



## FRONTERA ENERGY CORPORATION

### AUDIT COMMITTEE CHARTER

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#### **GENERAL**

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

#### **COMPOSITION**

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

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

#### **AUTHORITY AND RESPONSIBILITIES**

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

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

To carry out this purpose, the Committee must serve as a focal point for communication among the Board, the independent auditor, the Corporation’s internal audit department, the Corporation’s qualified reserves evaluator(s) or auditor(s), the Corporation’s Ethics & Compliance Department and the Corporation’s

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<sup>1</sup> A member is “independent” if he or she would be independent for the purposes of Sections 1.4 and 1.5 of *National Instrument 52-110 – Audit Committees*.

<sup>2</sup> A “financially literate” individual is an individual who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

management, as their respective duties relate to accounting, financial reporting, internal controls, and compliance with *National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”), *National Instrument 52-110 – Audit Committees* (“**NI 52-110**”) and all related Canadian Securities Administrators instruments, policies and rules. In particular, the independent auditor, members of the internal audit department, the Chief Financial Officer, the Senior Manager of Financial Reporting, the General Counsel, and the Ethics & Compliance Officer will have unrestricted access to the Committee or its members, other directors or the entire Board, as needed.

*Financial Statement and Disclosure Matters.* The Committee will:

1. Meet to review and discuss with management and the independent auditor the Corporation’s annual audited financial statements and financial and other data to be filed on an annual basis under *National Instrument 51-102 – Continuous Disclosure* (“**NI 51-102**”), including reviewing the specific disclosures made in the “Management’s Discussion and Analysis” and the results of the independent auditor’s audit of such financial statements, and recommending to the Board whether the audited financial statements should be approved for filing.
2. Meet to review and discuss with management and the independent auditor the Corporation’s quarterly financial statements and financial and other data to be filed on a quarterly basis under NI 51-102, including reviewing the specific disclosures made in the “Management’s Discussion and Analysis,” and the results of the independent auditor’s review of such financial statements and approve for filing.
3. Meet to review and discuss with management and the independent auditor the Corporation’s annual information form and the financial and other data contained therein to be filed on an annual basis under NI 51-102.
4. Review and discuss with management and the independent auditor the following:
  - (a) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation’s selection or application of accounting principles, and analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the Corporation’s financial statements, including analyses of the effects on the financial statements of alternative methods under International Financial Reporting Standards (“**IFRS**”);
  - (b) any major issues as to the adequacy of the Corporation’s internal controls, and any steps adopted in light of any material weakness or significant deficiencies; and
  - (c) management’s annual evaluation of internal controls over financial reporting and quarterly evaluation of any material changes in such controls, and the internal auditor’s annual review of the effectiveness of internal control over financial reporting.
5. Review and discuss in a timely manner (but at least annually) reports from the independent auditor regarding:
  - (a) all critical accounting policies and practices to be used;
  - (b) all alternative treatments of financial information within IFRS that have been discussed with management, ramifications of the use of such alternative treatments and related disclosures, and the treatment preferred by the independent auditor; and
  - (c) all other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted audit differences.
6. Generally review and discuss with management the type and presentation of information to be disclosed in the Corporation’s earnings press releases, including the use of pro forma or “adjusted” non-IFRS information, as well as the type and presentation of financial information and earnings guidance to be provided to analysts and rating agencies; such discussions may be of a general nature and need not cover the specific information or presentations to be given.
7. Review and discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Corporation’s financial statements.

8. Discuss with the independent auditor the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
9. Review disclosures made to the Committee by the Corporation's Chief Executive Officer and Chief Financial Officer in connection with their certification process under *National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**") regarding any significant deficiencies or material weaknesses in the design or operation of internal controls, or any fraud involving management or other employees having a significant role in the Corporation's internal controls.
10. Review related party transactions.

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

In addition, the Committee will:

1. Review and evaluate the lead partner of the independent auditor team.
2. Obtain on an annual basis a formal written statement from the independent auditor delineating all relationships between the independent auditor and the Corporation and review and discuss with the independent auditor any disclosed relationships or services that may impact the independent auditor's objectivity and independence.
3. Consider whether the independent auditor's provision of permissible non-audit services is consistent with the auditor's independence. As necessary, pre-approve non-audit services to be provided by the independent auditor, as further described in "Delegation of Authority" below.
4. Take appropriate action to oversee the independence of the independent auditor.
5. Obtain and review a report from the independent auditor at least annually regarding the independent auditor's internal quality control procedures.
6. Evaluate and report to the Board on its conclusions as to the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and whether the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and the internal audit department.
7. Ensure the regular rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit.
8. Establish clear policies regarding the Corporation's hiring of employees or former employees of the independent auditor.
9. Meet with the independent auditor to discuss the planning and staffing of the audit.
10. Obtain acknowledgment from the independent auditor that it will inform the Committee if the independent auditor detects or becomes aware of any illegal act.

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

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

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

1. Monitor and examine the organization and performance of the internal audit department.
2. Approve the internal audit strategic plan and the annual risk-based audit plan (including budget, staff and resources) and material changes thereto.
3. Receive periodic reports from the head of Internal Audit regarding the status of the audit plan, audit results, management's responses, status of corrective actions defined by management, as well as, any significant difficulties or disagreements with management, and any scope restrictions encountered in the course of the function's work.
4. Periodically review the internal audit charter and approve any changes.

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

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

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

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

In particular, the Committee will:

1. Oversee the activities of the Ethics and Compliance function. The Ethics & Compliance Officer will report directly to the Chair of the Committee and administratively to the General Counsel (unless the Ethics & Compliance Officer is also the General Counsel).
2. Oversee the adoption and maintenance of procedures to ensure that all compliance and ethics matters receive prompt review by or under the authority of the Ethics & Compliance Officer and the Chair of the Committee.
3. Oversee the establishment and maintenance of a comprehensive compliance and ethics program, including an ethics and compliance training program for all employees and the establishment and operation of the Ethics Committee comprising certain members of management.

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

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

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

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

1. Consult with the Corporation's senior reserves evaluation personnel, and consider, review and report to the Board in respect of the following:
  - appointment of, or any changes to, qualified reserves evaluator(s) or auditor(s); and
  - determination of reasons for any proposed change in appointment of the qualified reserves evaluator(s) or auditor(s) and, in particular, in the event there is a change of qualified reserves evaluator(s) or auditor(s), whether there have been any disputes between the qualified reserves evaluator(s) or auditor(s) and the Corporation's management.
2. Consider and review, with reasonable frequency, the Corporation's internal procedures relating to the disclosure of reserves and resources, with special attention given to the following:
  - the adequacy of such procedures for fulfillment of applicable regulatory and disclosure requirements and restrictions;
  - the Corporation's procedures for providing information to the qualified reserves evaluator(s) or auditor(s), and whether any restrictions affect the ability of the qualified reserves evaluator(s) or auditor(s) to report without reservation; and
  - the scope of the annual evaluation of reserves by the qualified reserves evaluator(s) or auditor(s) having regard to applicable securities legislation, regulations and related requirements.
3. Annually review, assess, and approve the fees for any qualified reserves evaluator(s) or auditor(s).
4. Review all reserve audit reports prepared by the Corporation's reserves evaluation personnel or any qualified reserves evaluator(s) or auditor(s) for the Corporation.
5. Meet with the Corporation's management and, if deemed necessary, the qualified reserves evaluator(s) and auditor(s), prior to approval and filing of reserves or resources data and the report of the qualified reserves evaluator(s) or auditor(s) thereon, to review the Corporation's reserves and resources data, including the following:
  - review the scope of work of the qualified reserves evaluator(s) or auditor(s);
  - review the reserves or resources estimates of the qualified reserves evaluator(s) or auditor(s) thereon; and
  - determine whether any restrictions affected the ability of the qualified reserves evaluator(s) or auditor(s) to report on the Corporation's reserves or resources data without reservation.

6. Meet with the Corporation's management and the qualified reserves evaluator(s) and auditor(s), as may be required, to address matters of mutual concern in respect of the Corporation's evaluation of reserves and resources. However, in the normal course, the Corporation's Chief Executive Officer and Corporate Vice-President of Operations, Exploration and Development & Reservoir Management, or such other persons as the Committee may, from time to time, designate, shall be the Committee's liaison with the qualified reserves evaluator(s) or auditor(s).
7. Receive timely reports from management on the status of the Corporation's response to matters of concern raised in reports prepared by the Corporation's senior reserves evaluation personnel or any qualified reserves evaluator(s) or auditor(s) for the Corporation.
8. Meet with the Corporation's management, prior to public disclosure of the Corporation's annual reserves data, to review and provide recommendations regarding approval of the content and filing of information as required under applicable securities legislation, regulations and related requirements, including the following:
  - the content and filing of the statement of reserves data and related information;
  - the filing of the report of the qualified reserves evaluator(s) or auditor(s); and
  - the content and filing of the related report of management and the Board.

#### **DELEGATION OF AUTHORITY**

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

#### **COUNSEL AND OTHER DELEGATION OF AUTHORITY; CORPORATION FUNDING OBLIGATIONS**

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

#### **MEETINGS; IN CAMERA SESSIONS**

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

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

## **REPORTS TO THE BOARD; MINUTES**

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

## **COMMITTEE SELF-ASSESSMENT**

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

## **COMMITTEE CHARTER**

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

## **LIMITATION OF COMMITTEE'S ROLE**

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

## **CURRENCY OF CHARTER**

This Charter was last revised effective January 15, 2021.