INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the three and six months ended June 30, 2021 and 2020

FRONTERA ENERGY

Interim Condensed Consolidated Statements of Loss

(Unaudited; in thousands of U.S.$, except per share information)	Notes	Three Months Ended June 30 2021	Three Months Ended June 30 2020	Six Months Ended June 30 2021	Six Months Ended June 30 2020
Oil and gas sales and other revenue	4	$ 226,325	$ 81,701	$ 417,169	$ 325,539
Royalties [(1)]		(1,640)	—	(7,750)	(6,900)
Revenue		224,685	81,701	409,419	318,639
Oil and gas operating costs	5	100,816	74,218	192,128	264,216
Costs under terminated pipeline contracts		—	8,391	—	11,230
General and administrative		14,132	9,716	27,334	24,731
Share-based compensation		3,142	1,316	4,459	2,533
Depletion, depreciation and amortization		40,455	58,250	73,091	146,270
Impairment, exploration expenses and other	6	(1,022)	3,373	(6,678)	151,940
Restructuring, severance and other costs		1,535	6,302	1,916	12,710
Income (loss) from operations		65,627	(79,865)	117,169	(294,991)
Share of income from associates	10	9,805	23,336	19,591	14,930
Foreign exchange loss		(48)	(2,535)	(18,536)	(23,132)
Finance income		3,675	6,167	4,515	10,845
Finance expense		(13,747)	(11,728)	(27,334)	(26,988)
(Loss) gain on risk management contracts	14	(17,424)	3,874	(37,242)	48,504
Other loss, net		(3,182)	(2,668)	(12,783)	(5,659)
Debt extinguishment cost	11	(29,112)	—	(29,112)	—
Net income (loss) before income tax		15,594	(63,419)	16,268	(276,491)
Current income tax expense		(20,025)	(1,161)	(24,216)	(6,256)
Deferred income tax expense		(17,844)	—	(26,933)	(167,979)
Income tax expense	7	(37,869)	(1,161)	(51,149)	(174,235)
Net loss for the period		$ (22,275)	$ (64,580)	$ (34,881)	$ (450,726)
Attributable to:					
Equity holders of the Company		(25,648)	(67,760)	(39,774)	(455,569)
Non-controlling interests		3,373	3,180	4,893	4,843
		$ (22,275)	$ (64,580)	$ (34,881)	$ (450,726)
Basic and diluted loss per share attributable to equity holders of the Company	8	$ (0.26)	$ (0.70)	$ (0.41)	$ (4.72)

[(1)] *Although royalties of $8.9 million were recognized during the second quarter of 2021, this was partially offset by a recovery of provisions previously recorded.*

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Comprehensive Loss

(Unaudited; in thousands of U.S.$)	Three Months Ended June 30 2021	2020	Six Months Ended June 30 2021	2020
Net loss for the period	$ (22,275)	$ (64,580)	$ (34,881)	$ (450,726)
Other comprehensive (loss) income to be reclassified to net loss in subsequent periods (nil tax effect)				
Foreign currency translation	(651)	23,420	(18,386)	(30,075)
Total comprehensive loss for the period	$ (22,926)	$ (41,160)	$ (53,267)	$ (480,801)
Attributable to:				
Equity holders of the Company	(26,918)	(47,475)	$ (52,984)	$ (481,308)
Non-controlling interests	3,992	6,315	(283)	507
	$ (22,926)	$ (41,160)	$ (53,267)	$ (480,801)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Financial Position

As at *(Unaudited; in thousands of U.S.$)*	**Notes**	**June 30 2021**	**December 31 2020**
ASSETS			
Current			
Cash and cash equivalents		$ 358,325	$ 232,288
Restricted cash		64,612	89,379
Accounts receivable	14	163,764	141,227
Inventories		57,436	56,801
Income taxes receivable		34,190	21,234
Prepaid expenses and deposits		12,101	12,550
Assets held for sale		60,480	66,190
Risk management assets	14	1,007	437
Total current assets		751,915	620,106
Non-current			
Properties, plant and equipment	9	852,762	936,946
Exploration and evaluation assets		121,079	95,757
Investments in associates	10	69,961	106,839
Deferred tax assets		164,998	191,043
Restricted cash		63,671	79,555
Other assets		23,844	33,666
Total assets		$ 2,048,230	$ 2,063,912
LIABILITIES			
Current			
Accounts payable and accrued liabilities	14	$ 563,510	$ 501,625
Borrowings		163,094	183,094
Risk management liabilities	14	8,765	12,503
Income taxes payable		13,558	6,227
Lease liabilities		8,545	14,381
Asset retirement obligations	12	18,309	14,009
Total current liabilities		775,781	731,839
Non-current			
Long-term debt	11	391,006	335,788
Other payables	14	3,538	3,343
Lease liabilities		2,593	4,981
Deferred tax liabilities		3,817	3,239
Risk management liabilities	14	5,056	7,656
Asset retirement obligations	12	168,972	212,234
Total liabilities		$ 1,350,763	$ 1,299,080
Commitments and contingencies	16		
EQUITY			
Share capital		$ 4,706,564	$ 4,711,620
Contributed surplus		123,499	124,978
Other reserves		(193,294)	(180,084)
Retained deficit		(3,992,435)	(3,952,661)
Equity attributable to equity holders of the Company		$ 644,334	$ 703,853
Non-controlling interests		53,133	60,979
Total equity		$ 697,467	$ 764,832
Total liabilities and equity		$ 2,048,230	$ 2,063,912

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited; in thousands of U.S.$)	Number of Common Shares	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Fair Value Investment	Retained Deficit	Total	Non-Controlling Interests	Total Equity
		Attributable to Equity Holders of the Company							
As at January 1, 2021	97,466,224	$ 4,711,620	$ 124,978	$ (174,882)	$ (5,202)	$ (3,952,661)	$ 703,853	$ 60,979	$ 764,832
Net (loss) income for the period	—	—	—	—	—	(39,774)	(39,774)	4,893	(34,881)
Other comprehensive loss	—	—	—	(13,210)	—	—	(13,210)	(5,176)	(18,386)
Total comprehensive loss	—	—	—	(13,210)	—	(39,774)	(52,984)	(283)	(53,267)
Repurchase of common shares [1]	(1,787,500)	(9,283)	—	—	—	—	(9,283)	—	(9,283)
Share-based compensation [2]	1,073,255	4,227	(1,479)	—	—	—	2,748	532	3,280
As at June 30, 2021	96,751,979	$ 4,706,564	$ 123,499	$ (188,092)	$ (5,202)	$ (3,992,435)	$ 644,334	$ 53,133	$ 697,467

(Unaudited; in thousands of U.S.$)	Number of Common Shares	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Fair Value Investment	Retained Deficit	Total	Non-Controlling Interests	Total Equity
		Attributable to Equity Holders of the Company							
As at January 1, 2020	96,433,257	$ 4,712,114	$ 120,112	$ (175,408)	$ (5,202)	$ (3,441,358)	$ 1,210,258	$ 59,776	$ 1,270,034
Net (loss) income for the period	—	—	—	—	—	(455,569)	(455,569)	4,843	(450,726)
Other comprehensive loss	—	—	—	(25,739)	—	—	(25,739)	(4,336)	(30,075)
Total comprehensive loss	—	—	—	(25,739)	—	(455,569)	(481,308)	507	(480,801)
Share-based compensation	—	—	3,088	—	—	—	3,088	—	3,088
Dividends declared to equity holders of the Company [3]	2,153,633	8,581	—	—	—	(13,897)	(5,316)	—	(5,316)
Repurchase of common shares [1]	(1,392,314)	(10,075)	—	—	—	—	(10,075)	—	(10,075)
As at June 30, 2020	97,194,576	$ 4,710,620	$ 123,200	$ (201,147)	$ (5,202)	$ (3,910,824)	$ 716,647	$ 50,866	$ 767,513

*[1] On March 15, 2021, the Toronto Stock Exchange approved the Company's notice to initiate a normal course issuer bid ("**NCIB**"), for its common shares. Pursuant to the NCIB, the Company may purchase for cancellation up to 5,197,612 of its Common Shares during the twelve-month period commencing March 17, 2021 and ending March 16, 2022. During the three and six months ended June 30, 2021, the Company repurchased for cancellation $8.0 million and $9.3 million of common shares, respectively (2020: $10.1 million and $10.1 million), for an average repurchase cost of $5.02/share and $5.19/share, respectively (2020: $7.24/share and $7.24/share).*

[2] On June 15, 2021, the Company settled 1,420,789 units of RSU and DSU. This includes issuance of 1,073,255 common shares, for an average price of $3.94/share. The remain 347,534 units were settled in cash.

[3] During the three and six months ended June 30, 2021, the Company declared dividends of $Nil/share (2020: C$0.205/share).

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited; in thousands of U.S.$)	Notes	Three Months Ended June 30 2021	Three Months Ended June 30 2020	Six Months Ended June 30 2021	Six Months Ended June 30 2020
OPERATING ACTIVITIES					
Net loss for the period		$ (22,275)	$ (64,580)	$ (34,881)	$ (450,726)
Items not affecting cash:					
Depletion, depreciation and amortization		40,455	58,250	73,091	146,270
Impairment	6	—	715	—	151,472
(Recovery) expense of asset retirement obligations	12	(1,111)	2,614	(6,849)	(9)
Unrealized (gain) loss on risk management contracts	14	(7,453)	36,011	1,385	6,871
Share-based compensation		1,634	1,316	2,951	2,533
Deferred income tax expense		17,844	—	26,933	167,979
Unrealized foreign exchange expense (gain)		1,243	(13,571)	20,768	21,234
Share of income from associates	10	(9,805)	(23,336)	(19,591)	(14,930)
Finance expense		13,747	11,728	27,334	26,988
Dividends from associates	10	9,092	22,892	18,137	22,892
Settlement of asset retirement obligations	12	(1,416)	(266)	(1,719)	(2,564)
Debt extinguishment cost	11	29,112	—	29,112	—
Other		73	3,964	771	2,446
Changes in non-cash working capital	15	16,251	66,519	(2,658)	68,341
Cash provided by operating activities		$ 87,391	$ 102,256	$ 134,784	$ 148,797
INVESTING ACTIVITIES					
Additions to oil and gas properties and plant and equipment, net		$ (38,084)	$ (6,715)	$ (45,667)	$ (54,756)
Additions to exploration and evaluation assets, net		(20,305)	(4,654)	(26,517)	(20,297)
Return of capital contributions from investment in associates		—	—	2,026	—
Decrease (increase) in restricted cash and other		32,672	(34,745)	31,351	(26,424)
Changes in non-cash working capital	15	20,727	(26,155)	12,566	(35,260)
Cash used in investing activities		$ (4,990)	$ (72,269)	$ (26,241)	$ (136,737)
FINANCING ACTIVITIES					
Payment of borrowings		(20,000)	—	(20,000)	—
Lease payments		(4,161)	(7,486)	$ (8,316)	$ (15,829)
Repayment long-term debt at a premium	11	(300,499)	—	(300,499)	—
Gross proceeds from long-term debt issuance prior to transaction costs	11	397,360	—	397,360	—
Dividends paid		—	(10,539)	—	(20,510)
Transaction cost of new unsecured notes		(5,672)	—	(5,672)	—
Repurchase of common shares		(7,967)	—	(9,283)	(10,075)
Interest and other charge		(22,289)	(17,716)	(22,824)	(18,285)
Dividends paid to non-controlling interests		(8,095)	(9,417)	(8,095)	(9,417)
Changes in non-cash working capital		(692)	—	(692)	—
Cash provided (used) in financing activities		$ 27,985	$ (45,158)	$ 21,979	$ (74,116)
Effect of exchange rate changes on cash and cash equivalents		(298)	6,297	(4,485)	(10,242)
Increase (decrease) in cash and cash equivalents during the period		110,088	(8,874)	126,037	(72,298)
Cash and cash equivalents, beginning of the period		248,237	265,009	232,288	328,433
Cash and cash equivalents, end of the period		$ 358,325	$ 256,135	$ 358,325	$ 256,135
Cash		233,026	158,878	233,026	158,878
Cash equivalents		125,299	97,257	125,299	97,257
Total cash and cash equivalents		$ 358,325	$ 256,135	$ 358,325	$ 256,135
Supplementary cash flow information					
Cash income tax paid		$ 1,059	$ 1,199	$ 1,599	$ 2,348
Cash interest paid		$ 22,509	$ 17,351	$ 23,152	$ 17,639
Cash interest received		$ 4,158	$ 2,947	$ 4,741	$ 4,562

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. Corporate Information

Frontera Energy Corporation (the “**Company**”) is an oil and gas company formed and existing under the laws of British Columbia, Canada, that is engaged in the exploration, development and production of crude oil and natural gas in South America. The Company’s common shares are listed and publicly traded on the Toronto Stock Exchange (“**TSX**”) under the trading symbol **“FEC”.** The Company’s head office is located at Suite 2000, 350 7th Avenue SW, Calgary, Alberta, Canada, T2P 3N9, and its registered office is 1500 Royal Centre, 1055, West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These interim condensed consolidated financial statements of the Company, comprising those of the Company and its subsidiaries, were approved and authorized for issuance by the Audit Committee of the Board of Directors on, August 10, 2021.

2. Basis of Preparation and Significant Accounting Policies

a. Statement of Compliance

These interim condensed consolidated financial statements for the three and six months ended June 30, 2021 and 2020 (the “**Interim Financial Statements**”), have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“**IASB**”). The Company has prepared the Interim Financial Statements on the basis that it will continue to operate as a going concern.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2020 (the “**2020 Annual Financial Statements**”).

b. Significant Accounting Policies

The accounting policies used in preparation of the Interim Financial Statements are consistent with those disclosed in the 2020 Annual Financial Statements. The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

(Unaudited; in thousand of U.S.$, unless otherwise stated)

3. Segmented Information

Consistent with the basis on which management assesses performance and allocates resources across its business units, the Company has three reportable operating segments, Colombia, Peru and Midstream, as follows:

- Colombia: Includes all upstream business activities of exploration and production in Colombia.
- Peru: Includes all upstream business activities of exploration and production in Peru (the Company continues to sell oil inventory and complete remediation work as its petroleum license in Peru are not currently in production).
- Midstream: Includes the Company's investments in pipelines, storage, port, and other facilities relating to the distribution and exportation of crude oil products in Colombia.

Canada & Other includes the corporate office, Guyana and Ecuador, and other non-operating entities that have been aggregated, as they do not generate revenue for the Company. Operating segmented information for the Interim Condensed Consolidated Statements of Loss is as follows:

	Exploration and Production											
	Colombia		Peru		Canada & Other		Midstream		Eliminations		Total	
Three Months Ended June 30	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Oil and gas sales and other revenue	$ 212,707	$ 81,701	$ 6,310	$ —	$ —	$ —	$ 18,429	$ —	$ (11,121)	$ —	$ 226,325	$ 81,701
Royalties	(1,640)	—	—	—	—	—	—	—	—	—	(1,640)	—
Revenue	211,067	81,701	6,310	—	—	—	18,429	—	(11,121)	—	224,685	81,701
Oil and gas operating costs	76,090	78,148	4,776	(3,930)	—	—	4,787	—	15,163	—	100,816	74,218
Costs under terminated pipeline contracts	—	8,391	—	—	—	—	—	—	—	—	—	8,391
General and administrative	8,350	7,035	411	521	3,562	1,993	1,819	167	(10)	—	14,132	9,716
Share-based compensation	2,076	(1,045)	156	(89)	910	2,450	—	—	—	—	3,142	1,316
Depletion, depreciation and amortization	42,189	57,913	13	120	188	217	913	—	(2,848)	—	40,455	58,250
Impairment, exploration expenses and other	(1,444)	3,036	410	328	12	9	—	—	—	—	(1,022)	3,373
Restructuring, severance and other costs	104	4,939	2	1,460	1,429	(97)	—	—	—	—	1,535	6,302
Income (loss) from operations	83,702	(76,716)	542	1,590	(6,101)	(4,572)	10,910	(167)	(23,426)	—	65,627	(79,865)
Share of income from associates	—	—	—	—	—	—	9,805	23,336	—	—	9,805	23,336
Segment income (loss)	$ 83,702	$ (76,716)	$ 542	$ 1,590	$ (6,101)	$ (4,572)	$ 20,715	$ 23,169	$ (23,426)	$ —	$ 75,432	$ (56,529)
Other non-operating expense items											(59,838)	(6,890)
Income tax expense											(37,869)	(1,161)
Net loss for the period											$ (22,275)	$ (64,580)

(Unaudited; in thousand of U.S.$, unless otherwise stated)

	Exploration and Production											
	Colombia		Peru		Canada & Other		Midstream		Eliminations		Total	
Six Months Ended June 30	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Oil and gas sales and other revenue	$ 375,285	$ 299,260	$ 28,692	$ 26,279	$ —	$ —	$ 35,274	$ —	$ (22,082)	$ —	$ 417,169	$ 325,539
Royalties	(7,750)	(6,857)	—	(43)	—	—	—	—	—	—	(7,750)	(6,900)
Revenue	367,535	292,403	28,692	26,236	—	—	35,274	—	(22,082)	—	409,419	318,639
Oil and gas operating costs	129,535	214,805	23,112	49,411	—	—	9,315	—	30,166	—	192,128	264,216
Costs under terminated pipeline contracts	—	11,230	—	—	—	—	—	—	—	—	—	11,230
General and administrative	16,569	17,718	924	1,888	6,567	4,876	3,295	249	(21)	—	27,334	24,731
Share-based compensation	2,218	(1,140)	194	(195)	2,047	3,868	—	—	—	—	4,459	2,533
Depletion, depreciation and amortization	77,217	145,353	63	373	382	544	1,706	—	(6,277)	—	73,091	146,270
Impairment, exploration expenses and other	(6,352)	145,882	(338)	4,741	12	1,317	—	—	—	—	(6,678)	151,940
Restructuring, severance and other costs	455	10,198	32	1,521	1,429	991	—	—	—	—	1,916	12,710
Income (loss) from operations	147,893	(251,643)	4,705	(31,503)	(10,437)	(11,596)	20,958	(249)	(45,950)	—	117,169	(294,991)
Share of income from associates	—	—	—	—	—	—	19,591	14,930	—	—	19,591	14,930
Segment income (loss)	$ 147,893	$ (251,643)	$ 4,705	$ (31,503)	$ (10,437)	$ (11,596)	$ 40,549	$ 14,681	$ (45,950)	$ —	$ 136,760	$ (280,061)
Other non-operating expense items											(120,492)	3,570
Income tax expense											(51,149)	(174,235)
Net loss for the period											$ (34,881)	$ (450,726)

(Unaudited; in thousand of U.S.$, unless otherwise stated)

The following table provides geographic information of the Company's non-current assets:

As at	June 30 2021	December 31 2020
Colombia	$ 1,191,005	$ 1,357,546
Guyana	101,785	82,950
Ecuador	2,968	2,403
Canada & Others	557	907
Total non-current assets	$ 1,296,315	$ 1,443,806

4. Revenue from Contracts with Customers

The following table provides the disaggregation of the Company's revenue from contracts with customers, including a reconciliation with the amounts disclosed in the segmented information (Note 3):

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Colombia				
Crude oil sales	$ 210,860	$ 78,578	$ 371,597	$ 292,209
Gas sales	1,847	3,123	3,688	7,051
Colombia oil and gas sales	212,707	81,701	375,285	299,260
Peru crude oil sales	6,310	—	28,692	26,279
Oil and gas sales	219,017	81,701	403,977	325,539
Midstream sale to external customers	7,308	—	13,192	—
Inter-segment sales	11,121	—	22,082	—
Midstream sales	18,429	—	35,274	—
Elimination of midstream inter-segment sales	(11,121)	—	(22,082)	—
Oil and gas sales and other revenue	226,325	81,701	$ 417,169	$ 325,539

5. Operating Costs

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Production costs	$ 39,212	$ 34,984	$ 77,725	$ 107,194
Transportation costs	32,343	40,606	69,427	106,658
Cost of purchases (1)	18,436	—	22,440	1,003
Inventory valuation	5,237	(9,735)	8,465	33,380
Diluent costs	803	8,273	7,417	15,741
(Settlement) overlift	(2)	90	(2,661)	240
Total oil and gas operating costs	96,029	74,218	182,813	264,216
Port operating costs (2)	4,787	—	9,315	—
Total operating costs	$ 100,816	$ 74,218	$ 192,128	$ 264,216

(1) *Cost of third-party volumes purchased for use and resale in the Company's oil operations, including its transportation and refining activities.*

(2) *Includes amounts from the consolidation of Sociedad Portuaria Puerto Bahía S.A. ("**Puerto Bahia**") after the Company acquired control of Infrastructure Ventures Inc. ("**IVI**") on August 6, 2020. For more details refers to Note 4 of the 2020 Annual Financial Statements.*

6. Impairment and Exploration Expenses and Other

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Impairment of:				
Properties, plant and equipment	$ —	$ —	$ —	$ 77,864
Intangible assets	—	—	—	54,881
Exploration and evaluation assets	—	715	—	17,839
Other	—	—	—	888
Total impairment	$ —	$ 715	$ —	$ 151,472
Exploration expenses	89	44	171	477
(Recovery) expense of asset retirement obligations (Note 12)	(1,111)	2,614	(6,849)	(9)
Impairment, exploration expenses and other	$ (1,022)	$ 3,373	$ (6,678)	$ 151,940

7. Income Taxes

The following is a reconciliation of income tax expense calculated at the Colombian corporate tax rate with the reported income tax expense:

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Net income (loss) before income tax	$ 15,594	$ (63,419)	$ 16,268	$ (276,491)
Colombian statutory income tax rate	31 %	32 %	31%	32%
Income tax expense (recovery) at statutory rate	4,834	(20,294)	5,043	(88,477)
Increase (decrease) in income tax provision resulting from:				
Non-deductible/taxable expense/income and other differences	15,970	(15,894)	41,233	11,491
Share-based compensation	905	330	1,249	632
Differences in tax rates	—	(287)	(8,942)	(9,417)
Minimum income tax [(1)]	—	805	—	1,486
Change in deferred income tax	16,160	36,501	12,566	258,520
Income tax expense	37,869	1,161	51,149	174,235
Current income tax expense	20,025	1,161	24,216	6,256
Deferred income tax expense:				
Relating to origination and reversal of temporary differences	17,844	—	26,933	167,979
Income tax expense	$ 37,869	$ 1,161	$ 51,149	$ 174,235

[(1)] *Presumptive income tax.*

During the three and six months ended June 30, 2021, the Company recognized a current income tax expense of $20.0 million and $24.2 million, respectively, (2020: $1.2 million and $6.3 million). The increase is mainly coming from a provision of $20.9 million, related to changes in prior year tax assessments. During the three and six months ended June 30, 2021, the Company recognized a deferred income tax expense of $17.8 million and $26.9 million, respectively, (2020: $Nil and $168.0 million) related to deferred tax asset utilization, and for the year 2020 derecognition of deferred tax assets in Colombia driven by the reduction in global crude oil prices.

8. Loss per Share

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands of U.S.$, except share and per share amounts)	2021	2020	2021	2020
Net loss attributable to equity holders of the Company	$ (25,648)	$ (67,760)	$ (39,774)	$ (455,569)
Basic weighted average number of shares outstanding	97,199,254	96,936,258	97,330,554	96,486,517
Basic and diluted loss per share attributable to equity holders of the Company	$ (0.26)	$ (0.70)	$ (0.41)	$ (4.72)

(Unaudited; in thousand of U.S.$, unless otherwise stated)

9. Properties, Plant and Equipment

Cost		Oil & Gas properties		Infrastructure Port		Plant & Equipment		Total
As at January 1, 2021	$	7,854,000	$	261,835	$	120,648	$	8,236,483
Additions		42,736		669		2,684		46,089
Change in asset retirement obligations		(30,883)		—		—		(30,883)
Disposal of properties		(1,330)		(36)		(375)		(1,741)
Currency translation adjustment		(7,771)		(23,581)		(118)		(31,470)
As at June 30, 2021	$	7,856,752	$	238,887	$	122,839	$	8,218,478

Accumulated Depletion, Depreciation and Impairment		Oil & Gas properties		Port Infrastructure		Plant & Equipment		Amount
As at January 1, 2021	$	7,192,865	$	7,168	$	99,504	$	7,299,537
Charge for the period		73,369		2,564		1,626		77,559
Disposal of properties		(1,058)		—		(366)		(1,424)
Currency translation adjustment		(7,071)		(2,802)		(83)		(9,956)
As at June 30, 2021	$	7,258,105	$	6,930	$	100,681	$	7,365,716

Net Book Value		Oil & Gas properties		Port Infrastructure		Plant & Equipment		Amount
As at January 1, 2021	$	661,135	$	254,667	$	21,144	$	936,946
As at June 30, 2021	$	598,647	$	231,957	$	22,158	$	852,762

Properties, plant and equipment comprise owned and leased assets, as follows:

		Oil & Gas properties		Port Infrastructure		Plant & Equipment		Amount
Properties, plant and equipment - owned		592,416		231,957		17,656		842,029
Right-of-use (“**ROU**”) assets - leased		6,231		—		4,502		10,733
As at June 30, 2021	$	598,647	$	231,957	$	22,158	$	852,762

Details ROU assets are as follows:

		Power generation		Plant & Equipment		Total
As at January 1, 2021	$	8,545	$	5,242	$	13,787
Additions		—		338		338
Charge for the period		(2,314)		(1,078)		(3,392)
As at June 30, 2021	$	6,231	$	4,502	$	10,733

10. Investments in Associates

		ODL
As at January 1, 2021	$	106,839
Share of income from associates		19,591
Dividends		(41,605)
Return of capital contributions		(4,194)
Currency translation adjustment		(10,670)
As at June 30, 2021	$	69,961
Company’s interest as at June 30, 2021		35.00 %

The Company accounts for its investments in associates using the equity method as the criteria to exert significant influence was met given the significance of the Company’s percentage holdings and ability to appoint directors to the investee’s board of directors.

(Unaudited; in thousand of U.S.$, unless otherwise stated)

Oleoducto de los Llanos Orientales S.A. ("ODL")

During the three and six months ended June 30, 2021, the Company recognized gross dividends of $Nil and $41.6 million, respectively (2020: $Nil and $24.5 million, respectively) and received cash dividends of $9.1 million and $18.1 million, respectively (2020: $22.9 million and $22.9 million, respectively). As at June 30, 2021, the carrying value of dividends receivable after withholding taxes is $17.6 million (2020: $Nil).

In addition, during the three and six months ended June 30, 2021, the Company recognized a return of capital of Nil and $4.2 million, respectively (2020: $Nil and $Nil) and received in cash $2.0 million (2020: $Nil).

11. Long-term Debt

Long-term Debt

On June 21, 2021, the Company completed the offering of $400.0 million 7.875% senior unsecured notes due 2028 ("**2028 Unsecured Notes**"). The interest is payable semi-annually in arrears on June 21 and December 21 of each year, beginning on December 21, 2021.

Certain proceeds from this offering were used to repurchase, at a premium of $17.0 million, the existing $350.0 million 9.70% senior unsecured notes due 2023 ("**2023 Unsecured Notes**") pursuant to a tender offer and redemption notice under 2023 Unsecured Notes. The Company received consents and tenders to repurchase 82.24% of the 2023 Unsecured Notes. As a result $286.6 million of the notes tendered prior to the early tender date were settled on June 21, 2021 and $1.2 million and the notes tendered after the early tender date and prior to the expiration time were settled on July 6, 2021. On June 29, 2021, the remaining balance of $62.2 million was redeemed, this amount was settled and extinguished on July 7, 2021. As of June 30, 2021, the remaining balance of $63.4 million is presented in the Interim Condensed Consolidated Statements of Financial as accounts payable and accrued liabilities (Note 14).

As a result a loss of $29.1 million was recognized during the six months ended June 30, 2021, comprised of the premium, and $12.1 million in transaction costs.

The 2028 Unsecured Notes were recognized net of an original issue discount of $2.6 million, and directly attributable transaction costs of $6.4 million, primarily related to underwriter fees, legal and other professional fees.

The 2028 Unsecured Notes rank equal in right of payment with all of the Company's existing and future senior unsecured debt and are guaranteed by the Company's principal subsidiaries. Under the terms of the 2028 Unsecured Notes, the Company may, among other things, incur indebtedness provided that the following ratios, as defined under the indenture, are in compliance:

• Consolidated net debt to consolidated adjusted EBITDA ratio is less than or equal to 3.25:1.0.
• Consolidated fixed charge is greater than or equal to 2.25:1.0.

As at June 30, 2021, the Company is in compliance with such covenants.

12. Asset Retirement Obligations

As at January 1, 2021	$	226,243
Accretion expense		1,410
Additions		301
Changes during the period		(31,613)
Liabilities settled		(1,719)
Recovery of asset retirement obligation [(1)] (Note 6)		(6,849)
Currency translation adjustment		(492)
As at June 30, 2021	$	187,281

[(1)] *The recovery is due to the decrease of asset retirement obligations in certain blocks, which were fully impaired or relinquished.*

(Unaudited; in thousand of U.S.$, unless otherwise stated)

As at	June 30 2021	December 31 2020
Current portion	$ 18,309	$ 14,009
Non-current portion	168,972	212,234
Total	$ 187,281	$ 226,243

Asset retirement obligations ("**ARO**") represent the present value of decommissioning and environmental liability costs relating to oil and gas properties and E&E assets. The total undiscounted ARO is $254.3 million (2020: $280.9 million) which is expected to be executed between 2021 and 2042, of which $223.7 million (2020: $245.0 million) will be incurred in Colombia and $30.6 million (2020: $35.9 million) in Peru.

During the six months ended June 30, 2021, the Company recognized a decrease in the ARO from changes in estimates of $31.6 million which includes a decrease of $22.4 million relating to updating the risk-free and inflation rates, a reduction of $13.7 million due to the impact of foreign exchange rates and an increase of $4.5 million relating to updated cost estimates to abandon and reclaim wells and well sites, including environmental liabilities. A total of $30.9 million relating to changes in estimates was recognized within Oil & Gas Properties (Note 9).

The risk-free and inflation rate used for discounting to present value are:

- A risk-free rate between 3.7% and 9.0% and an inflation rate between 3% and 4.2% for cash flows expected to be settled in COP (2020: risk-free rate between 3.1% and 7.1% with inflation between 3.0% and 4.8%);
- A risk-free rate between 1.7% and 2.1% and an inflation rate between 2.6% and 2.9% for cash flows expected to be settled in U.S. dollars (2020: risk-free rate between 1.40% and 1.44% with inflation rate between 2.2% and 2.8%).

13. Related-Party Transactions

The following tables provide the total balances outstanding (before impairments), commitments and transactional amounts with related parties as at June 30, 2021, and December 31, 2020, and for three and six months ended June 30, 2021, and 2020:

June 30, 2021 and December 31, 2020		Accounts Receivable [(1)]	Cash Advance [(1)]
ODL	2021	$ 19,893	$ —
	2020	465	—
Bicentenario	2021	68,005	87,278
	2020	$ 70,761	$ 87,278

Three Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
		Purchases / Services	Interest Income[(2)]	Purchases / Services	Interest Income[(2)]
ODL	2021	$ 7,281	$ —	$ 16,353	$ —
	2020	8,467	—	20,429	—
Bicentenario	2021	—	—	—	—
	2020	—	—	1,267	—
IVI [(2)]	2021	—	—	—	—
	2020	$ 9,247	$ 4,514	$ 19,065	$ 9,025

(1) Amounts presented based on contractual payment obligations undiscounted and prior to impairments.

(2) Transactions before the Company acquired control of IVI on August 6, 2020.

14. Financial Instruments and Risk Management

a. Risks Associated with Financial Assets and Liabilities

The Company's activities expose it to various risks including credit risk, liquidity risk and market risk (from changes in commodity prices, foreign exchange rates and interest rates) that could have a significant impact on profitability, operating cash flows and the value of financial instruments.

(Unaudited; in thousand of U.S.$, unless otherwise stated)

i) Credit Risk

Credit risk relates to the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligations, and arises primarily from trade customers, loans and advances to associates, receivables from joint arrangements and other financial counterparties. The Company actively limits the total exposure to individual client counterparties by maintaining a credit policy, which sets forth prepayment or letters of credit requirements for trade customers in order to mitigate losses from non-collection of trade receivables. The Company monitors the credit quality of associates, and where appropriate, structures its loans and advances to include collateral or security. Credit risk arising on receivables from joint arrangements and risk management assets is not significant given the counterparties are large institutions with strong credit ratings.

The following table shows the maximum credit risk exposure of financial assets carried at amortized cost, presented at the gross carrying amounts, prior to the expected credit loss ("**ECL**") model allowances:

As at	**June 30 2021**	**December 31 2020**
Trade receivables	$ 58,094	$ 44,317
Other receivables [1]	90,741	75,522
Receivables from joint arrangements	29,298	34,866
Withholding tax and others	18,152	19,043
Allowance for expected credit losses	(32,521)	(32,521)
Accounts receivable	$ 163,764	$ 141,227
Withholding tax and others - not considered for credit risk	(18,152)	(19,043)
Total financial assets carried at amortized cost	$ 145,612	$ 122,184

(1) Includes the carrying value of dividends receivable after withholding taxes of $17.6 million and $56.6 million from ODL and Bicentenario, respectively, (2020: $Nil and $62.0 million, respectively).

ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company mitigates its liquidity risk by managing its capital expenditures, operational cash flows, and by maintaining adequate lines of credit and cash and cash equivalent balances on hand.

The following tables summarizes the undiscounted cash outflows relating to contractual maturities of the Company's non-derivative financial liabilities as at June 30, 2021:

Financial Liability Due In	**2021**	**2022**	**2023**	**2024**	**2025**	**Subsequent to 2026**	**Total**
Accounts payable and accrued liabilities [1]	$ 563,510	$ 4,000	$ —	$ —	$ —	$ —	$ 567,510
Long-term debt	—	—	—	—	—	400,000	400,000
Interest on Long-term debt	15,750	31,500	31,500	31,500	31,500	78,750	220,500
Borrowings - 2025 Puerto Bahia Debt [2]	163,094	—	—	—	—	—	163,094
Interest on Borrowings - 2025 Puerto Bahia Debt	4,995	—	—	—	—	—	4,995
Lease liabilities	3,508	5,630	3,097	94	56	—	12,385
Total	$ 750,857	$ 41,130	$ 34,597	$ 31,594	$ 31,556	$ 478,750	$ 1,368,484

(1) Includes a provision of $147.1 million relating to the Conciliation Agreement which will not be settled in cash (refer to Note 16) and other provisions for contingencies totaling $145.8 million which do not have a definitive repayment period and are therefore classified as current liabilities. These contingencies totaling $145.8 million are not expected to be settled within the next 12 months.

*(2) Puerto Bahia entered into a credit agreement with a syndicate of lenders in October 2013 for a $370 million debt facility, which matures in June 2025, for the construction and development of a multipurpose port in the Cartagena Bay ("**2025 Puerto Bahia Debt**"). The 2025 Puerto Bahia Debt is presented as a current liability as the lenders have given notices stating that Puerto Bahia is in breach of various loan covenants. However, the maturity of this loan is not expected to be within the next 12 months as the Company continues to service the loan in accordance with the repayment schedule and no amounts have been accelerated. Amounts currently due within the next 12 months total $39.4 million.*

(Unaudited; in thousand of U.S.$, unless otherwise stated)

The following table shows the breakdown of accounts payable and accrued liabilities:

As at	June 30 2021	December 31 2020
Trade and other payables	$ 118,804	$ 117,534
Outstanding 2023 Unsecured Notes (Note 11)	63,401	—
Accrued liabilities	56,341	56,873
Supplier holdbacks and advances	27,852	37,720
Provisions and withholding tax	8,256	5,430
	274,654	217,557
Provision for contingencies and others	292,856	288,068
Total undiscounted payable and accrual liabilities	567,510	505,625
Discount amount at present value	(462)	(657)
Total payable and accrual liabilities	$ 567,048	$ 504,968

The Company has various guarantees in place in the normal course of business, supported by issued letters of credit (Note 16). As at June 30, 2021, the Company had issued letters of credit for a total of $72.7 million (2020: $56.9 million).

iii) Market and Interest Risk

Market and interest risk is the risk associated with fluctuations in oil prices, foreign exchange rates and interest rates. To manage this risk, the Company uses derivative commodity instruments to manage exposure to price volatility by hedging a portion of its oil production, foreign exchange hedging instruments to manage foreign currency fluctuations, and interest rate swaps to hedge its interest relating to the borrowings.

Risk Management Contracts

The terms of the outstanding instruments and settlement periods are as follows:

Risk Management Contracts - Crude Oil

Type of Instrument	Term	Benchmark	Notional Amount / Volume (bbl)	Avg Strike Prices: Put / Call; Call Spreads	Carrying Amount: Assets	Carrying Amount: Liabilities
3-ways	July to December 2021	Brent	360,000	37.0/47.0/62.9	$ —	$ 3,951
Put Spread	July to December 2021	Brent	2,514,000	39.4/49.4	520	—
Put	July to October 2021	Brent	953,000	60.00	487	—
Total as at June 30, 2021					$ 1,007	$ 3,951
Total as at December 31, 2020					$ 437	$ 7,608

Risk Management Contracts - Foreign Exchange

Type of Instrument	Term	Benchmark	Notional Amount / Volume USD	Avg Put / Call; Par forward (COP$)	Carrying Amount: Assets	Carrying Amount: Liabilities
Zero-cost collars	July to December 2021	COP / USD	$ 120,000	3,500 / 4,120	$ —	$ 471
Total as at June 30, 2021					$ —	$ 471

As at December 31, 2020, the Company did not have foreign exchange hedging instruments.

Risk Management Contracts - Interest swaps

The Company consolidated a financial derivative used to manage exposure to risks due to the fluctuation of the interest rate expressed in LIBOR in the 2025 Puerto Bahia Debt. Puerto Bahia monitors and manages its exposure through the swaps.

As at June 30, 2021, the Company has a swap contract from July 2021 to June 2025:

				Avg. Strike Prices	Carrying Amount	
Type of Instrument	Term	Benchmark	Notional Amount (Thousands of U.S.$)	Floating rate	Assets	Liabilities
Swap	July 2021 to June 2025	LIBOR + 180	$ 121,100	3.9 %	$ —	$ 9,399
Total as at June 30, 2021					$ —	$ 9,399
Total as at December 31, 2020					$ —	$ 12,551

	Assets	Liabilities
Current portion	$ 1,007	$ 8,765
Non-current portion	$ —	$ 5,056
Total Risk Management Contracts as at June 30, 2021	$ 1,007	$ 13,821
Total Risk Management Contracts as at December 31, 2020	$ 437	$ 20,159

The following table provides the disaggregation of the Company's total (loss) gain on risk management contracts:

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Realized (loss) gain on risk management contracts	(24,877)	12,589	$ (35,857)	$ 28,079
Realized gain on unwinding risk management contracts [(1)]	$ —	$ 27,296	—	27,296
Unrealized gain (loss) on risk management contracts	7,453	(36,011)	(1,385)	(6,871)
Total	$ (17,424)	$ 3,874	$ (37,242)	$ 48,504

[(1)] During the second quarter of 2021, the Company recognized a gain of $Nil (2020: $27.3 million) as result of the early termination of Brent crude oil risk management contracts which were fully in-the-money.

b. Fair Value of Financial Instruments

The carrying values of the Company's cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value.

The following table summarizes the Company's remaining financial instruments that are carried or disclosed at fair value in accordance with the classification under the fair value hierarchy as at June 30, 2021 and December 31, 2020:

			Fair Value		
	Year	Carrying Value	Level 1	Level 2	Level 3
Financial Assets Measured at Fair Value through Profit & Loss					
Risk management assets	2021	$ 1,007	$ —	$ 1,007	$ —
	2020	437	—	437	—
Financial Assets Measured at Fair Value through Other Comprehensive Income					
Investments in equity instruments	2021	$ 1,226	$ —	$ —	$ 1,226
	2020	1,278	—	—	1,278
Financial Liabilities Measured at Fair Value through Profit & Loss					
Risk management liabilities	2021	$ (13,821)	$ —	$ (13,821)	$ —
	2020	(20,159)	—	(20,159)	—
Financial Liabilities Measured at Amortized Cost					
Long-term debt [(1)]	2021	$ (454,407)	$ —	$ (467,428)	$ —
	2020	(335,788)	—	(332,808)	—
Financial Liabilities Measured at Amortized Cost					
Borrowings	2021	$ (163,094)	$ —	$ (163,094)	$ —
	2020	(183,094)	—	(183,094)	—

(1) Includes the Carrying Value of $391.0 million and $63.4 million, of the 2028 Unsecured Notes and 2023 Unsecured Notes, respectively, and Fair Value of $401.3 million and $66.1 million, respectively.

The Company uses Level 3 information to measure the fair value of certain investments that do not belong to active markets.

(Unaudited; in thousand of U.S.$, unless otherwise stated)

c. Capital Management

When managing capital, the Company's objectives are to maintain a capital structure that optimizes the cost of capital to support operating activities and sustain the development of the business while maintaining compliance with the terms and conditions of financial obligations. The Company manages its capital structure and makes adjustments in light of changes in economic conditions, operating risks and working capital requirements. To maintain or adjust its capital structure, the Company may issue or buyback shares, change its dividend policy, raise or refinance debt and/or adjust its capital spending to manage its operating and growth objectives.

Specifically, the Company's capital management objectives are to maintain compliance with the Unsecured Note debt covenant ratios, which are currently met, and to maintain sufficient liquidity to meet all contractual obligations and execute its business plan. To facilitate the management of these objectives, the Company utilizes a planning, budgeting and forecasting process to help determine and monitor the funds needed to maintain appropriate liquidity for operational, capital and financial needs.

The Company's capital consists of debt and total equity (less non-controlling interests) net of working capital. The following table summarizes the Company's capital structure balances:

		June 30		December 31
As at		**2021**		**2020**
Equity attributable to equity holders of the Company	$	644,334	$	703,853
Long-term debt		391,006		335,788
Working capital deficit [(1)]		23,866		111,733
Total	$	1,059,206	$	1,151,374

[(1)] *Working capital deficit represents the net of total current assets after deducting total current liabilities, including the borrowings.*

15. Supplemental Disclosure on Cash Flows

Changes in non-cash working capital are as follows:

	Three Months Ended June 30				Six Months Ended June 30			
		2021		**2020**		**2021**		**2020**
Increase (decrease) in accounts payable and accrued liabilities	$	29,951	$	(68,335)	$	9,168	$	(96,253)
Increase (decrease) in income taxes payable		8,217		2,766		7,730		(3,496)
Decrease (increase) in inventories		67		(10,989)		3,537		32,473
Decrease in accounts receivable		8,330		82,872		3,209		69,205
(Increase) decrease in prepaid expenses and deposits		(835)		(97)		449		2,004
(Increase) decrease in income taxes receivable		(9,444)		34,147		(14,877)		29,148
Changes in non-cash working capital	$	36,286	$	40,364	$	9,216	$	33,081
Attributable to								
Operating activities	$	16,251	$	66,519	$	(2,658)	$	68,341
Investing activities		20,727		(26,155)		12,566		(35,260)
Financing activities		(692)		—		(692)		—
Changes in non-cash working capital	$	36,286	$	40,364	$	9,216	$	33,081

(Unaudited; in thousand of U.S.$, unless otherwise stated)

16. Commitments and Contingencies

Commitments

The Company's commitments as at June 30, 2021, undiscounted and by calendar year, are presented below:

As at June 30, 2021	2021	2022	2023	2024	2025	Subsequent to 2026	Total
Transportation and storage commitments							
Ocensa P-135 ship-or-pay agreement	$ 34,808	$ 69,616	$ 69,616	$ 69,616	$ 35,060	$ —	$ 278,716
Other transportation agreements	3,782	—	—	—	—	—	3,782
Exploration and Evaluation commitments							
Minimum work commitments [1]	77,761	75,385	41,691	43,965	—	—	238,802
Other commitments							
Operating purchases, leases and community obligations	6,433	9,675	9,225	13,522	2,516	1,322	42,693
Total	$ 122,784	$ 154,676	$ 120,532	$ 127,103	$ 37,576	$ 1,322	$ 563,993

*[1] Includes minimum work commitments relating to exploration and evaluation activities in Colombia and Ecuador until the contractual phase when the Company should decide whether to continue or relinquish the exploration areas. The Company, through its interests in CGX Energy Inc. ("**CGX**"), has other exploration work commitments in Guyana (not included in the table), as described below.*

Guyana Exploration

As of June 30, 2021, the Company, through its 73.85% interest in CGX, has exploration work commitments under its Petroleum Prospecting Licenses ("**PPL**") for certain blocks in Guyana, as follows:

- In accordance with the Corentyne PPL, which is currently in phase one of the second renewal period, one (1) exploration well must be drilled by November 27, 2021.
- In accordance with the Demerara PPL, which is currently in phase one of the second renewal period, one (1) exploration well must be drilled by February 11, 2022.
- In accordance with the Berbice PPL, which is currently in phase one of the second renewal period until August 11, 2022, the Company shall complete a seismic program, including all associated processing and interpretations so as to inform and lead to the drilling of at least one (1) exploration well by June 15, 2022.

The Company, through its interest in CGX, has entered into agreements for activities to complete its requirement under the Corentyne and Demerara contracts, and for the port. As at June 30, 2021, aggregate minimum future obligation still outstanding under these agreements is $68.1 million expected to be paid in 2021. These activities include an agreement with a third party to complete drilling activities in 2021 on the Corentyne block. Under the agreement, the Company has provided a parent guarantee in the event of non-performance by CGX for certain obligations up to a maximum of $25.0 million.

Letters of Credit

The Company has various uncommitted bilateral letter of credit lines (the "**Uncommitted LCs**"). As of June 30, 2021, the Company had $53.9 million (2020: $52.9 million) of issued and outstanding Uncommitted LCs for exploratory commitments and abandonment funds in Colombia and Ecuador. The lenders under the Uncommitted LCs receive a fee equal to 3% per annum.

In addition to the Uncommitted LCs, as at June 30, 2021, the Company has outstanding letters of credit of $18.8 million (2020: $4.0 million) under a master agreement with Banco BTG Pactual S.A. ("**BTG**"). Under the terms of this agreement, BTG has the right to demand the return and cancellation of the letters of credit, or require the Company to deposit an equivalent amount if it breaches certain covenants, including receiving a credit rating downgrade two notches or more by any rating agency.

Ocensa P-135 Ship-or-Pay Agreement

On April 29, 2020, Ocensa and the Company entered into a pledge agreement pursuant to which the Company guaranteed payment to Ocensa through a pledge of the crude oil transported in the Ocensa Pipeline. Initially, the term of the pledge agreement was amended and extended until July 6, 2021. However, considering the temporary payment agreement, and the amortization term, its term was extended until end of September, 2021. During the term of the pledge agreement, Ocensa has agreed not to exercise its early termination and prepayment rights. The pledge agreement will automatically terminate if the Company subsequently meets certain credit conditions set forth in the ship-or-pay agreement.

Contingencies

The Company is involved in various claims and litigation arising in the normal course of business. Since the outcomes of these matters are uncertain, there can be no assurance that such matters will be resolved in the Company's favour. The outcome of adverse decisions in any pending or threatened proceedings related to these and other matters could have a material impact on the Company's financial position, results of operations or cash flows. Other than as disclosed below, no material changes have occurred regarding the matters disclosed in Note 28 - Commitments and Contingencies of the 2020 Annual Financial Statements.

Termination of Transportation Agreement

On July 12, 2018, the Company exercised contractual rights to terminate (a) three transportation contracts (the "**BIC Transportation Agreements**") with Bicentenario to ship oil through the BIC Pipeline which operates between Araguaney and Banadia where it connects to the CLC Pipeline because service had not been provided for more than six consecutive months, and (b) three related transportation agreements (the "**CLC Transportation Agreements**") with Cenit to ship oil through the CLC Pipeline because service had not been provided for more than 180 consecutive calendar days.

On December 3, 2018, Cenit, and on January 28, 2019, Bicentenario, commenced separate arbitration proceedings against the Company before the Centre for Arbitration and Conciliation of the Bogota Chamber of Commerce (the "**Bogota Arbitration Centre**") disputing the validity of the terminations (the "**Bicentenario Arbitration**" and "**CLC Arbitration**", respectively).

The Company believes that it was fully entitled to terminate both the BIC Transportation Agreements and the CLC Transportation Agreement and filed counterclaims against Bicentenario and Cenit.

The Company and certain of its affiliates also commenced a separate arbitration proceeding against Bicentenario and Cenit on December 3, 2019, before the Bogota Arbitration Centre as an international arbitration (the "**International Arbitration**"). For further information on these claims, see Note 28 of the 2020 Annual Consolidated Financial Statements.

Arbitration Updates

On February 17, 2021, Bicentenario filed its counterclaim under the International Arbitration initiated by the Company claiming an amount of $517.7 million, as a result of the loss of revenue resulting from the cessation of payments pursuant to various transportation contracts including the BIC Transportation Agreements, and that the shareholders of Bicentenario are obliged to contribute additional funds to Bicentenario to cover debt service payments and other amounts.

The Bicentenario Arbitration and CLC Arbitration have completed the initial pleadings stage. The International Arbitration continues to progress with the pleading phase at this time. At the request of the parties all arbitration panels have been suspended until September 30, 2021. In the case of the International Arbitration, the mentioned suspension will take place once the pleading phase ends.

As of June 30, 2021, the amount of tariffs claimed by Cenit under the CLC Transportation Agreements would be approximately $134.4 million plus interest, and would be approximately $70.3 million per annum, subject to tariff adjustments from time to time, until 2028. As of June 30, 2021, the aggregate amount of monthly service payments claimed by Bicentenario under the BIC Transportation Agreements would be $172.8 million (net of credits note and stand by letter of credit) plus interest, and would be approximately $130.6 million per annum, subject to tariff adjustments from time to time, until 2024. As of June 30, 2021, the Company has rejected invoices for $22.4 million relating to the BIC Ancillary Agreements and CLC Ancillary Agreements.

Conciliation Agreement

On November 16, 2020, the Company, Cenit and Bicentenario reached an agreement (the "**Conciliation Agreement**") for the joint filing of a petition for approval of a binding settlement which, upon completion and approval by the Court, will resolve all the disputes between the parties related to the BIC Pipeline and the CLC Pipeline, and will terminate all the pending arbitration proceedings related to such disputes, including the Bicentenario Arbitration, CLC Arbitration and International Arbitration. For further information refer to Note 28 of the 2020 Annual Consolidated Financial Statements.

On March 24, 2021, the Company announced that the Office of the Procuraduría General de la Nación had delivered its opinion on the Conciliation Agreement. The opinion was favorable, recommending that the conciliation be approved. The terms of the Conciliation Agreement remain the same as previously disclosed.

Delivery of the favorable opinion by the Procuraduría General de la Nación represents the first of two stages of review of the Conciliation Agreement. If the Conciliation Agreement is approved by Court, the second stage of the process will be completed, and the parties will be able to complete the settlement arrangement. There can be no assurance that Court approval will be received on a timely basis or at all.

Given the favorable opinion delivered by the Procuraduría General de la Nación, recommending that the Conciliation Agreement be approved, the Company, Cenit and Bicentenario have agreed to extend the deadline for the approval of the Conciliation Agreement from June 30, 2021 to September 30, 2021 or such later date as may be further agreed. If the Conciliation Agreement is not approved by September 30, 2021, then either party will become entitled to terminate the settlement arrangement, and the legal rights of the parties with respect to the disputes will not be prejudiced unless and until the required approval is obtained and the settlement arrangement is closed.

ANH discussion

Since May 8, 2020, the Company has been discussing with the ANH the termination of certain exploratory contracts due to environmental, social and security restrictions in the contracted areas, not allowing the Company to execute exploratory commitments for $26.2 million. On June 4, 2021, the Company filed a request to transfer the outstanding commitments, however, on July 30, 2021, the ANH rejected the Company's proposal and demanded payment for unfulfilled commitments. Currently, the Company is assessing the next actions against the ANH’s decision. The Company has a total of $13.1 million of letters of credit as guarantee for the contracts in favor of the ANH. As of June 30, 2021, the Company has not recognized any provision for this ANH Discussion since it considers that the probability of an unfavorable result is less than probable.