

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



(UNAUDITED)
For the three months ended
March 31, 2024 and 2023



Interim Condensed Consolidated Statements of Loss

(Unaudited; in thousands of U.S.\$, except per share information)	Notes	Three Months Ended March 31	
		2024	2023
Oil and gas sales and other revenue	4	\$ 269,681	\$ 259,579
Royalties		(4,506)	(9,213)
Revenue		265,175	250,366
Operating costs	5	95,778	82,744
Costs of purchases	5	57,859	59,287
General and administrative	6	13,556	12,669
Share-based compensation		286	(160)
Depletion, depreciation and amortization	10	65,812	66,713
Impairment expense, exploration expenses and other	7	395	30,283
Restructuring, severance and other costs		1,803	1,572
Income (loss) from operations		29,686	(2,742)
Share of income from associates	12	13,894	13,572
Foreign exchange loss		(1,097)	(11,760)
Finance income		1,592	4,301
Finance expense		(17,270)	(15,221)
(Loss) income on risk management contracts	16	(8,813)	1,650
Other (loss) income		(359)	6,305
Gain on repurchase of senior unsecured notes	13	294	—
Net income (loss) before income tax		17,927	(3,895)
Current income tax expense	8	(5,010)	(1,007)
Deferred income tax expense	8	(21,575)	(6,513)
Income tax expense	8	(26,585)	(7,520)
Net loss for the period		\$ (8,658)	\$ (11,415)
Attributable to:			
Equity holders of the Company		(8,503)	(11,330)
Non-controlling interests		(155)	(85)
		\$ (8,658)	\$ (11,415)
Basic and diluted loss per share attributable to equity holders of the Company	9	\$ (0.10)	\$ (0.13)

On behalf of the Board of Directors:

"Gabriel de Alba" (signed)

Chairman of the Board of Directors

"W. Ellis Armstrong" (signed)

Director

Interim Condensed Consolidated Statements of Comprehensive (Loss) Income

<i>(Unaudited; in thousands of U.S.\$)</i>	Three Months Ended March 31	
	2024	2023
Net loss for the period	\$ (8,658)	\$ (11,415)
Other comprehensive income may be reclassified to net (loss) income in subsequent periods (nil tax effect)		
Foreign currency translation	781	15,454
Total comprehensive (loss) income for the period	\$ (7,877)	\$ 4,039
Attributable to:		
Equity holders of the Company	(7,722)	4,124
Non-controlling interests	(155)	(85)
	\$ (7,877)	\$ 4,039

Interim Condensed Consolidated Statements of Financial Position

<i>(Unaudited; in thousands of U.S.\$)</i>	Notes	March 31 2024	December 31 2023
ASSETS			
Current			
Cash and cash equivalents		\$ 154,907	\$ 159,673
Restricted cash	16	12,638	12,076
Trade receivables	16	29,689	11,066
Other receivables	16	120,653	74,657
Inventories		85,698	72,321
Income taxes receivable		142,836	128,075
Prepaid expenses and deposits		16,391	14,313
Risk management assets	16	5,890	10,665
Total current assets		568,702	482,846
Non-current			
Properties, plant and equipment	10	1,872,366	1,872,581
Exploration and evaluation assets	11	457,235	454,748
Investments in associates	12	33,007	82,825
Deferred tax assets	8	67,643	101,589
Restricted cash	16	14,420	18,224
Other assets		6,055	3,467
Total non-current assets		2,450,726	2,533,434
Total assets		\$ 3,019,428	\$ 3,016,280
LIABILITIES			
Current			
Accounts payable and accrued liabilities	16	\$ 447,306	\$ 427,156
Short-term debt and current portion of long-term debt	13	50,120	52,152
Risk management liabilities	16	4,439	1,275
Income taxes payable		13,914	13,829
Lease liabilities		4,989	5,327
Asset retirement obligations	14	41,117	44,962
Total current liabilities		561,885	544,701
Non-current			
Long-term debt	13	469,172	465,452
Other payables	16	2,420	2,361
Lease liabilities		12,870	13,891
Deferred tax liabilities	8	1,917	14,320
Asset retirement obligations	14	151,516	141,562
Total non-current liabilities		637,895	637,586
Total liabilities		\$ 1,199,780	\$ 1,182,287
Commitments and contingencies	18		
EQUITY			
Share capital		\$ 4,601,973	\$ 4,604,704
Contributed surplus		111,033	110,882
Other reserves		(46,791)	(47,572)
Accumulated deficit		(2,856,826)	(2,844,416)
Equity attributable to equity holders of the Company		\$ 1,809,389	\$ 1,823,598
Non-controlling interests		10,259	10,395
Total equity		\$ 1,819,648	\$ 1,833,993
Total liabilities and equity		\$ 3,019,428	\$ 3,016,280

Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited; in thousands of U.S.\$)	Number of Common Shares	Attributable to Equity Holders of the Company					Total	Non-Controlling Interests	Total Equity
		Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Fair Value Investment	Accumulated Deficit			
As at January 1, 2024	85,151,216	\$ 4,604,704	\$ 110,882	\$ (42,370)	\$ (5,202)	\$ (2,844,416)	\$ 1,823,598	\$ 10,395	\$ 1,833,993
Net loss for the period	—	—	—	—	—	(8,503)	(8,503)	(155)	(8,658)
Other comprehensive income	—	—	—	781	—	—	781	—	781
Total comprehensive loss	—	—	—	781	—	(8,503)	(7,722)	(155)	(7,877)
Dividends declared to equity holders of the Company ⁽¹⁾	—	—	—	—	—	(3,907)	(3,907)	—	(3,907)
Repurchase of Common Shares under NCIB ⁽²⁾	(457,800)	(2,731)	—	—	—	—	(2,731)	—	(2,731)
Share-based compensation	—	—	151	—	—	—	151	19	170
As at March 31, 2024	84,693,416	\$ 4,601,973	\$ 111,033	\$ (41,589)	\$ (5,202)	\$ (2,856,826)	\$ 1,809,389	\$ 10,259	\$ 1,819,648

(Unaudited; in thousands of U.S.\$)	Number of Common Shares	Attributable to Equity Holders of the Company					Total	Non-Controlling Interests	Total Equity
		Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Fair Value Investment	Accumulated Deficit			
As at January 1, 2023	85,592,075	\$ 4,608,234	\$ 109,918	\$ (95,690)	\$ (5,202)	\$ (3,037,913)	\$ 1,579,347	\$ 9,857	\$ 1,589,204
Net loss for the period	—	—	—	—	—	(11,330)	(11,330)	(85)	(11,415)
Other comprehensive income	—	—	—	15,454	—	—	15,454	—	15,454
Total comprehensive income (loss)	—	—	—	15,454	—	(11,330)	4,124	(85)	4,039
Acquisition of non-controlling interests	—	—	(1,469)	—	—	—	(1,469)	—	(1,469)
Repurchase of Common Shares under NCIB ⁽³⁾	(461,200)	(4,170)	—	—	—	—	(4,170)	—	(4,170)
Share-based compensation ⁽⁴⁾	57,698	538	174	—	—	—	712	1,184	1,896
As at March 31, 2023	85,188,573	\$ 4,604,602	\$ 108,623	\$ (80,236)	\$ (5,202)	\$ (3,049,243)	\$ 1,578,544	\$ 10,956	\$ 1,589,500

⁽¹⁾ On March 7, 2024, the Board has approved and declared a \$3.9 million cash dividend, corresponding to CAD\$0.0625 per Common Share, which was paid on April 16, 2024.

⁽²⁾ On November 16, 2023, the TSX approved the Company's notice to initiate a NCIB (the "2023 NCIB"). Pursuant to the 2023 NCIB, the Company may purchase up to 3,949,454 Common Shares, representing approximately 10% of the Company's "public float" (as calculated in accordance with TSX rules) as at November 8, 2023 during the twelve-month period commencing on November 21, 2023, and ending on November 20, 2024. During the three months ended March 31, 2024, the Company repurchased for cancellation \$2.7 million equivalent to 457,800 Common Shares under the 2023 NCIB, for an average repurchase cost of \$5.96/Common Share.

⁽³⁾ On March 15, 2022, the TSX approved the Company's notice to initiate a NCIB (the "2022 NCIB"). Pursuant to the 2022 NCIB, the Company was permitted to purchase for cancellation up to 4,787,976 Common Shares during the 12 month period that commenced on March 17, 2022, and ended on March 16, 2023. During the three months ended March 31, 2023, the Company repurchased for cancellation \$4.2 million equivalent to 461,200 Common Shares under the 2022 NCIB, for an average repurchase cost of \$9.04/share. Between March 17, 2022 and March 16, 2023, the Company purchased for cancellation 4,270,100 Common Shares under the 2022 NCIB.

⁽⁴⁾ During the period ended March 31, 2023, the Company settled 94,094 restricted share units ("RSUs"). This included an issuance of 57,698 Common Shares, for an average price of \$9.32/Common Share. The remaining 36,396 RSUs were settled in cash.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited; in thousands of U.S.\$)	Notes	Three Months Ended March 31	
		2024	2023
OPERATING ACTIVITIES			
Net loss for the period		\$ (8,658)	\$ (11,415)
Items not affecting cash:			
Depletion, depreciation and amortization		65,812	66,713
Impairment expense	7	1,027	16,815
(Recovery) expense of asset retirement obligations	7	(1,042)	13,081
Unrealized loss (gain) on risk management contracts	16	7,939	(4,825)
Share-based compensation		286	179
Deferred income tax expense	8	21,575	6,513
Unrealized foreign exchange loss (gain)		552	(2,150)
Share of income from associates	12	(13,894)	(13,572)
Finance expense		17,270	15,221
Finance income		(1,592)	(4,301)
Income tax paid or withheld		(22,713)	(36,473)
Interest received		1,592	2,438
Settlement of asset retirement obligations	14	(645)	(1,460)
Gain on repurchase of 2028 Unsecured Notes	13	(294)	—
Other		(91)	924
Changes in working capital (excluding cash)	17	(1,508)	(46,843)
Cash provided by operating activities		\$ 65,616	\$ 845
INVESTING ACTIVITIES			
Additions to oil and gas properties, infrastructure port, and plant and equipment		\$ (62,849)	\$ (42,980)
Additions to exploration and evaluation assets	11	(2,487)	(88,946)
Decrease in restricted cash and other		4,759	1,594
Changes in working capital (excluding cash)	17	(6,474)	10,004
Cash used in investing activities		\$ (67,051)	\$ (120,328)
FINANCING ACTIVITIES			
Net proceeds from PIL Loan Facility (as defined below)	13	\$ 8,820	\$ 114,935
Repayment of 2025 Puerto Bahia Loan	13	—	(106,192)
Repayment on short-term debt	13	(5,899)	—
Constitution debt service reserve account of PIL Loan Facility, net	13	(468)	(8,743)
Transaction cost of PIL Loan Facility	13	—	(1,147)
Repayment of long-term debt	13	—	(2,341)
Lease payments		(1,365)	(1,003)
Repurchase of Common Shares under NCIB		(2,731)	(4,170)
Repurchase of 2028 Unsecured Notes	13	(1,233)	—
Interest paid and other charges		(234)	(1,133)
Cash used in financing activities		\$ (3,110)	\$ (9,794)
Effect of exchange rate changes		(221)	1,704
Decrease in cash and cash equivalents during the period		(4,766)	(127,573)
Cash and cash equivalents, beginning of the period		159,673	289,845
Cash and cash equivalents, end of the period		\$ 154,907	\$ 162,272
Cash		110,833	85,575
Cash equivalents		44,074	76,697
Total cash and cash equivalents		\$ 154,907	\$ 162,272

Notes to the Interim Condensed Consolidated Financial Statements

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

1. Corporate Information

Frontera Energy Corporation (the “**Company**” or “**Frontera**”) is an oil and gas company formed and existing under the laws of British Columbia, Canada, that is engaged in the exploration, development, production, transportation, storage and sale of crude oil and natural gas in South America, including strategic investment in both upstream and infrastructure facilities. The Company’s common shares (“**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, 222 - 3rd Avenue SW, Calgary, Alberta, Canada, T2P 0B4, 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 include the accounts of the Company and its subsidiaries.

2. Basis of Preparation and Material Accounting Policy Information, Judgments, Estimates and Assumptions

Statement of Compliance

These Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2024, and 2023 (the “**Interim Condensed 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 Condensed Financial Statements on the basis that it will continue to operate as a going concern.

The Interim Consolidated 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, 2023 (the “**2023 Annual Financial Statements**”). These Interim Condensed Financial Statements were approved and authorized for issuance by the Audit Committee of the Board of Directors on May 7, 2024.

Functional and Presentation Currency

The Interim Condensed Financial Statements are presented in United States (U.S.) dollars, which is the Company’s functional currency, and all values are rounded to the nearest thousand, except where otherwise indicated.

Material Accounting Policy Information

The accounting policies used in preparation of the Interim Condensed Financial Statements are consistent with those disclosed in the 2023 Annual Financial Statements, except for the adoption of new standards effective as of January 1, 2024.

The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the Interim Condensed Financial Statements of the Company.

Key Accounting Estimates and Judgments

Global Economy

Russia-Ukraine Conflict

In February 2022, Russian military forces invaded Ukraine, leading to active and continued resistance from Ukrainian military and civilians. Countries like Canada and the United States have imposed strict financial and trade sanctions against Russia, disrupting the global supply of oil and natural gas and leading to sustained high energy prices. To date, these events have not negatively impacted the Company’s operations. The long-term impacts of the conflict and sanctions remain uncertain, the Company continues to monitor the evolving situation.

Middle East conflict

On October 7, 2023, Hamas terrorists infiltrated Israel’s southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on Israeli population and industrial centers located along Israel’s border with the Gaza Strip and in other areas within the State of Israel. Following the attack, Israel’s security cabinet declared war against Hamas and a military campaign against these terrorist organizations and has launched a series of responding attacks in Palestine. The outcome of the conflict continues to be uncertain and has the potential to have

Notes to the Interim Condensed Consolidated Financial Statements **(Unaudited; in thousands of U.S.\$, unless otherwise stated)**

wide-ranging consequences on the world economy. Global oil prices have remained highly volatile since the beginning of the Middle East conflict. While neither Israel nor the Gaza Strip are significant oil producers, there is a risk that the conflict could lead to wider regional instability in the Middle East, home to some of the world's biggest oil producers. To date, these events have not impacted the Company's ability to carry on business, and there have been no significant delays or direct security issues affecting the Company's operations, offices or personnel. The long-term impacts of the conflict remain uncertain, and the Company continues to monitor the evolving situation.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

3. Segmented Information

The Company has four reportable operating segments, consistent with the basis on which management assesses performance and allocates resources across its business units, as follows:

- Colombia: Includes all upstream business activities of exploration and production in Colombia.
- Ecuador: Includes all upstream business activities of exploration and production in Ecuador.
- Guyana: Includes all offshore business activities of exploration in Guyana.
- Infrastructure Colombia: Includes the Company's investment in certain infrastructure, midstream and other assets, including storage, port, the reverse osmosis water treatment facility, the palm oil plantation, other facilities in Colombia, and the Company's investment in pipelines.

Canada & Others: Includes the corporate office in Canada and non-operating entities that have been aggregated as they do not generate revenue for the Company. In addition, it includes certain business activities in Peru, which include completing remediation work in Block 192 as its petroleum license expired on February 5, 2021.

For the three months ended March 31, 2024, operating segmented information for the Interim Condensed Consolidated Statements of loss is as follows:

Three Months Ended March 31	Exploration and Production Onshore				Exploration Guyana		Infrastructure Colombia		Canada & Others		Eliminations		Total	
	Colombia		Ecuador		2024	2023	2024	2023*	2024	2023	2024	2023*	2024	2023*
	2024	2023*	2024	2023										
Oil and gas sales	\$ 258,528	\$ 245,363	\$ 1,800	\$ 3,044	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 260,328	\$ 248,407
Other revenue	—	—	—	—	—	—	10,528	12,465	—	—	(1,175)	(1,293)	9,353	11,172
Royalties	(4,394)	(9,063)	(112)	(150)	—	—	—	—	—	—	—	—	(4,506)	(9,213)
Revenue	254,134	236,300	1,688	2,894	—	—	10,528	12,465	—	—	(1,175)	(1,293)	265,175	250,366
Operating costs	87,423	74,952	427	477	—	—	8,149	7,136	210	686	(431)	(507)	95,778	82,744
Costs of purchases	58,603	60,073	—	—	—	—	—	—	—	—	(744)	(786)	57,859	59,287
General and administrative	9,009	7,753	238	224	499	1,282	1,479	1,455	2,344	2,000	(13)	(45)	13,556	12,669
Share-based compensation	109	(316)	3	4	19	27	—	—	155	125	—	—	286	(160)
Depletion, depreciation and amortization	63,206	65,092	221	12	4	13	1,816	1,354	565	242	—	—	65,812	66,713
Impairment, exploration expenses and other	(213)	17,523	—	—	—	—	—	—	608	12,760	—	—	395	30,283
Restructuring, severance and other costs	1,151	681	—	—	—	—	426	103	226	788	—	—	1,803	1,572
Income (loss) from operations	34,846	10,542	799	2,177	(522)	(1,322)	(1,342)	2,417	(4,108)	(16,601)	13	45	29,686	(2,742)
Share of income from associates	—	—	—	—	—	—	13,894	13,572	—	—	—	—	13,894	13,572
Segment income (loss)	\$ 34,846	\$ 10,542	\$ 799	\$ 2,177	\$ (522)	\$ (1,322)	\$ 12,552	\$ 15,989	\$ (4,108)	\$ (16,601)	\$ 13	\$ 45	\$ 43,580	\$ 10,830
Other non-operating expense items													(25,653)	(14,725)
Income tax expense													(26,585)	(7,520)
Net loss for the period													\$ (8,658)	\$ (11,415)

* As a result of the redefinition of the Infrastructure Colombia segment, the presentation of certain amounts has been changed. These changes will result in more useful information to the users of the financial statements.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

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

	March 31	December 31
	2024	2023
Colombia	\$ 1,940,253	\$ 2,033,350
Guyana	450,817	449,252
Ecuador	59,451	50,466
Canada & Others	205	366
Total non-current assets	\$ 2,450,726	\$ 2,533,434

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 March 31	
	2024	2023*
Colombia		
Produced crude oil sales	\$ 205,377	\$ 190,290
Purchased crude oil and products sales	51,285	51,316
Gas sales	1,866	3,757
Colombia oil and gas sales	258,528	245,363
Ecuador crude oil sales	1,800	3,044
Oil and gas sales	260,328	248,407
Infrastructure Colombia sales to external customers	9,353	11,172
Inter-segment sales	1,175	1,293
Infrastructure Colombia sales	10,528	12,465
Elimination of Infrastructure Colombia inter-segment sales	(1,175)	(1,293)
Oil and gas sales and other revenue	\$ 269,681	\$ 259,579

* As a result of the redefinition of the Infrastructure Colombia segment, the presentation of certain amounts has been changed. These changes will result in more useful information to the users of the financial statements.

5. Operating Costs

	Three Months Ended March 31	
	2024	2023
Production costs (excl. energy costs)	\$ 36,839	\$ 30,387
Energy costs	18,968	14,770
Transportation costs	35,195	37,370
Post-termination obligation	550	157
Inventory valuation	(3,923)	(8,053)
Total oil and gas operating costs	87,629	74,631
Port operating costs	6,069	5,117
Special project and other costs ⁽¹⁾	2,080	2,996
Total operating costs	\$ 95,778	\$ 82,744

⁽¹⁾ Mainly includes costs related to Promotora Agrícola de los Llanos S.A., the commissioning of the reverse osmosis water treatment facility "SAARA", and for 2023 included operating cost from Peru, before the sale of Frontera Energy Offshore Perú, the wholly-owned subsidiary that held a 100% WI in Block Z1.

Cost of Purchases

Costs of purchases correspond mainly to the cost of third-party hydrocarbon volumes purchased primarily for use in dilution and refining as part of the Company's oil operations, and marketing and transportation strategy. For the three months ended March 31, 2024, the cost of purchases was \$57.9 million (2023: \$59.3 million).

Notes to the Interim Condensed Consolidated Financial Statements

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

6. General and Administrative

	Three Months Ended March 31	
	2024	2023
Salaries and benefits	\$ 7,882	\$ 7,468
Professional fees	3,677	3,333
Taxes	1,259	1,067
Other expenses	738	801
Total	\$ 13,556	\$ 12,669

7. Impairment, Exploration Expenses and Other

	Three Months Ended March 31	
	2024	2023
Impairment expense of:		
Exploration and evaluation assets	\$ —	\$ 15,164
Other	1,027	1,651
Total impairment expense	1,027	16,815
Exploration expenses of:		
Geological and geophysical costs, and other	410	387
Total exploration expenses	410	387
(Recovery) expense of asset retirement obligations (Note 14)	(1,042)	13,081
Impairment expense, exploration expenses and other	\$ 395	\$ 30,283

Exploration and Evaluation Assets

During the three months ended March 31, 2024, the Company recorded an impairment charge on exploration and evaluation (“E&E”) of assets of \$Nil. During the three months ended March 31, 2023, the Company recorded an impairment charge on exploration and evaluation of assets in Colombia of \$15.2 million, mainly as a result of the relinquishment of the VIM-22 block.

Other

During the three months ended March 31, 2024, the Company recognized other impairment expenses of \$1.0 million (2023: \$1.7 million) mainly related to impairment of crude oil inventories from Peru and obsolete material inventories.

(Recovery) expense of asset retirement obligations

During the three months ended March 31, 2024, the Company recognized a recovery of asset retirement obligations of \$1.0 million. During the three months ended March 31, 2023, the Company recognized an expense of asset retirement obligations of \$13.1 million, mainly from the acquisition of the remaining 51% W.I. in Block Z1 in Peru from BPZ Resources. Subsequent in the second quarter 2023, the Company sold Frontera Energy Offshore Perú, the wholly-owned subsidiary that held a 100% WI in Block Z1.

Notes to the Interim Condensed Consolidated Financial Statements

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

8. 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 March 31	
	2024	2023
Net income (loss) before income tax	\$ 17,927	\$ (3,895)
Colombian statutory income tax rate ⁽¹⁾	50%	50%
Income tax expense (recovery) at statutory rate	8,964	(1,948)
Increase in income tax provision resulting from:		
Non-deductible/taxable expense/income and other differences	4,265	9,597
Share-based compensation	41	(132)
Differences in tax rates	(134)	(11,262)
Change in deferred income tax	13,449	11,265
Income tax expense	26,585	7,520
Current income tax expense	5,010	1,007
Deferred income tax expense:		
Relating to origination and reversal of temporary differences	21,575	6,513
Income tax expense	\$ 26,585	\$ 7,520
Effective tax rate	148.30%	-193.07%

⁽¹⁾ Statutory income tax rate includes an additional estimated surcharge of 15% according to the forecasted average Brent prices for full year 2024.

During the three months ended March 31, 2024, the Company recognized a current income tax expense of \$5.0 million (2023: \$1.0 million), and a deferred income tax expense of \$21.6 million (2023: \$6.5 million). The increase in income tax expense and deferred income tax expense were primarily due to the impact of non-deductible expenses and foreign currency fluctuations.

As of March 31, 2024, the deferred tax asset was \$67.6 million, (December 31, 2023: \$101.6 million), and the deferred tax liability was \$1.9 million (December 31, 2023: \$14.3 million).

9. Loss per Share

	Three Months Ended March 31	
	2024	2023
<i>(In thousands of U.S.\$, except share and per share amounts)</i>		
Loss attributable to equity holders of the Company	\$ (8,503)	\$ (11,330)
Basic weighted average number of shares outstanding	84,994,245	85,344,329
Basic and diluted loss per share attributable to equity holders of the Company	\$ (0.10)	\$ (0.13)

10. Properties, Plant and Equipment

Cost	Oil & Gas Properties	Infrastructure Colombia*	Plant & Equipment	Total
As at January 1, 2024	\$ 7,196,558	\$ 363,245	\$ 75,207	\$ 7,635,010
Additions	58,301	4,258	444	63,003
Change in asset retirement obligations (Note 14)	5,562	252	—	5,814
Disposal	—	(40)	(73)	(113)
Currency translation adjustment	(27)	(4,019)	4	(4,042)
As at March 31, 2024	\$ 7,260,394	\$ 363,696	\$ 75,582	\$ 7,699,672

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

Accumulated Depletion, Depreciation and Impairment	Oil & Gas Properties	Infrastructure Colombia*	Plant & Equipment	Total
As at January 1, 2024	\$ 5,600,540	\$ 103,103	\$ 58,786	\$ 5,762,429
Charge for the period ⁽¹⁾	64,941	1,808	627	67,376
Disposal	—	—	(37)	(37)
Currency translation adjustment	(21)	(2,441)	—	(2,462)
As at March 31, 2024	\$ 5,665,460	\$ 102,470	\$ 59,376	\$ 5,827,306

⁽¹⁾ Includes DD&A inventory fluctuation of \$1.6 million.

Net Book Value	Oil & Gas Properties	Infrastructure Colombia*	Plant & Equipment	Total
As at January 1, 2024	\$ 1,596,018	\$ 260,142	\$ 16,421	\$ 1,872,581
As at March 31, 2024	\$ 1,594,934	\$ 261,226	\$ 16,206	\$ 1,872,366

Properties, plant and equipment consist of owned and leased assets, as follows:

	Oil & Gas Properties	Infrastructure Colombia*	Plant & Equipment	Total
Properties, plant and equipment - owned	\$ 1,580,738	\$ 261,226	\$ 13,374	\$ 1,855,338
ROU assets - leased	14,196	—	2,832	17,028
As at March 31, 2024	\$ 1,594,934	\$ 261,226	\$ 16,206	\$ 1,872,366

* As a result of the redefinition of the Infrastructure Colombia segment, the presentation of certain amounts has been changed. These changes will result in more useful information to the users of the financial statements.

Details of ROU assets are as follows:

	Power Generation	Plant & Equipment	Total
As at January 1, 2024	\$ 14,938	\$ 3,315	\$ 18,253
Additions	—	154	154
Termination of lease contracts	—	(39)	(39)
Depreciation	(742)	(598)	(1,340)
As at March 31, 2024	\$ 14,196	\$ 2,832	\$ 17,028

11. Exploration and Evaluation Assets

	2024
As at January 1, 2024	\$ 454,748
Additions ⁽¹⁾	2,487
As at March 31, 2024	\$ 457,235

⁽¹⁾ Mainly includes additions of \$1.5 million in Guyana related to the Corentyne block, \$0.8 million in Colombia, and \$0.2 million in Ecuador related to the Espejo block.

12. Investments in Associates

	2024
As at January 1, 2024	\$ 82,825
Share of income from associates	13,894
Dividends	(54,949)
Return of capital contributions	(7,894)
Currency translation adjustment	(869)
As at March 31, 2024	\$ 33,007
Company's interest as at March 31, 2024	35.0 %

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

Notes to the Interim Condensed Consolidated Financial Statements

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

Oleoducto de los Llanos Orientales S.A. (“ODL”)

ODL is a Panamanian company with a Colombian branch that operates an oil pipeline for the transportation of heavy crude oil produced primarily from the Rubiales and Quifa blocks. The Company, through its 100%-owned subsidiary, Pipeline Investment Limited (“PIL”), has a 35% equity investment in the ODL pipeline, which connects the Rubiales, Quifa, and Llanos-34 blocks to the Monterrey Station or Cusiana Station in the Casanare Department. On September 15, 2022, the Company acquired the remaining 40.07% interest it did not already own of PIL, increasing its ownership interest to 100%. The remaining 65% interest in ODL is owned by Cenit Transporte y Logística de Hidrocarburos S.A.S. (“Cenit”). ODL’s functional currency is COP and currency translation adjustments are recorded in other comprehensive income.

During the three months ended March 31, 2024, and 2023, the Company has recognized the dividends declared by ODL of \$54.9 million (2023: \$37.0 million), and a return of capital of \$7.9 million (2023: \$5.2 million).

As at March 31, 2024, the carrying value of dividends receivable was \$55.6 million (December 31, 2023: \$Nil), and the carrying value of return of capital receivable was \$8.0 million (December 31, 2023: \$Nil).

13. Short-Term and Long-Term Debt

As at	Maturity	Principal	Currency	Interest Rate	March 31	December 31
					2024	2023
2028 Unsecured Notes	June 2028	398,500	U.S. dollars	7.875%	\$ 392,376	\$ 393,660
PIL Loan Facility (Tranche A-1)	December 2027	100,000	U.S. dollars	SOFR 6M + 7.25%	76,885	76,762
PIL Loan Facility (Tranche A-2)	December 2028	10,000	U.S. dollars	SOFR 6M + 7.25%	8,820	—
Bancolombia Working Capital Loan	October 2024	75,000,000,000	COP	IBR ⁽¹⁾ + 4%	19,520	19,623
PIL Loan Facility (Tranche B)	December 2027	20,000	U.S. dollars	11%	18,891	18,860
PetroSud Davivienda Loan	June 2024	2,800	U.S. dollars	SOFR + 5.30%	2,800	2,800
PetroSud Working Capital Loan	June 2024	22,000	U.S. dollars	SOFR + 5.30%	—	5,899
Total					\$ 519,292	\$ 517,604

⁽¹⁾ Reference Banking Indicator from the central bank of Colombia (“IBR” for its acronym in Spanish).

As at	March 31	December 31
	2024	2023
Current portion	\$ 50,120	\$ 52,152
Non-current portion	469,172	465,452
Total	\$ 519,292	\$ 517,604

2028 Unsecured Notes

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. The 2028 Unsecured Notes will mature in June 2028, unless earlier redeemed or repurchased.

During the three months ended March 31, 2024, the Company repurchased in the open market \$1.5 million of its 2028 Unsecured Notes, for a cash consideration of \$1.2 million including interest payable of \$0.1 million. As a result, the Company recognized a gain of \$0.3 million. The carrying value for the 2028 Unsecured Notes as of March 31, 2024 is \$392.4 million (December 31, 2023: \$393.7 million).

Pipeline Investment Loan Facility (“PIL Loan Facility”)

On March 27, 2023, PIL entered into a new credit agreement through which the lenders provided a \$120.0 million loan facility to PIL, secured by substantially all the assets and shares of PIL, the shares of Sociedad Portuaria Puerto Bahía S.A. (“**Puerto Bahía**”) held by the Company and assets related to Puerto Bahía’s liquids terminal, and is guaranteed by Frontera Bahía Holding Ltd. and Frontera ODL Holding Corp., the parent company of PIL. The PIL Loan Facility is a five-year credit facility, which matures in December 2027, pays semi-annually, and amortizes during the term of the loan with a scheduled \$45.0 million payment due upon maturity. The PIL Loan Facility has two tranches: a \$100.0 million amortizing tranche that pays a SOFR six-month term plus margin of 7.25% per annum and a \$20.0 million bullet maturity tranche that pays a fixed rate of 11.0% per annum. The conditions precedent to the PIL Loan Facility were fully satisfied, and both tranches of the facility were funded on March 31, 2023.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

The PIL Loan Facility was recognized net of an original issue discount of \$5.1 million, and directly attributable transaction costs of \$1.1 million, primarily related to underwriter fees, legal fees, registration fees and other professional fees. In addition, a \$10.5 million debt service reserve account for the PIL Loan Facility was constituted.

The proceeds of the PIL Loan Facility were used to repay in full the 2025 Puerto Bahia Debt maturing in June 2025, which had an outstanding balance plus accrued interest of \$106.2 million, pay transaction fees and expenses, and fund a 6-month debt service reserve account (for further information, refer to Note 13 of the Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2023). The PIL Loan Facility has no impact on the Company's financial covenant calculations under the 2028 Unsecured Notes.

On February 16, 2024, as part of the PIL Loan Facility (Tranche A-2), the Company entered into an accordion facility agreement of \$30.0 million with its lenders, to secure the funding for the connection project between Puerto Bahia's port facility and the Cartagena refinery operated by Refineria de Cartagena S.A.S. ("**Reficar**", together with the connection project the "**Reficar Connection Project**"). On February 23, 2024, lenders disbursed \$8.8 million, and additional resources are expected to be disbursed in June 2024 and August 2024, each of \$10.0 million. The accordion facility was recognized, net of an original issue discount of \$1.2 million, primarily related to lender's fees and legal fees discounted at the disbursement.

As at March 31, 2024, the carrying value of the PIL Loan Facility was \$104.6 million (December 31, 2023: \$95.6 million). As at March 31, 2024, the PIL Loan Facility debt service reserve account had a balance of \$11.9 million (December 31, 2023: \$11.3 million).

Bancolombia Working Capital Loan

On October 24, 2023, the Company entered into a one-year working capital loan agreement with Bancolombia S.A. ("**Bancolombia**"), denominated in COP, with a principal amount of COP 75,000 million (equivalent to \$18.2 million) maturing on October 29, 2024, with an interest rate of IBR + 4.00%, payable quarterly (the "**Bancolombia Working Capital Loan**"). On October 30, 2023, Bancolombia disbursed the total amount of the loan. The main purpose of the Bancolombia Working Capital Loan is to fund general corporate purposes. In connection to the Bancolombia Working Capital Loan, the Company entered into a foreign exchange forward on October 31, 2023, hedging the original loan amount at a forward rate of COP 4,386.17, with a maturity date on October 29, 2024.

Concurrent with the closing of the Bancolombia Working Capital Loan, the Company repaid in full the existing Citibank working capital loan, which had an outstanding balance of \$12.0 million (for further information, refer to Note 13 of the Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2023). As at March 31, 2024, the carrying value of the Bancolombia Working Capital Loan was \$19.5 million (December 31, 2023: \$19.6 million).

PetroSud Loans

On December 30, 2021, the Company acquired 100% of the issued and outstanding shares of Petroleos Sud Americanos S.A. ("**PetroSud**") (for further information, refer to Note 4 of the 2022 Annual Financial Statements).

On March 15, 2019 and December 20, 2021, PetroSud entered into two credit agreements with Banco Davivienda S.A. ("**Banco Davivienda**") for a principal amount of \$22.0 million and \$2.8 million, respectively (the "**PetroSud Debt**"). Both agreements originally had a maturity date in December 2023.

On September 15, 2023, Banco Davivienda approved an extension for the original \$22.0 million loan, with an outstanding balance of \$5.9 million as of December 31, 2023, extending the maturity date to June 2024. On March 11, 2024, the Company paid the outstanding balance of \$5.9 million to Banco Davivienda.

On December 13, 2023, Banco Davivienda approved an extension for the original \$2.8 million loan, with an outstanding balance of \$2.8 million as at March 31, 2024, extending the maturity date to June 2024. The PetroSud Debt bears interest at three-month SOFR plus 5.30%, payable quarterly.

The PetroSud Debt is subject to certain covenants that require PetroSud to maintain a financial debt to EBITDA ratio of less than or equal to 3.50:1.0 and an operating free cash flow plus the debt reserve account balance to debt service ratio that is greater than or equal to 1.20:1.0. As of March 31, 2024, PetroSud was in compliance with all such covenants.

Notes to the Interim Condensed Consolidated Financial Statements

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

14. Asset Retirement Obligations

	2024
As at January 1	\$ 186,524
Accretion expense	2,332
Additions	2,242
Changes in estimates	3,222
Liabilities settled	(645)
Recovery of asset retirement obligations	(1,042)
As at March 31	\$ 192,633

	March 31 2024	December 31 2023
Current portion	\$ 41,117	\$ 44,962
Non-current portion	151,516	141,562
Total	\$ 192,633	\$ 186,524

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 \$310.9 million (2023: \$300.5 million), expected to be executed between 2024 and 2049, of which \$258.8 million (2023: \$290.4 million) relates to Colombia, \$8.3 million (2023: \$8.3 million) to Peru and \$1.8 million (2023: \$1.9 million) to Ecuador.

During the three months ended March 31, 2024, the Company recognized an increase in ARO due to changes in estimates of \$3.2 million, which includes an increase of \$7.3 million related to updated cost estimates, a decrease of \$3.6 million related to updating the risk-free and inflation rates and decrease of \$0.5 million due to the impact of foreign exchange rates. A total of \$5.8 million relating to changes in estimates was recognized within Properties, Plant and Equipment (Note 10).

The risk-free and inflation rates used for discounting to present value are as follows:

- A risk-free rate between 9.17% and 11.35% and an inflation rate between 2.60% and 3.20% for cash flows expected to be settled in COP for Colombia (2023: risk-free rate between 9.56% and 10.96% with inflation rate between 2.60% and 3.20%); and
- A risk-free rate between 23.82% and 24.27% and an inflation rate between 1.30% and 2.00% for cash flows expected to be settled in U.S. dollars for Ecuador (2023: risk-free rate between 0.00% and 24.78% with inflation rate between 0.00% and 2.00%).

15. Related-Party Transactions

The following table provides the total balances outstanding, commitments and transactional amounts with related parties, as at March 31, 2024, and December 31, 2023, and for the three months ended March 31, 2024, and 2023, respectively:

	March 31, 2024 and December 31, 2023			Three Months Ended March 31	
		Accounts Receivable	Accounts Payable	Commitments	Purchases / Services
ODL (Note 12)	2024	\$ 63,536	\$ 320	\$ 928	\$ 7,452
	2023	—	3,141	2,380	6,910

The related-party transactions correspond to the ship-or-pay contract for the transportation of crude oil in Colombia for a total commitment of \$0.9 million until 2024 (Note 18).

16. 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 and foreign exchange) that could have a significant impact on profitability, operating cash flows and the value of financial instruments.

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited; in thousands 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, presented at the gross carrying amounts, prior to the expected credit loss (“ECL”) model allowances:

As at	March 31 2024	December 31 2023
Trade receivables before ECL	\$ 45,346	\$ 26,723
Allowance for ECLs - trade receivables	(15,657)	(15,657)
Trade receivables	29,689	11,066
Other receivables:		
Receivables from joint arrangements	27,961	27,864
VAT receivable and others	25,420	43,882
Other receivables ⁽¹⁾	74,011	9,657
Allowance for ECLs - other receivables	(6,739)	(6,746)
Other receivables	\$ 120,653	\$ 74,657
Withholding tax and others - not considered for credit risk	(25,420)	(43,882)
Total financial assets carried at amortized cost	\$ 124,922	\$ 41,841

⁽¹⁾ Includes account receivables related to dividends of \$54.9 million and a return of capital of \$7.9 million (Note 12).

Reconciliation of ECLs

The following table shows a continuity of ECLs:

	2024
As at January 1	\$ 22,403
Effect of exchange rate changes	(7)
As at March 31	\$ 22,396

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 equivalents.

The following table summarizes the undiscounted cash outflows relating to contractual maturities of the Company's non-derivative financial liabilities as at March 31, 2024:

Financial Liability Due In	2024	2025	2026	2027	2028	Subsequent to 2029	Total
Accounts payable, accrued liabilities and others payables ⁽¹⁾	\$ 447,306	\$ 2,420	\$ —	\$ —	\$ —	\$ —	\$ 449,726
Short-term and long-term debt	50,120	17,000	20,000	42,000	403,100	—	532,220
Interest on short-term and long-term debt	46,815	41,160	38,126	35,312	15,754	—	177,167
Lease liabilities	5,541	5,745	5,364	2,443	2,411	2,331	23,835
Total	\$ 549,782	\$ 66,325	\$ 63,490	\$ 79,755	\$ 421,265	\$ 2,331	\$ 1,182,948

⁽¹⁾ Includes provisions of \$128.9 million, which do not have a definitive amortization term and are therefore classified as current liabilities. These provisions are not expected to be settled within the next 12 months.

Notes to the Interim Condensed Consolidated Financial Statements

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

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

	March 31 2024	December 31 2023
Trade and other payables	\$ 142,382	\$ 155,829
Accrued liabilities	90,618	81,709
Supplier holdbacks and advances ⁽¹⁾	70,596	43,224
Withholding and tax provisions ⁽²⁾	12,266	17,403
Share-based payment liability	4,964	4,857
	320,826	303,022
Provision for contingencies and others	128,900	126,495
Total accounts payable and accrued liabilities	\$ 449,726	\$ 429,517

⁽¹⁾ Includes a prepayment of \$27.8 million received from a customer, expected to be settled during the second quarter 2024.

⁽²⁾ Since March 1, 2024, Colombia tax rules decreased the self-withholding tax rates related to crude oil extraction and exportation from 9.9% to 5.6%.

The Company has various uncommitted bilateral letters of credit. As at March 31, 2024, the Company had issued letters of credit and guarantees for exploration and abandonment funds totaling \$135.4 million (December 31, 2023: \$135.7 million).

Restricted Cash

As at March 31, 2024, the Company has short-term and long-term restricted cash of \$27.1 million (December 31, 2023: \$30.3 million) in trust accounts primarily to cover future abandonment obligations, and restricted funds related to the PIL Loan Facility.

iii) Market and Interest Risk

Market and interest risk are the risks 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 and foreign exchange hedging instruments to manage foreign currency fluctuations.

Risk Management Contracts

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

Risk Management Contracts - Crude Oil

As part of its risk management strategy, the Company uses derivative commodity instruments to manage exposure to price volatility by hedging a portion of its oil production. The Company's strategy is designed to protect a minimum of 40% of the estimated production with a tactical approach, using derivative commodity instruments to protect the revenue generation and cash position of the Company, while maximizing the upside.

Type of Instrument	Term	Benchmark	Volume (bbl)	Avg. Strike Prices	Carrying Amount	
				Put \$/bbl	Assets	Liabilities
Put	April to June 2024	Brent	1,333,492	72.00	\$ —	\$ 3,517
Put	July 2024	Brent	452,000	75.00	—	697
Put	August 2024	Brent	430,000	76.50	—	225
Total as at March 31, 2024					\$	\$ 4,439
Total as at December 31, 2023					\$	\$ 1,275

Risk Management Contracts - Foreign Exchange

The Company is exposed to foreign currency fluctuations. Such exposure arises primarily from expenditures that are incurred in COP and its fluctuation against the USD.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

Type of Instrument	Term	Benchmark	Notional Amount / Volume in USD	Avg. Put / Call	Carrying Amount	
				Par forward (COP\$)	Assets	Liabilities
Zero-cost collars	April to June 2024	USD / COP	60,000,000	4,125/4,763	\$ 4,146	\$ —
Forward	October, 2024	USD / COP	17,099,200	4,386	1,744	—
Total as at March 31, 2024					\$ 5,890	\$ —
Total as at December 31, 2023					\$ 10,113	\$ —
					Assets	Liabilities
Total Risk Management Contracts as at March 31, 2024					\$ 5,890	\$ 4,439
Total Risk Management Contracts as at December 31, 2023					\$ 10,665	\$ 1,275

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

	Three Months Ended March 31	
	2024	2023
Premiums paid on oil price risk management contracts, net	\$ (3,489)	\$ (3,175)
Realized gain on foreign exchange risk hedge	2,615	—
Realized loss on risk management contracts	(874)	(3,175)
Unrealized (loss) gain on risk management contracts	(7,939)	4,825
Total (loss) gain on risk management contracts	\$ (8,813)	\$ 1,650

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 March 31, 2024 and December 31, 2023:

	Period	Carrying Value	Fair Value		
			Level 1	Level 2	Level 3
Financial Assets Measured at Fair Value through Profit and Loss					
Risk management assets	2024	\$ 5,890	\$ —	\$ 5,890	\$ —
	2023	10,665	—	10,665	—
Financial Assets Measured at Fair Value through Other Comprehensive Income					
Investments in equity instruments	2024	\$ 1,485	\$ —	\$ —	\$ 1,485
	2023	1,712	—	—	1,712
Financial Liabilities Measured at Fair Value through Profit and Loss					
Risk management liabilities	2024	\$ (4,439)	\$ —	\$ (4,439)	\$ —
	2023	(1,275)	—	(1,275)	—
Financial Liabilities Measured at Amortized Cost					
2028 Unsecured Notes	2024	\$ (392,376)	\$ —	\$ (319,645)	\$ —
	2023	(393,660)	—	(300,380)	—
Other short-term and long-term debt (Note 13)	2024	\$ (126,916)	\$ —	\$ (133,720)	\$ —
	2023	(123,944)	—	(129,722)	—

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

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited; in thousands 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 its business while maintaining compliance with the terms and conditions of financial obligations. The Company manages its capital structure and adjusts as necessary 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 buy back 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 debt covenant ratios associated with the Company's outstanding 2028 Unsecured Notes, 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:

	March 31 2024	December 31 2023
Equity attributable to equity holders of the Company	\$ 1,809,389	\$ 1,823,598
Long-term debt	469,172	465,452
Working capital (surplus) deficit ⁽¹⁾	(6,817)	61,855
Total	\$ 2,271,744	\$ 2,350,905

⁽¹⁾ Working capital (surplus) deficit is a capital management measure, according to NI 52-112 - Non-GAAP and Other Financial Measures Disclosure, and is defined as the net of total current assets after deducting total current liabilities, including the current portion of long-term debt.

17. Supplemental Disclosure on Cash Flows

Changes in non-cash working capital are as follows:

	Three Months Ended March 31	
	2024	2023
Increase (decrease) in accounts payable and accrued liabilities	\$ 14,661	\$ (4,328)
Increase in accounts receivable	(15,429)	(15,683)
Increase (decrease) in income taxes payable	85	(4,429)
Increase in inventories	(12,840)	(10,818)
(Increase) decrease in prepaid expenses and deposits	(2,078)	815
Decrease (increase) in income taxes receivable	7,619	(2,396)
Changes in working capital (excluding cash)	\$ (7,982)	\$ (36,839)
Attributable to		
Operating activities	\$ (1,508)	\$ (46,843)
Investing activities	(6,474)	10,004
Changes in working capital (excluding cash)	\$ (7,982)	\$ (36,839)

Notes to the Interim Condensed Consolidated Financial Statements

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

18. Commitments and Contingencies

Commitments

The Company's commitments as at March 31, 2024, undiscounted and by calendar year, are presented below:

As at March 31, 2024	2024	2025	2026	2027	2028	Subsequent to 2029	Total
Transportation							
Ocensa P-135 ship-or-pay agreement	\$ 54,620	\$ 36,363	\$ —	\$ —	\$ —	\$ —	\$ 90,983
ODL agreements	928	—	—	—	—	—	928
Other transportation and processing commitments	11,424	12,697	12,697	569	—	—	37,387
Exploration and evaluation							
Minimum work commitments ⁽¹⁾	5,817	27,748	50,236	12,660	—	5,066	101,527
Other commitments							
Operating purchases, community obligations and others	67,810	9,608	7,474	3,221	259	2,893	91,265
Energy supply	22,809	6,521	9,300	5,214	—	—	43,844
Total	\$ 163,408	\$ 92,937	\$ 79,707	\$ 21,664	\$ 259	\$ 7,959	\$ 365,934

⁽¹⁾ Includes minimum work commitments relating to E&E activities in Colombia and Ecuador until the contractual phase, when the Company will decide whether to continue or relinquish the exploration areas.

Oleoducto Central S.A. ("Ocensa") and Cenit Pledge

In May 2022, a new ship-or-pay contract with Bicentenario and Cenit entered into force, and as a result, the pledged inventory crude oil is stored in Cenit's terminal of Coveñas (TLU-3) instead of Ocensa's terminal. On March 31, 2022, the Company signed a new pledge agreement with Ocensa and Cenit, which guarantees the payment obligations of both contracts, up to \$30.0 million and \$6.0 million, respectively. On February 21, 2024, the term of the pledge agreement was extended to September 30, 2024 with Ocensa and to October 31, 2024 with Cenit.

Contingencies

The Company is involved in various claims and litigation arising from 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 25 - Commitments and Contingencies of the 2023 Annual Consolidated Financial Statements.

Quifa Late Delivery Volumes Claim

On September 20, 2016, Ecopetrol S.A. ("**Ecopetrol**") filed a lawsuit against the Company before the Court alleging that the Company breached the Quifa association agreement due to the alleged late delivery of the volume of crude oil produced during the period between April 3, 2011 and April 14, 2013. Consequently, Ecopetrol requested payment of \$8.5 million, representing the difference between the value of the barrels of crude oil allegedly not delivered on time and the value the barrels of crude oil had on that delivery date. In addition, Ecopetrol requested the Company pay a LIBOR (six months) +3.25% from the time the delivery was due until the time of the payment.

In March 2021, the Company received notification that the Court had decided in favour of Ecopetrol and awarded \$8.5 million, as adjusted by the Consumer Price Index. The Company filed an appeal against the first instance ruling on March 16, 2021.

On March 17, 2023, the Council of State issued a final ruling revoking what was decided by the Court in the first instance, ruling and stating that the statute of limitations barred Ecopetrol's judicial action. In addition, the Council of State ordered Ecopetrol to pay the Frontera Colombia's judicial costs, which amount to approximately \$0.3 million. As a result, the Company recorded a reversal of a liability provision of \$9.3 million recognized in 2021.

On August 28, 2023, Ecopetrol filed a constitutional action (tutela) in order to revoke the final decision of the Council of State that declared the statute of limitations applied to Ecopetrol's claim of the difference in the value of the barrels of crude oil as a consequence of the late delivery by the Company, in the amount of \$8.5 million plus interest. The Company was linked to the proceeding as an interested third party and, on September 7, 2023, filed a statement of defense.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

On September 27, 2023, the Council of State issued a first instance ruling in which it declared inadmissible the constitutional action (tutela) filed by Ecopetrol due to its lack of constitutional relevance. Ecopetrol appealed this decision and on March 18, 2024, the Council of State delivered its final ruling, dismissing the constitutional action (tutela) filed by Ecopetrol. The favorable decision for Frontera issued last year stands. The final ruling clarified that the statute of limitations did indeed apply to Ecopetrol's claim concerning the interests related to Quifa's high price clause participation ("**PAP**").