GEOPARK

TRANSCRIPT – FOURTH QUARTER 2024 RESULTS

CONFERENCE CALL

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CORPORATE PARTICIPANTS

Andrés Ocampo, Chief Executive Officer

Jaime Caballero, Chief Financial Officer

Martin Terrado, Chief Operating Officer

Rodrigo Dalle Fiore, Chief Exploration & Development Officer

Maria Catalina Escobar, Shareholder Value and Capital Markets Director

CONFERENCE CALL PARTICIPANTS

Joaquin Ribe, Balanz Capital

PRESENTATION

Operator

Good morning, and welcome to the GeoPark Limited conference call following the results announcement for the fourth quarter ended December 31, 2024. [Operator Instructions] If you do not have a copy of the press release, it is available at the Invest with Us section on the company's corporate website at www.geo-park.com. A replay of today's call may be accessed through the webcast within 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. Reserves figures correspond to PRMS standards.

On the call today from GeoPark is Andrés Ocampo, Chief Executive Officer; Jaime Caballero, Chief Financial Officer; Martin Terrado, Chief Operating Officer; Rodrigo Dalle Fiore, Chief Exploration and Development Officer; and Maria Catalina Escobar, Shareholder Value and Capital Markets Director. And now I'll turn the call over to Mr. Andrés Ocampo. Mr. Ocampo, you may begin.

Andrés Ocampo
Chief Executive Officer

Good morning, everyone, and thank you for joining us to review our fourth quarter and full year 2024 operational and financial results. 2024 was a year of significant achievements for GeoPark despite some operational challenges and lower oil price environment. We were able to sustain our cash generation capacity, made a game-changing acquisition in Vaca Muerta that extended our reserves life significantly, increased production in our newly acquired assets, hit a new transformational discovery in our first exploration effort in Vaca Muerta, and at the same time we delivered the highest annual shareholder cash return in the Company's history.

GeoPark's total oil and gas production for 2024 averaged almost 34,000 barrels a day equivalent, which is 7% less than 2023 as a result of temporary production disruptions and natural decline of our main fields in Colombia. Nevertheless, our acquired unconventional hydrocarbon blocks in Vaca Muerta delivered an average production of over 15,000 barrels a day gross in the fourth quarter of 2024, which is 19% higher than the third quarter of 2024 and almost 50% higher than when we announced the transaction, which highlights the quality of the assets and impressive operating skills of our partner, Phoenix. Our Vaca Muerta assets delivered approximately $25 million of EBITDA net to GeoPark in the fourth quarter and approximately $100 million net on a full year on a pro forma basis.

Importantly, during the fourth quarter of last year, we put on production our first exploration pad in the Confluencia block in the province of Rio Negro with three wells producing approximately 4,500 barrels a day. This discovery is important not only because it's the first step towards potentially de-risking the approximately 90 million barrels of net working interest-certified contingent resources in the Confluencia blocks, but also as it represents a breakthrough in the Vaca Muerta basin: these are the first wells to flow from Vaca Muerta in Rio Negro Province, and two out of the three wells ranked in the top 8 producing wells in the entire basin over the last 90 days. This represents a new paradigm being broken by Phoenix and GeoPark in the basin. We look forward to drilling and completing our second exploration pad in the Confluencia Sur block, which is expected in the second half of 2025. The production volumes and EBITDA figures associated with Vaca Muerta are not yet reflected in our consolidated production and financial figures for 2024 as the transaction is going through the customary regulatory approval process with the respective provincial governments. The financial impact of the timing of these approvals will be neutral as the transaction became effective on July 1, 2024.

Reserves at year-end 2024 reflect the upgrade and recalibration of our asset base through the acquisition in Argentina as well as adjustments to the Colombian portfolio. Pro forma 2P reserves reached over 160 million barrels, driven by the addition of 74.6 million barrels from the Vaca Muerta assets, 41% year-on-year increase. This growth extended our Reserve Life Index to 13 years on a 2P basis, while 1P reserves of 102 million barrels extended our 1P Reserve Life Index to 8.2 years, reinforcing our long-term value creation.

Full-year 2024 adjusted EBITDA reached $416 million, representing an approximate 8% decrease compared to 2023 following lower production and one-off financial expenses in fourth quarter 2024, which were associated to the offer for upstream Repsol assets in Colombia and the drawdown of a prepaid facility for the Vaca Muerta acquisition. We invested $191 million in capital expenditure during 2024, maintaining our strong capital efficiency ratio of 2.2x Adjusted EBITDA.

Net income for the year stood at $96.4 million, 13% lower than 2023, mainly due to lower production, lower revenues, and higher effective tax rate. However, operating profit for the year remains solid, underscoring our robust cash generation capacity and disciplined financial management amidst lower revenues. We concluded the year with $276.8 million in cash, including a $152 million withdrawal of a prepayment facility to pay down the Vaca Muerta acquisition. Our net leverage of 0.9x remains well below our declared long-term target of under 1.5x Adjusted EBITDA, and we have no material debt commitments due until 2030, enhancing our financial flexibility and reducing significantly our refinancing risk.

Our financial strength allowed us to continue rewarding our shareholders with almost $74 million through dividends and buybacks in 2024, a record annual shareholder cash return of around 14% yield. During the year, we completed a Dutch auction tender that reduced our outstanding shares by 8% to $51.2 million and underscored our commitment to capital discipline and shareholder value. Also, we have just declared a quarterly cash dividend of almost $0.15 per share payable on March 31, reinforcing the continuation of our long-term value return proposition.

Our commitment to sustainability is deeply embedded in our SPEED value system, always guiding our operations and our decisions. We are proud to be included in the S&P Sustainability Yearbook for the first time and to be recognized as the Industry Mover in the Oil and Gas Upstream & Integrated sector. We also maintained our AA rating in the MSCI Index for the second consecutive year, underscoring our position as a global sustainability leader. These achievements reflect our dedication to operating responsibly and creating value for all stakeholders.

Looking ahead to 2025, our focus remains on maximizing the potential of our expanded asset base. In Colombia, we expect continued progress in our water flooding project as well as our pilot project for polymer flooding in the Llanos 34 Block that will enhance our recovery and field productivity. In both the Llanos 34 and CPO-5 blocks, we will continue optimizing production and efficiency, and in the Putumayo Basin and other assets we will advance our exploration program.

In Vaca Muerta, we continue the development at the Mata Mora Norte block with the recent completion of Pad 9 and the current drilling of Pad 12. Following this, the rig will move to the Confluencia Sur block to drill our second exploration pad, as mentioned before. Our partner, Phoenix, has already initiated the work to bring the second drilling rig to the area by early 2026 as agreed in our business plan. This will be a critical element to growing our current production base to a gross plateau in Mata Mora Norte of approximately 40,000 barrels a day.

We are committed to maintaining our strong balance sheet, executing disciplined capital allocation, and evaluating new growth opportunities that enhance scale and long-term value. Our goal remains simple, to deliver more energy, more value, and more prosperity for all of our stakeholders. We look forward to reporting on our progress throughout the year, and we will be happy to answer any questions you may have. Thank you.

Q & A SESSION

Operator

We start with some written questions from Daniel Guardiola from BTG Pactual. Can you provide details on the $152 million recorded as customer advance payments in the cash flow statement? And what is the expectation on this item for the upcoming quarter?

Jaime Caballero
Chief Financial Officer

Thanks, Daniel, for your question. This is Jaime Caballero speaking. With regards to what you saw in our books as customer advance payment, this is actually related to the withdrawal that we made of Vitol's committed line back in 4Q. Essentially, what we did is we wanted to make sure that we were ready for funding the closing of the Argentina transaction and the agreement that we have with Vitol had some amounts committed to a certain time frame.

We wanted to make sure that within the 2024 period, we could make use of those proceeds, and we do that line. From an accounting standpoint, it is characterized as a customer advance payment because essentially, it's a prepayment of oil proceeds. We drew $152 million. The story has developed since then. Given the successful bond placement that we had in January, we actually have decided to repay a large part of that line to Vitol. And now the balance of that has been reduced to about $20 million.

So going forward, what you're going to see in our balances in that category of customer advance payment is probably going to be something in that arena of $20 million. From a debt standpoint, obviously, what we did with the refinancing substitutes the debt. So the net effect is minimal. And what you should expect to see going forward is a gross debt that is in the area of $670 million, which is the $550 million from the bond from a new bond, plus $100 million from the outstanding prior bond and the $20 million. So that's kind of the overall picture that you should expect. Thank you.

Operator

The next question reads, why is the closing of the acquisition in Argentina taking longer than expected? What is the pushback from the regulatory entities? And is there any risk of not receiving the required clearance? When do you expect to finally reach the closing?

Andrés Ocampo
Chief Executive Officer

Hi, Andrés here. Thank you for your question, Daniel. There's no specific pushback on the closing. There's actually no specific requirements or anything that is specifically delaying that. It's just going through the normal course with the involved regulatory bodies. And we are in constant communications with all the parties, especially through our partner Phoenix, who is the operator, who is the one taking the lead on managing the closing.

So I think it responds to normal delays on approvals like this. We've seen precedent transactions closing much faster than this. And we also, unfortunately, have seen other transactions closing with more delays than this. So it's hard for us to give any additional specific guidance. I know we were expecting it by the end of the year, and it didn't happen. We keep pushing, and we are trying to get this to the fastest possible closing. But again, I think it would be difficult on our side to give any specific guidance on that. Just a reminder, there's no impact on our financial or on the economics of the transaction as a result of these delays because the effective date was fixed at July 1 last year.

But obviously, the fact that we haven't closed does not allow us to report our consolidated production or consolidated numbers as they should. So again, I think hopefully, we'll get it to a closing, but it's somewhat beyond our hands and beyond our control, unfortunately.

Operator

Next question reads, what net transportation capacity do you have in the Duplicar project? And what is the expected trajectory of the production of the Vaca Muerta assets in 2025?

Martin Terrado
Chief Operating Officer

This is Martin Terrado. So the current capacity that we have, and I'll talk about gross numbers for simplicity. As of February, it's around 6,800 barrels of oil per day. The Duplicar project is coming on stream in March. And with that, we will get to 19,000 barrels of oil per day of gross production that we can handle through Duplicar. So what we're doing and we've been sharing with you in the past is that the difference between the current production and the capacity that we have through February twofold.

First, there's capacity available from third parties. So with Phoenix, we look into those. Obviously, Phoenix is the one doing most of that work. So we can allocate most of the remaining production that we have in the field to that spare capacity from others. And there's around 10% that goes through trucks, okay?

So that's from a perspective of allocated capacity. When we look at our production, the production, as Andrés mentioned, is in the order of 15,000 barrels of oil per day gross. And with one rig, we continue on our plan to reach 20,000 barrels of oil per day gross by the middle of next year. And then also, as Andrés mentioned, we are going to be getting a second rig early 2026 towards our 40,000 barrels of oil per day gross.

So what we have is full coverage of our production through all of 2025 and through the middle of 2026. Right now, from a commercial perspective, we're working with Phoenix to lock the next 20,000 barrels, which is part of what we're working on right now. So I think that's it for that question.

Operator

The next question reads, at which price of Brent would you consider to revise downward the expected CapEx to deploy in Vaca Muerta?

Jaime Caballero
Chief Financial Officer

Thanks, Daniel, for your question. So I think the way that we think about our capital allocation and actually beyond Vaca Muerta is following some fundamental principles. Our first fundamental principle is that our capital allocation is tested at $60 per barrel. So that way, we can ensure that our projects are prioritized appropriately and more importantly, that we are actually remaining resilient to oil price volatility. What we want to avoid is having to react to temporary movements in price and instill uncertainty to our program. So we are very intentional about avoiding that, and the first way to do it is actually in our planning process, testing projects at a much lower price deck. In our case, it's $60 per barrel where we can draw a strong red line in terms of ensuring profitability.

Furthermore, a second element to this is, of course, we have a mature hedging program in the company that is designed particularly to underpin the continuity of the CapEx program for at least a 12-month period. So the way that that hedging program has evolved is we make sure that we are covering a forward production curve that is sufficient to ensure the revenues and the netbacks associated to funding our debt and particularly funding the CapEx that we have committed to. So that also gives us tremendous confidence around the ability to keep the oxygen line to our CapEx for at least 12 months. So I think that's the second and important criteria.

In that line, we actually have about 70% of the next 12 months of production hedged. We have already secured floors of $68, $69 per barrel for that curve. So that actually gives us a lot of forward-looking stability in terms of the revenues that we can expect for the next 12 months. So all this to say that given these protections that we have in place, we would require a very sharp and prolonged drop in oil prices for us to change our plans. Our plans are unchanged. We're not reviewing them. We're not intending to adjust them in the current price environment given these principles that I mentioned. Thank you.

Operator

The next final question reads, how many drilling locations is the reserves report of the Vaca Muerta assets considering?

Rodrigo Dalle Fiore
Chief Exploration & Development Officer

This is Rodrigo. Very important question you are asking because 46% today of our 2P reserves are coming from Vaca Muerta, representing 74 million barrels of 2P. So going back to your question, at the moment, we have 33 wells in Mata Mora and three other wells in Confluencia and we still have 148 more wells to drill in Mata Mora. So that's important because that represents the reserves that we have in the book. Those reserves are divided in three as you may know: in proven undeveloped we have 69 locations of wells; in probable, we have another 30; and in possible we have 48 more wells. It's important to remark at least for this year is we have certified contingent resources. 113 million barrels are coming from Confluencia Norte and Sur, and Mata Mora Sur, representing more than 250 wells for the future of the company. So that's the answer to the question you ask.

Joaquin Ribe
Balanz Capital

So I have two questions. First one is, although Vaca Muerta operations are still relatively new, would there be any interest in pursuing additional M&A opportunities in Argentina, particularly if larger players were to exit the market?

Jaime Caballero
Chief Financial Officer

Hi, Joaquin, I'll respond to your question in the broadest kind of M&A sense, which is that clearly M&A is an important element of our strategy. I think we have been vocal about that. Of course, we have an organic business that continues to be our priority, but we believe that going forward M&A is an element of our recipe to success. And to that effect, we're active in that arena. We are seeking value, as Andrés said in his introductory comments, and we're seeking long-term sustainable profits.

I think what's particular of where we are now is that we have a very focused strategy. We are drilling down on big assets, big basins, big plays. We've said that before. That's the sort of thing that we're looking into. It's not a dispersed strategy that we're looking or opportunistic strategy that we're looking at everything that's out there. We use lenses to filter these opportunities and to ensure that our efforts are consistent with our strategy.

From a geographical standpoint, what we've said is that Colombia, Argentina, and Brazil are places of interest. Clearly, and with regard to your question, Vaca Muerta is a place of interest for us, and we are constantly monitoring and evaluating whether these opportunities make sense for us with those lenses that I mentioned. There's obviously a further lens, which is the disciplined financial framework that we have and that we shared and that is also a consideration. So all this to say that we are regularly evaluating these opportunities, it's part of our day-to-day. And as these opportunities mature and to the effect that they materialize, we will share news with you about it. Thank you very much.

Operator

We have a question from Vincent Falanga from Bradesco. How can we think about output evolving in Argentina throughout 2025? Any hurdles with wells so far?

Jaime Caballero
Chief Financial Officer

So Vincent, this is Jaime. I'm just going to play back that question because we had a little bit of an audio problem. If I understood correctly, you want to understand the production trajectory in Vaca Muerta in 2025. And how are we looking at our drilling performance and well performance there? So I think Martin is going to kick that one off.

Martin Terrado
Chief Operating Officer

Yes. So thank you, Vincent, for the question. So our strategy on our output in Argentina, you can think of it as growing. Again, starting from the acquisition, like Andrés mentioned, 10,000 barrels, we're at 15,000 barrels. With one rig in this part of the basin and with this type of wells we can reach 20,000 barrels of oil per day, which we expect to be reaching by middle of next year. And to go above that towards 40,000 barrels, we need the second rig, which is, again, like we've been mentioning, we will be bringing that second rig in early 2026.

And beyond the 40,000 gross, depending on the results that we get, we have locations, and we will see how exploration continues to proceed in the Confluencia blocks. So far, Confluencia South pad with 3 wells is delivering good rates. Again, like Andrés mentioned, we're drilling right now a pad in Mata Mora. And from there, we'll move to Confluencia South to drill 4 wells. And then from there, we go back to Mata Mora. So, from an outlook of where we are on production and what we perceive, that's where we're going. And so far, the results are delivering according to our expectations when we did the acquisition. One of the things that is important for everybody to understand is that in Vaca Muerta, we are drilling wells, these wells initially flow naturally. So we do have some months where you might see that production goes down because we're shutting in the production so that we can put artificial lift. So those are things that […] continues going up. There are some months where we already know that production is going to come down. It is on our plan. There's also a parent-child effect. which we are aware of. We put it in our budget, we're discussing it and learning as we're drilling pads between existing pads along with Phoenix, the operator, which we have a really good relationship from all places. But from a subsurface and operational perspective, we have secondees, and we work together. That gives you a little bit of an idea of where we are thinking and how our plan is delivering according to what we had in mind. I don't know if you want to add anything, Rodrigo?

Rodrigo Dalle Fiore
Chief Exploration & Development Officer

Thank you, Martin. If you are asking about the hardness [difficulty], of course, we have certain challenges as [does] all the industry in the basin. One of those is the well cost pressure because even if we are increasing the density in the fracking, that's good in terms of productivity, but also we are trying to keep the well cost under control. So that's one of the challenges that we have. And Martin mentioned something about the parent and child effect. The development in Vaca Muerta at least for us in Mata Mora is new, but we are this year in 2025, putting on production Pad 9 and Pad 12. Both pads are close to other pads. So we are going to be very close trying to understand the parent-child effect. Even so, we estimate a reduction in the well productivity due to this effect in our estimation. So we will learn and see how this evolves in the future, but those are the key challenges that we are seeing for 2025.

Operator

The next question reads, what are the next steps in terms of possible M&A after the Repsol transaction did not work out?

Jaime Caballero
Chief Financial Officer

Yes, Vincent, I think I covered that in the prior question. I would say that the only thing that I can add is it's something that we're just regularly monitoring. And in the space of M&A, as you probably heard Andrés say many times in the past, it's all about discipline, and it's about patience. So we look at many things, and we look at them in a proactive way, in a deep way, in a profound way to make sure that it fits with the strategy, creates value, and we need the right opportunities to materialize. Nothing more to add on that.

Operator

From a text question that reads, given the challenges posed by natural decline rates in Colombia's production, the capital expenditure plan of $50 million and the addition of 20 new wells annually seems sufficient to mitigate these declines and sustain production.

Jaime Caballero
Chief Financial Officer

Thanks for the question. So the way that we're thinking about CapEx deployment in Colombia is actually in service of two priorities. I think our first priority is to arrest decline, right? It's arresting decline. I would characterize that as we have two significant world-class fields in Llanos 34 and CPO-5 that are in a declining trajectory. We've spoken about that in the past. And we believe there is a lot of value to be captured in mitigating that decline to the extent that it's possible, right, to the extent that it's possible. Typically, that capital allocation that we're seeing now is transitioning from a development drilling type bias program to something that is gradually more around well work activity and occasional development prioritized drilling campaigns.

That's what's occurring, and that's what we expect over the next number of years. As you probably saw in our reserves release that we did a couple of weeks ago, there is a substantial reserves base associated to these fields. The 1P reserves in Colombia are in the order of 60 million barrels. So our capital deployment that you're seeing now underpins that. We don't need to achieve the sort of CapEx numbers that we had in the past anymore because it's no longer intensive in development drilling. And that's actually good news because it actually means that from a free cash flow standpoint and from a profitability standpoint, this CapEx has tremendous economics. So that's priority number 1, arresting decline.

The second priority is to pursue the very best exploration prospects in our portfolio, right? And that's the process that we've been through over the last year, which is looking at the totality of the exploration opportunity set that we have and selecting the very best prospects, the prospects that we think can move the needle in our portfolio and that if successful, while they have an important risk component to that because that's the nature of exploration, if successful, they can open up substantial plays. And that's our focus now, right? To that effect, we talked about five important prospects this year. CapEx is going to evolve as a function of the results that we see from those wells. Obviously, if these wells are successful and they prove that we can have material place going forward, we will be adjusting our capital program in Colombia to reflect that. So that's kind of how we think about this.

Operator

We have no further questions. So I'll hand the call back to the management team for any closing comments.

Andrés Ocampo
Chief Executive Officer

Thanks, everybody, for your interest and your support of GeoPark, and we're always here to answer any questions or reach out, give us a call or visit our operations.