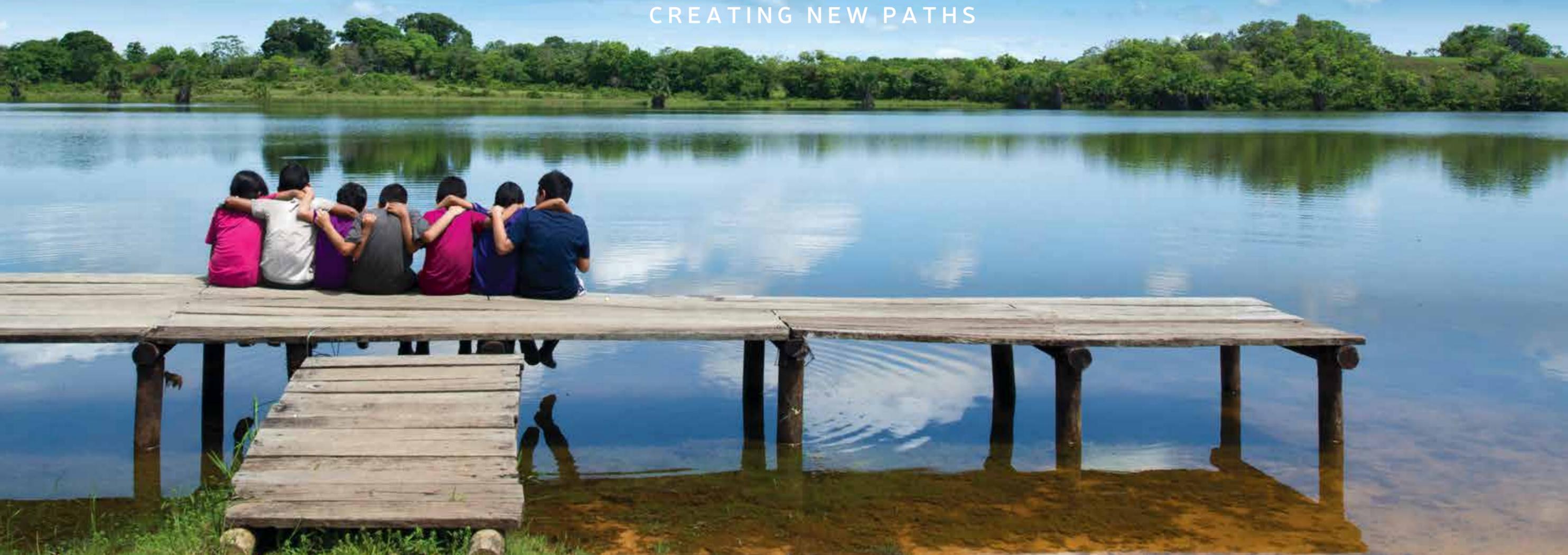




SUSTAINABILITY REPORT 2017

CREATING NEW PATHS



Legal Notice

FORWARD-LOOKING INFORMATION AND STATEMENTS

This Sustainability Report contains forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that Frontera Energy Corporation (the “**Company**” or “**Frontera**”) believes, expects or anticipates will or may occur in the future, are considered forward-looking statements, such forward-looking statements include, without limitation, the Company’s ability to grow in both the near and long-term and the Company’s corporate strategy including its business plans, initiatives and objectives, new areas of operations, supplier development, environmental stewardship matters, safety matters, local development matters and human right matters.

These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results to differ materially from those discussed. Even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company.

These risk factors, among others, are discussed in the Company’s Annual Information Form dated March 27, 2018, filed on SEDAR at www.sedar.com.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Furthermore, information contained in or otherwise accessible through the Company’s website does not form part of this report and is not incorporated by reference into this report. In addition, reported production levels may not be reflective of sustainable production rates, and future production rates may differ materially from the production rates reflected in this report due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons.

The preparation of financial information is reported in United States dollars and is in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board, unless otherwise noted. The Company discloses several financial

measures in this presentation that do not have any standardized meaning prescribed under IFRS (including Operating and Adjusted EBITDA,¹ Operating Netback and Adjusted FFO). These measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

For more information please see the Company’s 2017 Management’s Discussion and Analysis dated March 27, 2018, filed on SEDAR at www.sedar.com. All comparative percentages are between the years ending December 31, 2016 and 2017, unless otherwise noted.

All reserves estimates contained in this presentation were prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities (“**NI 51-101**”) and included in the Form 51-101 F1 Report filed on SEDAR at www.sedar.com. Additional reserves information as required under NI 51-101 can also be found on SEDAR at www.sedar.com, under: (i) Form 51-101F2 – Report on Reserves Data by Independent Qualified Reserves Evaluator completed by each of RPS and D&M and (ii) Form 51-101F3 – Report of Management and Directors on Oil and Gas. All reserves presented are based on

forecast pricing and estimated costs effective December 31, 2017, as determined by the Company’s independent reserves evaluators.

The Company’s net reserves after royalties incorporate all applicable royalties under Colombia and Peru fiscal legislation based on forecast pricing and production rates, including any additional participation interest related to the price of oil applicable to certain Colombian blocks, as at year-end 2017, unless otherwise stated.

Additional information with respect to the Company is available on SEDAR at www.sedar.com and on the Company’s website at www.fronteraenergy.ca.

¹Earnings Before Interest, Taxes, Depreciation, and Amortization.



CREATING NEW PATHS

2017 Sustainability Report

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ABOUT THIS REPORT

In Frontera's second Sustainability Report,¹ under the section entitled "**Creating New Paths**" the Company presents its economic, environmental and social performance during 2017 and includes information on the operations undertaken in the past year in Colombia, Peru and Canada.

The information included in this report is the result of continuous engagement with our internal and external stakeholders and is focused on the material issues for our corporate strategy and our surroundings.

Additionally, this report is based on the standards of the *Global Reporting Initiative* and includes our progress with respect to the implementation of the ten principles of the UN Global Compact. The information included in this report has been externally audited by KPMG Advisory, Tax & Legal S.A.S.

The figures presented in this report are in US dollars (USD).

This report was prepared originally in

Spanish and has been translated into English. In the case of any differences between the English version and its translated counterpart, the Spanish version should be treated as the governing report.

Your opinions are welcome

For Frontera, the opinions of our readers and stakeholders are an important priority in order to continually improve our performance, communication and innovation in Sustainability and Shared Value. We invite you to send comments, suggestions and new ideas related to the issues presented in this report to:

sustainability@fronteraenergy.ca.

For more information about the Company, please visit our website:

<http://www.fronteraenergy.ca>.

¹ Frontera Energy was formerly known as Pacific Exploration & Production Corporation.



A MESSAGE FROM THE CEO

*"2017 was a year of great challenges in which we had the privilege of witnessing a transformation and resurgence process of a work team with all the potential and talent to reach the highest objectives." **Richard Herbert***

Welcome to our 2017 Sustainability Report **"Creating New Paths."** This is our second report under our new name, Frontera Energy, and proof of our strong belief in continuing operations with a legacy of sustainable growth for our stakeholders, while maintaining our commitment to relevant initiatives such as the Global Compact, the Sustainable Development Objectives and the Voluntary Principles on Security and Human Rights, among others.

On April 3, 2018, I had the privilege of being appointed Chief Executive Officer (CEO) by members of the Board of Directors, to continue developing the path we have created and contribute my knowledge gained through over 40 years in the industry as we enter a growth phase. I feel very proud of the work we have done, and I am sure that we will continue to meet the goals we have set.

For me, as a former member of the Board of Directors and current CEO, it is a privilege to have the opportunity to be a part of the birth of this new Company, and I am sure that the path we have developed will be our platform to continue creating the future that our Board of Directors, shareholders and other stakeholders envision: a future of sustainable and

stable growth, focus and efficiency, value for employees and relationships built on respect, integrity, commitment to commercial allies, partners, government, communities and the environment.

2017 was a year of great challenges in which we witnessed a transformation and resurgence process of a work team with all the potential and talent to reach the highest objectives. It was also a year in which we firmly maintained our commitment not only to reaching our operational and financial results, but also to succeeding in our social and environmental surroundings, given the enormous challenges faced by the natural social dynamics of the region where we operate.

I am very proud to inform you that, as proof of our effort to continue with our commitment beyond operational aspects, in 2017 we received several international recognitions that **highlight our performance in matters of sustainability** and provide incentives and challenges to continue working for the success of our surroundings and maintaining the trust and respect of our stakeholders.

Our strategy of relations with ethnic groups and corporate social investment frameworks received awards from the Global Compact Canada for their contribution to the Sustainable Development Goals (SDG). In addition, for the fourth consecutive year we were recognized as one of the 50 best Corporate Citizens in Canada, a ranking sponsored by the Canadian Industry Program for Energy Conservation, and were nominated by World Finance as “The best sustainable oil and gas Company”.

Thanks to our work with Colombian communities and the implementation of more than 129 social investment projects in our areas of influence, we were recognized by MERCO'S Social Responsibility ranking as one of 15 companies in Colombia with the most effective social investment. These projects focused on competitiveness, education, institutional strengthening, and infrastructure, among other needs previously identified within communities, and are aligned with the National Development Plans.

In terms of environment and health and safety, during 2017 we maintained our certification under the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 norms, achieving an audit with zero non-conformities by the Bureau Veritas Certification organization. This positive result is a reflection of our firm belief in continuing to improve our processes to achieve the production of a barrel with a legacy.

Along with our social and environmental contributions, 2017 brought significant internal changes that allowed us to meet our projected goals. One of our most successful projects was the launch of the “**Soy Frontera**” (**We are Frontera**) corporate culture campaign with the purpose of building a first-class organization that, in all aspects related to business and operations, acts with great professionalism and solid ethics and aligns itself with corporate values of integrity, respect, commitment and sustainability.

As part of this project, we completed a comprehensive review of our corporate governance policies. As a result, we implemented changes to current policies and enacted additional policies to reflect current industry best practices. This important step allows us to show our stakeholders our commitment to transparency and the rebuilding of trust in our work.

An important operational milestone in 2017 was the successful merger of four operational business units in Colombia (Meta Petroleum Corp, Pacific Stratus Energy Colombia Corp, Petrominerales Colombia Corp, Grupo C&C Energía) into a single entity (Meta Petroleum Corp) now, Frontera Energy Colombia AG. This arduous task is a sample of the Company's commitment to being more efficient, focused and low cost.

In **2018**, we will continue to strengthen our stakeholder relations strategy, focusing on the development and consolidation of adequate involvement with the stakeholders based on trust, integrity and humility, allowing us to become partners and thus obtain a competitive advantage to operate in countries such as Colombia and Peru.

This strategy will be framed within three fronts: **1. Generate Alliances** with key government institutions, local authorities and communities to identify development projects that contribute to the regions where we operate. To help overcome poverty in Colombia, we will lead processes such as those included in Decree 2099 of 2016, which allowed the implementation of social projects with resources from the 1% environmental compensation and investment and the development of social projects with taxes in Colombia and Peru. **2. Become true partners of the communities where we operate** through shared-value projects such as the promotion of consortiums between local companies and our largest national and regional contractors. **3. Develop positive communication tools** that are accessible and proactive and have a digital focus.

2018 will be a great year of consolidation and growth in all aspects of our value chain; for this reason, we invite you to continue with us on this path, and together we will build the future that we envision.

Enjoy the read.

Richard Herbert
Chief Executive Officer



OUR
OPERATIONS

OPERATIONS MAP

2 Countries
38 Blocks

14 production
14 exploration
10 E&P

Frontera Energy Corporation is a Canadian public Company and a leading explorer and producer of crude oil and natural gas, with operations focused in Latin America. The Company has a diversified portfolio of assets with interests in more than 30 exploration and production blocks in Colombia and Peru. The Company's strategy is focused on sustainable growth in production and reserves.

Frontera is committed to conducting business safely, in an ethical socially and environmentally responsible manner.

Frontera's common shares trade on the Toronto Stock Exchange under the ticker symbol "FEC."





FRONTERA
IN NUMBERS

As at December 2017,

we employed **1,248** people in Canada, Colombia and Peru, including



378 female employees and



870 male employees



In Colombia, there were



700

companies with which we had contracts.

In Peru, there were



255

companies with which we had contracts.



Operational Results

- For 2017, the Company's net production after royalties was 70,082 boe/d, lower than the 103,532 boe/d in 2016, mainly due to the expiration of the Rubiales-Piriri contract in June 2016, which governed the Company's right to exploit the Rubiales field, the Company's largest producing field in 2016.
- Net production after royalties for the fourth quarter of 2017 totalled 64,445 boe/d, lower than the previous quarter's volumes of 71,068 boe/d, primarily due to two factors: (i) an indigenous community claim against the Peruvian government, which resulted in a community blockade on Block 192 that shut down operations between September 18, 2017, and November 9, 2017, and (ii) the natural production decline in the light and medium oil blocks in Colombia.
- Total operating costs (including production, high-price clause ("PAP") and royalties payments, transportation and dilution costs) averaged \$29.65/boe in the fourth quarter of 2017, an increase of 22% compared with \$24.32/boe in the third quarter of 2017. Lower net production after royalties, higher transportation costs, higher production costs related to year-end community commitments, well services costs and road maintenance during the dry season meant higher total operating cost. From 2016, operating costs increased 17% to \$26.25/boe in 2017, a result of lower volumes as a consequence of the Rubiales-Piriri contracts expiration in June 2016.
- Operating Netback was \$23.61/boe for the fourth quarter of 2017, slightly higher than \$23.54/boe in the third quarter of 2017. The Company's 2017 Operating Netback was 23% higher than the \$17.89/boe achieved in 2016, mainly due to stronger realized oil prices.
- Although the Company's drilling campaign was restrained during most of the year and only fully activated during the last quarter, intensive optimization activities allowed the Company to reach a net exit production rate of 71,015 boe/d, within the exit guidance range of 70,000 to 75,000 boe/d.
- In 2017, the Company received \$11.3 million of cost reimbursement from unused take-or-pay transportation commitments by reversing the direction of the Bicentenario pipeline and transferring capacity to other shippers.
- Due to increased drilling activity, capital expenditures increased to \$111.2 million in the fourth quarter of 2017 from \$48.6 million in the third quarter of 2017. A total of 36 development wells and three exploration wells were completed in the fourth quarter of 2017.
- For 2017, capital expenditures were \$236.4 million, higher than the \$169.1 million in 2016, and resulting in a total of 94 completed development wells and three exploratory wells. 2017 capital expenditure spending was below the low end of Frontera's guidance range of \$250 to \$300 million.

Financial Results

- For the fourth quarter of 2017, total sales increased 9% to \$335.3 million compared to \$307.1 million in the third quarter of 2017, primarily due to stronger realized oil prices. The total sales value of \$1,258.5 million in 2017 was lower than the \$1,411.7 million in 2016, mainly due to lower realized gains from oil price risk management activities and lower volumes sold after the expiration of the Rubiales-Piriri contract.
- General and administrative costs ("G&A") costs were lower in the fourth quarter of 2017 at \$24.5 million versus \$26.6 million in the third quarter of 2017. In 2017, the Company continued efforts to reduce unnecessary overhead costs and minimize discretionary spending. Overall, G&A costs decreased 27% to \$104.8 million from \$144.5 million in 2016.
- For 2017, net loss attributable to equity holders of the Company was \$216.7 million (\$4.33/share), compared with a net income of \$2,448.5 million (\$48.97/share) for 2016 due to the net gain on restructuring of \$3,620.5 million recognized in the fourth quarter of 2016. Excluding the net gain on restructuring, the net loss for 2016 was \$1,172.0 million higher than 2017.
- In 2017, Operating EBITDA¹ was \$390.2 million, lower than the \$444.6 million in 2016, mainly due to the expiration of the Rubiales-Piriri contracts in June 2016. Operating EBITDA exceeded the upwardly revised 2017 year guidance of \$300 to \$350 million.
- Adjusted FFO¹ totalled \$94.7 million (\$1.89/share) for the fourth quarter of 2017, an increase of 98% compared to the \$47.9 million (\$0.96/share) achieved in the third quarter of 2017. For 2017, Adjusted FFO increased to \$267.5 million from \$257 million in 2016, mainly due to stronger realized oil prices.
- The Company continued to build cash and the balance sheet remains strong at the end of 2017, with a cash position (including unrestricted cash equivalents) of \$511.7 million, an increase of 32% from the previous year.
- On November 2, 2017, Fitch Ratings Inc. raised its corporate credit rating on the Company to "B+" from "B" and the Senior Secured Notes due in 2021 debt rating to "BB-" from "B+"; as such, the rating outlook is stable. On November 29, 2017, Standard & Poor's Financial Services upgraded its corporate and issue level credit rating to "BB-" from "B+," with a stable outlook.
- We completed a corporate reorganization of the Colombian business units. As a result, we streamlined operations and eliminated legal entity redundancies, and now all operations are held by the Colombian branch of Frontera, Frontera Energy Colombia AG.

¹ Non-IFRS measures. Further information can be found in the Management Discussion & Analysis dated March 27, 2018, for the year ended December 31, 2017 (the "MD&A").



**OUR
CORPORATE
GOVERNANCE**

For Frontera, Corporate Governance is a system that aligns decision-making with the Company's strategy. Our governance model is based on the definition of four elements that offer a conceptual framework to delineate its scope of application and the principles that govern our operations: Corporate Values, Policies, Code of Business Conduct and Ethics and Code of Governance.

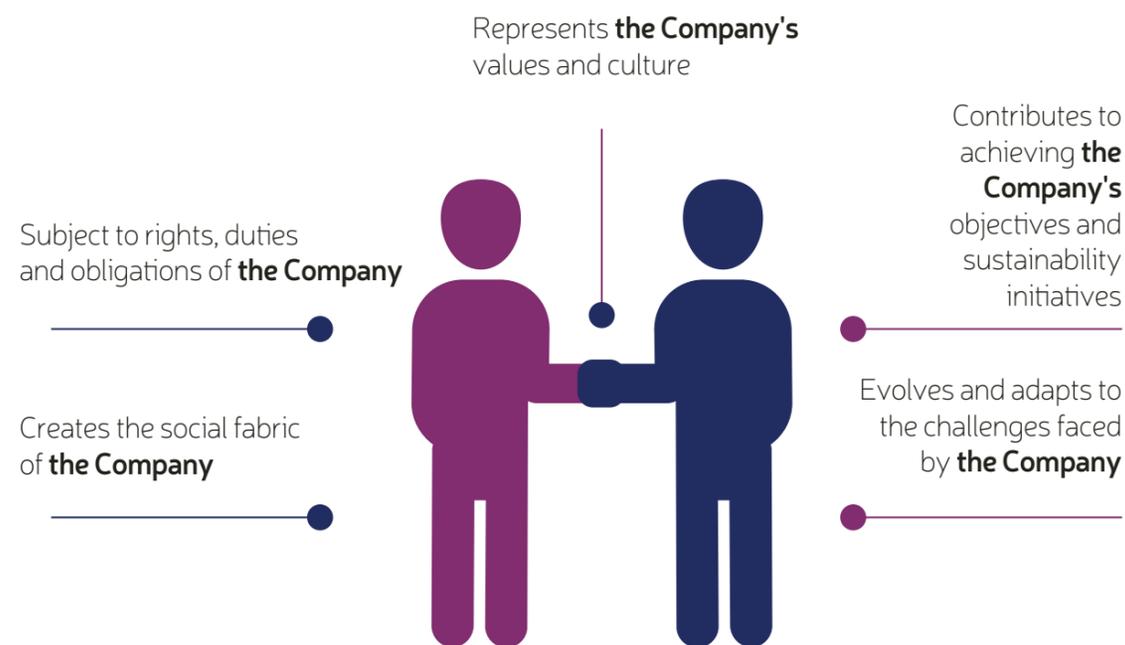
The conceptualization of this model is accompanied by its broad understanding throughout the Company, with the purpose of consolidating the corporate governance function as a transversal element that allows active participation and individual contribution of each employee as a subject of rights and duties.

This is the foundation on which we can develop the culture model, which in turn allows our corporate identity -- the corporate citizen -- to efficiently and sustainably meet the Company's objectives.

This integrated model contributes greater value in all aspects: i) at the corporate level, in the attainment of the Company's objectives; ii) for employees, given that a universal sense of integrity, responsibility and accountability arises; and iii) for our stakeholders, through the search for an economic, social and environmental balance within a trustworthy and transparent surrounding.

Within this framework, our commitment is guided by the continuing development and implementation of the corporate governance model based on the definition and permanent update of all its elements, as well as communication and training on these issues in a global manner throughout the Company. The ultimate purpose is to improve the environment of control and compliance at Frontera.

The Corporate Citizen



Currently, the main resources that exist to manage the corporate governance model and function within the Company are:

- **Corporate Governance Policy:** the framework by which the Company seeks to develop and foster an environment of integrity and compliance.
- **Corporate Policies:** that provide the minimum standards of conduct for all people working for Frontera.
- **Governance Bodies:** groups that establish the governance structure of the Company.
- **Internal Control Model:** a process that assures compliance of the Company's objectives regarding operational efficiency and effectiveness, reliability in financial reporting and compliance with laws, regulations and policies.

In 2017 we achieved the following results:

- Frontera's governance bodies, along with their charters and mandates, were updated to better respond to the Company's needs as part of the annual review process. Currently, these bodies include: i) the Board of Directors as the highest governance body, with its committees: Audit; Compensation and Human Resources; and Corporate Governance, Nominations and Sustainability; and ii) the different internal committees that support senior management.
- As part of this effort to update the governance bodies, in 2017, the charters of the following committees of the Board of Directors were also approved as part of the annual review process. Regarding the mandates that govern the functions of the governance bodies, the following documents were updated: *Mandate of the Board of Directors*, *Mandate of the Chairman of the Board of Directors*, *Mandate of a Board Committee Chair of*

a Board of Directors Committee and Mandate of the Chief Executive Officer (CEO), as part of the annual review process.

- First-level policies were updated, including the Corporate Governance Policy; Code of Business Conduct and Ethics; Anti-Bribery and Anti-Corruption Policy; Public Disclosure Policy; Ethics Complaints Protocol; Conflicts of Interest Policy; Donations Policy; Gifts, Entertainment and Travel Policy, Whistleblower Policy and Stakeholder Engagement Protocol.
- We continue to take strides that allow us to be more efficient in regulatory compliance, by centralizing information in a tool that facilitates follow-up.
- To keep all of our stakeholders informed, we took important steps in the dissemination of our governance model and its elements. We began with the launch of our corporate culture campaign "We are Frontera" followed by the communication of policies by the Chairman of the Board of Directors and the CEO, and the publication of the updated policies and mandates on our website.



Our Challenges for 2018+ Corporate Governance

For 2018, our main challenge is to continue strengthening our Corporate Governance model, particularly in respect of improving guidelines and processes to support the implementation of the Company's policy update initiative undertaken this past year.

We understand that the Company's stakeholders are subject to various rights and obligations. The review of regulatory framework will also continue to be a priority for the Company, by strengthening our ongoing analysis of risk and controls associated with our regulatory commitments.

Furthermore, the implementation of the second phase of the "We are Frontera" campaign will allow the development of a holistic communication and training strategy that will aid in our goal to be viewed as a first-class organization that, in our business operations, acts with great professionalism and ethics.

Finally, all these challenges must be correlated with the modernization of technological tools in order to facilitate the systematic monitoring and evaluation of the corporate governance function throughout the Company.





— OUR
STRATEGY

OUR STRATEGY

The Company's strategy is focused on sustainable growth in production and reserves. Frontera is committed to conducting business safely, in a socially and environmentally responsible manner.

At Frontera, we focus on sustainable production through development drilling and growth through high-impact exploration. For these purposes, we have created seven goals that will give us resilience in current and future market conditions.



A **balanced portfolio** with strong assets that allow better returns on our investments.



Adequate management of our exploration commitments and sufficient investments for organic growth.



Operational excellence and **cost efficiency** to generate synergies in our fields, wherever possible.



A commitment to financial **discipline**.



Strong and close relations with our stakeholders to continue being a part of our **value chain** and to promote the development of the areas where we operate. This involves respecting others and working collaboratively.



Greater profitability through low transportation costs and increased sales.



Transparent and efficient corporate governance.

These goals will be fulfilled through the daily teamwork of four key elements: **Efficiency, Accountability, Collaboration and Transparency.**

OUR CORPORATE VALUES

In 2017, we successfully launched our corporate culture campaign "**We are Frontera**" with the goal of building a first-class organization that is aligned with our corporate values and acts with great professionalism and solid ethics.

1 We lead by example with **INTEGRITY**, acting consistently and transparently, as well as maintaining an open dialogue in our relations.



2 **RESPECT** means that we value diversity and inclusion, we learn from experience and appreciate different points of view. We are authentic.



3 With our **COMMITMENT** we demonstrate that we are responsible for our decisions, we work as a team to reach our business goals and seek excellence through innovation, adaptation and learning.



4 Through **SUSTAINABILITY** we preserve and care for the well-being of our employees and contractors, and encourage safety in our operations. This means that we promote the creation of social, economic and environmental value through positive interaction with our stakeholders. We produce reliable results, understanding that our actions generate long-term value.



OUR SUSTAINABILITY AND SHARED-VALUE MODEL

Our Sustainability Model, developed in 2009, contains the most relevant issues for our stakeholders while complying with our corporate strategy. This model is updated annually with the ultimate goal of aligning identified expectations in our relationships with the environment and the operational needs of the Company.

In 2013, the Company conducted a perception survey with internal and external stakeholders on the importance and management of the issues defined in the model. This survey tool has been a fundamental source of information for annual updates.

In 2017, taking into account the next stage as Frontera with a new strategy and vision from the Board of Directors, the Company began a new process to analyze and to achieve the following objectives:

- Perform an analysis of the expectations and perceptions of internal and external stakeholders based on available information and specific dialogues regarding our material issues, risks and opportunities generated by operations and business strategy.
- Analyze global and regional trends on matters of sustainability with regard to our standards, rules and good practices.

- Define commitments and objectives, update the sustainability model and identify performance indicators for the purpose of self-evaluation and reporting.

- Identify improvement opportunities related to the management of the new sustainability model, the reinterpretation of the material issues and recommending actions to strengthen its management within the framework of the new model.

The results of this strategic process for the Company will be communicated in our 2018 sustainability report.

In this report, we present the quantitative and qualitative performance and goals that we have proposed for ourselves, which are in line with our seven sustainability commitments, and its 31 identified issues. They have been prioritized, updated and validated internally as well as externally. All of these issues were managed by the Company in 2017.



We operate with excellence

We seek to generate barrels with a legacy, becoming a focused, low-cost company and maintaining manageable and sustainable growth that allows us to continue to provide society with the energy it needs. We achieve excellence under the highest health and safety standards.

We respect and promote human rights in our operations

We know it's our duty to respect the integrity of the individuals with whom we interact and that it is imperative to build trust and legitimacy in those relationships. We respect the customs of ethnic communities within our operations.

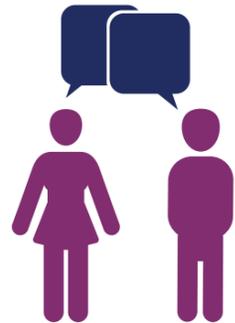
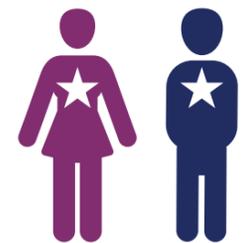


We act consistently and transparently

Our stakeholders' trust is essential to the Company's present and future, and for this reason, we are constantly accountable for our actions, maintaining constant and open dialogue that meets the expectations of our surroundings and in turn, allows execution of processes for continuous improvement, innovation and building of our reputation.

We have the best talent

Honesty, integrity, efficiency and productivity by our human talent are indispensable drivers for our Company's prosperity and well-being.



We work in harmony with the environment

We are aware of the environmental impact of our operations. Accordingly, we focus on protecting our surroundings, operating without compromising the future and strengthening our positive impacts.

We promote a sustainable supply chain

We know that collaborating with our strategic partners is the key to success. Our strategic partners are the best allies for sustainable and efficient operations.



We contribute to the sustainable development of communities

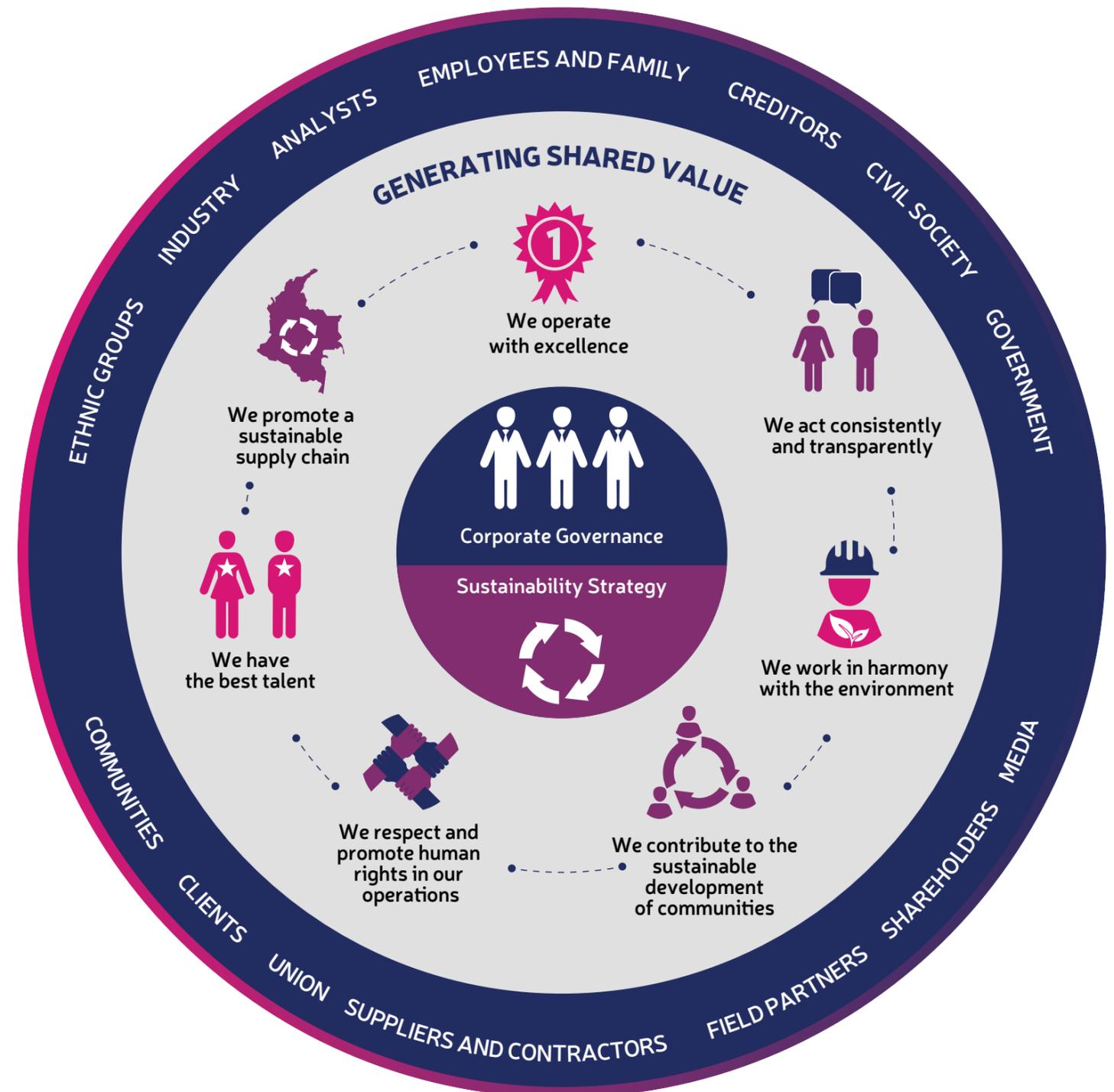
By working jointly and constructively with communities and authorities, we can contribute to the development of competitive territories for local sustainable development.



OUR STAKEHOLDERS

In 2017, as a result of analysis and prioritization of stakeholders, and taking into account the definition of stakeholder provided by the AA1000 regulation to include those individuals, groups or organizations that were affected and/or may be affected by an association with an organization, we maintained the same priority of internal and external stakeholders.

The frequency (monthly, quarterly, bi-annually or annually) of our engagement with each stakeholder depends on the characteristics of each one, our relationship with them and the matter at hand; however, at Frontera, we maintain constant relationships with each of our stakeholder groups.



COVERAGE OF OUR MATERIAL ISSUES

Below is the internal and external scope of the impact of our affairs and the information channels used to keep our stakeholders informed.

| FRONTERA COMMITMENT | MATERIAL ISSUE | GRI STANDARD | COVERAGE | ENGAGEMENT CHANNELS |
|--|---|--|--|---|
| <p>We operate with excellence</p>  | Operational Results | Not Applicable | <p>Internal: Exploration, Production, Supply, Transport and Trading, Investor Relations</p> <p>External: Shareholders, State, Government, Media Outlets, Analysts, Clients, Creditors, Suppliers and Contractors</p> | <p>Quarterly MD&A / Frontera's Web page / Web page with public documents of Canadian companies www.sedar.com / Consolidated Financial Reports / Events with investors / Periodic meetings / Annual Sustainability Report</p> |
| | Financial Results | Not Applicable | <p>Internal: Finance, Investor Relations, Legal</p> <p>External: Shareholders, Creditors, Analysts, State, Government, Suppliers and Contractors</p> | <p>Quarterly MD&A / Frontera's Web page / Web page with public documents of Canadian companies www.sedar.com / Consolidated Financial Reports / Events with investors / Periodic meetings / Annual Sustainability Report</p> |
| | Occupational Health and Industrial Safety | <p>Health and safety in the workplace</p> <p>Environmental evaluation of suppliers</p> <p>Social evaluation of suppliers</p> | <p>Internal: Corporate Affairs (HSEQ)</p> <p>External: Field Partners, Suppliers and Contractors</p> | <p>Frontera's Web page / Periodic meetings / Annual Sustainability Report</p> |
| | Supply, Transport and Trading | Socio-Economic Compliance | <p>Internal: Production, Supply, Transport and Trading, Finance</p> <p>External: Field Partners, Suppliers and Contractors, State</p> | <p>Quarterly MD&A / Frontera's Web page / Periodic meetings / Annual Sustainability Report</p> |

We act consistently and transparently



| FRONTERA COMMITMENT | MATERIAL ISSUE | GRI STANDARD | COVERAGE | ENGAGEMENT CHANNELS |
|---|--------------------------------|--|--|--|
| <p>We act consistently and transparently</p> | Ethics and Business Compliance | Economic Performance Disloyal Competition | <p>Internal: Compliance, Finance</p> <p>External: Shareholders, Analysts, State, Media Outlets, Creditors, Suppliers and Contractors, Field Partners</p> | Ethics channels (mail, phone) / Frontera's Web page / Annual Sustainability Report |
| | Anti-Corruption | Anti-Corruption | <p>Internal: Compliance, Legal</p> <p>External: Shareholders, Analysts, State, Media Outlets, Creditors, Suppliers and Contractors, Field Partners</p> | Ethics channels (mail, phone) / Frontera's Web page / Annual Sustainability Report |
| | Internal Audit | Not Applicable | <p>Internal: Internal Audit</p> <p>External: Shareholders, Analysts, Field Partners</p> | Frontera's Web page / Annual Sustainability Report |
| | Risk Management | Not Applicable | <p>Internal: Risk Management</p> <p>External: Shareholders, Field Partners, State</p> | Quarterly MD&A / Frontera's Web page / Annual Sustainability Report |
| | Transparency in Royalties | Not Applicable | <p>Internal: Taxes, Finance, Corporate Affairs</p> <p>External: State, Government, Communities</p> | Quarterly MD&A / Annual Extractive Industries Transparency Initiative Report / Annual Sustainability Report |
| | Relations with the Market | Not Applicable | <p>Internal: Investor Relations, Corporate Affairs</p> <p>External: Shareholders, Analysts, Creditors, State</p> | Events with investors / Periodic meetings / Field visits Annual Sustainability Report |
| | Corporate Governance | Governance | <p>Internal: Corporate Governance, Legal</p> <p>External: Shareholders, Analysts, Creditors, State, Field Partners, Media Outlets</p> | Quarterly MD&A / Frontera's Web page / Web page with public documents of Canadian companies www.sedar.com / Consolidated Financial Reports / Events with investors / Periodic meetings / Annual Sustainability Report |

FRONTERA COMMITMENT

MATERIAL ISSUE

GRI STANDARD

COVERAGE

ENGAGEMENT CHANNELS

We work in harmony with the environment



| | |
|---|---|
| Biodiversity | Biodiversity Compliance Environmental |
| Waste Management | Effluents and Waste |
| Comprehensive Water Management | Water Effluents and Waste |
| Energy and Emissions | Energy Emissions |
| Prevention and Remediation of Incidents | Effluents and Waste Compliance Environmental |

Internal: Corporate Affairs (HSEQ), Operations
External: Communities, Ethnic Groups, Civil Society, Government, State, Media Outlets

Frontera's Web page / Annual Sustainability Report
/ Environmental Licences / Frontera's social networks

We contribute to the sustainable development of communities



| | |
|--|---|
| Productivity of the Local Economy | Indirect Economic Impact Local Communities |
| Development of Human Capital | |
| Social and Institutional Strengthening | |
| Quality Infrastructure | |

Internal: Corporate Affairs, Operations
External: Communities, Government, State, Civil Society, Media Outlets

Annual Sustainability Report / Frontera's Web page
Socialization with communities / Frontera's social networks

FRONTERA COMMITMENT

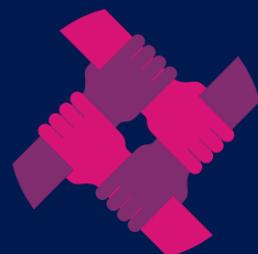
MATERIAL ISSUE

GRI STANDARD

COVERAGE

ENGAGEMENT CHANNELS

We respect and promote human rights in our operations



| | | | | |
|--|--|--|--|--|
| | Right of Association | Freedom of Association and Collective Bargaining | Internal: Labour Relations, Human Talent, Supply, Employees External: Suppliers and Contractors, State, Government, Civil Society, Media Outlets, Communities | Frontera's Web page / Annual Sustainability Report / Periodic meetings / Frontera's social networks |
| | Eradication of Child and Forced Labour | Child Labour | | |
| | Security and Human Rights | Security Measures Evaluation of Human Rights | Internal: Security, Supply Chain External: Suppliers and Contractors, State, Government, Civil Society, Media Outlets, Communities | Frontera's Web page / Annual Sustainability Report / Periodic meetings / Frontera's social networks |
| | Relations with Ethnic Groups | Rights of Indigenous Peoples | Internal: Corporate Affairs, Operations, Exploration External: Communities, Ethnic Groups, Government, State, Civil Society, Media Outlets | Frontera's Web page / Annual Sustainability Report / Periodic meetings / Frontera's social networks / Registration Minutes |
| | Gender Equity | Diversity and Equal Opportunities | Internal: Human Talent, Labour Relations, Corporate Affairs, Communications External: Civil Society, Media Outlets, State, Government | Frontera's Web page / Annual Sustainability Report / Periodic meetings / Frontera's social networks |

We have the best talent



| | | | | |
|--|---|--------------------------------------|--|---|
| | Selection and Retention of Human Talent | Presence in the Market Employment | Internal: Human Talent Employees External: Civil Society, Communities | Frontera's Web page / Annual Sustainability Report / Frontera's social networks |
| | Comprehensive Development of Our People | Training | | |
| | Organizational Learning | | | |

We promote a sustainable supply chain



| | | | | |
|--|--|--|--|---|
| | Sustainable Management | Not Applicable | Internal: Supply Chain, Corporate Affairs External: Suppliers and Contractors, Field Partners | Frontera's Web page / Annual Sustainability Report / Frontera's social networks |
| | Development of Suppliers and Contractors | | | |
| | Purchase of Local Goods and Services | Proportion of Expenses for Local Suppliers | | |



**OUR 2017
ACKNOWLEDGEMENTS
AND HIGHLIGHTS**



Our relations with ethnic groups and corporate investment social framework strategies were recognized by the Global Compact Canada, which gave us an award for nutrition, health and education initiatives that contribute to the well-being and quality of life of indigenous communities. We were also recognized for our compliance with the Sustainable Development Objectives.

For the fourth year in a row, we were selected as one of the 50 best Corporate Citizens in Canada. For 15 years, this ranking has been measuring the performance of companies in 12 sustainability metrics, including greenhouse gas emissions, health and safety, and transparency, among others. In 2017, Frontera was ranked 42 of 50. The award was sponsored by the “Canadian Industry Program for Energy Conservation”.

In 2017, we were nominated by World Finance as “The Most Sustainable Oil and Gas Company.”

- For our positive impact on society and working closely with communities, we were recognized in MERCO'S Social Responsibility ranking as one of 15 Colombian companies with the most effective social investment.
- We are part of the MERCO Employment list of top 100 Colombian companies with the best employer reputation.
- We are one of the top 100 companies with the best reputation in Colombia, according to the MERCO Companies ranking, which surveys more than 16,000 people in the country.



Our sustainability paper on “How companies contribute to the democratization of access to clean energies and promote quality of life,” was selected to be presented with over 1,600 works at the 22nd World Petroleum Congress in Turkey. The paper presents our support of bringing clean energy to the communities in Meta and Sucre.

For the third consecutive year, we participated in the Extractive Industries Transparency Initiative (EITI). This is a global standard that promotes the transparent and responsible management of oil, gas and mineral resources. This reflects an effort to strengthen the governance of the Colombian extractive sector.

We were recognized as a key participant for our contribution to reconciliation and the peace process in Colombia through social investment projects in “Spaces for Reconciliation.”



CREATING NEW
PATHS



WE OPERATE WITH EXCELLENCE

At Frontera, we continue to work to generate oil and gas with a legacy and to become a more focused, low-cost company while maintaining manageable and sustainable growth that allows us to continue to provide society with the energy it needs while operating under the highest health and safety standards.

2017 was a year of stabilization and constant review of our processes, activities and policies, while meeting all of our proposed goals.

Important operational, financial and health and safety results are detailed below.

Operational results

Net production after royalties for the fourth quarter of 2017 totalled 64,445 boe/d, lower than the previous quarter's volumes of 71,068 boe/d, primarily due to two factors: (i) an indigenous community claim against the Peruvian government, which resulted in a community blockade on Block 192 that shut down operations between September 18, 2017, and November 9, 2017, and (ii) the natural production decline in the light and medium oil blocks. For 2017, the Company's net production after royalties was 70,082 boe/d, lower than the 103,532 boe/d in 2016, mainly due to the expiration of the Rubiales-Piriri contracts in June 2016.

Financial and operating summary

| | | YEAR ENDED DECEMBER 31 | | | | |
|--|-----------|---------------------------|-----------|-----------|-----------|-----------|
| | | Q4 2017 | Q3 2017 | Q4 2016 | 2017 | 2016 |
| Financial results | | | | | | |
| Total sales | (USD M) | 335,346 | 307,080 | 269,772 | 1,258,516 | 1,411,711 |
| Oil and gas sales and other income | (USD M) | 320,868 | 278,137 | 260,179 | 1,163,749 | 1,399,120 |
| Trading sales | (USD M) | 14,478 | 28,943 | 9,593 | 94,767 | 12,591 |
| Net (loss) income ⁽¹⁾ | (USD M) | (32,544) | (141,115) | 4,025,194 | (216,703) | 2,448,523 |
| Per share – basic ⁽²⁾ | USD | (0.65) | (2.82) | 80.50 | (4.33) | 48.97 |
| Per share – diluted ⁽²⁾ | USD | (0.65) | (2.82) | 80.47 | (4.33) | 48.95 |
| General and administrative costs | (USD M) | 24,450 | 26,569 | 39,640 | 104,823 | 144,538 |
| Operating EBITDA ⁽³⁾ | (USD M) | 105,010 | 105,885 | 44,275 | 390,194 | 444,637 |
| Operating EBITDA margin (Operating EBITDA/revenues) | % | 31 % | 34 % | 16 % | 31 % | 31 % |
| Adjusted EBITDA ⁽³⁾ | (USD M) | 1,999 | 44,203 | (1,967) | 248,649 | 253,619 |
| Adjusted EBITDA margin (Adjusted EBITDA/revenues) | % | 1 % | 14 % | (1) % | 20 % | 18 % |
| Adjusted FFO ⁽⁴⁾ | (USD M) | 94,695 | 47,889 | 8,256 | 267,495 | 256,972 |
| Per share – basic ⁽²⁾ | USD | 1.89 | 0.96 | 0.17 | 5.35 | 5.14 |
| Per share – diluted ⁽²⁾ | USD | 1.89 | 0.96 | 0.17 | 5.35 | 5.14 |
| Total assets | (USD M) | 2,579,651 | 2,546,631 | 2,741,719 | 2,579,651 | 2,741,719 |
| Total cash | (USD M) | 644,086 | 599,891 | 502,881 | 644,086 | 502,881 |
| Cash and cash equivalents – unrestricted | (USD M) | 511,685 | 500,643 | 389,099 | 511,685 | 389,099 |
| Restricted cash short- and long-term | (USD M) | 132,401 | 99,248 | 113,782 | 132,401 | 113,782 |
| Total equity | (USD M) | 1,396,381 | 1,442,431 | 1,601,035 | 1,396,381 | 1,601,035 |
| Debt and obligations under finance lease | (USD M) | 269,229 | 270,222 | 272,942 | 269,229 | 272,942 |
| Operational results | | | | | | |
| Net production after royalties ^{(5) (6)} | (boe/d) | 64,445 | 71,068 | 69,432 | 70,082 | 103,532 |
| Oil production | (bbl/d) | 59,131 | 65,641 | 62,229 | 64,298 | 94,769 |
| Natural gas production | (mcf**/d) | 30,290 | 30,934 | 41,057 | 32,969 | 49,949 |
| Combined price (including oil price risk-management activities losses/gains) | (USD/boe) | 53.26 | 47.86 | 41.92 | 48.32 | 40.36 |
| Realized oil and gas price | (USD/boe) | 56.19 | 47.55 | 43.44 | 49.20 | 35.97 |
| Realized oil price risk-management activities (loss) gain | (USD/boe) | (2.93) | 0.31 | (1.52) | (0.88) | 4.39 |
| Operating cost | (USD/boe) | (29.65) | (24.32) | (27.40) | (26.25) | (22.47) |
| Production cost | (USD/boe) | (13.13) | (10.85) | (11.45) | (10.78) | (8.27) |
| PAP and royalties paid in cash | (USD/boe) | (1.23) | (0.62) | (0.92) | (0.87) | (0.59) |
| Transportation (trucking and pipeline) | (USD/boe) | (14.28) | (11.77) | (14.52) | (13.54) | (12.16) |
| Diluent cost | (USD/boe) | (1.01) | (1.08) | (0.51) | (1.06) | (1.45) |
| Operating Netback ⁽³⁾ | (USD/boe) | 23.61 | 23.54 | 14.52 | 22.07 | 17.89 |
| Adjusted Netback ⁽³⁾ | (USD/boe) | 21.83 | 20.68 | 13.89 | 20.09 | 16.82 |
| Adjusted FFO Netback ⁽⁴⁾ | (USD/boe) | 15.13 | 12.64 | 2.48 | 13.27 | 10.23 |
| Capital expenditures ⁽⁷⁾ | (\$M) | 111,213 | 48,563 | 64,707 | 236,401 | 169,135 |

1. Net (loss) income attributable to equity holders of the Company.

2. Both basic and diluted weighted average numbers of common shares for the year ended December 31, 2017, were 50,005,832 (December 31, 2016: 50,002,363 and 50,018,997, respectively).

3. Refer to Non-IFRS Measures in MD&A from 2017 Q4.

4. Adjusted Funds Flow from Operations (“**Adjusted FFO**”) -- Adjusted Funds Flow from Operations Netback (“**Adjusted FFO Netback**”).

5. Net production after royalties represents the Company’s working interest volumes, net of royalties and internal consumption.

6. BOE has been expressed using the 5.7 to 1 Colombian Mcf/bbl conversion standard required by the Colombian Ministry of Mines and Energy.

7. Capital expenditures includes “Exploration and Evaluation” revenues for the years ended December 31, 2017 and 2016, of \$23.1 million and \$13.7 million, respectively.

Production and development review

The following tables highlight the average daily total field production, the gross share before royalties production and the net production after royalties from all of the Company's producing fields in Colombia and Peru, reconciled to volumes sold.

| Average Production (in boe/d) | | | | | | | | | |
|---|------------------------|----------------|---------------|---|---------------|---------------|--------------------------------|---------------|---------------|
| | Total field production | | | Gross share before royalties ⁽¹⁾ | | | Net production after royalties | | |
| | Q4 2017 | Q3 2017 | Q4 2016 | Q4 2017 | Q3 2017 | Q4 2016 | Q4 2017 | Q3 2017 | Q4 2016 |
| Producing fields in Colombia | | | | | | | | | |
| Light and medium ⁽²⁾ | 34,465 | 37,545 | 40,448 | 32,747 | 35,996 | 38,202 | 30,142 | 33,105 | 35,182 |
| Heavy oil ⁽³⁾ | 47,798 | 46,491 | 44,756 | 28,972 | 28,090 | 27,193 | 26,451 | 25,731 | 24,968 |
| Gas ⁽⁴⁾ | 6,074 | 6,139 | 8,248 | 5,315 | 5,427 | 7,203 | 5,314 | 5,427 | 7,203 |
| Total production Colombia | 88,337 | 90,175 | 93,452 | 67,034 | 69,513 | 72,598 | 61,907 | 64,263 | 67,353 |
| Producing fields in Peru | | | | | | | | | |
| Light and medium ⁽⁵⁾ | 4,175 | 10,198 | 5,411 | 2,538 | 6,805 | 2,079 | 2,538 | 6,805 | 2,079 |
| Total production Peru | 4,175 | 10,198 | 5,411 | 2,538 | 6,805 | 2,079 | 2,538 | 6,805 | 2,079 |
| Total production Colombia and Peru | 92,512 | 100,373 | 98,863 | 69,572 | 76,318 | 74,677 | 64,445 | 71,068 | 69,432 |

1. Share before royalties is net of internal consumption at the field and before ("PAP") payments at the Quifa SW field. The Company's share before royalties in the Quifa SW field is 60% and decreases in accordance with a PAP that assigns additional production to Ecopetrol.

2. Includes Cubiro, Cravo Viejo, Casanare Este, Canaguaro, Guatiquia, Casimena, Corcel, CPI Neiva, Cachicamo, Arrendajo and other producing blocks.

3. Includes Quifa, Cajua, Sabanero, CPE-6 and Rio Ariari Blocks.

4. Includes La Creciente and Guama Blocks.

5. Includes Block Z1, Block 192 and Block 131. On May 12, 2017, Block 131 was formally transferred to Cepsa Peruana S.A.C. As a result, production from this block was included until May 19, 2017.

| Average Production (in boe/d) | | | | | | |
|---|------------------------|----------------|---|----------------|--------------------------------|----------------|
| | Total field production | | Gross share before royalties ⁽¹⁾ | | Net production after royalties | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Producing fields in Colombia | | | | | | |
| Light and medium ⁽²⁾ | 37,454 | 44,378 | 35,756 | 41,893 | 32,888 | 39,607 |
| Heavy oil ⁽³⁾ | 48,413 | 50,855 | 29,386 | 30,847 | 26,879 | 28,195 |
| Gas ⁽⁴⁾ | 6,603 | 9,767 | 5,784 | 8,763 | 5,784 | 8,763 |
| Rubiales-Piriri | — | 71,453 | — | 29,826 | — | 23,861 |
| Total production Colombia | 92,470 | 176,453 | 70,926 | 111,329 | 65,551 | 100,426 |
| Producing fields in Peru | | | | | | |
| Light and medium ⁽⁵⁾ | 7,638 | 6,542 | 4,530 | 3,106 | 4,531 | 3,106 |
| Total production Peru | 7,638 | 6,542 | 4,530 | 3,106 | 4,531 | 3,106 |
| Total production Colombia and Peru | 100,108 | 182,995 | 75,456 | 114,435 | 70,082 | 103,532 |
| Total production excluding Rubiales-Piriri | 100,108 | 111,542 | 75,456 | 84,609 | 70,082 | 79,671 |

Note: Footnotes refer to those from the quarterly production table above.

Proved and probable oil and gas reserves

For the year ended December 31, 2017, the Company received independent certified reserves evaluation reports (“Reserves Reports”) for all of its assets, with total net 2P reserves of 154.3 MMboe compared with 170.7 MMboe certified reserves for the year ended 2016. The year-over-year decline was mainly caused by annual production, technical revisions in La Creciente field and an updated development plan for the Orito field. Proved net reserves of 114.1 MMboe now represent 74% of the total 2P reserves compared with 69% of the total 2P reserves in 2016.

The Reserves Reports were prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook (“COGE Handbook”) and the National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.

Concurrently, with the filing of MD&A, the Company has filed the following: (i) the Statement of Reserves Data and Other Oil and Gas Information on Form 51-101F1, (ii) Report on Reserves Data by Independent Qualified Reserves Evaluator on Form 51-101F2 by each of RPS Energy Canada Ltd. and DeGolyer and MacNaughton, and (iii) the Report of Management and Directors on Oil and Gas Disclosure on Form 51-101F3. These reports have been filed on SEDAR at https://www.sedar.com/homepage_en.htm.

| Reserves at December 31, 2017 (MMboe ⁽¹⁾) | | | | | | | | |
|---|---|--------------|--------------|------------------------------------|---------------|------------------------|---------------|---|
| Country | Field | Proved (P1) | | Probable (P2) | | Proved + Probable (2P) | | Hydrocarbon Type |
| | | Gross | Net | Gross | Net | Gross | Net | |
| Colombia | Quifa SW | 49.0 | 42.6 | 1.9 | 1.6 | 50.9 | 44.2 | Heavy oil |
| | Other heavy oil blocks ⁽²⁾ | 34.6 | 30.4 | 15.1 | 13.3 | 49.7 | 43.6 | Heavy oil |
| | Light/medium oil blocks ⁽³⁾ ⁽³⁾ | 38.2 | 35.1 | 21.0 | 19.2 | 59.1 | 54.3 | Light and medium oil associated natural gas |
| | Natural gas blocks ⁽⁴⁾ | 1.9 | 1.9 | 1.3 | 1.3 | 3.2 | 3.2 | Natural gas |
| | Subtotal | 123.6 | 109.9 | 39.2 | 35.4 | 162.9 | 145.3 | Oil and natural gas |
| Peru | Light/medium oil and natural gas ⁽⁵⁾ | 5.1 | 4.3 | 4.8 | 4.7 | 9.8 | 9.0 | Light and medium oil associated natural gas |
| | Total at Dec. 31, 2017 | 128.7 | 114.1 | 44.0 | 40.2 | 172.7 | 154.3 | Oil and natural gas |
| | Total at Dec. 31, 2016 | 131.8 | 117.3 | 58.5 | 53.4 | 190.3 | 170.7 | |
| | Difference | (3.1) | (3.2) | (14.6) | (13.3) | (17.7) | (16.5) | |
| | 2017 Production | 27.4 | 25.5 | Total reserves incorporated | | 9.8 | 9.0 | |

1. See “Boe conversion” in the “Further Disclosures” section of the MD&A for 2017 Q4.

2. Includes Cajua, Jaspe, Quifa North, Sabanero and CPE-6 Blocks.

3. Includes Cubiro, Cravo Viejo, Canaguaro, Guatiquia, Casimena, Corcel, Neiva, Cachicamo and other producing blocks.

4. Includes La Creciente and Guaduas Blocks.

5. Includes onshore Block 192 and offshore Block Z1.

In the table above, “Gross” refers to working interest before royalties, and “Net” refers to working interest after royalties. Numbers in the table may not add due to rounding differences.

Financial results

| | Year Ended December 31 | | | |
|--|------------------------|------------------|----------------|------------------|
| | 2017 | | 2016 | |
| | (\$/boe) | \$M | (\$/boe) | \$M |
| Oil and natural gas sales price ⁽¹⁾ | 48.32 | 1,163,749 | 40.36 | 1,399,120 |
| Production cost of barrels | (10.78) | (275,717) | (8.27) | (313,496) |
| PAP and royalties paid in cash | (0.87) | (22,147) | (0.59) | (22,269) |
| Transportation (trucking and pipeline) | (13.54) | (346,300) | (12.16) | (460,605) |
| Dilution cost | (1.06) | (27,162) | (1.45) | (55,108) |
| Total operating cost ⁽²⁾ | (26.25) | (671,326) | (22.47) | (851,478) |
| Operating Netback | 22.07 | 492,423 | 17.89 | 547,642 |
| Fees paid on suspended pipeline capacity ⁽²⁾ | (4.25) | (108,831) | (2.77) | (105,129) |
| Share of income from associates – pipelines ⁽³⁾ | 2.27 | 58,150 | 1.70 | 64,327 |
| Adjusted Netback ⁽⁹⁾ | 20.09 | 441,742 | 16.82 | 506,840 |
| General and administrative expenses ⁽⁴⁾ | (4.10) | (104,823) | (3.81) | (144,538) |
| Cash finance costs ⁽⁵⁾ | (0.98) | (25,000) | (3.27) | (123,779) |
| Other cash costs ⁽⁶⁾ | (1.74) | (44,423) | 0.49 | 18,449 |
| Adjusted FFO Netback ⁽⁹⁾ | 13.27 | 267,496 | 10.23 | 256,972 |
| Total production volume (boe/d) ⁽⁷⁾ | 70,082 | | 103,532 | |
| Sales volume (D&P) (boe/d) ⁽⁸⁾ | 65,980 | | 94,716 | |

Although operating costs were higher in 2017, Operating Netback was \$22.07/boe for 2017, an increase of 23% in comparison with \$17.89/boe in 2016, mainly due to higher realized oil prices in 2017. The main driver of higher operating costs was lower production volume due to the expiration of the Rubiales-Piriri contracts in June 2016.

Adjusted Netback was \$20.09/boe for 2017, 19% higher than \$16.82/boe in 2016. The increase was a result of an improved Operating Netback driven by higher realized oil prices and higher share of income from associates; however was partially offset by higher fees paid on suspended pipeline capacity as the Bicentenario system, which was not operational for 229 days as compared with 187 days in the previous year.

Adjusted FFO Netback was \$13.27/boe for 2017, higher than \$10.23/boe in 2016, due to higher Adjusted Netback and lower cash finance costs mainly due to the reduction of total debt obligations to \$250 million from \$5.8 billion as a result of the comprehensive restructuring transaction undertaken in 2016. Further information on the restructuring transaction can be found in the Company's MD&A dated March 14, 2017, for the year ended December 31, 2016.

For reconciliation to IFRS figures:

1. Per boe price calculated over sales volume D&P, refer to page 12 of the MD&A.
2. Operating costs, refer to page 13 of the MD&A.
3. Share of income from associates – pipelines, refer to page 15 of the MD&A.
4. General and administrative costs, refer to page 15 of the MD&A.
5. Finance costs, refer to page 15 of the MD&A.
6. Mainly includes dividends from associates, Frontera's share of income (loss) from associates, income tax, equity tax paid, realized foreign exchange, inventory fluctuation, overlift/(settlement) and uses of asset retirement obligation.
7. Production and development review, refer to page 8 of the MD&A.
8. Sales volumes from development and producing assets excludes sales volumes from exploration and evaluation assets as the revenues and costs are capitalized under IFRS.
9. Refer to Non-IFRS measures, MD&A for Q4.



Occupational health and industrial safety

We focus on highlighting our corporate values of Integrity, Respect, Commitment and Sustainability that promote team work, inclusion, excellence and learning to meet business goals. These goals include the protection of our resources, workers and contractors, who make our achievements possible.

Throughout 2017, we continued to work on improving our processes under the guidance of a Comprehensive Management System certified more than 10 years ago: ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

The system provides support to the Company's different areas of planning, execution and control of the activities necessary for the development of business strategy. **Our management system was certified by the organization Bureau Veritas on September 8, 2017, effective until September 7, 2018. In 2017, we received the second follow-up audit to our system, audited by the Bureau Veritas Certification Organization with a result of zero non-conformities**

We work closely with our contractors in-line with our comprehensive health, safety, environment and quality (HSEQ) policy

During 2017, we reinforced the requirements in our HSEQ policy with our contractors, as well as the compliance with the applicable laws in the countries where we operate, in order to adapt to the demands of the business.

HSEQ elements in our contractual annex



We achieved the prior elements described in the graph before, through constant audit with our contractors focused on verifying compliance of these elements and generating action plans for the continuous improvement of the production, drilling services and projects the Company requires. In 2017, we achieved:



In addition, we work together with government entities that guarantee legal compliance. In Colombia, this work is evidenced by positive results from visits to our assets:

- National Environmental Licencing Authority: **20**
- National Hydrocarbons Agency: **7**
- Autonomous Regional Corporations: **7**
- Other Government Control Entities: **2**
- Our Partners: **3**



Industrial safety

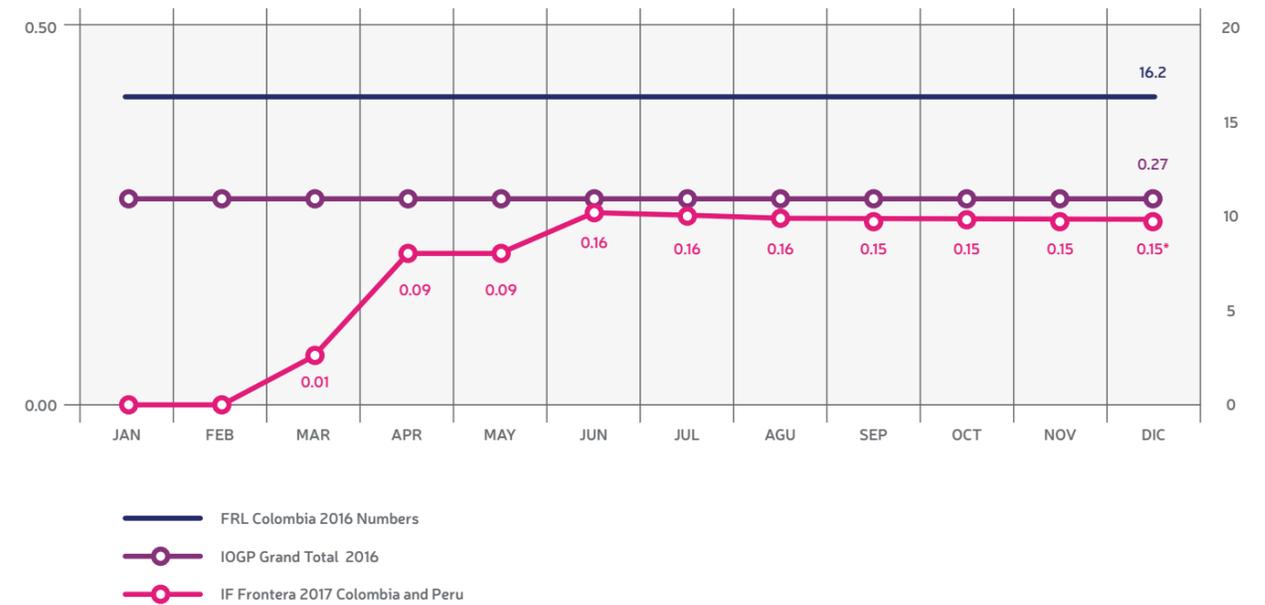
At Frontera, the safety of our personnel and the prevention of incidents is paramount. We create a safe work environment that strengthens the execution of our activities.

Frequency index of disabling injuries

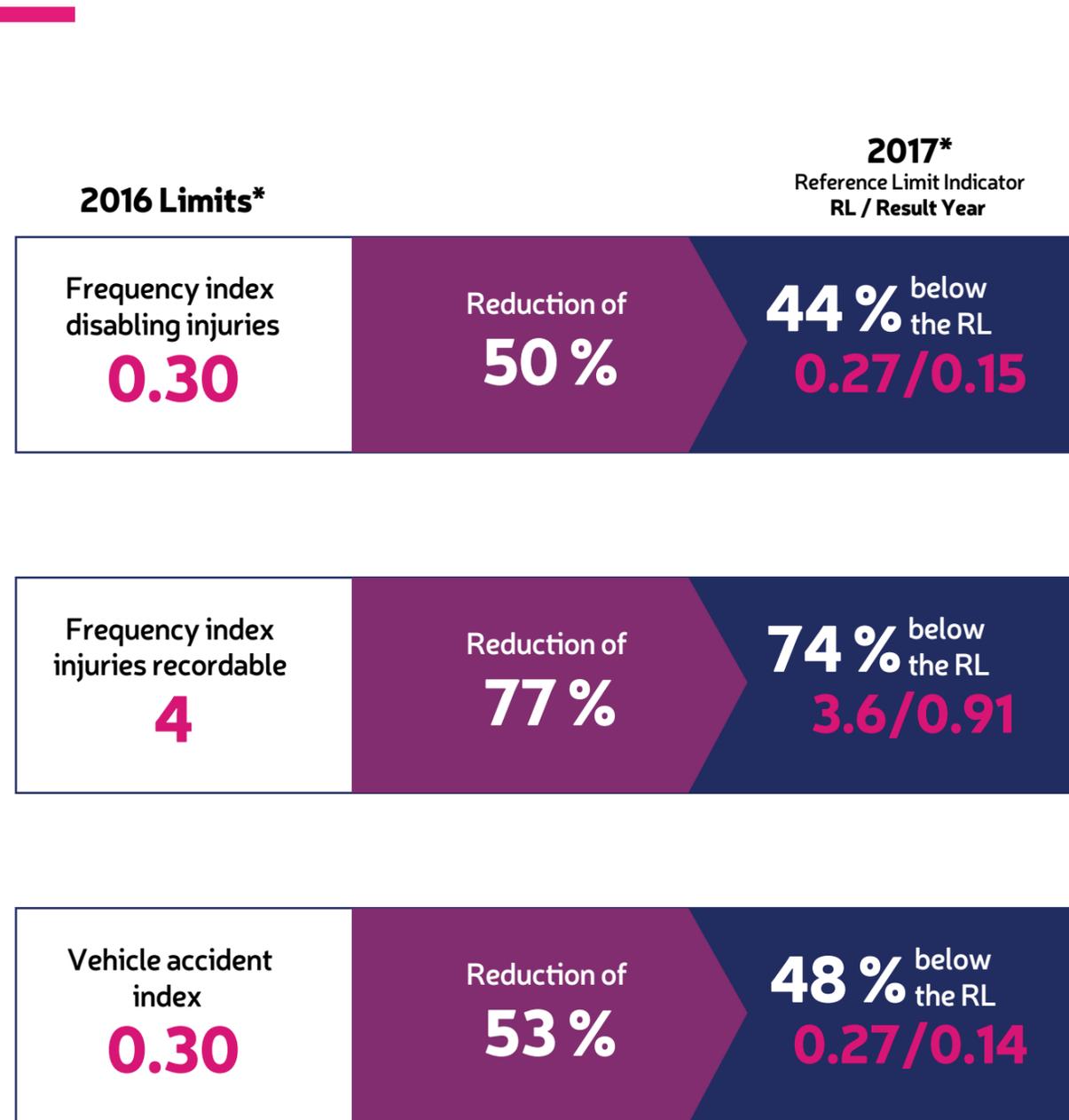
In 2017, we obtained positive results by maximizing our efforts on self-care programs for all of our employees and contractors, internalizing our HSEQ culture as a principle lived through prevention. For operations in Colombia and Peru, the Company's Frequency Index of Disabling Injuries was 0.15, 44% below the standard recommended by the International

Association of Oil & Gas Producers for onshore operations. In respect to the numbers published by the 2016 Colombian Labour Risks Fund, we were 98% under as evidenced in the graph below.

IF Frontera Vs. IOGP/Colombian Labour Risks Fund reference results



* In process of audit and validation.

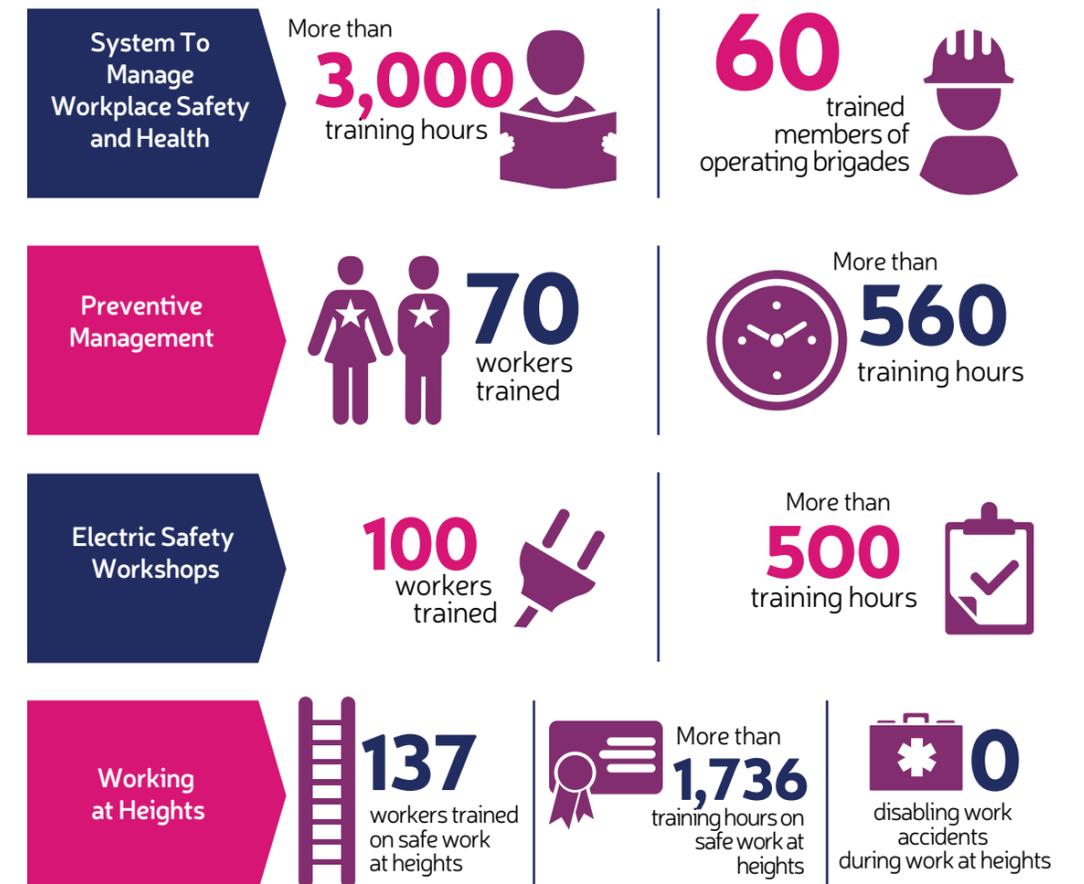


* In process of audit and validation.

Note: the above statistics registered are corporate data that include numbers from Colombia and Peru and include direct employees and contractor personnel.

Constant training and knowledge update

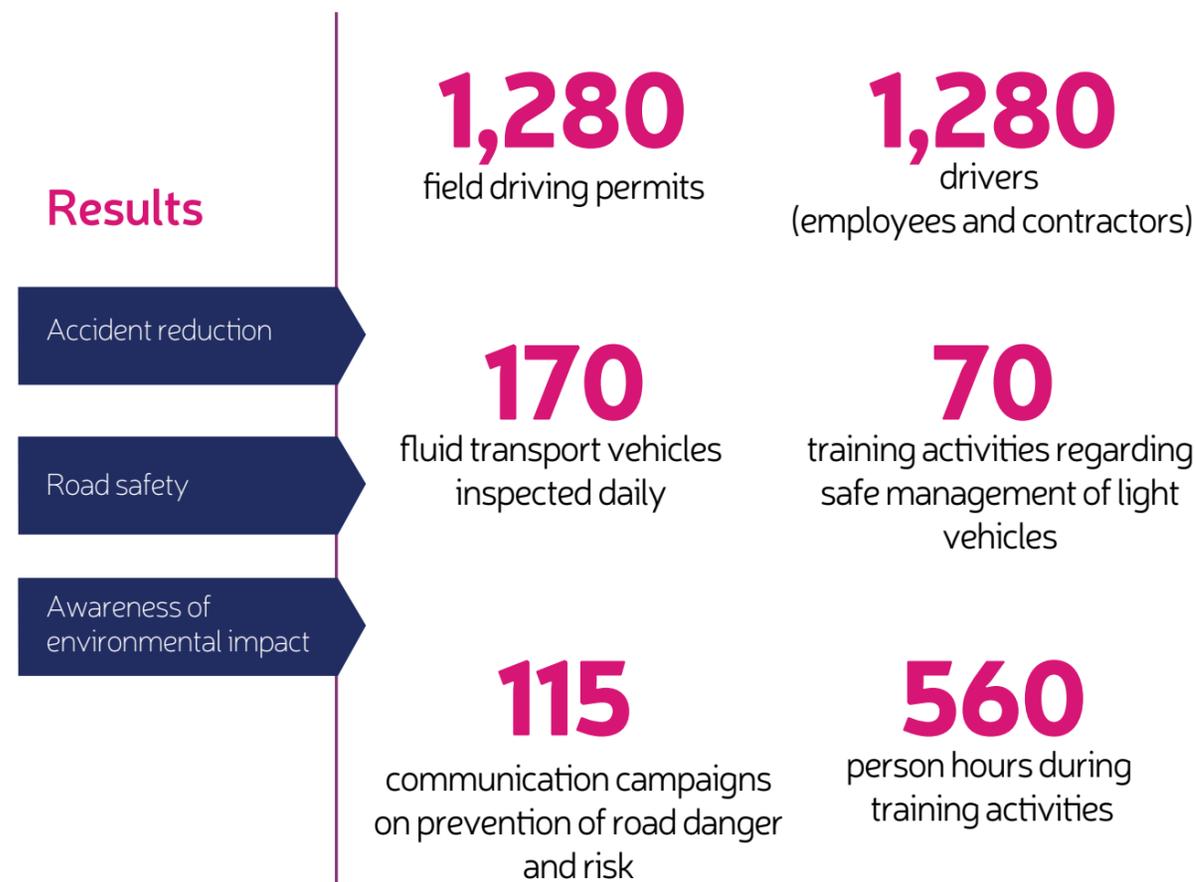
In 2017, we improved our skills in safety and health in the workplace by training and reinforcing our personnel's abilities and knowledge, which controlled and mitigated risks associated with their functions.



Committed to road safety

Given that many of our workers routinely use motorized transportation in our fields, we continue to strive to provide our workers with educational programs focused on prevention and application of good practices. To this effect, we have implemented a strategic program for road safety for our internal field operations.

In 2017, we achieved the following indicators:



Road safety when transporting hydrocarbons

In 2017, our production material travelled more than **13 million kilometres** on operation roads, through third parties contractors. We ensure the safety of the workers transporting such material is a daily priority. In 2017, we developed:

- 115 road safety sessions with the support of road police.
- 150 training sessions carried out by transport companies at the locations where we have crude loading and unloading operations.
- 9 simulation activities to test response capacity of transport companies, specialized hazardous response units and institutional entities.
- A recognition program for **500 drivers** for their operational performance.

Occupational health

At Frontera, we work to improve the health conditions and comprehensive development of our workers. These factors positively impact the organization's productivity and reduce and control secondary economic losses due to work absenteeism.

Focused on the security and health of our work force

- In 2017, we executed the activities included in the Company's Occupational Health Management System to comply with legal requirements, with good practices to maintain the physical, mental and social welfare of our workers.
- We carried out vaccination sessions with the Secretariat of Health in the zones of influence for workers. This benefited not only our workers and contractors but also the communities in the region.
- We carried out health campaigns with preventive activities for early detection of critical illnesses.

- We consolidated the implementation of the Work Reincorporation Program, achieving positive results for the organization in processes to define the origin of disease and control losses due to prolonged disability.
- We began the Analysis of Risk by Profession ("**ARO**") in our fields, identifying occupational risks.

We work for the safety of people and the operations

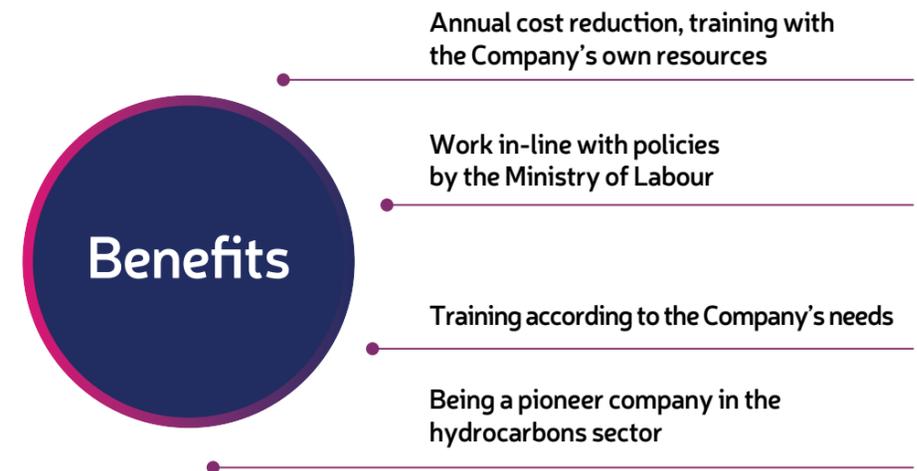
We continued strengthening our Vocational Training and Learning Unit, complying with all established requirements, and expanding the training program to maximize coverage for personnel, optimize resources and guarantee execution of activities.



Vocational training and learning unit (UVAE)

Primary training program from Colombia's Ministry Of Labour Work at Heights

The Company's Vocational Learning Units are learning spaces created for the purpose of preparing, training, retraining and certifying workers to carry out different technical activities.



Supply, transport and trading

In the hydrocarbons sector, supply, transport and trading of oil and gas activities are integral in the value chain. At Frontera, transport activities are carried out through the Colombian and Peruvian territory. As a result of which, we interact with communities located along the routes between our production fields and the pipeline systems. Through our management control system, we are respectful of the environment and avoid accidents.

Good relationships with these communities help ensure that the Company's production will continue without interruptions by minimizing difficulties during transportation of production.

In the same manner, the reliable and timely supply of diluents and fuels allows the production fields to continue operating to finish with the export sales.

In Colombia and Peru, these activities represent 51% of the 2017 operational cost (US\$13.54/bbl out of US\$26.25/bbl). As a result, we use all possible strategies and processes to generate initiatives aimed towards the reduction of costs and increasing the Company's profits.

During 2017, the Supply, Transport and Trading area actively contributed to the merger process of the Colombian business units as part of the corporate reorganization and optimization strategy.

Colombia

- In 2017, due to various force majeure events, the Bicentenario and Caño Limon systems were inoperative for 228 days of the year. However, the Company was able to secure transportation for all of its products and met our sales commitments to our clients in terms of product quality and timeliness, thereby reinforcing our reliability to our clients.
- In addition, we maintained and developed new collaborative operational schemes and assignments of capacity with other producers and shippers that allowed optimizing the costs of dilution and transportation.
- We continued the reduction of ACPM purchases in all our producing fields, through a processing deal with the Hidrocasanare Refinery, which processed medium and light crudes, allowing estimated savings of US\$11.6 million in 2017 versus other fuel options.
- Thanks to Bicentenario efforts to reduce operational cost, the tariff was reduced from US\$8.54/bbl to US\$7.56/bbl, generating annual savings of US\$10.1 million in 2017. Through optimization schemes that include local purchases and the dilution service, we continue reducing the cost of dilution by 26% from \$ 1.47/bbl in 2016 to \$ 1.09/bbl in 2017. Since 2015, the reduction has been 50% (\$ 2.17/Bl in 2015). We estimate savings of US\$27 MM compared to last year
- In this continuing search for new cost reduction strategies, we optimized the unused capacity in our pipeline transport contracts. This allowed us to recover about US\$15.5 million in pipeline fees in 2017.



We also promoted projects to reduce carbon emissions through the purchase of CO2 bonds, as part of an international initiative (Kyoto Protocol) through which a tax incentive is offered as tax savings in the purchase of fuels. This initiative generated savings of US\$600,000



- We maintained for the second consecutive year close to 0% losses in the transport of crude oil and gas, within the range permitted in the international oil industry. This was achieved through the constant monitoring of the measurement systems, the land transport operations and the improvement of personnel knowledge.
- We reinforced the quality control system for export cargoes to comply with the quality agreed in the contracts.



We continued to support and develop community transportation companies, to increase their participation in our value chain and achieve high operating standards. In 2016, participation was 24%, while in 2017 participation increased to 29%.



- We continued with the reduction of accidents in the operation of land transport of hydrocarbons handled by our contractors. In 2017, we reduced them 55.6% vs. 2016 and 76.4% vs. 2015.
- In 2017, the Company worked on developing a global client portfolio to handle recent market fundamental fluctuations and regional arbitrages. The Company utilized its Colombian infrastructure assets to focus on crude oil quality to retain premium markets. Hence, between 2016 and 2017, our Vasconia crude oil sales (differential vs. Ice Brent) improved by + 2.12 \$/B.

Peru

- We continued the reduction of costs and generated savings at Lot Z1 and Lot 192; we estimate overall savings of US\$2.16 million. The costs of marine support vessels were reduced 38% compared to 2016, due to tariff reduction and logistic optimizations.
- In 2017, we renegotiated the Norperuano pipeline transportation contract.
- Due to the contingencies of the Norperuano pipeline, a temporary Loreto Crude Transport Plan was implemented by trucks to restart the production of Block 192. It is important to highlight that the Plan mentioned was the first project of its kind executed in Peru, overcoming the barriers of distance and complicated logistics from the jungle to the coast.

Our challenges 2018+

| ISSUE | CHALLENGES |
|---|--|
| Operational Results | 1. Generate total capital expenditures between \$450 and \$500 millions, which represents an interannual increase of 101% from \$236 million in 2017. |
| Financial Results | 1. Transform 2018 into an investment year, as we redistribute the cash excess in our balance sheet, managing to position ourselves to grow in 2019 as well as the following years. |
| Occupational Health and Industrial Safety | 1. Continue with the Risk Analysis by Profession (ARO) in the entire organization, seeking positive results that contribute to safety, occupational health and human talent. 2. Optimize our System for Epidemiological Supervision of Cardiovascular Risk at all levels of the organization. |
| Supply, Transport and Trading | 1. Negotiate better transport conditions, reducing our ship-or-pay obligations. 2. Continue to purchase light crude to reduce the use of natural gasoline, maximize the use of the PF2-OGD facility and ensure the use of our take-or-pay contracts. 3. Continue in the search for fuel and gas substitutes for power generation to reduce the cost of energy. 4. Optimize loading and unloading logistics to maintain trucking tariffs and continue controlling stand-by costs. 5. One of the core challenges for the rest of the year is the possible OPEC's curtailment agreement phase out process and its potential impact on the Company's crude oil sales. To mitigate this situation, the Company has been developing several commercial strategies to increase its marketing flexibility and to retain its premium markets. |



WE ACT CONSISTENTLY AND TRANSPARENTLY

Our main goal as a new Company is to build a first-class organization that, in all aspects related to our business and operations, acts with great professionalism and solid ethics and is aligned with the corporate values of integrity, respect, commitment and sustainability.

For this reason, during 2017, the Board of Directors initiated a comprehensive review of the Company's corporate governance policies and practices. The Company completed a process where it updated the Company's policies, charts, mandates and guidelines to reflect current best industry practices.

Business ethics and compliance

At Frontera, leading by example with integrity, acting consistently and transparently and maintaining an open dialogue in our relations are fundamental principles that contribute to ensuring social, environmental and economic balance in our operations.

In this sense, our fundamental values -integrity, respect, commitment and sustainability- determine our daily decisions and guide our relations with all our stakeholders.

In 2017, we updated the Code of Corporate Conduct and Ethics and the policies related to Corporate Governance; Conflict of Interest; Donations, Gifts, Entertainment and Travel; Public Disclosure; Whistleblowing; and Stakeholder Engagement, and we assigned additional resources to strengthen the Ethics and Compliance and Corporate Audit departments.

The Company improved its policies and

functions related to Ethics and Compliance to perform our business more efficiently, as well as with better quality but in a manner that is sustainable over time. All of this was done through reinforcing the corporate guidelines for employees to frame not only what is legal, but also what is correct.

Those who act on behalf of Frontera are responsible for setting an example of integrity. Therefore, they are people who don't tolerate behaviour that goes against the fundamental rights of other people and their dignity, or against our own corporate values. We also don't accept the practice or facilitation of illicit practices of any kind that risk the integrity of people (employees, contractors, suppliers and other stakeholders), our operations and our reputation.

Entertainment Policy, the Company implemented an online reporting tool for personnel to report to the Compliance Officer a detailed list of all gifts and invitations offered to them, including the parties involved, the context, date, description and value of the gift or invitation.

Personnel must obtain written approval from the Compliance Officer before offering or receiving a gift that exceeds the limit established in the policy (US\$100 or its equivalent in Colombian pesos).

At the same time, and in-line with this undertaking, we updated our (internal) Ethics Committee Charter, including the committee's membership. Currently, it comprises the Ethics and Compliance Officer, Internal Auditor, Legal Vice-President, General Counsel and CFO.

In addition, we reaffirmed through the issuance of the Whistleblower Policy: (i) the protocol for the investigations of ethics complaints, (ii) the respect for the confidentiality and privacy of any complaint or concern, and (iii) a zero-tolerance policy for any attempt by any person to impose sanctions or negatively affect someone who reported a genuine concern related to an alleged illegal or dishonest behaviour.

During 2017, we maintained the following reporting and consulting lines for ethical issues open for employees and other stakeholders:

Telephones

Colombia: 01 800 518 0744
Canada and USA: 1 877 266 2579
International: 1 866 450 2579

Web page

<http://www.wiklow.com>
1. Access clicking on the 'Whistleblower login' icon
2. User name: Frontera
3. Password: Frontera

Email

lineaetica@fronteraenergy.ca

With respect to the Gifts and

Members of the Ethics Committee:



During 2017,



through our various ethics channels, we received

93
 complaints related to compliance and ethics matters

Taking into account that the promotion of ethical performance is a fundamental matter, during 2017, we adhered to initiatives such as that from the Ethics Committee of the Colombian-Canadian Chamber of Commerce and adhered to the Declaration of Transparency of the Prosecutor's Office, with the objective of being at the forefront of these issues and sharing experiences with the Colombian corporate sector.

Anti-corruption

At Frontera, we maintain our commitment to the execution of business in an ethical and honest manner, compliance with legal requirements, and opposition to any type of public or private corruption.

To strengthen transparency and ethics from a control standpoint, in 2017, our Ethical Orientation Framework was updated. Today, we have updated versions of the anti-bribery and anti-corruption, prevention of asset laundering and terrorism financing policies to reflect current best practices.

For the sustainability of the business and the construction of trust with our stakeholders, we are constantly reviewing and improving transparency and anti-corruption practices to ensure quality and transparency of the information we publish, the inclusion of compliance clauses in all our contracts with employees, suppliers and contractors, and accountability before authorities.

We are also committed to contributing to the elevation of global transparency standards in the extractive sector. We verified compliance with anti-corruption laws (CFPOA) and publicly disclosed payments made to governments in accordance with the provisions of the Extractive Sector Transparency Measures Act (ESTMA).

In addition, we have positioned the culture of compliance and transparency on regulatory issues and the strengthening of ethical standards through internal communication campaigns such as "the values of a Frontera star," highlighting messages such as "the values that will guide this new path," "good decisions are the way," "adequate administration of conflicts of interest is key," "our values are immersed in our day-to-day at Frontera," and "we are all compliance." At the same time, during 2017, we ensured

that all new employees committed to integrity by adhering to the Code of Business Conduct and Ethics and the zero-tolerance policy on fraud and corruption, and declaring conflicts of interest.

1,136 
active employees and members of the Board of Directors completed the annual conflict of interest survey

96.7%
of the total possible respondents

In 2017, 232 conflicts of interest were reported, and 191 employees with conflicts of interest were identified through the survey.

These results were shared with each of the Company's leaders to evaluate the need to carry out any type of adjustment to the worker's performance or role. Many of the situations of conflict can be managed favourably, and for this reason, the transparency of the report that each has made is a very valuable tool for the Company.

Internal audit

Our Internal Audit area was one of the areas where we updated procedures in accordance with the highest international standards of quality, giving it an enhanced position among employees and the Board of Directors to encourage important changes to the organizational culture, and to strengthen transparency and integrity practices before all our stakeholders.

These were some of the most relevant initiatives in 2017:

- Restructuring the Internal Audit team, including constitution of a specialized team, generating savings for the Company and greater efficiency.
- Establishing of a three-year strategy that positions the Internal Audit area as a fundamental process to meet business objectives.
- Training in Internal Audit for all Company areas, which allowed improvement of employee knowledge of the regulatory framework to which we are exposed as a Company, and the importance of the Internal Control System (COSO) to avoid reputation business continuity risks.

➤ Update and review risks, controls and action plans with all Company areas.

Risk management

In this new era at Frontera, we are aware of the risks present in the industry in which we carry out our operations, both in Colombia and Peru. For this reason, year-after-year, senior management, together with the Board of Directors, through the Enterprise Risk Management ("ERM") Program, traces a path for the Company through the definition of a strategic plan, with the purpose of reaching corporate goals and objectives in the short-, medium- and long-term. The analysis of risks within the Company is a constant and permanent activity at all levels in the organization.

This year, we identified and managed 19 corporate risks divided into Strategic, Operational, Financial, above-ground issues (social and environmental) and Control and Compliance. Some of these risks are ethics, fraud and corruption, retention and attraction of human talent, management of liabilities, stakeholder engagement, HSEQ and operational production issues, among others.

As a result, in 2017, the risk-management culture was a fundamental pillar for reaching objectives. To achieve this culture, we have generated behavioural skills in all collaborators, in part by continuing the training plan inside the Company, providing three training sessions and another involving approximately 60 workers, all supported by the Corporate University for risk awareness.

In the same manner, in 2017, we continued to support risk analysis in all processes -core and support- where we analyzed 26 sub-processes. Our ERM team managed the methodology to identify the specific risks each area faces to continue the cause-consequence analysis, establishing and connecting mitigation plans to the causes that generate risks. Also, we followed up on the action plans proposed by process owners on mitigation plans to evaluate their execution, through the Company's Executive Committee.

Transparency in royalties

For the sixth consecutive year, we announced our support for the Extractive Industries Transparency Initiative ("EITI"), because we firmly believe in the power of the resources generated as royalties and taxes to transform the surroundings of the areas where we operate.

In-line with this commitment, we have the firm conviction that the presentation of accounts regarding tax and royalty payments made in our countries of operation will contribute to governance.



Relations with the market

The Investor Relations area is fundamental for Frontera, for its main function is to communicate to the market, in a transparent and efficient manner, the history of where the Company comes from and where it is headed.

Throughout 2017, the Investor Relations function focused on outreach to our investors and other stakeholders, sharing our strategy, plans and accomplishments as Frontera. It is the beginning of a new era, where sustainable growth, respect towards our stakeholders, and transparency are key drivers for value creation.

We emerged from restructuring in November 2016 and have many accomplishments since. Beyond the financial restructuring, we completed a cultural restructuring as well, focusing on corporate governance, compliance and capital efficiency.

We have a sustainable business model, a new philosophy and management team and believe in value creation over volume while we execute on positioning the Company for both reserves and production growth.

We have just over 50 million shares outstanding, and 2017 was a year of

building cash as we focused on value over volumes. We started 2017 with US\$400 million in the bank and ended the year with over US\$600 million as a result of reducing our capital expenditures guidance by 20% while increasing our EBITDA guidance three times. We met our exit production guidance in 2017 at 71,015 boe/d, and we underspent and over delivered on financial performance.

Throughout 2017, our senior management team spent several weeks on the road sharing our story with investors and stakeholders, and we will continue to do so throughout 2018.

Our challenges 2018+

| ISSUE | CHALLENGES |
|---------------------------------------|--|
| Business ethics and compliance | <ol style="list-style-type: none"> 1. Inform our main stakeholders on Frontera's Code of Business Conduct and Ethics and promote its compliance. 2. Develop and coordinate actions with leading and relevant stakeholders and authorities for compliance and integrity in our surroundings. 3. Design new strategies to position before external and internal stakeholders (web, intranet) the ethics and compliance culture. 4. Develop a new integrated and accessible hotline followed by a communication campaign on its proper use. |
| Anti-corruption | <ol style="list-style-type: none"> 1. Strengthen compliance of corporate values, the culture of integrity, the prevention of conflict of interest and the fight against corruption. 2. Make people aware of our Anti-Corruption Policy through training programs for internal and external stakeholders. |
| Internal Audits | <ol style="list-style-type: none"> 1. Continue the alignment process within international standards, including the annual quality assessment. 2. Carry out an annual compliance evaluation through the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 3. Act as an advisor in order to provide training to the organization about the Canadian regulatory framework, the internal control system and additionally assist the process owners in updating their controls, thus promoting the self-control and responsibility of the Management about the Company's control culture. |
| Risk management | <ol style="list-style-type: none"> 1. Manage a plan for the 2018 ERM Function which, through accountability, seeks to follow up on each of the activities and projects planned by the function. |
| Transparency in royalties | <ol style="list-style-type: none"> 1. Actively participate in national and international initiatives that promote accountability in the hydrocarbons sector in Peru and Colombia. |
| Relations with the market | <ol style="list-style-type: none"> 1. Strengthen our communication with investors and the market. 2. Expand our Analyst coverage. |



WE WORK IN HARMONY WITH THE ENVIRONMENT

At Frontera, we value the natural surroundings and the resources they provide us; therefore, our environmental performance has the purpose of preventing, controlling and mitigating potential environmental impacts associated with the operations we carry out in different regions of Colombia.

For this reason, the results we obtained in 2017 arise from the environmental feasibility of our projects in Colombia, generating synergy between operational execution and the sustainable use of natural resources, as follows:

15

Environmental modifications to the licences were prepared for operational efficiency.

10

Environmental management plans for producing fields were approved.

25

Decisions were made based on follow-up and environmental control by the ANLA with which we strengthened performance and compliance with obligations in our environmental licences in our operating fields.

Biodiversity

At Frontera, knowing our surroundings and their natural dynamics has helped us to prevent and mitigate the impact of our operations on the areas where we execute our projects.

For this reason, within the environmental studies we prepare at each of our areas of operation, we identify the areas with special importance for the wildlife that inhabit our surroundings, and when executing our activities we focus efforts on their preservation.

The following schematics present the zones deemed strategic ecosystems and some of the species of amphibians, reptiles, birds and mammals registered during monitoring completed in 2017:

Casanare and Meta



- Extinct (EX)
- Extinct in the Wild (EW)
- Threatened
- Critically Endangered (CR)
- Endangered (EN)
- Vulnerable (VU)
- Nearly Threatened (NT)
- Least Concerned (LC)

| DEPARTMENT | NAME | PHOTO | STATUS |
|-------------------|--|-------|---|
| Casanare and Meta | Bamboo rat <i>(Dactylomys dactylinus)</i> | | Minor concern NT LC Threatened CR EN VU Extinct EX EW |
| | Lynch's swamp frog <i>(Pseudopaludicola llanera)</i> | | Minor concern NT LC Threatened CR EN VU Extinct EX EW |
| | Great egret: Ardea <i>(Casmerodius alba)</i> | | Minor concern NT LC Threatened CR EN VU Extinct EX EW |
| | Giant anteater <i>(Myrmecophaga tridactyla)</i> | | Minor concern NT LC Threatened CR EN VU Extinct EX EW |
| | Blue-tailed emerald <i>(Chlorostilbon mellisugus)</i> | | Minor concern NT LC Threatened CR EN VU Extinct EX EW |

WE VALUE THE NATURAL BIODIVERSITY OF OUR ZONES OF OPERATION





| DEPARTMENT | NAME | PHOTO | STATUS |
|---|---|---|---|
| Cundinamarca  | Frog <i>(Rulyrana adiazeta)</i> |  | Minor concern NT LC Threatened CR EN VU Extinct EX EW |
| | Boruga-rodent <i>(Dinomys branickii)</i> |  | Minor concern NT LC Threatened CR EN VU Extinct EX EW |
| Tolima  | White-footed tamarin <i>(Saguinus leucopus)</i> |  | Minor concern NT LC Threatened CR EN VU Extinct EX EW |
| | Rusty-faced parrot <i>(Hapalopsittaca amazonina)</i> |  | Minor concern NT LC Threatened CR EN VU Extinct EX EW |
| Sucre  | Black-necked screamer <i>(Chauna chavaria)</i> |  | Minor concern NT LC Threatened CR EN VU Extinct EX EW |
| Magdalena  | Yellow-spotted river turtle <i>(Podocnemis unifilis)</i> |  | Minor concern NT LC Threatened CR EN VU Extinct EX EW |

Strategic ecosystems for conservation of biodiversity

The Company carries out its operations in a wide variety of landscapes of the Colombian geography, located in the Orinoquia (Meta and Casanare), the Caribbean Region (Magdalena and Sucre) and the Andean Region (Cundinamarca and Tolima). A summary of the characteristics of the landscape and representative coverage of each department in the areas is described below, specifically of the Company's operations where we favour protection of biodiversity.

Meta

Several of the Company's blocks are located in the Meta department; these include CPE-6, Quifa, Cajúa, Sabanero, Ariari, Corcel and Guatiquía. These blocks do not overlap with Natural Protected Areas. The predominant coverage is dense unwooded dry grassland. However, the main biodiversity and wildlife niches, habitats and refuges are associated with fountainheads, springs, estuaries, water bodies, gallery forests and Morichal groves. In particular, although gallery forests and Morichal groves occupy a smaller proportion of the area, their coverage is very important because of their high biodiversity due to their structural complexity which provides a wide array of habitats and microclimates.

Other areas of operation have mosaics of crops and natural spaces (mix of crops, natural grasses, weed growth and crop stubble), high secondary vegetation, dense bushes, oil palm grasses with and without weed growth.



Sucre

At the La Creciente Block, located in the department of Sucre, there are no Natural Protected Areas or other conservation schemes. However, there are some areas that have been identified as strategic and sensible ecosystems, known as secondary vegetation zones, which play crucial eco-systemic functions to maintain the zone's ecological and hydrological equilibrium, and also play a role as refuge for wildlife in the Company's area of operation.

Notwithstanding the artificial origin, conditions, characteristics and distribution of jagüeyes (a phreatic fed pond), they are deemed sensible areas, due to a function similar to natural lentic bodies; in consequence, they have significant importance in eco-systemic terms and for wildlife conservation, beyond the service of hydric supply they provide to communities.



Casanare

The Mapache, Cachicamo, Cravo Viejo, Llanos 19, Cubiro, Arrendajo, Casimena, Casanare Este II and Canaguaro blocks are located in the department of Casanare. Although there is no overlap with Natural Protected Areas, they host areas with high biodiversity importance. Within the Cachicamo Block area of influence, we find a part of Civil Society's Natural Reserve, catalogued as an exclusion area in the management zoning, and part of a Conservation Area. The Casimena Block is located next to the Protective Forest Reserve, a Natural Reserve, and Civil Society Natural Reserves. They are located outside of the field's area of influence. The Casanare Este II block, with gallery forests, is declared municipal Natural Protected Areas.

The most typical coverages in these areas of operation are dense unwooded flooded grasslands, flood plains, gallery forests, Morichal groves, water currents, lagoons, madre vieja wetlands and estuaries, which coincide with the habitats with the most biodiversity, as well as the main refuges for wildlife in the operating areas, among which we find aquatic and semi-aquatic bird species. A special mention is warranted to the gallery forests associated with the Cusiana River and the Guirripa, Guirro, La Piedra and Suarez streams, as well as the wetlands associated with the Tacuy River. There are also patches with coverages of grasses without weeds, agricultural crops and forest plantations.



Magdalena

At the Magdalena department, we find the Guama Block, which does not overlap with Natural Protected Areas. Among the predominant coverages, we have grasses without weed growth and wooded pastures and also gallery forests, bushes, secondary vegetation (high and low) and jagüeyes, which are the most important in biotic and eco-systemic terms and constitute the main wildlife refuges.



Cundinamarca and Tolima

In Cundinamarca, we find the Guaduas field and part of the Abanico field, which do not overlap with Natural Protected Areas. At the municipality of Guaduas, within the area of influence of the field with the same name, we find the Protective Forest Reserve of the San Francisco River Hydrographic Basin. This reserve is more than 2,800 hectares, is located in an altitude range that exceeds 1,100 MASL (metres above sea level) and is very important from an ecosystem and biodiversity standpoint, as well as a refuge for the wildlife in the Company's area of operation in the department. Its natural richness provides potential for eco-tourism development and nature tourism.

The Abanico field is located within the jurisdiction of the municipalities of Girardot (Cundinamarca) and Flandes y Espinal (Tolima), and does not overlap with Natural Protected Areas. The sites with the most biotic and eco-systemic importance are the mountainous area of the San Lorenzo vereda (Girardot), defined by POTM as a Rural Protection Zone, and the gallery forests of the zone's existing bodies of water, which host the most wildlife.



Evaluation of the impact on biodiversity

Before initiating any project, the Company completes Environmental Impact Studies with the purpose of identifying priority zones for conservation of biodiversity. In the planning phase of the studies, infrastructure is located in accordance with the environmental zoning to set distances for protection of eco systems that are strategic or have a high impact on conservation. Among the impacts we identified and control in the execution of projects, we can highlight modification of vegetation coverage and changes to the composition and distribution of wildlife and centralization of management of this impact on biodiversity with strategies directed to their mitigation, control and elimination.

We report a sample of the species of flora and wildlife typical by operating zone, indicating their status before the International Union for Conservation of Nature "(UICN)".

| DEPARTMENT | NAME | SCIENTIFIC NAME | STATUS |
|------------|------------------|-------------------------------|--|
| Meta | Palma de moriche | <i>Mauritia flexuosa L. f</i> | <div style="display: flex; justify-content: space-between;"> <div>Extinct EX</div> <div>EW</div> <div>Threatened CR EN VU</div> <div>Minor concern NT LC</div> </div> <p>Vulnerable (UICN)</p> |
| Meta | Palma sarare | <i>Syagrus sancona</i> | <div style="display: flex; justify-content: space-between;"> <div>Extinct EX</div> <div>EW</div> <div>Threatened CR EN VU</div> <div>Minor concern NT LC</div> </div> <p>Vulnerable (UICN)</p> |
| Casanare | Aniba sp. | <i>Aniba sp.</i> | <div style="display: flex; justify-content: space-between;"> <div>Extinct EX</div> <div>EW</div> <div>Threatened CR EN VU</div> <div>Minor concern NT LC</div> </div> <p>Vulnerable (UICN)</p> |
| Tolima | Mango | <i>Mangifera foetida</i> | <div style="display: flex; justify-content: space-between;"> <div>Extinct EX</div> <div>EW</div> <div>Threatened CR EN VU</div> <div>Minor concern NT LC</div> </div> <p>Minor concern (UICN)</p> |
| Cesar | Algarrobo | <i>Prosopis chilensis</i> | <div style="display: flex; justify-content: space-between;"> <div>Extinct EX</div> <div>EW</div> <div>Threatened CR EN VU</div> <div>Minor concern cd nt lc</div> </div> <p>Nearly Threatened (UICN 2.3)</p> |
| Magdalena | Roble andino | <i>Quercus humboldtii</i> | <div style="display: flex; justify-content: space-between;"> <div>Extinct EX</div> <div>EW</div> <div>Threatened CR EN VU</div> <div>Minor concern NT LC</div> </div> <p>Vulnerable (UICN)</p> |
| Putumayo | Cedro espino | <i>Bombacopsis quinata</i> | <div style="display: flex; justify-content: space-between;"> <div>Extinct EX</div> <div>EW</div> <div>Threatened CR EN VU</div> <div>Minor concern cd nt lc</div> </div> <p>Vulnerable (UICN 2.3)</p> |
| Huila | Cedro americano | <i>Cedrela odorata</i> | <div style="display: flex; justify-content: space-between;"> <div>Extinct EX</div> <div>EW</div> <div>Threatened CR EN VU</div> <div>Minor concern NT LC</div> </div> <p>Vulnerable (UICN)</p> |

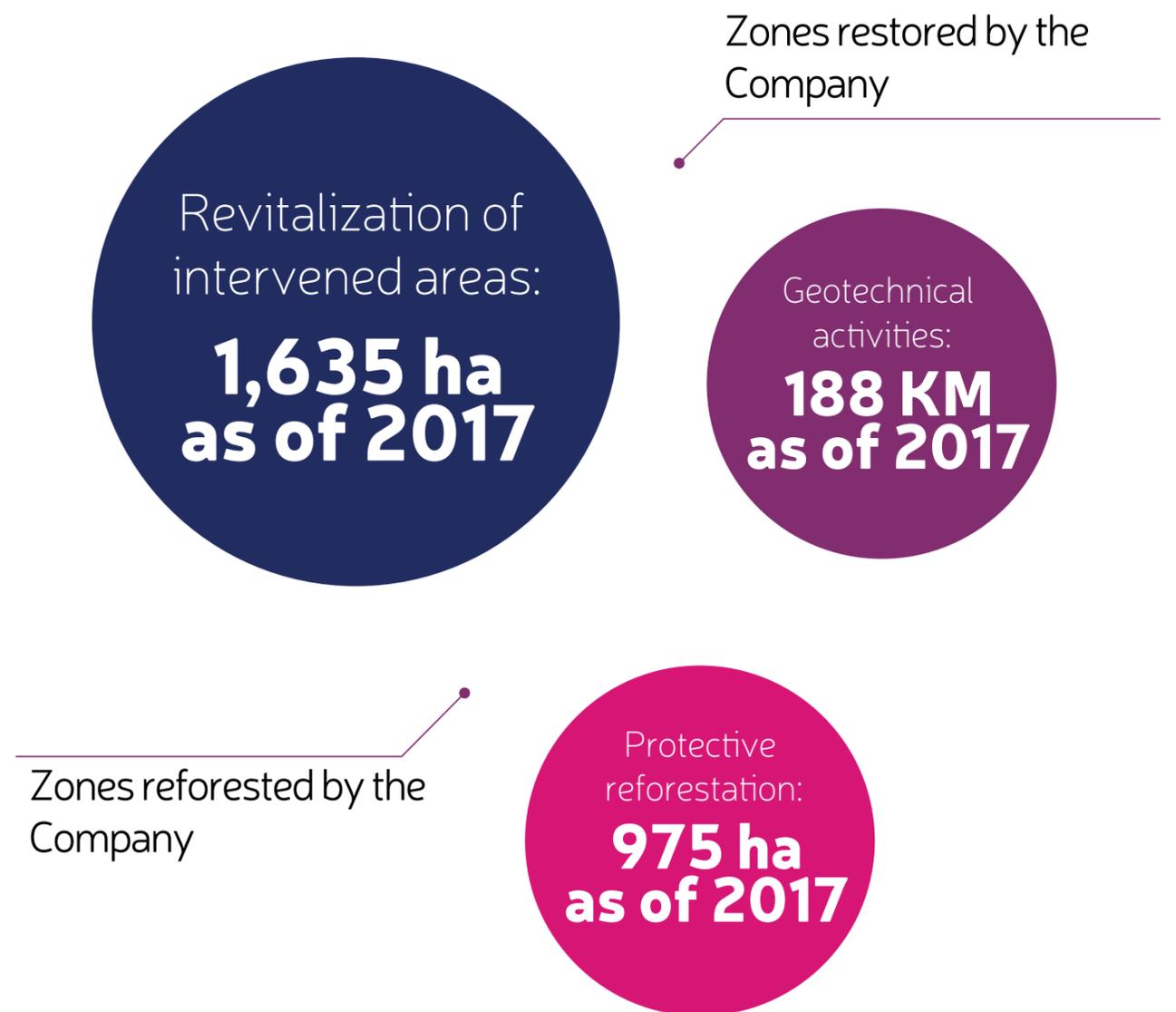
Knowing our surroundings

In addition, we carry out frequent studies and follow-up on the wildlife present in our operations, through:

- Methods for recognition of zones, placing follow-up equipment in random locations with the purpose of recognizing and detecting amphibians, reptiles, birds and mammals.
- Identification of zones that are important for conservation of biodiversity in the areas where we carry out operations, in-line with our environmental permits.
- Technical observation walks with the purpose of recording the abundance and characterization of the species.



Restored zones



Waste management

At Frontera, we control the generation of solid and dangerous waste during the execution of our operations, guaranteeing adequate management according to the type of waste. We not only classify waste and dispose of it according to its characteristics, but we also promote reutilization and recycling actions that reduce its generation. Results of our waste management efforts for 2017 are presented below:

Waste generated by type (Tonnes)



The significant reduction in the generation of waste for 2017 compared to the previous year is mainly due to the reduction in the number of projects in our active fields.



25% of the total residue generated in 2017 was used in reuse and recycling activities

Waste generated vs. used-2017



The Company completed 150 training hours for workers and contractors on efficient management of waste.

Recyclable waste was given to companies that work with female heads of households



2017
We promote our culture of order and cleanliness. During 2017, the execution of an event involving our administrative office generated the following results:

Collection of **1,216.35 kg;** exceeding the amount collected last year by **15.5%**

98% was recyclable/reusable



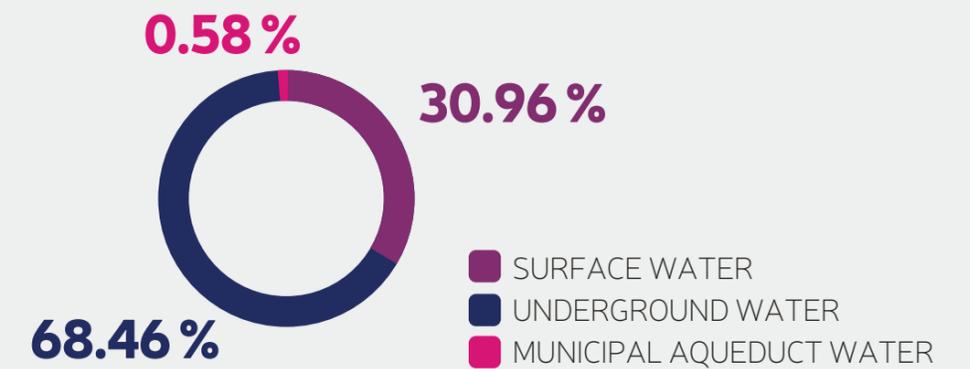


Comprehensive water management

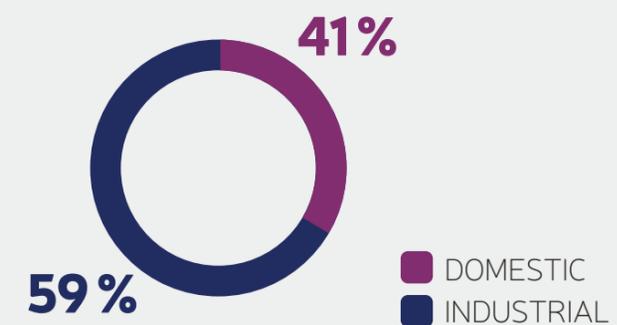
At Frontera, guaranteeing the protection of water resources is fundamental. Therefore, we focus activities around the responsible and efficient management of water. For this purpose, we constantly measure its quality and volumes associated with use and generation arising from our operations and projects.

We measure the use of water resources

Consumption by Supply Source in 2017



Type of Water Consumed in 2017



VOLUMES CONSUMED

USE

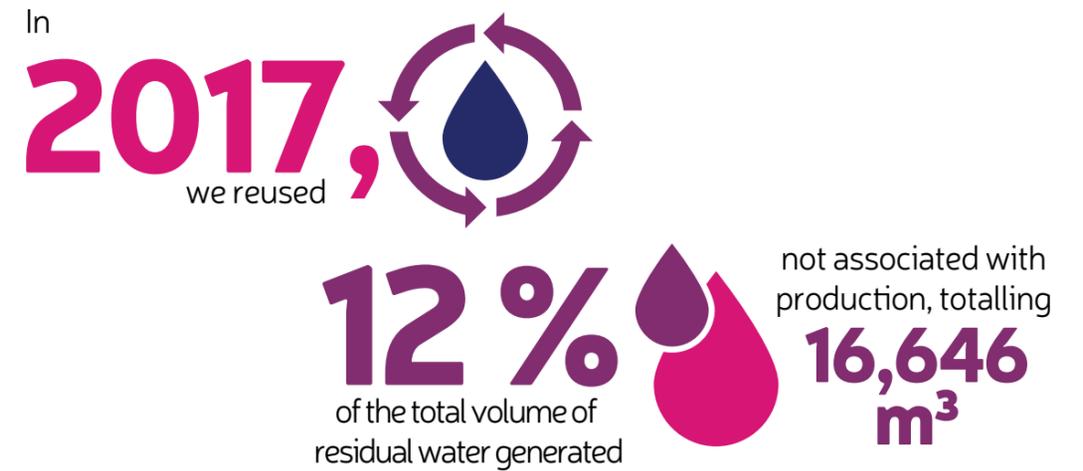
| Year | Surface water (m ³ /year) | Underground water (m ³ /year) | Municipal aqueduct water (m ³ /year) | Others (m ³ /year) | Total water consumed | Domestic (m ³ /year) | Industrial (m ³ /year) |
|------|--------------------------------------|--|---|-------------------------------|----------------------|---------------------------------|-----------------------------------|
| 2017 | 151,190 | 334,338 | 2,814 | 0 | 488,342 | 201,360 | 286,982 |
| 2016 | 135,376 | 436,157 | 4,564 | 1,514 | 577,611 | 317,101 | 260,510 |

In addition, we seek to optimize water resources through the identification and monitoring of activities that involve the use of water.

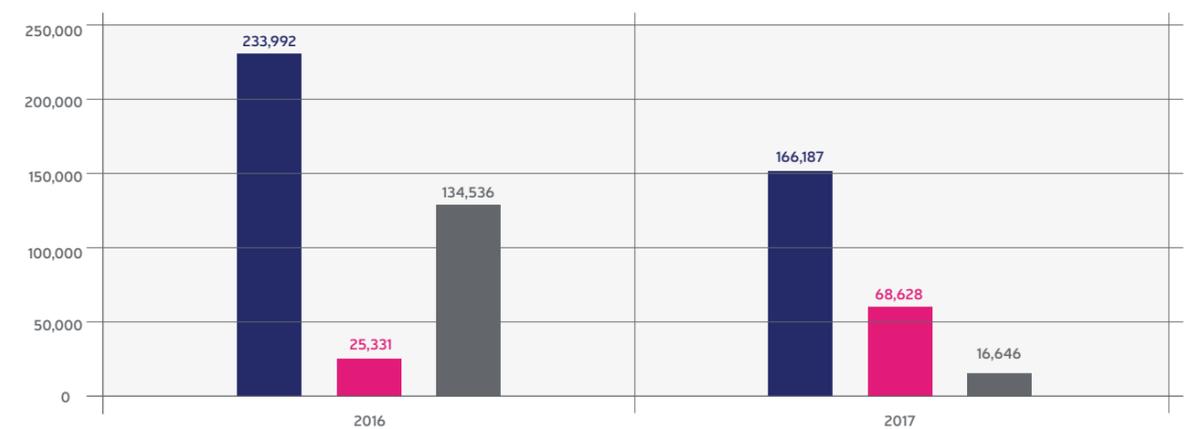


We create initiatives for reuse of the residual water generated

Our water treatment systems allow us to meet the parameters established by our licences, allowing us the possibility of reusing part of the volume generated.



Generation and reuse of residual water



| | 2016 | 2017 |
|--|---------|---------|
| ● DOMESTIC (m ³ /year) | 233,992 | 166,187 |
| ● INDUSTRIAL (other activities) (m ³ /year) | 25,331 | 68,628 |
| ● REUSE | 134,536 | 16,646 |

Between 2016 and 2017, we had a **51%** reduction in the generation of industrial residual waters associated with production of crude oil and natural gas, mainly due to the decrease in the Company's development projects. Through injection mechanisms, we disposed of 96% of the water generated by the process.

Residual water generated associated with production (m³/year)



We carried out actions intended to reduce water consumption

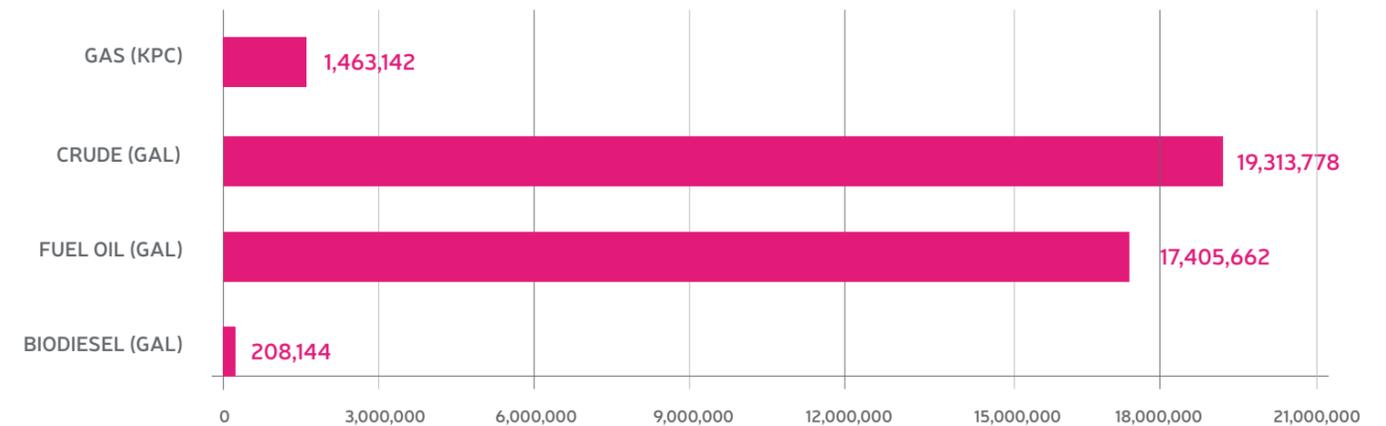




Energy and emissions

At Frontera we are committed to the optimization of energy usage. During 2017, we continued with the development of our production fields with an efficient use of energy, achieving an important reduction of energy consumption, mainly related to the termination of the Rubiales contract, which demanded close to 50% of the Company's energy needs.

Fuel consumption for generation of electric and thermal power



| | BIODIESEL (GAL) | FUEL OIL (GAL) | CRUDE (GAL) | GAS (KPC) |
|--------|-----------------|----------------|-------------|-----------|
| ● 2017 | 208,144 | 17,405,662 | 19,313,778 | 1,463,142 |

GENERATION OF ELECTRIC POWER (MWh)*

| Year | Administrative offices Bogotá | Power acquired Externally from operating fields | Electrical power generated at operating fields |
|-------------|-------------------------------|---|--|
| 2017 | 3,910 | 227,201 | 674,425 |

*Megawatt-hour

Origin of power acquired externally:

- a. Fields: Emp. Energia of Cundinamarca / Electricaribe / Enertolima / Petro-electrica de los Llanos
- b. Administrative Offices: Vatia / Codensa

ENERGY INTENSITY

| Year | Consumption of electric power (MWh) | Production (BOE) | Intensity (MWh/BOE) |
|-------------|-------------------------------------|------------------|---------------------|
| 2017 | 905,536 | 32,532,772 | 0.028 |

Observations: The indicator was calculated based on consumption of electric power by fields, internally and externally, including the administrative office.

Reduction of greenhouse gas (GHG) emissions and energy

With the purchase of 229 Giga watt hour (GWh) to the National Interconnected System for the consumption of Quifa, Abanico, La Creciente, and Guaduas fields, in 2017 we avoided the generation of an average of 10.960 tonnes CO₂eq, by reducing the usage of fuel by localized generation. In comparison to the previous year, the purchase of energy for our fields was reduced by 58% due to the expiration of the Rubiales field contract in June 2016.

Greenhouse gas emissions were 54% lower compared to 2016, due to the termination of the Rubiales field contract in June 2016 and the production decline of some fields.

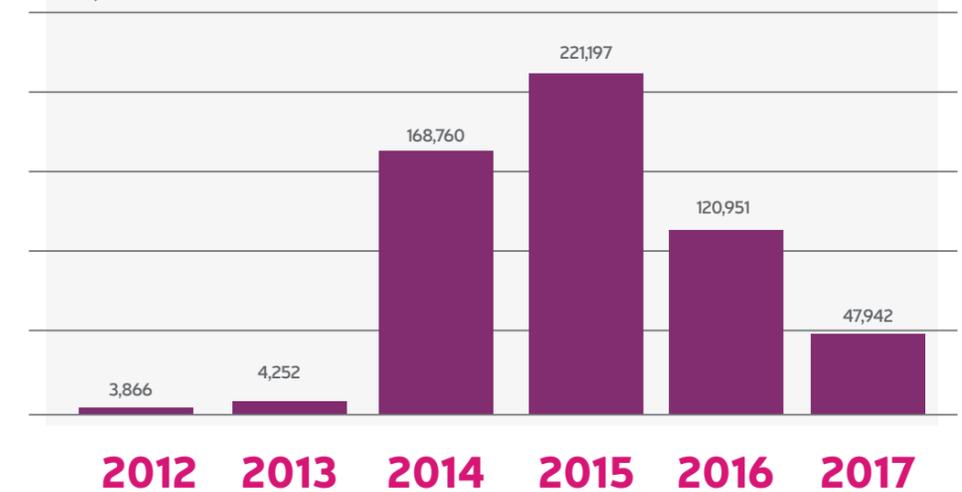
Emissions Scope 1

TONNES CO₂ EQ

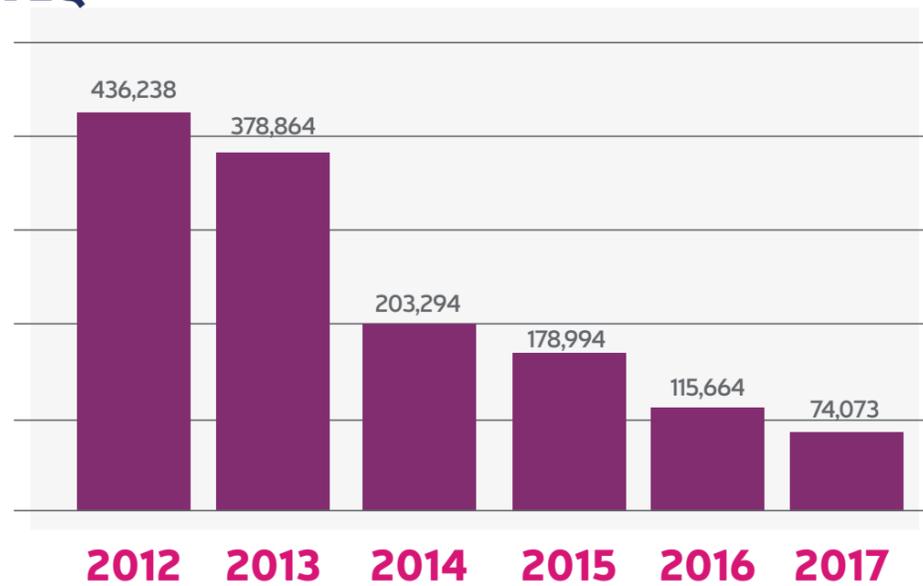


Emissions Scope 2

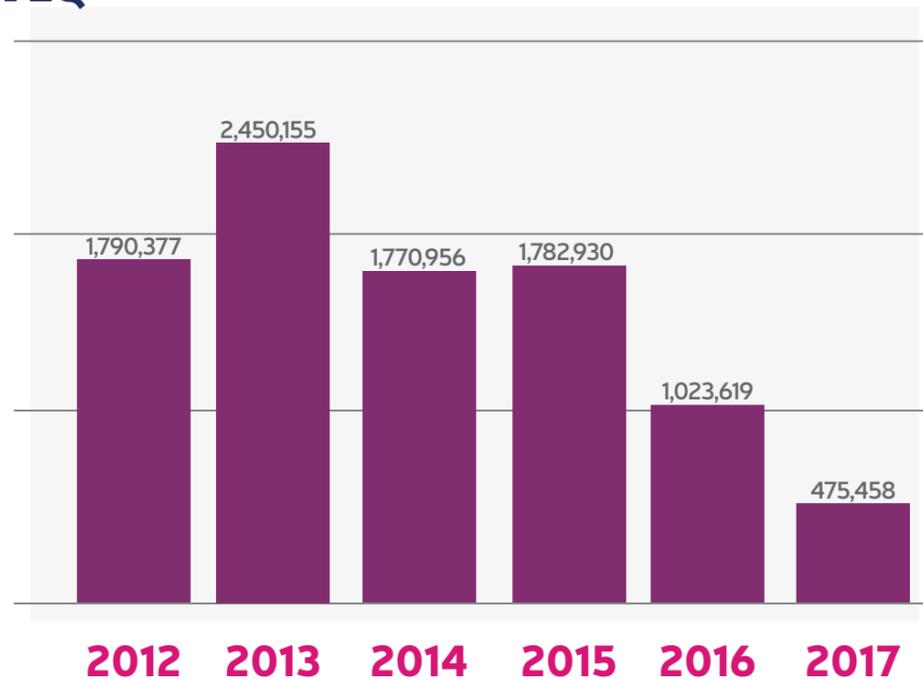
TONNES CO₂ EQ



Emissions Scope 3 TONNES CO₂ EQ



Total Emissions TONNES CO₂ EQ



Note: Methodology: the carbon footprint calculation was made through an extrapolation based on the Company's 2017 production and the 2015 carbon footprint.

| BOE | Tonnes CO ₂ eq producing fields | Intensity of GHG emissions |
|------------|--|----------------------------|
| 32,532,772 | 442,126 | 0.0136 |

| 2016 | SO ₂ | Nox |
|------------|-----------------|-----------|
| Tonne/year | 2018.31 | 6991,5312 |

Observations:
Estimated data is according to measurements carried out in a % of the internal and external combustion equipment at the Quifa field.

Prevention and remediation of incidents

Throughout 2017, we had **17 environmental events** at the operational level at the fields in Colombia. These events were controlled by the activation of specific contingency plans designed for the fields where they occurred. Thanks to the timely actions taken, the efforts in training, preparation and the containment systems we have at the fields, **the events did not impact** the natural surroundings.

We have developed preventive measures that are constantly being updated and disseminated to the appropriate parties, to ensure that all relevant parties are prepared to address any issue that may affect our natural surrounding in a timely and efficient manner.

- Carrying out drills on the spill of contaminant liquids with direct personnel and contractors.
- Inspecting and carrying out maintenance plans for the alarm systems on content levels, pressure and temperature, which allow early detection and prevention of incidents.
- Updating the equipment of the emergency service brigades in each of the operating fields.
- Completing training on spill attention issues, preparing our workers to act when necessary.



Breakdown of environmental expenditures and investments

| Actions | Description | Total Investment (USD) |
|---|---|------------------------|
| 1. Operational investment in consultancy and advisory services. | Investments in environmental advisory, audit and intervention, environmental studies, World Food Program, Environmental Management Plan (EMP), Evaluation of Environmental Impact (EIA), environmental measurements (water, soil, air) and supervision. | \$2,137,822 |
| 2. Investment in environmental authority procedures. | Cost assumed by the entity regarding requests, evaluation and follow-up, all made by environmental authorities; in addition, payment of applicable fees. | \$1,650,561 |
| 3. Environmental investment in soil, forest resources and biodiversity. | Resources destined for monitoring, preservation, adaptation and conservation of soils, maintenance of green spaces, forests, forest compensation. | \$857,455 |
| 4. Investment in basic sanitation/water treatment. | Investment made in activities related to collection, management, treatment and disposition of residual waters and/or rain waters, and adduction, conduction, treatment, storage and distribution of potable water. | \$227,667 |
| 5. Investment in basic sanitation/solid waste. | Investment made in activities related to collection, transportation, treatment and final disposition of solid waste. | \$449,928 |
| 6. Investment in risk management/attention and prevention of emergencies. | Investment made in activities related to prevention of and attention to disasters, prevention and management of forest fires and contingency plans. | \$186,776 |
| 7. Investment in occupational health. | Investment made in activities related to preventive and workplace medicine, epidemiological supervision programs, medical services, provision of nurses and medical personnel. | \$809,455 |
| 8. Investment in industrial safety. | Investment made in personal protection elements, signage, measurement and supervision. | \$365,297 |
| TOTAL (USD) | | \$6,684,964 |

Our challenges 2018+

| ISSUE | CHALLENGES |
|--|---|
| Biodiversity | 1. Strengthen campaigns for protection of biodiversity in the zones where we operate. |
| Comprehensive water management | 1. Promote the efficient use of water in all the Company's operating fields and administrative area. |
| Waste management | 1. Establish strategies to reduce waste by strengthening recycling and reuse activities. |
| Energy and emissions | 1. Set actions to reduce emissions based on the results of the measurement of the Company's carbon footprint. |
| Prevention and remediation of incidents | 1. Update the emergency prevention strategy and systems to manage contingencies according to field dynamics. |

Investment information is the value assumed by Frontera.

WE CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF COMMUNITIES

During 2017, the strategy for relations with our neighbours was one of the key factors for the consolidation and stabilization of Frontera as a new company in Colombia and Peru.

the implementation of a peace process, we achieved material results on key indicators, which allowed us to work as partners, and not as a source of conflict, with the territories in which we operate.

Given these circumstances, and notwithstanding the volatility of the communities, framed by the low price of oil, the increased popular consultations, a scenario of upcoming elections and



Local purchasing



With these initiatives and the creation of consortiums between local companies and regional and national contractors, we contributed significantly to the local economic development of these communities, within a scenario of reduced extractive activity.

Social liabilities



In-line with our commitment to strengthen relations with our surrounding communities,



during **2017**, we met **70%**

of the social liabilities acquired by the Company and its prior business units from 2012 on.

Management of blockades



Due to the good relationship between our team and the communities, we were able to enter into mutually beneficial agreements with local communities allowing operations to continue unaffected.

In 2017 we had **2** blockades and **32** social incidents

Social investment

For **2017**, the cost per barrel for our social investment in Colombia was



complying with our social obligations and voluntary social investment.



Below, we describe the most important projects implemented in Colombia in each of these areas:

Productivity of the local economic fibre

In accordance with our strategic objective of making the areas of influence where we operate competitive territories, the Company continued to work on the implementation of a strategy focused on generating local economic development, consolidating a diversified local Company system that generates revenue and employment for the territory, and creates viable, profitable and sustainable companies in the long-term. This development arises from two perspectives: the promotion of corporate initiatives, through the Local Supplier Development Program which supports the creation and strengthening of local companies that provide goods and services to our value chain through the technical assistance and creation of capacity on administrative, financial, productive and operational issues, and implementation of productive projects that allow communities to have other sources of revenue.

During **2017**, we implemented

23
projects

In the Orocué, Tauramena, Monterrey, San Luis de Palenque, Trinidad, Maní (Casanare) Puerto Gaitán y Cabuyaro (Meta) and San Pedro and Los Palmitos (Sucre) municipalities, benefiting close to **38,000 people**.



These projects were intended to support the creation and strengthening of small producers and local competitive companies. Due to the aforementioned, we held workshops on “sensitization and orientation” for the indigenous community in the La Campana sector, regarding the use and management of economic resources, in accordance with the provisions of the management measures of the Quifa Norte production and development project.

With the objective of strengthening agricultural activity at the municipalities, we supplied a Machinery Bank, supporting the Municipality of San Pedro, Sucre. With the supply of this bank, the people have access to equipment to plow their lands, strengthening and returning to their true vocation.

In the same manner, we strengthened the level III dressmaking M.E.G (Mujeres Emprendedoras de Guarupay- “Entrepreneurial Women of Guarupay”) project at the San Miguel de Guarupay village, municipality of Cabuyaro, Meta, through the delivery of sewing machines, training in design and decoration in high fashion, and other elements that strengthen this activity.

As a result, M.E.G. now makes clothing for clients from different companies in the hydrocarbons sector that are connected to the municipality of Cabuyaro, Meta, and for clients that bring their patterns or that choose them from a magazine or catalogue. With the execution of this project, **14 vulnerable women**, victims of armed conflict in the local community council were benefited.

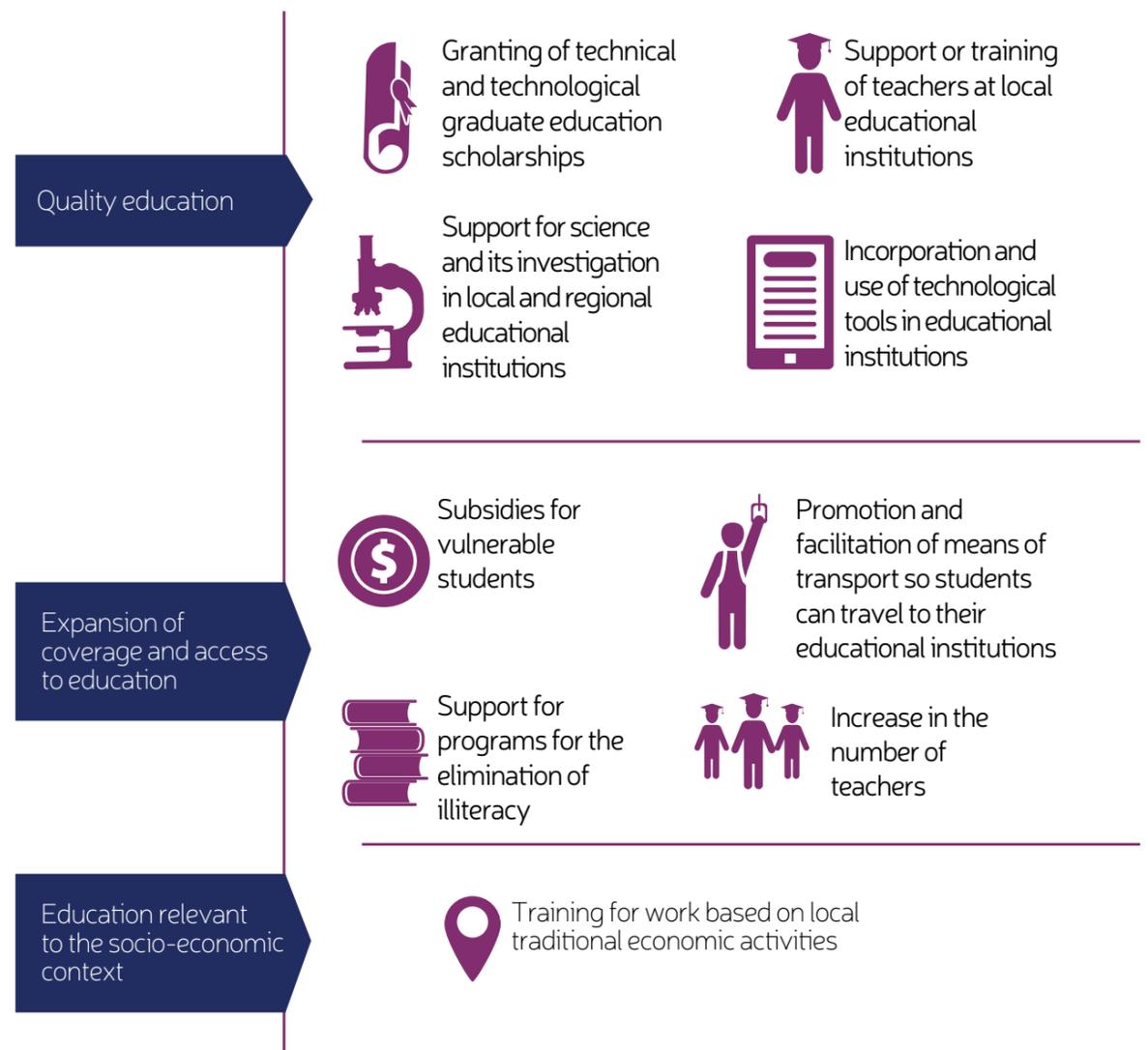
We also promoted productive projects that diversify the communities reliance on the oil industry activities such as sustainable rural production programs that deliver basic elements adapted to the productive conditions of the families’ lands, thereby seeking to improve family revenues. In the La Embajada local community council, municipality of Cabuyaro, Meta, we strengthened the productive cores of **40 families** (100% of the village), through the delivery of chickens, pigs, multicultural and livestock material.

At the La Culebra local community council, municipality of Orocué, Casanare, we strengthened the poultry cores through delivery of **725 laying chickens** to **25 families** (100% of the village), thereby enhancing the poultry activities, promoting activities different from the hydrocarbons industry and generating another source of employment. Also, at the Guafal Pintado local community council, Maní, Casanare, we strengthened the poultry and pork productive cores and improved land conditions for **68 families** (100% of the village), improving their daily activities and revenue.

Development of human capital

In Colombia’s National Development Plan, one of the fundamental pillars is the social equity instrument, given that it not only provides equal opportunities for people but also opens the doors of progress and improvement of the quality of democracy.

Frontera continues focusing its efforts on the development of the human capital present in the areas where it operates, through programs such as graduate education scholarships, literacy and basic education and training focused towards ethnic groups, all with the purpose of improving the quality of life of citizens. As such, we carried out the following projects:



At the municipality of Puerto Gaitán, working closely with the Secretariat of Education of the Department, we focused on continuing the eradication of youth and adult illiteracy, for which we **implemented the second phase of the adult education program that benefited 130 people of the Rubiales, Puerto Triunfo and Santa Helena villages and 120 people from the Vencedor Piriri indigenous reserve.** In the areas of influence of the fields where we operate, there are low levels of higher education, which is why we work to encourage the inclusion and social mobility of vulnerable youth through promoting their access to, and remaining in, higher education.

Recognizing that we live in a digital era, we supported the introduction of information and



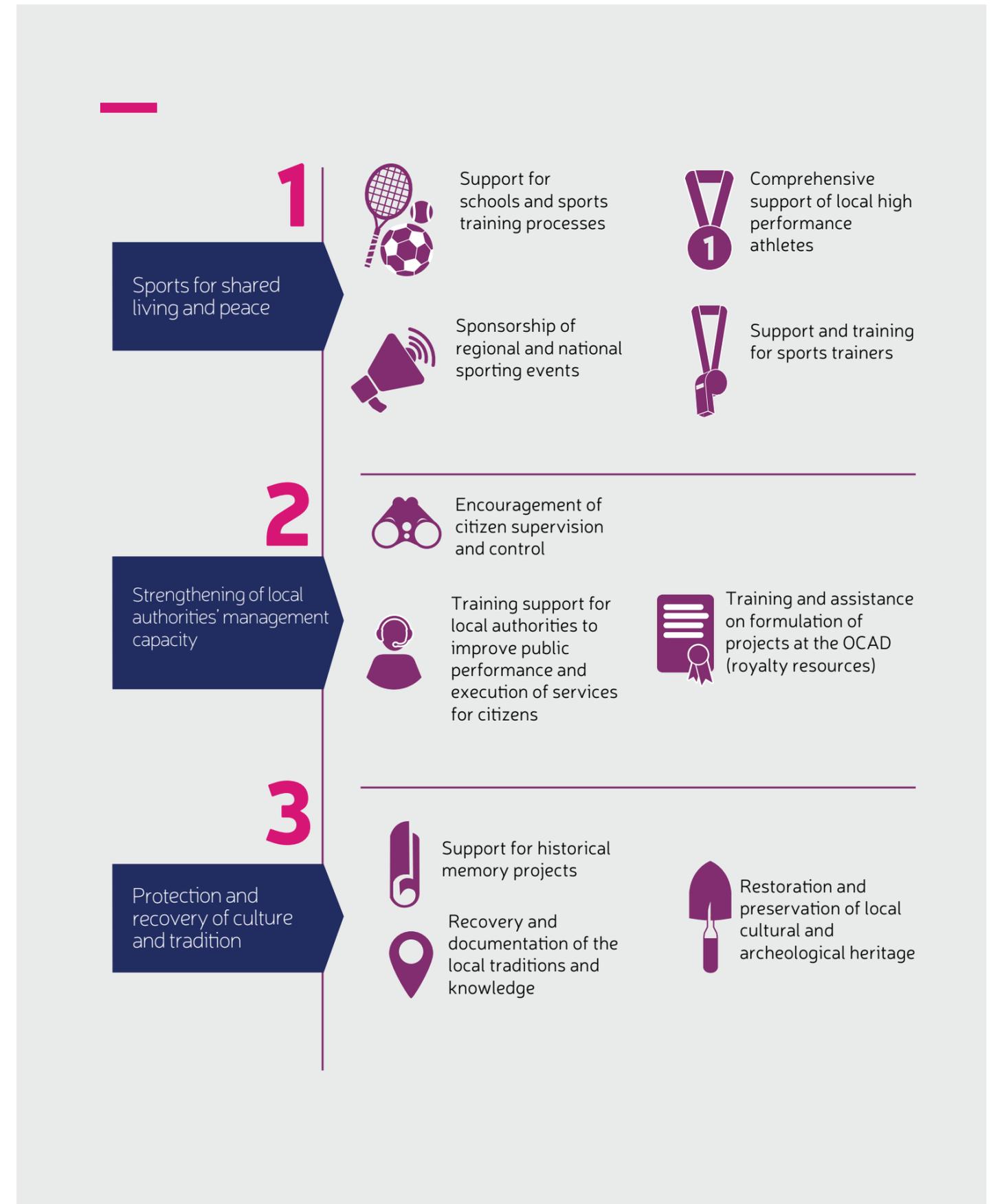
communication technologies into classrooms, promoting quality learning, and for this reason, we supported the execution of the Aulas AMIGAS educational project (Ambientes Integrados para la Gestión de Aprendizaje Significativo) in **seven schools**. This has been a novel program, given that it is a methodology that includes ICT, which did not previously exist in the municipality of Guaduas, Cundinamarca, and that generates a high impact on the education of children and on the expectations of schools. This project, which benefited **352 children** from different local community councils, included both the installation of hardware (equipment) and software (programs), and the training of teachers for their use and implementation, which allowed students access to interactive content that is constantly being updated, not only facilitating learning, but also tailoring its use.

Strengthening of the social and institutional fibre

The National Development Plan proposes a territorial structure that deploys in the regions of the national pillars and transversal policy strategies. It incorporates a framework for the identification and definition of concrete courses for action to close the development gaps that exist among the regions departments, municipalities and the main cities.

As a result, Frontera, through its strengthening of the social and institutional fibre, carries out programs and projects that contribute to the development and empowerment of the communities that surround the areas of

influence. With this program, we seek the strengthening of the management capacity of projects by local institutions in the areas of influence, with the purpose of executing sustainable projects, maintaining good relations and making the operation viable in the framework of the obligations related to the Community Benefiting Program (PBC for its initials in Spanish), The Environmental Management Plan (PMA) and the Voluntary Social Investment (ISV).





Through our program to strengthen the management capacity of local authorities, we have continued on the previous year's path by training the local community council and community in general in governance, protection and preservation of environment, conflict resolution, traffic rules, road safety and human rights, in the Meta and Casanare regions. More than 775 people have been benefited within the area of influence.

We completed the strengthening of operational personnel that work in the Secretariat of Public Works and Transport of the Department of Casanare with the donation of elements of protection and industrial safety that guarantee the execution of their daily activities under safe conditions, benefiting the entire community that uses the roads of Casanare.

Quality infrastructure

Aligned with the objectives set by the Government of Colombia in its National Development Plan regarding the reduction of poverty and contribution to the development of the regions of the area of influence, we continued supporting projects that improve the quality of life of the beneficiaries, joining efforts with local and regional authorities to generate sustainable projects.

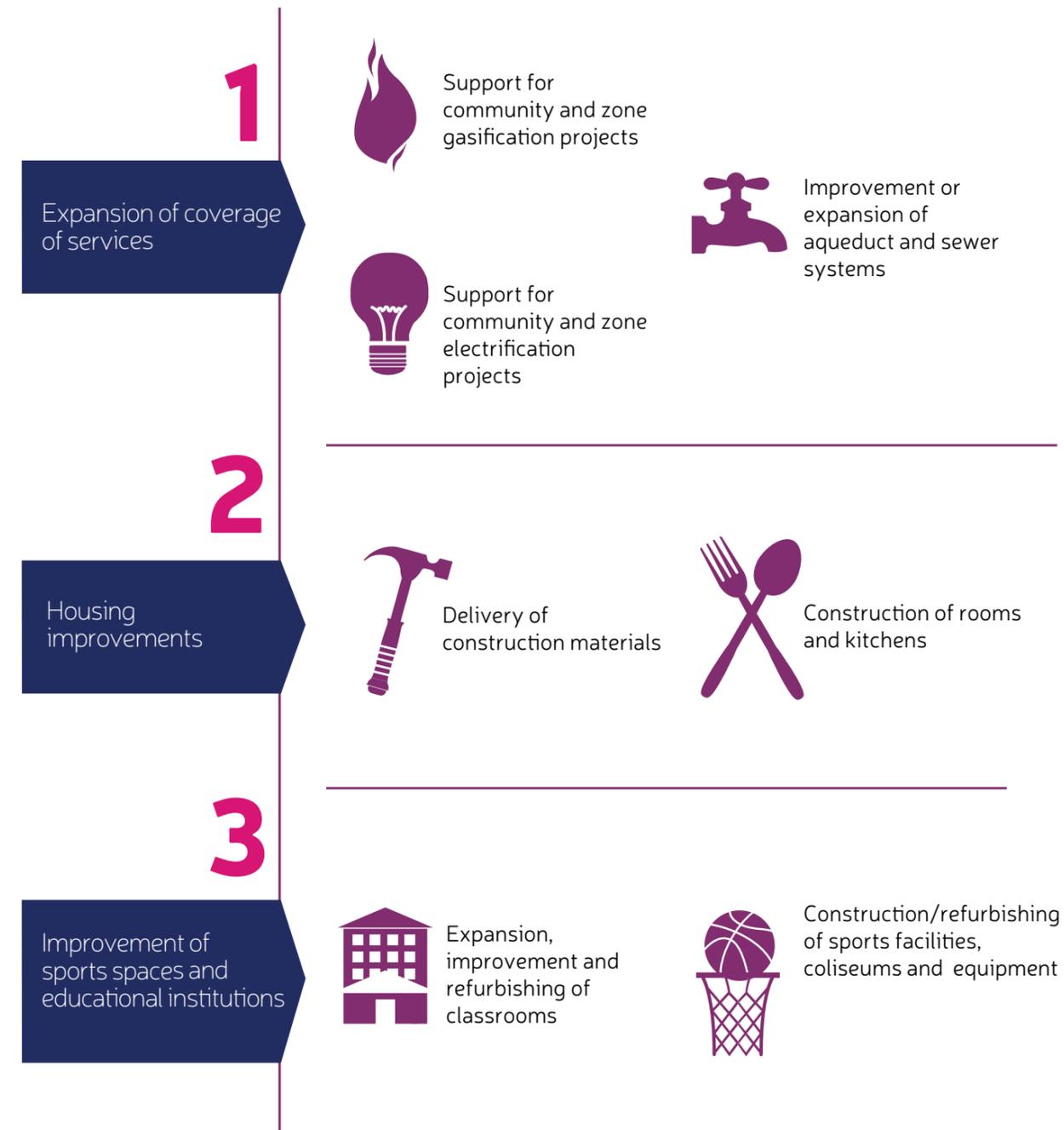
Pursuant to the 2016-2017 Global Competitiveness Index of the World Economic Forum, Colombia ranks **61st out of 138 countries**. In the infrastructure pillar, it has advanced by two positions; however, it is necessary to continue to

We carried out the delivery of concrete posts in order to support the electrification project led by the Municipality of Ariguani, in the Brillantina and El Placer local community council of the municipality of Santa Ana, Magdalena and the Buena Vista, Año Nuevo, Beniteras and Brillantina Ariguani local community council, municipality of Ariguani, Magdalena. Approximately 852 people have been benefited from these areas.

strengthen this sector in order to help it reach the goal of being the third most competitive country in Latin America by 2032.

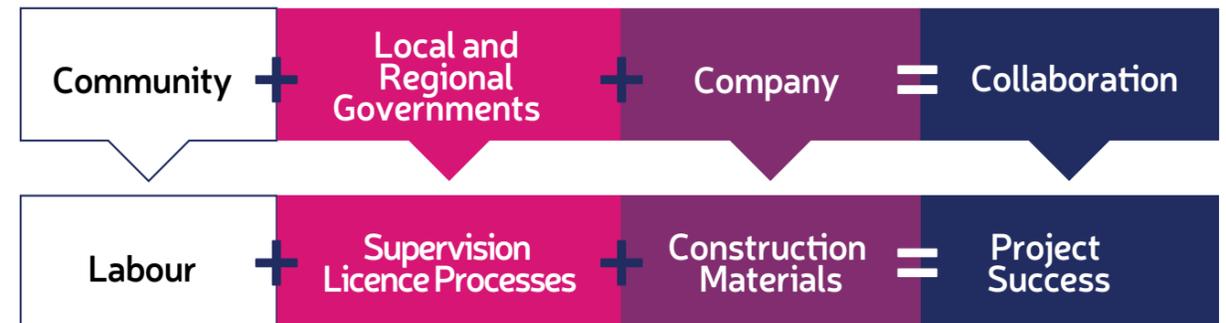
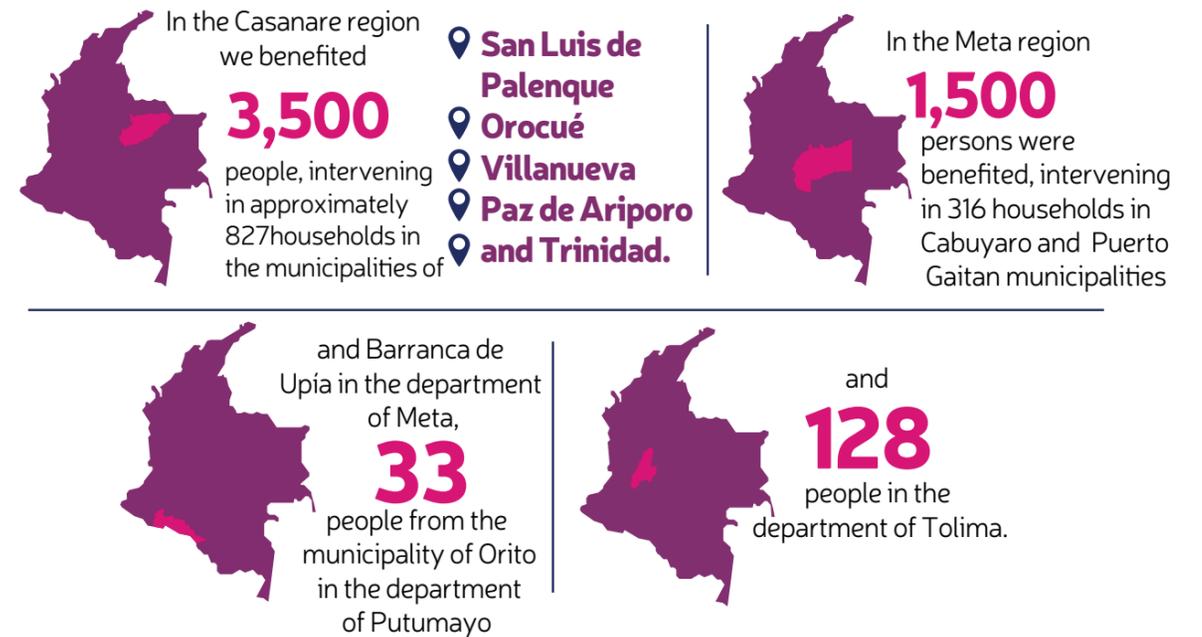
As a result, we continued making investments aligned with the Social Investment Framework, on the development of quality infrastructure axis, where we continue to work on a strategy focused on improving the living conditions of the communities within the areas in which we operate.

Within this framework, during 2017, we focused on three important programs, which are:



Through the expansion of the coverage of services, we have carried out projects in the department of Meta such as the construction of a deep well in the Puerto Triunfo village benefiting, directly and indirectly, **2,000 people**, and a project for water potability at the municipality of Puerto Gaitán in the indigenous reserve of La Campana and Vencedor Piriri, providing access to potable water for more than **12 indigenous communities**. Currently this project is 90% executed.

In addition, we work on projects related to improvement of housing through a self-construction strategy, which consists of contributing materials so the beneficiaries themselves carry out housing upgrades and provide the labour.



Lastly, in our program for the improvement of sporting spaces and educational institutions, we worked on improving the existing infrastructure of these institutions aligned with the development programs of local governments, where we were able to improve schools in the La Campana reserve in the municipality of Puerto Gaitan, Meta, thereby benefiting **more than 120 students**. We continue supporting projects that complement sporting and cultural scenarios by providing equipment for productivity such as protection for fencing, delivery of equipment and general improvements to communal classrooms in the departments of Meta, Casanare, Putumayo, Sucre and Tolima.

Our performance in Peru

During most of 2017, Block 192 did not operate primarily due to various factors which led the block to be declared in force majeure. These factors included, among other things, indigenous community claims against the Peruvian government, which resulted in a community blockade on Block 192 that shut down operations between September 18, 2017, and November 9, 2017.

Despite this, we maintained medical campaigns and engagement processes to tend to our indigenous populations, whom at no point were unprotected or unattended. Even emergency air transfers were carried out with escorts to hospitals in the city of Iquitos. Additionally, we continued supporting schooling plans and delivered the educational material with which Frontera assists in the instruction of the children at Block 192.

We closed an agreement with the indigenous communities of Los Jardines and Nueva Alianza de Capahuari, where the Capahuari Sur and Tambo batteries are located and produce light crude that is essential for blending.

At Frontera, by maintaining a clear and constant relationship strategy, we met with these communities and were able to reach a mutually beneficial agreement.

Moreover, with the Los Jardines community, we extended this comprehensive agreement to the end

of the current Hydrocarbon Production contract. In addition, we reached important agreements with communities such as José Olaya, Antioquia and Doce de Octubre, projects that perpetuate the cultural heritage of the indigenous communities.

Also, we maintained our presence in Blocks 116 and 126 with our partner BPZ, constantly coordinating with them to understand the plans and projects being executed in Block Z-1.

Our challenges 2018+

| ISSUE | CHALLENGES |
|---|--|
| Productivity of the local economic fibre | 1. Structure and evaluate social project initiatives to ensure they are sustainable, measurable and have impact, comply with obligations with regulatory entities and in turn and aligned with the corporate social investment framework. |
| Development of human capital | 2. Generate strategic alliances aligned with the social investment framework and national, departmental and municipal development plans that allow for the execution of investment actions for the benefit of the communities present in the territories where the Company operates. |
| Strengthening of the social and institutional fibre | 3. Position the Company through execution of emblematic projects that involve participation of other areas and stakeholders. |
| Quality infrastructure | |





WE RESPECT AND PROMOTE HUMAN RIGHTS IN OUR OPERATIONS

At Frontera, we reaffirmed the duty we have to respect the integrity of all persons with which we have relations to build based on trust and legitimacy. In addition, we respect the traditions and customs of the ethnic communities with which we have contact due to our operations.

For these reasons, during 2017, we advanced the following initiatives:

Right of association

At Frontera, we are committed to the protection of the rights and well-being of our workers and of the human capital that provides services to our Company, encouraging and seeking the development of labour relations in a mutually respectful manner and strict compliance with Colombian and Peruvian law.

For our Company, one of the most important stakeholders and the base of its sustainability strategy is its workers, a vital pillar of the growth model and the execution of our activities.

In its commitment to the principles and rights of association, the Company has aligned its policies, standards and actions with faithful compliance to legal and other rules and regulations regarding the right of association.

This ensures an environment that allows our workers or contractors, in an open and transparent manner, to exercise said rights in an active or passive manner through the affiliation, un-affiliation or organization of unions, within a framework of respectful and cordial communication with the Company and its subcontractors.

For this reason, all our workers have the fundamental right to associate with a union, and if they wish to associate, to choose which organization to join, as evidenced by the fact that currently in Colombia we have workers affiliated with two industry unions.

The aforementioned union relations are carried out under rigorous compliance with Colombian labour laws and applicable international treaties, guaranteeing the rights and obligations of the different actors and stakeholders.



Unión de Trabajadores de la Industria Energética Nacional de Hidrocarburos (UTENH)*.

As at December 31, **2017**, it had **698** affiliates

which represents **65%** of total employees.



Unión Sindical Obrera (USO).

As at December 31, **2017**, it had **27** affiliates

which represents **2.5%** of total employees.

In the case of UTENH, we saw an opportunity to negotiate some additional labour conditions, both for the union as well as for its affiliates. The result of which was the agreement that framed respectful and legal relationships between the parties and has allowed for normal operations and labour peace at the fields.

Also, we maintain respectful channels of communication with the USO union. On January 30, 2017, this union, after completing a negotiation process with the Company and before the Arbitration Tribunal could issue the relevant decision, withdrew the claim that originated the negotiation and filed new petitions restating the process.

At Frontera, upon receiving the labour petition presented by this union, we began negotiating with union representatives and completing a direct engagement stage as per Colombian labour legislation. However, the union and the Company were not able to negotiate a compromise; as a consequence of this failed negotiation, the Company is awaiting the Ministry of Labour to assume management of the conflict and to constitute an Arbitration Tribunal to resolve it.

Nonetheless, in 2017, we commissioned an analysis and study of the Company's labour strategy to identify improvement opportunities to implement in the coming years. In this analysis, we built a diagnostic that will serve as the base to define opportunities in the current strategy, starting from the Company's mission as a Company responsible for and respectful of its relationships with its surroundings.

As a result of this initiative, we set the following

vision statement regarding our labour relations:

“At Frontera, we build and lead, with passion, responsibility and innovation, labour relations for sustainable surroundings.”

In addition, and in-line with this vision, we developed a strategy with our different stakeholders -workers, contractors, employees of contractors, unions, operators and governments- to understand the dynamics of salary compensation and thus make decisions and promote the agreements necessary in search of just remuneration, both for direct workers as well as contractors. Based on the foregoing, we signed different labour agreements with the largest union, UTENH, as well as created salary policies for the regulation of the remuneration of workers that provide services in our value chain.

At the same time, we organized and promoted gatherings with the country's different oil operators, to treat, among other issues, those related to collective union scenarios -national and local- and find improvement opportunities in the relations with union groups. As a result of these encounters, we agreed on the leading role the communities of the areas of direct influence have in worker-employer relations and on the importance of respecting and guaranteeing space in order for workers, unionized as well as non-unionized, to feel the freedom and trust to exercise their right of association.

The graphics information is in reference to the direct employees in Colombia.

*Now UTIPEL

Eradication of child and forced labour

As in previous years, at Frontera, we continue to be committed to guaranteeing the rights of children and teenagers, especially guaranteeing the prevention of child and forced labour, considered by the Company as one of the worst forms of child labour.

For this reason, we reject the hiring and exploitation of minors in our operation and supply chain and we declared a position of zero tolerance regarding child labour, through our recognition and compliance with Principles 4 and 5 of the Global Compact, the Agreements 29, C105, 138 and 182 of the ILO, the International Convention on the Rights of the Child of the United Nations, Articles 44 and 53 of the Political Constitution, Law 1098 Code of Infancy and Adolescence and the Guiding Principles on Companies and Human Rights of the United Nations, and internal documents such as the new Sustainability Policy, and the new Code of Business Conduct and Ethics, our contracting and labour policies and our CSR and labour contract annexes.



Security and human rights

At Frontera, we are aligned with and committed to the "Voluntary Principles on Security and Human Rights," through which we accept a great responsibility as a Company, which we in turn convey to communities and stakeholders through disclosure and dissemination actions, acting diligently to avoid damage in our relationships.

These principles help the Company identify risks related to the possible violation of these rights and to take immediate measures to eliminate those risks, guaranteeing respect for human rights in its direct or associated operations. The process is subject to a comprehensive evaluation to guarantee its compliance and is complemented by training and guidance for public security forces and private security details, intended to identify human rights risks associated with security.

The foregoing allows us to guarantee that our activities have a positive impact on our surroundings, which establishes "social peace" as a fundamental element in the Company's relations with its surroundings. This scenario becomes consolidated only if the practices and processes have a high content of well-being, follow-up, respect and comprehensive development of communities. This vision guarantees the sustainability of the operation in the long-term, reducing operating costs and generating development and growth in the local context.

During 2017, the Company had 2,977 instances of security support by public forces, events of which were managed within the framework of respect for human rights and the Voluntary Principles, and in-line with our current Corporate Security Policy, which includes two main commitments

and applies to Colombia and Peru:

- Provide the resources necessary for training on human rights in the operating zones where public forces or private security are present.

- Develop mechanisms to monitor alerts and possible complaints on violations of human rights; there were no **reports during 2017.**

In each operating field, we promote the socialization and adoption of human rights and the Voluntary Principles through Local Security Committees (with public forces units installed in the areas of operation of each field) and the Internal Security Committees (with employees and contractors of fields and blocks).

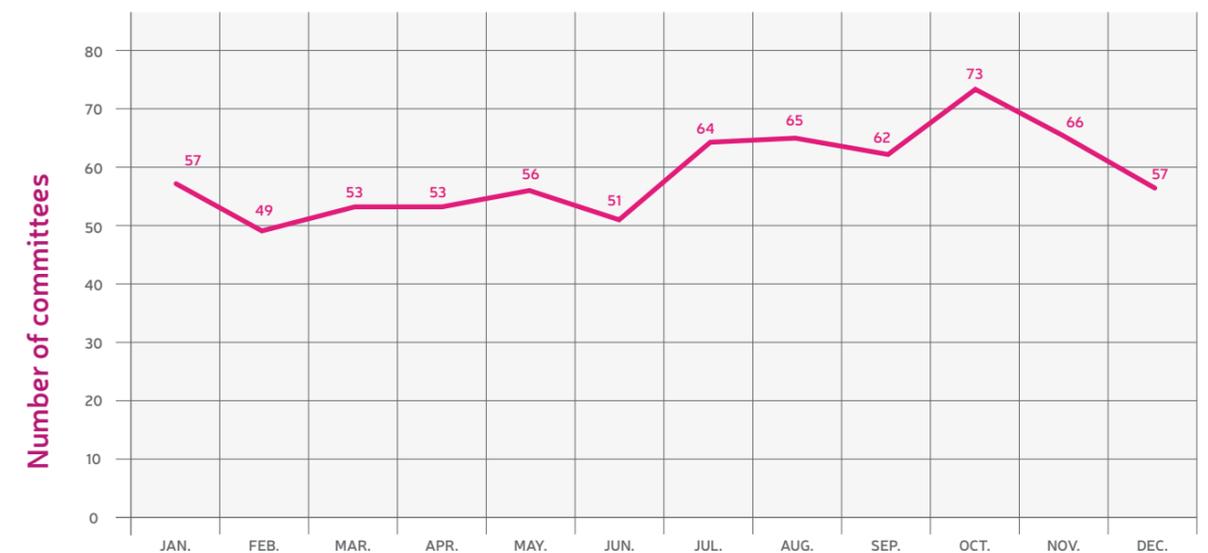
In 2017, we maintained relationships with public forces through these Local Security Committees (as shown in the following graph) and application of cooperation agreements with the army and national police, which provide as a mandatory principle that actions taken by these forces to preserve and guarantee the security of the operation be framed by the "Voluntary Principles on Security and Human Rights" corporate policy.

Local security committees



In addition, we held the Internal Security Committees in each field responsible for educating employees and contractors on the corporate policy, emphasizing the Voluntary Principles, thereby ensuring they will be respected and that the Company builds good relations with local communities.

Internal security committees

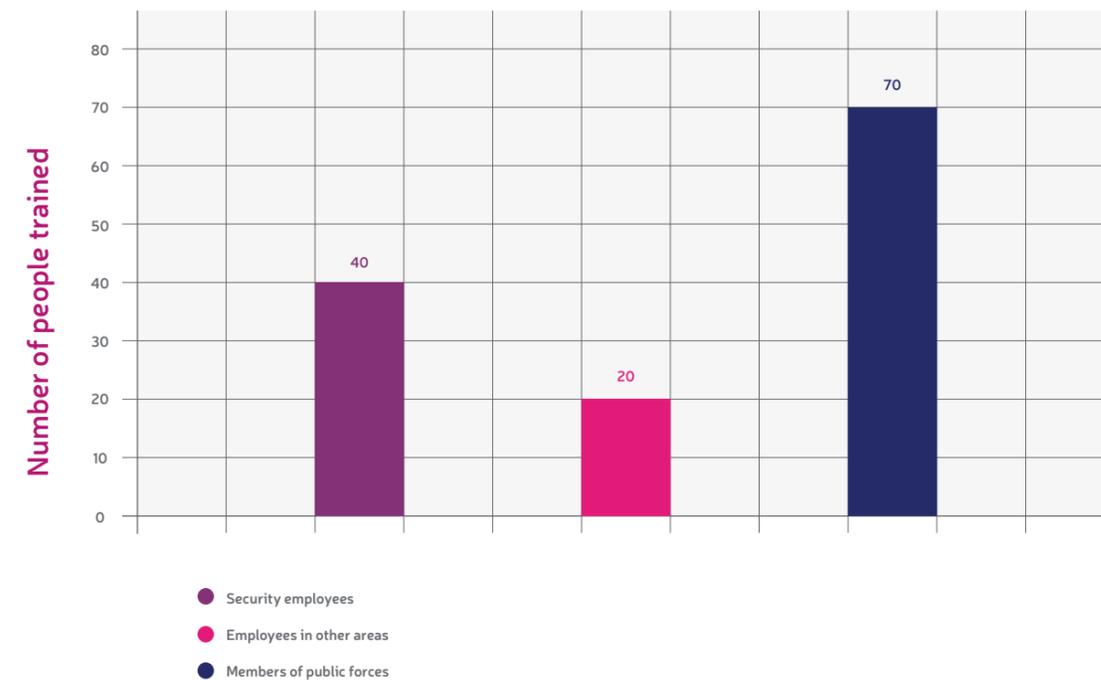


In accordance with the challenges reported in our 2016 Sustainability Report, we held several events for the training on, and promotion of, human rights and the Voluntary Principles in the Company:

Promotion and dissemination campaign Security and Human Rights 2017

| DATE | LOCATION | EVENT | ATTENDANCE / TRAINING |
|---------------------|------------------------|---|--|
| 28-29-30 March 2017 | Quifa field | Human rights training, vulnerable populations, adequate use of force, international protection systems, company and human rights | ESMAD – EMCAR – SETRA – Security – National Army – Physical Security: 110 people |
| 21 November 2017 | Frontera Bogotá office | Training on human rights, methodology master class and conference – conversation session | 20 officers from different areas of the Company |
| 2017 | Fields and blocks | Local or external Security Committees were held with public force units and other operators and internal committees with field employees and contractor companies | 409 Local committees 706 Internal committees |

Training on human rights 2017



130 people were trained on human rights issues, among Company employees and members of the public forces that contribute to the security of the surroundings of the areas of operation.

Finally, with the objective of guaranteeing compliance with the contractual annex to which all contractors must adhere, we performed 132 reviews and 214 support actions with our contractors. These reviews improved the knowledge of the level of implementation of the annex and compliance with the obligations therein provided.

Relations with ethnic groups

In Latin America, there are around 520 indigenous communities, 83 of which (1,392,623 inhabitants) are in Colombia, and 43 in Peru (3,919,314 inhabitants). During 2017, we interacted with 28 indigenous communities in our areas of direct influence in Colombia and Peru.

In interactions with the communities, we seek to go beyond the minimum legal requirements. We actively develop projects that aim to promote their well-being, improve their quality of life and provide opportunities to strengthen their capabilities.

Since 2009, we have worked with indigenous communities close to our operations and have developed and implemented a comprehensive strategy that seeks to respond to important needs of these communities and to promote their empowerment and social inclusion.

Our strategy is focused on the following axes:



¹ UNICEF, Indigenous communities of Latin America.



Our contribution in Colombia

For 2017, and after an exhaustive analysis of their needs, we focused our efforts on a housing improvement project through the delivery of zinc sheets to substitute palm roofs and thus reduce the pressure on these natural resources.

In total, we benefited



families which are completing improvements to their homes and therefore to their quality of life.

Regarding food sovereignty, the indigenous communities have had historic difficulty in guaranteeing food for their families given they don't have the necessary quantity in their ancestral territories and the areas apt for agriculture are reduced when compared to the population. All these factors have caused the increase of cases of morbidity and mortality associated with malnutrition cases.

For this reason, we have decided to commit to the search for food solutions for the communities and for this purpose we had implemented a nutritional packages program with which

we benefited



287

indigenous families of the Sikuani Ethnic Group of the municipality of Puerto Gaitán.

Additionally, we have implemented productive livestock projects (bovine and porcine), with which we seek to continue to improve the nutritional level of children, adolescents, adults and the elderly that inhabit each community, in addition to improving the social surroundings and the Company's community relations.

Regarding access to education, the rates of illiteracy of the indigenous reserves of the municipality of Puerto Gaitán (Meta) are worrisome:

approximately **38%** of people aged **5 TO 15** do not read or write their language

of people between **15 and 26** years, **20.6%** do not read or write the indigenous language

All this makes their capacity to self-manage more difficult.

As a way to mitigate these gaps, we established an agreement with the Insellanos Educational Institution to implement an education program for 120 people of the Vencedor Piriri Reserve, in academic areas such as Natural Sciences, the Spanish language, Social Sciences, Mathematics, the English language, Computers, Ethics and Values and Projects.

32% do not read or write in Spanish

14.7% do not read or write in Spanish

Puerto Gaitán (Meta)

31% do not read or write in Spanish or the indigenous language

and **14.3%** do not read or write in either of the two languages



Prior Consultation

In compliance with the prior consultation legal framework related to the modification of environmental licences for the Quifa block, we defined, among other agreements and management measures, the relations of members of the local indigenous community with Frontera's operation.

As a result
in **2017,**

we completed
the hiring of

66
people



in the areas of civil construction, physical security, road safety and drilling, among others, to strengthen skills and experience and consolidate the community's human capital.

Also, we met all agreements and commitments set in prior consultations. These commitments have materialized into community benefit projects, thereby allowing the strengthening of bonds of trust and relations with these communities, especially with the Villa Catalina community (Mecaya Block, in Putumayo), the communities of the Cagúan 6 Block (Putumayo), and the Sabanero Block (Meta).



Prior consultation stages completed in 2017, according to our operations in Colombia:

| INDICATOR | 2017 |
|--|------|
| Number of pre-consultations: First official meeting of the prior consultation process under law. | 1 |
| Number of openings: Its objective is to share the purpose of the project and the activities to be consulted on. | 1 |
| Number of impact workshops and management measurements: Its objective is to identify project impact and agree on management measures (prevention, mitigation, correction and compensation). | 1 |
| Number of pre-agreements: Meeting the objective of which is to define in detail and with numbers, the deadlines, amounts and impact mitigation measures agreed to. | 1 |
| Number of registries: Space where pre-agreements and proposals presented by the community and the Company are ratified or validated. | 2 |
| Number of follow up meetings: | 2 |
| Number of closing meetings for prior consultation processes: | 1 |

Our contribution in Peru

At Block 192, we initiated execution of a nutritional project in the native community of Los Jardines, called "Healthy Child-Niño Sano" (name given by the head of household mothers), which consists of providing fortified breakfast for children between 3 and 11 years old, as well as training the mothers of the community in nutrition and uses of the cooking equipment.

This program is aligned with the "Qali Warma" government project and had the participation/promotion of mothers from the community. However, because of the protest led by the communities against the Peruvian government regarding Lot 192 during September and October of 2017, the execution of this project was interrupted. During 2018, we will continue with these activities.

Gender equality

In-line with our commitment to promote gender equality at Frontera, and to continue implementing the EQUIPARES Gender Equality Management System, during 2017, after updating our Sustainability Policy and our Code of Business Conduct and Ethics, we reaffirmed our commitment of maintaining an environment free of discrimination and harassment, and promoting opportunities so that both women and men can have access to dignified and productive work under conditions of equality, health and safety, being faithful to our corporate values and commitments to the protection of human rights.

In addition, with the update of the Ethics Complaints Protocol, we ratified our commitment to maintain transparent,

confidential and true channels to treat any case of labour and sexual discrimination or harassment towards any internal and external stakeholder group.

Finally, and in compliance with the regulation issued by the Colombian government in 2017 regarding the obligation to have lactation rooms in companies with more than 50 employees, we are pleased to inform that because of our commitment with equality practices, we have already been offering this benefit since 2015.

Our challenges 2018+

| ISSUE | CHALLENGES |
|--|---|
| Right of association | <ol style="list-style-type: none"> 1. Elevate the quality of our suppliers regarding management of their labour relations, for which we will stipulate that for the selection, contracting and execution of the service and qualification there are indicators that show adequate relations by suppliers with their unions. 2. Train administration leaders on their labour relations and obligations, through a knowledge management strategy that strengthens their skills in different surroundings and relations with workers and unions. 3. Maintain constructive and healthy relations with unions within the legal framework. |
| Eradication of child and forced labour | <ol style="list-style-type: none"> 1. Sensitize our suppliers and contractors on the importance of committing to the eradication of forced and child labour, and monitor operations that have significant risks of encountering child labour cases. |
| Security and human rights | <ol style="list-style-type: none"> 1. Strengthen the awareness of human rights and the Voluntary Principles through the participation of internal and local security committees, distribution of documents and promotion of seminars, as well as coordinations made with public forces. 2. Train the military personnel that supports us through our cooperation agreements on human rights. |
| Relations with ethnic groups | <ol style="list-style-type: none"> 1. Contribute to the strengthening of the self-determination vision of communities, based on practices related to the respect of their traditions and customs. 2. Prevent, as much as possible, potential protests by the communities, on the basis of constant dialogue and compliance with applicable commitments. 3. Develop mutually beneficial community projects that generate the sustainability and future independence of communities in the industry. |
| Gender equality | <ol style="list-style-type: none"> 1. Strengthen the implementation of the EQUIPARES action plan to receive the gold seal. |



WE HAVE THE BEST TALENT

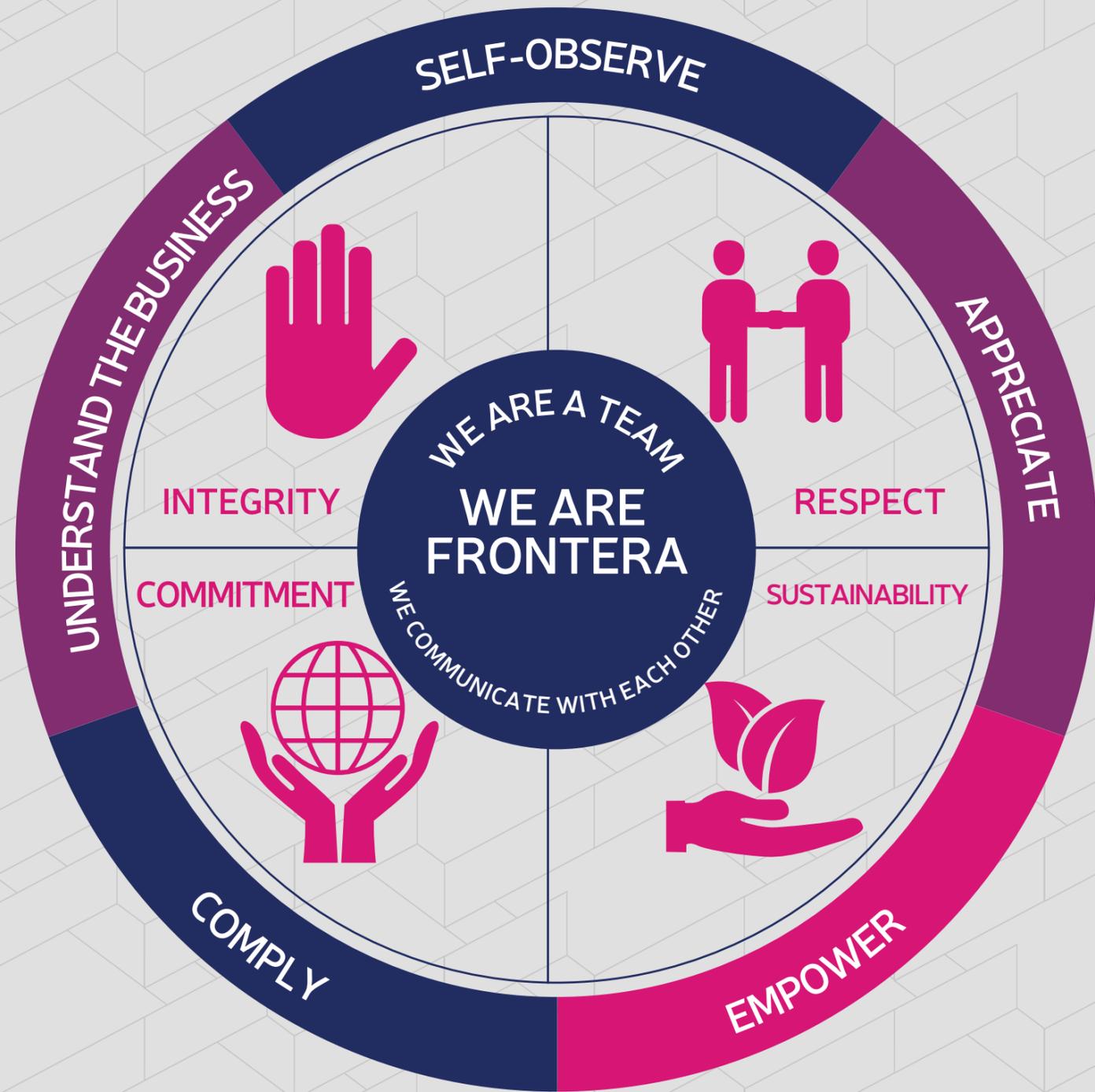
The hydrocarbons sector continues to demand efforts related to the management of human talent. At Frontera, we are aware of the challenge we have to maintain excellence in performance, ensuring the shaping of a culture based on values and coherence with compliance of ethical principles and established policies. We continue with our commitment to build on a healthy organizational capacity, ensuring we have the best talent.



Our Culture Model

In 2017, as a response to the birth of a new corporate brand and through the leadership of our CEO and Board of Directors, as well as the participation of our employees, we designed and launched the Frontera Values as a reference framework for the behaviour of all our workers, and the new Frontera Culture Model as a platform for leadership development to support the path for a new beginning.

In this new era, the Company seeks to create an identity that allows boosting and reinforcing of the current business strategy to where we can feel part of a single Company, empower ourselves and strengthen our leadership to support the transition from the past to the present. With this model, we hope to leverage business results, give all collaborators a sense of purpose and facilitate a path that generates adequate spaces and delivers the necessary tools.



Our objective for 2018 is to ensure that employees continue to firmly own and accept the standards, conducts and attributes that characterize the new organizational culture.



Selection and retention of human talent

At Frontera, one of the fundamental pillars of our path to the transformation and evolution into a new Company has been the teamwork, effort and resilience of our personnel. For this reason, a competitive compensation system, the promotion of a positive and constructive work environment and the consolidation of a new organizational culture are key tools to attract and retain the best human talent.

Our compensation system is focused on the execution of our business strategy, seeking competitiveness with markets in Colombia, Peru and Canada, maintaining internal equality, recognizing individual contribution aligned with strategic objectives, controlling costs, complying with legal provisions and strengthening a culture aimed towards high performance with the purpose of encouraging sustainable growth for Frontera.

Taking into account Frontera's transformation process during 2017, we carried out the following initiatives beginning with the review and update of the Compensation Policy and its subsequent implementation:

- Changes to the methodology for compensation of personnel, guaranteeing salary competitiveness but also compliance to efficiency objectives set by senior management during the year.

- Modification of the job positions matrix, reducing the number of organization levels to 16 and creating four job groups.
- Changes to the organizational structure by calibrating positions, which generated some cases of promotions and levelling. This process sought to understand the impact of each position and its contribution to the business, taking into account the Company's structural change during the past year.
- Design and implementation of short-term (performance bonus) and long-term (stock-based) incentives aligned with the business's strategic objectives in accordance with employees' level of influence. These incentives were designed taking into account market practices that were evaluated by the Compensation and Human Resources Committee of the Board for later dissemination.

• Measurement of Frontera's position regarding total compensation compared to the market, in order to guarantee internal and external competitiveness.

The result is a

98%

position in relation to the market.

Comprehensive development of our people

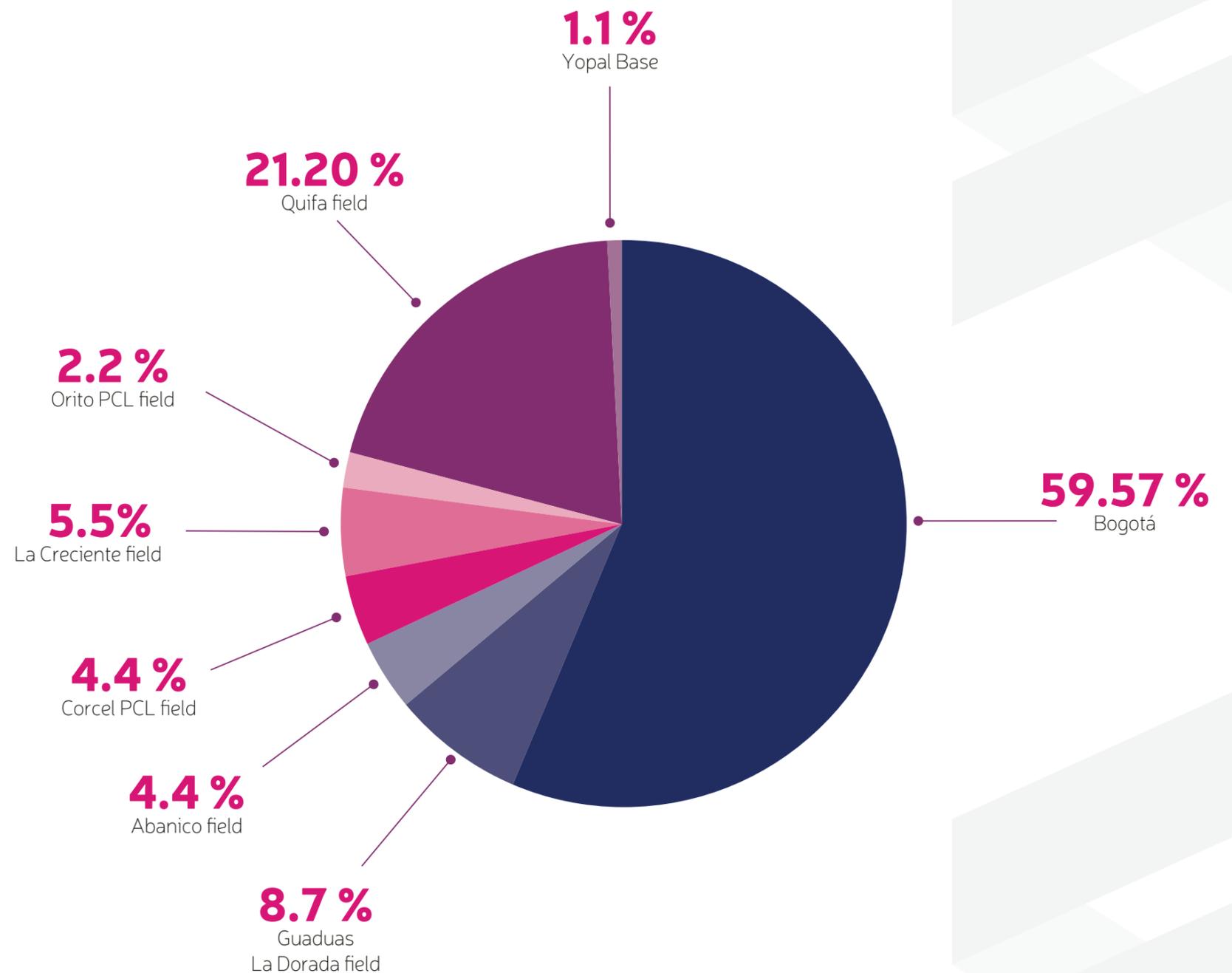
At Frontera, we continuously ensure we have the ideal collaborators for the present and future of the Company through recruitment and selection of the best talent, comprehensive development of the competencies of our workers, offering alternatives that increase their comprehensive well-being, management of optimal performance and care for work environment.

In 2017, we assessed more than **700 candidates** and opened the doors to **188 people**: **84** of them as direct employees and **104** as interns and apprentices. We complied with Colombian Law 1636, which specifies that "all employers are obliged to register their vacancies at the Employment Public Service," with special attention to Decree **1668**, respecting the 100% contracting of local unskilled labour and 30% of local skilled labour.

In addition, we paid attention to the internal development of our talent: 19 of our employees were promoted to managerial roles and 93 more to positions of individual contributors in areas with greater technical challenge and leadership. Four of these promotions were granted to winners of internal postings made to all employees.

With the intention of guaranteeing adaptation to the Company's culture, all new hires, promoted persons or those transferred between the fields and Bogotá, experienced the new "Welcome Experience and Adaptation to Culture" induction and re-induction program. With the execution of 16 programs in 2017, our main objective was to bring the new workers closer to their work groups and to facilitate their transition.

Areas of activity execution



Performance management

Performance Management is a central process with clear challenges and open communication throughout the year, where the leader and the employee establish, review, have a follow up and assess their objectives and achievement (business challenges) as well as the way in which they were attained (corporate values in practice).

- Focusing the Performance Management system on key objectives and simplifying the process for the supervisor and employee.
- Recognizing the late establishment of annual objectives in 2017, taking into account it was a transition year.

The model allowed employees to reflect on and share their performance in a year of changes for the sector, the Company and their development; factors that affected adjustments to structure, areas, job positions, superiors and/or responsibilities. Employees and leaders opened a space for additional opinions and perspectives in order to consider the most accurate evaluation on how they were able to reach their objectives during 2017.

80 % Achievements and objectives

20 % Performance objectives based on values

In 2017, we aligned the Performance Management Model to respond to the business needs and to strengthen the new culture. Our objectives were framed along the following premises:

- Guaranteeing the culture of merit in the entire organization in order to support individual growth, the performance of teams and achieving excellence in business results.
- Supporting the alignment of the individual and corporate objectives with a short-term incentive compensation program.
- Supporting processes for development, promotion and succession.

Work environment

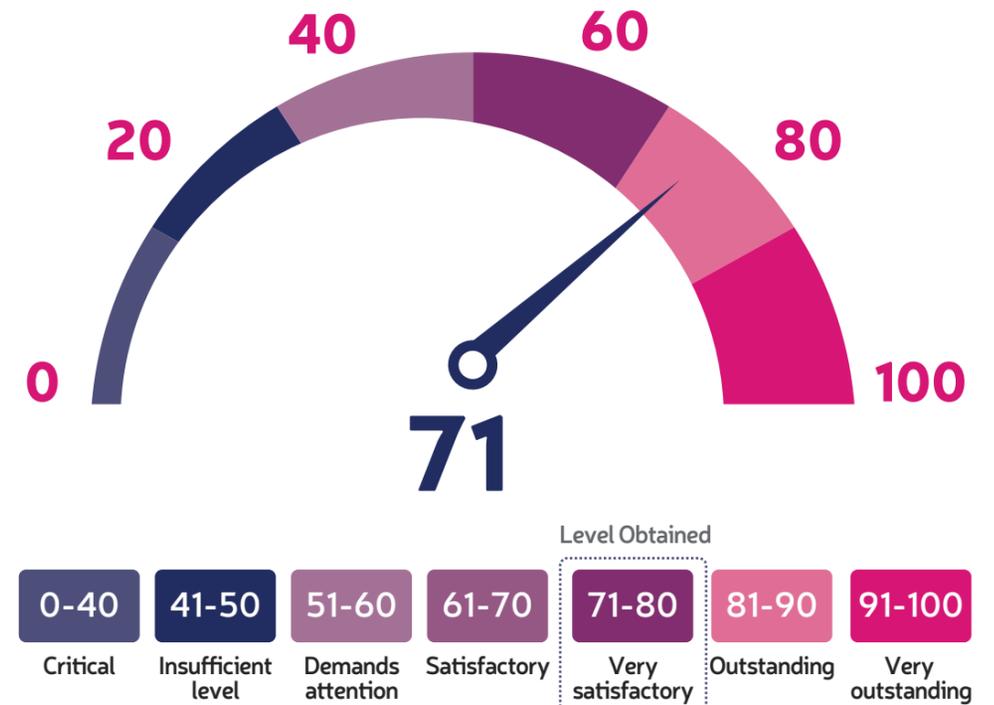
We are committed to offering to our workers an environment that provides an incentive for trust, motivation, self-realization and healthy productivity.

Regardless of the circumstances of change and adaptation to the sector's challenges, for Frontera, human talent continues to be the most important asset. We seek to identify the strengths and the spaces for improvement to advance and take a step forward with humility, acceptance and learning. Work environment is a priority, and we are convinced that measuring our work environment is a tool for preventive diagnostics and to diagnose closeness with our employees.

For this reason in **2017** we completed an internal survey in which we received **1,136** completed forms, a participation of **90 %** of our total employees.

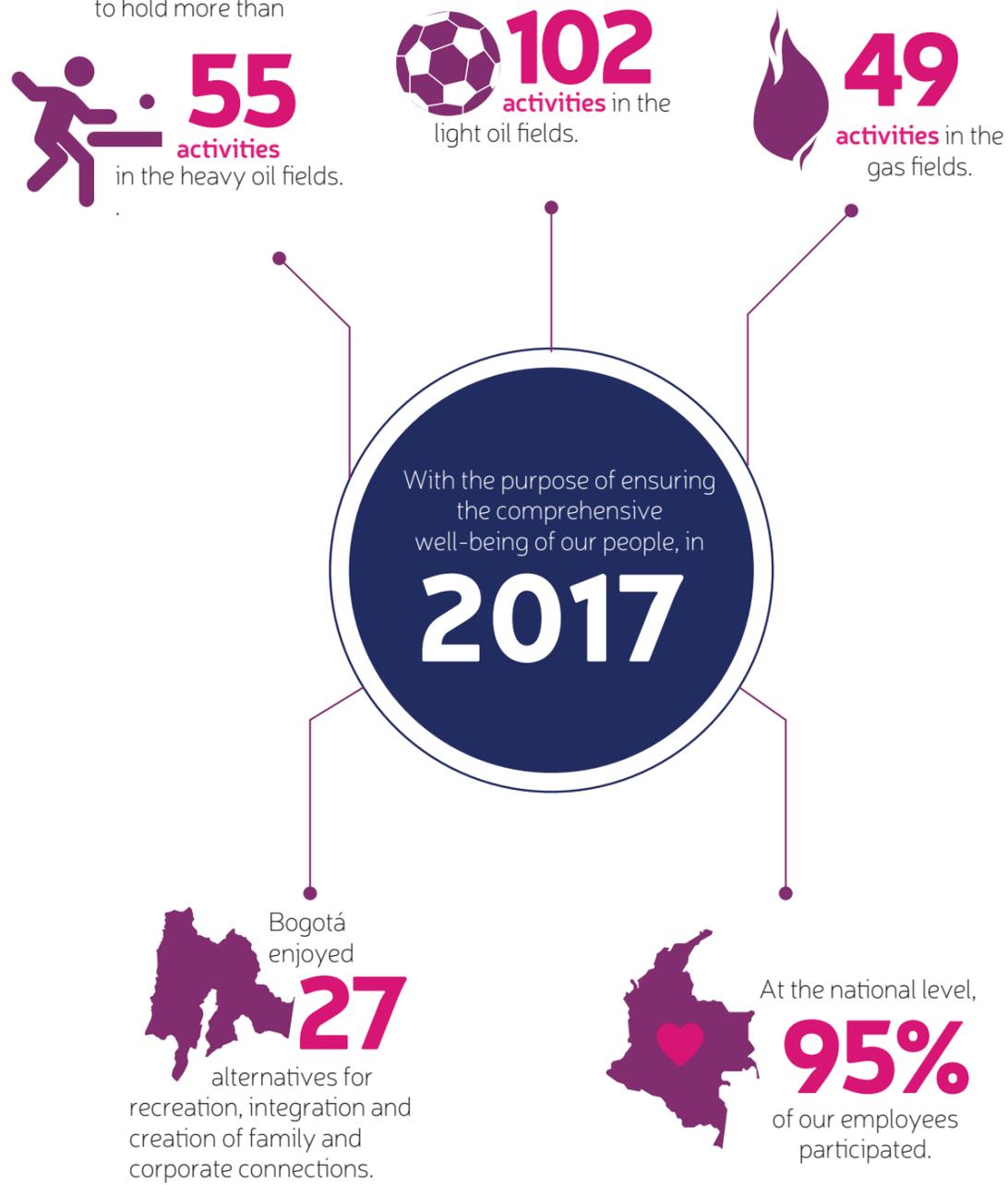
In this survey, we measured factors such as communication, equity, leadership, quality of life, and teamwork, among others, and internally carried out a measurement thermometer adjusted to the business's current moment.

The survey resulted in an environment index of **71** points placing us in a very satisfactory status.



Well-being

We worked closely with our family welfare funds to hold more than

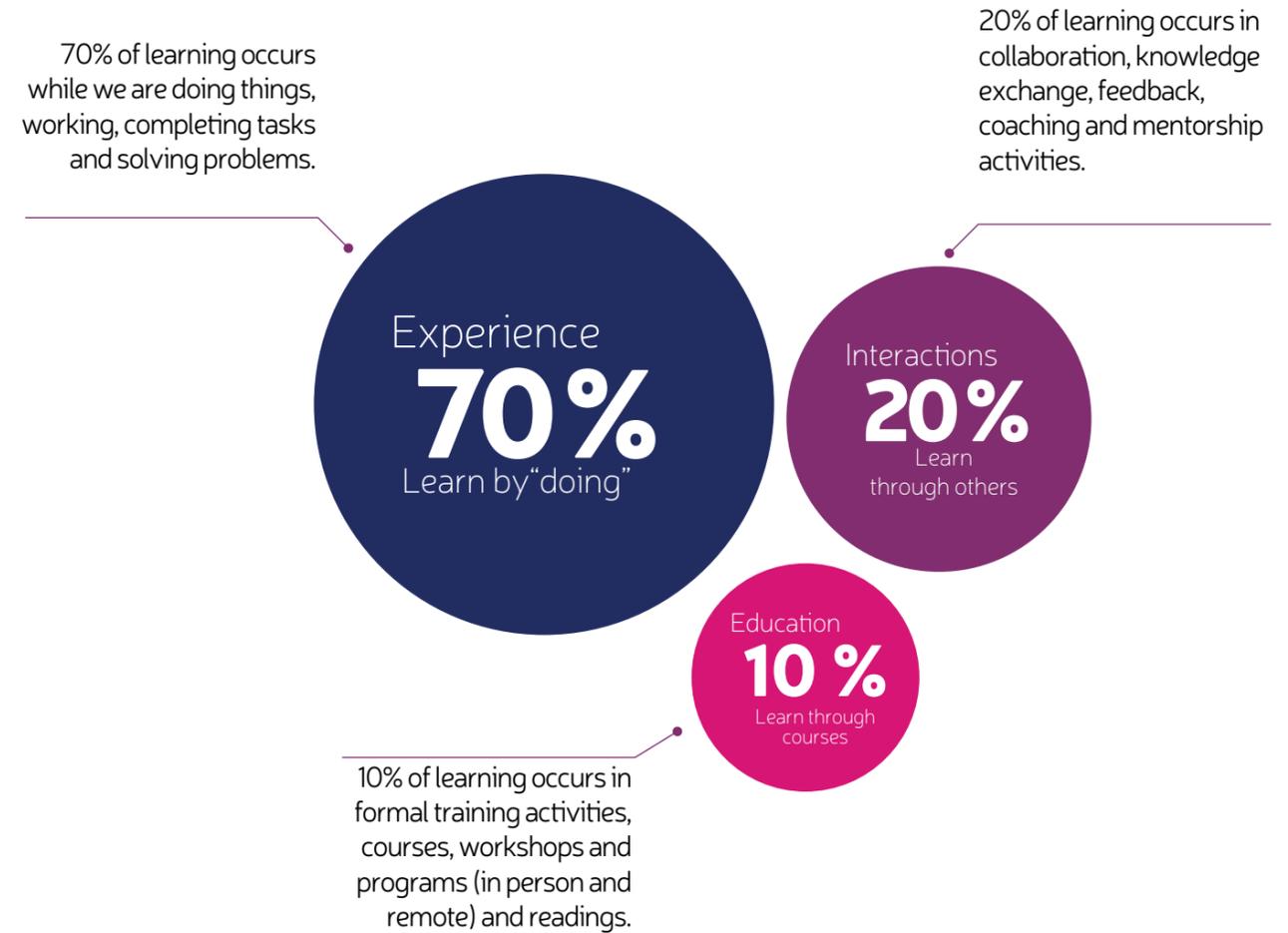


Organizational learning

Talent development is a fundamental pillar for the Company's sustainability. The volatile oil price environment and technological, environmental and socio-economic demands associated with the exploration and production of oil and gas impose important challenges in matters of training, development and availability of specialized talent.

To answer to these challenges, we must continue with an organizational learning strategy structured in accordance with and sustained by best practices that guarantee proficiency of our human talent on a timely basis and an adequate management of key knowledge using a restricted investment budget.

Under this scenario, we implemented the 70/20/10 method whereby we gave great importance to learning at the workplace, inviting people to acquire new knowledge and experiences in their day-to-day life.



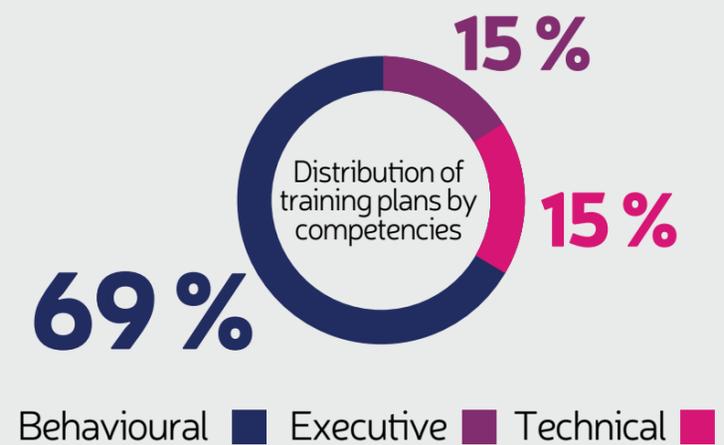
We also encouraged training by formal methods both in-person, as well as remotely, under the Productive Learning model, based on knowledge management practices, making use of our internal talent and free access to external knowledge.

In an exercise of content curation, we selected and included 52 virtual free courses under MOOC (Massive Open Online Courses), to the LMS (Learning Management System). These courses were developed by world-renowned universities, contributing to the training of more than 340 employees.

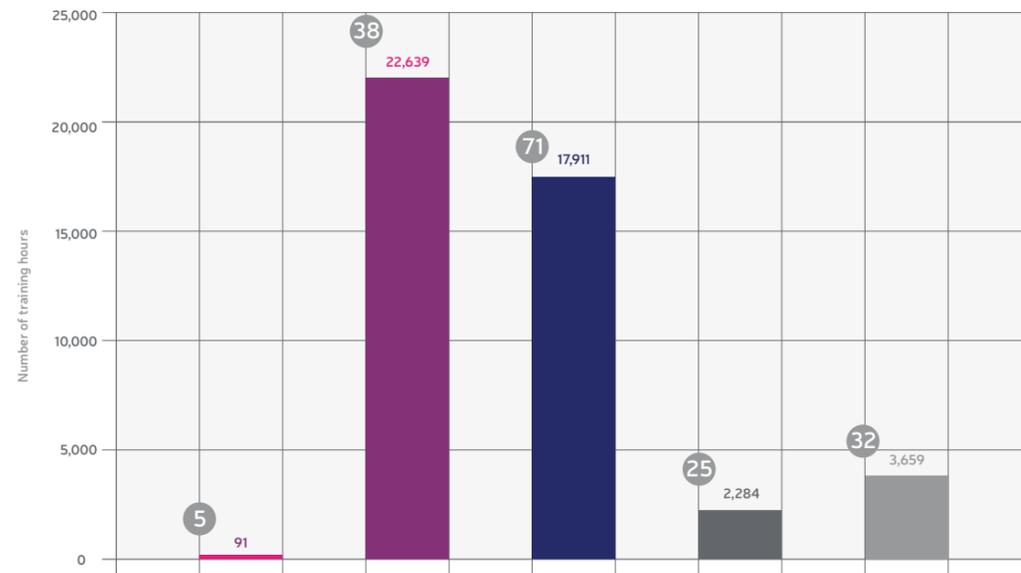
Through knowledge management, in 2017, we gave great importance to our Production Community, involving personnel from all our fields and Bogota. We also promoted technical workshops, inviting the main service suppliers and operators in order to review new technologies and best practices. We opened spaces for knowledge exchange between areas, thus strengthening technical skills among work teams.

89% of personnel participated in training activities, with an average of 43 hours per person, to strengthen technical, executive and behavioural skills for core areas of the business in key programs, such as Well Control, Forklift Operation, Workplace Safety and Health Management System SG-SST, Annual Certification on Work at Heights, New ALS Technologies, Measurement of Hydrocarbons, Operation and Maintenance, Training on Law 1668, Economic Evaluations, Development of Accountable Teams, International Negotiation, Management of Incoterms, Project Management, High Impact Presentations, Efficacious Writing and English, among others.

2017 Corporate University Indicators



Average training hours by profile in 2017



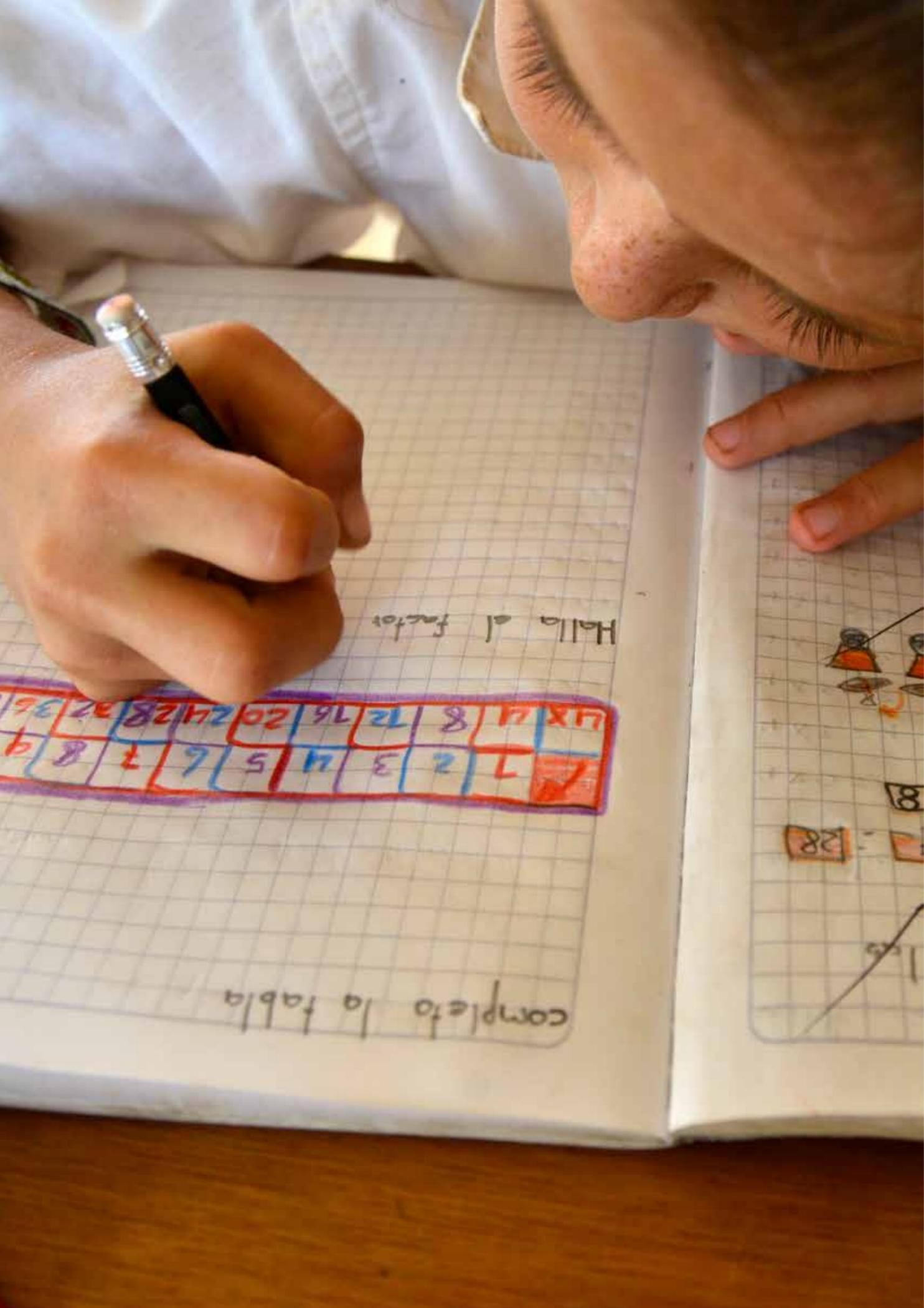
| GROUPS | # EMPLOYEES | TRAINING HOURS | AVERAGE MH |
|--------------------------------------|-------------|----------------|------------|
| ● EXECUTIVE / TOP MANAGEMENT | 18 | 91 | 5 |
| ● FIRST LINE MANAGEMENT / SUPERVISOR | 599 | 22,639 | 38 |
| ● SPECIALIST GROUPS | 251 | 17,911 | 71 |
| ● MIDDLE / GENERAL MANAGER | 93 | 2,284 | 25 |
| ● OTHER EMPLOYEES | 115 | 3,659 | 32 |

Organizational learning - year by year

| INDICATOR | 2012+ | 2013+ | 2014+ | 2015 | 2016 | 2017+ |
|---|----------------|----------------|----------------|---------------|---------------|--------------|
| Coverage | 89 % | 87 % | 99 % | 89 % | 94 % | 89 % |
| Intensity (average hours / employee) | 57 | 70 | 65 | 36 | 46 | 43 |
| Total investment on training | US \$4,087,342 | US \$4,988,697 | US \$6,639,877 | US \$610,441* | -US \$40,000* | US \$391,315 |
| Average investment on training per employee | US \$2,107 | US \$2,185 | US \$2,542 | US \$298* | -US \$30* | US \$364 |

+ Only Colombia

* Investment replacement (\$) per in-house sessions



We expanded our scope to external stakeholders

In 2017, we sought to impact other stakeholders. We developed some pilot projects where we could apply successful internal practices and lessons learned to enrich the development of contractors, communities, local suppliers etc.

For this purpose, through our Corporate University's Learning Management System (LMS), our external stakeholders can access and learn without having to leave their workplace. This allows them to have direct access to training on specific issues where they can develop their administrative competencies.

With the virtual Safe Operations course developed by the Corporate University, we covered in 2017 more than 65 contracting companies in the Physical Security area, with the participation of **300** of their employees, **covering a total of 80%** of the targeted audience.

Our challenges 2018+

| ISSUE | CHALLENGES |
|---|---|
| <p>Selection and retention of human talent</p> | <ol style="list-style-type: none"> 1. Strengthen the Frontera Energy culture by aligning the performance process with compensation decisions. 2. Continue market measurement that allows the identification of actions to maintain our external competitiveness. 3. Continue with proposals aimed towards improving internal equality. 4. Strengthen the short-term (performance bonus) and long-term (stock-based) incentives process. |
| <p>Comprehensive development of our people</p> | <ol style="list-style-type: none"> 1. Based on results, design strategies and articulated action plans that will help us mitigate risks, develop strengths and achieve, in an integral manner, the Company's goals. |
| <p>Organizational learning</p> | <ol style="list-style-type: none"> 1. Adapt and strengthen the Organizational Learning strategy to manage training and learning models, aligned with the business strategy, sustainability commitments and cultural identity, in our workers and external stakeholders, to face the Company's challenges and contribute to its sustainability. |



WE PROMOTE A SUSTAINABLE SUPPLY CHAIN

In our process of transformation and evolving as a new Company, our commercial partners have become the best allies for a sustainable, efficient and low-cost operation.

For this reason, during 2017, we focused our efforts on the following initiatives.

Sustainable management

At Frontera, having a sustainable supply chain is key because it allows the promotion of good practices and ethical procedures based on our corporate values as well as ensures the efficient supply of goods and services within the required timeframe and expected quality. In addition, it helps us to uphold the commitment to work closely with all our stakeholders based on interaction and trust, to develop the business in a socially and environmentally responsible manner.

For this reason, we ensure day-to-day that our supply chain reaches sustainable growth which implicates the presence of the shared-value principle in our surroundings in order to minimize the risks that are part of this process, and also allows the development of commercial relations with companies that have presence in neighbouring regions of our operations, ensuring a nearby supply source that is more efficient in terms of logistical costs.

Currently, at Frontera, we have a Corporate Policy for the Treatment of National Offer of Goods and Services, which is intended to ensure the participation of local suppliers and contractors in acquisition processes, if they comply with the conditions on quality, competitiveness and effectiveness.

During 2017, our most important results to guarantee a sustainable supply chain were as follows:

Redefinition of processes and procedures: we updated the main supply processes and added procedures that allowed simplification thereof, seeking alignment with 2017's organizational changes.

Supply plans: we developed supply plans in all of the organization's areas, with greater focus on the drilling and projects teams that allow response to the organization's needs, in order to generate value and optimize resources.

Local contracting strategies: we expanded participation and inclusion of local suppliers in the procurement of construction and transport services, provided assistance during registration of these suppliers in our database, and focused on reducing blockades through the proper previous engagement, with the guidance of local authorities and government entities as well as the communities close to the operation, all resulting in the implementation of strategies that guarantee participation of local companies in operational activities.

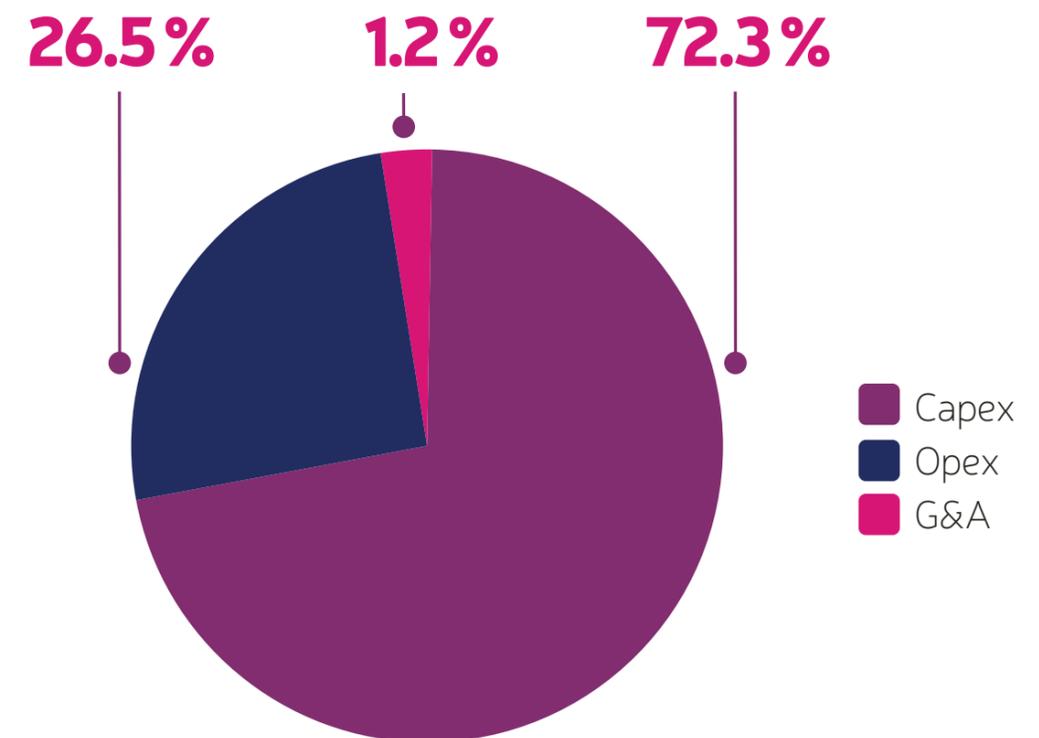
20 local companies were invited to tender offers for civil, mechanical and electrical work. We provided tutorship to register through our Achilles tool, with an option to participate as a consortium and flexible requirements in order to encourage their inclusion.

Optimization of resources in processes: Development of transparent supply processes focused on the reduction of the total cost of materials, goods and services contracted, to identify the best supply opportunities, at the lowest total cost and least possible risk, with a clear vision of innovation, and the best quality. All of the above supported the selection of ideal and qualified suppliers.

Generation of savings: we implemented optimizations in contracting processes that generated savings of approximately 9% compared

to the processes' budgets. This 9% is distributed as follows between Capex, Opex and G&A:

% savings



Supplier and contractor development

Supplier development is a fundamental pillar of Frontera's supply chain. With it, we not only achieve economic and sustainable development for operations, but also contribute in a significant manner to the progress of communities and areas adjacent to the operations.

Proper management of this issue directly impacts the Company and its surroundings, given that if we have strategic allies in optimal socio-economic conditions, we allow our operations to flow in an efficient manner, with reasonable costs, excellent quality and within the times required.

For this reason, we are committed to managing a sustainable supply chain through effective relations with suppliers and contractors that represent our corporate values of sustainability, integrity, commitment and respect, and build with us harmonious, equitable and mutually beneficial relations to support a responsible supply chain.

During 2017, we managed to do the following activities:

- Supplier development through meetings with local suppliers: we held five sessions with local suppliers. In these sessions, we presented the organization's changes, strategic focus and objectives and received feedback from the suppliers on the way in which processes for acquisition of goods and services are carried out. In the same way, we socialized the list of preferred supply categories to be acquired locally.

- Strengthening requirements for prevention of asset laundering and corruption: this allowed us to adopt a preventive and proactive stance in the processes intended to minimize risks; the main objective was to gather and analyze public and private information from companies with which the organization has contractual agreements.

- Performance evaluations: we carried out these evaluations to have ideal and competitive suppliers, to provide goods and services and to build long-term relationships. These evaluations were also a method to obtain feedback from suppliers, to know which are the improvement steps required for each party, and to work on them.

- Liquidation of contracts: this allowed us to close contracts and agree to pay pending obligations once our suppliers demonstrated compliance with the requirements provided in the contracts. In total, we liquidated 4,443 contracts with US\$66 million retained under associated collateral.

Purchase of local goods and services

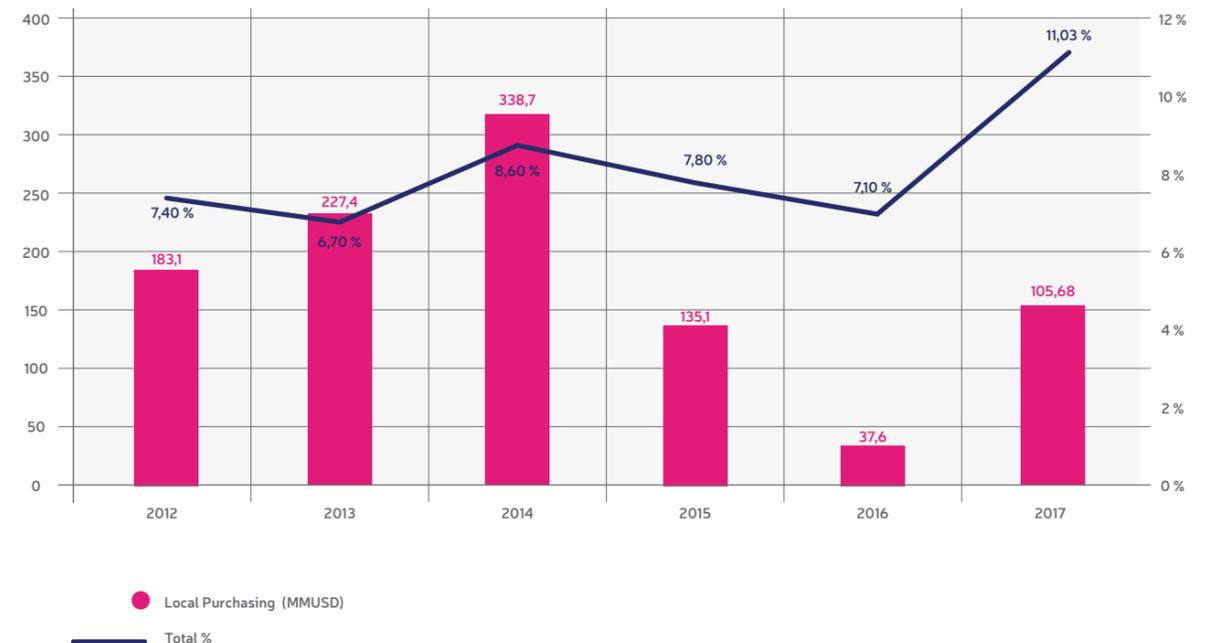
For Frontera, the local acquisition of goods and services is an important source of shared-value generation for the operations. As well, it guarantees a reduction in response times for the projects' needs, and it contributes to the growth and prosperity of the local economies.

By buying and contracting goods and services locally in the areas of influence, we positively impact both the Company as well as the surroundings, given that the unconditional support of our suppliers allows us to efficiently carry out services mitigating blockade risks, among others.

In addition, we promote the growth of the local economy by generating employment and strengthening companies.

For this reason, during 2017, we were committed to the design and implementation of contracting strategies that promote participation and inclusion of our local suppliers in contracting processes. These strategies were aimed at strengthening local companies, providing them with the opportunity to grow and expand the offering of services to other sectors of the economy.

Direct purchases from local suppliers



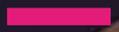
In 2017, the local acquisition of goods and services in Colombia increased significantly compared to the previous year, going from US\$37.6 million to US\$105.68 million. This was mainly due to better market conditions and the Company's commitment to the development of local economies in the regions where we operate.



Our challenges 2018+

| ISSUE | CHALLENGES |
|--|---|
| <p>Sustainable management</p> | <ol style="list-style-type: none"> 1. Redefine the supply chain according to the organization's objectives. 2. Update processes and procedures to improve control of activities for acquisition of goods and services, and respond to the needs of final users. |
| <p>Development of suppliers and contractors</p> | <ol style="list-style-type: none"> 1. Identify service categories for the development of new suppliers. 2. Implement training programs for employees and contractors in order to strengthen the supply of great quality of goods and services in accordance with the requirements and at the same time generate collaborative relations between the Company and contractors. 3. Implement a program for recognition of contractor performance that allows the strengthening of the delivery. |
| <p>Purchase of local goods and services</p> | <ol style="list-style-type: none"> 1. Ensure the financial health of local suppliers for decision making related to local contracting. 2. Review subcontracting procedures and compliance of commitments generated by our contractors. |





GRI STANDARDS

GRI DISCLOSURE INDEX

| GRI Standard | Disclosure | Reference | External Verification | Omission | | |
|---------------------|---|---|-----------------------|--------------|--------|-------------|
| | | | | Part Omitted | Reason | Explanation |
| GRI 101: Foundation | | | | | | |
| | Organizational profile | | | | | |
| | 102-1 Name of the organization | Frontera Energy Corporation | ✓ | | | |
| | 102-2 Activities, brands, products, and services | Our operations. Page 8 | ✓ | | | |
| | 102-3 Location of headquarters | Canada 333 Bay Street Suite 1100 Toronto, Ontario, Canada M5H 2R2 Colombia Calle 110 N° 9 – 25 Piso 14 Bogotá, Colombia | ✓ | | | |
| | 102-4 Location of operations | Our operations. Operations map. Page 9 Colombia, due to its current sociopolitical and economic conditions, and because it's where we have the majority of our production fields, is the main country where our sustainability model is implemented. Peru, due to its economic and sociopolitical conditions, and the presence of ethnic communities close to our operations, is becoming relevant in terms of sustainability for the Company. | ✓ | | | |
| | 102-5 Nature of ownership and legal form | Our operations. Page 9 Frontera Energy Colombia Corp, Sucursal Colombia, is a branch of Frontera Energy Colombia Corp incorporated in Switzerland. The largest shareholder of Frontera is The Catalyst Capital Group Inc. with approximately 31% ownership. There are also minority shareholders each holding less than 10% ownership. | ✓ | | | |
| | 102-6 Markets served | Our operations. Page 8 | ✓ | | | |
| | 102-7 Organization size | Frontera in numbers. Page 10 | ✓ | | | |
| | 102-8 Information regarding employees and other workers | As at December 31, 2017 Total employees: 1,248. Women: 378. Men: 870. Colombia: 1,076. Women: 332. Men: 744. Peru: 137. Women: 29. Men: 108. Canada: 35. Women: 17. Men: 18. In Colombia (direct employees): Fixed-term contract: 7. Women: 1. Men: 6. Indefinite term contract: 1,069. Women: 331. Men: 738. In Colombia (temporary personnel): 278. Women: 142. Men: 136. | ✓ | | | |
| | 102-9 Supply chain | Frontera in numbers. Page 10 We promote a sustainable supply chain. Page 87 Our largest suppliers are related to hydrocarbon services such as drilling, licencing, reforestation, logistical services, personnel transport, crude transport, among others. | ✓ | | | |
| | 102-10 Significant changes to the organization and its supply chain | During 2017, Frontera completed a successful merger of the four operating business units in Colombia (Meta Petroleum Corp, Pacific Stratus Energy Colombia Corp, Petrominerales Colombia Corp, Grupo C&C Energia) into a single entity (Frontera Energy Colombia Corp.). | ✓ | | | |
| | 102-11 Precautionary principle or approach | We act consistently and transparently. Risk management. Page 44 Since 2012, we have implemented the cause-effect methodology to analyze corporate risks with participation of the areas involved. Annually, we carry out that analysis for new and ongoing projects. | ✓ | | | |
| | 102-12 External initiatives | We contribute to the sustainable development of communities. Page 60 Initiatives supported by the organization: - Extractive Industry Transparency Initiative - Global Compact - Carbon Disclosure Project - The Voluntary Principles On Security and Human Rights (VP) | ✓ | | | |
| | 102-13 Membership to associations | Asociación Colombiana de Petróleo (ACP); Asociación Nacional de Empresarios de Colombia (ANDI); member of the Global Compact and the Local Network in Colombia, and founding member of the Regional Centre of the Global Compact in Latin America and the Caribbean; adhesion to the Business for Peace Initiative of the Global Compact; Royalties Investment Follow Up Committee; Extractive Industry Transparency Initiative (EITI); Regional Association of Oil, Gas and Biofuels Sector Companies in Latin America and the Caribbean; Mining-Energy Committee; Voluntary Principles on Security and Human Rights. | ✓ | | | |

| Strategy | | | | | |
|---|---|---|--|--|--|
| 102-14 Statement from senior decision-maker | Words from our CEO. Page 6 | ✓ | | | |
| 102-15 Key impacts, risks and opportunities | We act consistently and transparently. Risk management. Page 44 | ✓ | | | |
| Ethics and integrity | | | | | |
| 102-16 Values, principles,standars and norms of behavior | Our strategy. Page 16 | ✓ | | | |
| 102-17 Mechanisms for advice and concerns about ethics | We act consistently and transparently. Business ethics and compliance. Page 41 | ✓ | | | |
| Governance | | | | | |
| 102-18 Governance structure | a) The highest governance body is the Board of Directors which comprises three committees: Compensation and Human Resources; Audit; and Corporate Governance, Nominating and Sustainability Committee. For more information on the Board of Directors and its committees, please refer to our web page: http://www.fronteraenergy.ca/corporate-governance/ b)The Corporate Governance, Nominating and Sustainability Committee assists the Board of Directors in reviewing the Company's corporate sustainability policies, including environmental, social, health, safety and ethical matters, and is responsible for advising the Board, committees of the Board and executive management on such matters. | ✓ | | | |
| 102-19 Delegation of authority | The Corporate Governance, Nominating and Sustainability Committee Charter: i) delegates to management the responsibility of drafting policies and programs related to corporate sustainability matters, which policies and programs shall be submitted to the Committee for review and subsequently, to the Board, for approval, ii) establishes and recommends to the Board for approval, goals, policies and programs related to environmental, social, sustainability, health and safety issues, iii) reviews with management the Corporation's record of performance on environmental, social, sustainability, health and safety matters, along with any proposed actions based on the record of performance, iv) reviews with management the following items as they relate to environmental, social, sustainability, health and safety matters: a) the Corporation's policies with respect to risk assessment and risk management, b) the Corporation's major financial risk exposures, c) the steps management has taken to monitor and control such exposures, d) the effect of relevant regulatory initiatives and emerging trends, and e) all material claims, demands and legal proceedings against the Corporation. | ✓ | | | |
| 102-20 Executive-level responsibility for economic, environmental and social topics | At Frontera, we have a Corporate Affairs Director responsible for economic, environmental and social matters, who reports directly to our CEO and also to the Corporate Governance, Nominating and Sustainability Committee about the progress on economic, social and environmental topics. | ✓ | | | |
| 102-21 Consulting stakeholders on economic, environmental and social topics | According to the Company's Stakeholder Engagement Protocol, any interested party may communicate directly with the Chairman of the Board and the independent directors. In addition, shareholders may provide feedback directly to any individual director, including the independent directors as a group, the Board or any Board committee. The Board may also reach out to key shareholders, either directly or with the assistance of the Corporation's Investor Relations team. Communication shall be managed in accordance with the Corporation's Public Disclosure Policy and Insider Trading Policy, which includes the obligation to not make selective disclosure of material information. | ✓ | | | |
| 1102-22 Composition of the highest governance body and its committees | The Company's highest governance body is our Board of Directors. Currently, this Board comprises six independent directors. For more information on its composition, please see our web page: http://www.fronteraenergy.ca/leadership/ | ✓ | | | |
| 102-23 Chair of the highest governance body | Gabriel de Alba is the Chairman of the Board of Directors. Mr. de Alba is considered an independent board member under Canadian securities laws. There is currently no Lead Independent Director. | ✓ | | | |
| 102-24 Nominating and selecting the highest governance body | The Corporate Governance, Nominating and Sustainability Committee is a committee of the Board which assists the Board by providing it with recommendations relating to corporate governance in general, including, without limitation: i) Board size and composition, including the candidate selection process and the orientation of new members, ii) Board compensation, and iii) such procedures as may be necessary to allow the Board to function independently of management. The committee also oversees compliance with policies associated with an efficient and effective system of corporate governance. The Committee shall recruit and consider candidates for nomination as a director, including any candidates recommended by shareholders, having regard to the background, employment and qualifications of possible candidates. In considering new appointments to the Board, the CGNSC also considers the level of diversity, independence and personal qualities being introduced to the Board by such nomination, and whether the candidate's competencies and personal qualities are aligned with the Corporation's needs and any criteria for selecting new directors established by the Board. | ✓ | | | |
| 102-25 Conflicts of interest | The processes for the highest governance body to ensure conflicts of interest are avoided and managed are included in the Conflicts of Interest Policy which applies to all directors, officers, employees, consultants, contractors, subcontractors, trainees, seconded staff, home workers, volunteers, interns, agents, sponsors or any other person or persons working for the Corporation. During 2017, we ensured that 100% of new employees signed their commitment to integrity, adhering to the Code of Business Conduct and Ethics, the zero-tolerance policy for fraud and corruption and declaring conflicts of interest. Of active employees and the Board of Directors, | | | | |

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|--|--|---|---|--|--|--|
| | | 1,136 signed the annual conflict of interest survey, with 96.7% total compliance and reporting 232 conflicts and 191 employees with conflicts of interest. | ✓ | | | |
| 102-26 Role of highest governance body in setting purpose, values and strategy | | The Corporate Governance, Nominating and Sustainability Committee Charter: i) delegates to management the responsibility of drafting policies and programs related to corporate sustainability matters, which policies and programs shall be submitted to the Committee for review and subsequently, to the Board, for approval, ii) establishes and recommends to the Board for approval, goals, policies and programs related to environmental, social, sustainability, health and safety issues, iii) reviews with management the Corporation's record of performance on environmental, social, sustainability, health and safety matters, along with any proposed actions based on the record of performance, iv) reviews with management the following items as they relate to environmental, social, sustainability, health and safety matters: a) the Corporation's policies with respect to risk assessment and risk management, b) the Corporation's major financial risk exposures, c) the steps management has taken to monitor and control such exposures, d) the effect of relevant regulatory initiatives and emerging trends, and e) all material claims, demands and legal proceedings against the Corporation. | ✓ | | | |
| 102-27 Collective knowledge of highest governance body | | In order to ensure that new directors are familiarized with the Corporation's business and procedures of the board, there is an on-boarding process for new board members. Information may include the Corporation's corporate and organizational structure, recent filings and financial information, governance documents, important policies and procedures and knowledge of economic, environmental and social topics. The Board will ensure that every director possesses the capabilities, expertise, availability and knowledge required to fill his or her position adequately. The Board will ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors). All new directors should also understand the nature and operation of the business. The Board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Corporation's business remains current. | ✓ | | | |
| 102-28 Evaluating the highest governance body's performance | | The Corporate Governance, Nominating and Sustainability Committee: i) shall conduct annual surveys of directors with respect to their views on the effectiveness of the Board, the chair of the Board, each committee of the Board and its chair and the contribution of individual directors, and ii) The Committee shall also annually assess the effectiveness of the Board as a whole and each committee of the Board, including the Committee, and make recommendations to the Board. | ✓ | | | |
| 102-29 Identifying and managing economic, environmental and social impacts | | a) The Corporate Governance, Nominating and Sustainability Committee: i) reviews the Corporation's internal control systems in the areas of environmental, health and safety, ii) receives reports on the nature and extent of compliance or any non-compliance with environmental, health and safety policies, programs and applicable legislation and establishes plans to correct deficiencies, if any, and to report to the Board on the status of such matters, iii) reviews with management the following items as they relate to environmental, social, sustainability, health and safety matters: the Corporation's policies with respect to risk assessment and risk management, the Corporation's major financial risk exposures, the steps management has taken to monitor and control such exposures, the effect of relevant regulatory initiatives and emerging trends, and all material claims, demands and legal proceedings against the Corporation, and iv) apprises the audit committee of the Board of significant changes in financial risk exposures or potential disclosure issues relating to environmental, social, sustainability, health and safety matters; b) Frontera performs an annual materiality analysis in order to consult internal and external stakeholders on social, economic and environmental impacts. The results of this analysis are presented to the CGNSC, responsible for approving the disclosure of said findings in the sustainability report. | ✓ | | | |
| 102-30 Efficiency of risk management processes | | The Corporate Governance, Nominating and Sustainability Committee: i) reviews the Corporation's internal control systems in the areas of environmental, health and safety, ii) receives reports on the nature and extent of compliance or any non-compliance with environmental, health and safety policies, programs and applicable legislation and establish plans to correct deficiencies, if any, and to report to the Board on the status of such matters, iii) reviews with management the following items as they relate to environmental, social, sustainability, health and safety matters: the Corporation's policies with respect to risk assessment and risk management, the Corporation's major financial risk exposures, the steps management has taken to monitor and control such exposures, the effect of relevant regulatory initiatives and emerging trends, and all material claims, demands and legal proceedings against the Corporation, and iv) apprises the audit committee of the Board of significant changes in financial risk exposures or potential disclosure issues relating to environmental, social, sustainability, health and safety matters. In 2017, the Executive Committee reviewed the Company's risk profile and performed a close follow-up on corporate risks, including those related to economic, environmental and social topics. | ✓ | | | |
| 102-31 Review of economic, environmental and social topics | | Meetings of the Corporate Governance, Nominating and Sustainability Committee shall be held from time-to-time as the Committee or the Chair thereof shall determine as necessary to perform the duties described in its charter. | ✓ | | | |
| 102-32 Highest governance body's role in sustainability reporting | | The Corporate Governance, Nominating and Sustainability Committee reviews and approves the report and ensures all material topics are covered according to the materiality analysis performed with stakeholders. | ✓ | | | |
| 102-33 Communicating critical concerns | | To communicate complaints or concerns, the Chair of the Audit Committee can be contacted directly in writing by sending an email with the word "Confidential" in the subject line to the following address: AuditCommitteeChair@fronteraenergy.ca | ✓ | | | |

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|---|--|---|---|-----------------------------|--|
| 102-34 Nature and total number of critical concerns | <p>Our strategy. Our material issues. Coverage of our material issues. Page 22</p> <p>The Audit Committee will review in the aggregate all complaints and investigations made pursuant to the Whistle Blower Policy on a quarterly basis.</p> <p>Concerns will be investigated as quickly as possible. It should also be kept in mind that it may be necessary to refer a matter to an external agency or advisors, and this may result in an extension of the investigative process. Also, the seriousness and complexity of any complaint may have an impact upon the time taken to investigate a matter. A designated person will indicate at the outset the anticipated time scale for investigating the complaint.</p> | ✓ | | | |
| 102-35 Remuneration policies | <p>Compensation of non-executive directors has the intention of attracting the best talent with the capacity to meet the demanding responsibilities of being a Board member, and align the interests of non-executive directors with the interests of our shareholders. Compensation of non-executive directors is not incentives-based.</p> <p>Our Compensation and Human Resources Committee annually reviews Board compensation levels to ensure they are competitive and are aligned with the industry's best practices in terms of Corporate Governance.</p> <p>For more information, see the "Directors and Officers" sections of our annual information form, at: http://sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00007953</p> | ✓ | | | |
| 102-36 Process for determining remuneration | <p>Remuneration in our Company is proposed by the Director of Human Talent, with the support of external consultants. This proposal is reviewed and approved by our Compensation and Human Resources Committee.</p> <p>For more information, see the "Directors and Officers" sections of our annual information form, at: http://sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00007953</p> | ✓ | | | |
| 102-37 Stakeholders involvement in remuneration | <p>At Frontera, our shareholders are able to review our key executives' compensation annually in the context of electing the directors of the company.</p> <p>However, we consider a best practice in terms of compensation at peer Oil & Gas companies, the perception and guidance of shareholders advisory groups such as ISS and Glass Lewis.</p> | ✓ | | | |
| 102-38 Annual total compensation ratio | | ✓ | Due to security concerns related to our personnel, the Company is not authorized to publicly disclose this information. | Confidentiality Constraints | |
| 102-39 Percentage increase in annual total compensation ratio | | ✓ | Due to security concerns related to our personnel, the Company is not authorized to publicly disclose this information. | Confidentiality Constraints | |
| Stakeholder engagement | | | | | |
| 102-40 List of stakeholder groups | Our strategy. Our stakeholders. Page 21 | ✓ | | | |
| 102-41 Collective bargaining agreements | We respect and promote Human Rights. Right of association. Page 69 | ✓ | | | |
| 102-42 Identifying and selecting stakeholders | <p>Our strategy. Our stakeholders. Page 21</p> <p>We prioritize stakeholder groups based on criteria set by norm AA1000: representativeness, dependence, urgency, responsibility and influence.</p> | ✓ | | | |
| 102-43 Approach to stakeholder engagement | <p>Our strategy. Our stakeholders. Page 21</p> <p>Our material issues. Page 22</p> <p>The frequency with which Frontera interacts with each Stakeholder Group is:</p> <p>Community: Daily State: Quarterly Civil society: Daily Government: Monthly Media outlets: Monthly Shareholders: Daily Field partners: Weekly Suppliers and contractors: Daily/monthly Unions: Monthly Clients: Bi-yearly Ethnic groups: Daily Industry: Quarterly Employees: Daily Analysts: Monthly Creditors: Daily/monthly</p> <p>It is important to remember that for each stakeholder group, the Company has an internal champion who, apart from planned interactions, tends to the needs of stakeholder groups when required.</p> | ✓ | | | |

| | 102-44 Key topics and concerns raised | Our strategy. Our material issues. Coverage of our material issues. Page 22 The Audit Committee will review in the aggregate all complaints and investigations made pursuant to the Whistle Blower Policy on a quarterly basis. Concerns will be investigated. | ✓ | | | |
|---|--|---|-----------------------|--------------|--------|-------------|
| | Practices for preparation of reports | | | | | |
| | 102-45 Entities included in the consolidated financial statements | About this report. Page 5 During 2017, Frontera completed a successful merger of the four operating business units in Colombia (Meta Petroleum Corp, Pacific Stratus Energy Colombia Corp, Petrominerales Colombia Corp, Grupo C&C Energía) into a single entity (Frontera Energy Colombia Corp.). | ✓ | | | |
| | 102-46 Defining report content and topic boundaries | Our strategy. Our sustainability and shared-value model. Page 19 | ✓ | | | |
| | 102-47 List of material topics | Our strategy. Coverage of our material issues. Page 22 | ✓ | | | |
| | 102-48 Restatements of information | 405-2 and 401-1 contain an adjustment of the formula for calculation which shall be clarified in the applicable indicators. | ✓ | | | |
| | 102-49 Changes in reporting | There were no significant changes regarding the period object of the previous report in the list of material issues and coverage of issues. | ✓ | | | |
| | 102-50 Reporting period | January 1 – December 31, 2017 | ✓ | | | |
| | 102-51 Date of most recent report | 2016 | ✓ | | | |
| | 102-52 Reporting cycle | Annual | ✓ | | | |
| | 102-53 Contact point for questions regarding the report | sustainability@fronteraenergy.ca | ✓ | | | |
| | 102-54 Claims of reporting in accordance with the GRI Standards | This report was prepared in accordance with the comprehensive option. | ✓ | | | |
| | 102-55 GRI content index | Page 91 | ✓ | | | |
| | 102-56 External assurance | This report has been verified by KPMG Advisory, Tax & Legal S.A.S. Services were approved by Frontera's Purchasing Committee in a tender process. | ✓ | | | |
| GRI Standard | Disclosure | Reference | External Verification | Omission | | |
| | | | | Part Omitted | Reason | Explanation |
| Material issues | | | | | | |
| GRI 200 Economic standard series | | | | | | |
| Economic performance | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared-value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We operate with excellence. Page 29 We act consistently and transparently. Page 41 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 201: Economic performance | 201-4 Financial assistance received from government | In 2017, Frontera Energy Colombia Corp, sucursal Colombia, did not receive financial assistance from the government. | ✓ | | | |
| Market presence | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We have the best talent. Page 78 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 202: Market presence | 202-1 Ratios of standard entry-level wage by gender compared to local minimum wage | The Company's significant operations are: Colombia COP, Canada CAD, and Peru PEN. Canada: Calgary: W: \$5,694. M: \$10,150. Toronto: W: \$5,416. M: \$7,500. Colombia: W: \$1,709,000. M: \$1,763,000. Peru: W: \$4,100. M: \$6,620. (Monthly) CANADA LEGAL MINIMUM SALARY CALGARY: \$3,264 FRONTERA MINIMUM SALARY - MEN: \$10,150 FRONTERA MINIMUM SALARY - WOMEN: \$5,694 RATIO OVER LOCAL MINIMUM SALARY - MEN 3.11 RATIO OVER LOCAL MINIMUM SALARY - WOMEN 1.74 LEGAL MINIMUM SALARY TORONTO: \$2,784 | | | | |

| | | | | | | |
|---|--|---|---|--|--|--|
| | | FRONTERA MINIMUM SALARY - MEN: \$7,500 FRONTERA MINIMUM SALARY - WOMEN: \$5,416 RATIO OVER LOCAL MINIMUM SALARY - MEN 2.69 RATIO OVER LOCAL MINIMUM SALARY - WOMEN 1.95 COLOMBIA LEGAL MINIMUM SALARY COLOMBIA: \$737,717 FRONTERA CITY MINIMUM SALARY - MEN: \$1,763,000 FRONTERA CITY MINIMUM SALARY - WOMEN: \$1,709,000 RATIO OVER LOCAL MINIMUM SALARY - MEN 2,39 RATIO OVER LOCAL MINIMUM SALARY - WOMEN 2,32 PERU LEGAL MINIMUM SALARY PERU: \$850 FRONTERA FIELD MINIMUM SALARY - MEN: \$3,250 FRONTERA FIELD MINIMUM SALARY - WOMEN: \$6,720 RATIO OVER LOCAL MINIMUM SALARY - MEN 3.82 RATIO OVER LOCAL MINIMUM SALARY - WOMEN 7.91 | ✓ | | | |
| | 202-2 Proportion of senior management hired from the local community | The Company's significant operations are: Colombia, Canada and Peru. Senior executives: President and Vice-presidents. Local: Executive employees with the nationality of the country where the operations are carried out Canada : Total executives: 5. Percentage: 100% Colombia: Total executives: 6. Percentage: 83.3% | ✓ | | | |
| Indirect economic impacts | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We contribute to the sustainable development of communities. Page 60 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 203: Indirect economic impacts | 203-1 Infrastructure investments and services supported | We contribute to the sustainable development of communities. Quality infrastructure. Page 65 | ✓ | | | |
| | 203-2 Significant indirect economic impacts | We contribute to the sustainable development of communities. Productivity of the local economic fibre. Page 62 Within Frontera Energy's industry operations in Colombia, there is significant indirect economic impact which is reflected through the engagement of personnel, goods and services, purchase of lands and/or payment of easements, adaptation and construction of access roads and platforms, generating development for the local economy, given that purchasing power increases taking into account the changes to the labour occupation dynamics, changes to the value of land, change to the offer/demand for local goods and services, as well as the stimulation of the region's agricultural sector considering the changes to the quality of the road infrastructure that is developed within the Company's operations, which facilitate vehicular transit in some zones. | ✓ | | | |
| Procurement practices | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We promote sustainability in the supply chain. Purchase of local goods and services. Page 89 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 204 Procurement practices | 204-1 Proportion of expenses on local suppliers | We promote sustainability in the supply chain. Purchase of local goods and services. Page 89 To see the location of the operations where goods are purchased, see Our operations. Operations map operations. Page 9 | ✓ | | | |
| Anti-corruption | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We act consistently and transparently. Anti-corruption. Page 43 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 205: Anti-corruption | 205-1 Operations assessed for risks related to corruption | 100% of the business units were analyzed regarding the corporate risks defined by the Company, including those related to corruption. | ✓ | | | |
| | 205-2 Communication and training about anti-corruption policies and procedures | We act consistently and transparently. Anti-corruption. Page 43 100% of Board members were informed of policies and procedures to combat corruption. 100% of new and active employees were informed of policies and procedures to combat corruption. | ✓ | | | |
| | 205-3 Confirmed incidents of corruption and actions taken | During 2017, through the different options to use our ethics hotlines, senior management received 93 complaints related to compliance and ethics issues, and unfortunately, the most relevant issues. | ✓ | | | |

| Anti-competitive behavior | | | | | | |
|------------------------------------|---|--|---|--|----------------|---|
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We act consistently and transparently. Business ethics and compliance. Page 41 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 206: Anti-competitive behavior | 206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices | 0 actions due to causes related to monopolistic practices in Colombia and Peru. | ✓ | | | |
| GRI 300 Environmental standards | | | | | | |
| Energy | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We work in harmony with the environment. Energy and emissions. Generation of electric power. Page 56 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 302: Energy | 302-1 Energy consumption within the organization | We work in harmony with the environment. Energy and emissions. Direct consumption of energy. Page 56 | ✓ | | | |
| | 302-2 Energy consumption outside of the organization | We work in harmony with the environment. Energy and emissions. Generation of electric power. Page 56 2,193,629.04 Gallons, which represent the energy consumption for hydrocarbon transport at the national level. | | | | |
| | 302-3 Energy intensity | We work in harmony with the environment. Energy and emissions. Energy intensity. Page 57 | ✓ | | | |
| | 302-4 Reduction of energy consumption | We work in harmony with the environment. Energy and emissions. Page 56 | ✓ | | | |
| | 302-5 Reductions in energy requirements of products and services | Indicator does not apply to the Company. | ✓ | Information for this Disclosure does not apply | Not applicable | The main product and type of industry that makes up the nature of the Company does not allow reporting of this indicator. |
| Water | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We work in harmony with the environment. Comprehensive water management. Page 53 | ✓ | | | |
| | 103-3 Evaluation of the management approach | We work in harmony with the environment. Comprehensive water management. Page 53 | ✓ | | | |
| GRI 303: Water | 303-1 Water withdrawal by source | We work in harmony with the environment. Comprehensive water management. Percentage of consumption by source of supply. Percentage of type of use of water consumed. Volume of water consumed. Page 54 | ✓ | | | |
| | 303-2 Water sources significantly affected by withdrawal of water | We work in harmony with the environment. Comprehensive water management. Percentage of consumption by source of supply 2017. Page 53 In 2017, Frontera did not significantly affect any water source, according to the criteria set by the standard. | ✓ | | | |
| | 303-3 Water recycled and reused | We work in harmony with the environment. Comprehensive water management. Generation and reuse of residual water. Page 54 | ✓ | | | |
| Biodiversity | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We work in harmony with the environment. Biodiversity. Page 47 For more reference on our focus on management of Biodiversity, please see 2015, 2014, 2013 and 2012 sustainability reports at: http://www.fronteraenergy.ca/es/informes-de-sostenibilidad/ | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 304: Biodiversity | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | We work in harmony with the environment. Biodiversity. Page 47 | ✓ | | | |

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|-------------------------------------|--|--|---|--------------------------------------|-------------------------|---|
| | 304-2 Significant impacts of activities, products and services on biodiversity | We work in harmony with the environment. Biodiversity. Page 47 | ✓ | | | |
| | 304-3 Habitats protected or restored | We work in harmony with the environment. Biodiversity. Restored zones. Page 51 Restoration work is contracted but there have been no associations with third parties on this issue for restoration activities. | ✓ | | | |
| | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | We work in harmony with the environment. Biodiversity. We value the natural biodiversity of our zones of operation. Page 47 | ✓ | Total number of species not reported | Information unavailable | Each year, a different sample of these species is taken |
| Emissions | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We work in harmony with the environment. Energy and emissions. Page 56 | ✓ | | | |
| | 103-3 Evaluation of the management approach | We work in harmony with the environment. Energy and emissions. Page 56 | ✓ | | | |
| GRI 305: Emissions | 305-1 Direct (Scope 1) GHG emissions | We work in harmony with the environment. Energy and emissions. Emissions scope 1. Page 57 Between 2012 and 2015, the methodology to calculate the inventory of GHG was the GHG Protocol. For emissions factors we considered the UPME factors and the IPCC'S warming indexes. Due to the Company's internal conditions, in 2016 and 2017 it was not possible to use the methodology mentioned for the carbon footprint. For these years, the calculation of this indicator was a mathematical extrapolation method based on production, which for each operating field considers the barrels extracted in each year to update the footprint. In 2018, we shall engage the measurement of GHG emissions and we shall update the data reported for 2016 and 2017 if deviations are significant. | | | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | We work in harmony with the environment. Energy and emissions. Emissions scope 2, Page 57 Between 2012 and 2015, the methodology to calculate the inventory of GHG was the GHG Protocol. For emissions factors we considered the UPME factors and the IPCC'S warming indexes. Due to the Company's internal conditions, in 2016 and 2017 it was not possible to use the methodology mentioned for the carbon footprint. For these years, the calculation of this indicator was a mathematical extrapolation method based on production, which for each operating field considers the barrels extracted in each year to update the footprint. In 2018, we shall engage the measurement of GHG emissions and we shall update the data reported for 2016 and 2017 if deviations are significant. | | | | |
| | 305-3 Other indirect (Scope 3) GHG emissions | We work in harmony with the environment. Energy and emissions. Emissions scope 2. Page 57 Between 2012 and 2015, the methodology to calculate the inventory of GHG was the GHG Protocol. For emissions factors we considered the UPME factors and the IPCC'S warming indexes. Due to the Company's internal conditions, in 2016 and 2017 it was not possible to use the methodology mentioned for the carbon footprint. For these years, the calculation of this indicator was a mathematical extrapolation method based on production, which for each operating field considers the barrels extracted in each year to update the footprint. In 2018, we shall engage the measurement of GHG emissions and we shall update the data reported for 2016 and 2017 if deviations are significant. | | | | |
| | 305-4 GHG emissions intensity | We work in harmony with the environment. Energy and emissions. Emissions scope 2. Page 57 Between 2012 and 2015, the methodology to calculate the inventory of GHG was the GHG Protocol. For emissions factors we considered the UPME factors and the IPCC'S warming indexes. Due to the Company's internal conditions, in 2016 and 2017 it was not possible to use the methodology mentioned for the carbon footprint. For these years, the calculation of this indicator was a mathematical extrapolation method based on production, which for each operating field considers the barrels extracted in each year to update the footprint. In 2018, we shall engage the measurement of GHG emissions and we shall update the data reported for 2016 and 2017 if deviations are significant. | | | | |
| | 305-5 Reduction of GHG emissions | We work in harmony with the environment. Reduction of GHG and Energy. Page 57 | | | | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | TOTAL R-22 (metric lb) 2,348.50 TOTAL in tonnes CFC-11 eq. 0.059 For the estimation of these emissions, we consider the R22 of the maintenance completed to the air conditioners in the camps and use the ozone depletion potential (ODP.) | ✓ | | | |
| | 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions(air quality) carried out in the operations. | We work in harmony with the environment. Energy and emissions. Nox, Sox. Page 58 This information is compiled according to the results of the measurement of isokinetic studies (air quality) carried out in the operations. Does not include emissions generated by generation sources (<1MV). For the organization, these emissions are not considered material. | ✓ | | | |

| Effluents and waste | | | | | | |
|--|--|--|---|---|-------------------------|--|
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We work in harmony with the environment. Comprehensive water management. Page 53 Waste management. Page 52 Prevention and remediation of incidents. Page 58 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 306: Effluents and waste | 306-1 Water discharge by quality and destination | We work in harmony with the environment. Comprehensive water management. Residual water generated associated to production of hydrocarbons. Page 54 By type, disposition and use, the Company constantly monitors water quality according to the requirements of national norms. | ✓ | Volume of waters disposed is not reported, but the percentage of residual water derived from crude extraction | | |
| | 306-2 Waste by type and disposal method | We work in harmony with the environment. Waste management. Waste generated by type. Page 52 | ✓ | Waste is not reported by treatment method but by type of waste | Information unavailable | We are working on being able to report the information in this manner in the following reports |
| | 306-3 Significant spills | We work in harmony with the environment. Prevention and remediation of incidents. Page 58 | ✓ | | | |
| | 306-4 Transport of hazardous waste | Dangerous waste is fully treated by third parties. No waste is transported internationally. | ✓ | | | |
| | 306-5 Water bodies affected by water discharges and/or runoff | In 2017, we had zero significant effects on the biodiversity and habitats of the water resources of our operating fields. | ✓ | | | |
| Environmental compliance | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We work in harmony with the environment. Page 46 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 307: Environmental compliance | 307-1 Non-compliance with environmental laws and regulations | In 2017, the cost of the fines paid due to breach of environmental norms in Colombia was US\$ 154,619. | ✓ | | | |
| Supplier environmental assessment | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We work in harmony with the environment. Page 46 | ✓ | | | |
| | 103-3 Evaluation of the management approach | We work in harmony with the environment. Page 46 | ✓ | | | |
| GRI 308: Supplier environmental assessment | 308-1 New suppliers that were screened using environmental criteria | We operate with excellence. Occupational health and industrial safety. We work closely with our contractors in line with our comprehensive HSEQ policy. Page 35 There was no evaluation of the environmental component of new suppliers at the moment of selection; however, during 2017, we reviewed compliance of our HSEQ Annex, which includes environmental criteria. | ✓ | | | |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | We operate with excellence. Occupational health and industrial safety. We work closely with our contractors in line with our comprehensive HSEQ policy. Page 35 The most significant impact includes emissions of GHG and particulate material by transportation of personnel, machinery and equipment, water consumption and generation of waste by contractors, among others. | ✓ | | | |
| Employment | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We have the best talent. Selection and retention of talent. Page 80 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 401: Employment | 401-1 New employee hires and employee turnover | Age ranges are: 21-30, 31-40, 41-50, 51-60, 61-71. Start: in Canada, birthdates are confidential and personal, for this reason not all the information is available. Canada: Calgary: 22-30: 1 W 41-50: 1 M | | | | |

51-60: 1 W
 Left blank: 1 M

Toronto:
 31-40: 1 W
 61-70: 11 M
 Left blank: 2 W, 4 M

Colombia:
 22-30: 10 W, 8 M
 31-40: 0 W, 0 M
 41-50: 0 W, 0 M
 51-60: 0 W, 0 M

Percentage of hires
 WOMEN: 12%
 MEN: 6%

Terminations:
 Colombia
 21-30: 7 W, 7 M
 31-40: 49 W, 66 M
 41-50: 17 W, 69 M
 51-60: 11 W, 43 M
 61-71: 2 W, 15 M
 Peru:
 21-30: 2 W, 2 M
 31-40: 1 W, 8 M
 41-50: 5 W, 8 M
 51-60: 1 W, 6 M
 61-71: 6 M
 Toronto
 21-30: 1 W
 31-40: 1 W, 3 M
 41-50: 1 W, 1 M

TURNOVER RATE*
 Canada:
 W: 27.58%
 M: 42.85%
 Colombia:
 W: 21.33%
 M: 16.57%
 Peru:
 W: 15.51%
 M: 13.88%

*For 2017, Frontera changed the formula for calculation of the turnover rate.

✓

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

COLOMBIA 2017
 LIST OF BENEFITS FOR INDEFINITE-TERM EMPLOYEES
 Prepaid medicine
 Life insurance
 Savings contributions
 Field bonus
 Extralegal transport aid – city
 Transport aid – field
 Credit for fixed purpose (new grants suspended)
 Mortgage interests subsidy (new grants suspended)

LIST OF BENEFITS FOR FIXED-TERM EMPLOYEES
 Prepaid medicine
 Life insurance
 Field bonus
 Extralegal transport aid – city
 Transport aid – field
 Extralegal vacation days

REMUNERATED LEAVE
 Marriage of worker: 3 calendar days
 Due to grave accident and/or hospitalization of parents, spouse, partner, children and siblings of worker: 3 calendar days (urban workers) and 5 calendar days (field workers)

PERU 2017
 LIST OF BENEFITS FOR LOCAL EMPLOYEES INDEFINITE-TERM CONTRACT
 Extralegal transport subsidy
 Field bonus
 Extralegal medical coverage
 Pension contribution plan
 Credit for fixed purpose (new grants suspended)

LIST OF BENEFITS FOR LOCAL EMPLOYEES WITH CONTRACT SUBJECT TO TYPE

| | | | | | | |
|--|--|--|---|--|--|--|
| | | <p>Extralegal transport subsidy Field bonus Extralegal medical coverage Life insurance</p> <p>CANADA 2017 Life insurance Health insurance Healthcare spending account Transport aid Additional vacation days RRSP contribution Short-term disability insurance (STD) Long-term disability insurance (LTD)</p> | ✓ | | | |
| | 401-3 Parental leave | <p>Total parental leave: Colombia: W: 36, M: 36 Peru: W: 3 Canada: W: 1 Return from parental leave in 2017: Canada: W: 1 Colombia: W: 28, H: 36 Peru: W: 3 Rate of return to work from parental leave Canada: W: 100% Colombia: W: 100%, H: 100% Peru: W: 100% Employee's retention rate parental leave Canada: W: 100% Colombia: W: 79%, M: 97% Peru: W: 100%</p> | ✓ | | | |
| Occupational health and safety | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We operate with excellence. Occupational health and industrial safety. Page 34 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 403: Occupational health and safety | 403-1 Workers representation in formal joint management-worker health and safety committees | Frontera has a Joint Health and Safety Committee defined in accordance with legal parameters, whose mission is to ensure the best conditions of health and safety for the Company's personnel. Its members are elected by voting and represent 100% of workers. | ✓ | | | |
| | 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities | We operate with excellence. Occupational health and industrial safety – Frequency index of disabling and non-disabling injuries. Page 36 In 2017: 0 professional diseases, and 0 work related fatalities | ✓ | | | |
| | 403-3 Workers with high incidence or high risk of diseases related to their occupation | The identification and evaluation of risks is carried out in all our producing fields and administrative offices in accordance with positions and their functions. 9% is the average number of personnel at high occupational risk, which are controlled through their Prevention and Supervision Epidemiological programs-PVE (Biomechanical, Chemical, Noise, Psycho-social) | ✓ | | | |
| | 403-4 Health and safety topics covered in formal agreements with trade unions | The union does not have a formal agreement with Frontera on health matters; however, currently, the union has obtained benefits for its affiliates in matters of health, such as: • Agreement with Garmish Farmacéutica: its affiliates have a special discount on the purchase of medicines • Agreement with Medplus prepaid medicine | ✓ | | | |
| Training and education | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We have the best talent. Comprehensive development of our people. Page 81 Organizational learning. Page 83 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 404: Training and education | 404-1 Average hours of training per year per employee | We have the best talent. Organizational learning. Corporate University indicators. Page 84 | ✓ | | | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Frontera does not have programs to improve employee skills and transition assistance programs. We have the best talent. Organizational learning. Corporate University indicators. Page 84 | ✓ | | | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 100% of employees reviewed by performance evaluation | ✓ | | | |

| Diversity and equal opportunity | | | | | | |
|---|---|--|---|---|--|--|
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We respect and promote Human Rights. Gender equality. Page 77 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 405: Diversity and equal opportunity | 405-2 Ratio of basic salary and remuneration of women to men | Ratio of base salary and remuneration of women vs men in Colombia MIDDLE / GENERAL MANAGEMENT: 0.87 FIRST LINE MANAGEMENT / SUPERVISOR: 0.93 SPECIALIST GROUPS: 0.93 OTHER EMPLOYEES: 1 Peru MIDDLE / GENERAL MANAGEMENT: 1.09 FIRST LINE MANAGEMENT / SUPERVISOR: 0.98 SPECIALIST GROUPS: 1.19 Canada MIDDLE / GENERAL MANAGEMENT: 0.87 FIRST LINE MANAGEMENT / SUPERVISOR: 1.13 SPECIALIST GROUPS: 1 For 2017, the formula for calculation of the salary ratio by gender was changed. | ✓ | | | |
| Freedom of association and collective bargaining | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We respect and promote Human Rights. Right of association. Page 69 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 407: Freedom of association and collective bargaining | 407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk | The Company has taken measures to ensure that contractors, without violating their autonomy and independence, respect the right of association. Measures, among others, are: inclusion within the commercial contract of a labour annex providing as labour obligation, rigorous and strict compliance of the labour legislation, including the right of association. In addition, the corporation has engaged the services of a union for permanent monitoring of compliance of labour obligations by our contractors. | ✓ | | | |
| Child labour | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We respect and promote human rights. Right of association. Page 69 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 408: Child labor | 410-1 Security personnel trained in human rights policies or procedures | In 2017, no significant activities or suppliers with risks that generated child labour incidents were identified. | ✓ | | | |
| Security practices | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | | ✓ | | |
| | 103-2 The management approach and its components | We respect and promote human rights. Security and Human Rights. Page 71 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 410: Security practices | 410-1 Security personnel trained on human rights policies and procedures | We respect and promote human rights. Security and human rights. Promotion and dissemination campaigns – Security and human rights 2017. Page 71 32% of security personnel (Quifa, Cajúa and Bogotá) trained on human rights. | ✓ | | | |
| Rights of indigenous peoples | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We respect and promote human rights. Relations with ethnic groups. Page 73 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |

| | | | | | | |
|---|---|--|---|--|-------------------------|---|
| GRI 411: Rights of indigenous people | 411-1 Incidents of violations involving rights of indigenous people | 0 cases of violation of the rights of indigenous peoples | ✓ | | | |
| Local communities | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We contribute to the sustainable development of communities. Page 60 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 413: Local communities | 413-1 Operations with local community engagement, impact assessments and development programs | At 100% of our operating fields, Frontera implements development, impact evaluations and participation of local communities. For Colombia, Frontera Energy carries out investments within the obligations agreed in the social sections of the Environmental Management Plan (PMA), Community Benefits Program (PBC) and Voluntary Social Investment (ISV). The Company carries out citizen participation programs in which it involves the community in the current context of the industry, carries out education programs on the environment, social issues, generation of local goods and services, access to work opportunities, among others that respond to the current needs of the communities where we operate. In addition, within the framework of Prior Consultations which we carry out with indigenous communities, we also carry out programs and projects as a compensation measure to mitigate the impact on cultural issues, citizen participation processes, health brigades, strengthening and consolidation of their customs, among others. | ✓ | | | |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | The operating fields located in Colombia and Peru have negative impact given their social and political context. Among the negative impact, we have migration processes, loss of sense of belonging regarding the zone's traditional activities, increased cost of living, lifestyle changes, among others. However, to mitigate this impact, the Company carries out programs and/or training intended to promote management measures to minimize impact. | ✓ | | | |
| Supplier social assessment | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We respect and promote human rights. Security and human rights. Page 71 We promote a sustainable supply chain. Supplier and contractor development. Page 92 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 414: Supplier social assessment | 414-1 New suppliers that were screened using social criteria | We promote a sustainable supply chain. Supplier and contractor development. Page 89 There was no evaluation of social components for new suppliers at the moment of selection. | ✓ | | | |
| | 414-2 Negative social impacts in the supply chain and actions taken | Operate with excellence. Occupational health and industrial safety. We work closely with our contractors in line with our comprehensive HSEQ policy. Page 35 The most significant impact includes generation of conflict in transportation of machinery and equipment, community disruptions due to generation of noise, change to road safety and infrastructure, among others. | ✓ | Number and % of suppliers identified as having significant impact are not reported | Information unavailable | The Company is working on a process to measure this indicator in subsequent years |
| Socioeconomic compliance | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We operate with excellence. Supply, transport and trading. Page 39 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| GRI 419: Socioeconomic compliance | 419-1 Non-compliance with laws and regulations in the social and economic area | In 2017, the cost of the fines paid due to breach of norms related to the supply and use of products and services in Colombia was US\$ 1,339,850. In Peru, we had 0 fines 0 sanctions. Fines paid were due to product delivery delays. | ✓ | | | |
| Operational results | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We operate with excellence. Operational results. Page 29 | ✓ | | | |

| | | | | | | |
|---|---|--|---|--|--|--|
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| Own | 2017 net production Production and sales volumes Reserves as of Dec. 31, 2017 (Mmboe) Sales of oil and gas | We operate with excellence. Operational results. Page 29 Sales of oil and gas 1,163,749 Million USD | ✓ | | | |
| Financial results | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We operate with excellence. Financial results. Page 33 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| Own | Adjusted EBITDA Profit / Loss from operations operating costs | We operate with excellence. Financial results. Page 33 Adjusted EBITDA 248,649 Million USD | ✓ | | | |
| Internal audit | | | | | | |
| GRI 103: | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 19 | ✓ | | | |
| | 103-2 The management approach and its components | We act consistently and transparently. Internal audit. Page 43 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| Own | Internal audit and control projects | We act consistently and transparently. Internal audit. Page 43 | ✓ | | | |
| Risk management | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We act consistently and transparently. Risk management. Page 44 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| Own | Number of risks identified and their categories | We act consistently and transparently. Risk management. Page 44 | ✓ | | | |
| Transparency in royalties | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We act consistently and transparently. Transparency in royalties. Page 44 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| Own | Contribution in taxes and royalties | We act consistently and transparently. Transparency in royalties. Page 44 | ✓ | | | |
| Market relations | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We act consistently and transparently. Relations with the market. Page 45 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| Own | Market relations initiatives | We act consistently and transparently. Relations with the market. Page 45 | ✓ | | | |
| Sustainable management of the supply chain | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We promote sustainability in the supply chain. Sustainable management. Page 88 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| Own | % of corporate savings | We promote sustainability in the supply chain. Sustainable management. Page 88 | ✓ | | | |
| Development of suppliers and contractors | | | | | | |
| GRI 103: Management approach | 103-1 Explanation of the material topic and its boundary | Our sustainability and shared value model. Coverage of our material issues. Page 22 | ✓ | | | |
| | 103-2 The management approach and its components | We promote sustainability in the supply chain. Development of suppliers and contractors. Page 89 | ✓ | | | |
| | 103-3 Evaluation of the management approach | | ✓ | | | |
| Own | Supplier development initiative | We promote sustainability in the supply chain. Development of suppliers and contractors. Page 89 | ✓ | | | |



Independent Limited Assurance Report to Directorate of Frontera Energy Corp, branch Colombia

We were engaged by the Management of **Frontera Energy Corp branch Colombia**, from now on **Frontera**, to provide limited assurance on the **non-financial information** contained in the Sustainability Report for the year ended Dec 31, 2017 of **Frontera** ("the Report"). The information reviewed is circumscribed to the content referenced in the GRI index report published on this report on pages **95 to 108**.

Management's responsibilities

Management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), Comprehensive option, as detailed in disclosure 102-54 of the GRI Content Index of the Report.

Management is also responsible for the information and the affirmations contained therein; of the determination of **Frontera's** objectives, in relation to the performance and presentation of information on sustainable development, including the identification of stakeholders and material topics; and the adequate establishment and maintenance of the control and performance management systems from which the reported information is obtained.

This responsibility also includes: designing, implementing and maintaining the internal control necessary to allow the preparation of sustainability assured parameters and indicators free of material errors due to fraud or error.

The Management is also responsible for preventing and detecting fraud and for identifying and ensuring that Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the Report are properly trained, and the information systems are updated.

Our responsibilities

Our responsibility is to express a limited assurance conclusion about the preparation and presentation of the sustainability parameters included in the Sustainability Report of Frontera.

Our work has been done in accordance with International Standard on Assurance Engagements (ISAE) 3000, other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, confidentiality and professional behavior and competence. Based on the above, we confirm that we have carried out this assignment for **Frontera** independently and free of conflict of interest.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Limited assurance of parameters and sustainability indicators

A limited assurance engagement on a Sustainability Report consists of making inquiries, primarily of persons responsible for the preparation of the information presented in the report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries with the management to gain an understanding of the process carried out by **Frontera**, for determining the material topics, as well as the participation of the stakeholders in this process.
- Verification of consistency of the information that responds to the General Disclosures of the GRI 102 standard with the systems or internal documentation.
- Interviews with senior management and relevant staff of the company, on the application of policies and the strategy in terms of sustainability, governance, ethic and integrity.
- Interviews with relevant staff of **Frontera** at corporate and business unit level responsible for the preparation of parameters and indicators subject to limited assurance.
- Inquiries about the design and implementation of the systems and methods used to collect and report the parameters and indicators subject to limited verification, including the aggregation of the reported information.
- Review of the consistency of the information that responds to the Universal Standards with the systems or internal documentation.
- Comparison the Limited Assurance Sustainability Parameters to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Sustainability Report.
- Comparison of the Sustainability Parameters and indicators, object to Limited Assurance with relevant underlying sources with a sample base to determine if it has been appropriately included in the Report.
- Visit to the facilities of the main headquarters in Colombia located in Bogotá D.C.
- The application review of the requirements established in the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with the option of exhaustive compliance.
- Reading of the Limited Assurance Sustainability Parameters and Indicators presented in the Report to determine if they are in line with our general knowledge and experience in relation to the sustainability performance of **Frontera**.
- Verification that the financial information reflected in the report has been extracted from the annual accounts of **Frontera**, audited by independent third parties.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Parameters.



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Purpose of our Report

In accordance with the terms of our engagement, this assurance report has been prepared for **Frontera** with the purpose of assisting to Management in determining if the sustainability parameters and indicators subject to limited assurance are prepared and presented in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards).

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than **Frontera** for any purpose or in any other context. Any party other than **Frontera** who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than **Frontera** for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to **Frontera** on the basis that it shall not be copied, referred to or disclosed, in whole (save for **Frontera** own internal purposes) or in part, without our prior written consent.

Our Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions that we express below:

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Integrated Report of **Frontera** for the year ended December 31, 2017 is not presented, in all material respects, in accordance with the GRI Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), Comprehensive option, as detailed in disclosure 102-54 of the GRI Content Index of the Report, which includes the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions.

A summary of our findings and recommendations have been communicated to the management of **Frontera** in a separated document.

Fabián Echeverría Junco
KPMG Advisory, Tax & Legal S.A.S.
Partner
June, 2018

