# TRANSCRIPT – SECOND QUARTER 2023 RESULTS

## CONFERENCE CALL

## AUGUST 10, 2023

## 10:00 AM ET

## 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,** *Jefferies*

**Oriana Covault,** *Balanz Capital*

**Stephane Foucaud,** *Auctus Advisors*

**Roman Rossi,** *Canaccord Genuity*

**Daniel Guardiola,** *BTG Pactual*

## PRESENTATION

**Operator**

Good morning, and welcome to the GeoPark Limited conference call following the results announcement for the second quarter ended June 30, 2023. After the speakers' remarks, there will be a question-and-answer session. (Operator Instructions). 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, everyone, and welcome to our second quarter results call. We're joining with our team here in Bogota, Colombia. We're advancing on our drilling program, which is already delivering results. We drilled 10 wells in the second quarter and have a busy schedule ahead of us with 10 rigs now in operation and 2 more coming this quarter.

Our horizontal well drilling campaign in the Mirador formation in the Llanos 34 block is moving ahead full speed, with two wells already completed and on production and the third one already started and about 30 days from reaching TD. These are some of the highest capital return projects in our company. The first horizontal well has already been paid off in approximately 3.5 months and continues producing over 2,000 barrels of oil per day.

Our team is quickly taking advantage of the multiple wells campaign and applying new cost efficiencies to the next ones. The second well was drilled faster with 10% lower drilling costs and 32% longer lateral length. We expect to continue pushing these costs down to improve our payback and capital returns even more.

Our exploration team has also delivered a new discovery in the Llanos basin acreage that had been acquired during the 2019 bid round. Saltador 1, our first well of the Llanos 123 block, is producing approximately 880 barrels per day with 5% water. In Ecuador, the Yin 2 development well in the Perico block has encountered a new phase zone in the U-sand formation in addition to confirming its development potential in the Hollin formation. Therefore, we expect to test this new zone before the end of this month.

In the CPO-5 block, where our production has been down on the back of two very productive wells being shut-in, the operator has advanced and completed most of the works requested by the ANH and anticipates that it will have the two wells back online before the end of the month. They also expect to spud the Halcon 1 exploration well in September, which contains the potential continuity of the Jacana play into the CPO5 block. Following Halcon, the operator expects to drill another development well on the Indico field before the end of 2023.

GeoPark continued to invest in our decarbonization efforts by installing a new photovoltaic solar power system in the OBA pipeline from our Platanillo block, which will help reduce our emissions and introduce efficiency gains by lowering energy and maintenance costs. We reinforced and extended our sustainability reporting with new submissions to the Carbon

Disclosure Project, CDP, in both water and climate. These initiatives assess our ESG management performance and disclosures.

GeoPark continued to record strong financial results in the quarter with revenues of $182 million and adjusted EBITDA of $104 million, representing an adjusted EBITDA margin of 57% and profits of nearly $34 million, or $0.59 per share. We invested $43 million during the quarter and generated $2.4 in adjusted EBITDA for each dollar invested, proof of GeoPark's capital discipline and the quality of our assets. Additionally, the return on capital employed over the last 12 months reached 51%.

Our financial expenses dropped by almost one-third to $11 million in the quarter following our debt reduction of $275 million during the last two years. After paying $88 million in cash taxes in the second quarter and returning almost $19 million to our shareholders through dividends and buybacks, we ended the period with more than $86 million in cash. Also, we completed a new $80 million unsecured committed credit facility for the next two years.

For the rest of this year, we will continue at full speed on our drilling program, adding more rigs and accelerating our activity. With 20 to 25 gross wells, we are targeting short cycle exploration and development projects, including new horizontal wells in our core Llanos 34 block, exploration drilling in the CPO5 block, the continued development of the prolific Indigo field, and more exploration drilling in our operated Llanos acreage, as well as our oriented basin acreage. In our two Eastern Llanos blocks adjacent to CPO5, we have started preliminary activities to acquire over 650 square kilometers of 3D seismic, one of the largest 3D seismic onshore campaigns in the history of Colombia and will significantly expand our exploration portfolio and inventory.

We look forward to reporting to you the results of these activities, and we will now take any questions you may have. Thank you.

**Operator**
We have a question from Alejandro Demichelis of Jefferies. Alejandro, the line is yours.

**Alejandro Demichelis**
*Jefferies*

Good morning, guys. Thank you very much for taking my question. A couple of questions, please. The first one is, maybe you can walk us through the building blocks of the second half of the year to get to your production guidance, the 38,000 to 40,000. And then the second question is, how do you see the potential size for your new discovery on Block Llanos 123, please?

**Martín Terrado**
*Chief Operating Officer*

Good morning, Alejandro. This is Martin Terrado. Thanks for your question. In regard to the building blocks to making the guideline on, it would largely depend on Indico wells getting back on production. We have been working closely with the operator on these two wells. From the last call that we had, all the civil works have been completed, that included building concrete dikes, and work is going on related to the flowlines that need to be welded flowlines. So the operator has communicated to us that they will have that ready to go by the end of this month, and the National Hydrocarbon Agency has told them that with that, they will allow those two wells to be back on production. Those two wells have a gross

production of 8,000 barrels of potential, so that's about 2,400 barrels net to GeoPark that we're expecting as we're building like you said the blocks on the next quarters for the quarter number three we're expecting partial contribution from those two wells because it will not be fully on stream for the whole quarter but they will be fully on stream for the last quarter. So that's a big contribution that we're expecting.

The second one is related to our performance in the Llanos 34 block. For that block we expect increased production compared to the first half of the year and that is mainly due to two things. The first one is our continuous production on horizontal drilling. And the second one is we expect the second half of the year to have better downtime. We had a about 7% downtime the first half of the year and we're expecting around 5% so those are the two main blocks that we expect to be contributing so that we can make our third quarter average of around 38,500 barrels and the last quarter of 40,800 barrels. And we expect the exit rate to be between 40,000 and 41,000 barrels of oil production equivalent. This assumes that we don't have big disruptions in our Llanos 34. And as always it does not include additional production from exploration oils.

**Andrés Ocampo**
*CEO & Director*

So with that Alejandro, Andres here, just to add to what Martin said, obviously with these numbers, roughly on the third quarter close to 38,000, 39,000 and 40,000 to 41,000 in the fourth quarter, that would put us closer to the lower end of the range, rather than the midpoint or the higher range. But we still believe that if the operator delivers on the putting back those two wells online before the end of this month, that's where we should be. Thank you.

**Augusto Zubillaga**
*Chief Technical Officer*

Hello, Alejandro. You answered about the Llanos 123. So just to give you more context about the Saltador discovery, the Saltador exploration well is located on a block west to Llanos 34. That block was acquired in 2019 ANH bidding round. So talking about more technical things, the main concept was to test the structural fault deep closure hanging wall. We did find hydrocarbons in Barco Guadalupe formation with 29 feet of oil net pay. Today the well is testing around 900 barrels of oil per day, 5% water cut. So the testing will provide more information on volumes, reserves, and future developments. But in addition to that, the discovery of Saltador may extend another prospect to the south that is called VisVita that could have more reserves. It's not decided yet, but clearly Saltador de-risked this prospect that we could drill it at the end of this year or early 2024.

**Operator**
Our next question comes from Oriana Covault of Balanz. Oriana, the line is yours.

**Oriana Covault**
*Balanz Capital*

Hi, this is Oriana Covault with Balanz. Thanks for taking my questions. I had a brief follow-up with regards to the triggers for production in the second half and then I had a couple more if it could go to one by one. So just I wanted to confirm where are you seeing production? I think you mentioned 8,000 barrels per day of gross production potential for each Indico 5 and Indico 6 was once they come back in line. So just curious how long which

should or how fast are you expecting for production out of these blocks to come back to levels seen before the shutdown during the most part of the year

**Martín Terrado**
*Chief Operating Officer*

Hi, Oriana, thanks for your question this is Martin Terrado and a current production for the CPO-5 block is in the order of 17,500 barrels of oil per day. If we compare to where we were a year ago, a year ago without Indico 6 and 7 we were probably around 18,500. That decline that you see is mainly in Mariposa as the water has encroached in that well.

The Indico field is producing flat production. So, on top of the 17,500 gross, we will be getting, again, the 8,000 barrels from both Indico 6 and Indico 7 production. These are flowing wells that have been tested, and as soon as we get the green light from the National Hydrocarbon Agency, they will be contributing to the overall block production.

**Andrés Ocampo**
*CEO & Director*

The expectation from the operator is to have those two back before the end of this month. So the full production of the block should be, on a gross basis, back to over 25,000, hopefully, in September or before the end of this at the end of this month.

**Oriana Covault**
*Balanz Capital*

Perfect, thank you, Martin and Andres. Just keeping up with the CapEx and the exploration side of the business, just wondering in terms of the seismic acquisition that you're guiding for second half, and it seems to be a very encouraging project from your end, so what are you targeting, what's the key areas? And how much of your CapEx budgeted for exploration with this seismic acquisition take up?

**Martín Terrado**
*Chief Operating Officer*

Thank you, Oriana. So I'll go a little bit about the more ops part, and then I'll let Zuby go over, okay, what we're seeing on prospects. But this is premium acreage, it is east of the CPO-5, and like Andres mentioned, it's 650 square kilometers that we're going to be acquiring. We were looking at, historically in Colombia what that means, it will be the third biggest acquisition. So where we are today, all the permits have been granted, all the socialization has been done, and right now we're starting all the things that is related to building the camp so that we can start topography. After that is drilling the wells to do the explosives and acquisition will start in December of this year. It will take about two months to finish the acquisition. Then comes processing, and after that, of course, building the pads and drilling the wells for those locations that the prospects that we expect to have.

So that's a little bit on where we are from operations perspective. From a capital perspective, this seismic, it's already in our budget, and one of the things that we were able to do is we got the seismic cheaper than expected, so we're acquiring seismic for even more than what is our commitment. So that's a little bit on the operations perspective that we have, and from a blocks and the commitments on these two blocks, we only have one well

commitment in each of the blocks, so we're sure that we're going to find prospects to drill there, I don't know, so if you got.

**Augusto Zubillaga**
*Chief Technical Officer*

Yes, beyond the commitment that Martin mentioned, we really believe that those blocks that we have there in the premium acreage, like Martin mentioned before, these blocks are located to the east of CPO-5, near to important fields, for example, Caracara, and also we have Puerto Gaitan inside also the block. So the team also defined several leads that after the seismic, I'm sure that we're going to have new prospects and exploration opportunities.

**Andrés Ocampo**
*CEO & Director*

So the objective of this 3D seismic effectively is to expand our exploration inventory and portfolio. So the idea of acquiring 3D seismic in such a large portion of this part of the basin is to find and identify more prospects for our technical team. And you asked about how much of the CapEx was allocated to this seismic. As Martin said, it's already within our CapEx guidance and is roughly at our working interest, $20 million.

**Oriana Covault**
*Balanz Capital*

Perfect. Thank you very much. That was very clear. And just one final one, going through your filing, do you think that the EBITDA guidance using that same $80 to $90 per barrel was revised slightly downwards at the midpoint, so I just wanted to know if you could share perhaps more insights on what are the key drivers for this guidance revision, if it's in terms of wider discounts, even though we've seen some tightening recently? And/or are you -- where are you seeing OpEx cost, like total OpEx per barrel through the remainder of the year, and that would be very helpful. Thank you.

**Verónica Dávila**
*Chief Financial Officer*

Thank you, Oriana. Good morning. Veronica here. As you mentioned, we have adjusted our expected 2023 EBITDA range by about $40 million. Half of that is already realized impact during the first half from lower Brent prices and wider Vasconia differentials that you mentioned.

Going forward, in terms of the differentials, we really don't expect further widening. We continue to use $4 to $5 for the remainder of the year. It's now pricing $3.50, but we would expect that to revert to $4 to $5 range, as I mentioned. The other half of the adjustment is related to higher OpEx. We have already been impacted by this in the first half, and that's taken us to expect higher OpEx for the full-year, ranging between $10 and $11 per barrel on a consolidated basis. The drivers for this increase in OpEx are twofold. On the one side, we have appreciation of the currency in Colombia, which affects about 70% of our OpEx as local currency denominated, and also higher energy prices that really come from weather-related effects from the El Nino weather pattern in Colombia with a power grid that is

mostly hydroelectric. As you see, these are mainly external factors. Our team will continue to focus on finding cost efficiencies and initiatives going forward.

**Oriana Covault**
*Balanz Capital*

Thank you very much, Veronica, and the rest of the team. That would be all from my side.

**Verónica Dávila**
*Chief Financial Officer*

Thank you, Oriana.

**Operator**
Next up, we've received some text questions. Our first one is from Stephane Foucaud of Auctus Advisors.

**Stephane Foucaud**
*Auctus Advisors*

Good morning to all. One question for me on Yin 2 Ecuador, 40 net pay in a new formation looks good. How material is it? What are the implications for production and development of the asset?

**Augusto Zubillaga**
*Chief Technical Officer*

Hi, Stephane. Good morning. Yes, we are really happy with the results of this well. The plan was to develop the Hollin formation and investigate the potential upside to the U-sand. The Hollin formation resulted with good hydrocarbon saturation and thickness, similar to the Jandaya and Yin Wells, with 25 feet net pay. The U-sand found about 40 feet of net pay, you mentioned.

So according to our team and in line with our partner, we are going to complete the U-sand because it has better reservoir conditions. With this initiative, we will understand how the well behaves and which is the volume fund for future development. We have also analogies of near fields that is called Guanta-Dureno, where this sand, the initial production could be between 900 to 1,300 barrels of oil per day. So again, we again, we're really happy with the results and we will test in this well very soon.

**Andrés Ocampo**
*CEO & Director*

It's important to mention that these are the analogs, and this is information that our team uses to complete the wells and test them. The reality is that we have a good logging indication right now and we will know a lot better once the well is tested.

**Operator**
Our next question comes from Roman Rossi of Canaccord.

**Roman Rossi**
*Canaccord Genuity*

Morning and thanks for taking my questions. I have a couple if I may. First, I would like to understand if the horizontal drilling was part of your original 2023 campaign and what's the estimated cost for each well? Second, can you give us more color on the derivatives loss and what's the strategy going forward? And then finally, do you have any FX hedges?

**Martín Terrado**
*Chief Operating Officer*

Thank you, Roman. This is Martin again. I'll cover the question around the horizontal well. So when we put together our budget, the horizontal drilling was a pilot with follow-up wells. So with very good results compared to what we were expecting, basically delivering the expectations of the pilot well, we adjusted our program, and we're now going under our third well. I'll share with you a little bit of the numbers on estimated cost and performance, but the first well was drilled at around $11 million. When we went to the second well, we drilled it with a longer length at around 10% cheaper, so at $10 million. And right now we're drilling our third well. We expect to be drilling that well at around $9.5 million. and we're going for about 3x the length of the first horizontal well.

So in short, we have adjusted our program as we have expected, pending pilot results of the first well, and we expect to have about five to six wells by the end of the year. All of these wells are targeting the Mirador formation, which has an original oil in place of around 100 million barrels, and we're looking at other opportunities within the Llanos block in other formations, but also outside of the Llanos 34 in places like Platanillo.

Efficiencies that we continue to work on, again, we're drilling our third well, but our first well, Andres mentioned a little bit, drilled the first well at 46 days, the second one at 40 days, and even though we are drilling longer horizontal sections. And of course, we are learning and investigating what else we can do on the completion side. So, very excited about the results and we will continue on our journey on horizontal wells.

**Verónica Dávila**
*Chief Financial Officer*

Good morning, Roman. This is Veronica on your questions on derivatives. So, we continue to apply our hedging strategy for crude prices, looking to protect the crude downside. We've done this consistently over the past years. There have been no cash impact from the hedges year-to-date, as you know, the prices have remained between the floors and the ceilings. So, no gains or losses from those contracts on the year to date. We did experience some of those losses in last year that maybe you were alluding to. And in terms of the FX hedges, we've executed a few FX hedges looking to protect the income tax payments that happened in the second quarter of the year. Those transactions recorded about $2 million of gain year to date. And we'll look at other opportunities to enter these separate type of transactions as we see fit going forward.

**Operator**
Our next question comes from Daniel Guardiola of BTG Pactual. Daniel, the line is yours.

**Daniel Guardiola**
*BTG Pactual*

Thank you. Good morning, Andres, and Veronica. I joined the call a little bit late, so I don't know if some of my questions were already answered during the presentation. But first of all, I would like to touch on a reserve's addition. Basically, considering that this area has been one that the company has been struggling at adding reserves or fully replacing reserves in the last couple of years, I wanted to know if you can share with us, for you guys, what are the most promising exploratory projects you are currently working on and what is your expectation in terms of reserves addition for 2023? So that's my first question. If you want, we can go one by one.

**Andrés Ocampo**
*CEO & Director*

Okay. Hi, Daniel. Good morning. Andres here. I would say in the second half of the year, we have accelerated the exploration activity. We've already reported today the result of Saltador and, the encouraging logging information that we have on Yin. And then we also provided a list of all the prospects that we're drilling on the second half of the year. I think there's some interesting prospects that we're going to be testing. We usually don't give guidance on reserves, so it's really too early for us to be saying anything about our potential reserve replacement for this year. It will largely depend on the results on the two wells that we are testing right now and on the 6 or 7 wells that we're going to be drilling from now until the end of the year. So, again, we don't usually give guidance on reserves because that also largely depends on the D&M or the certificators' view on the discoveries.

**Daniel Guardiola**
*BTG Pactual*

Understood. My second one was regarding the easiness of operating in Colombia. I mean, it's been already a year since Petro was running here in Colombia and I wanted to know your thoughts, I want to know if you have perceived any material change with respect to the process of environmental licensing and the procurement of getting a social license to operate, I mean I wanted to know is it getting more difficult to operate in Colombia or is business as usual?

**Andrés Ocampo**
*CEO & Director*

Thank you, Andres here again Daniel, I think it has changed a little bit in different locations so as Martin mentioned we experienced some downtime in the Casanare area for example in the Llanos basin which in the past we hadn't experienced any and for example in the Putumayo area where historically has been a more conflictive place of the country so far this year we haven't experienced any disruptions or any blockades or things like that.

So, I think, I wouldn't say it has dramatically changed or it has become a lot more difficult for companies to operate in the country, at least in the areas where we operate. That is not a significant change. There have been some changes, but not really a very significant change. Compared to other countries, we still believe Colombia is one of the best regions in Latin America for oil companies to prosper and to develop and execute their projects. And

we're obviously investing more time and efforts on making sure that we maximize the relationship with our neighbors. But again, I wouldn't say that this is Colombia specific. I think these changes are just ongoing, happening in many places at the same time.

Recently, as an example we have a project in the Putumayo area, the PUT-8 project, the one that has the Bienparado prospect, is one of the best prospects that we have in our portfolio. We completed a public audience where all the communities participated. That's fully public. It's even listed on YouTube. And you can see the type of relationships and communications that we are developing with all these stakeholders. So, I think that is going well. We are pending the final approval by the environmental authority. We're still within the expected timeline. So, I also couldn't say that there has been delays or obstacles from any of these regulatory bodies, really.

**Daniel Guardiola**
*BTG Pactual*

Thank you, Andres. And just a last one for my end, a very high-level question maybe for you, Andres. In your view, what are the main challenges and opportunities that the company is facing right now?

**Andrés Ocampo**
*CEO & Director*

Well, I can tell you that the biggest challenge that we have today is bringing those two wells back online. That's obviously the top priority for the entire company and for myself. I know you're asking a more strategic question, but I don't, I wake up every morning just thinking of those two wells. And be sure that the entire team is fully committed to bringing those back online very fast.

Then beyond that, I think, bringing the company back on the growth path, I think it's fair to say that we've been producing 40,000 barrels a day roughly over the last two years. And that's a comfortable place that we don't feel comfortable at. We're bound to be a much bigger player and a much more relevant player. So, really delivering results on our exploration campaign and making sure that we bring the company back to its growth trajectory. That's probably the biggest challenge and opportunity that we have today.

**Daniel Guardiola**
*BTG Pactual*

Thank you very much, Andres.

**Operator**
With that, I'll hand back to CEO Andres Ocampo for closing remarks.

**Andrés Ocampo**
*CEO & Director*

Thank you, everybody, for your interest and your support of our company. We're always here to answer any questions you may have, and we encourage you to visit us in our field and our operations or call us any time for further information. So, thank you and have a good day.

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