INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended March 31, 2021 and 2020

FRONTERA ENERGY

Interim Condensed Consolidated Statements of Loss

(Unaudited; in thousands of U.S.$, except per share information)	Notes	Three Months Ended March 31 2021	2020
Oil and gas sales and other revenue	4	$ 190,844	$ 243,838
Royalties		(6,110)	(6,900)
Revenue		184,734	236,938
Oil and gas operating costs	5	91,312	189,998
Costs under terminated pipeline contracts		—	2,839
General and administrative		13,202	15,015
Share-based compensation		1,317	1,217
Depletion, depreciation and amortization		32,636	88,020
Impairment, exploration expenses and other	6	(5,656)	148,567
Restructuring, severance and other costs		381	6,408
Income (loss) from operations		51,542	(215,126)
Share of income (loss) from associates	10	9,786	(8,406)
Foreign exchange loss		(18,488)	(20,597)
Finance income		840	4,678
Finance expense		(13,587)	(15,260)
(Loss) gain on risk management contracts	13	(19,818)	44,630
Other loss, net		(9,601)	(2,991)
Net income (loss) before income tax		674	(213,072)
Current income tax expense		(4,191)	(5,095)
Deferred income tax expense		(9,089)	(167,979)
Income tax expense	7	(13,280)	(173,074)
Net loss for the period		$ (12,606)	$ (386,146)
Attributable to:			
Equity holders of the Company		(14,126)	(387,809)
Non-controlling interests		1,520	1,663
		$ (12,606)	$ (386,146)
Basic and diluted loss per share attributable to equity holders of the Company	8	$ (0.14)	$ (4.04)

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

Interim Condensed Consolidated Statements of Comprehensive Loss

(Unaudited; in thousands of U.S.$)	Three Months Ended March 31 2021	2020
Net loss for the period	$ (12,606)	$ (386,146)
Other comprehensive loss to be reclassified to net loss in subsequent periods (nil tax effect)		
Foreign currency translation	(17,735)	(53,495)
Total comprehensive loss for the period	$ (30,341)	$ (439,641)
Attributable to:		
Equity holders of the Company	$ (26,066)	$ (433,833)
Non-controlling interests	(4,275)	(5,808)
	$ (30,341)	$ (439,641)

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

Interim Condensed Consolidated Statements of Financial Position

As at *(Unaudited; in thousands of U.S.$)*	Notes	March 31 2021	December 31 2020
ASSETS			
Current			
Cash and cash equivalents		$ 248,237	$ 232,288
Restricted cash		89,080	89,379
Accounts receivable	13	170,581	141,227
Inventories		60,143	56,801
Income taxes receivable		24,979	21,234
Prepaid expenses and deposits		11,266	12,550
Assets held for sale		60,792	66,190
Risk management assets	13	6,577	437
Total current assets		671,655	620,106
Non-current			
Properties, plant and equipment	9	857,548	936,946
Exploration and evaluation assets		100,970	95,757
Investments in associates	10	60,668	106,839
Deferred tax assets		182,464	191,043
Restricted cash		72,150	79,555
Other assets		32,157	33,666
Total assets		$ 1,977,612	$ 2,063,912
LIABILITIES			
Current			
Accounts payable and accrued liabilities	13	$ 474,127	$ 501,625
Borrowings		183,094	183,094
Risk management liabilities	13	21,904	12,503
Income taxes payable		5,740	6,227
Lease liabilities		11,296	14,381
Asset retirement obligations	11	15,334	14,009
Total current liabilities		711,495	731,839
Non-current			
Long-term debt		336,915	335,788
Other payables		3,439	3,343
Lease liabilities		3,351	4,981
Deferred tax liabilities		3,749	3,239
Risk management liabilities	13	6,778	7,656
Asset retirement obligations	11	177,094	212,234
Total liabilities		$ 1,242,821	$ 1,299,080
Commitments and contingencies	15		
EQUITY			
Share capital		$ 4,710,304	$ 4,711,620
Contributed surplus		126,265	124,978
Other reserves		(192,024)	(180,084)
Retained deficit		(3,966,787)	(3,952,661)
Equity attributable to equity holders of the Company		$ 677,758	$ 703,853
Non-controlling interests		57,033	60,979
Total equity		$ 734,791	$ 764,832
Total liabilities and equity		$ 1,977,612	$ 2,063,912

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

Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited; in thousands of U.S.$)	Number of Common Shares	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Fair Value Investment	Retained Deficit	Total	Non-Controlling Interests	Total Equity
		Attributable to Equity Holders of the Company							
As at January 1, 2021	97,466,224	$ 4,711,620	$ 124,978	$ (174,882)	$ (5,202)	$ (3,952,661)	$ 703,853	$ 60,979	$ 764,832
Net (loss) income for the period	—	—	—	—	—	(14,126)	(14,126)	1,520	(12,606)
Other comprehensive loss	—	—	—	(11,940)	—	—	(11,940)	(5,795)	(17,735)
Total comprehensive loss	—	—	—	(11,940)	—	(14,126)	(26,066)	(4,275)	(30,341)
Repurchase of common shares (1)	(262,000)	(1,316)	—	—	—	—	(1,316)	—	(1,316)
Share-based compensation	—	—	1,287	—	—	—	1,287	329	1,616
As at March 31, 2021	97,204,224	$ 4,710,304	$ 126,265	$ (186,822)	$ (5,202)	$ (3,966,787)	$ 677,758	$ 57,033	$ 734,791

(Unaudited; in thousands of U.S.$)	Number of Common Shares	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Fair Value Investment	Retained Deficit	Total	Non-Controlling Interests	Total Equity
		Attributable to Equity Holders of the Company							
As at January 1, 2020	96,433,257	$ 4,712,114	$ 120,112	$ (175,408)	$ (5,202)	$ (3,441,358)	$ 1,210,258	$ 59,776	$ 1,270,034
Net (loss) income for the period	—	—	—	—	—	(387,809)	(387,809)	1,663	(386,146)
Other comprehensive loss	—	—	—	(46,024)	—	—	(46,024)	(7,471)	(53,495)
Total comprehensive loss	—	—	—	(46,024)	—	(387,809)	(433,833)	(5,808)	(439,641)
Share-based compensation	—	—	1,442	—	—	—	1,442	—	1,442
Dividends declared to equity holders of the Company (2)	474,568	3,761	—	—	—	(13,732)	(9,971)	—	(9,971)
Repurchase of common shares (1)	(1,392,314)	(10,075)	—	—	—	—	(10,075)	—	(10,075)
As at March 31, 2020	95,515,511	$ 4,705,800	$ 121,554	$ (221,432)	$ (5,202)	$ (3,842,899)	$ 757,821	$ 53,968	$ 811,789

(1) *On March 15, 2021, the Toronto Stock Exchange approved the Company's notice to initiate a normal course issuer bid ("**NCIB**"), for its common shares. Pursuant to the NCIB, the Company may purchase for cancellation up to 5,197,612 of its Common Shares during the twelve-month period commencing March 17, 2021 and ending March 16, 2022. During the three months ended March 31, 2021, the Company repurchased for cancellation $1.3 million of common shares (2020: $10.1 million), for an average repurchase cost of $5.02/share (2020: $7.24/share).*

(2) *During the three months ended March 31, 2021, the Company declared dividends of C$Nil/share (2020: C$0.205/share).*

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

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited; in thousands of U.S.$)	Notes	Three Months Ended March 31 2021	2020
OPERATING ACTIVITIES			
Net loss for the period		$ (12,606)	$ (386,146)
Items not affecting cash:			
Depletion, depreciation and amortization		32,636	88,020
Impairment	6	—	150,757
Recovery of asset retirement obligations	11	(5,738)	(2,623)
Unrealized loss (gain) on risk management contracts	13	8,838	(29,140)
Share-based compensation		1,317	1,217
Deferred income tax expense		9,089	167,979
Unrealized foreign exchange expense		19,525	34,805
Share of (income) loss from associates	10	(9,786)	8,406
Finance expense		13,587	15,260
Dividends from associates	10	9,045	—
Settlement of asset retirement obligations	11	(303)	(2,298)
Other		698	(1,518)
Changes in non-cash working capital	14	(18,909)	1,822
Cash provided by operating activities		$ 47,393	$ 46,541
INVESTING ACTIVITIES			
Additions to oil and gas properties and plant and equipment, net		$ (7,583)	$ (48,041)
Additions to exploration and evaluation assets, net		(6,212)	(15,643)
Return of capital contributions from investment in associates		2,026	—
(Increase) decrease in restricted cash and other		(1,321)	8,321
Changes in non-cash working capital	14	(8,161)	(9,105)
Cash used in investing activities		$ (21,251)	$ (64,468)
FINANCING ACTIVITIES			
Payment of debt and leases		$ (4,155)	$ (8,343)
Dividends paid		—	(9,971)
Repurchase of common shares		(1,316)	(10,075)
Interest and other charge		(535)	(569)
Cash used in financing activities		$ (6,006)	$ (28,958)
Effect of exchange rate changes on cash and cash equivalents		(4,187)	(16,539)
Increase (decrease) in cash and cash equivalents during the period		15,949	(63,424)
Cash and cash equivalents, beginning of the period		232,288	328,433
Cash and cash equivalents, end of the period		$ 248,237	$ 265,009
Cash		178,889	238,666
Cash equivalents		69,348	26,343
Total cash and cash equivalents		$ 248,237	$ 265,009
Supplementary cash flow information			
Cash income tax paid		$ 485	$ 1,149
Cash interest paid		$ 643	$ 288
Cash interest received		$ 638	$ 1,615

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

1. Corporate Information

Frontera Energy Corporation (the "**Company**") is an oil and gas company formed and existing under the laws of British Columbia, Canada, that is engaged in the exploration, development and production of crude oil and natural gas in South America. The Company's common shares are listed and publicly traded on the Toronto Stock Exchange ("**TSX**") under the trading symbol **"FEC".** The Company's head office is located at Suite 1100, 333 Bay Street, Toronto, Ontario, Canada, M5H 2R2, and its registered office is 1500 Royal Centre, 1055, West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These interim condensed consolidated financial statements of the Company, comprising those of the Company and its subsidiaries, were approved and authorized for issuance by the Audit Committee of the Board of Directors on, May 4, 2021.

2. Basis of Preparation and Significant Accounting Policies

a. Statement of Compliance

These interim condensed consolidated financial statements for the three months ended March 31, 2021 and 2020 (the "**Interim Financial Statements**"), have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("**IASB**"). The Company has prepared the Interim Financial Statements on the basis that it will continue to operate as a going concern.

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

b. Significant Accounting Policies

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

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

3. Segmented Information

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

- Colombia: Includes all upstream business activities of exploration and production in Colombia.
- Peru: Includes all upstream business activities of exploration and production in Peru (the Company continues to sell oil inventory and complete remediation work as it no longer has production contracts in Peru).
- Midstream: Includes the Company's investments in pipelines, storage, port, and other facilities relating to the distribution and exportation of crude oil products in Colombia.

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

	Exploration and Production											
	Colombia		Peru		Canada & Other		Midstream		Eliminations		Total	
Three Months Ended March 31	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Oil and gas sales and other revenue	$ 162,578	$ 217,559	$ 22,382	$ 26,279	$ —	$ —	$ 16,845	$ —	$ (10,961)	$ —	$ 190,844	$ 243,838
Royalties	(6,110)	(6,857)	—	(43)	—	—	—	—	—	—	(6,110)	(6,900)
Revenue	156,468	210,702	22,382	26,236	—	—	16,845	—	(10,961)	—	184,734	236,938
Oil and gas operating costs	53,445	136,657	18,336	53,341	—	—	4,528	—	15,003	—	91,312	189,998
Costs under terminated pipeline contracts	—	2,839	—	—	—	—	—	—	—	—	—	2,839
General and administrative	8,219	10,683	513	1,367	3,005	2,883	1,476	82	(11)	—	13,202	15,015
Share-based compensation	142	(95)	38	(106)	1,137	1,418	—	—	—	—	1,317	1,217
Depletion, depreciation and amortization	35,028	87,440	50	253	194	327	793	—	(3,429)	—	32,636	88,020
Impairment, exploration expenses and other	(4,908)	142,846	(748)	4,413	—	1,308	—	—	—	—	(5,656)	148,567
Restructuring, severance and other costs	351	5,259	30	61	—	1,088	—	—	—	—	381	6,408
Income (loss) from operations	64,191	(174,927)	4,163	(33,093)	(4,336)	(7,024)	10,048	(82)	(22,524)	—	51,542	(215,126)
Share of income (loss) from associates	—	—	—	—	—	—	9,786	(8,406)	—	—	9,786	(8,406)
Segment income (loss)	$ 64,191	$ (174,927)	$ 4,163	$ (33,093)	$ (4,336)	$ (7,024)	$ 19,834	$ (8,488)	$ (22,524)	$ —	$ 61,328	$ (223,532)
Other non-operating expense items											(60,654)	10,460
Income tax expense											(13,280)	(173,074)
Net loss for the period											$ (12,606)	$ (386,146)

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

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

As at	March 31 2021	December 31 2020
Colombia	$ 1,214,493	$ 1,357,546
Guyana	88,120	82,950
Ecuador	2,606	2,403
Canada & Others	738	907
Total non-current assets	$ 1,305,957	$ 1,443,806

4. Revenue from Contracts with Customers

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

	Three Months Ended March 31	
	2021	2020
Colombia		
Crude oil sales	$ 160,737	$ 213,631
Gas sales	1,841	3,928
Colombia oil and gas sales	162,578	217,559
Peru crude oil sales	22,382	26,279
Oil and gas sales	184,960	243,838
Midstream sale to external customers	5,884	—
Inter-segment sales	10,961	—
Midstream sales	16,845	—
Elimination of midstream inter-segment sales	(10,961)	—
Oil and gas sales and other revenue	$ 190,844	$ 243,838

5. Operating Costs

	Three Months Ended March 31	
	2021	2020
Production costs	$ 38,513	$ 72,210
Transportation costs	37,084	66,052
Diluent costs	6,614	7,468
Inventory valuation	3,228	43,115
Cost of purchases (1)	4,004	1,003
(Settlement) overlift	(2,659)	150
Total oil and gas operating costs	86,784	189,998
Port operating costs (2)	4,528	—
Total operating costs	$ 91,312	$ 189,998

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

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

6. Impairment and Exploration Expenses and Other

	Three Months Ended March 31	
	2021	**2020**
Impairment of:		
Properties, plant and equipment	$ —	$ 77,864
Intangible assets	—	54,881
Exploration and evaluation assets	—	17,124
Other	—	888
Total impairment	$ —	$ 150,757
Exploration expenses	82	433
Recovery of asset retirement obligations (Note 11)	(5,738)	(2,623)
Impairment, exploration expenses and other	$ (5,656)	$ 148,567

7. Income Taxes

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

	Three Months Ended March 31	
	2021	**2020**
Net income (loss) before income tax	$ 674	$ (213,072)
Colombian statutory income tax rate	31%	32%
Income tax (recovery) expense at statutory rate	209	(68,183)
Increase (decrease) in income tax provision resulting from:		
Other non-deductible expenses	866	10,993
Share-based compensation	344	302
Differences in tax rates	(8,942)	(9,130)
Other losses and permanent differences	24,397	16,127
Minimum income tax [1]	—	681
Change in deferred income tax	(3,594)	222,019
Change in prior period assessments	—	265
Income tax expense	13,280	173,074
Current income tax expense	4,191	5,095
Deferred income tax expense:		
Relating to origination and reversal of temporary differences	9,089	167,979
Income tax expense	$ 13,280	$ 173,074

[1] Presumptive income tax.

8. Loss per Share

	Three Months Ended March 31	
(In thousands of U.S.$, except share and per share amounts)	**2021**	**2020**
Net loss attributable to equity holders of the Company	$ (14,126)	$ (387,809)
Basic weighted average number of shares outstanding	97,464,158	96,036,776
Basic and diluted loss per share attributable to equity holders of the Company	$ (0.14)	$ (4.04)

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

9. Properties, Plant and Equipment

Cost	Oil & Gas properties	Infrastructure Port	Plant & Equipment	Total
As at January 1, 2021	$ 7,854,000	$ 261,835	$ 120,648	$ 8,236,483
Additions	7,120	212	492	7,824
Change in asset retirement obligations	(26,451)	—	—	(26,451)
Disposal of properties	(13)	—	—	(13)
Currency translation adjustment	(7,336)	(19,918)	(75)	(27,329)
As at March 31, 2021	$ 7,827,320	$ 242,129	$ 121,065	$ 8,190,514

Accumulated Depletion, Depreciation and Impairment	Oil & Gas properties	Port Infrastructure	Plant & Equipment	Amount
As at January 1, 2021	$ 7,192,865	$ 7,168	$ 99,504	$ 7,299,537
Charge for the period	37,861	1,633	818	40,312
Disposal of properties	(5)	—	—	(5)
Currency translation adjustment	(6,675)	(185)	(18)	(6,878)
As at March 31, 2021	$ 7,224,046	$ 8,616	$ 100,304	$ 7,332,966

Net Book Value	Oil & Gas properties	Port Infrastructure	Plant & Equipment	Amount
As at January 1, 2021	$ 661,135	$ 254,667	$ 21,144	$ 936,946
As at March 31, 2021	$ 603,274	$ 233,513	$ 20,761	$ 857,548

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

	Oil & Gas properties	Port Infrastructure	Plant & Equipment	Amount
Properties, plant and equipment - owned	595,886	233,513	16,035	845,434
Right-of-use (“**ROU**”) assets - leased	7,388	—	4,726	12,114
As at March 31, 2021	$ 603,274	$ 233,513	$ 20,761	$ 857,548

Details ROU assets are as follows:

	Power generation	Plant & Equipment	Total
As at January 1, 2021	$ 8,545	$ 5,242	$ 13,787
Additions	—	58	58
Charge for the period	(1,157)	(574)	(1,731)
As at March 31, 2021	$ 7,388	$ 4,726	$ 12,114

10. Investments in Associates

	ODL
As at January 1, 2021	$ 106,839
Share of income from associates	9,786
Dividends	(41,605)
Return of capital contributions	(4,194)
Currency translation adjustment	(10,158)
As at March 31, 2021	$ 60,668
Company’s interest as at March 31, 2021	35.00 %

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

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

During the three months ended March 31, 2021, the Company recognized gross dividends of $41.6 million, (2020: $24.5 million) and received cash dividends of $9.0 million, (2020: $38.7 million). As at March 31, 2021, the carrying value of dividends receivable after withholding taxes is $26.6 million (2020: $Nil).

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

In addition, during the three months ended March 31, 2021, the Company recognized a return of capital of $4.2 million, (2020: $Nil) and received in cash $2.0 million (2020: $Nil).

11. Asset Retirement Obligations

As at January 1, 2021	$	226,243
Accretion expense		498
Changes during the period		(27,749)
Liabilities settled		(303)
Recovery of asset retirement obligation [(1)] (Note 6)		(5,738)
Currency translation adjustment		(523)
As at March 31, 2021	$	192,428

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

As at		**March 31 2021**		**December 31 2020**
Current portion	$	15,334	$	14,009
Non-current portion		177,094		212,234
Total	$	192,428	$	226,243

Asset retirement obligations ("**ARO**") represent the present value of decommissioning and environmental liability costs relating to oil and gas properties and E&E assets. The total undiscounted ARO is $248.8 million (2020: $280.9 million) which is expected to be executed between 2021 and 2042, of which $212.7 million (2020: $245.0 million) will be incurred in Colombia and $36.0 million (2020: $35.9 million) in Peru.

During the three months ended March 31, 2021, the Company recognized a decrease in the ARO from changes in estimates of $27.7 million which includes a decrease of $16.8 million relating to updating the risk-free and inflation rates, an increase of $2.0 million relating to updated cost estimates to abandon and reclaim wells and well sites, including environmental liabilities, and a reduction of $12.9 million due to the impact of foreign exchange rates. A total of $26.5 million relating to changes in estimates was recognized within Oil & Gas Properties (Note 9).

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

- A risk-free rate between 4.1% and 11.0% and an inflation rate between 2.3% and 3.9% for cash flows expected to be settled in COP (2020: risk-free rate between 3.1% and 7.1% with inflation between 3.0% and 4.8%);
- A risk-free rate between 2.6% and 2.7% and an inflation rate between 2.7% and 2.9% for cash flows expected to be settled in U.S. dollars (2020: risk-free rate between 1.4% and 1.4% with inflation rate between 2.2% and 2.8%).

12. Related-Party Transactions

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

As at March 31, 2021 and December 31, 2020			**Accounts Receivable [(1)]**		**Accounts Payable**		**Commitments (Note 15)**		**Cash Advance [(1)]**
ODL	2021	$	28,546	$	5,400	$	5,153	$	—
	2020		465		7,821		7,888		—
Bicentenario	2021		68,293		—		—		87,278
	2020	$	70,761	$	—	$	—	$	87,278

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

Three Months Ended March 31			Purchases / Services		Interest Income[2]
ODL	2021	$	9,072	$	—
	2020		11,963		—
Bicentenario	2021		—		—
	2020		1,229		—
IVI [2]	2021		—		—
	2020	$	9,818	$	4,511

[1] *Amounts presented based on contractual payment obligations undiscounted and prior to impairments.*

[2] *Transactions before the Company acquired control of IVI on August 6, 2020.*

13. Financial Instruments and Risk Management

a. Risks Associated with Financial Assets and Liabilities

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

i) Credit Risk

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

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

As at		**March 31 2021**		**December 31 2020**
Trade receivables	$	55,846	$	44,317
Other receivables [1]		98,436		75,522
Receivables from joint arrangements		29,986		34,866
Withholding tax and others		18,834		19,043
Allowance for expected credit losses		(32,521)		(32,521)
Accounts receivable	$	170,581	$	141,227
Withholding tax and others - not considered for credit risk		(18,834)		(19,043)
Total financial assets carried at amortized cost	$	151,747	$	122,184

[1] *Includes the carrying value of dividends receivable after withholding taxes of $26.6 million and $55.2 million from ODL and Bicentenario, respectively, (2020: $Nil and $58.2 million, respectively).*

ii) Liquidity Risk

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

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

The following tables summarizes the undiscounted cash outflows relating to contractual maturities of the Company's non-derivative financial liabilities as at March 31, 2021:

Financial Liability Due In	2021	2022	2023	2024	2025	Total
Accounts payable and accrued liabilities [1]	$ 474,127	$ 4,000	$ —	$ —	$ —	$ 478,127
Long-term debt	—	—	350,000	—	—	350,000
Interest on Long-term debt	33,958	33,958	16,802	—	—	84,718
Borrowings - 2025 Puerto Bahia Debt [2]	183,094	—	—	—	—	183,094
Interest on Borrowings - 2025 Puerto Bahia Debt	9,634	—	—	—	—	9,634
Lease liabilities	7,587	5,517	3,007	68	56	16,235
Total	$ 708,400	$ 43,475	$ 369,809	$ 68	$ 56	$ 1,121,808

[1] *Includes a provision of $143.3 million relating to the Conciliation Agreement which will not be settled in cash (refer to Note 15) and other provisions for contingencies totaling $148.2 million which do not have a definitive repayment period and are therefore classified as current liabilities. These contingencies totaling $148.2 million are not expected to be settled within the next 12 months.*

[2] *Puerto Bahia entered into a credit agreement with a syndicate of lenders in October 2013 for a $370 million debt facility, which matures in June 2025, for the construction and development of a multipurpose port in the Cartagena Bay ("**2025 Puerto Bahia Debt**"). The 2025 Puerto Bahia Debt is presented as a current liability as the lenders have given notices stating that Puerto Bahia is in breach of various loan covenants. However, the maturity of this loan is not expected to be within the next 12 months as the Company continues to service the loan in accordance with the repayment schedule and no amounts have been accelerated. Amounts currently due within the next 12 months total $39.2 million.*

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

As at	March 31 2021	December 31 2020
Trade and other payables	$ 102,168	$ 117,534
Accrued liabilities	40,630	56,873
Supplier holdbacks and advances	35,260	37,720
Provisions and withholding tax	5,756	5,430
	183,814	217,557
Provision for contingencies and others	294,313	288,068
Total undiscounted payable and accrual liabilities	478,127	505,625
Discount amount at present value	(561)	(657)
Total payable and accrual liabilities	$ 477,566	$ 504,968

The Company has various guarantees in place in the normal course of business, supported by issued letters of credit (Note 15). As at March 31, 2021, the Company had issued letters of credit for a total of $81.5 million (2020: $56.9 million).

iii) Market and Interest Risk

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

Risk Management Contracts

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

Risk Management Contracts - Crude Oil

			Notional	Avg Strike Prices	Carrying Amount	
Type of Instrument	Term	Benchmark	Amount / Volume (bbl)	Put / Call; Call Spreads	Assets	Liabilities
3-ways	April to December 2021	Brent	1,750,000	27.8/37.8/54.0	$ —	$ 16,918
Put Spread	April to December 2021	Brent	2,994,000	27.3/47.3	3,262	—
Put	July to September 2021	Brent	713,000	60.00	3,315	—
Total as at March 31, 2021					$ 6,577	$ 16,918
Total as at December 31, 2020					$ 437	$ 7,608

Risk Management Contracts - Foreign Exchange

Type of Instrument	Term	Benchmark	Notional Amount / Volume USD	Avg Put / Call; Par forward (COP$)	Carrying Amount Assets	Carrying Amount Liabilities
Zero-cost collars	April to December 2021	COP / USD	$ 180,000	3,500 / 3,964	$ —	$ 91
Total as at March 31, 2021					$ —	$ 91
Total as at December 31, 2020					$ —	$ —

Risk Management Contracts - Interest swaps

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

As at March 31, 2021, the Company has a swap contract from January 2021 to June 2025:

				Avg. Strike Prices	Carrying Amount	
Type of Instrument	Term	Benchmark	Notional Amount (Thousands of U.S.$)	Floating rate	Assets	Liabilities
Swap	April 2021 to June 2025	LIBOR + 180	$ 135,100	3.9 %	$ —	$ 11,673
Total as at March 31, 2021					$ —	$ 11,673
Total as at December 31, 2020					$ —	$ 12,551

	Assets	Liabilities
Current portion	$ 6,577	$ 21,904
Non-current portion	$ —	$ 6,778
Total Risk Management Contracts as at March 31, 2021	$ 6,577	$ 28,682
Total Risk Management Contracts as at December 31, 2020	$ 437	$ 20,159

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

	Three Months Ended March 31	
	2021	2020
Realized (loss) gain on risk management contracts	$ (10,980)	$ 15,490
Unrealized (loss) gain on risk management contracts	(8,838)	29,140
Total	$ (19,818)	$ 44,630

b. Fair Value of Financial Instruments

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

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

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

			Fair Value		
	Year	Carrying Value	Level 1	Level 2	Level 3
Financial Assets Measured at Fair Value through Profit & Loss					
Risk management assets	2021	$ 6,577	$ —	$ 6,577	$ —
	2020	437	—	437	—
Financial Assets Measured at Fair Value through Other Comprehensive Income					
Investments in equity instruments	2021	$ 981	$ —	$ —	$ 981
	2020	1,278	—	—	1,278
Financial Liabilities Measured at Fair Value through Profit & Loss					
Risk management liabilities	2021	$ (28,682)	$ —	$ (28,682)	$ —
	2020	(20,159)	—	(20,159)	—
Financial Liabilities Measured at Amortized Cost					
Long-term debt	2021	$ (336,915)	$ —	$ (348,754)	$ —
	2020	(335,788)	—	(332,808)	—
Financial Liabilities Measured at Amortized Cost					
Borrowings	2021	$ (183,094)	$ —	$ (183,094)	$ —
	2020	(183,094)	—	(183,094)	—

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

c. Capital Management

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

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

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

	March 31	December 31
As at	**2021**	**2020**
Equity attributable to equity holders of the Company	$ 677,758	$ 703,853
Long-term debt	336,915	335,788
Working capital deficit [1]	39,840	111,733
Total	$ 1,054,513	$ 1,151,374

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

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

14. Supplemental Disclosure on Cash Flows

Changes in non-cash working capital are as follows:

	Three Months Ended March 31	
	2021	**2020**
Increase in accounts receivable	$ (5,121)	$ (13,667)
Increase in income taxes receivable	(5,433)	(4,999)
Decrease in accounts payable and accrued liabilities	(20,783)	(27,918)
Decrease in inventories	3,470	43,462
Decrease in income taxes payable	(487)	(6,262)
Decrease in prepaid expenses and deposits	1,284	2,101
Changes in non-cash working capital	$ (27,070)	$ (7,283)
Attributable to		
Operating activities	$ (18,909)	$ 1,822
Investing activities	(8,161)	(9,105)
Changes in non-cash working capital	$ (27,070)	$ (7,283)

15. Commitments and Contingencies

Commitments

The Company's commitments as at March 31, 2021, undiscounted and by calendar year, are presented below:

As at March 31, 2021	**2021**	**2022**	**2023**	**2024**	**2025**	**Total**
Transportation and storage commitments						
Ocensa P-135 ship-or-pay agreement	$ 52,120	$ 69,493	$ 69,493	$ 69,493	$ 34,954	$ 295,553
ODL agreements [1]	5,153	—	—	—	—	5,153
Other transportation agreements	5,825	—	—	—	—	5,825
Exploration commitments						
Minimum work commitments [2]	73,382	120,094	37,127	3,600	—	234,203
Other commitments						
Operating purchases, leases and community obligations	17,408	9,388	8,952	13,368	2,145	51,261
Total	$ 153,888	$ 198,975	$ 115,572	$ 86,461	$ 37,099	$ 591,995

[1] Includes amounts for the new ODL transportation contract until June 30, 2021. If the Conciliation Agreement closes, additional commitments will extend until 2024. Refer to "Conciliation Agreement" for further details in Note 28 of 2020 Annual Financial Statements.

*[2] Includes minimum work commitments relating to exploration activities in Colombia and Ecuador until the contractual phase when the Company should decide whether to continue or relinquish the exploration areas. The Company, through its interests in CGX Energy Inc. ("**CGX**"), has other exploration work commitments in Guyana as described below.*

Guyana Exploration

As of March 31, 2021, the Company, through its 73.85% interest in CGX, has exploration work commitments under its Petroleum Prospecting Licenses ("**PPL**") for certain blocks in Guyana, as follows:

- In accordance with the Corentyne PPL, which is currently in phase one of the second renewal period, one (1) exploration well must be drilled by November 27, 2021.
- In accordance with the Demerara PPL, which is currently in phase one of the second renewal period, one (1) exploration well must be drilled by February 11, 2022.
- In accordance with the Berbice PPL, which is currently in phase one of the second renewal period, the Company shall complete a seismic program, including all associated processing and interpretations, by August 12, 2021.

The Company, through its interest in CGX, has entered into an agreement with a third party to complete drilling activities in 2021 on the Corentyne block. Under the agreement, the Company has provided a parent guarantee in the event of non-performance by CGX for certain obligations up to a maximum of $25.0 million.

Letters of Credit

The Company has various uncommitted bilateral letter of credit lines (the "**Uncommitted LCs**"). As of March 31, 2021, the Company had $81.5 million (2020: $56.9 million) of issued and outstanding Uncommitted LCs for exploratory commitments and abandonment funds in Colombia and Ecuador.

Contingencies

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

Quifa Late Delivery Volumes Claim

On September 20, 2016, Ecopetrol filed a lawsuit against the Company before the Administrative Tribunal of Cundinamarca (the "**Court**") alleging that the Company breached the Quifa association agreement due to the alleged late delivery of the volume of crude oil produced during April 3, 2011 and April 14, 2013. Consequently, Ecopetrol requested payment of $8.5 million representing the difference between the value of the barrels of crude oil allegedly not delivered on time, and the value of that barrels of crude oil had on that delivery date. In addition, Ecopetrol requested the Company to pay a Libor (6 months) + 3.25% from the time the delivery was due until the time of the payment.

In March 2021, the Company received notification that the Court had decided in favour of Ecopetrol and awarded $8.5 million adjusted by the Consumer Price Index. The Company has filed an appeal against the first instance ruling on March 16, 2021. As of March 31, 2021, the Company has recorded a provision of $9.3 million included within Other Loss.

Termination of Transportation Agreement

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

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

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

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

Arbitration Updates

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

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

As of March 31, 2021, the amount of tariffs claimed by Cenit under the CLC Transportation Agreements would be approximately $178.2 million plus interest, and would be approximately $70.3 million per annum, subject to tariff adjustments from time to time, until 2028. As of March 31, 2021, the aggregate amount of monthly service payments claimed by Bicentenario under the BIC Transportation Agreements would be $219.4 million (net of credits note and stand by letter of credit) plus interest, and would be approximately $130.6 million per annum, subject to tariff adjustments from time to time, until

2024. As of March 31, 2021, the Company has rejected invoices for $22.4 million relating to the BIC Ancillary Agreements and CLC Ancillary Agreements.

Conciliation Agreement

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

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

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

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