FRONTERA ENERGY CORPORATION

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED

DECEMBER 31, 2021

DATED: MARCH 2, 2022

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NOTE TO READER

The information in this Annual Information Form dated March 2, 2022 for the fiscal year ended December 31, 2021 ("**AIF**") is stated as at December 31, 2021, unless otherwise indicated. All dollar amounts are expressed in U.S. dollars and references to "$" are to U.S. dollars unless otherwise indicated. References to C$ are to Canadian dollars.

This AIF contains forward-looking statements based on Frontera's current expectations, assumptions and beliefs. Such information involves a number of known and unknown risks and uncertainties, including those discussed in this document in the "Risk Factors" section, and other factors that may cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. See "Forward-Looking Information".

Reference made in this AIF to other documents or information or documents available on a website does not constitute the incorporation by reference into this AIF of such other documents or such other information or documents available on such website, unless otherwise stated.

GLOSSARY OF TERMS AND ABBREVIATIONS

Capitalized terms used, but not otherwise defined in this AIF, have the meanings set out below. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**2019 CGX Warrants**" has the meaning given to such term under the heading "General Development of the Business – Three Year History – Period Ending December 31, 2019".

"**2021 Annual Financial Statements**" means the audited annual financial statements for the years ended December 31, 2021 and 2020, available on SEDAR at www.sedar.com.

"**2023 Unsecured Indenture**" means the indenture governing the 2023 Unsecured Notes.

"**2023 Unsecured Notes**" means the Company's formerly outstanding $350 million unsecured notes issued pursuant to the 2023 Unsecured Indenture and due 2023, but which were fully redeemed on July 7, 2021.

"**2025 Puerto Bahia Debt**" means the debt facility, in the principal amount of $370 million, dated October 4, 2013, between *inter alia*, Puerto Bahia, Itaú BBA Colombia S.A. and other lenders, which matures in June 2025, for the construction and development of the Port Facility.

"**2028 Unsecured Indenture**" means the indenture governing the 2028 Unsecured Notes.

"**2028 Unsecured Notes**" means the Company's currently outstanding $400 million unsecured notes issued pursuant to the 2028 Unsecured Indenture and due on June 21, 2028.

"**Amended and Restated Rights Plan**" has the meaning given to such term under the heading "Description of Capital Structure – General Description of Capital Structure – Shareholder Rights Plan".

"**ANH**" means the Agencia Nacional de Hidrocarburos, the governmental entity in Colombia responsible for the granting of exploration and exploitation agreements with respect to hydrocarbons.

"**Audit Committee**" means the audit committee of the Board.

"**Awards**" has the meaning given to such term under the heading "Description of Capital Structure – General Description of Capital Structure – Incentive Plan".

"**BCBCA**" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, C. 57, as amended, including the regulations promulgated thereunder.

"**BIC Pipeline**" means the Oleoducto Bicentenario pipeline, a Colombian pipeline that connects the Araguaney Station in Casanare Department to the Banadia Station in Arauca Department.

"**Bicentenario**" means Oleoducto Bicentenario de Colombia S.A.S., owner of the BIC Pipeline.

"**Board**" means the board of directors of the Company.

"**Bridge Loan**" has the meaning given to such term under the heading "General Development of the Business – Three Year History – Period Ending December 31, 2019".

"**BTG Instrument**" has the meaning given to such term under the heading "Description of Capital Structure – Material Debt Facilities – Other Debt Instruments".

"**Catalyst**" means The Catalyst Capital Group Inc., or any funds managed or administered by it or its affiliates.

"**CENIT**" means Cenit Transporte y Logística de Hidrocarburos S.A.S, a subsidiary of Ecopetrol and owner and operator of the CLC Pipeline.

"**CGX**" means CGX Energy Inc., a Canadian public company, listed on the TSX Venture Exchange (TSXV:OYL), a majority-owned subsidiary of the Company and part owner and operator of the Company's Guyana blocks.

"**CGX Rights Offering**" has the meaning given to such term under the heading "General Development of the Business – Three Year History – Period Ending December 31, 2021".

"**CLC Pipeline**" means the Caño Limón-Coveñas pipeline, a Colombian pipeline that connects the Banadia Station in Arauca Department to the Coveñas terminal on Colombia's Caribbean coastline in Sucre Department.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" or "**Frontera**" means Frontera Energy Corporation and includes, where the context dictates, its subsidiaries on a consolidated basis.

"**Compensation and Human Resources Committee**" means the compensation and human resources committee of the Board.

"**Conciliation Agreement**" has the meaning given to such term under the heading "General Development of the Business – Three Year History – Period Ending December 31, 2021".

"**COSO**" means the Committee of Sponsoring Organizations of the Treadway Commission.

"**D&M**" means DeGolyer and MacNaughton, an independent petroleum engineering consulting firm.

"**DRIP**" has the meaning given to such term under the heading "Dividends and Distributions".

"**DSUs**" has the meaning given to such term under the heading "Description of Capital Structure – General Description of Capital Structure – Incentive Plan".

"**E&P**" means exploration and production.

"**Ecopetrol**" means Ecopetrol S.A., the Colombian majority state-owned oil and gas company.

"**Equity Contribution Agreement**" has the meaning given to such term under the heading "Description of Capital Structure – Material Debt Facilities – Puerto Bahia Secured Syndicated Credit Loan".

"**ERM**" means enterprise risk management.

"**FECC**" means Frontera Energy Colombia AG, a company duly incorporated under the laws of Schaffhausen, Switzerland and a wholly-owned subsidiary of the Company.

"**Frontera Bahia**" means Frontera Bahia Holding Ltd. (formerly Pacinfra Holding Ltd.), a wholly-owned subsidiary of the Company which holds, directly and indirectly, part of the Company's partial interests in Puerto Bahia.

"**Frontera Offshore Peru**" means Frontera Energy Offshore Perú S.R.L., a company duly incorporated under the laws of Peru, and a wholly-owned subsidiary of the Company.

"**Guyana Port Project**" has the meaning given to such term under the heading "Description of the Business – Midstream Activities – Guyana Port Project".

"**Incentive Plan**" has the meaning given to such term under the heading "Description of Capital Structure – General Description of Capital Structure – Incentive Plan".

"**IVI**" means Infrastructure Ventures Inc., a majority-owned subsidiary of the Company which holds debt and equity interests in Puerto Bahia.

"**Maersk**" means Maersk Drilling Holdings Singapore Pte. Ltd., a subsidiary of The Drilling Company of 1972 A/S.

"**Maersk Discoverer**" means the semi-submersible drilling unit owned by Maersk.

"**NCIB**" means normal course issuer bid.

"**NorPeruano Pipeline**" means the Peruvian pipeline that connects Block 192 to the export terminal at Bayovar on the Pacific coast.

"**Ocensa**" means the Oleoducto Central S.A., owner of the Ocensa Pipeline.

"**Ocensa Pipeline**" means the Colombian pipeline that connects the Cusiana and Cupiagua fields in Casanare Department to the Coveñas export terminal on Colombia's Caribbean coastline in Sucre Department.

"**ODC Pipeline**" means the Oleoducto de Colombia pipeline, a Colombian pipeline that connects the Vasconia Station in Boyacá Department to the Coveñas terminal on Colombia's Caribbean coastline in Sucre Department.

"**ODL**" means Oleoducto de los Llanos Orientales S.A., owner of the ODL Pipeline.

"**ODL Pipeline**" means Oleoducto de los Llanos pipeline, a Colombian pipeline that connects the Rubiales field to the Monterrey Station or Cusiana Station in Casanare Department.

"**OGD Pipeline**" means the Guaduas-La Dorada pipeline, a Colombian pipeline that connects the Guaduas Station in Cundinamarca Department to the La Dorada Station in Caldas Department.

"**OPEC**" means the Organization of Petroleum Exporting Countries.

"**Parex**" has the meaning given to such term under the heading "General Development of the Business – Three Year History – Period Ending December 31, 2020".

"**Perupetro**" means Perupetro S.A., the Peruvian governmental entity responsible for promoting, negotiating, underwriting and monitoring contracts for exploration and exploitation of hydrocarbons in Peru.

"**PetroSud**" means Petroleos Sudamericanos Energy, a wholly-owned subsidiary of the Company.

"**PetroSud Debt**" has the meaning given to such term under the heading "Description of Capital Structure – Material Debt Facilities – PetroSud Credit Loans".

"**PIL**" means Pipeline Investment Ltd. (formerly ODL JV Limited, and prior to that, Pacific Midstream Ltd.), a partially-owned subsidiary of the Company which holds a 35% equity interest in ODL.

"**Port Facility**" has the meaning given to such term under the heading "Description of the Business – Midstream Activities – Puerto Bahia".

"**Preferred Shares**" has the meaning given to such term under the heading "Description of Capital Structure – General Description of Capital Structure – Preferred Shares".

"**production**" means working interest production before royalties, and total volumes produced from service contracts.

"**Puerto Bahia**" means Sociedad Portuaria Puerto Bahia S.A., a partially-owned subsidiary of the Company that is the owner and operator of the Port Facility.

"**Right**" has the meaning given to such term under the heading "Description of Capital Structure – General Description of Capital Structure – Shareholder Rights Plan".

"**RSUs**" has the meaning given to such term under the heading "Description of Capital Structure – General Description of Capital Structure – Incentive Plan".

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval at www.sedar.com.

"**Shareholder**" means a holder of Common Shares.

"**TSX**" means the Toronto Stock Exchange.

"**Uncommitted LCs**" has the meaning given to such term under the heading "Description of Capital Structure – Material Debt Facilities – Other Debt Instruments".

"**W.I.**" means working interest.

Technical Terms

"**barrel**" means the volume unit of measure of liquid hydrocarbons equivalent to forty-two (42) U.S. gallons, corrected to standard conditions (a temperature of sixty degrees Fahrenheit (60ºF) and one (1) atmosphere of absolute pressure).

"**hydrocarbons**" means all the organic compounds mainly composed of the natural mixture of carbon and hydrogen, as well as of those substances that accompany them or are derived from them.

"**natural gas**" means the mixture of hydrocarbons in a gaseous state, under standard conditions (a temperature of sixty degrees Fahrenheit (60ºF) and one (1) atmosphere of absolute pressure), composed of the most volatile members of the paraffin series of hydrocarbons.

Abbreviations

The following is a list of abbreviations used in this AIF.

Oil and Natural Gas Liquids		**Natural Gas**	
bbl	barrels	Mcf	thousand cubic feet
bbl/d	barrels per day	MMcf/d	million cubic feet per day
MMbbl	million barrels		

Other

boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
MMboe	million barrels of oil equivalent
WTI	West Texas Intermediate

BOE Conversion

The term “boe” is used in this AIF. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of cubic feet to barrels is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In this AIF, boe has been expressed using the Colombian conversion standard of 5.7 Mcf to 1 bbl required by the Colombian Ministry of Mines and Energy. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 5.7 to 1, utilizing a conversion on a 5.7 to 1 basis may be misleading as an indication of value.

CORPORATE STRUCTURE

General

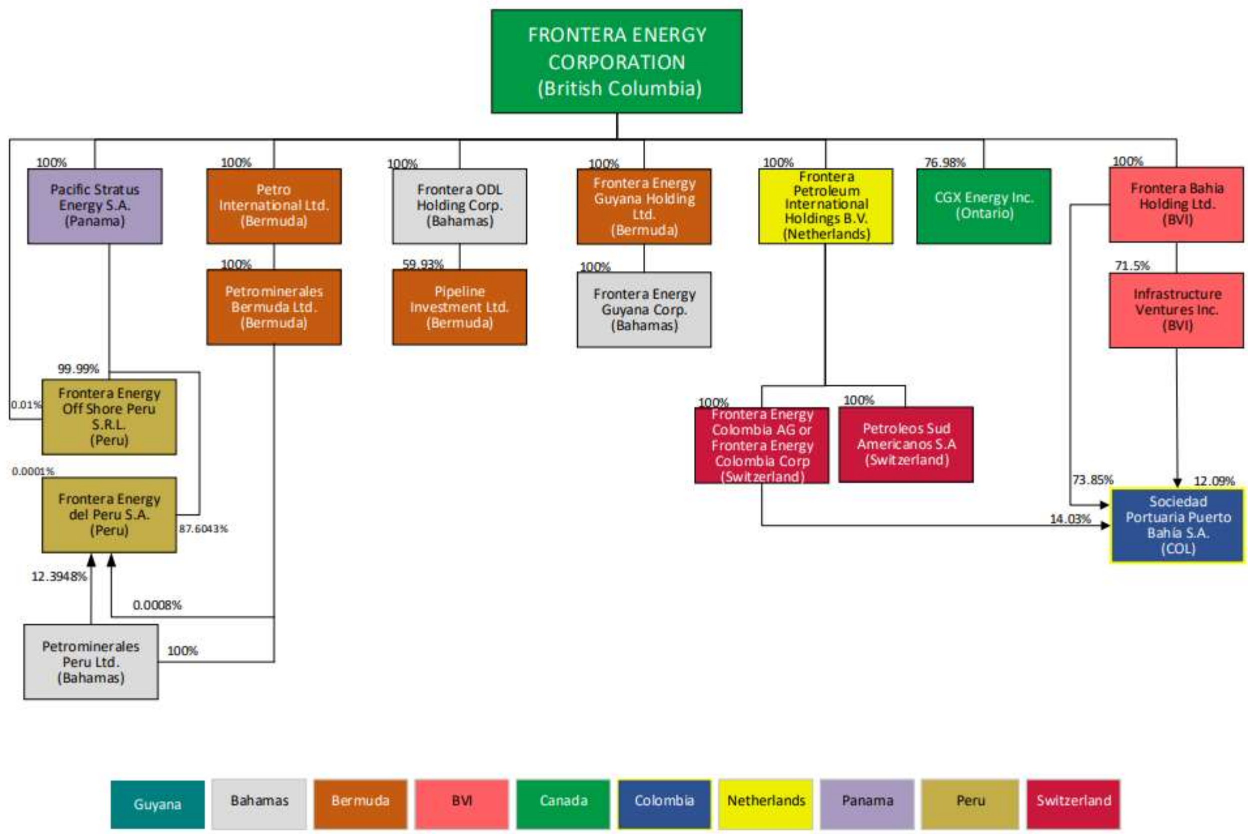
Frontera Energy Corporation was incorporated under the laws of the Province of British Columbia on April 10, 1985, pursuant to the *Company Act* (British Columbia). Subsequently, the Company was continued as a corporation of the Yukon Territories on May 22, 1996 and continued back into the Province of British Columbia on July 9, 2007 under the BCBCA.

The Company’s articles were amended and restated on May 20, 2020, to (a) reflect best practices including: (i) providing the Board with the authority to determine that a meeting of Shareholders be held entirely or in part by electronic or other communication mediums; (ii) permitting any vote at a meeting of Shareholders be held entirely or partially by means of electronic or other communication mediums; and (iii) setting the quorum necessary for the transaction of the business of the directors at a meeting of the Board at the majority of directors; and (b) remove provisions of the Articles that, pursuant to the terms of the Articles, are no longer in effect.

The Company’s head office is located at 1610, 222 – 3rd Avenue S.W., Calgary, Alberta, T2P 0B4, and its registered office is located at 1500 Royal Centre, 1055, West Georgia Street, P.O. Box 11117 Vancouver, British Columbia, V6E 4N7.

Intercorporate Relationships

The Company's organizational structure facilitates its business as a global company with operations primarily located in South America. The following chart illustrates certain subsidiaries of the Company, together with their respective jurisdictions of incorporation/formation and share ownership as at December 31, 2021. The chart does not include all of the subsidiaries of the Company. The assets and revenues of excluded subsidiaries did not individually exceed 10%, and in the aggregate exceed 20%, of the total consolidated assets or total consolidated revenues of the Company as at December 31, 2021.



Notes:

(1) CGX is a Canadian-based oil and gas exploration company focused on the exploration for oil and gas in the Guyana-Suriname Basin and is listed on the TSX Venture Exchange. On November 1, 2021, Frontera acquired 45,083,314 common shares of CGX in connection with a rights offering by CGX announced on September 24, 2021. As consideration for providing a standby commitment in connection with such rights offering, Frontera also received five-year warrants to purchase up to 1,173,774 common shares of CGX at an exercise price equal to US$1.51 per share. Following the issuance of the CGX common shares, the Company holds approximately 76.98% of the issued and outstanding common shares of CGX on a non-diluted basis (previously 73.85%).

GENERAL DEVELOPMENT OF THE BUSINESS

<u>Recent Developments</u>

Period Beginning on January 1, 2022 and Ending on March 2, 2022

As at March 1, 2022, the Company had repurchased for cancellation a total of 4,051,100 Common Shares for approximately $23.0 million under its NCIB, with an additional 1,146,512 Common Shares available for repurchase under the NCIB. The Company's current NCIB commenced on March 17, 2021 and expires on March 16, 2022.

On February 14, 2022, the Company and CGX, a majority-owned subsidiary and co-venturer in the Corentyne block offshore Guyana, announced that the joint venture's Kawa-1 well had encountered approximately 200 feet (61 metres) of net pay within Maastrichtian, Campanian and Santonian horizons based on wireline logging data. The joint venture did not get MDT data or sidewall core samples and has engaged an independent third-party to complete further detailed studies and laboratory analysis on drilling cuttings from the Santonian, Campanian and Maastrichtian intervals and well-bore fluid samples to evaluate in situ hydrocarbons. Preliminary results from the Santonian interval indicate the presence of liquid hydrocarbons in the reservoir. Results from the Campanian and Maastrichtian intervals are pending.

On February 14, 2022, the joint venture also announced that as a result of the initial positive results at the Kawa-1 exploration well, the joint venture will focus on the significant exploration opportunities in the Corentyne block and will not engage in drilling activities on the Demerara block in 2022.

On January 31, 2022, the Company and CGX announced that CGX had exercised its option with Maersk to drill a second commitment well using the Maersk Discoverer. The second commitment well, called Wei-1, will target Campanian and Santonian aged stacked channels in the western fan complex in the northern section of the Corentyne block, and is anticipated to spud in the second half of 2022.

On January 28, 2022, Frontera spudded its second exploration well called Tui-1 in the southern portion of the Perico block. The Tui-1 exploration well is expected to be drilled to a total depth of 10,972 feet and is targeting the same formation as the Jandaya-1 well. Additional prospects on the Perico block have been identified and are being matured for future drilling.

On January 19, 2022, the Company announced that it had discovered hydrocarbons at the Jandaya-1 exploration well on the Perico block (Frontera 50% W.I. and operator, GeoPark Limited 50% W.I.) in Ecuador. The Jandaya-1 well is the Company's first operated well in Ecuador and the first well drilled on acreage awarded during Ecuador's 2019 Intracampos Bid Round.

<u>Three Year History</u>

The following is a description of major transactions and events that have influenced the general development of the Company's business during the years ended December 31, 2021, 2020 and 2019.

Period Ending December 31, 2021

In 2021, the Company drilled 42 development wells (including four in the Guatiquia block, 12 in the CPE-6 block, 25 in the Quifa block and one in La Creciente block) and two exploration wells (in the VIM-1 block), and spud two others (one in the Corentyne block and one in the Perico block (Ecuador), which were completed in the first quarter of 2022.

In 2021, production totaled 37,818 boe/d (consisting of 19,326 bbl/d of heavy crude oil, 17,218 bbl/d of light crude oil and medium crude oil combined, 5,022 Mcf/d of conventional natural gas and 393 boe/d of natural gas liquids), lower compared to production of 47,800 boe/d in 2020 (consisting of 24,384 bbl/d of heavy crude oil, 21,519 bbl/d of light and medium crude oil combined, 8,807 Mcf/d of conventional natural gas and 352 boe/d of natural gas liquids), mainly due to the Company voluntarily and temporarily reduced production at Quifa and the closure of Block 192. Production was 6,262 boe/d less in Quifa, 2,599 boe/d less for light crude oil and medium crude oil combined, due to natural decline, and 849 boe/d less for conventional natural gas due to the end of the Orito incremental production contract, Guaduas PF1 and greater decline in La Creciente. Production from Colombia decreased 18.6% in 2021 as compared to 2020, while production from Peru was down by 1,340 boe/d in 2021 as compared to 2020, as a result of the Company's service contract for Block 192 expiring as per its terms and the Company returning operations on the block back to Perupetro in early 2021.

On December 30, 2021, the Company entered into an agreement to acquire the 35% W.I. in Colombia's El Dificil block held by PCR Investments S.A., a wholly-owned subsidiary of Petroquimica Comodoro Rivadavia S.A. for total cash consideration of approximately US$13 million. Closing of this acquisition remains subject to approval by the ANH, which is expected to be received in the second half of 2022. In addition, on December 30, 2021, the Company closed its previously announced acquisition of 100% of the issued and outstanding shares in PetroSud, with operations in Colombia in El Dificil (a 65% working interest), Entrerrios and Rio Meta blocks (a 100% W.I. on each block) for total cash consideration of US$9 million plus the assumption of approximately US$18 million in debt.

On December 30, 2021, the Company through its subsidiaries FECC, Frontera Bahia and IVI, converted certain debt into preferred shares of Puerto Bahia. As a result, the Company now holds approximately 96.55% of the issued and outstanding shares of Puerto Bahia (73.85% through its wholly-owned subsidiary Frontera Bahia, 14.03% through its wholly-owned subsidiary FECC, and 12.13% through IVI (71.5% owned by Frontera Bahia).

On December 16, 2021, the Company and CGX, announced that the cost estimate for the Kawa-1 well had increased from approximately C$115 million to approximately C$125 million. In addition, on December 16, 2021, the Company was awarded the VIM-46 block in Colombia pursuant to the 2021 Colombia Bid Round. The exploration and production contract for this block was entered into on January 18, 2022. See "Description of the Business – Upstream Activities – Exploration and Production Agreements – Colombia".

On December 9, 2021, Frontera Bahia advanced $24.4 million to Puerto Bahia in accordance with the Equity Contribution Agreement. See "Description of Capital Structure – Material Debt Facilities – Puerto Bahia Secured Syndicated Credit Loan".

On December 7, 2021, Frontera spudded the Jandaya-1 exploration well on the Perico block (Frontera 50% W.I. and operator, GeoPark Limited 50% W.I.).

On December 7, 2021, Fitch Ratings affirmed Frontera's Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) at 'B'. Fitch also affirmed Frontera's 2028 Unsecured Notes at 'B/RR4'. The rating outlook is Stable.

On November 24, 2021, the Colombian Ministry of Labour and the Presidential Council for Equity for Women, with technical support from the United Nations Development Program (UNDP), awarded Frontera the Equipares Gold Seal for the Company's commitment and efforts to close gender gaps in the workplace and in the communities where it operates. The Gold Seal is the highest recognition of the program and Frontera is the first oil and gas company to receive this recognition.

On November 11, 2021, the Administrative Tribunal of Cundinamarca approved the conciliation agreement between Frontera, CENIT and Bicentenario (the "**Conciliation Agreement**"), and the parties entered into all final formalities to complete the Conciliation Agreement. The completion of the Conciliation Agreement represented the final step in resolving all disputes between Frontera, CENIT and Bicentenario related to the BIC Pipeline and the CLC Pipeline and terminated all pending arbitration proceedings related to such disputes. See "Legal Proceedings and Regulatory Actions".

On November 3, 2021, the Company tightened and increased its full-year operating EBITDA from $325-$375 million to $360-$380 million.

On November 1, 2021, the Company acquired 45,083,314 additional common shares of CGX pursuant to a rights offering by CGX (the "**CGX Rights Offering**") for an aggregate purchase price of C$73,596,681 (or C$1.63 per common share). Also, as consideration for providing a standby commitment in connection with the CGX Rights Offering, the Company received five-year warrants to purchase up to 1,173,774 common shares of CGX at an exercise price equal to C$1.91 per share. Following the issuance of the CGX common shares, the Company holds approximately 76.98% of the issued and outstanding common shares of CGX on a non-diluted basis (previously 73.85%).

On October 27, 2021, Bancolombia increased its credit line by US$15 million to US$20 million, and in February 2022, the Company received the last approval from Banco BTG Pactual S.A. for the issuance of new SBLCs by US$4 million, for total exposure of US$38 million.

On October 22, 2021, the Company executed and closed a sale and settlement agreement, transferring to Etablissement Maurel & Prom ("**EMP**") 49.999% of all issued and outstanding shares of Maurel & Prom Colombia B.V. ("**M&P**"), which holds 100% interests in the COR-15 and Muisca block in Colombia. Frontera committed to fund $1.6 million in Muisca cash calls and $0.2 million of operating cash of M&P. Additionally, the Company will fund $6 million to be disbursed in 2022 in relation to outstanding commitments at COR-15, subject to certain conditions. Following the transaction, EMP and Frontera settled all mutual obligations and granted certain indemnities to M&P. The transaction decreased an estimated $17.2 million of the Company's exploration obligations. With the closing of this transaction, Frontera terminated a revolving loan agreement, which required the Company to support 100% of any future development costs in the COR-15 license.

On October 8, 2021, the Company entered into a $20 million bridge loan agreement that enabled CGX to continue to finance its share of the costs related to the Corentyne, Demerara and Berbice blocks, the Guyana Port Project, and other budgeted costs as agreed by Frontera, as an advance on Frontera's participation in the CGX Rights Offering. The loan was due and payable (with all interest accrued) on October 31, 2021 or such later date as determined by the Company, at its sole discretion.

On October 1, 2021, Victor Vega was appointed Corporate Vice President, Field Development, Reservoir Management & Exploration, replacing Duncan Nightingale.

On August 22, 2021, the Company and CGX commenced drilling operations on the Kawa-1 exploration well, offshore Guyana, and CGX exercised its option to drill a second well with Maersk using the Maersk Discoverer.

On July 16, 2021, as a result of temporarily reduced water disposal volumes and community concerns which delayed the drilling of a new injector well at Quifa and slower than anticipated recovery of full production levels at CPE-6 following the lifting of road blockades, the Company reduced its production guidance for 2021 from 40,500-42,500 boe/d, as announced March 3, 2021, to 37,500-39,500 boe/d and increased its operating EBITDA from $275-$325 million to $325-$375 million.

On July 16, 2021, the Company increased the credit line with Banco BTG Pactual S.A. by an additional $15 million.

On June 21, 2021, the Company closed the offering of the 2028 Unsecured Notes. The 2028 Unsecured Notes bear interest at a rate of 7.875% per year, maturing in 2028. Certain proceeds from the offering were used to repurchase, at a premium, the Company's previously issued 2023 Unsecured Notes pursuant to a tender offer. The remaining proceeds were used for general corporate purposes. The refinancing transaction improved the Company's debt covenants, extended the maturity and reduced the Company's average cost of debt.

On June 9, 2021, Frontera Bahia advanced $11.4 million to Puerto Bahia in accordance with the Equity Contribution Agreement. See "Description of Capital Structure – Material Debt Facilities – Puerto Bahia Secured Syndicated Credit Loan".

On June 3, 2021, the ANH agreed to extend the CPE-6 boundary area by 115,869 net acres to the north of the current CPE-6 boundary area, bringing the Company's total acreage position to 645,626 net acres, providing the Company with additional near-field exploration and growth opportunities adjacent to its existing and expanding CPE-6 facilities.

In addition, during the second quarter of 2021, the Basilea -1 well was drilled to a total depth of 10,864 feet encountering gas shows through the shallower Porquero Formation but failed to reach its primary target due to mechanical problems. The drill rig was moved to the Planadas-1 location, approximately seven kilometres west of the La Belleza discovery. The Planadas-1 exploration well was drilled to a measured depth of ~13,700 feet and yielded no hydrocarbons. The operator of the block used the sole risk provision to proceed with a sidetracking operation to investigate a nearby updip target.

On June 3, 2021, the Company announced it had reached its on-site storage capacity and had temporarily shut-in approximately 3,600 boe/d of production at its CPE-6 operations due to road blockades in the municipality of Puerto Gaitan, Colombian, which had restricted the Company's ability to transport its production by truck and deliver other essential operational supplies and support to its facilities. The Company resumed production in June 2021, once the blockades were lifted and regular transit in and out of the area resumed.

On May 28, 2021, the Company entered into a $19 million secured bridge loan facility with CGX that enabled CGX to continue to finance its share of the costs related to the Corentyne, Demerara and Berbice blocks, the Guyana Port Project, and other budgeted costs as agreed by Frontera, with such loan being: (a) available for drawdown in tranches on a non-revolving basis until October 31, 2021 or the date on which CGX (or its subsidiaries) enters into a binding transaction that provides funds to repay the amounts outstanding; (b) due and payable (with all interest accrued) on June 30, 2022 or such later date as determined by Frontera; and (c) subject to applicable securities laws including the policies of the TSX Venture Exchange, convertible into common shares of CGX at a conversion price of C$0.89 per share (as adjusted pursuant to anti-dilution provisions) any time after July 15, 2021 in certain circumstances.

On April 22, 2021, the Company and CGX jointly announced that CGX, operator of the Corentyne block, had entered into an agreement with Maersk for the provision of the Maersk Discoverer and associated services to drill the joint venture's Kawa-1 well. In relation to that agreement, Frontera entered into a deed of guarantee with Maersk for certain obligations in connection with the day rates on behalf of CGX, up to a maximum of $25 million, on a sliding scale mechanism.

In March 2021, the Company voluntarily and temporarily reduced production at Quifa as it sought to identify additional water disposal options in the block, increasing the management of the water volume from August 2021.

Effective March 29, 2021, Mr. Raymond Bromark resigned as chair of the Company's Audit Committee, transitioning his responsibilities as chair to current Board member Ellis Armstrong. Mr. Bromark remained as a member of the Audit Committee until the Company's next annual meeting, which was held on May 19, 2021, at which time he did not stand for re-election as a member of the Board. All of the remaining Board members were re-elected at the meeting. As a result, the Board currently consists of seven directors, six of whom are independent.

Effective March 29, 2021, Alejandra Bonilla was appointed General Counsel & Secretary of the Company.

On March 15, 2021, the TSX accepted the Company's notice to initiate an NCIB for its Common Shares, which permits the Company to purchase up to 5,197,612 Common Shares (representing approximately 10% of the Company's "public float" as of March 11, 2021) during the 12-month period commencing March 17, 2021, and ending March 16, 2022. See "Description of Capital Structure – NCIB".

On March 3, 2021, the Company announced the appointment of Board member Orlando Cabrales Segovia as Chief Executive Officer, effective March 15, 2021, replacing Richard Herbert. Mr. Cabrales Segovia remained as a member of the Board.

On February 23, 2021, the Company was recognized as one of the world's most ethical companies in 2021 by Ethisphere, a global leader in defining and advancing the standards of ethical business practice.

On February 16, 2021, the Company and CGX announced that the deadline for drilling an exploration well in the Demerara block, offshore Guyana, pursuant to the work program was extended to February 11, 2022, which has been subsequently extended to February 12, 2023, by drilling two exploration wells.

On February 5, 2021, the Company's service contract for Block 192 expired as per its terms and the Company returned operations on the block to Perupetro. With the expiration of the contract, the Company's obligations on the block are primarily related to the Company's share of environmental commitments and abandonment costs.

Period Ending December 31, 2020

In 2020, the Company drilled 22 development wells (14 in the Quifa block, 6 in the CPE-6 block, one in the Sabanero block and one in the Canaguaro block) and one exploration well in the Guama block (Asai-1), which was a dry hole. All of these blocks are in Colombia.

In 2020, in response to the lower oil price environment and the COVID-19 pandemic, the Company proactively reduced its capital program and shut-in production. Production in 2020 was 47,800 boe/d in 2020 (consisting of 24,384 bbl/d of heavy crude oil, 21,519 bbl/d of light and medium crude oil combined, 8,807 Mcf/d of conventional natural gas and 352 boe/d of natural gas liquids), lower compared to production of 70,875 boe/d in 2019. Production was 8,030 boe/d less due to the reduction in water production volumes in Quifa and the closure of the Cajua and Sabanero fields, 8,295 boe/d less due to closure of the Canaguaro and Cubiro blocks for two months due to low economic profitability and indefinite closure of the Mapache block, and 926 boe/d less due mainly to the failure of one well in La Creciente.

Production from Colombia decreased 27% in 2020 as compared to 2019, while production from Peru was down by 82% in 2020 as compared to 2019.

In 2020, the Company applied the ANH's special program to defer certain eligible exploration commitments in Colombia by 12 months due to the COVID-19 pandemic.

On December 31, 2020, the Company and its joint venture partner, Parex Resources Inc. ("**Parex**"), successfully extended the contract area on the VIM-1 block to cover the whole of the La Belleza discovery. See "Description of the Business – Upstream Activities – Exploration and Production Agreements – Colombia".

On December 30, 2020, the Company, through its subsidiaries Frontera Bahia and IVI, converted certain debt into preferred shares of Puerto Bahia. As a result, the Company then held approximately 94.16% of the issued and outstanding shares of Puerto Bahia (79.54% through its wholly-owned subsidiary Frontera Bahia and 20.4% through IVI (71.5% owned by Frontera Bahia)).

On December 30, 2021, the ANH issued a resolution unifying the Copa, Copa A, Copa B, and Copa C oilfields in the Cubiro block, located in the Llanos Basin in Colombia, in which the Company holds a 100% working interest. The Company filed a reconsideration recourse against that decision on January 17, 2022. The ANH has not yet issued a decision on that recourse.

On December 11, 2020, Frontera Bahia advanced $8 million to Puerto Bahia in accordance with the Equity Contribution Agreement. See "Description of Capital Structure – Material Debt Facilities – Puerto Bahia Secured Syndicated Credit Loan".

On November 27, 2020, the Company and CGX announced that the deadline for drilling an exploration well in the Corentyne Block, offshore Guyana, pursuant to the work program was extended to November 27, 2021.

On November 17, 2020, the Company announced that it had reached an agreement for the joint filing of a petition for approval of the Conciliation Agreement, which, upon completion and approval by the Administrative Tribunal of Cundinamarca, would resolve all the disputes between the parties related to the BIC Pipeline and the CLC Pipeline, and would terminate all the pending arbitration proceedings related to such disputes. See "Legal Proceedings and Regulatory Actions".

Under the Company's previous NCIB that expired on October 17, 2020, the Company purchased for cancellation 2,941,128 Common Shares between October 18, 2019 and October 17, 2020 at a volume weighted average price of C$9.788 per share.

On August 6, 2020, the Company closed an agreement with the IFC to purchase all of IFC's interests in IVI, the parent company of Puerto Bahia. The acquisition terminated a put option and special voting provisions held by the former shareholders. With the acquisition, Frontera acquired control over the future strategic direction of the port with a view to unlocking material value for the Company. As a result of the acquisition, Frontera, through its wholly owned subsidiary Frontera Bahia, increased its ownership to approximately 71.57% of the issued and outstanding shares of IVI. See "Description of the Business – Midstream Activities – Puerto Bahia".

On July 24, 2020, majority lenders of the 2025 Puerto Bahia Debt consented to defer the advance to be made by the Company of $13 million under the Equity Contribution Agreement to Puerto Bahia, from July 25, 2020 to December 15, 2021. See "Description of Capital Structure – Material Debt Facilities – Puerto Bahia Secured Syndicated Credit Loan".

On May 20, 2020, the Shareholders of the Company approved amending and restating the Company's articles. See "Corporate Structure – General".

On April 29, 2020, the Company guaranteed payment to Ocensa through a pledge of crude oil transported in the Ocensa Pipeline, and in return, Ocensa agreed to replace certain requirements under two crude oil transport contracts the Company has in place with Ocensa for future transport capacity. The pledge agreement is valid until March 31, 2022, extendable for another six months. The pledge agreement will automatically terminate if the Company subsequently meets any of the minimum credit requirements as set forth in the ship-or-pay agreement.

On March 31, 2020, David Dyck resigned as Chief Financial Officer and Alejandro Piñeros was appointed Chief Financial Officer.

On March 23, 2020, in response to the lower oil price environment caused by excess global supply and the COVID-19 pandemic, the Company announced a reduction in its 2020 capital plan by approximately 60%, focusing on activities that generate positive cash returns at current oil prices, and accelerating cost savings initiatives. The Company also temporarily shut-in production from certain fields in Colombia with lower field netbacks, including the highest water cut wells in Quifa.

On March 9, 2020, the Company announced that Block 192 in Peru was placed in force majeure, effective February 28, 2020 as a result of a community blockade. The Company notified Perupetro that effective July 30, 2020 the force majeure was lifted, however the block remained with no production as operations were not restarted at that time.

On March 2, 2020, the Company announced that it had executed an extension agreement with Perupetro with respect to the temporary service contract on Block 192 in Peru. The contract, which was due to expire on March 2, 2020, was extended by six months.

On February 6, 2020, the Company announced the successful testing results from the La Belleza-1 well on the VIM-1 block.

Period Ending December 31, 2019

In 2019, the Company drilled 116 development wells (91 in the Quifa block, 14 in the CPE-6 block, five in the Cubiro block, three in the Guatiquia block, two in the Sabanero block and one in the Cravoviejo block) and eight exploration wells (four in the CPE-6 block and one in each of the Mapache, Sabanero, Quifa and VIM-1 blocks).

In 2019, production totaled 70,875 boe/d (consisting of 34,988 boe/d of heavy crude oil, 32,122 boe/d of light crude oil and medium crude oil combined and 3,760 boe/d of conventional natural gas), relatively flat compared to production of 71,032 boe/d in 2018. Production included an additional 3,520 boe/d in heavy crude oil, 346 boe/d less in light crude oil and medium crude oil combined, and 2,324 boe/d less due mainly to the failure of two wells in La Creciente. Production from Colombia increased 1.2% in 2019 as compared to 2018, while production from Peru was down by 11.3% in 2019 as compared to 2018.

In 2019, the Company received ANH approval to transfer approximately $7.5 million in exploration commitments from the Portofino, Llanos-83 and COR-24 blocks to the CPE-6 block.

On December 12, 2019, Frontera Bahia advanced $13.8 million to Puerto Bahia and on June 14, 2019 it advanced $10.9 million in accordance with the Equity Contribution Agreement, both in the form of subordinated loans. See "Description of Capital Structure – Material Debt Facilities – Puerto Bahia Secured Syndicated Credit Loan".

On December 11, 2019, the Company was awarded the Llanos-119 block in Colombia following the successful ANH bid round. The exploration and production contract for the block was executed on December 20, 2019.

On December 4, 2019, the Company appointed René Burgos Díaz to the Board. Following such appointment, the Company's Board totalled eight members, all of whom were independent.

On November 2, 2019, the seismic acquisition of a full broadband marine 3D seismic survey covering approximately 577 kilometres^2 of the north portion of the Corentyne block, offshore Guyana was successfully completed.

On October 18, 2019, the Company renewed a previous NCIB that had previously expired on July 17, 2019.

On October 17, 2019, Colombia's constitutional court confirmed that it would not review the constitutional action initiated by the ANH seeking to revoke an arbitral ruling in favour of the Company's interpretation of the high-price clause (a royalty payment made to the ANH once an exploitation area has cumulatively produced five million or more barrels of oil) on the Corcel block. The case is now closed with constitutional *res judicata* effects.

On September 25, 2019, the Company announced that it had elected to convert the principal amount outstanding ($8.8 million) under its bridge loan to CGX due September 30, 2019 ("**Bridge Loan**") into shares of CGX at a price of $0.22 per share. As a result of the conversion, Frontera acquired an additional 40,000,000 common shares of CGX. Following the conversion of the Bridge Loan, Frontera then owned 197,383,129 common shares of CGX (representing approximately 72.51% on a non-diluted basis).

On August 30, 2019, the ANH approved the transfer of the Company's interest in the Casanare Este block to Invepetrol Limited. This transaction reduced the Company's contractual evaluation net obligations by approximately $9 million.

On August 2, 2019, the Company and CGX announced that a resequencing of the work program in the Corentyne block, offshore Guyana, had been approved by the government of the Cooperative Republic of Guyana. See "Description of the Business – Upstream Activities – Exploration and Production Agreements – Guyana".

On July 3, 2019, the Company was awarded the Llanos-99 block in Colombia following the successful ANH bid round. Subsequently, on July 17, 2019 the Company was also awarded the VIM-22 block in Colombia. The exploration and production contracts for these blocks were entered into on July 18, 2019.

On July 3, 2019, the Company announced that it had been notified by Petroperú, the operator of the NorPeruano Pipeline, of a force majeure event affecting a portion of the pipeline as a result of an attack at Kilometer 237 near pump station 5 of the North Branch Pipeline located in the Manseriche district. On July 30, 2019, the Company announced that the repairs were completed and production on Block 192 was restarted.

On June 17, 2019, the Company announced that it would be added to the S&P/TSX Composite Index, the S&P/TSX Composite Dividend, the S&P/TSX Composite High Dividend and the S&P/TSX Capped Energy Index prior to the opening of trading on June 24, 2019. On June 22, 2020, Frontera was removed from these indices.

On April 1, 2019, Transporte Incorporado S.A.S. ("**Transporte**"), exercised its right to terminate a temporary assignment agreement. As a consequence of the termination, Transporte's transportation capacity rights related to the Ocensa Pipeline were definitively transferred to the Company effective as of April 1, 2019. The Company paid $48.5 million and settled receivables with Transporte of $20.1 million in exchange for the capacity rights, for a total value of $68.6 million. With the termination of the assignment agreement, the Company is no longer required to pay the monthly contractual fee of $1.5 million to Transporte from April 1, 2019, through March 31, 2024. This transaction reduced the Company's transportation commitments in the aggregate amount of $90.0 million.

On March 22, 2019, the Company acquired PIL's ownership interest in Bicentenario for approximately $85 million. The net cash cost of the acquisition was approximately $34 million after the proceeds of the transaction were distributed by PIL to its shareholders. See "Description of the Business – Midstream Activities – Bicentenario".

On March 14, 2019, the Company announced that it acquired 101,316,916 additional common shares of CGX pursuant to a rights offering for an aggregate purchase price of C$25 million (or C$0.25 per common share). Also, as consideration for providing a standby commitment in connection with the rights offering, the Company received 15,009,026 five-year warrants to purchase up to 15,009,026 common shares at an exercise price equal to C$0.415 per common shares (the "**2019 CGX Warrants**"). The Company subsequently exercised the 2019 CGX Warrants on December 29, 2020.

On March 12, 2019, the Company and GeoPark Limited, as part of a consortium (Frontera 50%, GeoPark Limited 50%), were awarded production sharing contracts on two blocks in Ecuador's Intracampos Bid Round. The award was finalized on May 22, 2019 upon receipt of regulatory approval. See "Description of the Business – Upstream Activities – Exploration and Production Agreements – Ecuador".

On January 31, 2019, the Company and CGX entered into a farm-in agreement covering CGX's two offshore petroleum prospecting licences in Guyana, which was subsequently approved and formalized by the government of the Cooperative Republic of Guyana on May 20, 2019. Concurrent with the signing of the farm-in agreement, the Company entered into a standby commitment agreement with CGX whereby it agreed to back-stop the equity rights offering launched by CGX on February 1, 2019. See "Description of the Business – Upstream Activities – Exploration and Production Agreements – Guyana".

On January 29, 2019, Frontera signed a farm-in agreement with Parex. Under the agreement, Parex transferred a 50% working interest in the VIM-1 block in the Lower Magdalena Valley basin in Colombia to Frontera in exchange for funding 100% of the first $10 million of the drilling, testing and completion costs for the La Belleza-1 exploration well in Colombia, after which costs on the block will be split 50/50 with Parex. The transfer was approved by the ANH on November 1, 2019.

DESCRIPTION OF THE BUSINESS

OVERVIEW

Frontera is a Canadian public company involved in the exploration, development, production, transportation, storage and sale of oil and natural gas in South America, including related investments in both upstream and midstream facilities. The Company has a diversified portfolio of assets which consists of interests in 35 exploration and production blocks in Colombia, Ecuador, Guyana and Peru, and in pipeline and port facilities in Colombia. Frontera's Common Shares trade on the TSX under the ticker symbol "FEC".

The Company is committed to conducting its business safely and in a socially, environmentally and ethically responsible manner.

The Company's strategy is to deliver value-focused production and cash flows from Frontera's strong Colombian operations, pursue continuous operational improvements and greater cost efficiencies and create opportunities for future growth through the advancement of the Company's exploration portfolio in Colombia, Ecuador and Guyana.

UPSTREAM ACTIVITIES

Frontera is involved in the exploration, development and production of a diverse portfolio of oil and natural gas interests.

The Company is one of the largest independent oil and gas operators in Colombia in terms of both assets and production. Through its subsidiaries, the Company holds indirect interests in certain hydrocarbon properties in Colombia pursuant to contracts with Ecopetrol and the ANH. Total production from fields operated represented approximately 96.6% of total oil production (consisting of 51.1% of heavy crude oil and 43.1% of light crude oil and medium crude oil combined) and 2.5% of conventional natural gas production in Colombia during 2021, based on publicly reported data in Colombia published in December 2021.

In Colombia, the Company's diversified asset base includes 2.95 million net acres in the Llanos, Lower Magdalena Valley, Upper Magdalena Valley, Middle Magdalena Valley, Cesar Rancheria, Putumayo and Cordillera Oriental basins. The Company's Colombian assets are divided into working interests in 30 blocks, of which 12 of these blocks are in the exploration phase, 16 are in the production phase, one is in the evaluation and production phase, and one is in the exploration and production phase.

In Ecuador, the Company holds a 50% working interest in each of the Perico and Espejo exploration blocks located in the north-eastern part of Ecuador in the Oriente basin.

In Guyana, the Company holds an 84.65% consolidated working interest in each of the offshore Corentyne and Demerara blocks, which are held directly through its 33.333% working interest and indirectly through its 76.98% equity interest in CGX and an indirect working interest in the Berbice block located onshore Guyana which is held by ON Energy Inc., a 62% owned subsidiary of CGX.

In Peru, the Company's asset base includes interest in one block located in the Tumbes basin offshore, on which the Company has started remediation work as it transitions out of Peru.

Oil and Natural Gas Contracts and Properties

The following is a description of the Company's oil and gas properties for the year ended December 31, 2021.

Property	Working Interest	Status	Gross Acres	Net Acres	Annual Production(1) (boe/d)(2)
Colombia – *Operated Properties*					
Abanico	25%	Production	25,659	6,415	103
Arrendajo	97.5%	Production	5,730	5,586	681
Cachicamo	100%	Production	10,091	10,091	553
Caguan-5	50%	Exploration	919,321	459,661	0
Caguan-6	60%	Exploration	119,048	71,429	0
Canaguaro	87.5%	Production	6,290	5,504	421
CPE-6	100%	Evaluation & Production	169,626	169,626	3,610
Corcel	100%	Production	11,188	11,188	781

Property	Working Interest	Status	Gross Acres	Net Acres	Annual Production[(1)] (boe/d)[(2)]
Colombia – *Operated Properties*					
Cordillera-24	100%	Exploration	619,817	619,817	0
Casimena	100%	Production	6,850	6,850	1,266
CR-1	60%	Exploration	307,384	184,431	0
Cravoviejo	100%	Production	23,836	23,836	1,680
Cubiro	100%	Production	30,036	30,036	2,410
El Dificil[(3)]	65%	Production	33,965	22,077	2
Entrerrios	100%	Production	14,920	14,920	0
Guama	100%	Exploration	29,843	29,843	0
Guatiquia	100%	Production	11,086	11,086	8,517
La Creciente	100%	Production	16,711	16,711	826
Llanos-7	100%	Exploration	152,675	152,675	0
Llanos-55	100%	Exploration	102,800	102,800	0
Llanos-83	100%	Exploration	35,755	35,755	0
Llanos-99	100%	Exploration	134,992	134,992	0
Llanos-119	100%	Exploration	26,956	26,956	0
Quifa	60%	Production	248,586	149,152	15,730
Rio Meta	100%	Production	26,381	26,381	0
Sabanero	100%	Production	67,897	67,897	0
VIM-22	100%	Exploration	412,330	412,330	0
VIM-46	100%	Exploration	74,799	74,799	0
Colombia – *Non-Operated Properties*					
Neiva[(4)]	53.1%	Production	2,395	1,272	957
VIM-1	50%	Exploration & Production	142,047	71,024	240
Ecuador – *Operated Properties*					
Perico	50%	Exploration	17,718	8,859	0
Ecuador – *Non-Operated Properties*					
Espejo	50%	Exploration	15,652	7,826	0
Guyana – *Non-Operated Properties*					
Corentyne	33.333%	Exploration	862,600	287,530	0
Demerara[(5)]	33.333%	Exploration	545,900	181,965	0
Berbice[(6)]	N/A	Exploration	585,000	N/A	0
Peru – *Operated Properties*					
Z1	49%	Production	62,785	30,765	0
TOTAL			3,114,522	2,345,944	37,860

Notes:

(1) Represents working interest production before royalties and total volumes produced from service contracts.

(2) Boe has been expressed using the 5.7 to 1 Colombian Mcf to bbl conversion standard required by the Colombian Ministry of Mines and Energy.

(3) The Company has entered into an agreement to acquire the remaining 35% working interest in the El Dificil block held by PCR Investments S.A., a wholly-owned subsidiary of Petroquímica Comodoro Rivadavia S.A. The deal is subject to customary closing conditions and approval of the transaction by the ANH, and is expected to close in the second half of 2022.

(4) Subject to incremental production contracts. FECC's initial participation levels at the Neiva block is 69%. This participation level declines on a contract-by-contract basis once the ratio of cumulative total revenues to total costs ("**R Factor**") exceeds 1.5 times. At R Factors above 2.5 times, the participation level at the Neiva blocks is fixed at 34.5%. As of July 1, 2020, the R Factor at the Neiva block was 1.80 and therefore the participation level was 53.1%.

(5) Amount presented in the chart represents the Company's direct interest as at December 31, 2021. In 2020, CGX submitted its 25% acreage relinquishment, which is required by the Demerara petroleum agreement, to the Guyana Geology and Mines Commission and Ministry of Natural Resources. On February 14, 2022, CGX

and Frontera, the majority shareholder of CGX and joint venture partner of CGX in the petroleum prospecting license for the Demerara block, announced that as a result of the initial positive results at the Kawa-1 exploration well on the Corentyne block, the joint venture will focus on the significant exploration opportunities in the Corentyne block and will not engage in drilling activities on the Demerara block in 2022.

(6) The Company holds a 47.73% indirect interest in this block through its 76.98% interest in CGX, which has an indirect interest held through its 62.0% interest in ON Energy Inc. ("**ON Energy**"), the holder of the petroleum licenses related to the block. On February 4, 2022, CGX, through ON Energy, notified the Guyana Ministry of Natural Resources that, given the focus on the Corentyne block, operational considerations and investment priorities, ON Energy is unable to drill an exploration well on the Berbice block in 2022, proposed that seismic acquisition on the block be shifted to commence in January 2023 and therefore sought the Minister's urgent guidance on this matter. On February 21, 2022, the Minister of Natural Resources informed ON Energy that it must drill one commitment exploration well and acquire seismic on the Berbice block prior to the expiry of the Berbice petroleum prospecting license and associated petroleum agreement in February 2023. CGX will seek further dialogue with the Ministry of Natural Resources regarding this guidance.

Exploration and Production Agreements – Colombia

The following is a summary of the Company's material oil and gas producing properties in Colombia.

Quifa Block

The Quifa block, located in the Llanos Basin in Colombia, is in the production phase. The Company has an association contract with Ecopetrol pursuant to which the Company holds a 60% working interest and is the operator. Ecopetrol holds the remaining interest in the block. The Company is entitled to 60% of production less (i) applicable legal royalties ranging from 6% to 25%; and (ii) any additional participation percentage attributable to Ecopetrol when accumulated gross production of a field exceeds five MMbbl and the price of WTI crude during any month exceeds the base price for crude oil in dollars set forth in the contract. The Quifa contract establishes that capital costs and operational expenses must be borne 70% by the Company and 30% by Ecopetrol. Upon termination of the Quifa contract in December 2031, any wells in production, any buildings and other real estate possessions in the Quifa block will revert to Ecopetrol free of charge.

Within the Quifa block, the Company has developed three commercial fields, Quifa SW (with 256 producing wells), Cajua (with 33 producing wells) and Jaspe (with four wells drilled, not yet producing). Commerciality was declared on the Quifa SW field in 2010, on the Cajua field in 2012 and the Jaspe field in 2020. Production is currently sent by flow lines to the CMA and then to Bateria-4 for fluid processing and storage and subsequently to the ODL Pipeline, which connects to the national pipeline system.

Guatiquia Block

The Company holds a 100% working interest in the Guatiquia block, located in the Llanos Basin of Colombia. The Guatiquia exploration and production agreement provides for an initial five-year and nine-month exploration period, extendable for up to four years, and a 24-year exploitation period, which begins upon a declaration of commerciality of the relevant field.

In 2019, the ANH approved the unification of the Ceibo/Avispa/Ardilla/Alligator fields. The exploitation period for the unified fields, named Ceibo, commenced in 2014. The exploitation periods for Yatay and Coralillo began on declaration of commerciality in 2012 and 2018, respectively. On June 8, 2021, the ANH approved the unification of the Yatay and Coralillo fields.

The Company is entitled to 100% of production less (i) applicable legal royalties ranging from 6% to 25%; and (ii) any additional participation percentage attributable to ANH when accumulated gross production of a field exceeds five MMbbl and the price of WTI crude during any month exceeds the base price for crude oil in dollars set forth in the contract.

Within the Guatiquia block, there are currently 30 medium crude oil producing wells. Production is primarily transported first to the facilities at the Corcel block through pipelines and then to off-loading stations to enter the national pipeline system.

Cubiro Block

The Cubiro block, located in the Llanos Basin in Colombia, in which the Company holds a 100% working interest, is in the production phase. The Cubiro exploration and exploitation contract provides for a 24-year exploitation period, which begins upon declaration of commerciality of the relevant field. This declaration occurred in 2008 for the Careto and Arauca fields, 2012 for the Barranquero field (which includes the Cernicalo and Tijereto Sur fields), 2013 for the Copa, Copa A, Copa B, Copa C, Copa D, Petirrojo and Petirrojo Sur fields and 2014 for the Yopo field. On December 30, 2021, the ANH issued a resolution unifying the Copa, Copa A, Copa B, and Copa C oilfields. The Company filed a reconsideration recourse against that decision on January 17, 2022. The ANH has not yet issued a decision on that recourse. The Company is entitled to 100% of production less (i) applicable legal royalties ranging from 6% to 25%; and (ii) any additional participation percentage attributable to ANH when accumulated gross production of a field exceeds five MMbbl and the price of WTI crude during any month exceeds the base price for crude oil in dollars set forth in the contract. In addition, the Company has granted a private royalty to Montecz S.A. equivalent to 3% of the sale price of the produced volumes.

Within the Cubiro block, there are 35 light crude oil producing wells. Production is primarily transported by truck to off-loading stations to enter the national pipeline system.

CPE-6

The CPE-6 block, located in the Llanos Basin in Colombia, in which the Company holds a 100% working interest, is in the exploration and production phase. The CPE-6 exploration and production contract provides for a 24-year exploitation period, which began upon declaration of commerciality. This declaration occurred on January 30, 2018 for the Hamaca field. The Company is entitled to 100% of production less (i) applicable legal royalties ranging from 6.0% to 25%; (ii) any additional participation percentage attributable to ANH when accumulated gross production of a block exceeds five MMbbl and the price of WTI crude during any month exceeds the base price for crude oil in dollars set forth in the contract; and (iii) 2.0% of the produced volume after the applicable legal royalties. In addition, Talisman Colombia Oil & Gas Ltd. is entitled to the following up to a maximum amount of $48 million: (i) a variable monthly payment equal to four percent (4%), multiplied by the monthly net total production and multiplied by the applicable price per barrel; and (ii) $5 million payable once the total accumulated gross production reaches 5 million, 10 million and 20 million boe, respectively.

In 2019, the Company submitted a request to the ANH to extend the Hamaca Field to the north of the current CPE-6 area. On June 3, 2021, an amendment to the contract was signed to formalize the approval to extend the area of the block by 115,869 acres to cover the complete area of the Hamaca discovery. As a condition to this extension, Frontera committed to drill one additional exploration well in the extended area within the 24-month period following the area extension.

Within the CPE-6 block, there are 32 heavy crude oil producing wells. Production is transported by truck to off-loading stations to enter the national pipeline system.

La Creciente

The La Creciente block, located in Lower Magdalena Basin in northwest Colombia, in which the Company holds a 100% working interest (subject to adjustment by the ANH based on the benchmark price of natural gas), is in the production phase. The La Creciente exploration and production contract provides for a five-year and five-month exploration period and a 24-year production period.

Within the La Creciente block, the Company has three gas producing wells. Production is primarily transported through flow lines to an existing pipeline which connects the La Creciente field to the national pipeline system.

VIM-1

The VIM-1 block, located in Lower Magdalena valley, in which the Company holds a 50% working interest, is in the exploration and production phase. Parex holds the remaining 50% working interest and is the operator of the block. The VIM-1 exploration and production contract provides for a six-year exploration period and a 24-year production period. On December 30, 2020, an amendment to the contract was signed to formalize the approval to extend the area of the block by 32,000 acres to cover the complete area of the La Belleza-1 discovery. As a condition to this extension, Parex and Frontera committed to drilling one additional exploration well in the extended area within the 24-month period following the area extension.

<u>Exploration and Production Agreements – Ecuador</u>

The following is a summary of the Company's oil and gas properties in Ecuador.

The Perico and Espejo exploration blocks are located in Sucumbíos Province in the north-eastern part of Ecuador, in the Oriente basin. The blocks were acquired in Ecuador's Intracampos Bid Round that took place in the first quarter of 2019 under an initial four-year exploration period, with the option to extend the exploration period by an additional two years to fulfill the minimum work commitments. The Company has a 50% working interest in both blocks through a consortium with Geopark Limited.

Work commitments on the Perico block include: drilling four wells and completing 72 kilometres^2 of 3D seismic reprocessing and 72 kilometres^2 of magnetometry and gravimetry. Work commitments on the Espejo block include: drilling four wells and completing a 3D seismic acquisition program of 55 kilometres^2, 74 kilometres^2 of 3D seismic reprocessing and 63 kilometres^2 of magnetometry. Geochemical soil surveying over both blocks, initiated in 2019 and seismic processing in the Perico block that began in early 2020 has been completed. On December 7, 2021, Frontera spud the Jandaya-1 exploration well on the Perico block (Frontera 50% W.I. and operator, GeoPark Limited 50% W.I.).

<u>Exploration and Production Agreements – Guyana</u>

The Company's material properties in Guyana consist of the Corentyne and Demerara blocks located in the Guyana-Suriname Basin. CGX is the operator of the blocks and holds a 66.667% working interest. The Company holds an 84.65% consolidated working interest in the blocks held directly through its 33.333% working interest in the blocks and indirectly through its 76.98% equity interest in CGX.

Corentyne Block

Under the petroleum prospecting licence covering the Corentyne block, the joint venture partners were required to drill one commitment exploration well on the block during phase one of the second renewal period, which was extended to

November 26, 2021, from the initial expiry date of November 27, 2020. On August 22, 2021, the Company and majority-owned subsidiary and co-venture partner, CGX, commenced drilling operations on the Kawa-1 exploration well, located in the northern region of the Corentyne block. The Kawa-1 well was drilled to a total depth of 21,578 feet (6,577) metres. Drilling results confirm the presence of an active hydrocarbon system at the Kawa-1 location. Successful wireline logging runs confirmed net pay of approximately 200 feet (61 metres) within Maastrichtian, Campanian, Santonian and Coniacian horizons. The joint venture did not get MDT data or sidewall core samples and has engaged an independent third-party to complete further detailed studies and laboratory analysis on drilling cuttings from the Santonian, Campanian and Maastrichtian intervals and well-bore fluid samples to evaluate in situ hydrocarbons. Preliminary results from the Santonian interval indicate the presence of liquid hydrocarbons in the reservoir. Results from the Campanian and Maastrichtian intervals are pending.

On January 31, 2022, the Company and CGX announced that CGX had exercised its option with Maersk to drill a second commitment well using the Maersk Discoverer. The second commitment well, called Wei-1, will target Campanian and Santonian aged stacked channels in the western fan complex in the northern section of the Corentyne block, and is anticipated to spud in the second half of 2022. Kawa-1 well results have improved the joint venture's understanding of the operational and geological complexities of the basin and will help reduce the technical risks of the Wei-1 exploration well.

Demerara Block

Under the petroleum prospecting licence covering the Demerara block, which is currently in phase one and two of the second renewal period, the two commitment exploration wells must be drilled by February 12, 2023, which is an extension from the initial expiry date for the first commitment well, which was required to be drilled by February 11, 2022.

On February 14, 2022, CGX and Frontera, the majority shareholder of CGX and joint venture partner of CGX in the petroleum prospecting license for the Demerara block, announced that as a result of the initial positive results at the Kawa-1 exploration well on the Corentyne block, the joint venture will focus on the significant exploration opportunities in the Corentyne block and will not engage in drilling activities on the Demerara block in 2022.

MIDSTREAM ACTIVITIES

The Company has an integrated transportation and trading team, responsible for shipping, blending, storage and exporting the Company's oil and gas production and associated sales. The Company's transportation and trading strategy is to optimize the price and costs associated with selling oil and gas produced, including developing oil blends to meet market demand and optimizing storage opportunities.

The Company has investments in certain infrastructure and midstream assets, which includes storage and other facilities relating to the distribution and exploration of crude oil products in Colombia and the Company's investments in pipelines. Also, the Company has an indirect interest in an infrastructure project in Guyana which consists of a port concession that is currently under construction.

Puerto Bahia

On December 30, 2021, the Company through its subsidiaries Frontera Bahia and IVI, converted certain debt into preferred shares of Puerto Bahia. As a result, the Company now holds approximately 96.55% of the issued and outstanding shares of Puerto Bahia (73.85% through its wholly-owned subsidiary Frontera Bahia, 14.03% through its wholly-owned subsidiary FECC and 12.13% through IVI (71.5% owned by Frontera Bahia)).

Puerto Bahia operates a multipurpose port facility (the "**Port Facility**") in the Bay of Cartagena, one of the largest trade hubs in Latin America. The port is adjacent to the Bocachica access channel of the Cartagena Bay and is strategically located near the Cartagena Refinery, the Panama Canal and the Dique Channel/ Magdalena river, Colombia's main river route.

The Port Facility consists of two terminals: a liquid bulk terminal for handling clean products and crude oil, storage and dispatch and a general cargo terminal for dry cargo storage including vehicles and high and heavy cargo, livestock, and metal and steel. Existing facilities at the liquid bulk terminal and dry cargo terminal offer deep-water capability with a natural depth of approximately 20.5 metres and 16.5 metres respectively, which makes the Port Facility the only multi-purpose terminal in Colombia capable of receiving Panamax ships (large cargo vessels) and Suezmax tankers (liquid purpose vessels) simultaneously.

The liquid bulk terminal has an operational capacity of 2.6 MMbbl, distributed amongst eight storage tanks with blending functionalities, each of which is capable of storing up to 330,000 bbl of oil. Three of the tanks have the ability to store heavy fuel oil and have heating capabilities between 30ºC - 60ºC and the remaining tanks store crude oil. The terminal also includes a barge platform with four berths, a tanker truck station that is interconnected with the storage tanks and provides eight loading and unloading stations and a liquid jetty with two docking positions for vessels with up to 1 million barrels of capacity.

The general cargo terminal has a berthing platform that is 290 metres long and 44 metres wide. The facilities have a total area of 16 hectares (40 acres) with covered and uncovered storage capacity and equipment for cargo handling.

Pipelines

The following table provides a summary of the main pipelines in which the Company has an interest.

Pipeline	Product Transported	Km	Pipeline Capacity (bbl/d)	Origin	Destination	Interest
OAM	Crude Oil	391.4	100,000(1)	Tenay	Vasconia	1.2% working interest pursuant to a construction and operation contract
ODC	Crude Oil	483	236,000(2)	Vasconia	Coveñas	1.00% working interest through an equity interest in Oleoducto de Colombia S.A.
ODL	Crude Oil	260	300,000	Rubiales	Cusiana/ Monterrey	Approximately 21% indirect ownership interest through a 59.93% equity interest in PIL
OGD	Crude Oil	63.7	40,000(3)	Guaduas field	La Dorada	90.6% working interest pursuant to a joint venture agreement with Cimarrona LLC

Notes:

(1) The Company has transportation rights up to 1,200 bbl/d and additional capacity of up to 30,000 bbl/d, subject to available capacity from the other owners.
(2) The Company has transportation rights of up to 2,000 bbl/d and additional capacity subject to available capacity from the other owners.
(3) The Company has the right to use all available capacity.

Oleoducto de los Llanos Orientales S.A.

The Company holds a 59.93% interest in PIL, which has a 35% equity investment in ODL. ODL owns the ODL Pipeline, which connects the Rubiales, Quifa and Llanos-34 blocks to the Monterrey Station or Cusiana Station in the Casanare Department. The Company has two representatives on ODL's board of directors.

The Company entered into a transportation agreement with ODL on December 20, 2013, which initially provided the Company with transportation rights for up to 27,643 bbl/d, and a ship-or-pay commitment up to July 31, 2020 and after that date, to continue on a ship-and-pay basis until its scheduled expiration on December 31, 2020. On July 6, 2020, ODL and the Company amended the payment terms of the transportation agreement, and as a consequence, the term of agreement was extended on a ship-and-pay basis until December 31, 2021. On November 16, 2020 the Company, in connection with the Conciliation Agreement (defined below) entered into a new transportation agreement with ODL on a ship-or-pay basis for 10,000 bbls/day for approximately 3.8 years at a current tariff of $4.0/bbl. The Company initiated services under the new transportation agreement with ODL on December 1, 2021.

For additional details regarding Frontera's transportation contracts with ODL see "Legal Proceedings and Regulatory Actions – Bicentenario and CENIT Transportation Dispute – Conciliation Agreement". For details of the Company's transactions with ODL see "Note 17 – Investments in Associates" and "Note 25 – Related-Party Transactions" of the 2021 Annual Financial Statements.

Guyana Port Project

CGX, majority-owned subsidiary and joint venture partner of the Company, plans to build a multifunctional port facility adjacent to Crab Island on the Eastern Bank of the Berbice River in Guyana, 4.8 kilometres from the Atlantic Ocean, called the Berbice Deep Water Port, which is intended to serve as an offshore supply base and a multi-purpose terminal with containerized and specialized cargo handling and agricultural import/export operations (the "**Guyana Port Project**"). The land for the Guyana Port Project was leased until year 2060, renewable for an additional term of 50 years. For the year ended December 31, 2021, CGX invested $6.4 million in the Guyana Port Project.

Other Transportation Rights

As part of a project to expand the Ocensa Pipeline, project P-135, the Company entered into two crude oil transport agreements with Ocensa for future transport capacity for up to 30,000 bbl/d. The transport agreements expire on June 30, 2025. As part of these agreements, the Company is required to maintain a minimum credit rating of BB- (Fitch Ratings Inc.) and Ba3 (Moody's Investors Service, Inc.), or to provide evidence of compliance with the net assets and working capital tests included in such agreements, or to provide a letter of credit for a value equivalent to one year of service (approximately $75,000,000). On April 29, 2020, Ocensa agreed to replace these requirements with a pledge agreement, pursuant to which the Company guaranteed payment to Ocensa through a pledge of the crude oil transported in the Ocensa Pipeline. The pledge agreement is valid until March 31, 2022, extendable for another six months. The pledge agreement will automatically terminate if the Company subsequently meets any of the minimum credit requirements as set forth in the ship-or-pay agreement. The Company also has transportation agreements in place to secure transportation capacity on Colombia's national pipeline system. As part of its response to lower commodity prices, the Company negotiated the deferral of take or pay volumes with ODL and Ocensa beginning in May 2020 and received a 50% financing of six months of transportation tariffs resulting in a deferral of $24.7 million in payments to 2021, which were paid accordingly. This negotiation was in force until October 2021.

OTHER INFORMATION RELATING TO FRONTERA'S BUSINESS

Specialized Skill and Knowledge

The Company's operations in the oil and natural gas industry require professionals with skills and knowledge in diverse fields of expertise. In the course of its exploration, development and production operations, the Company uses the expertise of drilling engineers, exploration geophysicists and geologists, petrophysicists, petroleum engineers, petroleum geologists and production and completion engineers. The Company relies heavily on its personnel and works hard to meet the challenges inherent in attracting and retaining the professionals and experts required for its operations. See "Risk Factors – General Risks – Reliance on Key Personnel".

Competitive Conditions

All aspects of the energy industry are highly competitive. There is considerable competition in the worldwide oil and natural gas industry, including South America where the Company's assets and operations are located. Nonetheless, management of the Company believes that it is competitive with other local and foreign oil and gas companies in South America. See "Risk Factors – Risks Related to the Company Conducting Business in the Oil and Natural Gas Industry – Competition".

Business Cycles

The oil and natural gas business is subject to commodity price cycles. The Company's operations and ability to market its oil and gas are sensitive to the market price of oil and natural gas. These prices fluctuate widely and are affected by numerous factors such as global supply, demand, inflation, exchange rates, interest rates, forward selling by producers, production, global or regional political, economic or financial situations and other factors beyond the control of the Company. See "Risk Factors – Risks Related to the Company conducting business in the Oil and Natural Gas Industry".

Environmental, Social, Governance

Overview

The Company is committed to conducting its business safely and in a socially, environmentally and ethically responsible manner and recognizes the importance of a strong Environmental, Social, and Governance framework to achieve this goal.

In 2020, Frontera revisited its commitment and ownership of sustainability issues, with the goal to strengthen its culture of sustainable operations through the implementation of a comprehensive sustainability strategy. As a result of this process, in May 2021, the Company released a new ESG strategy called "Building a Sustainable Future". Its main objectives are to work toward a greener and cleaner future, generate prosperity for all and position the Company as an influencer of integrity. The Company's new ESG strategy requires business leadership to focus not only on "what we do," but on "how we do it," and to evaluate and manage the Company's commitment to creating long-term sustainable value.

The Company is in the process of integrating this new ESG leadership into the Company's corporate documents, policies, vision, processes, and day-to-day operations, creating a top down commitment from management that flows through the entire organization.

Environmental Protection, Health and Safety

The oil and natural gas industry in Colombia, Peru, Ecuador and Guyana is subject to environmental laws and regulations. Prior to commencing exploration and production activities, the Company must obtain requisite environmental licences and permits. Compliance with environmental obligations and requirements can require significant expenditures and impose constraints on the Company's operations in the applicable jurisdiction. The Company is exposed to potential environmental liability in connection with its operations. See "Risk Factors – Risks Relating to the Company conducting Business in the Oil and Natural Gas Industry – Environmental Regulations and Risks".

The Company has implemented guidelines and management systems to ensure compliance with all applicable laws.

In 2021, the Company received recertification of its integrated management system under ISO 9001, ISO 14001 and ISO 45001 standards, which certify that the Company has successfully implemented the requirements related to quality, environmental, health and safety of the management systems. These certifications are valid until September 2022.

The Company has implemented environmental management programs that help address the environmental impact caused by operations. These programs aim to measure, prevent, correct, mitigate and compensate the impact in environmental aspects such as: emissions, water and soil quality and waste. In Colombia, regulatory investments for compensation are established by the environmental authority, due to consumption of water and soil impact during exploration and production projects. To execute Frontera's commitment to make a positive impact in the areas in which we operate, Frontera is implementing projects involving conservation, restoration, reforestation and sustainable land use.

In 2020, the Company started implementing a multi-year climate change strategy to improve its carbon footprint. The strategy includes improving measurement and reporting practices, neutralizing carbon emissions and investing in energy efficiency projects and initiatives.

Community and Stakeholder Relations

The Company continues to implement its social investment framework in a manner that encourages local community engagement and involvement. Based on the identification of socio-economic indicators and basic needs in areas where the Company operates, the Company updated its social investment framework, focusing its efforts on the design and implementation of projects related to education and economic development and quality of life. Frontera's social investment framework is aligned with supporting the Company's advancement towards the UN Sustainable Development Goals.

Currently, the Company is designing projects which can be implemented through collaborative efforts with peers and international organizations. In 2021, the Company's efforts included responding to the COVID-19 pandemic and its impact on local communities. In order to help mitigate the impact of the pandemic, Frontera provided humanitarian aid to communities and initiated social investment projects responding to the current community needs.

Social investment is grounded in an understanding of the needs of our areas of influence, contributing to the development, competitiveness, and sustainability of the local communities and helping to close historical poverty gaps in the areas where the Company operates.

In 2021, Frontera defined a new social strategy called “Generating Empathy with our Areas of Influence 2022-2024, Genpathy”, which incorporates a series of strategic actions to be undertaken by key Company personnel, and the pursuit of a cultural engagement mindset throughout the Company.

Genpathy relies on the permanent monitoring of our areas of influence that will permit the Company to transform its approach to act proactively and in a preventive manner. The strategy aims to protect production and the development of the Company's activities, achieving closeness with external groups and introducing throughout the Company a cultural model of community development and engagement, thus improving Frontera´s reputation in the territories where it operates

The Company has adopted a Gender Declaration which guarantees an inclusive and diverse work environment for all Frontera employees. The objective of the Gender Declaration is to promote respect for the human rights of employees, contractors and external stakeholders, and to implement initiatives to avoid any type of discrimination. On November 24, 2021, the Colombian Ministry of Labour and the Presidential Council for Equity for Women, with technical support from the United Nations Development Program (UNDP), awarded Frontera the EQUIPARES Gold Seal for the Company’s commitment and efforts to close gender gaps in the workplace and in the communities where it operates. The Gold Seal is the highest recognition of the program and Frontera is the first oil and gas company to receive this recognition. Previously, Frontera had maintained the EQUIPARES Silver Seal certification since 2016, and was the first oil company in Colombia (and South America) to achieve that certification. In support of the ‘S’ Factor of its ESG Strategy, Frontera is focused on hiring and promoting women, seeking a better balance between work and personal life, as well as achieving a balance in professional development areas and leadership positions. In 2019, this corporate effort was recognized by the Global Compact Network Canada as emerging practice for the contribution of the private sector in the Sustainable Development Goal: Gender equality.

Frontera is also currently working on a broader Diversity Strategy, which guarantees inclusion regardless of gender, sexual preferences, race, age, culture and other factors.

The Company designs and executes multiple social projects pursuant to Colombian regulation for the benefit of the communities near the areas where the Company operates. Every project is developed jointly with the communities, the local governments and in some cases national entities, and is designed to address the needs and requirements of the communities.

The Company remains committed to the promotion and protection of human rights including, among other things, freedom of association, eradication of child and forced labour, security, and the economic, social and cultural rights of local communities. See “Risk Factors – Risk Related to Operations in Colombia and the Company’s other Markets” and “Risk Factors – Risks Related to the Company Conducting Business in the Oil and Natural Gas Industry”.

Governance

The Board currently consists of seven directors, six of whom are independent. See “Directors and Officers”. The Board has three standing committees: the Audit Committee, the Compensation and Human Resources Committee and the Corporate Governance, Nominating and Sustainability Committee.

The Board, directly and through its standing committees, works with management to develop fundamental policies and establish strategic objectives that preserve and enhance the sustainability of the business and value of the Company. The Board has oversight of Environmental, Social and Governance and health and safety matters including the responsibility to review programs and strategies and identify critical issues and risks.

Frontera is committed to upholding the values set out in its Code of Business Conduct and Ethics and conducting business fairly, with integrity and in compliance with applicable laws. It has an Anti-Bribery and Anti-Corruption Policy to reinforce the Code of Business Conduct and Ethics with additional guidance regarding applicable anti-bribery and anti-corruption laws. All officers and employees, including temporary and contract staff, are expected to observe the highest standards of honesty, integrity, diligence and fairness in all business activities.

Employees

As at December 31, 2021, the Company had 797 employees in total, of which eight employees are located in Canada, 769 employees are located in Colombia, 10 employees are located in Peru and 10 employees are located in Ecuador. As at December 31, 2021, CGX had one employee in Canada, 10 employees in the United States and 51 employees in Guyana, and Puerto Bahia had 286 employees located in Colombia. The Company also uses the services of professionals on a contract or consulting basis, as required from time to time.

Foreign Operations

The Company's hydrocarbon production and sales activities are presently located in Colombia and therefore all of the Company's revenues are generated from operations located outside of Canada.

Renegotiation or Termination of Contracts

As at the date hereof, the Company does not anticipate that any aspect of its business will be materially affected in the remainder of 2022 by the renegotiation or termination of contracts or subcontracts. See "Risk Factors – Risks Related to the Company Conducting Business in the Oil and Natural Gas Industry – Expiration of Contracts".

RISK FACTORS

An investment in the securities of the Company involves a high degree of risk due to the nature of the Company's business of the exploration and production of oil and natural gas. The Company considers the risks set out below to be the most significant to potential investors in the Company, but this list does not contain all of the risks associated with an investment in the securities of the Company. The Company is committed to a proactive program of enterprise risk management and has implemented an ERM internal control system based on the ISO31000 and the 2013 COSO risk management frameworks, intended to enable decision-making through consistent identification and assessment of risks inherent to its assets, activities and operations. The Company's ERM framework involves: (i) the identification of strategic and macro process risks; (ii) the assessment of risks and their allocation into various categories (environmental, social, compliance, safety, security, business continuity and others); (iii) the definition of key mitigation plans and controls; and (iv) an ongoing evaluation and monitoring of risks and risk mitigation plans and controls.

Some of the risks listed below are common to operations in the oil and gas industry as a whole, while some are unique to Frontera. The realization of any of these risks or other possible additional risks and uncertainties of which the Company is currently unaware could have a material adverse effect on the Company's business, financial condition, reserves and results of operations.

Investors should carefully consider the risk factors set out below and all other information contained in this AIF and in the Company's other public filings before making an investment decision. An investment in the Common Shares is speculative and involves a high degree of risk due to the nature of the Company's business. It is recommended that investors consult with their own professional advisors before investing in the Common Shares.

General Risks

Risks related to the Common Shares

The trading price of the Common Shares may be subject to large fluctuations, which may result in losses to investors. The trading price of the Common Shares may increase or decrease in response to a number of events and factors, including, but not limited to: the COVID-19 pandemic; the price of oil and natural gas; the Company's financial condition, financial performance and future prospects; the public's reaction to the Company's news releases, other public announcements and the Company's filings with the various securities regulatory authorities; changes in earnings estimates or recommendations by research analysts who track the Common Shares or the securities of other companies in the oil and natural gas sector; changes in general economic conditions and the overall condition of the financial markets; the number of Common Shares that are publicly traded; the arrival or departure of key personnel; and acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

In addition, an active public market for the Common Shares may not exist or be sustained. If an active public market does not exist, the liquidity of the Common Shares may be limited and the value of the Common Shares may decline.

Changing investor sentiment about the oil and gas industry

A number of factors, including the concerns of the impact of oil and gas operations on the environment, CO_2 emissions, and hydrocarbon production and concerns about indigenous rights, have affected certain investors' sentiments towards investing in the oil and natural gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they are no longer willing to fund or invest in oil and gas properties or companies or are reducing the amount of their investment over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, management and employees of the Company. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the Company or not investing in the Company at all. Any reduction in the investor base interested or willing to invest in the oil and gas industry and, more specifically, the Company, may result in limitations on the Company's access to capital, an increase in the cost of capital and/or a decrease in the price or liquidity of the Common Shares.

Reputational risk

The Company's business, operations, and financial condition could decline due to negative public opinion or sentiment towards the Company's reputation with stakeholders, special interest groups, political leadership, the media, and other entities. The media and special interest groups may influence this negative public perception of the oil and gas industry. Reputational harm could result in delays, interruptions in operations, legal and regulatory challenges, blockades, increased governmental oversight, termination or non-issuance of permits and licenses, as well as increased costs. Moreover, the Company's reputation could be damaged by the actions of other oil and gas companies over which the Company has no control. Dangerous operations by the Company resulting in loss of life or injury and environmental harm could also damage the Company's reputation. Finally, damage to the Company's reputation could increase negative investor sentiment, affecting the price and liquidity of the Company's securities.

COVID-19 pandemic

The COVID-19 pandemic, and related government responses, have had, and could continue to have, a negative impact on the Company's financial condition, results of operations, and cash flows. The COVID-19 pandemic and the measures imposed by governments in response thereto have resulted in, and may continue to result in: a reduction in the demand for and price of oil and natural gas products; business closures and shutdowns; travel restrictions; volatility and disruption in regular business operations; operating restrictions and civil unrest in the communities in which the Company operates; voluntary production shutdowns to limit the spread of COVID-19; increased volatility in financial markets and foreign currency exchange rates; reduced labour capacity; and supply shortages.

The impact of the COVID-19 pandemic and related supply-demand market imbalances continues to evolve. Despite successful vaccine rollouts in many jurisdictions, the risk of resurgence of cases or variant strains of COVID-19 remains high and could impact the health and safety of the Company's employees and contractors; require the temporary suspension of operations in geographic locations in which the Company operates; create operational restrictions; delay the completion of or result in the deferral of growth and expansion projects; create counterparty credit risk; result in continued supply chain disruptions; and result in continued volatility in financial and commodity markets, including fluctuations in the price of oil and natural gas products. The full extent, effect and duration of such events on the Company's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted with any degree of confidence. Such events have had and could continue to have a material adverse effect on the Company's business, financial condition and results of operations. Even after the COVID-19 pandemic has subsided, the Company may continue to experience materially adverse impacts to its business as a result of the pandemic's global economic impact, and amplify various risks set forth herein.

Global financial conditions

In recent years, global financial conditions have been subject to increased volatility. Market event conditions, including global excess oil and natural gas supply, actions taken by the OPEC, market volatility and sanctions imposed on certain oil producing nations by other countries have caused a significant decrease in the valuation of oil and gas companies, affected equity investor sentiment and decreased market confidence in the oil and natural gas industry in general. If these conditions continue and commodity prices remain volatile, this may have an adverse effect on the Company's Common Shares, business, financial condition or results of operations.

Liquidity and financial risks

The Company expects that its current cash and working capital balances, cash flow from operations and available debt and credit facilities will be sufficient to fund the necessary level of working capital, and that revenues generated will be sufficient to fund its operational development strategy. Certain long-term abandonment obligations and legal contingencies also require that the Company post cash collateral or provide letters of credit to support such commitments.

There is no assurance that the Company will be able to obtain adequate financing or lines of credit in the future, refinance or replace its existing debt, or that such financing will be on terms advantageous to the Company. The Company's ability to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as its business performance. Economic uncertainty and liquidity in capital markets may increase the risk that additional financing will only be available on terms and conditions unacceptable to the Company, or not at all.

The Company may require additional capital to continue to operate its business, to expand its exploration and production programs to additional properties (including meeting minimum exploration requirements under the Company's contracts and licences) and to undertake future acquisitions, if any. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interests in certain properties, miss certain business opportunities and reduce or terminate its operations or contracts.

Material debt facilities risks

The Company's material debt facilities, including the 2028 Unsecured Indenture, impose certain operating and financial restrictions, and obligations on the Company. These restrictions limit the Company's ability to, among other things, incur additional indebtedness, make investments, sell assets, incur liens, enter into certain agreements, enter into transactions with affiliates, pay dividends, buy-back shares and consolidate or merge or sell substantially all of the Company's assets. In addition, obligations may be imposed on the Company as a result of actions not within its control, including as a result of a change of control.

These restrictions could limit the Company's ability to seize attractive opportunities for its business or otherwise engage in activities that may be in the Company's long-term best interests that are currently unforeseeable.

The failure of the Company to comply with these restrictions and obligations could result in an event of default that, if not cured or waived, could result in the acceleration of substantially all amounts outstanding under its material debt facilities. The Company may not have sufficient working capital to satisfy such debt obligations in the event of an acceleration of all or a significant portion of the Company's outstanding indebtedness which could have a material adverse effect on the Company's business, financial condition and results of operations.

Default on obligations to pay material debt facilities

The Company may incur additional indebtedness subject to certain limitations. If the Company is unable to generate sufficient cash flow or is otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on the Company's indebtedness, or if the Company otherwise fails to comply with the various covenants in the instruments governing its indebtedness, the Company could be in default under the terms of the agreements governing this indebtedness. In this event, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest; the lenders could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against the Company's assets; and the Company could be forced into bankruptcy or liquidation. If the Company's operating performance declines, it may need to obtain waivers from the required lenders to avoid being in default. If the Company breaches these covenants and seek a waiver from the required lenders, it may not be able to obtain it. If this occurs, the Company would be in default under its indebtedness, the lenders could exercise their rights, as described above, and the Company could be forced into bankruptcy or liquidation.

Issuance of debt

The Company may become party to transactions financed in some portion or entirely with debt, increasing the Company's debt levels to above industry standards for crude oil and natural gas companies of similar size. Increased debt levels could impair the Company's ability to obtain financing or result in missed business opportunities.

Third party credit risk

The Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, service providers and other parties. In addition, the Company may be exposed to third party credit risk from operators of properties where the Company has a working or royalty interest, or is party to an asset disposition transaction with the Company. If such third parties fail to meet their contractual obligations to the Company, such failures could materially and adversely effect the Company's business, financial condition, and results of operations and future prospects. Furthermore, poor credit conditions in the industry may affect a joint venture partner's willingness or ability to participate in the Company's ongoing exploration and production activities. This could delay capital investment in an asset until the Company joins with a suitable alternative partner, or require the Company to finance such activities itself. Further, to the extent that any such third parties go bankrupt, become insolvent or make a proposal or institute any such bankruptcy and insolvency proceedings, this could result in the Company being unable to collect the money owing from these parties. Any such factors could materially and adversely affect the Company's financial and operational results.

Ratings downgrade

Rating agencies regularly evaluate the Company. These ratings are based on a number of factors, including the Company's financial strength, as well as factors not entirely within its control, including conditions affecting the oil and natural gas industry generally, and the wider state of the economy. Credit ratings are important to the Company's borrowing costs and ability to raise funds. Rating downgrades could potentially affect existing agreements of the Company, (such as triggering the collateralization requirements related to financial instrument and midstream service providers), result in higher financing costs, reduce access to capital markets, suppliers or counterparties, impair the Company's ability to enter certain transactions, including hedging agreements, decrease the Company's market share price and increase borrowing costs under credit facilities, all of which may have a material adverse effect on the Company. See "Description of Capital Structures – Credit Ratings."

Control environment

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. The Company has procedures in place to ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws. However, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and harm the trading price of the Common Shares.

Reliance on key personnel

The Company's success depends in large measure on the ability, expertise and judgment of the Company's executive leadership team. The Company also has an experienced management team supporting its operations. There is a risk that the loss of any of the Company's executive leadership or key employees could adversely impact the Company's business. The Company's Board and senior management regularly consider and assess succession plans and contingencies in order to ensure that the Company has the right expertise within its leadership team and to attempt to mitigate the impact of any management changes.

The Company's success is also dependent on the availability of suitably qualified staff. The number of persons skilled in the acquisition, exploration, development and operation of oil and gas properties in the jurisdictions the Company operates is limited, and competition for such persons is intense; it is not guaranteed that the Company can attract and retain all such qualified personnel. The Company also employs senior personnel who have institutional knowledge that requires transference to incoming employees. If the Company cannot retain their employees, transfer institutional knowledge to new employees, or attract new employees with the necessary skills and training, the Company could experience negative impacts, as well as increased costs to recruit skilled professionals.

Management changes

As the Company's business evolves, the Company's board of directors and senior management regularly consider and assess the composition and qualification of its management team. In addition contingencies and succession plans are regularly considered in order to attempt to successfully adapt to any management changes and to mitigate any adverse impact of any such changes. The Company cannot make assurances, however, that its management and operations will not be adversely affected by changes in management.

Conflicts of interest

The directors and officers of the Company may be directors or officers of entities which are in competition with the Company or certain entities in which the Company holds an equity investment. As such, they may develop conflicts of interest. Conflicts of interest are governed by applicable corporate laws, which may require disclosure of a material interest, or directors to refrain from voting on any matter related to a material contract.

Dividends

Payment of future dividends, if any, on Common Shares will be subject to the discretion of the Board and may vary depending on, among other things, oil prices, the Company's financial condition, results of operations, cash flow, foreign exchange rates, need for funds to finance ongoing operations, covenants and conditions under the Company's material debt facility, legislative requirements and liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends. Based on these and other factors, many of which are beyond the Company's control, there can be no assurance that the Company will resume paying dividends in the future.

In addition, the provisions of the 2028 Unsecured Indenture and the BTG Instrument (defined below) restrict the Company's ability to declare and pay dividends to the Shareholders under certain circumstances and, if such restrictions apply, they may in turn have an impact on the Company's ability to declare and pay dividends.

Certain Shareholders hold a significant portion of the Common Shares

While the Company is a widely held public company listed on the TSX, based on current public filings, Catalyst currently holds approximately 36.8% of the Company's issued and outstanding Common Shares. As a result, Catalyst could have the ability to exercise substantial influence over the policies and management of the Company, which could prove to be contrary to the interests of the other stakeholders of the Company.

It cannot be assumed that Catalyst or other large shareholders will remain as shareholders for the long-term. Catalyst may be interested in disposing of its interest in its Common Shares in the near- or medium-term and may therefore be unwilling to pursue certain long-term policies to the extent they may have short-term goals. In addition, if Catalyst decides to dispose all of its Common Shares, and such disposition results in the decrease of the 2028 Unsecured Notes rating, this event may trigger change of control provisions under the 2028 Unsecured Indenture, at which point the Company may have an obligation to offer to redeem the 2028 Unsecured Notes at 101% of the principal amount thereof plus accrued, unpaid interest and Additional Amounts (as defined in the 2028 Unsecured Indenture).

If, as a result of a disposition of Common Shares by Catalyst, a controlling shareholder is created, a controlling shareholder could have a different vision and strategy for the Company's business, which the Company cannot predict, but which may be adverse to the interests of other stakeholders of the Company.

Reduction of costs through corporate initiatives

The Company continues to implement a series of initiatives intended to streamline operations, improve efficiencies and reduce costs across the organization. In the first half of 2020, with the historic drop in oil prices, the Company accelerated its cost savings initiatives to reduce its capital expenditures, operating costs, and overhead costs. The resulting adjustments to operations, technologies and personnel as part of these initiatives may result in unanticipated operational problems, expenses and liabilities, among others.

While the Company's cost reduction efforts have reduced the Company's operating costs and improved efficiencies, the Company cannot be certain that all efforts will be successful or sustainable and that the Company will not be required to implement additional actions to structure its business to operate in a cost-effective manner in the future.

Enforcement of civil liabilities

Substantially all of the assets of the Company are located outside of Canada, and certain directors and officers of the Company are residents outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the directors and officers of the Company residing outside of Canada.

Managing growth

The Company's long-term strategy is to create opportunities for future growth through the advancement of the Company's exploration portfolio in Colombia, Ecuador and Guyana. If the Company fails to effectively manage its growth, its financial results could be adversely affected. Growth may place a strain on the Company's management systems and resources. The Company must continue to refine and expand its business development capabilities, systems and processes and access to financing sources. As the Company grows, it must continue to hire, train, supervise and manage new employees. The Company cannot assure that it will be able to:

- expand its systems effectively, efficiently or in a timely manner;

- allocate its human resources optimally;
- identify and hire qualified employees or retain valued employees; or
- incorporate effectively the components of any business that the Company may acquire in the Company's effort to achieve growth.

If the Company is unable to manage its growth and operations, its financial results could be adversely affected by inefficiency, which could diminish profitability.

The Company considers acquisitions and dispositions in the ordinary course of business. The identification and integration of acquisition and award opportunities may require significant effort, time and management resources and there is no assurance that the Company will be successful in acquiring or being awarded new properties and, if acquired or awarded, that such properties will result in commercial quantities of oil and natural gas.

In addition, the Company cannot guarantee that it will be able to successfully dispose of its non-core assets or that, if disposed of, the Company will receive the full carrying amount. Should the Company reach agreements to divest certain non-core assets, some agreements may include specific conditions to closing that may delay or inhibit the disposition and there can be no assurances that the Company will be able to meet these conditions and therefore close such transactions. Failure of the Company to close any disposition transaction may have an adverse effect of the Company's business, financial condition or results of operations.

Management assumptions and contingencies

Actual results may differ materially from management estimates and assumptions. In preparing consolidated financial statements in conformity with IFRS (as defined below), estimates and assumptions are used by management in determining the reported amounts of assets and liabilities, revenues and expenses recognized during the periods presented and disclosures of contingent assets and liabilities known to exist as of the date of the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of such financial statements is dependent on future events, and cannot be calculated with a high degree of certainty from information available and the Company must exercise significant judgment in applying its accounting policies, estimates and assumptions about the future.

Estimates may be used in management's assessment of items such as fair values, income taxes, royalties, net operating earnings or loss, contingent liabilities and reported amount of assets. Actual results for all estimates could differ materially from the estimates and assumptions used by the Company, which may have a material adverse effect on the Company's business, financial condition, results from operations and business prospects.

In addition, the presentation of financial information in accordance with the International Financial Reporting Standards (**"IFRS**") as issued by the International Accounting Standards Board requires that management apply certain accounting policies and make certain estimates and assumptions that affect reported amounts in the Company's consolidated financial statements. The accounting policies may result in non-cash charges to net income and write-downs of net assets in the consolidated financial statements. Such non-cash charges and write-downs may be viewed unfavourably by the market and may result in an inability to borrow funds and/or may result in a decline in the Common Share price.

Lower oil and gas prices may result in a write-down of the Company's oil and gas properties, plant and equipment and deferred tax assets. Under IFRS, oil and gas assets are aggregated into groups known as Cash Generation Units

("**CGUs**") for impairment testing. CGUs are reviewed for indicators that the carrying value of the CGU may exceed its recoverable amount. If an indication of impairment exists, the CGUs' recoverable amount is then estimated. If the carrying amount exceeds its recoverable amount, an impairment loss is recorded in the period to reduce the carrying value of the CGU to its recoverable amount.

Breaches of confidentiality

The Company may disclose confidential information relating to its business, operations or affairs when discussing business relationships or other potential transactions with third parties. Before the disclosure of such confidential information, the Company endeavours to have third parties execute confidentiality agreements. A breach of a confidentiality agreement or disclosure of confidential information could put the Company at a competitive disadvantage and cause damage to its business. Such harm cannot be easily be quantified and may not be compensable through damages. The Company cannot assure investors that if there was a breach of confidentiality, a court of competent jurisdiction would provide equitable relief in a timely manner, if at all.

Risks Related to the Company Conducting Business in the Oil and Natural Gas Industry

Fluctuating prices and markets

Substantially all of the Company's revenues are derived from the extraction and sale of oil and natural gas. Oil and gas prices have been and are expected to remain volatile as a result of the market uncertainties over supply and demand and other factors, all of which are beyond the Company's control. These factors can include, among other things, global supply and demand factors, political conditions in oil and gas exporting nations, the actions of the OPEC, oil demand growth from emerging markets, inflation expectations, currency exchange rate fluctuations, supply disruption, the availability of, and demand for, alternative fuel sources, circumstantial effects of climate change and meteorological phenomena, changes in trade policies and agreements, and threat of terrorism.

The Company is significantly vulnerable when oil and natural gas prices decline below the necessary levels to fund its operating costs and general and administrative expenses, planned non-discretionary capital programs, taxes and debt service. Any substantial decline in the prices of oil and natural gas could have a material adverse effect on the Company's earnings. Any substantial and prolonged decline in prices of crude oil or natural gas would have an adverse effect on the carrying value of the Company's reserves, borrowing capacity, exploration and development programs, revenues, profitability and funds flow from operations and may have a material adverse effect on the Company's business, financial condition, results from operations and business prospects.

In addition, bank borrowings that are likely to be available to the Company in the future (to the extent the Company could avail itself of such borrowing under the 2028 Unsecured Indenture) are usually determined by the Company's borrowing base. A sustained material decline in prices of oil or natural gas from historical average prices could reduce such borrowing base, therefore reducing the bank credit available.

The Company periodically enters into hedging transactions with respect to a portion of its expected future production to offset the risk of revenue losses if commodity prices decline. However, to the extent that the Company engages in hedging transactions to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases. In addition, the Company's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which production falls short of the hedged volumes; oil prices become significantly higher or lower than projected; the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements. There is no assurance that the Company will always be able to enter into hedging agreements or reduce the risk or minimize the effect of any future decline in oil or natural gas prices.

Exploration

Oil and natural gas exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The commercial viability of a new hydrocarbon pool is dependent upon a number of factors that are inherent to reserves, such as the content and the proximity of infrastructure, as well as prevailing oil and natural gas prices that are subject to considerable volatility, regulatory issues, such as price regulation, taxes, royalties, land tax, import and export of oil and natural gas, and labour and environmental protection issues.

It is also difficult to estimate the costs of implementing an exploratory drilling program due to the inherent uncertainties of the drilling process, the costs associated with encountering various adverse drilling conditions, such as over-pressured zones and tools lost in the drill hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. The individual impact generated by these factors cannot be predicted with any certainty and, once combined, may result in non-economical reserves.

If the Company's operations and/or investments in Colombia, Ecuador or Guyana are disrupted and/or the economic integrity of these projects is threatened for unexpected reasons, the Company's business may experience a setback. These unexpected events may be due to technical difficulties, operational difficulties which impact the production, transportation or sale of the Company's products, geographic and weather conditions, business reasons or otherwise.

In addition, the Company will remain subject to the normal risks inherent to the oil and natural gas industry, such as unusual and unexpected geological changes in the parameters and variables of the petroleum system and operations. If exploration costs exceed the Company's estimates, or if the Company's exploration efforts do not produce results which meet the Company's expectations, the Company's future exploration efforts may not be commercially successful, which could adversely impact its ability to generate future revenues from the Company's operations.

Production

The Company's operations are subject to risks that could impact oil and gas production. Changes to actual or projected production levels can be the result of capital expenditure levels and management decisions to shut-in production. In April 2020, in response to the low oil price environment, the Company reduced capital expenditures and temporarily shut-in production from certain fields in Colombia with lower field netbacks. As a result of these actions, production levels decreased. The Company seeks to minimize the financial impact of such risks by managing capex programs to focus on economic production and focusing on maintaining reservoir management as fields are brought back online.

The Company may experience declines in the average daily total oil and gas production from fields as they continue to mature. In an effort to maintain production rates at these fields, development and production costs (including workover costs and transportation costs), marketing costs and costs required to comply with regulations may increase, thus having a significant effect on the Company's ability to generate future revenues from its operations.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs.

Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells.

In addition, the Company's production levels could be impacted by delays in obtaining governmental approvals or consents, shutdowns of connected wells resulting from extreme weather conditions, problems in storage and distribution and adverse geological and mechanical conditions, community blockades, human health issues (poisoning, virus outbreak) and delays in critical suppliers. These risks could generate impacts on the revenue generation (deferral losses) and reputational damage related to non-compliance with the market and stakeholders expectations. As part of the risk mitigation, the Company monitors the operational risks, social environment and community engagement, to manage any impacts to changes in total production.

Reserves growth

The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas. Without the continual addition of new reserves through exploration, acquisition or development activities, the Company's existing reserves and production therefrom will decline over time as such reserves are exploited. A future increase in the Company's reserves will depend on both the ability of the Company to explore and develop its existing properties and its ability to select, acquire or be awarded prospective or producing properties. There is no assurance that the Company will be able to continue to explore and develop its existing properties or find satisfactory properties to acquire or participate in. Moreover, management of the Company may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that the Company will discover or acquire further commercial quantities of oil and natural gas.

Royalty regimes

There is no assurance that governments in jurisdictions where the Company has assets will not adopt new royalty regimes, or modify existing regimes. If such a change were to occur, this could impact the economics and costs of the Company's projects. An increase in royalties could reduce the Company's earnings.

Health, safety and environmental

Given the operational and technical complexity associated with the oil and gas industry, the Company is subject to health, safety and environment risk. The Company's operations are subject to normal hazards and risks related to the exploration, development and production of natural resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. If any of these risks should materialize, the Company could incur legal defence costs and remedial costs and could suffer substantial losses due to injury or loss of life; human health risks; severe damage to or destruction of oil and gas wells, formations, production facilities or other properties; natural resources and equipment; pollution or other environmental damage; unplanned production outage; cleanup responsibilities; regulatory investigation and penalties; increased public interest in the Company's operational performance; and suspension of operations.

Oil and natural gas drilling and producing operations are subject to many operating hazards and risks, including the risk of fire; explosions; mechanical failure; pipe or well cement failure; well casing collapse; abnormal pressure in formations; chemical and other spills; unauthorized access to hydrocarbons; accidental flows of oil and/or gas; natural gas or well fluids; sour gas releases; contamination of oil and gas; vessel collision; structural failure; storms; earthquakes; hurricanes; floods or other adverse weather conditions and other occurrences. The Company's operations are also subject to the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. The Company seeks to minimize these risks by measuring and monitoring health, safety and environmental standards on a continuous basis and conducting its operations in a safe and reliable manner in accordance with high safety standards. Emergency preparedness, enhanced safety protocols, business continuity and security policies and programs are in place for all operating areas and are adhered to on an ongoing basis.

Insurance

The Company is not fully insured against all risks, nor are all risks insurable. While the Company obtains insurance in an amount consistent with industry standards, the nature of the risks facing the oil and gas industry is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, and the Company could incur significant costs that could have a material adverse effect upon its financial condition. A loss not fully covered by insurance, or the solvency of an insurer, could have a material adverse effect on the Company's financial position. The insurance coverage that the Company maintains may not be sufficient to cover every claim made against the Company in the future. In addition, a major incident could impact the Company's reputation in such a way that it could have a material adverse effect on the Company's business, financial condition or results of operations.

Pending or future litigation, arbitration and other regulatory proceedings

From time to time the Company is involved in litigation and arbitration relating to, among other things, labour, health and safety matters; environmental matters; regulatory, tax and administrative proceedings; governmental investigations; arbitration; and contractual claims and disputes. In addition, in some cases, the Company requires governmental authorities to approve certain settlements which are not in its control. Litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome, among other matters. Although the Company has established financial provisions and contingencies which it believes are individually appropriate, there is a risk that on a cumulative basis adverse decisions in such matters could materially affect the Company's financial condition or results of operations if such contingencies vary significantly from any amounts actually paid. In addition, if the Company were to receive an unfavourable decision through such proceedings, the Company may suffer reputational damage as a result, which could have an adverse effect on the Company's business and its ability to grow. For additional information see "Legal Proceedings and Regulatory Actions."

Contractual contingent obligations

The Company is subject to certain contractual contingencies, which, if they were to occur, could have an impact on the Company's business, financial condition or results of operations.

Certain of the Company's commercial agreements include provisions that require the Company, upon the occurrence of certain specific events, to contribute capital, repurchase shares from the Company's partners, suffer dilution or provide financial guarantees. If these contingencies were to occur the Company may not have the ability to raise the funds necessary to finance such contingent obligations.

Cybersecurity, data management and information security

Cyberattacks are an increasing threat applicable to companies of any size, operating in any region and across industries, the results of which may include compromising confidential or personal information, failures in information and operation systems, operation outages, a negative impact on a company's reputation, environmental incidents, legal sanctions, and, in extreme cases, risks to people’s physical safety. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical or sensitive data, or similar effects, which could have a material adverse impact on the protection of intellectual property, confidential and proprietary information, and on the Company’s business, financial condition and results of operations.

The Company is dependent on the use of technology to properly operate its business and relies on various information technology systems to manage reserves and production, process financial data, administer contracts and communicate with employees and third parties. For several years, Frontera has had a robust cybersecurity program in place to assist the organization in facing cybersecurity challenges, which is reviewed regularly and is based on the ISO 27001, the ISO 27005 and the National Institute of Standards and Technology (NIST) for best practices. The Company's cybersecurity program includes a requirement to provide quarterly updates to the Board quarterly and focuses the Company's efforts on: (i) creating an information security culture through a training and awareness program; (ii) a risk management process that includes vulnerability management, ethical hacking exercises, risk assessments and protection of critical company information; (iii) adopting practices that allow the Company to identify, respond and mitigate incidents while becoming more resilient against future incidents; (iv) implementing assurance and monitoring processes, such as the extension of IT network controls to OT network controls, to minimize the probability and impact of cyberattacks on the Company's critical infrastructure; (v) strengthening its capabilities for monitoring and detecting cyberattacks, with a combination of experts and technologies based on machine learning and artificial intelligence to prevent incidents from materializing; and (vi) ensuring regulatory compliance with respect to data privacy in every region the Company operates.

The Company’s cybersecurity program is designed to help protect it’s information technology systems, and has not been the subject of a material cyber attack incident to date. However, in this challenging and evolving cyber risk environment, the Company’s mitigation strategy cannot guarantee absolute security and the Company may still be vulnerable to cyber-attacks or data security incidents. in the future. To help mitigate this risk, the Company has a specific insurance policy for cyber risks in place.

Reserves and resources estimates

There are numerous uncertainties inherent in estimating reserves and resources and cash flows to be derived therefrom, including many factors beyond the control of the Company. The Company prepares these reserves and resources estimates using various factors and assumptions, including historical production in the area compared with production rates from analogous producing areas; initial production rates; production decline rates; ultimate recovery of reserves; success of future development activities; timing and amount of capital expenditures; marketability of production; royalty rates, effects of regulations by government agencies (including levies imposed over the life of the reserves); and future operating costs (all of which could materially vary from actual results).

Some of these assumptions are inherently subjective, and the accuracy of the Company's reserves and resources estimates relies in part on the ability of its management team, engineers and other advisors to make accurate assumptions. Economic factors beyond the Company's control, such as oil prices, interest rates and exchange rates, will also impact the value of its reserves and resources. As a result, the Company's reserves and resources estimates will be inherently imprecise. The reserves and resources disclosed by the Company should not be interpreted as assurances of property life or of the profitability of current or future operations. Actual future production; oil and natural gas prices; revenues, taxes; development expenditures; operating expenses and quantities of recoverable oil and gas reserves may vary substantially from those the Company estimates. If actual production results vary substantially from the Company's estimates, this could materially reduce its revenues and result in the impairment of its oil and natural gas interests.

Exploration commitments

Government contracts such as exploration and production agreements require that minimum investments be made as a condition to maintaining the rights under the agreements. As of December 31, 2021, the Company has certain minimum work program commitments for 2022 and beyond. If the Company fails to satisfy the minimum investments required by its exploration and production agreements, the Company could be subject to significant monetary penalties of up to 100% of the minimum work program commitment, among other penalties or sanctions (including forfeiture of a block) which could have a material adverse effect on the Company's business, financial condition and results of operations.

Transportation and distribution costs

To sell the oil and natural gas that the Company is able to produce, it must make arrangements for transportation, storage and distribution to the market. The industry depends on rail, trucking, ocean-going vessels, pipeline facilities, ports, and barge transportation to deliver shipments, and transportation costs are a significant component of the total cost of supplying oil and natural gas to the market. Disruptions of these transportation services because of weather-related problems, strikes, lockouts, delays, terrorist acts or other events could temporarily impair, and have in the past temporarily impaired, its ability to supply oil and natural gas to the Company's customers and may result in lost sales. In addition, increases in transportation costs, or changes in transportation costs for oil and natural gas produced by competitors, could adversely affect the Company's profitability. To the extent such increases are sustained, the Company could experience losses and may decide to discontinue certain operations, forcing the Company to incur closures and/or care and maintenance costs, as the case may be. Additionally, lack of access to transportation may hinder the expansion of production at some of the Company's properties and the Company may be required to use more expensive transportation alternatives.

Furthermore, future instability in the countries in which the Company operates and may operate in the future, weather conditions or natural disasters, actions by companies doing business in those countries, labour disputes, terrorist acts or actions taken by the international community may impair the transportation and distribution of oil and/or natural gas and in turn, diminish the Company's financial condition or ability to maintain its operations. In addition, attacks on Colombian pipelines by insurgents have previously led to increases in the Company's transportation costs.

Decommissioning costs

The Company may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines that it uses for production of oil and gas reserves. Abandonment and reclamation of these facilities and the costs associated therewith is often referred to as "decommissioning." If decommissioning is required before economic depletion of the Company's properties, or if the Company's estimates of the costs of decommissioning exceed the value of the reserves remaining at any particular time, it may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could impair the Company's ability to focus capital in other areas of its business.

Permits and licences

The Company's interests in its properties are held in the form of licences, contracts and leases and working interests in licences, contracts and leases held by others. If the specific requirements of a licence, contract or lease are not met by either the Company or the holder of such licence, contract or lease, it may be terminated or expire. There can be no assurance that any of the obligations required to maintain each licence, contract or lease will be met. The termination or expiration of licences, contracts or leases or the working interests relating thereto could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

The Company's exploration, development and production activities may require licences and permits from governmental authorities, and as such operations are and will be governed by laws and regulations governing exploration, development and production, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all licences and permits that the Company may require to carry out exploration and development of its projects will be obtained on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake.

In the recent past, the Company and other oil and gas companies operating in South America have experienced significant delays from regional and national authorities with respect to the issuance of such licences. Unanticipated licencing delays can result in significant delays and cost overruns in the exploration and development of blocks and could affect the Company's financial condition and results of operations. The Company cannot assure that these delays will not continue or worsen in the future.

Labour disruptions

The Company operates in countries that have large state-sponsored or owned oil and gas companies that have traditionally employed unionized personnel. From time to time, the unions attempt or threaten to disrupt the field operations and crude oil transportation activities of their employers which may directly or indirectly affect the operations of the Company. The Company has previously experienced significant labour unrest that resulted in higher operating costs, although it did not have a significant impact on the Company's production output. The Company cannot provide any assurances that it will not face labour disruptions in the future, or that any agreement reached with workers would not result in a material increase to the Company's labour costs, all of which may have a material adverse effect on the Company's operations.

Environmental regulations and risk

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national, provincial and municipal laws and regulations. Prior to conducting projects, the Company must procure the licenses and environmental permits required by regulators. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also imposes compensation and investment obligations and requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of competent regulatory authorities. Compliance with such legislation can require significant expenditures, and a breach may result in revocation or suspension of environmental licenses and permits, civil liability for damages, remediation costs, and the imposition of fines and penalties, some of which may be material. While the Company endeavours to meet all of its environmental obligations, it cannot guarantee that it has been and will be in compliance at all times. Environmental legislation is evolving in a manner the Company expects may result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities and may require the Company to incur costs to remedy such discharge. The application of environmental laws to the Company's business may cause the Company to curtail its production or increase the costs of its production, development or exploration activities.

In addition, the Company's exploration, development and production activities will require the previous obtainment of certain permits and licenses from various governmental authorities, and such operations are and will be governed by laws and regulations concerning exploration, development and production, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all licenses and permits that the Company may require to carry out exploration and development of the Company's projects will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations or amendments thereof would not have an adverse effect on any project that the Company may undertake.

Climate change regulation

Climate change policy is continually evolving. The 2015 United Nations Climate Change Conference adopted by consensus the 2015 Paris Climate Agreement, which came into force on November 4, 2016. The agreement established greenhouse gas ("**GHG**") emission reduction measures, targets to limit global temperature increases and requires countries to review and "represent a progression" in their intended nationally determined contributions, which set emissions reduction goals every five years, beginning in 2020. The 2021 United Nations Climate Change Conference was the first since the 2015 Paris Climate Agreement that expected parties to make enhanced commitments toward mitigating climate change, and on November 13, 2021, the parties agreed to a new deal, the Glasgow Climate Pact, which aims at staving off climate change and for the first time makes reference to fossil fuels explicitly. In Colombia, the government passed Law 1931 of 2018, which establishes guidelines for the management of climate change. The purpose of this law is to promote the development of actions to mitigate GHGs.

International treaties together with increased public awareness related to climate change may result in increased regulation to reduce or mitigate GHG emissions. Compliance with legal and regulatory changes relating to climate change, including those resulting from the implementation of international treaties, may in the future increase the Company's costs to (i) operate and maintain the Company's facilities, (ii) install new emission controls on the Company's facilities and (iii) administer and manage any GHG emissions program. Revenue generation and strategic growth opportunities may also be adversely affected.

Although the Company has initiated a carbon footprint management strategy to reduce emissions, the GHG emissions of the Company may increase as the Company continues to manage declining fields and pursues a growth strategy.

Additional factors, such as the price and availability of new technologies, including renewable energy and unconventional oil and gas extraction methods, and the global geopolitical climate and other relevant conditions, have an indirect impact on oil demand and oil prices. There can be no assurances that these factors, in combination with others, will not result in a prolonged or further decline in oil prices, which may continue to have an adverse effect on revenues. Any long-term material adverse effect on the oil and gas industry could adversely affect the financial and operational aspects of the Company's business, which the Company cannot predict with certainty at this time and which are beyond the Company's control. Revenue generation and strategic growth opportunities may also be adversely affected which in the long-term may reduce the demand for oil and natural gas production, resulting in a decrease in the Company's financial and operating results.

The changing sentiment regarding climate change, and the increasingly stringent regulation of GHG, including regulations resulting from the implementation of international treaties, are expected to increase the Company's costs. In the long-term, regulation of GHG may also reduce demand for oil and natural gas production, resulting in a decrease in the Company's profitability and a reduction in the value of its assets or requiring asset impairments for financial statement purposes. The direct or indirect costs of compliance with GHG-related legislation or initiatives – such as adopting new sustainable technologies to reduce the Company's carbon footprint – may have a material adverse effect on the Company's business, financial condition, results of operations and prospects including, but not limited to increased costs to: (i) operate and maintain its facilities; (ii) install new emission controls on its facilities; and (iii) administer and manage any GHG emissions program. Additionally, there is a risk of third parties initiating litigation against the Company related to the GHG emissions and its impact on the climate.

Physical risks of climate change

The potential physical risks resulting from climate change are long-term in nature and contain a high degree of uncertainty of when such risks will occur, their scope, and their severity of impact. The Company does not conduct scientific research into climate change, but does stay abreast of scientific literature on the topic. Many experts believe climate change could increase extreme variability in weather patterns such as more frequent bouts of severe weather, rising mean sea temperatures and levels, and long-term changes in precipitation patterns. Extreme hot weather, heavy rain, and wildfires may limit the Company's ability to access its assets and cause operational difficulties, including damage to equipment and infrastructure. Moreover, extreme weather could increase the likelihood of personnel injury due to dangerous working conditions and could cause disruption to the production and transportation of its products, or slow the delivery of goods and services in its supply chain. These potential changes to the physical environment in which the Company operates may require the Company to incur greater costs in order to remedy its operations and obtain insurance.

The Company's operations may be disrupted by natural disasters made more severe and frequent as a result of climate change. The Company's ability to limit the impacts of these unexpected events depends on its rigorous preparedness and response planning, as well as business continuity plans.

Critical habitats

Although none of the Company's operations overlap with legally protected areas, the Company has exploration, production and development operations in sensitive ecoregions, which may impact areas of high conservation value or critical habitat even if not under legally protected status. These impacts could result in civil society campaigns targeting the Company, community/stakeholder opposition and negative news. To address issues of biodiversity concern, the Company is working on a strategy, the purpose of which is to protect and conserve areas in environmentally strategic zones through connectivity corridors and specific actions within the Company's areas of operation. The activities that are executed within this strategy include the purchase of land, reforestation, ecological restoration, agroforestry, sustainable cattle ranching and beekeeping, among others, all of which are executed through the Company's 1% investment and offsetting obligations. To date, the Company has accumulated 2,492 hectares for protection and conservation.

Expiration of contracts

The Company may be unable to find alternative revenue sources to replace the revenue that it has lost upon the expiration of certain exploration and exploitation contracts. Although the Company may want to extend its exploration and production contracts beyond their original expiration date, there is no assurance that such extension would be agreed to or, if so agreed, that the counterparties to such contracts would agree to terms that are acceptable to the Company. If any such contracts are terminated, any wells in production, buildings and other real estate possessions related to the fields subject to such contracts will revert without any additional compensation to the Company.

Reliance on foreign subsidiaries

The Company conducts all of its operations through foreign subsidiaries and foreign branches. Therefore, the Company is dependent on the flow of funds from operations of these subsidiaries and branches to meet its obligations, excluding any additional equity or debt the Company may issue from time to time. The ability of its subsidiaries to make payments and transfer cash to the Company may be constrained by, among other things: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdictions in which it operates; changes in government approvals and the introduction of foreign exchange and/or currency controls or repatriation restrictions, or the availability of hard currency to be repatriated. Furthermore, if a dispute arises in foreign jurisdictions, the Company may be subject to the exclusive jurisdiction of a foreign court, and have no ability to ensure foreign persons attorn to the jurisdiction of the courts within Canada.

The implementation of a restrictive exchange control policy, including the imposition of restrictions on the repatriation of earnings to foreign entities, could affect the Company's ability to engage in foreign exchange activities and could also have a material adverse effect on its business, financial condition and results of operations.

In particular, Colombian law provides that the Central Bank of Colombia may intervene in the foreign exchange market if the Colombian peso experiences significant volatility. The Company cannot provide assurance that the Central Bank of Colombia will not intervene in the future, and the Company may be temporarily unable to convert Colombian pesos to dollars.

Strategic relationships

To develop the Company's business, the Company may use business relationships to enter into strategic relationships, which may take the form of joint ventures with other private parties, with local government bodies or contractual arrangements with other oil and gas companies, including those that supply equipment and other resources that the Company uses in its business. The Company may not be able to establish these strategic relationships or, if established, the Company may not be able to maintain them. If the Company's strategic relationships are not established or maintained, its business prospects may be limited, which could diminish the Company's ability to conduct its operations.

Conflicting interest with joint venture partners

In the development of the Company's business, the Company has entered into various joint venture activities to explore for or develop certain hydrocarbon or infrastructure assets. The success and timing of the Company's activities that are developed through these joint venture arrangements depend on a number of factors that are outside the Company's control, including the approval of other participants on major decisions concerning the direction and operation of the assets and the development of certain projects, the timing and amount of capital expenditures to meet minimum work commitments, and the objectives and interests of other participants. Failure to satisfactorily meet demands or expectations by all of the parties may affect the Company's participation in the operation of a joint venture asset and may result in the Company losing the contractual right to the asset or project. As a result, the Company may assume significant additional costs that it would not otherwise be inclined to undertake to fulfill the obligations to meet certain work commitments to maintain its contractual rights for certain hydrocarbon or infrastructure assets that are considered material to the Company's business and operations.

Health hazards and personal safety incidents

The employees and contractor personnel involved in exploration and production activities and operations of the Company are subject to many inherent health and safety risks and hazards, which could result in occupational illness or health issues, personal injury and loss of life, facility quarantine or facility and personnel evacuation. To address these risks, the Company has implemented monitoring and reporting programs for environment, health and safety performance in day-to-day operations, as well as inspections and assessments, designed to ensure that environmental and regulatory standards are met including complying with COVID-19 procedures.

No assurance of title

The acquisition of title to oil and natural gas properties in the jurisdictions the Company operates is a detailed and time-consuming process. Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. The Company's properties may be subject to unforeseen title claims, including, among others, claims by indigenous communities. While the Company intends to make appropriate inquiries into the title of properties and other development rights it acquires, title defects may exist. If title defects do exist, it is possible that the Company may lose all or a portion of its right, title and interest in and to the properties that the title defects relate.

Foreign currency exchange rates

The Company mainly sells the oil it produces in the international markets under agreements that are denominated in U.S. dollars and foreign currencies. Many of the operational and other expenses the Company incurs are paid in the local currency of the countries where the Company conducts its operations. As a result, the Company may be exposed to translation risk when local currency financial statements are translated to U.S. dollars, the Company's functional currency.

Exchange rates between the Colombian peso and U.S. dollar have fluctuated significantly in the past and may fluctuate in the future. As currency exchange rates fluctuate, translation of the statements of income of international businesses into dollars will affect comparability of revenues and expenses between periods.

Corruption

The Company is subject to laws that prohibit bribery and other forms of corruption in Canada and Colombia and other jurisdictions where it operates and may be subject to similar laws in jurisdictions where it may operate in the future. In conducting its operations in South America and carrying out its social investment and environmental compensation requirements, the Company may be at risk of public corruption.

The Company has policies and procedures to detect and prevent bribery and corruption in any form. Such policies and controls include employee training, enforcement of policies prohibiting the giving or accepting of money or gifts in certain circumstances and an annual conflict of interest declaration from each employee confirming that such employee has disclosed actual, perceived or eventual conflicts, and confirming that such employee has not violated any applicable anti-corruption or bribery legislation. In addition, employees are required to annually acknowledge their compliance with the Company's Code of Business Conduct and Ethics and its Conflict of Interest Policy. Despite these policies and procedures, the Company cannot be certain that such measures will prevent fraud and ensure compliance with anti-corruption and anti-bribery legislation. It is possible that the Company, or its employees or contractors, could be charged with bribery or other forms of corruption as a result of the unauthorized actions of its employees or contractors. If the Company is found guilty of such a violation, the Company could be subject to onerous criminal or civil sanctions or other penalties as well as reputational damage. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, such allegations or convictions could impair the Company's ability to work with governments or non-governmental organizations, including the formal exclusion of the Company from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern.

Money laundering and other illegal and improper activities

Given the large number of contracts that the Company is a party to in Colombia and abroad with local and foreign suppliers and contractors, the geographic distribution of the Company's operations and the great variety of actors that the Company interacts with within the course of business, the Company is subject to the risk that its employees, suppliers, contractors, or any person with whom the Company has a relationship may misappropriate the Company's assets, manipulate the Company's assets or information, make improper payments or engage in money laundering or the financing of terrorism, for such person's personal or business advantage.

The Company is required to comply with applicable anti-money laundering laws, anti-terrorism financing laws and other regulations in Colombia and the countries where the Company operates. Following the Company's insolvency proceedings and restructuring that was concluded in November 2016, the Company made significant investments in modern compliance and internal audit programs and improved upon its policies and procedures aimed at detecting and preventing money laundering, and other illegal activities by terrorists, terrorist-related organizations and individuals.

Nevertheless, such policies and procedures may not completely eliminate instances of money laundering and other illegal or improper activities. In addition, the Company's systems for identifying and monitoring these risks may not be effective to fully mitigate them in all situations. If the Company fails to fully comply with such applicable laws and regulations, the relevant government authorities of the countries where the Company operates have the power and authority to impose fines and other penalties. In addition, any such acts may result in material financial losses or reputational harm to the Company which could in turn have an adverse effect on the Company's business, financial condition and results of operation.

Technology

The Company relies on technology, including geologic and seismic interpretation and economic models, to develop its reserve estimates and to guide its exploration, development and production activities. The Company is required to continually enhance and update its technology to maintain its efficacy and to avoid obsolescence. The costs of doing so may be substantial and may be higher than the costs that the Company anticipates. If the Company is unable to maintain the efficacy of its technology, its ability to manage its business and to compete may be impaired, in which case the Company may incur higher operating costs than it would if the Company's technology was more efficient. Conversely, implementing new technology may not provide the same results as originally delivered during a test or simulation period. As such, there can be no assurance of successfully integrating new technology into a project.

Competition

The oil and gas industry is highly competitive in all of its phases. Other oil and gas companies will compete with the Company by bidding for exploration and production licenses and other properties and services that the Company will need to operate the Company's business in the countries in which it operates. Additionally, other companies engaged in the Company's line of business may compete with the Company from time to time in obtaining capital from investors. Competitors include larger, foreign-owned companies, which, in particular, may have access to greater resources than us, may be more successful in the recruitment and retention of qualified employees and may conduct their own refining and petroleum marketing operations, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests. The Company's ability to increase the Company's interests in the future will depend not only on the Company's ability to explore and develop present properties, but also on the Company's ability to select, acquire and develop suitable properties or prospects.

<u>Risks Related to Operations in Colombia and the Company's Other Markets</u>

Economic and political developments

The Company's current projects are located in emerging market countries such as Colombia, Ecuador and Guyana. Consequently, the Company is dependent upon these countries' respective economic and political developments. As a result, the Company's business, financial position and results of operations may be affected by factors which are outside of its control, including, but not limited, the general conditions of these economies, economic instabilities, price instabilities, currency fluctuations, inflation, interest rates, taxation, regulation and policy changes, changes to drilling, development and abandonment obligations, expropriation of property without fair compensation, termination of existing contracts, political unrest, administrative or process changes, social instabilities, and other developments in or affecting these countries, over which the Company has no control. Although the Company does not have operations in the Middle

East, political instability and conflicts in the region may also cause disruptions to the supply of oil that ultimately affects the price of commodities, oil, and natural gas.

There can be no assurance that the governments of the countries where the Company operates and has investments will continue to pursue business friendly and open market economic policies or policies that stimulate economic growth and social stability. Any changes in the economy or the respective governments' economic policies in the countries where the Company operates, in particular as they relate to the oil and gas industries, may have a negative impact on the Company's business, financial condition and results of operations. Any of these factors, as well as volatility in the markets, may adversely affect the value of the securities of the Company.

In order to reduce its exposure to political risks, the Company has established a government stakeholder engagement plan, created a legislative activity plan and continues to build a balanced, diversified portfolio in the region.

Social risks

The Company's activities are subject to social risks, including protests or blockades by groups located near some of the Company's operations. Despite the fact that the Company is committed to operating in a socially responsible manner, the Company may face opposition from local communities and non-governmental organizations with respect to its current and future projects, which could adversely affect the Company's business, results of operations and financial condition. No certainty can be given that the Company will be able to reach an agreement with the different communities or special interest groups, such as environmentalists. Reaching such an agreement may also incur unanticipated costs. The Company could also be exposed to similar delays due to opposition from local communities in other countries where the Company carries out its activities.

The Company currently carries out and plans to carry out activities in areas classified by the Colombian government as indigenous reserves (resguardos) and Afro-Colombian lands (territorios colectivos). In order to undertake these activities, the Company must first comply with the previous consultation process, set forth by Colombian law. These consultation processes are required for obtaining environmental licenses to start the Company's projects, works or activities in areas of direct influence of ethnic communities. In addition, consultations are considered a right ethnic communities have to be involved in the decision-making process of developing any projects that may impact them and their territories, including extracting industry and infrastructure projects. Generally, these consultation processes last between six months to one year depending on certain factors, including the number of communities to be consulted, each community's expectations and the availability of the Ministry of Internal Affairs – Office of the National Authority of Prior Consultation to coordinate the consultations, but may be significantly delayed if the Company cannot reach an agreement with the communities. The Company strives to be respectful of the Colombian constitution and laws and the autonomy of indigenous and Afro-descendant communities, and the Company therefore does not enter their territories until it has reached an agreement with them through the previous consultation process.

The Company's activities are subject to opposition, including protests by various communities, and even in areas in which the previous consultation processes do not apply. Recently, through popular consultation, which is a participation mechanism for non-ethnic communities, some communities have voted against the development of extractive industry projects. Any such similar situation may affect the Company's future projects.

In recent years, indigenous communities have been claiming their ancestral territories and requesting recognition on previously closed consultation processes. The Company has been, and may in the future be, exposed to operational restrictions as a result of the opposition of these communities.

No certainty can be given that the Company will be able to reach an agreement with the different communities opposed to the Company's operations or that such communities will participate in consultation processes if requested. The Company may be exposed to similar delays due to opposition from local communities in other countries where it carry out activities.

The Company also recognizes that the previous consultation process in Colombia and other countries in which it operate do not align in terminology with the Free, Prior and Informed Consent (FPIC) concept set out by the IFC Performance Standards. This discrepancy may raise concerns from communities, stakeholders and investors of gaps with international norms and inconsistent application of indigenous rights standards across different geographies; however, it is noted that the Colombian previous consultation process functions in practice in a similar manner as the IFC's FPIC requirement, as both require that an agreement is reached between indigenous stakeholders and potential developers prior to project construction of continued operations.

Internally, the Company may be exposed to shareholder activism seeking to limit the operations of the Company, or restrict the exploration and development of oil and natural gas production. Such shareholder activists may also propose conservation efforts and the use of alternative energy sources.

Dependence on third party service providers

The successful operation of the Company's business relies on third party service providers, including commodity transport (pipelines, rails, trucking, marine), and utilities such as electricity and water. A disruption in such third party services could impede the Company's operations and growth.

Security risk and guerrilla activity

The Company's operations may be adversely affected by security incidents or guerrilla activity that are not within the control of the Company. In addition, terrorist activity in Colombia may disrupt supply chains and discourage qualified individuals from being involved with the Company's operations.

In Colombia, Ecuador and Peru, the Company has security protocols and plans with strategies included in place to enable contingency plans to prevent damage to its infrastructure or to avoid its production from being compromised. The Colombian and Ecuadorian public forces are developing territorial control and have military bases that support security in the region and the binational oil operation, and the Company has agreements with them to supervise the areas of operation and private security forces that seek to protect its installations. The Company also has whistleblower intelligence mechanisms in place so that community members can report in advance if they obtain knowledge about possible criminal activities against the Company's assets.

There can be no assurance that continuing attempts to reduce or prevent security incidents will be successful or that guerrilla activity will not disrupt the Company's operations in the future. There can also be no assurance that the Company can maintain the safety of its operations and personnel in Colombia, Ecuador, and Peru or other jurisdictions where the Company operates or that this violence will not affect the Company's operations in the future. Continued or heightened security concerns in these countries could also result in a significant loss to the Company, particularly if security costs increase.

Income tax

The Company (including its subsidiaries) files all required income tax returns and is of the view that it is in material compliance with all applicable tax laws. However, such tax returns are subject to reassessment by the applicable jurisdictional tax authorities and the Company has been subject to such reassessments from time to time. In the event of a reassessment of the Company's tax returns, such reassessment may have an impact on current and future taxes payable.

Legislative changes may also have an adverse impact on the Company's operations and performance. Changes in tax-related laws and regulations, and interpretations thereof, can affect tax burdens by increasing tax rates and fees, creating new taxes, limiting tax deductions, and eliminating tax-based incentives. In addition, jurisdictional tax authorities or courts may interpret tax regulations differently than the Company does, which could result in tax litigation and additional costs and penalties. Such legislative changes may have an adverse impact on the Company's business, financial condition and results from operations. For additional information see "Tax review in Colombia" in the Liquidity and Capital Resources section of management's discussion and analysis for the year ended December 31, 2021 available on SEDAR at www.sedar.com.

Exchange controls

The Company's operations outside of Canada may require funding if their cash requirements exceed operating cash flow. To the extent that funding is required, there may be exchange controls limiting such funding or adverse tax consequences associated with such funding. In addition, taxes and exchange controls may affect the dividends that the Company receives from its foreign subsidiaries or branch offices of non-Canadian subsidiaries. Exchange controls may prevent the Company from transferring funds abroad.

There can be no assurance that the governmental authorities of the countries where the Company operates will not require prior authorization or will grant such authorization, or impose other restrictions, for the Company's non-Canadian subsidiaries or branch offices of non-Canadian subsidiaries to make dividend payments to the Company and the Company cannot make assurances that there will not be a tax imposed with respect to the expatriation of the proceeds from the Company's non-Canadian subsidiaries or branch offices of non-Canadian subsidiaries. The implementation of a restrictive exchange control policy, including the imposition of restrictions on the repatriation of earnings to foreign entities, could affect the Company's ability to engage in foreign exchange activities, and could also have a material adverse effect on the Company's business, financial condition and results of operations.

Local legal and regulatory systems

The oil and natural gas industry in the countries where the Company operates and/or invests is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record and the Company will be unable to predict what additional legislation or amendments may be enacted. Amendments to current laws, regulations and permits governing operations and activities of oil and natural gas companies, including environmental laws and regulations that are evolving in these countries, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs, affect the Company's ability to expand or transfer existing operations or require the Company to abandon or delay the development of new oil and natural gas properties.

The Company exists under the laws of the Province of British Columbia and is subject to Canadian laws and regulations. The jurisdictions in which the Company operates its exploration, development and production activities may have different legal systems than Canada or the United States, which may result in risks such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or, in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial systems to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences, agreements and permits required for the Company's business. These licences, agreements and permits may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurances that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others.

Concentrated geographic area

The majority of the Company's producing properties and leases are geographically concentrated in the Llanos Basin in eastern Colombia. As a result of this concentration, the Company may be disproportionately exposed to the impact of delays or interruptions of production from these wells caused by significant governmental regulation, processing or transportation capacity constraints, curtailments of production, natural disasters, interruption of transportation of gas produced from the wells in these basins, guerrilla activities or other events that impact this area.

Oil and natural gas exploration and production activities are dependent on the availability of drilling and related equipment, transportation, power and technical support in the particular areas where these activities will be conducted, and the Company's access to these facilities may be limited. Demand for such limited equipment and other facilities or access restrictions may affect the availability of such equipment to the Company and may delay exploration and production activities. The quality and reliability of necessary facilities may also be unpredictable, and the Company may be required to make efforts to standardize its facilities, which may entail unanticipated costs and delays. Shortages or the unavailability of necessary equipment or other facilities will impair the Company's activities, either by delaying its activities, increasing its costs, or otherwise.

International relations between the United States and Colombia

Colombia is among several nations subject to annual certification by the President of the United States of America based on the progress it has made in respect to halting the production and transit of illegal drugs. Although Colombia has received a current certification, there can be no assurance that, in the future, Colombia will continue to receive certification or a national interest waiver. The failure to receive certification or a national interest waiver may result in any of the following: all bilateral aid, except anti-narcotics and humanitarian aid, would be suspended; the Export-Import Bank of the United States and the Overseas Private Investment Corporation would not approve financing for new projects in Colombia; United States representatives at multilateral lending institutions would be required to vote against all loan requests from Colombia, although such votes would not constitute vetoes; and the President of the United States and Congress would retain the right to apply future trade sanctions.

Any sanctions imposed on Colombia by the United States government could threaten the Company's ability to obtain any necessary financing to develop its Colombian properties. There can be no assurance that the United States will not impose sanctions on Colombia in the future, nor can the effect in Colombia that these sanctions might cause be predicted. In addition, any changes in the holders of significant government offices, including its regulatory bodies such as the ANH, could have an adverse effect on the Company's operations and business.

Seizure or expropriation of assets

Pursuant to Article 58 of the Colombian Constitution, the Colombian government can, through a judicial order and prior compensation for damages, expropriate the Company's private property in the event such action is required to protect public interests. In such cases, the Company would be entitled to fair compensation for the expropriated assets. As a general rule (with the exception of expropriation for reasons of war, in which case compensation may be quantified and paid later), compensation must be paid before the asset is effectively expropriated. However, compensation may be paid in some cases years after the asset is effectively expropriated and the indemnification may be lower than the price for which the expropriated asset could be sold in a free market sale or the value of the asset as part of an ongoing business.

In the other countries where the Company operates or has investments, the state can also generally exercise eminent domain powers in respect of the Company's assets based on principles somewhat similar to those that apply in Colombia.

RESERVES DATA AND OTHER INFORMATION

The Company's reserves were evaluated by D&M, effective as of December 31, 2021, in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. D&M is an independent, qualified reserves evaluator appointed pursuant to such instrument.

Concurrently with the filing of this AIF, the Company has filed the following: (i) the *Statement of Reserves Data and Other Oil and Gas Information* on Form 51-101F1; (ii) the *Report on Reserves Data by Independent Qualified Reserves Evaluator* on Form 51-101F2 by D&M; and (iii) the *Report of Management and Directors on Oil and Gas Disclosure* on Form 51-101F3. These reports have been filed on SEDAR at www.sedar.com and are incorporated by reference into this AIF.

DIVIDENDS AND DISTRIBUTIONS

During the first quarter of 2020, the Company suspended its quarterly dividend due to the oil price decline. Prior to the suspension, the Company had paid dividends during 2019 and 2020 as presented in the table below. The declaration and payment of any specific dividend, including the actual amount, declaration date and record date are subject to the discretion of the Board. In response to the volatility in oil prices, the Company has not reinstated its quarterly dividend.

The provisions of its material debt facilities, including the 2028 Unsecured Indenture contain certain restrictions and covenants that, subject to certain exceptions, limit the Company's ability to pay dividends. In addition, the payment of dividends by the Company is governed by the liquidity and insolvency tests described in the BCBCA, pursuant to which the Board shall not declare and the Company shall not pay a dividend if there are reasonable grounds for believing that the Company is insolvent or that the payment of the dividend would render the Company insolvent. See “Risk Factors – General Risks – Dividends”.

The following table shows the aggregate amount of the dividends declared payable per share in respect of the years ended December 31, 2019 and 2020, for the Common Shares. No dividends were declared payable during the year ended December 31, 2021.

Record Date	Payment Date	Per Share Amount (C$)	Type of Dividend
January 3, 2019(1)	January 17, 2019	0.33	Special, Cash
April 2, 2019	April 16, 2019	0.165	Quarterly, Cash
July 3, 2019	July 17, 2019	0.205	Quarterly, Cash
August 9, 2019	August 23, 2019	0.535	Special, Cash
October 2, 2019	October 16, 2019	0.205	Quarterly, Cash
January 3, 2020(2)	January 17, 2020	0.205	Quarterly, Cash
April 2, 2020	April 16, 2020	0.205	Quarterly, Cash

Notes:
(1) Dividend was declared in 2018 and paid in 2019.
(2) Dividend was declared in 2019 and paid in 2020.

The Company has a dividend reinvestment plan (“**DRIP**”) that allows Shareholders resident in Canada to automatically reinvest their dividends in new Common Shares at a price equal to the volume weighted average trading price on the TSX for the last five trading days on which at least one hundred Common Shares traded immediately preceding a dividend payment date, less a discount of up to 5% (if any). The DRIP became effective on December 17, 2018. In 2021, no Common Shares were issued to Shareholders enrolled in the DRIP as no dividends were declared payable during the year.

The declaration of dividends is subject to the approval of the Company’s Board in its sole discretion.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As at December 31, 2021, 93,721,598 Common Shares were issued and outstanding and as at March 1, 2022, 94,499,994 Common Shares were issued and outstanding. The holders of the Common Shares are entitled to receive notice of, and to vote at, every meeting of the Shareholders and are entitled to one vote for each Common Share held. Subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares, the holders of the Common Shares are (i) entitled to receive dividends, if and when declared by the Board, and (ii) in the event of liquidation, dissolution or winding-up of the Company or upon any distribution of the assets of the Company among Shareholders being made (other than by way of dividend out of the monies properly applicable to the payment of dividends), entitled to share equally.

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares (“**Preferred Shares**”) without nominal or par value. As of both December 31, 2021, and March 1, 2022, no Preferred Shares were issued or outstanding. The

Preferred Shares may be issued from time to time in one or more series, each series consisting of a number of Preferred Shares as determined by the Board. The Preferred Shares of each series shall, with respect to dividends, if any, and the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its Shareholders for the purpose of winding-up its affairs, be entitled to preference over holders of Common Shares and the shares of any other class ranking junior to the Preferred Shares, and on parity with the Preferred Shares of every other series. At this time, the Company has no plans to issue any Preferred Shares.

Shareholder Rights Plan

The Company adopted a shareholder rights plan and entered into a shareholder rights plan agreement dated effective November 2, 2016 with Computershare Investor Services Inc., as rights agent, which was subsequently amended and restated on November 20, 2017, April 23, 2019 and May 15, 2019 (the "**Amended and Restated Rights Plan**").

Pursuant to the Amended and Restated Rights Plan, one right ("**Right**") is attached to each voting share (which as defined under the Amended and Restated Rights Plan includes Common Shares). The Rights will separate from the voting shares to which they are attached and will become exercisable upon the occurrence of certain events in accordance with the Amended and Restated Rights Plan. Pursuant to the terms of the Amended and Restated Rights Plan, any bid that meets certain criteria intended to protect interests of all Shareholders will be deemed to be a "permitted bid" and will not trigger the Amended and Restated Rights Plan. In the event of a take-over bid that does not meet the permitted bid requirements of the Amended and Restated Rights Plan, the Rights issued under the Amended and Restated Rights Plan will entitle Shareholders, other than any Shareholder involved in the take-over bid, to purchase additional Common Shares at a discount to the market price.

Catalyst, which currently owns approximately 36.8% of the Common Shares, is grandfathered under the Amended and Restated Rights Plan and will not, under the terms of the Amended and Restated Rights Plan, be restricted from acquiring additional Common Shares in any manner. A copy of the Amended and Restated Rights Plan is available on SEDAR at www.sedar.com.

Incentive Plan

On November 2, 2016, the Company approved and implemented a security-based compensation plan (the "**Incentive Plan**"), which was amended on March 14, 2017 and April 24, 2020. The Incentive Plan allows for the issuance of stock options, restricted stock units ("**RSUs**") and deferred stock units ("**DSUs**" and collectively with stock options and RSUs, the "**Awards**"). The aggregate number of Common Shares reserved for issuance in respect of which Awards may be granted shall not exceed 5,000,300. Common Shares subject to any Award (or any portion thereof) that have expired or are forfeited, surrendered, cancelled or otherwise terminated prior to the issuance or transfer of such Common Shares will again be available for grant under the Incentive Plan. Notwithstanding the foregoing, treasury Common Shares subject to an Award (or any portion thereof) that is settled in cash in lieu of settlement in treasury Common Shares shall reduce the number of Common Shares available for grant under the Incentive Plan.

i. Stock Options

Stock options allow holders to receive Common Shares at a future date. Stock options are granted with vesting conditions (typically based on continued service or achievement of personal or corporate objectives). The exercise price per Common Share for stock options is fixed by the Compensation and Human Resources Committee, but under no circumstance can the exercise price at the time of grant be less than the fair market value (as defined in the Incentive Plan) of the Common Shares. Vesting of stock options is determined by the Compensation and Human Resources Committee in its sole discretion and specified in the Award agreement pursuant to which the stock option is granted. Directors are not entitled to receive stock options.

As of December 31, 2021, no stock options were issued or outstanding.

ii. Restricted Stock Units

RSUs are granted with vesting conditions (typically based on continued service or achievement of personal or corporate objectives). The value of an RSU increases or decreases as the price of the Common Shares increases or decreases, thereby promoting alignment of interests of an RSU holder with Shareholders. Settlement may be made, in the sole discretion of the Compensation and Human Resources Committee, in Common Shares, cash or a combination thereof. Vesting of RSUs is determined by the Compensation and Human Resources Committee in its sole discretion and specified in the Award agreement pursuant to which the RSU is granted. If and when the Company declares a dividend, a dividend equivalent payment will be awarded in respect of RSUs held by a participant on the same basis as dividends declared and paid on Common Shares as if the participant was a shareholder of record on the relevant record date.

As of December 31, 2021, the Company had 1,980,538 RSUs issued and outstanding.

iii. Deferred Stock Units

DSUs represent a future right to receive Common Shares (or the cash equivalent) at the time of the holder's retirement, death, or the holder otherwise ceasing to provide services to the Company. Each DSU awarded by the Company is initially equal to the fair market value of a Common Share at the time the DSU is awarded. The value of a DSU increases or decreases as the price of the Common Shares increases or decreases, thereby promoting alignment of interests of a DSU holder with Shareholders. DSU settlements may be made, in the sole discretion of the Compensation and Human Resources Committee, in Common Shares, cash or a combination thereof. Only directors are entitled to receive DSUs. If and when the Company declares a dividend, a dividend equivalent payment will be awarded in respect of DSUs held by a participant on the same basis as dividends declared and paid on Common Shares as if the participant was a shareholder of record on the relevant record date.

As of December 31, 2021, the Company had 737,805 DSUs issued and outstanding.

<u>NCIB</u>

On March 15, 2021, the TSX approved the Company´s notice to initiate an 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 12-month period commencing March 17, 2021, and ending March 16, 2022, representing approximately 10% of the Company's "public float" (as calculated in accordance with TSX rules). Purchases subject to the NCIB will be carried out pursuant to open market transactions through the facilities of the TSX or alternative trading systems, if eligible, by BMO Nesbitt Burns Inc., on behalf of Frontera, in accordance with the Company's automatic share purchase plan and applicable regulatory requirements. As at December 31, 2021, the Company had repurchased for cancellation a total of 3,855,400 Common Shares under the NCIB at a volume weighted average price of C$5.59 per share (or approximately C$21.5 million). As at March 1, 2022, the Company had repurchased for cancellation a total of 4,051,100 Common Shares for approximately C$23.0 million under its NCIB, with an additional 1,146,512 Common Shares available for repurchase under the NCIB.

Material Debt Facilities

2028 Unsecured Notes

On June 21, 2021, the Company closed the offering of the 2028 Unsecured Notes. The 2028 Unsecured Notes bear interest at a rate of 7.875% per year and will mature in June 2028, unless earlier redeemed or repurchased. Concurrent with the offering, the net proceeds of the 2028 Unsecured Notes were partially used to repurchase, at a premium and including accrued interest, the total obligation under the Company's previously issued 2023 Unsecured Notes, which were set to mature in 2023. The 2028 Unsecured Notes rank equal in right of payment with all of the existing and future senior unsecured debt and are guaranteed by Frontera Energy Colombia AG and Frontera Energy Guyana Corp.

The Company received tenders and consents from holders of $287.8 million (or 82.24%) of the aggregate principal amount of its 2023 Unsecured Notes, pursuant to its previously announced cash tender offer and consent solicitation made upon the terms and subject to the conditions set forth in the Offer to Purchase and Consent Solicitation Statement dated as of June 7, 2021, and the related Letter of Transmittal. The notes tendered prior to the early tender date were settled on June 21, 2021 and the notes tendered after the early tender date and prior to the expiration time were settled on July 7, 2021. On July 7, 2021, the Company redeemed all of the remaining 2023 Unsecured Notes. The Company's long-term borrowing of $350.0 million of 2023 Unsecured Notes was completely discharged on July 7, 2021.

Under the terms of the 2028 Unsecured Indenture, the Company may, among other things, incur indebtedness provided that the consolidated net debt to consolidated adjusted EBITDA ratio is less than or equal to 3.25:1.0 and the consolidated fixed charge ratio is greater than or equal to 2.25:1.0. In the event that the said financial tests are not met, the Company may still incur indebtedness under certain permitted baskets, including an aggregate amount that does not exceed the higher of $100.0 million and 10% of consolidated net tangible assets. In addition, guarantors under the 2028 Unsecured Indenture must comprise of a minimum of 85% of the Company's Consolidated Adjusted EBITDA (excluding unrestricted subsidiaries, as calculated under the terms of the 2028 Unsecured Indenture) and as such, additional subsidiaries may be added or removed as guarantors from time to time to meet this requirement. As at December 31, 2021, the Company is in compliance with such covenants.

Additional information on the calculation of the financial covenants can be found in the 2021 Annual Financial Statements and management's discussion and analysis for the year ended December 31, 2021. A copy of the 2028 Unsecured Indenture and the supplemental indenture are also available on SEDAR at www.sedar.com.

Puerto Bahia Secured Syndicated Credit Loan

In October 2013 Puerto Bahia entered into a credit agreement with a syndicate of lenders for a $370 million debt facility, which matures in June 2025, to fund the construction and development of the Port Facility (the "**2025 Puerto Bahia Debt**"). During the course of 2018, 2019 and 2020, the lenders gave notices stating that Puerto Bahia is in breach of various loan covenants, however the lenders did not accelerate the loan. No notice of default was received during 2021, and the lenders have not accelerated the loan. The 2025 Puerto Bahia Debt bears interest at 6-month LIBOR plus 5% which is payable semi–annually, which is secured by substantially all the assets and shares of Puerto Bahia and which is non-recourse to the Company (other than as provided for by the Equity Contribution Agreement) and it has no impacts on the Company’s financial covenants under the 2028 Unsecured Notes. As of December 31, 2021, the 2025 Puerto Bahia Debt outstanding amount is $143.1 million.

As part of the agreements for the 2025 Puerto Bahia Debt credit agreement, Frontera Bahia, IVI, Puerto Bahia and Wilmington Trust, National Association (as administrative and collateral agent) entered into an equity contribution agreement (the “**Equity Contribution Agreement**”) dated October 4, 2013. Under the Equity Contribution Agreement, the Company and IVI agreed jointly and severally to cause contributions (via debt or equity) to Puerto Bahia up to the aggregate amount of $130 million whenever Puerto Bahia had a deficiency between (i) monies on deposit on the revenue account, good faith estimate of projected of revenues, and monies on deposit of the distribution account of Puerto Bahia; and (ii) the aggregate amount of the debt service scheduled to become due and payable. Amounts disbursed under the Equity Contribution Agreement are designated to the repayment of principal and interest from that loan.

Pursuant to the terms of the Equity Contribution Agreement, Frontera has from time to time made loans to Puerto Bahia that are subordinated to the 2025 Puerto Bahia Debt and bear interest of 14%. These loans give Frontera a direct claim against Puerto Bahia that is in priority to IVI’s equity interest in Puerto Bahia, and thus indirectly in priority to the claims of the remaining minority shareholders of IVI.

On June 9, 2021 and December 9, 2021, Frontera Bahia advanced $11.4 million and $24.4 million, respectively, to Puerto Bahia under the Equity Contribution Agreement, in each case as a loan. To date, Frontera Bahia has advanced a total of $109.71 million under the Equity Contribution Agreement, out of which $41.3 million was converted into preferred shares of Puerto Bahia on December 30, 2020, and $27.07 million was converted into preferred shares of Puerto Bahia on December 30, 2021. For details of the Company’s transactions with IVI, see “Note 4 – Acquisition of Infrastructure Ventures Inc.”, “Note 17 – Investments in Associates,” “Note 18 – Other Assets” and “Note 25 – Related-Party Transactions” of the 2021 Annual Financial Statements.

PetroSud Credit Loans

On December 30, 2021, the Company acquired control of PetroSud (for further information refer to Note 4 of the Annual Consolidated Financial Statements). On March 15, 2019 and December 20, 2021, PetroSud entered into two credit agreements with Banco Davivienda S.A. for a principal amount of $22.0 million and $2.8 million respectively, (the “**PetroSud Debt**”), with both loans maturing in December 2023. The PetroSud Debt bears interest at 3-month LIBOR plus 4.95% which is payable quarterly and was secured by a trust agreement that receives 100% of PetroSud’s sales, contemplates a debt service account for an amount equal to 100% of the next scheduled debt service, and a debt reserve account for an amount of $1.1 million. Subsequently in 2022, the Company replaced the letter of credit funding a debt reserve account by $1.1 million from it own funds. As at December 31, 2021, the PetroSud Debt outstanding amount is $18.0 million. Under the terms of the contracts, PetroSud may incur indebtedness provided that the finance debt over EBITDA ratio is less than or equal to 3.50:1.0 and the operating free cash flow plus the debt reserve account over debt service ratio is greater than or equal to 1.20:1.0. In the event that these financial ratios are not met, Banco Davivienda S.A. is entitled to accelerate the PetroSud Debt. As at December 31, 2021, PetroSud is in compliance with all such covenants.

Other Debt Instruments

The Company has various uncommitted bilateral letter of credit lines (the "**Uncommitted LCs**"). In addition, the Company has a master agreement for the issuance of standby letters of credit up to a maximum amount of $50 million (uncommitted) entered into with BTG Pactual S.A. (the "**BTG Instrument**"). Under the terms of this agreement, the issuer 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.

As of December 31, 2021, the Company had $49.02 million of issued and outstanding Uncommitted LCs and $33.8 million outstanding under the BTG Master Agreement, for exploratory commitments and abandonment funds in Colombia and Ecuador.

Credit Ratings

This section provides a summary of the Company's credit ratings as it relates to the Company's cost of funds and liquidity. Specifically, credit ratings can impact the Company's ability to obtain short- and long-term financing and the cost of such financing. See "Risk Factors – General Risks – Ratings Downgrade" for additional further information.

The following table shows the ratings issued for the Company by Fitch Ratings Inc. ("**Fitch**") and S&P Global Ratings ("**S&P**"). Credit ratings are intended to provide an independent measure of the credit quality of an issuer of securities. The credit ratings assigned by the ratings agencies are not a recommendation to buy, sell or hold securities of the Company, nor do they comment on market price or suitability for a particular investor. A rating may not remain in effect for any given period or may be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

	Fitch	**S&P**
Issuer Default Rating / Issuer Credit Rating	B	B+
2028 Unsecured Notes	B/RR4	B+
Outlook	Stable	Stable

On December 7, 2021, Fitch Ratings affirmed Frontera's Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) at 'B'. Fitch also affirmed Frontera's 2028 Unsecured Notes at 'B/RR4'. The rating outlook is Stable.

Fitch's issuer default ratings are on a rating scale that ranges from AAA (highest) to D (lowest). The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show the relative standing within the major rating categories. A rating of B by Fitch is the sixth highest of 11 categories and indicates that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

Fitch's individual securities ratings are on a rating scale that ranges from AAA (highest) to C (lowest). The addition of a plus (+) or minus (-) designation after the rating indicates the relative standing within the major rating categories. A rating of B is within the sixth highest of nine categories and indicates that material credit risk is present. The recovery ratings are on a scale that ranges from RR1 (outstanding recovery prospects given default) to RR6 (poor recovery prospects given default). RR4 (average recovery prospects given default) rated securities have characteristics consistent with historically recovering 31%-50% of current principal and related interest.

A Fitch rating outlook indicates the direction a rating is likely to move over a one to two-year period, with rating outlooks falling into four categories: “Positive,” “Negative,” “Stable” or “Evolving”. Rating outlooks reflect financial or other trends that have not yet reached the level that would trigger a rating action, but which may do so if such trends continue. A “Negative” outlook signals a negative trend on the rating scale. Positive or Negative Rating Outlooks do not imply that a rating change is inevitable, and similarly, ratings with stable outlooks can be raised or lowered without a prior revision to the outlook.

On October 11, 2021, S&P affirmed its global scale long-term issuer credit rating on the Company at ‘B+’. S&P also affirmed its issue-level rating on the Company’s 2028 Unsecured Notes at ‘B+’. The rating outlook is Stable.

S&P’s issuer credit ratings are on a rating scale that ranges from AAA (highest) to SD and D (lowest). The ratings from AA to CCC may be modified by the addition of a plus (+) or a minus (-) sign to show relative standing within the rating categories. According to the S&P rating system, obligations rated “BB,” “B,” “CCC,” “CC” and “C” are regarded as having significant speculative characteristics. A rating of BB by S&P is the fifth highest of 10 categories and is considered less vulnerable in the near-term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the obligator’s inadequate capacity to meet its financial commitments.

S&P’s long-term issue credit rating of individual securities are on a rating scale of AAA (highest) to D (lowest). The ratings from AA to CCC may be modified by the addition of a plus (+) or a minus (-) sign to show relative standing within the rating categories. A long-term credit rating of BB is within the fifth highest of 10 categories and is considered less vulnerable to non-payment in the near-term than other speculative grade investments but faces major ongoing uncertainties and exposure to adverse business, financial and economic conditions that could lead to the obligor’s inadequate capacity to meet its financial commitments on the obligation.

S&P outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years), with ratings outlooks falling into five categories: “Positive,” “Negative,” “Stable,” “Developing” and “N.M.” In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions. A “Stable” outlook means that a rating is not likely to change.

The Company paid Fitch and S&P their customary fees in connection with the provision of the above ratings. The Company has not made any payments to Fitch and S&P in the past two years for services unrelated to the provision of such ratings.

MARKET FOR SECURITIES

The Common Shares

The Common Shares are listed on the TSX under the trading symbol "FEC". The closing price on the TSX on March 1, 2022 was C$13.60. The following table sets out the high and low trading prices of the Common Shares for the periods indicated, as reported by the TSX. The trading history below should not be used as an indication of the trading prices or volume of the Common Shares in the future.

Period (2021)	High (C$)	Low (C$)	Trading Volume
December	10.35	6.42	2,502,619
November	9.42	6.61	2,993,306
October	9.14	7.05	2,163,097
September	7.77	6.74	2,111,321
August	7.58	6.20	1,982,382
July	7.87	6.50	1,928,837
June	7.90	5.99	3,691,571
May	6.85	5.31	3,304,931
April	7.10	5.94	3,333,845
March	7.20	5.87	6,575,834
February	6.88	3.74	5,614,893
January	4.37	3.16	5,239,829

2028 Unsecured Notes

The 2028 Unsecured Notes are listed on the Official List of the Luxembourg Stock Exchange and trade on its Euro MTF Market with the ISIN number US35905BAC19 and USC35898AB82 and commenced trading on June 21, 2021.

The trading activity for the 2028 Unsecured Notes, as reported by the Luxembourg Stock Exchange, is insufficient to provide meaningful trading data for the purposes of this AIF.

Unlisted Securities

During the financial year ended December 31, 2021, Frontera did not issue any class of securities not listed or quoted on a marketplace.

DIRECTORS AND OFFICERS

Directors and Officers of the Company

The following table sets forth the name, country of residence, position with the Company, and principal occupation for the five preceding years of each director and officer of the Company, and in the case of directors, the period each has served as a director of the Company. Such information is based upon information furnished by the person concerned.

Name, Residence and Position with the Company	Director Since[(1)]	Principal Occupation for the Past Five Years
Gabriel de Alba[(2),(3)] Florida, United States Chairman, Director	November 2, 2016	Gabriel de Alba is a Managing Director and Partner of The Catalyst Capital Group Inc. Mr. de Alba's responsibilities at Catalyst have included acting as a director or senior officer of various Catalyst portfolio companies, including World Color Press Inc., Cable Satisfaction International Inc. and Geneba Properties. Mr. de Alba is currently the Chairman of the boards of directors of Therapure Biopharma Inc. and Gateway Casinos & Entertainment and Co-Chairman of the board of directors of Cirque du Soleil. In addition, Mr. de Alba is also a Director and Co-Chairman of the board of directors of CGX. Prior to joining Catalyst at its inception in 2002, Mr. de Alba worked at AT&T Latin America. Mr. de Alba was a founding member of the Bank of America International Merchant Banking Group and, prior to that, worked in Bankers Trust's New York Merchant Banking Group. Mr. de Alba is fluent in five languages and holds a double B.S. in Finance and Economics from the NYU Stern School of Business, an M.B.A. from Columbia University and has completed graduate courses in Mathematics, Information Technology and Computer Sciences at Harvard University.
Luis F. Alarcón Mantilla[(4)] Bogotá, Colombia Director	November 2, 2016	Luis F. Alarcón Mantilla is a corporate director and former senior executive with a long record in the Colombian business environment. He currently serves as chairman of the board of directors of Almacenes Exito, a retailer and one of the largest companies in Colombia, a position he has held since 2015, and is a member of the boards of directors of Edemco SAS, an electric power infrastructure construction company, Transer S.A., a land transportation company, and Fundacion Plan, a non-profit Colombian civil society organization. He previously served as Chairman of the board of directors of Grupo Sura, a financial conglomerate. From 2007 through 2015, Mr. Alarcón served as Chief Executive Officer of Interconexión Eléctrica S.A. E.S.P., a Colombian energy transmission and telecommunications company.
W. Ellis Armstrong[(4),(5)] London, United Kingdom Director	November 2, 2016	Ellis Armstrong is a corporate director and former senior executive. He served as an independent director of Lloyds Register Group Limited, a leading international risk assurance firm, from 2013 to 2022, Lamprell plc, a Dubai-based engineering and construction company, from 2013 to 2018, and InterOil Corporation, a Canadian oil and gas exploration company, from 2014 to 2018. From 1981 through 2013, he held various senior strategy, commercial, technical and operational roles with BP plc, a multinational oil and gas company, and was also the Chief Financial Officer for the group's global exploration and production business.
René Burgos Díaz[(3),(5)] New York, United States Director	December 4, 2019	René Burgos Díaz is a financial markets executive with approximately 20 years of experience in investment management, leveraged financing, restructuring and financial advisory expertise across multiple industries and geographies, specifically in Latin America. In his current role, he is the Head of USD Private Credit for Latin America for Compass Group LLC, a Latin American-based asset management firm, a position he has held since January 2020. Prior to joining Compass Group, Mr. Burgos Díaz held the position of Director in the Emerging Markets team at CarVal Investors from 2015 to 2019, a leading global alternative investment management firm with $10 billion in assets under

Name, Residence and Position with the Company	Director Since(1)	Principal Occupation for the Past Five Years
		management. Mr. Burgos Díaz has also held roles at Deutsche Bank and Bank of America, including the role of Director with Deutsche Bank's Emerging Markets Structured Credit Trading team. Mr. Burgos Díaz also currently serves on the boards of directors of Puerto Bahia and Curie Co Inc., a synthetic biology company that engineers enzymes to replace chemicals in consumer products.
Russell Ford(3),(5) Texas, United States Director	November 2, 2016	Russell Ford is a corporate director and former senior business executive. He served as Chairman of the board of directors of Aera Energy, one of the largest oil and gas producers in California, from 2012 to 2015. He led global supply chain activities for Shell, a multinational energy and petrochemical company, as Executive Vice President of Contracting and Procurement from 2013 to 2015 and prior to that was the Executive Vice President Onshore from 2009 to 2012. Since 2015, Mr. Ford has advised companies and financial institutions on project-specific matters.
Veronique Giry(4) Alberta, Canada Director	November 7, 2018	Veronique Giry is currently a director and the Vice President and Chief Operating Officer of ISH Energy Limited, a private oil and gas exploration and production company based in Calgary, Canada, a position she has held since November 2017**.** From 2016 through 2017, Ms. Giry was Vice President, Industry Operations at the Alberta Energy Regulator and between 2015 and 2016 she was the Principal Consultant of Giry O&G Advisors. Prior to that role, she worked at TotalEnergies, a French multinational integrated oil and gas company, where she has held various roles in France, Latin America, Canada, Europe and the UK; the most recent, being Vice President, Thermal Assets and Exploration Leases in Calgary, Canada.
Orlando Cabrales Segovia Bogotá, Colombia Chief Executive Officer and a Director	November 7, 2018	Orlando Cabrales Segovia was appointed Chief Executive Officer of the Company on March 3, 2021, and has served on the Board since November 7, 2018. Prior to his appointment as Chief Executive Officer, he was the President of Naturgas, the Colombian natural gas trade association, a position he held from 2016 to 2021. Previously, he served as Vice Minister of Energy of the Ministry of Mines and Energy in Colombia between 2013 and 2014 and as the President of the ANH from 2011 to 2013. Mr. Cabrales Segovia has held senior roles at BP in Latin America and has been on the boards of numerous companies in Colombia, including Tuscany Drilling, CENIT and ISA. He currently serves as an independent director on the boards of directors of Isagen S.A., an electric power generation company, and Constructora Conconcreto S.A., an engineering and construction company.
Alejandro Piñeros Bogotá, Colombia Chief Financial Officer	N/A	Alejandro Piñeros joined the Company in 2017. He previously served as Corporate Finance Director and Corporate Vice President, Strategy & Planning prior to his appointment as Chief Financial Officer in March 2020. Prior to joining the Company, Mr. Piñeros was Chief Financial Officer and Head of Planning at Creditfinanciera from January 2016 to January 2017. Prior thereto, he was Chief Financial Officer of IVI, Chief Financial Officer and Head of Planning at Summum Energy, and Chief Financial Officer and Vice President of Administration at Propilco/Essentia, which is part of the Ecopetrol group. Mr. Piñeros also worked for six years at McKinsey & Company as Engagement Manager and associate.

Name, Residence and Position with the Company	Director Since[1]	Principal Occupation for the Past Five Years
Alejandra Bonilla Bogotá, Colombia General Counsel & Secretary	N/A	Alejandra Bonilla has more than 20 years of experience in the oil and gas industry, and previously worked in the Company from 2011 to 2020, where she served as Corporate Vice President, Legal and Head of Legal Colombia since December 2017. From April 2020 to March 2021, she was appointed partner of the energy practice at Dentons Cardenas & Cardenas, an international law firm. In March 2021, Mrs. Bonilla rejoined the Company at which time she was appointed General Counsel & Secretary.
Ivan Arevalo Bogotá, Colombia Corporate Vice President, Operations	N/A	Ivan Arevalo has more than 29 years of experience in the oil and gas industry. Mr. Arevalo has been with the Company for more than 16 years, and in his current role since July 1, 2020. Prior thereto, he was Country Manager for Frontera branches in Peru and Ecuador for four years, and before that, held a number of positions with the Company in Colombia, managing Heavy oil assets.
Renata Campagnaro Bogotá, Colombia Corporate Vice President, Marketing, Logistics & Business Sustainability	N/A	Renata Campagnaro has over 40 years of experience in the oil and gas industry. Ms. Campagnaro has been with the Company since 2010, and in her current role since December 14, 2016. Prior to her current role, she held several positions with the Company, including Corporate Vice President of Supply, Transport and Trading and Executive Vice President of Supply and Transport.
Victor Vega Bogotá, Colombia Corporate Vice President, Field Development, Reservoir Management & Exploration	N/A	Victor Vega has over 30 years of oil and gas exploration and development experience. Prior to joining the Company on October 1, 2021, Mr. Vega was Regional Exploration Manager Caribbean/South America at Shell, a multinational energy and petrochemical company, from January 2019 to September 2021 and prior thereto, Exploration Business Development Manager - Americas at Shell from March 2016 to December 2018.

Notes:

(1) Each director will hold office until the Company's next annual meeting or until his or her successor is appointed or elected.
(2) Mr. de Alba is the Managing Director and Partner of Catalyst.
(3) Member of the Compensation and Human Resources Committee.
(4) Member of the Corporate Governance, Nominating and Sustainability Committee.
(5) Member of the Audit Committee.

Share Ownership by Directors and Executive Officers

As of December 31, 2021, the directors and executive officers of the Company (as a group) owned, or exerted direction or control over, a total of 137,290 Common Shares, representing less than 1% of the Company's total issued and outstanding Common Shares.

On a partially-diluted basis, assuming the exercise of all RSUs, and DSUs, the directors and executive officers of the Company, as a group beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 1,372,070 Common Shares, representing approximately 1.46% of the Company's issued and outstanding Common Shares as of December 31, 2021.

Corporate Cease Trade Orders

No director or executive officer of the Company, is, or within the 10 years prior to the date hereof, has been a director, chief executive officer or chief financial officer of any company that was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemptions under securities legislation for a period of more than 30 consecutive days while such director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of the company being the subject of such order, or that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer in the company being the subject of such order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of the subject company.

Corporate Bankruptcies

Except as disclosed herein, no director or executive officer, or a shareholder holding a sufficient number of securities in the capital of the Company to affect materially the control of the Company, is or within 10 years prior to the date hereof, has been a director or executive officer of any company, that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Ivan Arevalo and Renata Campagnaro were officers of the Company prior to or during the recapitalization and financing transaction, respectively, which was implemented during 2016 pursuant to a proceeding under the *Companies' Creditors Arrangement Act* (Canada).

Penalties or Sanctions

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person, has, during the 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his, her or its assets.

Conflicts of Interest

There may be potential conflicts of interest to which the directors or officers of the Company may be subject in connection with the operations of the Company. Conflicts of interest, if any, will be subject to the procedures and remedies as provided under the BCBCA, which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Company disclose his or her interest and in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the BCBCA.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, there were no material interests, direct or indirect, of directors or executive officers of the Company, of any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding voting securities of the Company, or any other Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or would materially affect the Company or any of its subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

From time to time, the Company is the subject of litigation arising out of the Company's operations. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may materially impact the Company's financial condition or results of operations. While the Company assesses the merits of each lawsuit and defends itself accordingly, the Company may be required to incur significant expenses or devote significant resources to defend itself against such litigation.

Except as disclosed herein or elsewhere in this AIF, there are no legal proceedings or regulatory actions pending or known by the Company to which it is a party or in respect of which any of the properties of the Company are subject that are anticipated to be material to the Company and its subsidiaries taken as a whole. In the summary provided below, the Company has provided the estimates with respect to each claim where such an estimate is available; however, the estimates provided are not indicative of the probability of the final outcome.

Bicentenario and CENIT Transportation Dispute

Conciliation Agreement

On November 16, 2020, Frontera, CENIT and Bicentenario reached an agreement for the joint filing of a petition for approval of the Conciliation Agreement to resolve all the disputes among them related to the BIC Pipeline and the CLC Pipeline, and to terminate all arbitration proceedings related to such disputes.

The Conciliation Agreement included a full and final mutual release upon closing of all present and future amounts claimed by all parties in respect of the terminated transportation agreements and ancillary agreements related to the BIC Pipeline and the CLC Pipeline, which amounts included the liabilities that are recorded by Frontera as Cost Under Terminated Pipeline Contracts in the Company's financial statements.

The transaction did not include any cash payments between the parties, except for Frontera's release of its interests in a trust fund (restricted cash) of approximately $32.1 million as of December 31, 2020, including interest, created as a collateral for one of the claims. Upon completion of the settlement, Frontera transferred to CENIT its 43.03% interest in Bicentenario, any related outstanding Bicentenario dividends, and the BIC Pipeline line fill. The claims released by Frontera included recovery of the letters of credit drawn by Bicentenario in 2018 and all other claims that had been asserted by Frontera against Bicentenario.

The arrangement was conditional upon approval of the Conciliation Agreement under Colombian law which required an opinion to be issued by the Office of the Attorney General of Colombia (Procuraduría General de la Nación) and approval of the Administrative Tribunal of Cundinamarca, the final appeals court with competence regarding conciliation arrangements to which state-owned companies are a party. On November 17, 2020, the Conciliation Agreement was filed with the Office of the Attorney General of Colombia.

On November 11, 2021, the Administrative Tribunal of Cundinamarca approved the Conciliation Agreement and the final formalities of the settlement arrangement were concluded. This represented the final step in resolving all disputes between the parties related to the BIC Pipeline and the CLC Pipeline and terminated all pending arbitration proceedings related to such disputes.

As a result of the Conciliation Agreement, the Company recognized (i) $3.6 million prepaid transportation services, (ii) $4.4 million recovery of costs under terminated pipeline contracts, and (iii) $103.6 million non-cash loss related to currency translation differences reclassified from Other Reserves to the Statement of Income (Loss).

New Transportation Agreements

In connection with the closing of the settlement, Frontera also entered into new transportation contracts with CENIT, and Bicentenario and a new transportation contract with ODL.

The new transportation contracts with CENIT and Bicentenario for use of the CLC Pipeline and BIC Pipeline (and certain related facilities) will be for approximately 2,770 bbls/day and become effective within a six-month period following the Conciliation Agreement's approval.

The new ODL transportation contract provides for a ship or pay commitment of 10,000 bbls/day for approximately 3.8 years at a current tariff of $3.99/bbl.

For further information on the claims settled pursuant to the Conciliation Agreement, see "Note 27 – Commitments and Contingencies" of the 2021 Annual Financial Statements.

<u>IRI de Colombia S.A.S – Purchase Order Dispute</u>

On August 3, 2020, Importaciones y Representaciones de Colombia S.A.S. and IRI de Colombia ZF S.A.S. (collectively, "**IRI**"), a pipe supplier up until 2017, filed an arbitral lawsuit against the Company for approximately $185.5 million claiming payment of alleged amounts owed to them as per cancelled orders of goods and services, unperformed contracts, and reimbursement of warehouse costs of pipes. The monetary value of the Company's contractual relationship with IRI was far less than the amount claimed and the Company believes that this claim is without merit.

During the first quarter of 2021, neither of the parties paid its share of the fees of the local arbitral tribunal. Therefore, the arbitral tribunal ceased to exist, and the arbitration agreement executed along with IRI was no longer in effect (for the specific claim filed before that arbitral tribunal). On July 16, 2021, FECC received an invitation to participate in a conciliation hearing requested by IRI, as a procedural step to file their claim once again, in this case before the national courts. On August 9, 2021, such hearing took place and no settlement was achieved. At this time, FECC has not been served with any further claim filed by IRI before the national courts.

<u>Puerto Bahia – Tank Construction Related Arbitration</u>

In the course of constructing the Port Facility, Puerto Bahia retained the services of Isolux Ingeniería S.A., Tradeco Industrial S.A. de C.V., Tradeco Infraestructura S.A. de C.V ("**CITT**") for the construction of the Hydrocarbons' Terminal, including eight storage tanks and other facilities (the "**EPC Contract**"). CITT failed to comply with the terms of the EPC

Contract, including the timely delivery of the work contracted which caused damages to Puerto Bahia, among other contract breaches. As a result, Puerto Bahia proceeded to draw up a letter of credit in the amount of $17.0 million granted by CITT as a guarantee of the EPC Contract (the ”**LOC**”).

On June 11, 2015, CITT initiated arbitration proceedings under the regulations of the International Chamber of Commerce of Paris, claiming, among other things: (i) the return of the money from the LOC; (ii) recognition of costs incurred during the execution of the EPC Contract due to the stand-by; (iii) the right to extend the contract term as per the changes requested by Puerto Bahia; and (iv) unlawful termination of the EPC Contract. The total amount claimed is $70.4 million.

On August 21, 2015, Puerto Bahia filed a counterclaim against CITT for failure to comply with its contractual obligations under the EPC Contract that led it to breach the delivery dates and the agreed schedules, generating over costs, damages and losses to Puerto Bahia. Puerto Bahia claims damages up to $65 million.

During 2021, the CITT claim structure was amended to remove the technical claims, while concentrating on the request for the return funds drawn under the LOC. Of the approximately $68.2 million claimed by CITT, approximately $17 million corresponds to the amount delivered to Puerto Bahia through the LOC, and approximately $29.1 million corresponds to the interests on the LOC. As per Puerto Bahia’s defense arguments, the interest is being erroneously calculated by CITT as they are applying a different rate from the 4% annual rate stipulated in the EPC contract and have also contravened Colombian legal provisions regarding interest calculations. As part of the arbitration process, a hearing for the collection and discussion of evidence is scheduled in the second quarter of 2022.

Ecopetrol – Rubiales Field Disagreement

The Company has been involved in negotiations with Ecopetrol with respect to disagreements on wind-down costs and expenses, as well as inventory, in connection with the expiration of the Rubiales and Piriri exploration and production contracts in June 2016. On November 22, 2018, the Company filed a lawsuit against Ecopetrol before the Administrative Tribunal of Cundinamarca claiming it is owed $25.3 million. The Company was formally notified by Ecopetrol that they had filed a lawsuit against FECC for over $45 million. At this time, the Company has not yet been served such claim and negotiations continue; therefore, the Company cannot anticipate what the outcome of this proceeding will be or whether the final settled net amount will be significant.

Water Injection Collective Action

A popular action (a type of collective action that seeks injunctions to prevent damages caused by activities that may be damaging collective rights) was filed in March 2016 by claimants against a predecessor of FECC, and other parties such as Ecopetrol, the objective of which is to suspend water injection in affected areas. The claim states that water injection is causing increased seismic activity in the areas surrounding the Quifa block. On December 19, 2019, a ruling was issued by the Court ordering FECC and the other respondents to perform a study in order to assess the effects of water injection in Quifa. Such decision was appealed by the claimants and the court of appeals’ ruling is pending.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares is Computershare Trust Company of Canada through its offices in Toronto, Ontario.

The transfer agent for the 2028 Unsecured Notes is The Bank of New York Mellon.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business not otherwise required to be disclosed, that have been entered into by the Company within the most recently completed fiscal year or before the most recently completed fiscal year but still in effect:

1. the 2028 Unsecured Indenture (as amended, restated, supplemented or otherwise modified) (see "Description of Capital Structure – Material Debt Facilities – 2028 Unsecured Notes");
2. the Amended and Restated Rights Plan between the Company and Computershare Investor Services Inc. (see "Description of Capital Structure – General Description of Capital Structure – Shareholder Rights Plan"); and
3. the 2025 Puerto Bahia Debt (as amended, restated, supplemented or otherwise modified) (see "Description of Capital Structure – Material Debt Facilities – Puerto Bahia Secured Syndicated Credit Loan).

The foregoing agreements are available on SEDAR at www.sedar.com.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company other than D&M, the Company's independent reserves evaluators, and Ernst & Young LLP, Chartered Professional Accountants, the Company's auditor. To management's knowledge, as of the date hereof, neither D&M nor the designated professionals of D&M, directly or indirectly owned any of the outstanding Common Shares or other securities of the Company. No director, officer or employee of D&M is to be or has been elected, appointed or employed as a director, officer or employee of the Company. Ernst & Young LLP is independent within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

The full text of the Company's Audit Committee Charter is appended hereto as Appendix "A".

Composition of the Audit Committee and Relevant Education and Experience

The members of the Audit Committee are Ellis Armstrong (Chair), René Burgos Díaz and Russell Ford. All members of the Audit Committee are independent and financially literate in accordance with National Instrument 52-110 – *Audit Committees*.

Financial literacy can be generally defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements. In assessing an individual's financial literacy, the Board evaluates the totality of the individual's education and experience, including: (i) the level of the person's accounting or financial education, including whether the person has earned an advanced degree in finance or accounting; (ii) whether the person is a professional accountant, or the equivalent, in good standing, and the length of time that the person actively has practiced as a professional accountant, or the equivalent; (iii) whether the person is certified or otherwise identified as having accounting or financial experience by a recognized private body that establishes and administers standards in respect of such expertise, whether that person is in good standing with the recognized private body, and the length of time that the person has been actively certified or identified as having this expertise; (iv) whether the person has served as a principal financial officer, controller or principal accounting officer of a company that, at the time the person held such position, was required to file reports pursuant to securities laws and, if so, for how long; (v) the person's specific duties while serving as a public accountant, auditor, principal financial officer, controller, principal accounting officer or position involving the performance of similar functions; (vi) the person's level of familiarity and experience with all applicable laws and regulations regarding the preparation of financial statements that must be included in reports filed under securities laws; (vii) the level and amount of the person's direct experience reviewing, preparing, auditing or analyzing financial statements that must be included in reports filed under provisions of securities laws; (viii) the person's past or current membership on one or more audit committees of companies that, at the time the person held such membership, were required to file reports pursuant to provisions of securities laws; (ix) the person's level of familiarity and experience with the use and analysis of financial statements of public companies; and (x) whether the person has any other relevant qualifications or experience that would assist him or her in understanding and evaluating the company's financial statements and other financial information and to make knowledgeable and thorough inquiries whether the financial statements fairly present the financial condition, results of operations and cash flows of the company in accordance with generally accepted accounting principles, and whether the financial statements and other financial information, taken together, fairly present the financial condition, results of operations and cash flows of the company.

The education and experience of each member that has led to the determination of financial literacy is described below.

Ellis Armstrong is a chartered engineer with over 35 years of international oil and gas industry experience with BP in Argentina, Colombia, Venezuela, Trinidad, Alaska and the North Sea. He held senior strategy, commercial, technical and operational roles with BP and was also the Chief Financial Officer for the group's global exploration and production business. Dr. Armstrong is an independent director of Lloyds Register Group, a leading international risk assurance firm. Dr. Armstrong has a BSc and PhD in Civil Engineering from Imperial College, and a Master's degree in Business Administration from Stanford Business School.

René Burgos Díaz is a financial markets executive with approximately 20 years of experience in investment management, leveraged financing, restructuring and financial advisory expertise across multiple industries and geographies, specifically in Latin America. In his current role, he is the Head of USD Private Credit for Latin America for Compass Group. Prior to joining Compass Group, Mr. Burgos Díaz held the position of Director in the Emerging Markets team at CarVal Investors, a leading global alternative investment management firm with $10 billion in assets under management. Mr. Burgos Díaz has also held roles at Deutsche Bank and Bank of America, including the role of Director with Deutsche Bank's Emerging Markets Structured Credit Trading team. Mr. Burgos Díaz also currently serves on the board of Curie Co Inc., a synthetic biology company. Mr. Burgos Díaz holds a Bachelor of Business Administration, Accounting and Finance from the Universidad de Puerto Rico.

Russell Ford is a senior executive with more than 35 years of experience within the global oil and gas industry. He started his career at Shell's E&P business in 1981 as a production engineer working in upstream. Afterwards, he served in a series of technical, operational and leadership roles across a number of onshore and deep-water assets, in upstream research, and as head of M&A for North America. More recently, he led Royal Dutch Shell Group's global supply chain activities as Executive Vice President of Contracting and Procurement (2013–2015). Prior to that he was Executive Vice President Onshore (2009–2012) with responsibility for drilling, development, and producing operations for the North American onshore unconventional/shale portfolio. This followed assignments as a Vice President over upstream onshore and offshore development in the Western Hemisphere (2005–2009), Private Assistant to Shell's Chief Executive (2004–2005), and Head of EP Strategy and Portfolio (2003–2004). Mr. Ford has a BS in Mechanical Engineering from the University of Michigan and an MBA from California State University. He served as Chairman of the board of directors of Aera Energy from 2012 until 2015. Since retiring from Shell in June 2015, he has advised companies and financial institutions on project-specific matters.

Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures with respect to the pre-approval of permitted non-audit services by Ernst & Young LLP. The Audit Committee has established a budget for the provision of a specified list of permitted non-audit services that the Audit Committee believes to be typical, recurring or otherwise likely to be provided by Ernst & Young LLP. The budget generally covers the period between the adoption of the budget and the next meeting of the Audit Committee, but at the option of the Audit Committee it may cover a longer or shorter period. The list of services is sufficiently detailed as to the particular services to be provided to ensure that: (i) the Audit Committee knows precisely what services it is being asked to pre-approve; and (ii) it is not necessary for any member of management to make a judgment as to whether a proposed service fits within the pre-approved services.

The Audit Committee has delegated authority to the Chair of the Audit Committee (or if the Chair is unavailable, any other member of the Audit Committee) to pre-approve the provision of permitted non-audit services by Ernst & Young LLP that have not otherwise been pre-approved by the Audit Committee, including the fees and terms of the proposed services ("**Delegated Authority**"). All pre-approvals granted pursuant to Delegated Authority must be presented by the member(s) who granted the pre-approvals to the full Audit Committee at its next meeting.

All proposed services, or the fees payable in connection with such permitted non-audit services, that have not already been pre-approved must be pre-approved by either the Audit Committee or pursuant to Delegated Authority. Prohibited services may not be pre-approved by the Audit Committee or pursuant to Delegated Authority.

External Auditor Service Fees (By Category)

The following are the aggregate fees incurred by the Company for services provided by Ernst & Young LLP during fiscal years 2021 and 2020 (in $ in thousands). Canadian, Colombian, Peruvian and Swiss fees have been converted to $ using the average exchange rate for each year.

	2021	**2020**
Audit Fees(1)	1,664	1,540
Audit-Related Fees(2)	137	108
Tax Fees(3)	32	51
Total	1,833	1,699

Notes:

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. This category includes fees for audit or other attest services required by legislation including statutory audits.
(2) "Audit-Related Fees" include fees billed for statutory audit and related services by Ernst & Young LLP but not supporting the Company's opinion.
(3) "Tax Fees" include fees for tax compliance, tax planning, foreign exchange and transfer pricing.

ADDITIONAL INFORMATION

Additional financial information is provided in the 2021 Annual Financial Statements and management's discussion and analysis for the year ended December 31, 2021. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under its Incentive Plan, among other things, is contained in the Company's information circular for its most recent annual meeting of Shareholders that involved the election of directors. This information and other pertinent information regarding the Company can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This AIF contains certain statements that constitute "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "**forward-looking information**"). Forward-looking information is typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "plan", "intend", "believe", and similar words or expressions, including the negatives or variations thereof. All statements other than statements of historical fact contained in this document are forward-looking information, including, without limitation, statements regarding:

- business strategy, anticipated growth and plans of management;
- performance characteristics of the Company's oil and natural gas properties;
- the Company's oil and natural gas production levels;
- supply and demand for oil and natural gas;
- fluctuating prices and markets;
- the Company's future drilling activities and capital expenditures and the anticipated timing thereof;
- expectations regarding the ability to continually add to reserves through acquisitions, exploration and development;
- budgets, including future capital, operating or other expenditures and projected costs;
- expected costs, in-service dates and schedules for capital projects (including projects under construction/development);
- the Company's expectations and plans with respect to any contractual contingencies and current litigation, arbitration and regulatory proceedings;
- the expected impact of measures that the Company has taken and continues to take in response to the COVID-19 pandemic;
- treatment under governmental regulatory regimes, labour, environmental and tax laws;
- the operation and effectiveness of risk management programs;
- limitations on the Company's access to sources of financing or competitive terms and compliance with covenants; and

- the payment of any future dividends.

All forward-looking information reflects the Company's beliefs and assumptions based on information available at the time the applicable forward-looking information is made and in light of the Company's current expectations with respect to such things as the outlook for general economic trends, industry trends, commodity prices, the Company's access to the capital markets and the costs of raising capital, the integrity and reliability of the Company's assets, and the governmental, regulatory and legal environment. For all construction projects, estimated completion times and costs assume that construction proceeds as planned on schedule and on budget and that, where required, all regulatory approvals and other third-party approvals or consents are received on a timely basis. In some instances, this AIF may also contain forward-looking information attributed to third parties. Forward-looking information does not guarantee future performance. Management believes that its assumptions and expectations reflected in the forward-looking information contained herein are reasonable based on the information available on the date such information is provided and the process used to prepare the information. However, it cannot assure readers that these expectations will prove to be correct.

All forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward-looking information. Such risks, uncertainties and other factors include, without limitation, the following:

- expectations regarding the Company's ability to implement its strategic priorities and business plan and achieve the expected benefits, including its ability to raise capital and to continually add to reserves through acquisitions and development;
- volatility in market prices for oil and natural gas;
- uncertainties associated with estimating and establishing oil and natural gas reserves;
- liabilities inherent with the exploration, development, exploitation and reclamation of oil and natural gas;
- uncertainty of estimates of capital and operating costs, production estimates and estimated economic return;
- operational hazards and performance;
- global health crises, such as pandemics and epidemics, including the ongoing COVID-19 pandemic and the unexpected impacts related thereto;
- increases or changes to transportation costs;
- political developments in the countries where the Company operates;
- the outcome of litigation, arbitration and regulatory proceedings;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- delays in obtaining required environmental and other licences and permits;
- the effectiveness of the Company's risk management programs;
- competition;
- climate change risks, including the effects of unusual weather and natural catastrophes;

- climate change effects and regulatory and market compliance and other costs associated with climate change;
- reputational risks;
- reliance on key personnel and third parties;
- relationships with external stakeholders;
- technology, security and cybersecurity risks;
- uninsured and underinsured losses;
- changes in credit ratings;
- the possibility that actual circumstances will differ from estimates and assumptions;
- changes in laws and regulations;
- actions by governmental authorities;

and other risks, uncertainties and other factors, many of which are beyond the control of the Company, and some of which are discussed under “Risk Factors” in this AIF. Further, because there is interconnectivity between many of the risks the Company faces, it is possible that different constellations of risk could materialize which could result in unanticipated outcomes or consequences.

Information relating to “reserves” contained, among other places, in the “Statement of Reserves Data and Other Oil and Gas Information”, which is incorporated by reference into this AIF, is by its nature forward-looking information, as it involves the implied assessment of such assets based on certain estimates and assumptions. The reserves information that is incorporated in this AIF are estimates only. In general, estimates of economically recoverable crude oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, ability to transport production, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For those reasons, estimates of the economically recoverable crude oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary.

The Company’s actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material. All evaluations and reviews of future net revenue are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned.

Readers are cautioned that the foregoing list of important factors is not exhaustive and they should not unduly rely on the forward-looking information included in this AIF. Further, readers are cautioned that the forward-looking information contained herein is made as of the date of this AIF. The Company does not intend and does not assume any obligation to update or revise it to reflect new events or circumstances, other than as required by applicable securities laws. All forward-looking information contained in this AIF is expressly qualified by this cautionary statement. Further information about the factors affecting forward-looking information and management’s assumptions and analysis thereof, is available in filings made by the Company with Canadian provincial securities commissions available on SEDAR at www.sedar.com.

APPENDIX "A"

FRONTERA ENERGY CORPORATION

AUDIT COMMITTEE CHARTER

GENERAL

The purpose of this Charter is to set forth the composition, authority and responsibilities of the Audit Committee (the "**Committee**") of the board of directors (the "**Board**") of Frontera Energy Corporation (the "**Corporation**").

COMPOSITION

The members of the Committee are designated by the Board in accordance with the Corporation's Articles, and serve at the discretion of the Board. The Board appoints one member of the Committee as Chair of the Committee.

The Committee consists of at least three members, all of whom must be independent[1] and be "financially literate"[2]. No member of the Committee may simultaneously serve on the audit committees of more than three other publicly traded companies, unless service on any such additional audit committee is approved by the Board upon recommendation of the Corporate Governance, Nominating and Sustainability Committee. No member of the Committee will have participated in the preparation of the financial statements of the Corporation or any of its subsidiaries (as such term is defined in the Code of Business Conduct and Ethics) at any time during the three year period prior to becoming a member.

AUTHORITY AND RESPONSIBILITIES

General. The general purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

1. the Corporation's financial reporting, including the audits of the Corporation's financial statements and the integrity of the Corporation's financial statements and internal controls;
2. the qualifications and independence of the Corporation's independent auditor (including the Committee's direct responsibility for the engagement of the independent auditor);
3. the performance of the Corporation's internal audit function and independent auditor;
4. the Corporation's compliance activities relating to accounting and financial reporting;
5. the Corporation's Ethics and Compliance Program;
6. the qualifications and independence of the Corporation's reserves evaluator(s) or auditor(s); and
7. the Corporation's oil and natural gas reserves and resources data.

To carry out this purpose, the Committee must serve as a focal point for communication among the Board, the independent auditor, the Corporation's internal audit department, the Corporation's qualified reserves evaluator(s) or auditor(s), the Corporation's Ethics & Compliance Department and the Corporation's management, as their respective duties relate to accounting, financial reporting, internal controls, and compliance with *National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"), *National Instrument 52-110 – Audit Committees* ("**NI 52-110**") and all related Canadian Securities Administrators instruments, policies and rules. In particular, the independent auditor, members of the internal audit department, the Chief Financial Officer, the Senior Manager of Financial Reporting, the General Counsel, and the Ethics & Compliance Officer will have unrestricted access to the Committee or its members, other directors or the entire Board, as needed.

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[1] A member is "independent" if he or she would be independent for the purposes of Sections 1.4 and 1.5 of *National Instrument 52-110 – Audit Committees.*

[2] A "financially literate" individual is an individual who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Financial Statement and Disclosure Matters. The Committee will:

1. Meet to review and discuss with management and the independent auditor the Corporation's annual audited financial statements and financial and other data to be filed on an annual basis under *National Instrument 51-102 – Continuous Disclosure* ("**NI 51-102**"), including reviewing the specific disclosures made in the "Management's Discussion and Analysis" and the results of the independent auditor's audit of such financial statements, and recommending to the Board whether the audited financial statements should be approved for filing.

2. Meet to review and discuss with management and the independent auditor the Corporation's quarterly financial statements and financial and other data to be filed on a quarterly basis under NI 51-102, including reviewing the specific disclosures made in the "Management's Discussion and Analysis," and the results of the independent auditor's review of such financial statements and approve for filing.

3. Meet to review and discuss with management and the independent auditor the Corporation's annual information form and the financial and other data contained therein to be filed on an annual basis under NI 51-102.

4. Review and discuss with management and the independent auditor the following:
   (a) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles, and analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including analyses of the effects on the financial statements of alternative methods under International Financial Reporting Standards ("**IFRS**");
   (b) any major issues as to the adequacy of the Corporation's internal controls, and any steps adopted in light of any material weakness or significant deficiencies; and
   (c) management's annual evaluation of internal controls over financial reporting and quarterly evaluation of any material changes in such controls, and the internal auditor's annual review of the effectiveness of internal control over financial reporting.

5. Review and discuss in a timely manner (but at least annually) reports from the independent auditor regarding:
   (a) all critical accounting policies and practices to be used;
   (b) all alternative treatments of financial information within IFRS that have been discussed with management, ramifications of the use of such alternative treatments and related disclosures, and the treatment preferred by the independent auditor; and
   (c) all other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted audit differences.

6. Generally review and discuss with management the type and presentation of information to be disclosed in the Corporation's earnings press releases, including the use of pro forma or "adjusted" non-IFRS information, as well as the type and presentation of financial information and earnings guidance to be provided to analysts and rating agencies; such discussions may be of a general nature and need not cover the specific information or presentations to be given.

7. Review and discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Corporation's financial statements.

8. Discuss with the independent auditor the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

9. Review disclosures made to the Committee by the Corporation's Chief Executive Officer and Chief Financial Officer in connection with their certification process under *National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**") regarding any significant deficiencies or material weaknesses in the design or operation of internal controls, or any fraud involving management or other employees having a significant role in the Corporation's internal controls.

10. Review related party transactions.

Oversight of Independent Auditor. The Committee has the sole authority to appoint or replace the independent auditor; provided, however, that this is performed in compliance with NI 51-102. The Committee will be directly responsible for the compensation and oversight of the independent auditor (including the resolution of any disagreements between management and the independent auditor) and the Committee will review and assess the effectiveness of the independent auditor on an annual basis. The independent auditor will report directly to the Committee.

In addition, the Committee will:

1. Review and evaluate the lead partner of the independent auditor team.

2. Obtain on an annual basis a formal written statement from the independent auditor delineating all relationships between the independent auditor and the Corporation and review and discuss with the independent auditor any disclosed relationships or services that may impact the independent auditor's objectivity and independence.

3. Consider whether the independent auditor's provision of permissible non-audit services is consistent with the auditor's independence. As necessary, pre-approve non-audit services to be provided by the independent auditor, as further described in "Delegation of Authority" below.

4. Take appropriate action to oversee the independence of the independent auditor.

5. Obtain and review a report from the independent auditor at least annually regarding the independent auditor's internal quality control procedures.

6. Evaluate and report to the Board on its conclusions as to the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and whether the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and the internal audit department.

7. Ensure the regular rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit.

8. Establish clear policies regarding the Corporation's hiring of employees or former employees of the independent auditor.

9. Meet with the independent auditor to discuss the planning and staffing of the audit.

10. Obtain acknowledgment from the independent auditor that it will inform the Committee if the independent auditor detects or becomes aware of any illegal act.

Oversight of Internal Audit Department. The Committee has adopted the Institute of Internal Auditors' definition of Internal Auditing as follows:

> Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Committee will engage in general oversight with respect to the internal audit department. The head of Internal Audit will report directly to the Chair of the Committee and administratively to the Corporation's General Counsel. The Chair of the Committee will be involved in the hiring, termination and performance evaluation linked to the remuneration of the head of Internal Audit. In addition, the Committee will:

1. Monitor and examine the organization and performance of the internal audit department.

2. Approve the internal audit strategic plan and the annual risk-based audit plan (including budget, staff and resources) and material changes thereto.

3. Receive periodic reports from the head of Internal Audit regarding the status of the audit plan, audit results, management's responses, status of corrective actions defined by management, as well as, any significant

difficulties or disagreements with management, and any scope restrictions encountered in the course of the function's work.

4. Periodically review the internal audit charter and approve any changes.

Oversight of Compliance Activities Relating to Accounting and Financial Reporting. The Committee will assist the Board in fulfilling its oversight responsibilities with respect to the Corporation's compliance activities relating to accounting and financial reporting.

The Committee will also establish, maintain and periodically review procedures for the receipt, retention and proper treatment of complaints regarding accounting, internal controls (including internal accounting controls) or auditing matters, which procedures will include provision for the confidential, anonymous submission of reports or complaints concerning potential violations of law or other misconduct and concerns regarding accounting, auditing or internal control matters.

Committee Report. The Committee will prepare the audit committee report required by NI 51-102 to be included in the Corporation's annual information circular.

Oversight of Ethics and Compliance Program. The Committee will assist the Board in fulfilling its oversight responsibilities with respect to the Corporation's Ethics and Compliance program, including the Corporation's compliance with legal and regulatory requirements.

In particular, the Committee will:

1. Oversee the activities of the Ethics and Compliance function. The Ethics & Compliance Officer will report directly to the Chair of the Committee and administratively to the General Counsel (unless the Ethics & Compliance Officer is also the General Counsel).

2. Oversee the adoption and maintenance of procedures to ensure that all compliance and ethics matters receive prompt review by or under the authority of the Ethics & Compliance Officer and the Chair of the Committee.

3. Oversee the establishment and maintenance of a comprehensive compliance and ethics program, including an ethics and compliance training program for all employees and the establishment and operation of the Ethics Committee comprising certain members of management.

4. Monitor the process for communicating to employees the Corporation's Code of Business Conduct and Ethics and Conflicts of Interest Policy and the importance of compliance therewith, including: (a) the maintenance and periodic review of the Code of Business Conduct and Ethics and Conflicts of Interest Policy; (b) assuring employees that no retaliation or other negative action will be taken against any employee because that employee submits any report or complaint under (but subject to the provisions of) the Whistle Blower Policy concerning potential violations of law or other misconduct and concerns regarding accounting, auditing or internal control matters; and (c) conducting reviews of complaints and investigations made pursuant to the Whistle Blower Policy.

The General Counsel and the Ethics & Compliance Officer will at all times have unrestricted access to the Chair of the Committee or any other member of the Committee or the Board for any purpose he or she deems appropriate.

To help ensure that the Ethics & Compliance Officer preserves the requisite, ongoing authority and independence to maintain an effective compliance program, the Chair of the Committee will be involved in any action to appoint, replace, reassign or terminate the Ethics & Compliance Officer.

Oversight of the Corporation's Reserves and Resources Reporting Process. The Committee will assist the Board in fulfilling its oversight responsibility to review and approve the Corporation's externally disclosed oil and gas reserves estimates, and any material changes to such reserves estimates, in accordance with NI 51-101, including reviewing the procedures used by the qualified reserves evaluator(s) or auditor(s) responsible for evaluating the Corporation's reserves and resources. In particular, the Committee will:

1. Consult with the Corporation's senior reserves evaluation personnel, and consider, review and report to the Board in respect of the following:
    - appointment of, or any changes to, qualified reserves evaluator(s) or auditor(s); and

- determination of reasons for any proposed change in appointment of the qualified reserves evaluator(s) or auditor(s) and, in particular, in the event there is a change of qualified reserves evaluator(s) or auditor(s), whether there have been any disputes between the qualified reserves evaluator(s) or auditor(s) and the Corporation's management.

2. Consider and review, with reasonable frequency, the Corporation's internal procedures relating to the disclosure of reserves and resources, with special attention given to the following:
   - the adequacy of such procedures for fulfillment of applicable regulatory and disclosure requirements and restrictions;
   - the Corporation's procedures for providing information to the qualified reserves evaluator(s) or auditor(s), and whether any restrictions affect the ability of the qualified reserves evaluator(s) or auditor(s) to report without reservation; and
   - the scope of the annual evaluation of reserves by the qualified reserves evaluator(s) or auditor(s) having regard to applicable securities legislation, regulations and related requirements.

3. Annually review, assess, and approve the fees for any qualified reserves evaluator(s) or auditor(s).

4. Review all reserve audit reports prepared by the Corporation's reserves evaluation personnel or any qualified reserves evaluator(s) or auditor(s) for the Corporation.

5. Meet with the Corporation's management and, if deemed necessary, the qualified reserves evaluator(s) and auditor(s), prior to approval and filing of reserves or resources data and the report of the qualified reserves evaluator(s) or auditor(s) thereon, to review the Corporation's reserves and resources data, including the following:
   - review the scope of work of the qualified reserves evaluator(s) or auditor(s);
   - review the reserves or resources estimates of the qualified reserves evaluator(s) or auditor(s) thereon; and
   - determine whether any restrictions affected the ability of the qualified reserves evaluator(s) or auditor(s) to report on the Corporation's reserves or resources data without reservation.

6. Meet with the Corporation's management and the qualified reserves evaluator(s) and auditor(s), as may be required, to address matters of mutual concern in respect of the Corporation's evaluation of reserves and resources. However, in the normal course, the Corporation's Chief Executive Officer and Corporate Vice-President of Operations, Exploration and Development & Reservoir Management, or such other persons as the Committee may, from time to time, designate, shall be the Committee's liaison with the qualified reserves evaluator(s) or auditor(s).

7. Receive timely reports from management on the status of the Corporation's response to matters of concern raised in reports prepared by the Corporation's senior reserves evaluation personnel or any qualified reserves evaluator(s) or auditor(s) for the Corporation.

8. Meet with the Corporation's management, prior to public disclosure of the Corporation's annual reserves data, to review and provide recommendations regarding approval of the content and filing of information as required under applicable securities legislation, regulations and related requirements, including the following:
   - the content and filing of the statement of reserves data and related information;
   - the filing of the report of the qualified reserves evaluator(s) or auditor(s); and
   - the content and filing of the related report of management and the Board.

DELEGATION OF AUTHORITY

The Committee may delegate authority to one or more members or subcommittees when deemed appropriate, provided that the actions of any such members or subcommittees must be reported to the full Committee no later than at its next scheduled meeting. In addition, the Chair of the Committee is authorized to approve fees for the performance of all audit, audit-related and other services; however, in respect of tax-related services, the Chair of the Committee is authorized to approve fees of up to $100,000 and fees over this amount must be approved by the full Committee. The foregoing approval of fees for audit, audit-related, tax-related and other services shall be reported to the full Committee at its next scheduled meeting.

COUNSEL AND OTHER DELEGATION OF AUTHORITY; CORPORATION FUNDING OBLIGATIONS

The Committee has the authority, to the extent it deems necessary or appropriate, to retain and terminate independent legal counsel or other advisors to assist the Committee in carrying out its responsibilities. The Corporation will provide for appropriate funding, as determined by the Committee, to pay any such counsel or other advisors retained by the Committee and to pay ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

MEETINGS; IN CAMERA SESSIONS

The Committee meets as often as it deems necessary, but no less frequently than quarterly. The Committee meets periodically and separately with management, the internal auditors, and the independent auditor. Each regularly scheduled Committee meeting may include an in camera session of the members of the Committee. In addition, the Committee may request any officer or other employee of the Corporation, counsel to the Corporation, or any representative of the independent auditor, to meet with the Committee, with one or more members of the Committee, or with counsel or another advisor to the Committee. Meeting agendas will be prepared and provided in advance to the Committee Chair for his review and approval. Briefing materials will be provided to the Committee in advance of the meeting.

The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and to hear each other. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present.

REPORTS TO THE BOARD; MINUTES

The Committee will make regular reports to the Board regarding the Committee's activities, including issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements relating to accounting and financial reporting, the performance and independence of the independent auditor, the performance of the internal audit function, ethics and compliance matters and the Committee's work relating to the oversight of the reserves and resources reporting process. Minutes of the meetings and other actions of the Committee will be prepared and submitted for approval by the Committee and will be furnished to the Board at regular intervals.

COMMITTEE SELF-ASSESSMENT

The Committee will conduct an annual self-assessment of its performance with respect to its purposes and the authority and responsibilities set forth in this Charter. The results of the self-assessment will be reported to the Board.

COMMITTEE CHARTER

This Charter is subject to review and approval by the Board. The Committee will review this Charter annually and adopt any changes deemed appropriate, subject to approval by the Board.

LIMITATION OF COMMITTEE'S ROLE

Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives information, and the accuracy of the information provided to the Corporation by such other persons or organizations. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and in accordance with IFRS and applicable rules and regulations, each of which is the responsibility of management and the Corporation's external auditors.

CURRENCY OF CHARTER

This Charter was last revised effective January 15, 2021.