INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS




(UNAUDITED)

For the three and six months ended June 30, 2022 and 2021

FRONTERA ENERGY

Interim Condensed Consolidated Statements of Income (Loss)

(Unaudited; in thousands of U.S.$, except per share information)	Notes	Three Months Ended June 30 2022	Three Months Ended June 30 2021	Six Months Ended June 30 2022	Six Months Ended June 30 2021
Oil and gas sales and other revenue	4	$ 376,033	$ 226,325	$ 649,904	$ 417,169
Royalties		(32,018)	(1,640)	(51,262)	(7,750)
Revenue		344,015	224,685	598,642	409,419
Oil and gas operating costs	5	141,126	100,816	245,173	192,128
General and administrative	6	15,097	14,132	29,753	27,334
Share-based compensation		(583)	3,142	4,505	4,459
Depletion, depreciation and amortization		49,510	40,455	88,294	73,091
Impairment, exploration expenses and other	7	5,098	(1,022)	1,141	(6,678)
Restructuring, severance and other costs		1,055	1,535	1,386	1,916
Income from operations		132,712	65,627	228,390	117,169
Share of income from associates	12	9,648	9,805	18,742	19,591
Foreign exchange loss		(13,080)	(48)	(9,438)	(18,536)
Finance income		876	3,675	1,483	4,515
Finance expense		(12,621)	(13,747)	(24,856)	(27,334)
Loss on risk management contracts	15	(5,273)	(17,424)	(6,811)	(37,242)
Other loss		(5,062)	(3,182)	(11,081)	(12,783)
Debt extinguishment cost		—	(29,112)	—	(29,112)
Net income before income tax		107,200	15,594	196,429	16,268
Current income tax expense		(1,025)	(20,025)	(2,578)	(24,216)
Deferred income tax expense		(90,040)	(17,844)	(75,736)	(26,933)
Income tax expense	8	(91,065)	(37,869)	(78,314)	(51,149)
Net income (loss) for the period		$ 16,135	$ (22,275)	$ 118,115	$ (34,881)
Attributable to:					
Equity holders of the Company		13,484	(25,648)	115,712	(39,774)
Non-controlling interests		2,651	3,373	2,403	4,893
		$ 16,135	$ (22,275)	$ 118,115	$ (34,881)
Earnings (loss) per share attributable to equity holders of the Company					
Basic	9	$ 0.14	$ (0.26)	$ 1.23	$ (0.41)
Diluted	9	$ 0.14	$ (0.26)	$ 1.20	$ (0.41)

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

	Three Months Ended June 30		Six Months Ended June 30	
(Unaudited; in thousands of U.S.$)	**2022**	**2021**	**2022**	**2021**
Net income (loss) for the period	$ 16,135	$ (22,275)	$ 118,115	$ (34,881)
Other comprehensive loss (income) may be reclassified to net income (loss) in subsequent periods (nil tax effect)				
Foreign currency translation	(17,642)	(651)	(1,160)	(18,386)
Total comprehensive income (loss) for the period	$ (1,507)	$ (22,926)	$ 116,955	$ (53,267)
Attributable to:				
Equity holders of the Company	(539)	(26,918)	$ 113,631	$ (52,984)
Non-controlling interests	(968)	3,992	3,324	(283)
	$ (1,507)	$ (22,926)	$ 116,955	$ (53,267)

Interim Condensed Consolidated Statements of Financial Position

As at		June 30	December 31
(Unaudited; in thousands of U.S.$)	Notes	2022	2021
ASSETS			
Current			
Cash and cash equivalents		$ 295,098	$ 257,504
Restricted cash		27,488	32,900
Accounts receivable	15	89,994	115,515
Inventories		82,817	50,076
Income taxes receivable		58,941	41,917
Prepaid expenses and deposits		17,046	18,974
Risk management assets	15	3,786	274
Total current assets		575,170	517,160
Non-current			
Properties, plant and equipment	10	1,518,641	1,532,751
Exploration and evaluation assets	11	277,419	188,904
Investments in associates	12	60,897	87,199
Deferred tax assets	8	150,230	225,143
Restricted cash		30,487	30,421
Other assets		33,857	29,502
Total non-current assets		2,071,531	2,093,920
Total assets		$ 2,646,701	$ 2,611,080
LIABILITIES			
Current			
Accounts payable and accrued liabilities	15	$ 418,848	$ 402,595
Current portion of long-term debt		128,484	146,724
Risk management liabilities	15	2,805	4,116
Income taxes payable		2,393	11,362
Lease liabilities		3,392	4,241
Asset retirement obligations	13	26,447	27,007
Total current liabilities		582,369	596,045
Non-current			
Long-term debt		401,977	405,838
Other payables	15	1,703	2,665
Lease liabilities		1,601	3,332
Deferred tax liabilities		4,908	4,278
Risk management liabilities	15	173	2,697
Asset retirement obligations	13	117,107	147,334
Total non-current liabilities		527,469	566,144
Total liabilities		$ 1,109,838	$ 1,162,189
Commitments and contingencies	17		
EQUITY			
Share capital		$ 4,672,812	$ 4,694,370
Contributed surplus		122,938	122,489
Other reserves		(93,446)	(91,365)
Accumulated deficit		(3,208,816)	(3,324,528)
Equity attributable to equity holders of the Company		$ 1,493,488	$ 1,400,966
Non-controlling interests		43,375	47,925
Total equity		$ 1,536,863	$ 1,448,891
Total liabilities and equity		$ 2,646,701	$ 2,611,080

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	Accumulated Deficit	Total	Non-Controlling Interests	Total Equity
	Attributable to Equity Holders of the Company								
As at January 1, 2022	94,695,694	$ 4,694,370	$ 122,489	$ (86,163)	$ (5,202)	$ (3,324,528)	$ 1,400,966	$ 47,925	$ 1,448,891
Net income for the period	—	—	—	—	—	115,712	115,712	2,403	118,115
Other comprehensive (loss) income	—	—	—	(2,081)	—	—	(2,081)	921	(1,160)
Total comprehensive (loss) income	—	—	—	(2,081)	—	115,712	113,631	3,324	116,955
Repurchase of common shares [1]	(2,380,300)	(25,644)	—	—	—	—	(25,644)	—	(25,644)
Share-based compensation [2]	361,101	4,086	449	—	—	—	4,535	378	4,913
Dividends paid to non-controlling interest	—	—	—	—	—	—	—	(8,252)	(8,252)
As at June 30, 2022	92,676,495	$ 4,672,812	$ 122,938	$ (88,244)	$ (5,202)	$ (3,208,816)	$ 1,493,488	$ 43,375	$ 1,536,863

(Unaudited; in thousands of U.S.$)	Number of Common Shares	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Fair Value Investment	Accumulated Deficit	Total	Non-Controlling Interests	Total Equity
	Attributable to Equity Holders of the Company								
As at January 1, 2021	97,466,224	$ 4,711,620	$ 124,978	$ (174,882)	$ (5,202)	$ (3,952,661)	$ 703,853	$ 60,979	$ 764,832
Net (loss) income for the period	—	—	—	—	—	(39,774)	(39,774)	4,893	(34,881)
Other comprehensive loss	—	—	—	(13,210)	—	—	(13,210)	(5,176)	(18,386)
Total comprehensive loss	—	—	—	(13,210)	—	(39,774)	(52,984)	(283)	(53,267)
Repurchase of common shares [1]	(1,787,500)	(9,283)	—	—	—	—	(9,283)	—	(9,283)
Share-based compensation [2]	1,073,255	4,227	(1,479)	—	—	—	2,748	532	3,280
Dividends paid to non-controlling interest	—	—	—	—	—	—	—	(8,095)	(8,095)
As at June 30, 2021	96,751,979	$ 4,706,564	$ 123,499	$ (188,092)	$ (5,202)	$ (3,992,435)	$ 644,334	$ 53,133	$ 697,467

*[1] On March 15, 2022, 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 4,787,976 of its Common Shares during the twelve-month period commencing March 17, 2022 and ending March 16, 2023. During the three and six months ended June 30, 2022, the Company repurchased for cancellation $19.5 million and $25.6 million of common shares, respectively (2021: $8.0 million and $9.3 million, respectively), for an average repurchase cost of $11.12/share and $10.77/share, respectively (2021: $5.22/share and $5.19/share, respectively).*

[2] During the period ended on June 30, 2022, the Company settled 822,727 RSU units (2021: 1,420,789 RSU and DSU units). This includes issuance of 361,101 common shares (2021: 1,073,255 common shares), for an average price of $11.32/share (2021: $3.94/share). The remaining 461,626 units were settled in cash (2021: 347,534 units).

Interim Condensed Consolidated Statements of Cash Flows

(In thousands of U.S.$)	Notes	Three Months Ended June 30 2022	Three Months Ended June 30 2021	Six Months Ended June 30 2022	Six Months Ended June 30 2021
OPERATING ACTIVITIES					
Net income (loss) for the period		$ 16,135	$ (22,275)	$ 118,115	$ (34,881)
Items not affecting cash:					
Depletion, depreciation and amortization		49,510	40,455	88,294	73,091
Impairment expense	7	5,297	—	5,297	—
Recovery of asset retirement obligations	7	(1,598)	(1,111)	(6,027)	(6,849)
Unrealized loss (gain) on risk management contracts	15	1,797	(7,453)	653	1,385
Share-based compensation		(1,845)	1,634	3,243	2,951
Deferred income tax expense	8	90,040	17,844	75,736	26,933
Unrealized foreign exchange loss		12,585	1,243	4,544	20,768
Share of income from associates	12	(9,648)	(9,805)	(18,742)	(19,591)
Finance expense		12,621	13,747	24,856	27,334
Finance income		(876)	(3,675)	(1,483)	(4,515)
Dividends from associates	12	9,241	9,092	18,342	18,137
Income tax paid		—	(1,059)	(4,546)	(1,599)
Interest received		1,102	4,158	1,544	4,741
Settlement of asset retirement obligations	13	(549)	(1,416)	(2,773)	(1,719)
Debt extinguishment cost		—	29,112	—	29,112
Other		3,333	73	6,591	771
Changes in non-cash working capital	16	59,470	16,827	47,951	(1,285)
Cash provided by operating activities		$ 246,615	$ 87,391	$ 361,595	$ 134,784
INVESTING ACTIVITIES					
Additions to oil and gas properties and plant and equipment		$ (66,526)	$ (38,084)	$ (116,809)	$ (45,667)
Additions to exploration and evaluation assets		(31,302)	(20,305)	(91,724)	(26,517)
Return of capital contributions from investment in associates	12	—	—	1,942	2,026
Sale of subsidiaries, net of cash	17	(2,000)	—	(6,000)	—
Decrease in restricted cash and other		5,904	32,672	6,429	31,351
Changes in non-cash working capital	16	(40,221)	20,727	(33,581)	12,566
Cash used in investing activities		$ (134,145)	$ (4,990)	$ (239,743)	$ (26,241)
FINANCING ACTIVITIES					
Repayment of long-term debt		$ (20,907)	$ (20,000)	$ (22,604)	$ (20,000)
Lease payments		(2,193)	(4,161)	(3,264)	(8,316)
Repayment unsecured Senior Notes at a premium		—	(300,499)	—	(300,499)
issuance prior to transaction costs		—	397,360	—	397,360
Transaction cost of new unsecured Senior Notes		—	(5,672)	—	(5,672)
Repurchase of common shares		(19,520)	(7,967)	(25,644)	(9,283)
Interest paid and other charges		(19,825)	(22,289)	(20,893)	(22,824)
Dividends paid to non-controlling interests		(8,252)	(8,095)	(8,252)	(8,095)
Changes in non-cash working capital	16	—	(692)	—	(692)
Cash (used) provided in financing activities		$ (70,697)	$ 27,985	$ (80,657)	$ 21,979
Effect of exchange rate changes		(4,048)	(298)	(3,601)	(4,485)
Increase in cash and cash equivalents during the period		37,725	110,088	37,594	126,037
Cash and cash equivalents, beginning of the period		257,373	248,237	257,504	232,288
Cash and cash equivalents, end of the period		$ 295,098	$ 358,325	$ 295,098	$ 358,325
Cash		242,732	233,026	242,732	233,026
Cash equivalents		52,366	125,299	52,366	125,299
Total cash and cash equivalents		$ 295,098	$ 358,325	$ 295,098	$ 358,325

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 1610, 222 3rd Avenue SW, Calgary, Alberta, Canada, T2P 0B4, and its registered office is 1500 Royal Centre, 1055, West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These interim condensed consolidated financial statements of the Company, comprising those of the Company and its subsidiaries, were approved and authorized for issuance by the Audit Committee of the Board of Directors on, August 9, 2022.

2. Basis of Preparation and Significant Accounting Policies

Statement of Compliance

These interim condensed consolidated financial statements for the three and six months ended June 30, 2022 and 2021 (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, 2021 (the "**2021 Annual Financial Statements**").

Functional and Presentation Currency

The consolidated financial statements are presented in United States (U.S.) dollars, which is the Company's functional currency, and all values are rounded to the nearest thousand, except where otherwise indicated.

Significant Accounting Policies

The accounting policies used in preparation of the Interim Financial Statements are consistent with those disclosed in the 2021 Annual Financial Statements, except as outlined below.

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

Changes in Accounting Policies and Disclosures

The Company applied certain new amendments and interpretations effective from January 1, 2022, for the first time.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location, and conditions necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The Company adopted the standard effective January 1, 2022, applying the retrospective transition to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the Company first applies the amendment.

As a result of adopting the standard on January 1, 2022, the Company has assessed the impact of this amendment, and due to the insignificant impact on the recalculation of the carrying amount of Property, Plant and Equipment the comparative period information has not been restated.

Changes in Exploration and Evaluation Costs Accounting Policy

Exploration and evaluation ("**E&E**") costs include expenditures to acquire licenses to explore, farm into or acquire rights to working interest on exploration properties, appraisal costs of technical services and studies, seismic acquisition, exploratory drilling and testing. These costs are initially capitalized by well, field, unit of account or specific exploration unit, as appropriate, and are not subject to depreciation or depletion. Costs incurred prior to obtaining the legal rights to explore an area, geological and geophysical ("**G&G**") costs, including payroll, and payments made to fulfill the remaining balance of minimum exploration work commitment for certain blocks, are recognized in net income (loss) as exploration expenses. E&E assets are reclassified to oil and gas properties, after an impairment review, when commercial reserves have been discovered and technical feasibility and commercial viability are demonstrable. If technical feasibility and commercial viability cannot be demonstrated upon completion of the exploration phase, the carrying value of the E&E costs is expensed in the period this determination is made.

The proceeds from selling items produced of an E&E assets is not deducted from the cost. The proceeds from selling such items, and the costs of producing those items, are recognized in profit or loss.

Key Accounting Estimates and Judgments

Global Economy

The COVID-19 pandemic and the Russia-Ukraine conflict continue to influence economic conditions around the world. The uncertainty this brings, resulted in a challenging economic environment, with more volatile commodity prices, foreign exchange rates, and long-term interest rates. The current global crude oil prices environment is being lifted mainly by the Russia-Ukraine conflict and the consequences of these events on the certainty of the supply of hydrocarbons in the world. All of these are undermining economic conditions and exacerbating inflation in several economies, having a direct impact in the cost of goods and services.

The Company continues to closely monitor the associated risks. This presents uncertainty with respect to management's judgments, estimates and assumptions that could affect the application of accounting policies.

Critical Judgments in Applying Accounting Policies

CPE-6 contingent payments in acquisition

As part of the acquisition of the 50% working interest in the CPE-6 block, the Company has certain contingent payments based on production (Note 17). The Company applied significant judgments for the accounting for these contingent payments. The Company has selected to capitalize those payments when the amount is payable to the counterparty recognizing the variable and fixed components when incurred, as addition to Oil and Gas properties.

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

3. Segmented Information

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

- Colombia: Includes all upstream business activities of exploration and production in Colombia.
- Peru: Includes certain business activities in Peru. The Company continues to sell oil inventory and complete remediation work in Block 192 as its petroleum license expired on February 5, 2021. Also, the Block Z1 has not been in production since December 19, 2019.
- Ecuador and others: Includes all upstream business activities of exploration in Ecuador. In addition, this includes the corporate office in Canada, and non-operating entities that have been aggregated as they do not generate revenue for the Company.
- Guyana: Includes all offshore upstream business activities of exploration in Guyana.
- 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.

For the three and six months ended June 30, operating segmented information for the Interim Condensed Consolidated Statements of Income (Loss) is as follows:

	Exploration and Production Onshore						Exploration Offshore							
	Colombia		Peru		Ecuador & Others		Guyana		Midstream		Eliminations		Total	
Three Months Ended June 30	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Oil and gas sales and other revenue	$ 362,646	$ 212,707	$ —	$ 6,310	$ 3,084	$ —	$ —	$ —	$ 12,239	$ 18,429	$ (1,936)	$ (11,121)	$ 376,033	$ 226,325
Royalties	(31,893)	(1,640)	—	—	(125)	—	—	—	—	—	—	—	(32,018)	(1,640)
Revenue	330,753	211,067	—	6,310	2,959	—	—	—	12,239	18,429	(1,936)	(11,121)	344,015	224,685
Oil and gas operating costs	129,776	106,416	7,191	4,776	483	—	—	—	5,612	4,787	(1,936)	(15,163)	141,126	100,816
General and administrative	10,128	8,350	267	411	2,396	1,395	1,234	2,167	1,082	1,819	(10)	(10)	15,097	14,132
Share-based compensation	(230)	2,076	(16)	156	(575)	707	238	203	—	—	—	—	(583)	3,142
Depletion, depreciation and amortization	47,837	42,189	—	13	100	185	10	3	1,563	913	—	(2,848)	49,510	40,455
Impairment, exploration expenses and other	2,164	(1,444)	2,153	410	696	12	85	—	—	—	—	—	5,098	(1,022)
Restructuring, severance and other costs	140	104	—	2	33	1,429	—	—	882	—	—	—	1,055	1,535
Income (loss) from operations	140,938	53,376	(9,595)	542	(174)	(3,728)	(1,567)	(2,373)	3,100	10,910	10	6,900	132,712	65,627
Share of income from associates	—	—	—	—			—	—	9,648	9,805	—	—	9,648	9,805
Segment income (loss)	$ 140,938	$ 53,376	$ (9,595)	$ 542	$ (174)	$ (3,728)	$ (1,567)	$ (2,373)	$ 12,748	$ 20,715	$ 10	$ 6,900	$ 142,360	$ 75,432
Other non-operating expense items													(35,160)	(59,838)
Income tax expense													(91,065)	(37,869)
Net income (loss) for the period													$ 16,135	$ (22,275)

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

	Exploration and Production Onshore						Exploration Offshore							
	Colombia		Peru		Ecuador & Others		Guyana		Midstream		Eliminations		Total	
Six Months Ended June 30	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Oil and gas sales and other revenue	$ 627,637	$ 375,285	$ —	$ 28,692	$ 3,084	$ —	$ —	$ —	$ 22,571	$ 35,274	$ (3,388)	$ (22,082)	$ 649,904	$ 417,169
Royalties	(51,137)	(7,750)	—	—	(125)	—	—	—	—	—	—	—	(51,262)	(7,750)
Revenue	576,500	367,535	—	28,692	2,959	—	—	—	22,571	35,274	(3,388)	(22,082)	598,642	409,419
Oil and gas operating costs	230,123	189,867	7,664	23,112	483	—	—	—	10,291	9,315	(3,388)	(30,166)	245,173	192,128
General and administrative	18,735	16,569	532	924	4,776	2,956	2,976	3,611	2,753	3,295	(19)	(21)	29,753	27,334
Share-based compensation	3,401	2,218	(267)	194	845	1,515	526	532	—	—	—	—	4,505	4,459
Depletion, depreciation and amortization	85,065	77,217	—	63	169	376	21	6	3,039	1,706	—	(6,277)	88,294	73,091
Impairment, exploration expenses and other	(1,281)	(6,352)	1,609	(338)	728	12	85	—	—	—	—	—	1,141	(6,678)
Restructuring, severance and other costs	294	455	—	32	36	1,429	—	—	1,056	—	—	—	1,386	1,916
Income (loss) from operations	240,163	87,561	(9,538)	4,705	(4,078)	(6,288)	(3,608)	(4,149)	5,432	20,958	19	14,382	228,390	117,169
Share of income from associates	—	—	—	—	—	—	—	—	18,742	19,591	—	—	18,742	19,591
Segment income (loss)	$ 240,163	$ 87,561	$ (9,538)	$ 4,705	$ (4,078)	$ (6,288)	$ (3,608)	$ (4,149)	$ 24,174	$ 40,549	$ 19	$ 14,382	$ 247,132	$ 136,760
Other non-operating expense items													(50,703)	(120,492)
Income tax expense													(78,314)	(51,149)
Net income (loss) for the period													$ 118,115	$ (34,881)

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

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

As at	June 30 2022	December 31 2021
Colombia	$ 1,783,748	$ 1,896,374
Guyana	262,360	188,566
Ecuador	25,204	8,689
Canada & Others	219	291
Total non-current assets	$ 2,071,531	$ 2,093,920

4. Revenue from Contracts with Customers

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

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Colombia				
Crude oil sales	$ 358,368	$ 210,860	$ 619,568	$ 371,597
Gas sales	4,278	1,847	8,069	3,688
Colombia oil and gas sales	362,646	212,707	627,637	375,285
Ecuador crude oil sales [1]	3,084	—	3,084	—
Peru crude oil sales	—	6,310	—	28,692
Oil and gas sales	365,730	219,017	630,721	403,977
Midstream sales to external customers	10,303	7,308	19,183	13,192
Inter-segment sales	1,936	11,121	3,388	22,082
Midstream sales	12,239	18,429	22,571	35,274
Elimination of midstream inter-segment sales	(1,936)	(11,121)	(3,388)	(22,082)
Oil and gas sales and other revenue	$ 376,033	$ 226,325	$ 649,904	$ 417,169

[1] *Proceeds from selling oil produced from an E&E asset.*

5. Operating Costs

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Production costs	$ 47,882	$ 38,043	$ 97,743	$ 74,798
Cost of purchases	52,820	18,436	88,242	22,440
Transportation costs	35,178	33,259	67,331	71,732
Post-termination obligation	6,842	—	7,070	—
Dilution costs	376	1,056	674	8,039
Settlement overlift	35	(2)	13	(2,661)
Inventory valuation	(7,619)	5,237	(26,191)	8,465
Total oil and gas operating costs [1]	135,514	96,029	234,882	182,813
Port operating costs	5,612	4,787	10,291	9,315
Total operating costs	$ 141,126	$ 100,816	$ 245,173	$ 192,128

[1] *Includes operating costs from $0.5 million from oil produced of an E&E asset.*

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

6. General and Administrative

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Salaries and benefits	$ 7,715	$ 7,387	$ 15,973	$ 14,602
Professional fees	4,730	4,830	8,904	8,408
Taxes	1,116	926	2,580	1,847
Others expenses	1,536	989	2,296	2,477
Total	$ 15,097	$ 14,132	$ 29,753	$ 27,334

7. Impairment, exploration expenses and other

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Impairment expense of:				
Exploration and evaluation assets	$ 2,264	$ —	$ 2,264	$ —
Other [(1)]	3,033	—	3,033	—
Total impairment expense	5,297	—	5,297	—
Exploration expenses of:				
Geological and geophysical costs, and other	480	89	952	171
Minimum work commitment paid [(2)]	919	—	919	—
Total exploration expenses	1,399	89	1,871	171
Recovery of asset retirement obligations (Note 13)	(1,598)	(1,111)	(6,027)	(6,849)
Impairment, exploration expenses and other	$ 5,098	$ (1,022)	$ 1,141	$ (6,678)

[(1)] *Mainly related to obsolete inventories in Peru.*

[(2)] *Payments made to fulfill the remaining balance of minimum exploration work commitment for certain blocks.*

8. Income Taxes

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

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Net income before income tax	$ 107,200	$ 15,594	$ 196,429	$ 16,268
Colombian statutory income tax rate	35%	31%	35%	31%
Income tax expense at statutory rate	37,520	4,834	68,750	5,043
Increase (decrease) in income tax provision resulting from:				
Non-deductible/taxable expense/income and other differences	8,399	15,970	19,736	41,233
Share-based compensation	(330)	905	1,186	1,249
Differences in tax rates	—	—	(10,246)	(8,942)
Change in deferred income tax	45,476	16,160	(1,112)	12,566
Income tax (recovery) expense	91,065	37,869	78,314	51,149
Current income tax expense	1,025	20,025	2,578	24,216
Deferred income tax (recovery) expense:				
Relating to origination and reversal of temporary differences	90,040	17,844	75,736	26,933
Income tax expense	$ 91,065	$ 37,869	$ 78,314	$ 51,149

During the three and six months ended June 30, 2022, the Company recognized a current income tax expense of $1.0 million and $2.6 million, respectively (2021: $20.0 million and $24.2 million, respectively). The decrease in 2022 is mainly due to the recognition of an additional provision of $20.9 million in 2021, that was related to changes in prior year tax assessments.

During the three and six months ended June 30, 2022, the Company recognized a deferred income tax expense of $90.0 million and $75.7 million, respectively (2021: $17.8 million and $26.9 million, respectively). The variation is mainly due to utilization of the deferred tax asset as higher profits are accruing in 2022 and Colombian pesos (“**COP**”) devaluation during second quarter of 2022. As of June 30, 2022, the deferred income tax assets is $150.2 million (2021: $225.1 million).

9. Earnings (Loss) per Share

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands of U.S.$, except share and per share amounts)	**2022**	**2021**	**2022**	**2021**
Net income (loss) attributable to equity holders of the Company	$ 13,484	$ (25,648)	$ 115,712	$ (39,774)
Basic weighted average number of shares outstanding	93,238,705	97,199,254	93,895,928	97,330,554
Effect of dilution from dilutive instruments	2,384,388	—	2,560,144	—
Diluted weighted average number of shares outstanding	95,623,093	97,199,254	96,456,072	97,330,554
Earnings (loss) per share attributable to equity holders of the Company				
Basic	$ 0.14	$ (0.26)	$ 1.23	$ (0.41)
Diluted	$ 0.14	$ (0.26)	$ 1.20	$ (0.41)

10. Properties, Plant and Equipment

Cost	Oil & Gas Properties	Port Infrastructure	Plant & Equipment	Total
As at January 1, 2022	$ 7,985,061	$ 242,472	$ 111,457	$ 8,338,990
Additions [1]	112,567	4,244	1,022	117,833
Change in asset retirement obligations (Note 13)	(25,964)	—	—	(25,964)
Disposal	(8,163)	(203)	(327)	(8,693)
Currency translation adjustment	(2,758)	(8,750)	(176)	(11,684)
As at June 30, 2022	$ 8,060,743	$ 237,763	$ 111,976	$ 8,410,482

[1] *Includes the addition of the remaining 35% from El Dificil block by $12.0 million.*

Accumulated Depletion, Depreciation and Impairment	Oil & Gas Properties	Port Infrastructure	Plant & Equipment	Amount
As at January 1, 2022	$ 6,697,092	$ 9,239	$ 99,908	$ 6,806,239
Charge for the period	87,432	2,721	1,549	91,702
Disposal	(2,172)	—	(111)	(2,283)
Currency translation adjustment	(2,502)	(1,088)	(227)	(3,817)
As at June 30, 2022	$ 6,779,850	$ 10,872	$ 101,119	$ 6,891,841

Net Book Value	Oil & Gas Properties	Port Infrastructure	Plant & Equipment	Amount
As at January 1, 2022	$ 1,287,969	$ 233,233	$ 11,549	$ 1,532,751
As at June 30, 2022	$ 1,280,893	$ 226,891	$ 10,857	$ 1,518,641

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

	Oil & Gas Properties	Port Infrastructure	Plant & Equipment	Amount
Properties, plant and equipment - owned	$ 1,277,094	$ 226,891	$ 7,760	$ 1,511,745
ROU assets - leased	3,799	—	3,097	6,896
As at June 30, 2022	$ 1,280,893	$ 226,891	$ 10,857	$ 1,518,641

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

Details of ROU assets are as follows:

	Power Generation	Plant & Equipment	Total
As at January 1, 2022	$ 5,330	$ 3,580	$ 8,910
Additions	—	497	497
Changes in estimates	—	(53)	(53)
Depreciation	(1,531)	(927)	(2,458)
As at June 30, 2022	$ 3,799	$ 3,097	$ 6,896

11. Exploration and Evaluation Assets

	2022
As at January 1	$ 188,904
Additions [(1)]	91,724
Impairment (Note 7)	(2,264)
Change in asset retirement obligations	(713)
Disposals	(232)
As at June 30	$ 277,419

[(1)] *Mainly, includes additions in Guyana related to Corentyne block of $70.9 million and in Ecuador related to Perico block of $12.8 million.*

12. Investments in Associates

	ODL
As at January 1, 2022	$ 87,199
Share of income from associates	18,742
Dividends	(40,483)
Return of capital contributions	(3,887)
Currency translation adjustment	(674)
As at June 30, 2022	$ 60,897
Company's interest as at June 30, 2022	35.0 %

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

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

During the three and six months ended June 30, 2022, the Company recognized gross dividends of $Nil and $40.5 million, respectively (2021: $Nil and $41.6 million, respectively) and received cash dividends of $9.2 million and $18.3 million, respectively (2021: $9.1 million and $18.1 million, respectively). As at June 30, 2022, the carrying value of dividends receivable after withholding taxes is $16.8 million (2021: $Nil).

In addition, during the three and six months ended June 30, 2022, the Company recognized a return of capital contributions of $Nil and $3.9 million, respectively (2021: $Nil and $4.2 million, respectively) and received cash in the amount of $Nil and $1.9 million, respectively (2021: $Nil and $2.0 million, respectively).

13. Asset Retirement Obligations

	2022
As at January 1	$ 174,341
Accretion expense	2,990
Additions	1,119
Changes in estimates	(26,096)
Liabilities settled	(2,773)
Recovery of asset retirement obligation (Note 7)	(6,027)
As at June 30	$ 143,554

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

As at	June 30 2022	December 31 2021
Current portion	$ 26,447	$ 27,007
Non-current portion	117,107	147,334
Total	$ 143,554	$ 174,341

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 $249.5 million (2021: $245.4 million), which is expected to be executed between 2022 and 2042, of which $217.6 million (2021: $213.4 million) will be incurred in Colombia and $31.9 million (2021: $31.9 million) in Peru.

During the six months ended June 30, 2022, the Company recognized a decrease in its ARO from changes in estimates of $26.1 million, which includes a reduction of $22.9 million relating to updating the risk-free and inflation rates, $2.7 million due to the impact of foreign exchange rates and $0.5 million relating to updated cost estimates to abandon and reclaim wells and well sites, including environmental liabilities. A total of $26.0 million relating to changes in estimates was recognized within Properties, Plant and Equipment (Note 10).

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

- A risk-free rate between 10.35% and 11.97% and an inflation rate between 2.50% and 4.7% for cash flows expected to be settled in COP (2021: risk-free rate between 6.3% and 8.6% with inflation rate between 3.0% and 3.9%); and
- A risk-free rate between 4.86% and 4.93% and an inflation rate between 2.4% and 3.2% for cash flows expected to be settled in U.S. dollars (2021: risk-free rate between 2.1% and 2.6% with inflation rate between 2.2% and 2.6%).

14. Related-Party Transactions

The following tables provide the total balances outstanding, commitments and transactional amounts with related parties as at June 30, 2022, and December 31,2021, and for three and six months ended June 30, 2022, and 2021:

		Accounts Receivable	Accounts Payable	Commitments	Three Months Ended June 30 Purchases / Services	Six Months Ended June 30 Purchases / Services
ODL	2022	$ 18,633	$ 1,951	$ 43,247	$ 5,178	$ 10,541
	2021	—	112	56,716	7,281	16,353

ODL is an investment in associate of the Company. The related-party transactions correspond to the ship-or-pay contract for the transportation of crude oil in Colombia for a total commitment of $43.2 million until 2025 (Note 17).

15. 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.

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

The following table shows the maximum credit risk exposure of financial assets, presented at the gross carrying amounts, prior to the ECL model allowances:

As at	June 30 2022	December 31 2021
Trade receivables	$ 33,247	$ 83,087
Other receivables	31,640	14,486
Receivables from joint arrangements	22,861	31,326
Withholding tax and others	28,394	15,652
Allowance for expected credit losses [1]	(26,148)	(29,036)
Accounts receivable	$ 89,994	$ 115,515
Withholding tax and others - not considered for credit risk	(28,394)	(15,652)
Total financial assets carried at amortized cost	$ 61,600	$ 99,863

[1] Includes ECLs of $15.7 million for trade receivables (2021: $15.7 million).

Reconciliation of ECLs

The following table shows a continuity of ECLs:

	2022
As at January 1	$ 29,036
Provision for ECLs	27
Write-off	(1,396)
Effect of exchange rate changes	(1,519)
As at June 30	$ 26,148

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.

The following tables summarizes the undiscounted cash outflows relating to contractual maturities of the Company's non-derivative financial liabilities as at June 30, 2022:

Financial Liability Due In	2022	2023	2024	2025	2026	Subsequent to 2027	Total
Accounts payable and accrued liabilities [1]	$ 418,848	$ 1,703	$ —	$ —	$ —	$ —	$ 420,551
Long-term debt [2]	124,909	13,550	—	—	—	400,000	538,459
Interest on Long-term debt	21,335	32,208	31,500	31,500	31,500	47,250	195,293
Lease liabilities	2,137	2,950	173	143	—	—	5,403
Total	$ 567,229	$ 50,411	$ 31,673	$ 31,643	$ 31,500	$ 447,250	$ 1,159,706

[1] Includes provisions of $128.9 million, which do not have a definitive repayment period and are therefore classified as current liabilities. These provisions are not expected to be settled within the next 12 months.

[2] The 2025 Puerto Bahia Debt of $123.1 million 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 occur 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 $42.5 million.

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

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

As at	June 30 2022	December 31 2021
Trade and other payables	$ 156,281	$ 151,704
Accrued liabilities	80,810	68,341
Supplier holdbacks and advances	32,281	26,822
Withholding and tax provisions	8,131	7,756
Share-based payment liability	4,657	7,079
	282,160	261,702
Provision for contingencies and others	138,391	143,558
Total payable and accrual liabilities	$ 420,551	$ 405,260

The Company has various guarantees in place in the normal course of business, supported by issued letters of credit. As at June 30, 2022, the Company had issued letters of credit for a total of $85.0 million (2021: $82.8 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 long-term debt.

Risk Management Contracts

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

Risk Management Contracts - Crude Oil

As part of its risk management strategy, the Company uses derivative commodity instruments to manage its exposure to price volatility by hedging a portion of its oil production. The Company's strategy aims to protect a minimum of 40% to 60% of the estimated production with a tactical approach, using a combination of instruments, capped and non-capped, to protect the revenue generation and cash position of the Company, while maximizing the upside.

				Avg. Strike Prices	Carrying Amount	
Type of Instrument	Term	Benchmark	Volume (bbl)	Put $/bbl	Assets	Liabilities
Put	July to December 2022	Brent	2,825,000	70.00	$ 3,786	$ —
Total as at June 30, 2022					$ 3,786	$ —
Total as at December 31, 2021					$ 274	$ 279

Risk Management Contracts - Foreign Exchange

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

				Avg. Put / Call	Carrying Amount	
Type of Instrument	Term	Benchmark	Notional Amount / Volume in USD	Par forward (COP$)	Assets	Liabilities
Zero-cost collars	July to December 2022	COP / USD	$ 120,000,000	3,750 / 4,420	$ —	$ 1,711
Total as at June 30, 2022					$ —	$ 1,711
Total as at December 31, 2021					$ —	$ 276

Risk Management Contracts - Interest swaps

The Company has a financial derivative 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.

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

As at June 30, 2022, the Company has a swap contract from July 2022 to June 2025:

				Avg. Strike Prices	Carrying Amount	
Type of Instrument	**Term**	**Benchmark**	**Notional Amount**	**Floating rate**	**Assets**	**Liabilities**
Swap	July 2022 to June 2025	LIBOR + 180	$ 107,100	3.9 %	$ —	$ 1,267
Total as at June 30, 2022					$ —	$ 1,267
Total as at December 31, 2021					$ —	$ 6,258

	Assets	Liabilities
Current portion	$ 3,786	$ 2,805
Non-current portion	—	173
Total Risk Management Contracts as at June 30, 2022	$ 3,786	$ 2,978
Total Risk Management Contracts as at December 31, 2021	$ 274	$ 6,813

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

	Three Months Ended June 30		Six Months Ended June 30	
	2022	**2021**	**2022**	**2021**
Premiums paid on risk management contracts settled	$ (3,476)	$ (987)	$ (6,158)	$ (3,107)
Cash settlement on risk management contracts	—	(23,890)	—	(32,750)
Realized loss on risk management contracts	(3,476)	(24,877)	(6,158)	(35,857)
Unrealized (loss) gain on risk management contracts	(1,797)	7,453	(653)	(1,385)
Total	$ (5,273)	$ (17,424)	$ (6,811)	$ (37,242)

b. Fair Value of Financial Instruments

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

The following table summarizes the Company's remaining financial instruments that are carried or disclosed at fair value in accordance with the classification under the fair value hierarchy as at June 30, 2022, and December 31, 2021:

			Fair Value		
	Period	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets Measured at Fair Value through Profit & Loss					
Risk management assets	2022	$ 3,786	$ —	$ 3,786	$ —
	2021	274	—	274	—
Financial Assets Measured at Fair Value through Other Comprehensive Income					
Investments in equity instruments	2022	$ 1,255	$ —	$ —	$ 1,255
	2021	1,167	—	—	1,167
Financial Liabilities Measured at Fair Value through Profit & Loss					
Risk management liabilities	2022	$ (2,978)	$ —	$ (2,978)	$ —
	2021	(6,813)	—	(6,813)	—
Financial Liabilities Measured at Amortized Cost					
2028 Unsecured Notes	2022	$ (392,002)	$ —	$ (325,844)	$ —
	2021	(391,498)	—	(375,688)	—
2025 Puerto Bahia and PetroSud debts	2022	$ (138,459)	$ —	$ (138,459)	$ —
	2021	(161,064)	—	(161,064)	—

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

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

c. Capital Management

When managing capital, the Company's objectives are to maintain a capital structure that optimizes the cost of capital to support operating activities and sustain the development of its business while maintaining compliance with the terms and conditions of financial obligations. The Company manages its capital structure and 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 buy back shares, change its dividend policy, raise or refinance debt and/or adjust its capital spending to manage its operating and growth objectives.

Specifically, the Company's capital management objectives are to maintain compliance with the debt covenant ratios associated with the Company's outstanding unsecured notes due on June 21, 2028 (the "**2028 Unsecured Notes**"), which are currently met, and to maintain sufficient liquidity to meet all contractual obligations and execute its business plan. To facilitate the management of these objectives, the Company utilizes a planning, budgeting and forecasting process to help determine and monitor the funds needed to maintain appropriate liquidity for operational, capital and financial needs.

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

As at	June 30 2022	December 31 2021
Equity attributable to equity holders of the Company	$ 1,493,488	$ 1,400,966
Long-term debt	401,977	405,838
Working capital deficit [(1)]	7,199	78,885
Total	$ 1,902,664	$ 1,885,689

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

16. Supplemental Disclosure on Cash Flows

Changes in non-cash working capital are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
(Decrease) increase in accounts payable and accrued liabilities	$ (24,300)	$ 29,951	$ 18,373	$ 9,168
Decrease in accounts receivable	54,944	7,847	41,609	2,983
(Decrease) increase in income taxes payable	(192)	9,276	(2,710)	9,329
(Increase) decrease in inventories	(209)	67	(25,410)	3,537
Decrease (increase) in prepaid expenses and deposits	1,039	(835)	1,928	449
Increase in income taxes receivable	(12,033)	(9,444)	(19,420)	(14,877)
Changes in non-cash working capital	$ 19,249	$ 36,862	$ 14,370	$ 10,589
Attributable to				
Operating activities	$ 59,470	$ 16,827	$ 47,951	$ (1,285)
Investing activities	(40,221)	20,727	(33,581)	12,566
Financing activities	—	(692)	—	(692)
Changes in non-cash working capital	$ 19,249	$ 36,862	$ 14,370	$ 10,589

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

17. Commitments and Contingencies

Commitments

The Company's commitments as at June 30, 2022, undiscounted and by calendar year, are presented below:

As at June 30, 2022	2022	2023	2024	2025	2026	Subsequent to 2027	Total
Transportation							
Ocensa P-135 ship-or-pay agreement	$ 32,565	$ 65,129	$ 65,129	$ 48,847	$ —	$ —	$ 211,670
ODL agreements	6,928	13,207	23,112	—	—	—	43,247
Other transportation and processing commitments	4,505	11,783	11,783	11,783	18,193	—	58,047
Exploration and evaluation							
Minimum work commitments (1)	60,150	40,450	69,116	12,660	—	5,066	187,442
Other commitments							
Operating purchases, community obligations and others.	65,119	18,374	11,885	17,171	8,923	15,686	137,158
Total	$ 169,267	$ 148,943	$ 181,025	$ 90,461	$ 27,116	$ 20,752	$ 637,564

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

Guyana Commitments

As of June 30, 2022, the Company, through its 76.98% interest in CGX and directly through its 33,33% working interest in the Corentyne and Demerara blocks, has exploration work commitments under Petroleum Prospecting Licenses ("**PPL**") for certain Guyana blocks, as follows:

- In accordance with the Corentyne PPL, which is currently in phase two of the second renewal period, one exploration well must be drilled by November 26, 2022.
- On February 14, 2022, CGX and Frontera, the majority shareholder of CGX and joint venture partner of CGX in the PPL 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. In addition, Frontera and CGX have in principle, reached an agreement with the Government of Guyana to allow for the relinquishment of the Demerara block through a mutual termination agreement, the terms of which remain to be defined and documented.

As at June 30, 2022, the aggregate minimum future obligation outstanding, related to agreements with suppliers for the drilling of Wei-1 well and Guyana Port Project is $68.0 million, which is expected to be paid in 2022.

Oleoducto Central S.A. ("Ocensa") and Cenit Transporte y Logistica de Hidrocarburos S.A.S. ("Cenit") Pledge

In May 2022, a new ship-or-pay contract with Bicentenario and Cenit entered into force and as a result the pledged inventory crude oil is stored in Cenit's terminal of Coveñas (TLU-3) instead of Ocensa's terminal. On March 31, 2022, the Company signed a new pledge agreement with Cenit and Ocensa, which guarantees the payment obligations of both contracts, for the period from May 1, 2022, to September 30, 2022, with Ocensa up to $30.0 million, and for the period from May 1, 2022, to October 31, 2022, with Cenit up to $6.0 million.

Other Guarantees and Pledges

As part of the Company's acquisition of Repsol Colombia Oil & Gas Ltd.'s ("**RCOG**") 50% working interest in the CPE-6 block, the Company granted a pledge to RCOG over the production from the CPE-6 block to guarantee the payments, up to a maximum of $48.0 million. Under the farm-out agreement two kinds of payments are set, each contingent on production from this block and each applicable until the maximum payment of $48.0 million is paid: i) a variable monthly payment, and ii) three potential production milestone payments of $5.0 million each when 5 million, 10 million and 20 million total barrels production, respectively, are achieved. As at June 30, 2022, the Company has paid or accrued a total of $12.1 million of such amounts under the agreement.

Sale of Subsidiary Maurel et Prom Colombia B.V. ("M&P")

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 M&P which holds 100% interests in the COR-15 and Muisca blocks in Colombia. The Company's cash consideration was $1.8 million. In addition, during the period ended June 30, 2022, the Company made payments of $6.0 million related to outstanding commitments at the COR-15 block.

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 that may arise could have a material impact on the Company's financial position, results of operations or cash flows. No material changes have occurred regarding the matters disclosed in Note 27 - Commitments and Contingencies of the 2021 Annual Financial Statements.

18. Subsequent Events

Substantial Issuer Bid

On June 24, 2022, the Company launched a substantial issuer bid (the "**SIB**"), pursuant to which the Company offered to purchase from shareholders for cancellation up to C$65.0 million (equivalent to $50.0 million) of its outstanding Common Shares. The SIB proceeded by way of a "modified Dutch auction" procedure with a tender price range from CAD$11.00 to CAD$13.00 per Common Share. The Company intends to fund the repurchases under the tender offer with cash on hand. The bid expired on August 8, 2022.

On August 9, 2022, the Company announced that, in accordance with the terms and conditions of the SIB and based on the preliminary calculation of the depositary for the SIB, the Company expects to take up and pay for approximately 5.42 million of its common shares at a price of $12.00 per Share, representing an aggregate purchase price of approximately C$65 million.

Corentyne Block

On July 22, 2022, Frontera and CGX jointly announced that the companies have entered into an agreement to amend the Joint Operating Agreement originally signed between CGX and a subsidiary of Frontera on January 30, 2019, as amended (the "**JOA Amendment**"), effectively farming into the Corentyne block and securing funding for the Joint Venture's Wei-1 exploration well. The Agreement remains subject to certain conditions precedent, including approval of the TSX Venture Exchange and certain confirmations form the Government of Guyana relating to the petroleum agreement for the Corentyne block.

As part of the JOA Amendment, CGX will transfer 29.73% of its participating interest in the Corentyne block to Frontera in exchange for Frontera funding the Joint Venture's costs associated with the Wei-1 exploration well for up to $130.0 million and up to an additional $29.0 million of certain Kawa-1 exploration well and Wei-1 Pre-Drill and other costs. In addition, CGX shall assign an additional 4.94% of its participating interest in the Corentyne block to Frontera as consideration for the discharge of the outstanding principal amounts under (i) the previously announced $19.0 million convertible loan to CGX dated May 28, 2021, as amended, and (ii) the previously announced $35.0 million convertible loan to CGX dated March 10, 2022, as amended, and Frontera paying to CGX $3.8 million. The JOA Amendment remains subject to certain condition precedents. As a result of the JOA Amendment, CGX will have a 32.00% participating interest and Frontera will have a 68.00% participating interest in the Corentyne block.

In addition, on July 22, 2022, Frontera and CGX jointly announced that in connection with a drilling contract agreement between Maersk Drilling Holdings Singapore Pte. Ltd. ("**Maersk**") and CGX, operator of the Corentyne block, for the provision of a semi-submersible drilling unit owned by Maersk (the "**Maersk Discoverer**") and associated services to drill the joint venture's Wei-1 well, Frontera anticipates entering into a deed of guarantee with Maersk for certain obligations, up to a maximum of $30.0 million, subject to a sliding scale mechanism in connection with payments made under the drilling contract.