 wells in Llanos 123, both blocks to put you in geographical context are located to the west and neighbor of Llanos 34 block.

In CPO-5, we're going to drill 1 to 2 wells. One of those will be the first well in the block targeting the continuation of Tigana - Jacana geological trend. We also want to drill 1 to 2 wells in Llanos 34. And we have an evaluation well in Ecuador in the Perico block. So, Alejandro, we are optimistic about our plan, and we will give you news in the next operational update.

Andrés Ocampo
CEO & Director

To complement what Zubi is saying, Alejandro, to your point, of course, every well that we drill provides new information that is factored into our model to recalibrate the new prospectivity of the area. So that continues, and there's also new 3D seismic that comes in almost every 3 or 5 months because we are registering seismic in many places. So, all this new information is factoring into the model to recalibrate and remap new prospectivity areas or remap again, existing prospectivity areas where we had prospects before. So yes, the campaign on the second half of the year does factor in the results of the first half of the year.

Operator
Our next question comes from the line of Oriana Covault of Balanz.

Oriana Covault
Balanz Genuity

Hi, thank you. I have a couple of questions. The first one has to do with the persistently wider differentials for Colombian crude despite expectations for compression, I noticed that they started compressing in late March, April. But I'd like to understand better what is driving this? And where do you see differentials heading? Are we under like a new normal "situation" and just to get a sense from you guys on what are you observing?

Verónica Dávila
Chief Financial Officer

Thank you, Oriana. Good morning. As you mentioned, the Vasconia differential has been volatile and has been wider, especially during the first quarter. It's now trading about $6 below Brent, averaging $7.5 year-to-date versus $5.5 for the full year of 2022. And during the quarter, we even saw a differential of $9. So, your point is absolutely right, we've seen volatile and wide differentials. The drivers behind this are a few, but I would highlight, one, increased crude out of Venezuela coming to compete with our Vasconia grade specifically and the sustained influence of Russian barrels in the market at discounted prices.

Additionally, we've seen increased flows of Canadian crudes into the U.S. Gulf Coast market, which also affected the competitiveness of Vasconia. But if you look forward, and you have already seen it in the compression thus far of the differentials. A key factor going forward is the impact of the Chinese reopening in the demand for our crude, and we expect that to continue easing the differentials as the Chinese demand picks up and the appetite for our crude increases. We would expect a recovery in the differentials for the remainder of the year, closer to the long-term historical averages about $4 to $5 versus Brent.

Oriana Covault
Balanz Genuity

Perfect. That's very clear. Maybe just moving on to a process of relinquishing of exploration licenses in Putumayo area, I believe that headlines came up 2 days ago. So, if you can comment on this process? And do you have like an estimate of impairment loss that you book in connection with this? Any rationale behind this as well. Thank you.

Andrés Ocampo
CEO & Director

Good morning, Oriana, Andrés here. Yes, thank you. Not sure why these headlines are coming out right now. But just to be clear, when we acquired Amerisur end of 2019, early 2020, we picked up about 12 blocks in the Putumayo basin. And from these blocks, we started between 2020 and 2021, some different processes for relinquishment of some of these areas because they are in either less prospective areas or more difficult access areas or more sensitive environmental areas, in places where we have no real intention of going.

We've started the relinquishment of all these blocks a long time ago. And some of them have been completed, I think out of the 6 that we were relinquishing, 2 of them have already been completed, and thus 4 more to be completed. There's no impairment associated to those because we have not allocated any capital to any of these blocks in the past. So, it's just following the normal due course of any portfolio management of the company.

Operator
Our next question comes from the line of Roman Rossi of Canaccord.

Roman Rossi
Canaccord Genuity

Hi, good morning and thank you for taking my question. I have a follow-up on the royalties. You mentioned that you are changing the amount of royalties you pay in-kind. Just wanted to have more clarity around that. Is that affecting the tax rate you are paying with the new tax reform?

Verónica Dávila
Chief Financial Officer

Thank you, Roman. As I mentioned, yes, we're shifting those royalties in coordination with the ANH. But as you mentioned, the tax reform has a different treatment for royalties paid in cash and royalties paid in-kind in terms of the deductibility. Moving royalties to being paid in-kind would have a positive impact on our income tax numbers.

Roman Rossi
Canaccord Genuity

Thank you. I have another one regarding the issues you are seeing in Chile. You're only considering ENAP as the possible offtake? Or are you considering others? And do you have any clarity on when are you signing a new agreement?

Verónica Dávila
Chief Financial Officer

With regards to Chile, in the first quarter, we've had commercial headwinds in the operation. We've been in negotiations with ENAP, our offtaker, but it's led to the shut-in of crude production in our assets, about 400 barrels a day remains shut-in and the asset is currently producing gas and condensate. We continue to work on different alternatives, commercial alternatives for the assets. And we will continue to work on those and report on them as they come forward. In terms of expectations, it is uncertain when we will be able to renew our contract or finalize other commercial alternatives and that's why we've taken the approach of including this production as being shut-in, in our guidance.

Operator
Our next question comes from the line of Phil Skolnick of Eight capital.

Phil Skolnick
Eight Capital

Good morning. Just want to follow up just on the Ecuador deferral. Is there anything specific to cause that?

Martín Terrado
Chief Operating Officer

Good morning, Phil, and thank for the question. This is Martín. Specifics were basically covered in the comments from Vero and Zubi. From an exploration perspective, we had a total of 3 to 4 exploration and development wells for the first half of the year, and now we're moving to 1 to 2 wells in the second half. This is based also on our Capex adjustment. And as you know, we had an 8-well commitment in those 2 blocks. We have already drilled 5 wells. So, we're looking at the performance of the wells, water cut, decline rate. We also finished the seismic. So, we decided to move further activity in the second half of the year so that we get more information from the subsurface. And we also align it with our Capex for the rest of the year.

Phil Skolnick
Eight Capital

Okay. So, I mean, were there any kind of surprises then? Or is it just want to look at the data and just progress based on that?

Martín Terrado
Chief Operating Officer

Yes. No big surprises, it's basically looking at performance and continue evaluating how the wells behave.

Operator
Our next question is a tech question. And it's from the line of Andrew De Luca of T. Rowe Price. And it says, on horizontal drilling, can you please let us know how many additional horizontal wells do you plan to drill? What is the Capex associated with the horizontal well. Lifting costs increased in Q1? Can you please specify what drove the increase and where you see this in 2023?

Martín Terrado
Chief Operating Officer

Thank you, Andrew. I will take the horizontal well question and let Veronica then go over the lifting cost. But absolutely, we're really happy and excited about the first horizontal well that was drilled in Llanos 34. This well is targeting to the Mirador formation. It has around 1,500 feet in the horizontal section, and it's performing according to plan and slightly above it.

Right now, the well is producing 3,000 barrels of oil per day with no water and a very low drawdown. Mirador is a formation with a very active aquifer, and this was one of the opportunities that we saw to optimize the recovery factor of that formation. The cost of that well was around $10 million, within budget and on time, as Andrés mentioned. And of course, after well #1, we learned from it and we're looking forward to drilling the wells cheaper, starting on well #2 and so forth. We are expecting to drill 1 minimum to 3 wells in the remaining of the year in Llanos 34. Also, like Andrés mentioned, we will spud well #2 in the month of June. From a cost perspective, again, we expect to be obviously below the $10 million for the next wells.

Verónica Dávila
Chief Financial Officer

Thank you, Martin. Moving on, Andrew, to your question in terms of Opex. As always, our team works very diligently on our cost management, working to keep our costs as tight as possible. And this is reflected on the fact that we keep cost per boe flat at $8 per boe consolidated year-on-year in 2022. In the first quarter of 2023, we've seen higher Opex, about $10.1 per boe on a consolidated basis. This came from an increase in Colombia, which registered a total of $9.6 per boe and also in Ecuador, while it was in line for other assets. But the main factors pushing our higher Opex in Colombia were transitory in nature.

We accelerated well service activity. It was already planned and was executed in the quarter. And we also faced higher electricity costs, especially in Llanos 34, but those were a function of weather factors. As these factors are transitory, we expect our operating cost to drop from this level in the first quarter, and we are expecting $8.5 to $9.5 on a consolidated basis for 2023 with Colombia about $7.5 to $8.

Operator
As there are no additional questions at this time, I will hand the conference back over to Mr. Andrés Ocampo for closing remarks.

Andrés Ocampo
CEO & Director
Thank you, everybody, for your interest in and support of GeoPark, and we're always available to answer any questions you may have. We encourage you to please visit us and our operations and call us any time for more information. Thank you and have a good day.

Operator
Ladies and gentlemen, this concludes the GeoPark First Quarter 2023 Results Conference Call. Have a great day ahead. You may now disconnect.