



FRONTERA ENERGY CORPORATION

ANTI-ASSET LAUNDERING AND TERRORIST FINANCING POLICY

1. INTRODUCTION

- 1.1. Asset laundering and terrorist financing are both criminal offences that generate operational, legal and reputational risks for an organization and can affect the competitiveness, productivity and sustainability of the organization. Therefore, it is necessary for large international organizations such as Frontera Energy Corporation, including its subsidiaries that are subject to the Code of Business Conduct and Ethics, as amended (the “Code”) (collectively, “Frontera” or the “Corporation”), to adopt and implement appropriate measures to prevent its exposure to such risks.
- 1.2. The purpose of this Anti-Asset Laundering and Terrorist Financing Policy (this “Policy”) is to ensure that the Corporation does not, in the undertaking of its business activities, facilitate asset laundering, concealment of money or assets derived from criminal activities, or the financing of terrorism.
- 1.3. This Policy sets out the responsibilities of, and those who work for, Frontera regarding Frontera’s zero-tolerance of Asset Laundering and Terrorist Financing (defined below).

2. SCOPE

- 2.1. This Policy applies to all directors, officers, employees (whether temporary, fixed-term, or permanent), consultants, contractors, subcontractors, trainees, seconded staff, home workers, volunteers, interns, agents, sponsors, or any other person or persons working for Frontera, no matter where they are located in the world (“Personnel”).
- 2.2. Frontera will apply this Policy to third parties with which Frontera has significant dealings, including suppliers, distributors, agents, advisors, and other representatives acting on Frontera’s behalf (“Relationship Parties”). Frontera will include (to the extent possible) specific provisions in contracts that require Relationship Parties to comply with applicable anti-Asset Laundering and counter-Terrorist Financing laws and this Policy in respect of all their activities on behalf of or in any way related to their relationship with Frontera.

3. POLICY STATEMENT

- 3.1. Asset Laundering and Terrorist Financing are both criminal offences in numerous jurisdictions. The Corporation is strongly committed to preventing the risk of Asset Laundering and Terrorist Financing and in no way accepts, condones, facilitates, conceals, disguises or supports said activities.
- 3.2. To this end, this Policy reaffirms the Corporation’s commitment, as provided in the Code, to comply with all laws, rules and regulations, including those designed to combat Asset Laundering and Terrorist Financing, in all jurisdictions where the Corporation operates.
- 3.3. While each jurisdiction in which Frontera operates has specific definitions as to what constitutes Asset Laundering and Terrorist Financing, for the purposes of this Policy:
 - 3.3.1. “Asset Laundering” consists of any act for, or attempt to channel (in almost any manner or through any means, including through sending, delivery, transfer, alteration, elimination, use, etc.) money or other assets for legitimate financial and economic circulation, or any property or product, that originates from criminal activities (such as bribery, trafficking of drugs and terrorism), with the intent of concealing or transforming the property or product.

- 3.3.2. **“Ethics & Compliance Officer”** means the designated officer within the Corporation charged with ensuring that the Corporation conducts its business in full compliance with all national and international regulations pertaining to Frontera’s business. The Ethics & Compliance Officer is responsible for implementing this Policy to mitigate the risk of Asset Laundering and Terrorist Financing.
- 3.3.3. **“Terrorist Financing”** is the act of channelling currency or monetary instruments, or providing or collecting goods, with the purpose of carrying out or facilitating terrorist activities, such as causing death or serious bodily harm by the use of violence, putting the life of an individual at risk, causing serious risk to the health or safety of the public, causing substantial property damage or causing serious disruption to essential services, facilities or systems.
- 3.4. This Policy provides guidelines applicable to operations of the Corporation in all jurisdictions where the Corporation has assets or operations, but in no way supersedes or replaces the legal and other requirements of the jurisdictions in which the Corporation operates. Currently, the Corporation operates in Colombia, Peru and Canada and, where applicable, has established specific local compliance processes and systems (the **“Local Systems”**) to prevent Asset Laundering and Terrorist Financing. In case of a conflict between this Policy and the Local Systems, within the jurisdictions of such Local Systems, the Local Systems shall prevail.

4. DECLARATIONS

- 4.1. Frontera, its Personnel and Relationship Parties must comply with this Policy as well as with all applicable laws related to the prevention of Asset Laundering and Terrorist Financing in any other jurisdictions where the Corporation holds any assets or conducts any operations. For a current list of applicable laws, please see Appendix “A”. The General Counsel may update Appendix “A” from time to time as required.

5. CORPORATION'S RESPONSIBILITIES AND BEST PRACTICES

- 5.1. Frontera will maintain internal control systems and procedures designed to identify, evaluate and manage Asset Laundering and Terrorist Financing risks with an aim to prevent, deter and detect the risk of Asset Laundering and Terrorist Financing and will appoint officers responsible therefor.
- 5.2. The Corporation has implemented best practices in matters related to preventing Asset Laundering and Terrorist Financing, such as the following:
- 5.2.1. Establishing counterparty verification requirements.
 - 5.2.2. Implementing transaction and property reporting requirements for certain ‘high risk’ transactions.
 - 5.2.3. Maintaining detailed and accurate financial records of all transactions.
 - 5.2.4. Performing special screenings for politically exposed persons and heads of international organizations.
 - 5.2.5. Ensuring that all Personnel are well trained and able to effectively implement all elements of this Policy.

An integral part of this Policy is compliance with the sections of the Code entitled “Accuracy of Books and Records” and “Accounting, Auditing or Disclosure Concerns”.

- 5.3. Frontera shall, when studying the possibility of establishing itself in a new market or offering a new product or service, identify all situations that can generate risks of Asset Laundering and Terrorist Financing and shall provide a report on such risks to senior management, the Ethics & Compliance Officer, the Ethics Committee or the Audit Committee, as appropriate, for their consideration.
- 5.4. Frontera shall ensure that management of the risk of Asset Laundering and Terrorist Financing shall always have precedence over the achievement of commercial goals for any risk classified by Frontera as being at a “high level” with regard to probability or impact.
- 5.5. Frontera shall not enter into contractual relationships with any party registered with any sanctions and

terrorists lists in the jurisdictions where Frontera operates, including the Colombian list known as the United Nations Security Council Sanctions List. Additionally, being included on the Specially Designated Nationals and Blocked Persons List (SDN) required to be used in Colombia for background checks, or any other existing list (which shall include reputable and generally available public information) related to Asset Laundering and Terrorist Financing, shall be a basis for rejecting or terminating a contractual relationship with any such party.

- 5.6. Frontera shall establish a process to identify those transactions that, due to their amount, characteristics or other elements could be classified as suspicious and report such activity to the Ethics & Compliance Officer, the Ethics Committee and the Audit Committee. In such cases, Frontera is not required to be certain that these suspicious transactions constitute criminal activity, nor to identify the specific violation that has occurred, or that the resources involved originate from Asset Laundering and Terrorist Financing activities.
- 5.7. In accordance with the nature of Frontera's operations and businesses and sale of products, Frontera shall not receive cash from its counterparties. It shall also only use cash as necessary for the execution of administrative work in the amounts and with the controls established by internal policies, through fixed funds.
- 5.8. Frontera shall keep confidential all information it collects from counterparties and shall only release it as a consequence of requests made in writing and specifically by competent authorities, and as authorized and required by applicable law.
- 5.9. Personnel shall keep confidential all information regarding requests, requirements and judicial inspections carried out by competent authorities, as well as regarding reports made to the UIAF (defined in Appendix "A"). Failing to keep such requests confidential may constitute "tipping" under applicable Asset Laundering and Terrorist Financing laws and generate administrative and criminal sanctions for Personnel and the Corporation.

6. COMPLIANCE STRUCTURE

The Corporation has established a robust corporate compliance structure in order to adhere to its commitment to comply with all laws, rules and regulations, including those designed to combat Asset Laundering and Terrorist Financing, in all jurisdictions where the Corporation operates. The following is the description of the corporate compliance structure and its main functions:

- 6.1. **Audit Committee:** The Corporation's board of directors has delegated responsibility for prevention and mitigation of the risk of Asset Laundering and Terrorist Financing within the Corporation to the Audit Committee. The Ethics & Compliance Officer shall present before the Audit Committee annual reports regarding its management of this Policy and the Local Systems and to present to the Audit Committee proposals for amendments in order to adapt this Policy as may be required by applicable laws.
- 6.2. **Ethics Committee:** This committee is the leading corporate body for the prevention and mitigation of the risk of Asset Laundering and Terrorist Financing. The Ethics Committee is in charge of ensuring that the Corporation's business practices conform to applicable laws, regulations and ethical business principles, as well as developing a culture of integrity within the Corporation.
- 6.3. **Ethics & Compliance Officer:** the Ethics & Compliance Officer will report directly to the Audit Committee of the Corporation and will have the following responsibilities:
 - a) Ensure compliance with this Policy to prevent Asset Laundering and Terrorist Financing.
 - b) Monitoring compliance of the Corporation with international standards, this Policy and the Local Systems.
 - c) Participation in the design and development of training programs.
 - d) Receive and analyze internal reports of possible, attempted or suspicious operations and submit such reports to the competent authority as required.
 - e) Provide a report to the Ethics Committee, CEO and CFO at least once a year providing information on any deficiencies in this Policy, or Local Systems, measures adopted to correct

process gaps, any changes in the rules or regulations, or other relevant matters.

7. PERSONNEL RESPONSIBILITIES

- 7.1. All Personnel must read, understand and comply with this Policy and any training or other information on the prevention of the risk of Asset Laundering and Terrorist Financing provided by Frontera.
- 7.2. All Personnel are responsible for the prevention, detection, and reporting of unusual, suspicious or attempted operations related to the risk of Asset Laundering and Terrorist Financing.
- 7.3. It is expected that Personnel shall apply professional judgement to determine what is reasonable and what is suspicious or abnormal under normal commercial circumstances.
- 7.4. All Personnel must: (i) not participate in activities they know or ought to know are related to the risk of Asset Laundering and Terrorist Financing; (ii) carry out a proper review based on risk and due diligence of all third parties related to the Corporation; (iii) not associate (directly or indirectly) with persons known to be involved in such schemes; and (iv) report immediately any illegal, suspicious or abnormal activity that may be related to Asset Laundering and Terrorist Financing.
- 7.5. If there is reason to believe or suspect that a breach of this Policy has occurred or has been attempted, or is likely to occur in the future, Personnel must promptly notify Frontera using the process set out in section 8 of this Policy.
- 7.6. Frontera will ensure that no one suffers any retaliation (e.g., discrimination or unjust treatment, dismissal or other disciplinary action) as a result of refusing to participate in schemes related to the risk of Asset Laundering or Terrorist Financing, or because they reported a concern (in good faith) relating to potential acts of Asset Laundering or Terrorist Financing.

8. CONTACT AND REPORTING

If you believe that there has been a violation of this Policy, the Code or the Local Systems, or if you suspect any illegal, suspicious or abnormal activity that may be related to, or result in, Asset Laundering and Terrorist Financing, you must inform Frontera in accordance with Section 3 of Frontera's Whistle Blower Policy.

9. TRAINING AND COMMUNICATION

- 9.1. Frontera shall design, develop and establish, as a mechanism for the disclosure of this Policy and to ensure awareness of Frontera's procedures related to the prevention and control of the risk of Asset Laundering and Terrorist Financing. This program shall train Personnel at the beginning and for the duration of their employment. The program shall include the frequency of training, scope, and methods for evaluation and the means for its execution.
- 9.2. For Relationship Parties, a program for disclosure and awareness of this Policy shall be implemented and a training program shall be directed to Relationship Parties as Frontera considers necessary.

10. PENALTIES

- 10.1. The consequences of violating Anti-Asset Laundering and Terrorist Financing laws in any jurisdiction may be extremely serious, both for Frontera as well as for the individuals involved. Individuals may be personally liable for their violations and the potential consequences could include, but not be limited to, imprisonment, the imposition of significant fines, termination of employment, or denial of entry into certain countries. For Frontera, violations could result in significant fines, heightened regulatory scrutiny, being barred from operating in a jurisdiction, and serious damage to reputation.
- 10.2. All Personnel who violate this Policy shall be subject to disciplinary action up to and including termination of employment, in addition to other consequences under applicable laws.
- 10.3. Failure of any Relationship Party to comply with this Policy may result in the termination of the commercial and/or contractual relationship with the Relationship Parties.

11. CURRENCY OF THIS POLICY

This is a Board Policy and it was last revised as of December 4, 2019.

Appendix A

In Colombia, applicable laws include, but are not limited to, and are applicable for as long as the same continue to be in force and effect:

1. Decree 663 of 1993 by express reference to article 3 of Law 1121 of 2006,
2. External Circular 170 of 2002 issued by the DIAN (Colombia's tax administration authority),
3. Law 1121 of 2006, which provides norms for prevention, detection, investigation and sanctioning of Terrorist Financing,
4. Resolutions 285 of 2007, 212 of 2009 and 017 of 2016 issued by the Information and Financial Analysis Unit ("UIAF"),
5. Law 1708 of 2014, relating to relinquishing dominion and its practical effects over ill-gotten goods,
6. External Circular 100-000005 of the Superintendence of Corporations dated June 17 2014,
7. Chapter X "Self-control and management of the Risk of Asset Laundering and Terrorist Financing and reporting of Suspicious Operations to the UIAF", which stipulates that the Corporation must maintain a system for self-control and management of asset laundering and terrorist financing risk, and the mandatory information reporting of same to the UIAF, and
8. All other anti-asset laundering and terrorist financing laws, rules or regulations.

In Peru, applicable laws include, but are not limited to, and are applicable for as long as the same continue to be in force and effect:

1. Law 27693, creating the Unidad de Inteligencia Financiera (Financial Intelligence Unit) – UIF;
2. Law incorporating Peru's Unidad de Inteligencia Financiera (UIF – Perú) into the SBS, Law N° 29038;
3. Law N° 27693, creating Unidad de Inteligencia Financiera, UIF – Perú, approved by Supreme Decree N° 020-2017-JUS;
4. Legislative Decree for the effective fight against asset laundering and other crimes related to illegal mining and organized crime, Legislative Decree N° 1106;
5. Legislative Decree issuing measures to strengthen prevention, detection and sanctions on asset laundering and terrorism, Legislative Decree N° 1249;
6. Rules on management of the risk of asset laundering and terrorism financing, approved by Resolution SBS N° 2660-2015;
7. Rules on Infractions and Sanctions in Matters of Prevention of Asset Laundering and Terrorism Financing, approved by Resolution SBS N° 8930-2012;
8. Decree Law N° 25475, which provides penalties for terrorism crimes and investigation, instruction and trial procedures;
9. Regulation for the Prevention of Asset Laundering and Terrorism Financing, of general application to parties obligated to report that lack supervising organisms, SBS Resolution N° 486-2008;
10. Regulation for the Prevention of Asset Laundering and Terrorism Financing, Conasev Resolution N° 033-2011-EF-94.01.1 and SMV Resolution N° 007-2013-SMV-01;
11. Law N° 30424, regulating administrative responsibility for legal entities for the crime of transnational active bribery;
12. Legislative Decree N° 1352, which extends administrative responsibility for legal entities;
13. Model Manual for the Prevention of Asset Laundering and Terrorism Financing, approved by SBS Resolution N° 6115-2011; and
14. All other anti-asset laundering and terrorist financing laws, rules or regulations.

In Canada, applicable laws include, but are not limited to, and are applicable for as long as the same continue to be in force and effect:

1. *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17; and
2. *Criminal Code*, R.S.C. 1985, c. C-46.