

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



**(UNAUDITED)**

*For the three and six months ended  
June 30, 2024 and 2023*



# Interim Condensed Consolidated Statements of (Loss) Income

		Three Months Ended June 30		Six Months Ended June 30	
(Unaudited; in thousands of U.S.\$, except per share information)	Notes	2024	2023	2024	2023
Oil and gas produced and purchased sales and other revenue	4	\$ 285,297	\$ 299,706	\$ 554,978	\$ 559,285
Royalties		(5,774)	(9,837)	(10,280)	(19,050)
Revenue		279,523	289,869	544,698	540,235
Operating costs	5	100,389	106,470	196,167	189,214
Costs of purchases	5	55,153	66,602	113,012	125,889
General and administrative	6	12,928	12,422	26,484	25,091
Share-based compensation		754	1,035	1,040	875
Depletion, depreciation and amortization	10	63,188	81,389	129,000	148,102
Impairment expense, exploration expenses and other	7	841	(35,508)	1,236	(5,225)
Restructuring, severance and other costs		1,052	1,825	2,855	3,397
Income from operations		45,218	55,634	74,904	52,892
Share of income from associates	12	13,407	14,345	27,301	27,917
Foreign exchange (loss) income		(7,518)	17,006	(8,615)	5,246
Finance income		1,816	1,472	3,408	5,773
Finance expense		(17,429)	(15,688)	(34,699)	(30,909)
(Loss) income on risk management contracts	16	(3,610)	10,415	(12,423)	12,065
Other (loss) income		(2,774)	(716)	(3,133)	5,589
Gain on repurchase of senior unsecured notes	13	415	—	709	—
Net income before income tax		29,525	82,468	47,452	78,573
Current income tax expense	8	(1,273)	(10,801)	(6,283)	(11,808)
Deferred income tax (expense) recovery	8	(31,386)	8,196	(52,961)	1,683
Income tax expense	8	(32,659)	(2,605)	(59,244)	(10,125)
Net (loss) income for the period		\$ (3,134)	\$ 79,863	\$ (11,792)	\$ 68,448
Attributable to:					
Equity holders of the Company		(2,846)	80,207	(11,349)	68,877
Non-controlling interests		(288)	(344)	(443)	(429)
		\$ (3,134)	\$ 79,863	\$ (11,792)	\$ 68,448
(Loss) earnings per share attributable to equity holders of the Company					
Basic	9	\$ (0.03)	\$ 0.94	\$ (0.13)	\$ 0.81
Diluted	9	\$ (0.03)	\$ 0.92	\$ (0.13)	\$ 0.79

On behalf of the Board of Directors:

*"Gabriel de Alba" (signed)*

Chairman of the Board of Directors

*"W. Ellis Armstrong" (signed)*

Director

# Interim Condensed Consolidated Statements of Comprehensive (Loss) Income

(Unaudited; in thousands of U.S.\$)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Net (loss) income for the period	\$ (3,134)	\$ 79,863	\$ (11,792)	\$ 68,448
<b>Other comprehensive (loss) income that may be reclassified to net (loss) income in subsequent periods (nil tax effect)</b>				
Foreign currency translation	(17,744)	14,891	(16,963)	30,345
Total comprehensive (loss) income for the period	\$ (20,878)	\$ 94,754	\$ (28,755)	\$ 98,793
<b>Attributable to:</b>				
Equity holders of the Company	(20,590)	95,098	\$ (28,312)	\$ 99,222
Non-controlling interests	(288)	(344)	(443)	(429)
	\$ (20,878)	\$ 94,754	\$ (28,755)	\$ 98,793

# Interim Condensed Consolidated Statements of Financial Position

As at (Unaudited; in thousands of U.S.\$)	Notes	June 30 2024	December 31 2023
<b>ASSETS</b>			
Current			
Cash and cash equivalents		\$ 180,659	\$ 159,673
Restricted cash	16	18,348	12,076
Receivables from investment	16	29,426	—
Trade receivables	16	13,188	11,066
Other receivables	16	57,295	74,657
Inventories		91,461	72,321
Income taxes receivable		122,678	128,075
Prepaid expenses and deposits		17,512	14,313
Risk management assets	16	1,643	10,665
Total current assets		532,210	482,846
Non-current			
Properties, plant and equipment	10	1,870,681	1,872,581
Exploration and evaluation assets	11	469,015	454,748
Investments in associates	12	43,261	82,825
Deferred tax assets	8	50,125	101,589
Restricted cash	16	16,071	18,224
Other assets		2,968	3,467
Total non-current assets		2,452,121	2,533,434
Total assets		\$ 2,984,331	\$ 3,016,280
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities	16	\$ 447,561	\$ 427,156
Short-term debt and current portion of long-term debt	13	45,881	52,152
Risk management liabilities	16	3,838	1,275
Income taxes payable		4,441	13,829
Lease liabilities		4,315	5,327
Asset retirement obligations	14	41,672	44,962
Total current liabilities		547,708	544,701
Non-current			
Long-term debt	13	462,721	465,452
Other payables	16	10,260	2,361
Lease liabilities		11,077	13,891
Deferred tax liabilities	8	15,030	14,320
Asset retirement obligations	14	145,242	141,562
Total non-current liabilities		644,330	637,586
Total liabilities		\$ 1,192,038	\$ 1,182,287
Commitments and contingencies	18		
<b>EQUITY</b>			
Share capital		\$ 4,599,185	\$ 4,604,704
Contributed surplus		111,220	110,882
Other reserves		(64,535)	(47,572)
Accumulated deficit		(2,863,564)	(2,844,416)
Equity attributable to equity holders of the Company		\$ 1,782,306	\$ 1,823,598
Non-controlling interests		9,987	10,395
Total equity		\$ 1,792,293	\$ 1,833,993
Total liabilities and equity		\$ 2,984,331	\$ 3,016,280

# Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited; in thousands of U.S.\$)	Number of Common Shares	Attributable to Equity Holders of the Company					Total	Non-Controlling Interests	Total Equity
		Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Fair Value Investment	Accumulated Deficit			
As at January 1, 2024	85,151,216	\$ 4,604,704	\$ 110,882	\$ (42,370)	\$ (5,202)	\$ (2,844,416)	\$ 1,823,598	\$ 10,395	\$ 1,833,993
Net loss for the period	—	—	—	—	—	(11,349)	(11,349)	(443)	(11,792)
Other comprehensive loss	—	—	—	(16,963)	—	—	(16,963)	—	(16,963)
Total comprehensive loss	—	—	—	(16,963)	—	(11,349)	(28,312)	(443)	(28,755)
Dividends declared to equity holders of the Company <sup>(1)</sup>	—	—	—	—	—	(7,799)	(7,799)	—	(7,799)
Repurchase of Common Shares under NCIB <sup>(2)</sup>	(897,400)	(5,519)	—	—	—	—	(5,519)	—	(5,519)
Share-based compensation	—	—	338	—	—	—	338	35	373
As at June 30, 2024	84,253,816	\$ 4,599,185	\$ 111,220	\$ (59,333)	\$ (5,202)	\$ (2,863,564)	\$ 1,782,306	\$ 9,987	\$ 1,792,293

(Unaudited; in thousands of U.S.\$)	Number of Common Shares	Attributable to Equity Holders of the Company					Total	Non-Controlling Interests	Total Equity
		Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Fair Value Investment	Accumulated Deficit			
As at January 1, 2023	85,592,075	\$ 4,608,234	\$ 109,918	\$ (95,690)	\$ (5,202)	\$ (3,037,913)	\$ 1,579,347	\$ 9,857	\$ 1,589,204
Net income for the period	—	—	—	—	—	68,877	68,877	(429)	68,448
Other comprehensive income	—	—	—	30,345	—	—	30,345	—	30,345
Total comprehensive income	—	—	—	30,345	—	68,877	99,222	(429)	98,793
Acquisition of non-controlling interests	—	—	(1,469)	—	—	—	(1,469)	—	(1,469)
Repurchase of Common Shares under NCIB <sup>(3)</sup>	(461,200)	(4,170)	—	—	—	—	(4,170)	—	(4,170)
Share-based compensation <sup>(4)</sup>	57,698	538	174	—	—	—	712	1,447	2,159
As at June 30, 2023	85,188,573	\$ 4,604,602	\$ 108,623	\$ (65,345)	\$ (5,202)	\$ (2,969,036)	\$ 1,673,642	\$ 10,875	\$ 1,684,517

<sup>(1)</sup> On March 7, 2024 and May 7, 2024, the board of directors of the Company approved and declared a \$3.9 million cash dividend and a \$3.9 million cash dividend, respectively, corresponding to CAD\$0.0625 per Common Share, which were paid on April 16, 2024 and on July 17, 2024, respectively.

<sup>(2)</sup> On November 16, 2023, the TSX approved the Company's notice to initiate an NCIB (the "2023 NCIB"). Pursuant to the 2023 NCIB, the Company may purchase up to 3,949,454 Common Shares, representing approximately 10% of the Company's "public float" (as calculated in accordance with TSX rules) as at November 8, 2023 during the twelve-month period commencing on November 21, 2023, and ending on November 20, 2024. During the three and six months ended June 30, 2024, the Company repurchased for cancellation \$2.8 million and \$5.5 million, respectively, equivalent to 439,600 and 897,400 Common Shares under the 2023 NCIB, for an average repurchase cost of \$6.34/Common Share and \$6.15/Common Share, respectively.

<sup>(3)</sup> On March 15, 2022, the TSX approved the Company's notice to initiate an NCIB (the "2022 NCIB"). Pursuant to the 2022 NCIB, the Company was permitted to purchase for cancellation up to 4,787,976 Common Shares during the 12-month period that commenced on March 17, 2022, and ended on March 16, 2023. During the three and six months ended June 30, 2023, the Company repurchased for cancellation \$Nil million and \$4.2 million, respectively, equivalent to 461,200 Common Shares under the 2022 NCIB, for an average repurchase cost of \$Nil/Common Share and \$9.04/Common Share, respectively. Between March 17, 2022 and March 16, 2023, the Company purchased for cancellation 4,270,100 Common Shares under the 2022 NCIB.

<sup>(4)</sup> During the six months ended June 30, 2023, the Company settled 94,094 restricted share units ("RSUs"). This included an issuance of 57,698 Common Shares, for an average price of \$9.32/Common Share. The remaining 36,396 RSUs were settled in cash.

## Interim Condensed Consolidated Statements of Cash Flows

		Three Months Ended June 30		Six Months Ended June 30	
(Unaudited; in thousands of U.S.\$)	Notes	2024	2023	2024	2023
<b>OPERATING ACTIVITIES</b>					
Net (loss) income for the period		\$ (3,134)	\$ 79,863	\$ (11,792)	\$ 68,448
Items not affecting cash:					
Depletion, depreciation and amortization		63,188	81,389	129,000	148,102
Impairment expense	7	392	4,662	1,419	21,477
Expense (recovery) of asset retirement obligations	7	45	(40,562)	(997)	(27,481)
Unrealized loss (gain) on risk management contracts	16	3,646	(4,057)	11,585	(8,882)
Share-based compensation		754	263	1,040	442
Deferred income tax expense (recovery)	8	31,386	(8,196)	52,961	(1,683)
Unrealized foreign exchange loss (gain)		8,340	(21,698)	8,892	(23,848)
Share of income from associates	12	(13,407)	(14,345)	(27,301)	(27,917)
Finance expense		17,429	15,688	34,699	30,909
Finance income		(1,816)	(1,472)	(3,408)	(5,773)
Dividends from associates	12	27,353	23,026	27,353	23,026
Income tax paid or withheld		(6,400)	(4,889)	(29,113)	(41,362)
Interest received		1,816	1,173	3,408	3,611
Settlement of asset retirement obligations	14	(303)	(2,030)	(948)	(3,490)
Gain on repurchase of 2028 Unsecured Notes	13	(415)	—	(709)	—
Other		459	1,019	368	1,943
Changes in working capital (excluding cash)	17	20,454	73,726	18,946	26,883
Cash provided by operating activities		\$ 149,787	\$ 183,560	\$ 215,403	\$ 184,405
<b>INVESTING ACTIVITIES</b>					
Additions to oil and gas properties, infrastructure port, and plant and equipment		\$ (87,033)	\$ (66,166)	\$ (149,882)	\$ (109,146)
Additions to exploration and evaluation assets	11	(10,467)	(88,924)	(12,954)	(177,870)
(Increase) decrease in restricted cash and other		(8,078)	2,719	(3,319)	4,313
Return of capital contributions from investment in associates	12	3,930	2,716	3,930	2,716
Acquisition of non-controlling interests		—	(9,227)	—	(9,227)
Sale of subsidiaries		—	(7,500)	—	(7,500)
Changes in working capital (excluding cash)	17	21,454	6,469	14,980	16,473
Cash used in investing activities		\$ (80,194)	\$ (159,913)	\$ (147,245)	\$ (280,241)
<b>FINANCING ACTIVITIES</b>					
Interest paid and other charges		\$ (22,706)	\$ (19,873)	\$ (22,940)	\$ (21,006)
Repayment of debt	13	(7,800)	(6,787)	(13,699)	(9,128)
Dividends paid to equity holders of the Company		(3,907)	—	(3,907)	—
Repurchase of Common Shares under NCIB		(2,788)	—	(5,519)	(4,170)
Repurchase of 2028 Unsecured Notes	13	(1,588)	—	(2,821)	—
Lease payments		(1,732)	(1,077)	(3,097)	(2,080)
Constitution debt service reserve account of PIL Loan Facility, net	13	—	—	(468)	(8,743)
Net proceeds from PIL Loan Facility (as defined below)	13	—	—	8,820	114,935
Repayment of Puerto Bahia debt facility	13	—	—	—	(106,192)
Short-term debt - working capital loan	13	—	20,000	—	20,000
Transaction cost of PIL Loan Facility	13	—	—	—	(1,147)
Cash used in financing activities		\$ (40,521)	\$ (7,737)	\$ (43,631)	\$ (17,531)
Effect of exchange rate changes		(3,320)	2,112	(3,541)	3,816
Increase (decrease) in cash and cash equivalents during the period		25,752	18,022	20,986	(109,551)
Cash and cash equivalents, beginning of the period		154,907	162,272	159,673	289,845
Cash and cash equivalents, end of the period		\$ 180,659	\$ 180,294	\$ 180,659	\$ 180,294
Cash		149,572	147,166	149,572	147,166
Cash equivalents		31,087	33,128	31,087	33,128
Total cash and cash equivalents		\$ 180,659	\$ 180,294	\$ 180,659	\$ 180,294



# Notes to the Interim Condensed Consolidated Financial Statements

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

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## 1. Corporate Information

Frontera Energy Corporation (the “**Company**” or “**Frontera**”) is an oil and gas company formed and existing under the laws of British Columbia, Canada, that is engaged in the exploration, development, production, transportation, storage and sale of crude oil and natural gas in South America, including strategic investment in both upstream and infrastructure facilities. The Company’s common shares (“**Common Shares**”) are listed and publicly traded on the Toronto Stock Exchange (“**TSX**”) under the trading symbol “FEC”. The Company’s head office is located at 2000, 222 - 3rd Avenue SW, Calgary, Alberta, Canada, T2P 0B4, and its registered office is 1500 Royal Centre, 1055, West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These interim condensed consolidated financial statements of the Company include the accounts of the Company and its subsidiaries.

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

### Statement of Compliance

These Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2024, and 2023 (the “**Interim Condensed Financial Statements**”), have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (“**IASB**”). The Company has prepared the Interim Condensed Financial Statements on the basis that it will continue to operate as a going concern.

The Interim Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2023 (the “**2023 Annual Financial Statements**”). These Interim Condensed Financial Statements were approved and authorized for issuance by the Audit Committee of the Board of Directors on Aug 6, 2024.

### Functional and Presentation Currency

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

### Material Accounting Policy Information

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

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

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

### Key Accounting Estimates and Judgments

#### Global Economy

#### Russia-Ukraine Conflict

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

#### Middle East Conflict

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

## Notes to the Interim Condensed Consolidated Financial Statements

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

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



# Notes to the Interim Condensed Consolidated Financial Statements

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

## 3. Segmented Information

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

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

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

For the three and six months ended June 30, 2024, operating segmented information for the Interim Condensed Consolidated Statements of (Loss) Income is as follows:

Three Months Ended June 30	Exploration and Production Onshore				Exploration Guyana		Infrastructure Colombia		Canada & Others		Eliminations		Total	
	Colombia		Ecuador		2024	2023	2024	2023*	2024	2023	2024	2023*	2024	2023*
	2024	2023*	2024	2023										
Oil and gas sales	\$ 263,035	\$ 283,792	\$ 10,646	\$ 4,029	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 273,681	\$ 287,821
Other revenues	—	—	—	—	—	—	12,894	12,883	—	—	(1,278)	(998)	11,616	11,885
Royalties	(5,299)	(9,594)	(475)	(243)	—	—	—	—	—	—	—	—	(5,774)	(9,837)
Revenue	257,736	274,198	10,171	3,786	—	—	12,894	12,883	—	—	(1,278)	(998)	279,523	289,869
Operating costs	90,915	96,472	2,382	2,230	—	—	7,598	8,015	104	196	(610)	(443)	100,389	106,470
Costs of purchases	55,821	67,157	—	—	—	—	—	—	—	—	(668)	(555)	55,153	66,602
General and administrative	8,741	7,124	247	370	989	1,820	1,389	1,540	1,573	1,613	(11)	(45)	12,928	12,422
Share-based compensation	499	680	36	4	16	263	—	—	203	88	—	—	754	1,035
Depletion, depreciation and amortization	58,486	79,311	2,306	12	4	5	1,962	1,534	430	527	—	—	63,188	81,389
Impairment expense, exploration expenses and other	841	1,512	—	—	—	—	—	—	—	(37,020)	—	—	841	(35,508)
Restructuring, severance and other costs	287	398	—	—	—	—	732	700	33	727	—	—	1,052	1,825
Income (loss) from operations	42,146	21,544	5,200	1,170	(1,009)	(2,088)	1,213	1,094	(2,343)	33,869	11	45	45,218	55,634
Share of income from associates	—	—	—	—	—	—	13,407	14,345	—	—	—	—	13,407	14,345
Segment income (loss)	\$ 42,146	\$ 21,544	\$ 5,200	\$ 1,170	\$ (1,009)	\$ (2,088)	\$ 14,620	\$ 15,439	\$ (2,343)	\$ 33,869	\$ 11	\$ 45	\$ 58,625	\$ 69,979
Other non-operating expense items													(29,100)	12,489
Income tax expense													(32,659)	(2,605)
Net (loss) income for the period													\$ (3,134)	\$ 79,863

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

## Notes to the Interim Condensed Consolidated Financial Statements

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

Six Months Ended June 30	Exploration and Production Onshore				Exploration Guyana		Infrastructure Colombia		Canada & Others		Eliminations		Total	
	Colombia		Ecuador		2024	2023	2024	2023*	2024	2023	2024	2023*	2024	2023*
	2024	2023*	2024	2023										
Oil and gas sales	\$ 521,563	\$ 529,155	\$ 12,446	\$ 7,073	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 534,009	\$ 536,228
Other revenue	—	—	—	—	—	—	23,422	25,348	—	—	(2,453)	(2,291)	20,969	23,057
Royalties	(9,693)	(18,657)	(587)	(393)	—	—	—	—	—	—	—	—	(10,280)	(19,050)
Revenue	511,870	510,498	11,859	6,680	—	—	23,422	25,348	—	—	(2,453)	(2,291)	544,698	540,235
Operating costs	178,338	171,424	2,809	2,707	—	—	15,747	15,151	314	882	(1,041)	(950)	196,167	189,214
Costs of purchases	114,424	127,230	—	—	—	—	—	—	—	—	(1,412)	(1,341)	113,012	125,889
General and administrative	17,750	14,877	485	594	1,488	3,102	2,868	2,995	3,917	3,613	(24)	(90)	26,484	25,091
Share-based compensation	608	364	39	8	35	290	—	—	358	213	—	—	1,040	875
Depletion, depreciation and amortization	121,692	144,403	2,527	24	8	18	3,778	2,888	995	769	—	—	129,000	148,102
Impairment expense, exploration expenses and other	628	19,035	—	—	—	—	—	—	608	(24,260)	—	—	1,236	(5,225)
Restructuring, severance and other costs	1,438	1,079	—	—	—	—	1,158	803	259	1,515	—	—	2,855	3,397
Income (loss) from operations	76,992	32,086	5,999	3,347	(1,531)	(3,410)	(129)	3,511	(6,451)	17,268	24	90	74,904	52,892
Share of income from associates	—	—	—	—	—	—	27,301	27,917	—	—	—	—	27,301	27,917
Segment income (loss)	\$ 76,992	\$ 32,086	\$ 5,999	\$ 3,347	\$ (1,531)	\$ (3,410)	\$ 27,172	\$ 31,428	\$ (6,451)	\$ 17,268	\$ 24	\$ 90	\$ 102,205	\$ 80,809
Other non-operating expense items													(54,753)	(2,236)
Income tax expense													(59,244)	(10,125)
Net (loss) income for the period													\$ (11,792)	\$ 68,448

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

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

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

	June 30 2024	December 31 2023
Colombia	\$ 1,935,693	\$ 2,033,350
Guyana	451,386	449,252
Ecuador	64,948	50,466
Canada & Others	94	366
Total non-current assets	\$ 2,452,121	\$ 2,533,434

### 4. Revenue from Contracts with Customers

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

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023*	2024	2023*
Colombia				
Produced crude oil sales	\$ 211,841	\$ 221,046	\$ 417,218	\$ 411,336
Purchased crude oil and products sales	49,035	59,897	100,320	111,213
Gas sales	2,159	2,849	4,025	6,606
Colombia oil and gas sales	263,035	283,792	521,563	529,155
Ecuador crude oil sales	10,646	4,029	12,446	7,073
Oil and gas sales	273,681	287,821	534,009	536,228
Infrastructure Colombia sales to external customers	11,616	11,885	20,969	23,057
Inter-segment sales	1,278	998	2,453	2,291
Infrastructure Colombia sales	12,894	12,883	23,422	25,348
Elimination of Infrastructure Colombia inter-segment sales	(1,278)	(998)	(2,453)	(2,291)
Oil and gas sales and other revenue	\$ 285,297	\$ 299,706	\$ 554,978	\$ 559,285

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

### 5. Operating Costs

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Production costs (excl. energy costs)	\$ 41,401	\$ 37,171	\$ 78,240	\$ 67,558
Energy costs	17,997	16,444	36,965	31,214
Transportation costs	34,917	39,130	70,112	76,500
Post-termination obligation	(364)	6,120	186	6,277
Inventory valuation	(1,019)	(561)	(4,942)	(8,614)
Total oil and gas operating costs	92,932	98,304	180,561	172,935
Port operating costs	5,604	5,733	11,673	10,850
Special projects and other costs <sup>(1)</sup>	1,853	2,433	3,933	5,429
Total operating costs	\$ 100,389	\$ 106,470	\$ 196,167	\$ 189,214

<sup>(1)</sup> Mainly includes costs related to Promotora Agrícola de los Llanos S.A., SAARA, and for 2023 included operating costs from Peru before the sale of Frontera Energy Offshore Perú, the wholly owned subsidiary that held a 100% working interest ("W.I.") in Block Z1.

#### Cost of Purchases

Costs of purchases correspond mainly to the cost of third-party hydrocarbon volumes purchased primarily for use in dilution and refining as part of the Company's oil operations and marketing and transportation strategy. For the three and six months ended June 30, 2024, the cost of purchases was \$55.2 million and \$113.0 million, respectively (2023: \$66.6 million and \$125.9 million, respectively).

# Notes to the Interim Condensed Consolidated Financial Statements

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

## 6. General and Administrative

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Salaries and benefits	\$ 7,882	\$ 7,887	\$ 15,764	\$ 15,355
Professional fees	3,546	3,148	7,223	6,481
Taxes	1,098	927	2,357	1,994
Other expenses	402	460	1,140	1,261
Total	\$ 12,928	\$ 12,422	\$ 26,484	\$ 25,091

## 7. Impairment Expense, Exploration Expenses and Other

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Impairment expense of:				
Exploration and evaluation assets	\$ —	\$ 4,339	\$ —	\$ 19,503
Other	392	323	1,419	1,974
Total impairment expense	392	4,662	1,419	21,477
Exploration expenses of:				
Geological and geophysical costs, and other	404	392	814	779
Total exploration expenses	404	392	814	779
Expense (recovery) of asset retirement obligations (Note 14)	45	(40,562)	(997)	(27,481)
Impairment expense, exploration expenses and other	\$ 841	\$ (35,508)	\$ 1,236	\$ (5,225)

### Exploration and Evaluation Assets

During the three and six months ended June 30, 2024, the Company recorded an impairment charge on exploration and evaluation (“E&E”) of assets of \$Nil. During the three and six months ended June 30, 2023, the Company recorded an impairment charge on exploration and evaluation of assets in Colombia of \$4.3 million and \$19.5 million, respectively, mainly as a result of the relinquishment of the VIM-22 block.

### Other

During the three and six months ended June 30, 2024, the Company recognized other impairment expenses of \$0.4 million and \$1.4 million, respectively (2023: \$0.3 million and \$2.0 million, respectively), mainly related to obsolete material inventories and impairment of crude oil inventories from Peru.

### Expense (recovery) of asset retirement obligations

During the three and six months ended June 30, 2024, the Company recognized an expense of asset retirement obligations of \$45 thousand and recovery of asset retirement obligations of \$1.0 million, respectively. During the three and six months ended June 30, 2023, the Company recognized a recovery of asset retirement obligations of \$40.6 million and \$27.5 million, respectively, mainly as a result of the sale of Frontera Energy OffShore Perú, the wholly owned subsidiary that held a 100% W.I. in Block Z1, for a payment of \$7.5 million.

# Notes to the Interim Condensed Consolidated Financial Statements

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

## 8. Income Taxes

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

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Net income before income tax	\$ 29,525	\$ 82,468	\$ 47,452	\$ 78,573
Colombian statutory income tax rate <sup>(1)</sup>	50%	50%	50%	50%
Income tax expense at statutory rate	14,763	41,234	23,727	39,286
Decrease in income tax provision resulting from:				
Non-deductible/taxable expense/income and other differences	2,437	3,192	6,702	12,789
Share-based compensation	340	436	381	304
Differences in tax rates	—	—	(134)	(11,262)
Change in deferred income tax	15,119	(42,257)	28,568	(30,992)
Income tax expense	32,659	2,605	59,244	10,125
Current income tax expense	1,273	10,801	6,283	11,808
Deferred income tax expense (recovery):				
Relating to origination and reversal of temporary differences	31,386	(8,196)	52,961	(1,683)
Income tax expense	\$ 32,659	\$ 2,605	\$ 59,244	\$ 10,125
Effective tax rate	110.61%	3.16%	124.85%	12.89%

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

During the three and six months ended June 30, 2024, the Company recognized a current income tax expense of \$1.3 million and \$6.3 million, respectively, compared to \$10.8 million and \$11.8 million, respectively, in the same periods of 2023, and a deferred income tax expense of \$31.4 million and \$53.0 million, respectively, compared to a recovery of \$8.2 million and \$1.7 million, respectively, in the same periods of 2023.

The decrease in the current income tax expense is mainly due to a reduction in withholding taxes on dividends from investments in associates, and the recognition of the reversal of prior years' tax contingencies. The increase in the deferred income tax expense was caused by foreign currency fluctuations, which were offset by the use of tax losses in both periods and changes in the income tax rate projections on which deferred tax will be recovered.

As of June 30, 2024, the deferred tax asset was \$50.1 million (December 31, 2023: \$101.6 million), and the deferred tax liability was \$15.0 million (December 31, 2023: \$14.3 million).

### CRA 2016 Settlement

On July 12, 2024, Frontera entered into Minutes of Settlement with the Canadian Minister of National Revenue to resolve a dispute in connection with the Company's 2016 restructuring process and relating to, among other things, the fair market value of the Company's Common Shares as at November 2, 2016, the computation of the net capital losses and the computation of non-capital losses of the Company in respect of its taxation year ending December 31, 2016 (the "**Settlement**").

The Settlement may result in a decrease in the net capital losses of the Company, as last reported in the 2023 Annual Consolidated Financial Statements, and an increase in the computed amount of the historical paid-up capital in respect of the Common Shares, which could impact the quantum of dividends deemed to have been received by certain shareholders of Frontera in respect of the repurchase of Common Shares pursuant to the Company's substantial issuer bid that was completed on August 11, 2022. The Company is currently assessing the impact of the Settlement on the computation of the historical paid-up capital in respect of the Common Shares and will provide an update to affected shareholders once such assessment has been completed.

# Notes to the Interim Condensed Consolidated Financial Statements

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

## 9. (Loss) Earnings per Share

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands of U.S.\$, except share and per share amounts)	2024	2023	2024	2023
(Loss) income attributable to equity holders of the Company	\$ (2,846)	\$ 80,207	\$ (11,349)	\$ 68,877
Basic weighted average number of shares outstanding	84,522,975	85,188,573	84,758,610	85,266,021
Effect of dilution from dilutive instruments	—	2,409,361	—	2,198,030
Diluted weighted average number of shares outstanding	84,522,975	87,597,934	84,758,610	87,464,051
(Loss) earnings per share attributable to equity holders of the Company				
Basic	\$ (0.03)	\$ 0.94	\$ (0.13)	\$ 0.81
Diluted	\$ (0.03)	\$ 0.92	\$ (0.13)	\$ 0.79

## 10. Properties, Plant and Equipment

Cost	Oil & Gas Properties	Infrastructure Colombia*	Plant & Equipment	Total
As at January 1, 2024	\$ 7,196,558	\$ 363,245	\$ 75,207	\$ 7,635,010
Additions	138,833	7,565	3,638	150,036
Change in asset retirement obligations (Note 14)	(1,056)	(51)	—	(1,107)
Disposal	(2,419)	(143)	(3,176)	(5,738)
Currency translation adjustment	(517)	(27,741)	(957)	(29,215)
As at June 30, 2024	\$ 7,331,399	\$ 342,875	\$ 74,712	\$ 7,748,986

Accumulated Depletion, Depreciation and Impairment	Oil & Gas Properties	Infrastructure Colombia*	Plant & Equipment	Total
As at January 1, 2024	\$ 5,600,540	\$ 103,103	\$ 58,786	\$ 5,762,429
Charge for the period <sup>(1)</sup>	126,114	3,501	1,343	130,958
Disposal	(2,170)	(31)	(3,137)	(5,338)
Currency translation adjustment	(316)	(8,734)	(694)	(9,744)
As at June 30, 2024	\$ 5,724,168	\$ 97,839	\$ 56,298	\$ 5,878,305

<sup>(1)</sup> Includes depletion, depreciation and amortization inventory fluctuation of \$2.0 million.

Net Book Value	Oil & Gas Properties	Infrastructure Colombia*	Plant & Equipment	Total
As at January 1, 2024	\$ 1,596,018	\$ 260,142	\$ 16,421	\$ 1,872,581
As at June 30, 2024	\$ 1,607,231	\$ 245,036	\$ 18,414	\$ 1,870,681

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

	Oil & Gas Properties	Infrastructure Colombia*	Plant & Equipment	Total
Properties, plant and equipment - owned	\$ 1,593,777	\$ 245,036	\$ 16,264	\$ 1,855,077
Right-of-use ("ROU") assets - leased	13,454	—	2,150	15,604
As at June 30, 2024	\$ 1,607,231	\$ 245,036	\$ 18,414	\$ 1,870,681

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

Details of ROU assets are as follows:

	Power Generation	Plant & Equipment	Total
As at January 1, 2024	\$ 14,938	\$ 3,315	\$ 18,253
Additions	—	154	154
Termination of lease contracts	—	(202)	(202)
Depreciation	(1,484)	(1,117)	(2,601)
As at June 30, 2024	\$ 13,454	\$ 2,150	\$ 15,604

# Notes to the Interim Condensed Consolidated Financial Statements

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

## 11. Exploration and Evaluation Assets

	2024
As at January 1, 2024	\$ 454,748
Additions <sup>(1)</sup>	12,954
Change in asset retirement obligations	1,313
As at June 30, 2024	\$ 469,015

<sup>(1)</sup> Includes additions of \$7.1 million from Llanos 119, y VIM1 in Colombia, \$4.0 million in Ecuador related to the Espejo block and \$1.8 million in Guyana related to the post-well studies from Corentyne block.

## 12. Investments in Associates

	2024
As at January 1, 2024	\$ 82,825
Share of income from associates	27,301
Dividends	(54,949)
Return of capital contributions	(7,894)
Currency translation adjustment	(4,022)
As at June 30, 2024	\$ 43,261
Company's interest as at June 30, 2024	35.0 %

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

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

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

During the three and six months ended June 30, 2024, the Company recognized the dividends declared by ODL of \$Nil and \$54.9 million, respectively (2023: \$Nil and \$37.0 million, respectively), and a return of capital of \$Nil and \$7.9 million, respectively (2023: \$Nil and \$5.2 million, respectively).

During the three and six months ended June 30, 2024, the Company received cash dividends of \$27.4 million and \$27.4 million, respectively (2023: \$23.0 million and \$23.0 million, respectively), and a cash of return of capital of \$3.9 million and \$3.9 million, respectively (2023: \$2.7 million and \$2.7 million, respectively).

As at June 30, 2024, the carrying value of dividends receivable was \$25.7 million (December 31, 2023: \$Nil), and the carrying value of return of capital receivable was \$3.7 million (December 31, 2023: \$Nil).



# Notes to the Interim Condensed Consolidated Financial Statements

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

## 13. Short-Term and Long-Term Debt

As at	Maturity	Principal	Currency	Interest Rate	June 30 2024	December 31 2023
2028 Unsecured Notes	June 2028	396,500	U.S. dollars	7.875%	\$ 390,737	\$ 393,660
PIL Loan Facility (Tranche A-1)	December 2027	100,000	U.S. dollars	SOFR 6M + 7.25%	73,022	76,762
PIL Loan Facility (Tranche A-2)	December 2028	10,000	U.S. dollars	SOFR 6M + 7.25%	8,820	—
Bancolombia Working Capital Loan	October 2024	75,000,000,000	COP	IBR <sup>(1)</sup> + 4%	18,081	19,623
PIL Loan Facility (Tranche B)	December 2027	20,000	U.S. dollars	11%	17,942	18,860
PetroSud Davivienda Loan	June 2024	2,800	U.S. dollars	SOFR + 5.30%	—	2,800
PetroSud Working Capital Loan	June 2024	22,000	U.S. dollars	SOFR + 5.30%	—	5,899
<b>Total</b>					<b>\$ 508,602</b>	<b>\$ 517,604</b>

<sup>(1)</sup> Reference Banking Indicator from the central bank of Colombia ("IBR" for its acronym in Spanish).

As at	June 30 2024	December 31 2023
Current portion	\$ 45,881	\$ 52,152
Non-current portion	462,721	465,452
<b>Total</b>	<b>\$ 508,602</b>	<b>\$ 517,604</b>

### 2028 Unsecured Notes

On June 21, 2021, the Company completed the offering of \$400.0 million 7.875% senior unsecured notes due 2028 ("**2028 Unsecured Notes**"). The interest is payable semi-annually in arrears on June 21 and December 21 of each year, beginning on December 21, 2021. The 2028 Unsecured Notes will mature in June 2028, unless earlier redeemed or repurchased.

During the three and six months ended June 30, 2024, the Company repurchased in the open market \$2.0 million and \$3.5 million, respectively, of its 2028 Unsecured Notes for a cash consideration of \$1.6 million and \$2.8 million, respectively, including interest payable of \$0.1 million. As a result, during the three and six months ended June 30, 2024, the Company recognized a gain of \$0.4 million and \$0.7 million, respectively. The carrying value for the 2028 Unsecured Notes as at June 30, 2024 is \$390.7 million (December 31, 2023: \$393.7 million).

### Pipeline Investment Loan Facility ("PIL Loan Facility")

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

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

The proceeds of the PIL Loan Facility were used to repay in full the Puerto Bahía debt facility between Puerto Bahía, Itaú BBA Colombia S.A. and other lenders, maturing in June 2025, which had an outstanding balance plus accrued interest of \$106.2 million to pay transaction fees and expenses, and to fund a 6-month debt service reserve account (for further information, refer to Note 13 of the Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2023). The PIL Loan Facility has no impact on the Company's financial covenant calculations under the 2028 Unsecured Notes.

On February 16, 2024, as part of the PIL Loan Facility (Tranche A-2), the Company amended the facility to disburse an accordion tranche of \$30.0 million. This tranche secures the funding for the connection project between Puerto Bahía's port facility and the Cartagena refinery operated by Refinería de Cartagena S.A.S. On February 23, 2024, the lenders disbursed \$8.8 million, and additional resources are expected to be disbursed between the third and the fourth quarters of 2024, each amounting to \$10.0 million. The accordion tranche was recognized, net of an original issue discount of \$1.2 million, primarily related to lenders and legal fees discounted at the disbursement.

# Notes to the Interim Condensed Consolidated Financial Statements

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As at June 30, 2024, the carrying value of the PIL Loan Facility was \$99.8 million (December 31, 2023: \$95.6 million). As at June 30, 2024, the PIL Loan Facility debt service reserve account had a balance of \$17.7 million (December 31, 2023: \$11.3 million).

## Bancolombia Working Capital Loan

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

Concurrent with the closing of the Bancolombia Working Capital Loan, the Company repaid in full the existing Citibank working capital loan, which had an outstanding balance of \$12.0 million (for further information, refer to Note 13 of the Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2023). As at June 30, 2024, the carrying value of the Bancolombia Working Capital Loan was \$18.1 million (December 31, 2023: \$19.6 million).

## PetroSud Loans

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

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

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

For the second loan, on December 13, 2023, Banco Davivienda approved an extension for the original \$2.8 million loan to June 2024. On May 23, 2024, the Company prepaid the outstanding balance of \$2.8 million to Banco Davivienda.

As of June 30, 2024, the PetroSud Debt was paid in full. PetroSud and Frontera have no obligation under the former PetroSud Debt, and there are no additional restricted funds related to the PetroSud Debt.

## 14. Asset Retirement Obligations

	2024	
As at January 1, 2024	\$	186,524
Accretion expense		4,911
Additions		3,389
Changes in estimates		(5,965)
Liabilities settled		(948)
Recovery of asset retirement obligations		(997)
As at June 30, 2024	\$	186,914

  

	June 30 2024	December 31 2023
Current portion	\$ 41,672	\$ 44,962
Non-current portion	145,242	141,562
Total	\$ 186,914	\$ 186,524

Asset retirement obligations ("ARO") represent the present value of decommissioning and environmental liability costs relating to oil and gas properties and E&E assets. The total undiscounted ARO is \$309.8 million (2023: \$300.6 million), expected to be executed between 2024 and 2049, of which \$299.7 million (2023: \$290.4 million) relates to Colombia, \$8.3 million (2023: \$8.3 million) to Peru and \$1.8 million (2023: \$1.9 million) to Ecuador.

During the six months ended June 30, 2024, the Company recognized an increase in ARO due to changes in estimates of \$6.0 million, which includes an increase of \$11.2 million related to updated cost estimates, a decrease of \$10.1 million related

# Notes to the Interim Condensed Consolidated Financial Statements

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

to updating the risk-free and inflation rates and decrease of \$7.1 million due to the impact of foreign exchange rates. A total of \$1.1 million relating to changes in estimates was recognized within Properties, Plant and Equipment (Note 10).

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

- A risk-free rate between 9.53% and 12.54% and an inflation rate between 2.60% and 3.2% for cash flows expected to be settled in COP for Colombia (2023: risk-free rate between 9.56% and 10.96% with inflation rate between 2.60% and 3.20%); and
- A risk-free rate between 18.18% and 18.62% and an inflation rate between 1.10% and 2.40% for cash flows expected to be settled in U.S. dollars for Ecuador (2023: risk-free rate between 0.00% and 24.78% with inflation rate between 0.00% and 2.00%).

## 15. Related-Party Transactions

The following table provides the total balances outstanding, commitments and transactional amounts with related parties as at June 30, 2024, and December 31, 2023, and for the three and six months ended June 30, 2024 and 2023, respectively:

	June 30, 2024 and December 31, 2023			Three Months Ended June 30	Six Months Ended June 30
	Receivables from investment	Accounts Payable	Commitments	Purchases / Services	
ODL (Note 12)	2024 \$ 29,426	\$ 3,047	\$ 739	\$ 7,522	\$ 14,974
	2023 —	3,141	2,380	7,879	14,789

The related-party transactions correspond to the ship-and-pay contract for the transportation of crude oil in Colombia and ship-or-pay for other services for a total commitment of \$0.7 million until 2025 (Note 18).

## 16. Financial Instruments and Risk Management

### a. Risks Associated with Financial Assets and Liabilities

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

#### i) Credit Risk

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

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

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

As at	June 30 2024	December 31 2023
Trade receivables before ECL	\$ 28,845	\$ 26,723
Allowance for ECLs - trade receivables	(15,657)	(15,657)
Trade receivables	13,188	11,066
Receivables from investment	29,426	—
Receivables from investment <sup>(1)</sup>	29,426	—
Other receivables:		
Receivables from joint arrangements	31,581	27,864
VAT receivable and others	23,664	43,882
Other receivables	8,705	9,657
Allowance for ECLs - other receivables	(6,655)	(6,746)
Other receivables	\$ 57,295	\$ 74,657
Withholding tax and others - not considered for credit risk	(23,664)	(43,882)
Total financial assets carried at amortized cost	\$ 76,245	\$ 41,841

<sup>(1)</sup> As at June 30, 2024, includes account receivables related to dividends of \$25.7 million and a return of capital of \$3.7 million (Note 12).

### Reconciliation of ECLs

The following table shows a continuity of ECLs:

	2024
As at January 1, 2024	\$ 22,403
Effect of exchange rate changes	(91)
As at June 30, 2024	\$ 22,312

### ii) Liquidity Risk

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

The following table summarizes the undiscounted cash outflows relating to contractual maturities of the Company's non-derivative financial liabilities as at June 30, 2024:

Financial Liability Due In	2024	2025	2026	2027	2028	Subsequent to 2029	Total
Accounts payable, accrued liabilities and other payables <sup>(1)</sup>	\$ 445,592	\$ 5,643	\$ 3,160	\$ 1,524	\$ 798	\$ 1,104	\$ 457,821
Short-term and long-term debt	40,881	17,000	20,000	42,000	401,100	—	520,981
Interest on short-term and long-term debt	23,799	41,161	38,126	35,312	16,105	—	154,503
Lease liabilities	6,045	5,251	3,494	2,263	2,016	1,455	20,524
Total	\$ 516,317	\$ 69,055	\$ 64,780	\$ 81,099	\$ 420,019	\$ 2,559	\$ 1,153,829

<sup>(1)</sup> Includes provisions of \$113.8 million, which do not have a definitive amortization term and are therefore classified as current liabilities.

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

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

	June 30 2024	December 31 2023
Trade and other payables	\$ 124,962	\$ 155,829
Accrued liabilities	126,203	81,709
Supplier holdbacks and advances <sup>(1)</sup>	85,134	43,224
Withholding and tax provisions <sup>(2)</sup>	1,980	17,403
Share-based payment liability	5,715	4,857
	343,994	303,022
Provision for contingencies and others	113,827	126,495
Total accounts payable and accrued liabilities and other payables	\$ 457,821	\$ 429,517

<sup>(1)</sup> As at June 30, 2024, includes a prepayment of \$41.8 million received from customers of Colombia and Ecuador for \$34.8 million and \$7.0 million, respectively, expected to be settled during the third quarter of 2024 (December 31, 2023: \$Nil).

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

The Company has various uncommitted bilateral letters of credit. As at June 30, 2024, the Company had issued letters of credit and guarantees for exploration and abandonment funds totaling \$115.4 million (December 31, 2023: \$135.7 million).

### Restricted Cash

As at June 30, 2024, the Company has short-term and long-term restricted cash of \$34.4 million (December 31, 2023: \$30.3 million) in trust accounts primarily to cover future abandonment obligations, and restricted funds related to the PIL Loan Facility.

### iii) Market and Interest Risk

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

### Risk Management Contracts

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

#### Risk Management Contracts - Crude Oil

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

Type of Instrument	Term	Benchmark	Volume (bbl)	Avg. Strike Prices	Carrying Amount	
				Put \$/bbl	Assets	Liabilities
Put	July 2024	Brent	452,000	75	\$ —	\$ 1,258
Put	August 2024	Brent	430,000	76.50	—	939
Put	September 2024 to November 2024	Brent	810,000	78	—	554
Total as at June 30, 2024					\$ —	\$ 2,751
Total as at December 31, 2023					\$ 552	\$ 1,275

#### Risk Management Contracts - Foreign Exchange

The Company is exposed to foreign currency fluctuations. Such exposure arises primarily from expenditures that are incurred in COP and its fluctuation against the USD. In addition, since the second quarter of 2024, the Company has entered into new derivatives in order to hedge the currency risk exposure for the collection of the dividends from ODL as required by the PIL Loan Facility.

# Notes to the Interim Condensed Consolidated Financial Statements

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

Type of Instrument	Term	Benchmark	Notional Amount / Volume in USD	Avg. Put / Call Par forward (COP\$)	Carrying Amount	
					Assets	Liabilities
Zero-cost collars	July to December 2024	USD / COP	66,000,000	4,010/4,504	\$ —	\$ 1,087
Forward	October 2024	USD / COP	17,099,200	4,386	648	—
Forward <sup>(1)</sup>	August 2024 to December 2024	USD / COP	29,908,421	4,044/4,115	995	—
Total as at June 30, 2024					\$ 1,643	\$ 1,087
Total as at December 31, 2023					\$ 10,113	\$ —
					<b>Assets</b>	<b>Liabilities</b>
Total Risk Management Contracts as at June 30, 2024					\$ 1,643	\$ 3,838
Total Risk Management Contracts as at December 31, 2023					\$ 10,665	\$ 1,275

<sup>(1)</sup> Contracts related to the PIL Loan Facility (as defined below).

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

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Premiums paid on oil price risk management contracts, net	\$ (3,796)	\$ (2,600)	\$ (7,285)	\$ (5,775)
Realized gain on foreign exchange risk hedge	3,832	8,958	6,447	8,958
Realized gain (loss) on risk management contracts	36	6,358	(838)	3,183
Unrealized (loss) gain on risk management contracts	(3,646)	4,057	(11,585)	8,882
Total (loss) gain on risk management contracts	\$ (3,610)	\$ 10,415	\$ (12,423)	\$ 12,065

## b. Fair Value of Financial Instruments

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

The following table summarizes the Company's remaining financial instruments that are carried or disclosed at fair value in accordance with the classification under the fair value hierarchy as at June 30, 2024 and December 31, 2023:

			Fair Value			
	Period	Carrying Value	Level 1	Level 2	Level 3	
Financial Assets Measured at Fair Value through Profit and Loss						
Risk management assets	2024	\$ 1,643	\$ —	\$ 1,643	\$ —	
	2023	10,665	—	10,665	—	
Financial Assets Measured at Fair Value through Other Comprehensive Income						
Investments in equity instruments	2024	\$ 1,797	\$ —	\$ —	\$ 1,797	
	2023	1,712	—	—	1,712	
Financial Liabilities Measured at Fair Value through Profit and Loss						
Risk management liabilities	2024	\$ (3,838)	\$ —	\$ (3,838)	\$ —	
	2023	(1,275)	—	(1,275)	—	
Financial Liabilities Measured at Amortized Cost						
2028 Unsecured Notes	2024	\$ (390,737)	\$ —	\$ (309,821)	\$ —	
	2023	(393,660)	—	(300,380)	—	
Other short-term and long-term debt (Note 13)	2024	\$ (117,865)	\$ —	\$ (124,481)	\$ —	
	2023	(123,944)	—	(129,722)	—	

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



# Notes to the Interim Condensed Consolidated Financial Statements

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

## c. Capital Management

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

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

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

	June 30 2024	December 31 2023
Equity attributable to equity holders of the Company	\$ 1,782,306	\$ 1,823,598
Long-term debt	462,721	465,452
Working capital deficit <sup>(1)</sup>	15,498	61,855
Total	\$ 2,260,525	\$ 2,350,905

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

## 17. Supplemental Disclosure of Cash Flows

Changes in non-cash working capital are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Increase in accounts payable and accrued liabilities	\$ 25,178	\$ 26,540	\$ 39,839	\$ 22,212
Decrease in accounts receivable	17,094	56,565	1,665	40,882
Decrease in income taxes payable	(9,497)	(670)	(9,412)	(5,099)
(Increase) decrease in inventories	(5,369)	3,597	(18,209)	(7,221)
(Increase) decrease in prepaid expenses and deposits	(1,121)	1,737	(3,199)	2,552
Decrease (increase) in income taxes receivable	15,623	(7,574)	23,242	(9,970)
Changes in working capital (excluding cash)	\$ 41,908	\$ 80,195	\$ 33,926	\$ 43,356
Attributable to:				
Operating activities	\$ 20,454	\$ 73,726	\$ 18,946	\$ 26,883
Investing activities	21,454	6,469	14,980	16,473
Changes in working capital (excluding cash)	\$ 41,908	\$ 80,195	\$ 33,926	\$ 43,356



# Notes to the Interim Condensed Consolidated Financial Statements

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

## 18. Commitments and Contingencies

### Commitments

The Company's commitments as at June 30, 2024, undiscounted and by calendar year, are presented below:

As at June 30, 2024	2024	2025	2026	2027	2028	Subsequent to 2029	Total
<b>Transportation</b>							
Ocensa P-135 ship-or-pay agreement	\$ 36,531	\$ 36,531	\$ —	\$ —	\$ —	\$ —	73,062
ODL agreements	381	358	—	—	—	—	739
Other transportation and processing commitments	7,839	12,761	12,697	719	—	—	34,016
<b>Exploration and evaluation</b>							
Minimum work commitments <sup>(1) (2)</sup>	5,817	27,748	50,236	—	—	5,066	88,867
<b>Other commitments</b>							
Operating purchases, community obligations and others	79,392	428	325	284	259	11,521	92,209
Energy supply	18,756	6,288	8,875	4,986	—	—	38,905
<b>Total</b>	<b>\$ 148,716</b>	<b>\$ 84,114</b>	<b>\$ 72,133</b>	<b>\$ 5,989</b>	<b>\$ 259</b>	<b>\$ 16,587</b>	<b>\$ 327,798</b>

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

<sup>(2)</sup> On July 26, 2024 the Company received a communication from the ANH accepting the termination of the CAG-6 contract by mutual agreement, as a result the \$12.7 million commitment has been removed.

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

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

### Contingencies

The Company is involved in various claims and litigation arising from the normal course of business. Since the outcomes of these matters are uncertain, there can be no assurance that such matters will be resolved in the Company's favour. The outcome of adverse decisions in any pending or threatened proceedings related to these and other matters could have a material impact on the Company's financial position, results of operations or cash flows. No material changes have occurred regarding the matters disclosed in Note 25 - Commitments and Contingencies of the 2023 Annual Financial Statements.