



FRONTERA ENERGY CORPORATION

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED

DECEMBER 31, 2019

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NOTE TO READER

The information in this Annual Information Form dated March 5, 2020 for the fiscal year ended December 31, 2019 ("AIF") is stated as at December 31, 2019 unless otherwise indicated. All dollar amounts are expressed in U.S. dollars and references to "\$" are to U.S. dollars unless otherwise indicated. References to C\$ are to Canadian dollars.

This AIF contains forward-looking statements based on Frontera's current expectations, activities and beliefs. Such information involves a number of known and unknown risks, uncertainties, including those discussed in this document in the Risk Factors section, and other factors that may cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. See "Forward-Looking Information."

Reference made in this AIF to other documents or information or documents available on a website does not constitute the incorporation by reference into this AIF of such other documents or such other information or documents available on such website, unless otherwise stated.

GLOSSARY OF TERMS AND ABBREVIATIONS

Capitalized terms used, but not otherwise defined in this AIF, have the meanings set out below. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

Non-Technical Terms

"**ANH**" means Agencia Nacional de Hidrocarburos, the governmental entity in Colombia responsible for the granting of exploration and exploitation agreements with respect to hydrocarbons.

"**Audit Committee**" means the audit committee of the Board.

"**BCBCA**" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, C. 57, as amended, including the regulations promulgated thereunder.

"**BIC Pipeline**" means the Oleoducto Bicentenario pipeline, a Colombian pipeline that connects the Araguaney Station in Casanare Department to the Banadia Station in Arauca Department.

"**Bicentenario**" means Oleoducto Bicentenario de Colombia S.A.S., owner of the BIC Pipeline.

"**Board**" means the board of directors of the Company.

"**Catalyst**" means The Catalyst Capital Group Inc. or any funds managed or administered by it or its affiliates.

"**CENIT**" means Cenit Transporte y Logística de Hidrocarburos S.A.S, a subsidiary of Ecopetrol.

"**CGX**" means CGX Energy Inc.

"**CLC Pipeline**" means the Caño Limón–Coveñas pipeline, a Colombian pipeline that connects the Banadia Station in Arauca Department to the Coveñas terminal on Colombia's Caribbean coastline in Sucre Department.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" or "**Frontera**" means Frontera Energy Corporation and includes, where the context dictates, its subsidiaries on a consolidated basis.

“Compensation and Human Resources Committee” means the compensation and human resources committee of the Board.

“D&M” means DeGolyer and MacNaughton, of Dallas, Texas, an independent petroleum engineering consulting firm.

“DIAN” means Dirección de Impuestos y Aduanas Nacionales de Colombia, the Colombian tax authority.

“E&P” means exploration and production.

“Ecopetrol” means Ecopetrol S.A., the Colombian majority state-owned oil and gas company.

“FECC” means Frontera Energy Colombia AG, a company duly incorporated under the laws of Schaffhausen, Switzerland.

“IFC Parties” means International Finance Corporation and related funds.

“IVI” means Infrastructure Ventures Inc. (formerly Pacific Infrastructure Ventures Inc.), an entity in which the Company indirectly holds a 39.22% interest.

“NCIB” means normal course issuer bid.

“NorPeruano Pipeline” means the Peruvian pipeline that connects Block 192 to the export terminal at Bayovar on the Pacific coast.

“Ocensa” means the Oleoducto Central S.A., owner of the Ocensa Pipeline.

“Ocensa Pipeline” means the Oleoducto Central S.A. pipeline, a Colombian pipeline that connects the Cuisana and Cupiagua fields in Casanare Department to the Coveñas export terminal on Colombia's Caribbean coastline in Sucre Department.

“ODC Pipeline” means the Oleoducto de Colombia pipeline, a Colombian pipeline that connects the Vasconia Station in Boyacá Department to the Coveñas terminal on Colombia's Caribbean coastline in Sucre Department.

“ODL” means Oleoducto de los Llanos Orientales S.A., owner of the ODL Pipeline.

“ODL Pipeline” means Oleoducto de los Llanos pipeline, a Colombian pipeline that connects the Rubiales field to the Monterrey Station or Cusiana Station in Casanare Department.

“OGD Pipeline” means the Guaduas-La Dorada pipeline, a Colombian pipeline that connects the Guaduas Station in Cundinamarca Department to the La Dorada Station in Caldas Department.

“PEL” means Petroeléctrica de los Llanos Ltd. which owns an electrical power transmission line.

“Perupetro” means Perupetro S.A., the Peruvian governmental entity responsible for promoting, negotiating, underwriting and monitoring contracts for exploration and exploitation of hydrocarbons in Peru.

“PML” means Pacific Midstream Ltd., an entity in which the Company indirectly holds a 59.93% interest.

“Port Credit Agreement” means the credit agreement dated October 4, 2013, between *inter alia*, Puerto Bahia, Itaú BBA Colombia S.A. and other lenders for a debt facility of up to \$370 million for the construction of the Port Facility.

“Port Facility” has the meaning given to such term under the heading “Description of the Business – Midstream Activities – Infrastructure Ventures.”

“**production**” means working interest production before royalties, and total volumes produced from service contracts.

“**Puerto Bahia**” means Sociedad Portuaria Puerto Bahia S.A., a wholly-owned subsidiary of IVI, and owner of the Port Facility.

“**SEDAR**” means the system for Electronic Data Analysis and Retrieval at www.sedar.com.

“**Shareholder**” means a holder of Common Shares.

“**TSX**” means the Toronto Stock Exchange.

“**Unsecured Indenture**” means the indenture governing the Unsecured Notes.

“**Unsecured LC Facility**” means the Company's letter of credit and reimbursement agreement with a syndicate of banks.

“**Unsecured Notes**” means the Company's \$350 million unsecured notes due 2023 issued pursuant to the Unsecured Indenture.

Technical Terms

“**barrel**” means the volume unit of measure of liquid hydrocarbons equivalent to forty-two (42) U.S. gallons, corrected to standard conditions (a temperature of sixty degrees Fahrenheit (60°F) and one (1) atmosphere of absolute pressure).

“**hydrocarbons**” means all the organic compounds mainly composed of the natural mixture of carbon and hydrogen, as well as of those substances that accompany them or are derived from them.

“**natural gas**” means the mixture of hydrocarbons in a gaseous state, under standard conditions (a temperature of sixty degrees Fahrenheit (60° F) and one (1) atmosphere of absolute pressure), composed of the most volatile members of the paraffin series of hydrocarbons.

Abbreviations

The following is a list of abbreviations used in this AIF.

Oil and Natural Gas Liquids

bbbl	barrels
bbbl/d	barrels per day
MMbbbl	million barrels

Natural Gas

Mcf	thousand cubic feet
MMcf/d	million cubic feet per day

Other

boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
MMboe	million barrels of oil equivalent
WTI	West Texas Intermediate

BOE Conversion

The term “boe” is used in this AIF. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of cubic feet to barrels is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In this AIF boe has been expressed using the Colombian conversion standard of 5.7 Mcf to 1 bbl required by the Colombian Ministry of Mines and Energy. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 5.7 to 1, utilizing a conversion on a 5.7 to 1 basis may be misleading as an indication of value

CORPORATE STRUCTURE

General

The Company was incorporated under the laws of the Province of British Columbia on April 10, 1985, pursuant to the Company Act (British Columbia). Subsequently, the Company was continued as a corporation of the Yukon Territories on May 22, 1996 and continued back into the Province of British Columbia on July 9, 2007 under the BCBCA. On June 12, 2017, the Company changed its name from “Pacific Exploration & Production Corporation” to “Frontera Energy Corporation.

The Company's head office is located at Suite 1100, 333 Bay Street, Toronto, Ontario, M5H 2R2 and its registered office is located at 1500 Royal Centre, 1055, West Georgia Street, P.O. Box 11117 Vancouver, British Columbia, V6E 4N7.

Intercorporate Relationships

The Company's organizational structure facilitates its business as a global company with operations primarily located in South America. The following chart illustrates certain subsidiaries of the Company, together with their respective jurisdictions of incorporation and the percentage of voting securities beneficially owned or over which control or direction is exercised by the Company as at December 31, 2019. The chart does not include all of the subsidiaries of the Company. The assets and revenues of excluded subsidiaries did not individually exceed 10%, and in the aggregate exceed 20%, of the total consolidated assets or total consolidated revenues of the Company as at December 31, 2019.

In 2019, production totaled 70,875 boe/d, relatively flat compared to production of 71,032 boe/d in 2018. Production from Colombia increased 1.2% in 2019 as compared to 2018, while production from Peru was down by 11.3% in 2019 as compared to 2018.

In 2019, the Company received ANH approval to transfer approximately \$7.5 million in exploration commitments from the Portofino, Llanos-83 and COR-24 blocks to CPE-6 block.

On December 11, 2019, the Company was awarded the Llanos-119 block in Colombia following the successful ANH bid round. The exploration and production contract for the block was executed on December 20, 2019.

On December 12, 2019, Pacintra Holding Ltd. advanced \$13.8 million to Puerto Bahia and on June 14, 2019 it advanced \$10.9 million in accordance with the Equity Contribution Agreement, both in the form of subordinated loans. See "Description of the Business – Midstream Activities – Infrastructure Ventures – Equity Contributions."

On December 4, 2019, the Company appointed René Burgos Díaz to the Board. With this appointment, the Company's Board is at eight members, all of whom are independent.

On November 2, 2019, the seismic acquisition of a full broadband marine 3D seismic survey to produce seismic data covering approximately 582 km² of the north portion of the Corentyne block, offshore Guyana was successfully completed.

On October 18, 2019, the Company renewed its NCIB which had expired on July 17, 2019. See "Description of Capital Structure – NCIB."

On October 17, 2019, Colombia's constitutional court confirmed that it would not review the constitutional action initiated by the ANH seeking to revoke an arbitral ruling in favour of the Company's interpretation of the high-price clause (a royalty payment made to the ANH once an exploitation area has cumulatively produced five million or more barrels of oil) on the Corcel block. The case is now closed with constitutional *res judicata* effects.

On September 25, 2019, the Company converted the principal amount outstanding (\$8.8 million) under its bridge loan to CGX due September 30, 2019 ("**Bridge Loan**") into shares of CGX at a price of \$0.22 per share. As a result of the conversion, Frontera acquired an additional 40,000,000 common shares of CGX. Following the conversion of the Bridge Loan, Frontera owned 197,383,129 common shares of CGX (representing approximately 72.51% of the issued and outstanding common shares on a non-diluted basis).

On August 30, 2019, the ANH approved the transfer of the Company's interest in the Casanare Este block to Invepetrol Limited. This transaction has reduced the Company's contractual evaluation net obligations by approximately \$9 million.

On August 2, 2019, the Company and CGX announced that a resequencing of the work programme in the Corentyne block, offshore Guyana, had been approved by the government of the Cooperative Republic of Guyana. See "Description of the Business - Upstream Activities - Exploration and Production Agreements - Guyana."

On July 3, 2019, the Company was awarded the Llanos-99 block in Colombia following the successful ANH bid round. Subsequently, on July 17, 2019 the Company was also awarded the VIM-22 block in Colombia. The exploration and production contracts for these blocks were entered into on July 18, 2019.

On July 3, 2019, the Company announced that it has been notified by Petroperú, the operator of the NorPeruano Pipeline, of a force majeure event affecting a portion of the pipeline as a result of an attack at Kilometer 237 near pump

station 5 of the North Branch Pipeline located in the Manseriche district. On July 30, 2019, the Company announced that the repairs were completed and production on Block 192 was restarted.

On June 17, 2019, the Company announced that it would be added to the S&P/TSX Composite Index, the S&P/TSX Composite Dividend, the S&P/TSX Composite High Dividend and the S&P/TSX Capped Energy Index prior to the opening of trading on June 24, 2019.

On May 30, 2019, the Company announced that the Board had approved an increase in the targeted quarterly cash dividend from approximately \$12.5 million to approximately \$15.0 million during periods in which Brent oil prices sustain an average price of \$60/bbl or higher. See "Dividends and Distributions" and "Risk Factors - General Risks - Dividends".

On April 1, 2019, Transporte Incorporado S.A.S. ("**Transporte**"), exercised its right to terminate a temporary assignment agreement. As a consequence of the termination, Transporte's transportation capacity rights related to the Orensa Pipeline were definitively transferred to the Company effective as of April 1, 2019. The Company paid \$48.5 million and settled receivables with Transporte of \$20.1 million in exchange for the capacity rights, for a total value of \$68.6 million. With the termination of the assignment agreement, the Company is no longer required to pay the monthly contractual fee of \$1.5 million to Transporte from April 1, 2019, through March 31, 2024. This transaction reduced the Company's transportation commitments in the aggregate amount of \$90.0 million.

On March 22, 2019, the Company acquired PML's ownership interest in Bicentenario for approximately \$85 million. The net cash cost of the acquisition was approximately \$34 million after the proceeds of the transaction were distributed by PML to its shareholders. See "Description of the Business – Midstream Activities – Bicentenario."

On March 14, 2019, the Company announced that it acquired 101,316,916 additional common shares of CGX pursuant to a rights offering for an aggregate purchase price of C\$25 million (or C\$0.25 per common share). Also, as consideration for providing a standby commitment in connection with the rights offering, the Company received 15,009,026 5-year warrants to purchase up to 15,009,026 common shares at an exercise price equal to C\$0.415 per common share. Following the closing of the rights offering, Frontera held 157,383,129 common shares of CGX (representing approximately 67.78% of the issued and outstanding common shares of CGX on a non-diluted basis).

On March 12, 2019, the Company and GeoPark Limited, as part of a consortium (Frontera 50%, GeoPark Limited 50%), were awarded production sharing contracts on two blocks in Ecuador's Intracampos Bid Round. The award was finalized on May 22, 2019 upon receipt of regulatory approval. See "Description of the Business - Upstream Activities - Exploration and Production Agreements - Ecuador."

On January 31, 2019, the Company and CGX entered into a farm-in agreement covering CGX's two offshore petroleum prospecting licences in Guyana which was subsequently approved and formalized by the government of the Cooperative Republic of Guyana on May 20, 2019. Concurrent with the signing of the farm-in agreement, the Company entered into a standby commitment agreement with CGX whereby it agreed to back-stop the equity rights offering launched by CGX on February 1, 2019. See "Description of the Business - Upstream Activities - Exploration and Production Agreements - Guyana."

On January 29, 2019, Frontera signed a farm-in agreement with Parex Resources Inc. Under the agreement, Parex Resources Inc. transferred a 50% working interest in the VIM-1 block in the Lower Magdalena Valley basin in Colombia to Frontera in exchange for funding 100% of the first \$10 million of the drilling, testing and completion costs for the La

Belleza-1 exploration well in Colombia, after which costs on the block will be split 50/50 with Parex Resources (Colombia) Inc. The transfer was approved by the ANH on November 1, 2019.

Period Ending December 31, 2018

In 2018, the Company completed a total of 121 development wells in Colombia (108 in the Quifa block, 11 in the Guatiquia block and one in each of the Cubiro and Cravoviejo blocks). The Company also completed eight exploration wells (two in the Quifa block, three in the Guatiquia block and one in each of the Llanos-25, Z-1 and Sabanero blocks).

In 2018, production totaled 71,032 boe/d, representing a reduction of 4,424 boe/d from 75,456 boe/d in 2017 primarily as a result of lower production in Colombia, partially offset by increased production in Peru on a year-over-year basis.

In 2018, the Company was released from its outstanding exploration commitments on two blocks in Colombia by paying \$8 million to the ANH. The Company also received ANH approval to transfer approximately \$16 million in exploration commitments among its blocks.

On December 14, 2018, Pacinfra Holding Ltd. advanced \$10.75 million to Puerto Bahia and on May 31, 2018, it advanced \$30.46 million to Puerto Bahia in accordance with the Equity Contribution Agreement. See “Description of the Business – Midstream Activities – Infrastructure Ventures – Equity Contributions.”

On December 6, 2018, the Company announced that the CMA water handling expansion project at Quifa was operational.

On December 5, 2018, a force majeure event was declared on Block 192 in Peru for the second time in 2018. Operations were suspended for a total of 116 days during 2018. See “Description of the Business – Upstream Activities – Exploration and Production Agreements Peru – Block 192 Contract.”

On December 5, 2018, the Company adopted a dividend policy and a dividend reinvestment plan and declared a dividend of C\$0.33 per share to shareholders of record on January 3, 2019, which was paid on January 17, 2019. See “Dividends and Distributions.”

On November 28, 2018, the Company successfully completed a consent solicitation with respect to certain proposed amendments to the Unsecured Indenture and the Unsecured LC Facility. See “Description of Capital Structure – Material Debt Facilities – Unsecured Notes.”

On November 20, 2018, the Company sold its interest in Interamerican Energy Corp. to Faustia Development S.A. for an aggregate purchase price of \$10 million.

On November 7, 2018, Camilo Marulanda elected to resign from the Board and was replaced by Orlando Cabrales Segovia.

On November 7, 2018, Veronique Giry was appointed to the Board.

On October 9, 2018, the Company announced a light oil discovery from the Acorazado-1 exploration well located on Llanos-25 block in Colombia.

On September 28, 2018, Les Etablissements Maurel & Prom, Maurel & Prom Colombia B.V. and M&P Peru Holdings S.A.S. transferred all of their participating interest in Block 116 in Peru to the Company and the funding agreement relating to the exploration licence contract for Block 116 and the Company’s parent company guarantee were terminated.

On July 18, 2018, the Company initiated an NCIB through the facilities of the TSX. Effective December 21, 2018, the NCIB was amended to increase the maximum number of shares it is authorized to purchase under the NCIB. See “Description of Capital Structure – NCIB.”

On July 12, 2018, the Company and Ocesa reached a successful settlement agreement in an arbitration on tariffs and monetary conditions relating to transportation contracts entered into with Ocesa in connection with the Ocesa Pipeline expansion project, project P-135. Pursuant to the settlement agreement, the Company has committed to ship 30,000 barrels of oil per day at \$6.3601 per barrel (adjusted at 2.57% inflation per year until 2023 and pursuant to applicable regulation thereafter) through the Ocesa Pipeline. See “Description of the Business – Midstream Activities – Ocesa.”

On July 12, 2018, the Company exercised its rights to terminate its contracts with Bicentenario and CENIT to transport oil through the BIC Pipeline and CLC Pipeline. See “Description of the Business – Midstream Activities – Bicentenario” and “Legal Proceedings and Regulatory Actions – Disputes with Counterparties – Bicentenario and CENIT.”

On July 6, 2018, the Company terminated the share sale agreement, dated October 13, 2017, with the IFC Parties to purchase the IFC Parties’ 36.36% interest in PML, which had an acquisition price of \$225 million. On October 19, 2018, the IFC Parties received a \$5 million break fee as a result of the termination.

On June 26, 2018, the Company completed a two-for-one share split with Common Shares trading on a post-split basis commencing on June 27, 2018.

On June 25, 2018, the Company completed an offering of the Unsecured Notes. A portion of the proceeds from the offering were used to repurchase, at a premium, the Company’s \$250 million 10.0% senior secured notes due 2021, pursuant to a tender offer. The remaining proceeds were allocated to be used for general purposes. See “Description of Capital Structure – Material Debt Facilities – Unsecured Notes.”

On May 17, 2018, the Company replaced its amended and restated secured letter of credit facility with the Unsecured LC Facility. See “Description of Capital Structure – Material Debt Facilities – Letter of Credit Facility.”

In April 2018, the force majeure was lifted on the Sabanero block in Colombia. The Company’s interest in this block was declared in force majeure since May 2017 because an indigenous community blocked the access road.

On April 19, 2018, PML completed the sale of its interest in PEL to Transportadora Electrica del Oriente S.A.S., an affiliate of Electricas de Medellin-Ingenieria y Servicios S.A.S., for an aggregate purchase price of \$56 million.

On April 2, 2018, Richard Herbert was appointed Chief Executive Officer and David Dyck was appointed Chief Financial Officer.

On February 20, 2018, the Company closed a transaction pursuant to which the Company transferred its interest in the petroleum prospect licence PPL 475 and petroleum retention licence PRL 39 in Papua New Guinea to ExxonMobil Canada Holdings ULC for a purchase price of \$57 million.

Period Ending December 31, 2017

In December 2017, the Company completed an internal reorganization of its Colombian business units in an effort to streamline its operations and eliminate legal entity redundancies. The Company merged several operating entities – Pacific Stratus Energy Colombia Corp, Petrominerales Colombia Corp. and Grupo C&C Energia Ltd. – into FECC. In addition, the Company consolidated four Colombian branches, which held the majority of the Company’s Colombian

operational assets, into one Colombian branch. As a result of the reorganization, FECC and its Colombian branch hold the majority of the Company's operational assets in Colombia.

On December 15, 2017, the Company and the ANH entered into a mutual termination agreement relating to the exploration and production contract governing the SSJN-3 block in Colombia. With the termination of the contract, the Company reduced its exploration commitments related to this block by approximately \$17.8 million.

On October 20, 2017, the Company amended the CPO-14 field contracts to formalize the transfer of its 62.5% interest in the CPO-14 block in Colombia to Cepsa Colombia S.A. Pursuant to the transfer agreement, the Company agreed to (i) assume pending obligations under the CPO-14 licence agreement corresponding to its participating interest by transferring them to another licence agreement with the ANH; and (ii) transfer its participating interest in CPO-14 field to Cepsa Colombia S.A. The pending obligations under the CPO-14 licence were subsequently transferred to the Llanos-25 block in Colombia.

On October 20, 2017, the Company transferred its interest in the following blocks in Colombia to Amerisur Exploracion Colombia Limitada: 60% participating interest in the Putumayo-9 block, 50.5% participating interest in the Tacacho block and 100% participating interest in Terecay block. Subsequently, on November 10, 2017, the Company transferred its 58% participating interest in the Mecaya block in Colombia to Amerisur Exploracion Colombia Limitada. The aggregate purchase price for the transfers was \$4.8 million, plus a monthly royalty of 2% from the hydrocarbons produced on the Terecay block and a monthly royalty of 1.2% from the hydrocarbons produced on the Putumayo-9 block.

On June 16, 2017, the Company entered into a framework agreement with Les Etablissements Maurel & Prom, Maurel & Prom Colombia B.V. and M&P Peru Holdings S.A.S., pursuant to which the parties agreed to: (i) transfer Maurel & Prom Colombia B.V.'s interest in the CPO-17 block in Colombia to Hocol S.A, which was completed on May 30, 2018; (ii) convert the COR-15 technical evaluation agreement into an exploration and production agreement, which was executed on June 12, 2017; (iii) settle any dispute with respect to funding obligations; (iv) transfer all participating interest in Block 116 in Peru to the Company, which was completed on September 28, 2018; and (v) terminate various funding agreements and guarantee.

On June 2, 2017, the Agencia Nacional do Petróleo Gás Natural e Biocombustíveis, the Brazilian governmental entity responsible for the granting of exploration and exploitation agreements with respect to hydrocarbons, approved the transfer of the Company's participating interest in the following contracts: (i) 30% of FZA-M-90; (ii) 50% of PAMA-M-337; and (iii) 70% of PAMA-M-265 (collectively, "**Queiroz Blocks**") in Brazil to Queiroz Galvão Exploração e Produção S.A. In connection with the transfer of the Company's participating interest in the Queiroz Blocks, the Company also entered into a farm-out agreement with Queiroz Galvão Exploração e Produção S.A. pursuant to which the Company agreed to pay Queiroz Galvão Exploração e Produção S.A. the aggregate amount of approximately \$26 million, including approximately \$16 million for outstanding cash calls.

On May 12, 2017, the Company entered into an agreement for the exploration and production contract governing Block 131 in Peru to formalize the transfer of its interest to Cepsa Peruana S.A.C. On April 26, 2017, the Company received Peruvian regulatory approval for the farm-out agreement with Cepsa Peruana S.A.C. dated November 30, 2016, pursuant to which the Company sold its 30% working interest in Block 131 for the aggregate purchase price of \$17.8 million and the assumption of contractual exploration obligations of \$7.2 million.

On March 13, 2017, all liens imposed by the Superintendencia de Sociedades on the Company's Colombian subsidiaries and branches were lifted, including the termination of the trust agreement in place for guaranteeing payment to trade creditors in Colombia, as a result of the Superintendencia de Sociedades order to terminate the proceedings under Ley 1116 in Colombia. In addition, all remaining amounts held in trust under the trust agreement were released to the Company.

Effective March 13, 2017, the Block 135 contract was terminated. The block was previously in force majeure due to delays in receiving an approval of the environmental impact study conducted on the block. As a result of the termination, the Company reduced its exploration commitments by \$15 million.

On February 1, 2017, the BIC Pipeline decreased its transportation tariff from \$8.54/bbl to \$7.56/bbl.

DESCRIPTION OF THE BUSINESS

OVERVIEW

The Company is a Canadian public company involved in the exploration, development, exploitation and production of oil and natural gas in South America and is listed on the TSX under the trading symbol "FEC." The Company currently has a diversified portfolio of assets with interests in over 40 exploration and production blocks in Colombia, Peru, Ecuador and Guyana. The Company is committed to conducting its business safely and in a socially, environmentally and ethically responsible manner.

Corporate Strategy

The Company's strategy is to focus on shareholder returns by delivering sustainable levels of production and reserves in Frontera's core Colombian operations, ensuring capital expenditures generate strong financial returns, pursuing continuous operational improvements and greater cost efficiencies and creating opportunities for future growth through new exploration and development activities.

To further this strategy, the Company has continued to focus its development and drilling activities and expenditures in areas that the Company believes will provide the greatest economic return. In addition, the Company has also worked to develop its portfolio of exploration opportunities through both organic and acquisition opportunities. In 2019, the Company acquired interests in four blocks in Colombia, one through a farm in agreement, and three blocks through its participation in the first and second phases of the Permanent Bidding Round, Proceso Permanente de Asignación de Areas ("**PPAA**"), launched by the ANH. The Company also acquired interests in two blocks in Ecuador through the Intracampes Bid Rounds and two blocks in Guyana through a farm-in agreement with CGX. Going forward, the Company intends to continue to look for opportunities and evaluate participation in the upcoming Intracampes 2 Bid Round in Ecuador, which is expected to take place in 2020 and the third PPAA cycle, expected to be launched by the ANH in Colombia in the second or third quarter of 2020.

UPSTREAM ACTIVITIES

Frontera is involved in the exploration, development and production of certain oil and natural gas interests with a diversified portfolio of assets with direct and indirect interests in 43 exploration and production blocks in Colombia, Peru, Ecuador and Guyana.

The Company is the largest independent oil and gas operator in Colombia in terms of both assets and production. Through its subsidiaries, the Company holds indirect interests in certain hydrocarbon properties in Colombia through

contracts with Ecopetrol and the ANH. Total production from fields operated represented approximately 10.35% of total oil production and 1.28% of total gas production in Colombia during 2019, based on publicly reported data in Colombia published in December 2019.

In Colombia, the Company's diversified asset base includes 3.55 million net acres in the Llanos, Lower Magdalena Valley, Upper Magdalena Valley, Middle Magdalena Valley, Cesar Rancheria, Putumayo and Cordillera Oriental basins, which is divided into working interests in 35 blocks of which 15 of these blocks are in the exploration phase, 16 are in the production phase and four are in the exploration and production phase.

In Peru, the Company's asset base includes over 3.11 million net acres in the Marañón basin onshore, the Santiago basin onshore and the Tumbes basin offshore, which is divided into working interests in three blocks of which one is in the exploration phase, one is in the exploration and production phase and one is operated by the Company through a service contract with Perupetro.

In Ecuador, the Company holds a 50% working interest in the Perico and Espejo exploration blocks located in the north-eastern part of Ecuador in the Oriente basin.

In Guyana, the Company has a 33.333% working interest in the Corentyne and Demerara blocks located in offshore Guyana. In addition, through its equity interest in CGX, the Company also has an indirect interest in the remaining 66.667% of the Corentyne and Demerara blocks and in the Berbice block, located onshore Guyana, which is held by ON Energy Inc., a 62% owned subsidiary of CGX.

Oil and Natural Gas Contracts and Properties

The following is a description of the Company's oil and gas properties for the year ended December 31, 2019.

Property	Working Interest	Status	Gross Acres	Net Acres	Annual Production ⁽¹⁾ (boe/d) ⁽²⁾
Colombia - Operated Properties					
Abanico	25%	Production	62,560	15,640	138
Arrendajo	97.5%	Production	5,730	5,587	1,102
Cachicamo	100%	Production	10,091	10,091	1,128
Caguan-5	50%	Exploration	919,321	459,661	-
Caguan-6	60%	Exploration	119,048	71,429	-
Canaguaro	87.5%	Production	6,290	5,504	454
CPE-6	100%	Exploration & Production	593,018	593,018	1,625
Corcel	100%	Production	11,188	11,188	1,480
Cordillera-24	100%	Exploration	619,817	619,817	-
Casimena	100%	Production	6,850	6,850	907
CR-1	60%	Exploration	307,384	184,431	-
Cravoviejo	100%	Production	23,836	23,836	1,889
Cubiro	100%	Production	31,029	31,029	3,772
Dindal	45%	Production	32,401	14,580	118
Guama	100%	Exploration & Production	50,170	50,170	33
Guatiquia	100%	Production	11,086	11,086	16,197
La Creciente	100%	Production	16,711	16,711	2,315
Llanos-7	100%	Exploration	152,675	152,675	-
Llanos-55	100%	Exploration	102,800	102,800	-
Llanos-83	100%	Exploration	35,755	35,755	-
Llanos-25	100%	Evaluation	13,949	13,949	14

Property	Working Interest	Status	Gross Acres	Net Acres	Annual Production ⁽¹⁾ (boe/d) ⁽²⁾
Llanos-99	100%	Exploration	134,992	134,992	-
Llanos-119	100%	Exploration	26,956	26,956	-
Mapache	100%	Evaluation & Production	6,010	6,010	189
Quifa	60%	Evaluation & Production	265,986	159,592	29,817
Rio Ariari ⁽³⁾	100%	Production	99,625	99,625	-
Rio Seco	45%	Production	25,266	11,370	-
Sabanero	100%	Production	67,897	67,897	971
VIM-22	100%	Exploration	412,330	412,330	-
Colombia - Non-Operated Properties					
Cordillera-15 ⁽⁴⁾	N/A	Exploration	141,307	N/A	-
Muisca ⁽⁴⁾	N/A	Exploration	585,128	N/A	-
Neiva ⁽⁵⁾	55.2%	Production	2,395	1,322	1,058
VIM-1	50%	Exploration	223,652	111,826	-
Orito ⁽⁵⁾	79%	Production	42,492	33,567	343
Tinigua	50%	Exploration	105,466	52,733	-
Peru - Operated Properties					
Block Z1	49%	Exploration & Production	442,223	216,689	605
Block 116 ⁽⁶⁾	100%	Exploration	1,628,127	1,628,127	-
Block 192 ⁽⁷⁾	N/A	Production	1,266,037	1,266,037	6,645
Ecuador - Operated Properties					
Perico	50%	Exploration	17,744	8,872	-
Ecuador - Non-Operated Properties					
Espejo	50%	Exploration	15,652	7,826	-
Guyana - Non-Operated Properties					
Corentyne ⁽⁸⁾	33.333%	Exploration	1,163,619	387,869	-
Demerara ⁽⁸⁾	33.333%	Exploration	741,613	247,202	-
Berbice ⁽⁹⁾	N/A	Exploration	814,212	N/A	-
TOTAL			11,360,438	7,316,649	70,800⁽¹⁰⁾

Notes:

- (1) Represents working interest production before royalties and total volumes produced from service contracts.
- (2) boe has been expressed using the 5.7 to 1 Colombian Mcf to bbl conversion standard required by the Colombian Ministry of Mines and Energy.
- (3) Includes the 52% interest returned to ANH pending execution of "acta formal de devolucion" to formalize the return.
- (4) The Company holds a 49.9999% indirect interest in this block through its interest in Maurel & Prom Colombia B.V., the owner of the block.
- (5) Subject to incremental production contracts. FECC's initial participation levels at Orito and Neiva blocks are 79% and 69%, respectively. These participation levels decline on a contract-by-contract basis once the ratio of cumulative total revenues to total costs ("**R Factor**") exceeds 1.5 times. At R Factors above 2.5 times, the participation levels at Orito and Neiva blocks are fixed at 39.5% and 34.5%, respectively. As of March 31, 2018, the R Factor (i) at the Orito block was 0.93 and therefore the participation level was 79%, and (ii) at the Neiva block was 1.75 and therefore the participation level was 55.2%.
- (6) Block 116 is in the process of being relinquished which is expected to occur once the force majeure declared on the block is lifted.
- (7) The Company operates Block 192 through a service contract and does not hold a working interest in the block.
- (8) Amount present in chart represents the Company's direct interest. The Company also has a 48.27% indirect interest in the blocks through its 72.41% interest in CGX who holds the remaining 66.667% working interest in the block.
- (9) The Company holds a 44.89% indirect interest in this block through its 72.41% interest in CGX who has an indirect interest held through its 62.0% interest in ON Energy Inc., the owner of the block.
- (10) Total production does not reflect production from blocks sold or relinquished prior to December 31, 2019.

Exploration and Production Agreements - Colombia

The following is a summary of the Company's material oil and gas producing properties in Colombia.

Quifa Block

The Quifa block, located in the Llanos Basin in Colombia, is in the evaluation and production phase. The Company has an association contract with Ecopetrol pursuant to which the Company holds a 60% working interest and is the operator. Ecopetrol holds the remaining interest in the block. The Company is entitled to 60% of production less (i) applicable legal royalties ranging from 6% to 25% and (ii) any additional participation percentage attributable to Ecopetrol when accumulated gross production of a field exceeds five MMbbl and the price of WTI crude during any month exceeds the base price for crude oil in dollars set forth in the contract. The Quifa contract establishes that capital costs and operational expenses must be borne 70% by the Company and 30% by Ecopetrol. Upon termination of the Quifa contract in December 2031, any wells in production, any buildings and other real estate possessions in the Quifa block will revert to Ecopetrol free of charge.

Within the Quifa block, the Company has developed two commercial fields, Quifa SW (with 388 producing wells) and Cajua (with 44 producing wells). Commerciality was declared on the Quifa SW field in 2010 and on the Cajua field in 2012. The Company's facilities currently have the capacity to process 1.75 million bbl/d of total fluids, an increase of 350 thousand barrels of water per day, as a result of a water handling expansion project, Centro de Manejo de Agua ("**CMA**") commissioned at the Quifa block in 2018 and finished at the beginning of 2019. Production is currently sent by flow lines to the CMA and then to Bateria-4 for fluid processing and storage and subsequently to the ODL Pipeline, which connects to the national pipeline system. For the year ended December 31, 2019, average production from the Quifa SW field and the Cajua field was 28,298 bbl/d and 1,515 bbl/d, respectively.

In 2019, the Company drilled 91 development wells in the Quifa block. The Company evaluated the Quifa block from April 22, 2018 to April 21, 2019, to allow for testing and evaluation of commerciality at the heavy oil accumulation located in the Jaspe area on the northwest of the block. In 2018, the Company completed Jaspe 6D exploration well and in 2019 carried out extended tests. As part of the extension of the exploratory program, the Company drilled Jaspe-7D and Jaspe-8D to test the continuity of the commercial area. Commerciality of the Jaspe field was declared and approved in 2020.

Guatiquia Block

The Company holds a 100% working interest in the Guatiquia block, located in the Llanos Basin of Colombia. The Guatiquia exploration and production agreement provides for an initial five-year and nine-month exploration period, extendable for up to four years, and a 24-year exploitation period, which begins upon a declaration of commerciality of the relevant field.

In 2019, the ANH approved the unification of the Ceibo/Avispa/Ardilla/Alligator fields. The exploration period for the unified fields, named Ceibo, commenced in 2014. The exploration periods for Yatay and Coralillo began on declaration of commerciality in 2012 and 2018, respectively. In 2019, the Company submitted a request to the ANH for commercial unification of the Yatay and Coralillo fields. Unification of the fields remains subject to ANH approval.

The Company is entitled to 100% of production less (i) applicable legal royalties ranging from 6% to 25% and (ii) any additional participation percentage attributable to ANH when accumulated gross production of a field exceeds five

MMbbl and the price of WTI crude during any month exceeds the base price for crude oil in dollars set forth in the contract.

Within the Guatiquia block, there are currently 35 medium crude oil producing wells. Production is first transported to the facilities at the Corcel block through pipelines and then to off-loading stations to enter the national pipeline system. For the year ended December 31, 2019, average production from this block was 16,197 bbl/d.

In 2019, the Company completed three development wells (Coralillo-2, Coralillo-6 and Coralillo-7) on this block.

Cubiro Block

The Cubiro block, located in the Llanos Basin in Colombia, in which the Company holds a 100% working interest, is in the production phase. The Cubiro exploration and exploitation contract provides for a 24-year exploitation period, which begins upon declaration of commerciality of the relevant field. This declaration occurred in 2008 for the Careto and Arauca fields, 2012 for the Barranquero field (which includes the Cernicalo and Tijereto Sur fields), 2013 for the Copa, Copa A, Copa B, Copa C, Copa D, Petirrojo and Petirrojo Sur fields and 2014 for the Yopo field. The Company is entitled to 100% of production less (i) applicable legal royalties ranging from 6% to 25% and (ii) any additional participation percentage attributable to ANH when accumulated gross production of a field exceeds five MMbbl and the price of WTI crude during any month exceeds the base price for crude oil in dollars set forth in the contract. In addition, the Company has granted a private royalty to Montecz S.A. to explore and develop the Cubiro block. The royalty is equivalent to 3% of the sale price of the produced volumes.

Within the Cubiro block, there are 64 light crude oil producing wells. Production is transported by truck to off-loading stations to enter the national pipeline system. For the year ended December 31, 2019, average production from this block was 3,772 bbl/d.

In 2019, the Company completed five development wells (including Copa A Norte-10, Copa 28H, Copa 13HST, Copa A Sur-2ST and Copa A Sur-3 ST2) on this block.

CPE-6

The CPE-6 block, located in the Llanos Basin in Colombia, in which the Company holds a 100% working interest, is in the exploration and production phase. The CPE-6 exploration and production contract provides for a 24-year exploitation period, which begins upon declaration of commerciality. This declaration occurred on January 30, 2018 for the Hamaca field. The Company is entitled to 100% of production less (i) applicable legal royalties ranging from 6.0% to 25%, (ii) any additional participation percentage attributable to ANH when accumulated gross production of a field exceeds five MMbbl and the price of WTI crude during any month exceeds the base price for crude oil in dollars set forth in the contract and (iii) 2.0% of the produced volume after the applicable legal royalties. In addition, Talisman Colombia Oil & Gas Ltd. is entitled to the following up to a maximum amount of \$48 million: (i) a variable monthly payment equal to four percent (4%), multiplied by the monthly net total production and multiplied by the applicable price per barrel; and (ii) \$5 million payable once the total accumulated gross production reaches 5 million, 10 million and 20 million boe, respectively.

In 2019, the Company submitted a request to the ANH to extend the Hamaca Field. The extension remains subject to ANH approval.

Within the CPE-6 block, there are 23 heavy crude oil producing wells. Production is transported by truck to off-loading stations to enter the national pipeline system. For the year ended December 31, 2019, average production from this block was 1,625 bbl/d.

In 2019, the Company completed fourteen development wells and four exploratory wells (Amanecer-1, Coplero-1, Galope-1 and Contrapunteo-1) on this block. All of the exploratory wells encountered oil and increased reserves in the block.

La Creciente

The La Creciente block, located in Lower Magdalena Basin in northwest Colombia, in which the Company holds a 100% working interest (subject to adjustment by the ANH based on the benchmark price of natural gas) is in the exploration and production phase. The La Creciente exploration and production contract provides for a five year and five month exploration period and a 24-year production period.

Within the La Creciente block, the Company has two gas producing wells (LCA-5 and LCD-2). Production is transported through flow lines to an existing pipeline which connects the La Creciente field to the national pipeline system.

For the year ended December 31, 2019, average daily production was 13,191 MMcf/d of natural gas and 1 bbl/d of oil.

Exploration and Production Agreements - Peru

The following is a summary of the Company's material oil and gas producing property in Peru.

Block 192 Contract

Block 192, located in the Northern Marañón Basin of Peru, is a producing block operated by the Company pursuant to a service contract awarded by Perupetro. The Company does not hold a working interest or a licence contract in Block 192. Under the terms of the service contract, the volumes produced are owned by Perupetro and the Company is entitled to in-kind payments on production, which can range from 44% to 84% of production on the block. The percentage is determined by an "R" Factor, which is related to income and expenses in accordance with the service contract. The Company reports the share of production retained by the government as royalties paid in-kind.

Block 192 has been declared in force majeure on several occasions during the term of the contract. Operations were suspended for 325 days in 2017, 116 days in 2018 and 151 days in 2019 due to various events, including ruptures of the NorPeruano Pipeline and community blockades. As a result, the term of the service contract (which was extended from the initial expiry date of August 30, 2017) was further extended. On February 28, 2020, the Company executed an extension agreement with Perupetro with respect to the temporary service contract on Block 192. The contract which was due to expire on March 2, 2020, had been extended by six months to September 2, 2020. The extension will help sustain production from Block 192 while Perupetro and PetroPeru S.A. work through community and contractual negotiations which will facilitate the process relating to the award of a new long-term contract for the Block which is expected in 2020.

For the year ended December 31, 2019, average production from this block was 6,645 bbl/d. Production is transported through the NorPeruano Pipeline.

Exploration and Production Agreements - Guyana

The following is a summary of the Company's oil and gas properties in Guyana.

Corentyne and Demerara Blocks

On January 31, 2019, the Company and CGX entered into a farm-in agreement covering CGX's two offshore blocks, Corentyne and Demerara. The Corentyne and Demerara blocks are located in the Guyana-Suriname Basin, which lie along the coastal area of Guyana and Suriname, and offshore Guyana, Suriname and French Guiana. Pursuant to the farm-in agreement, the Company acquired a 33.333% working interest in the two blocks in exchange for a \$33.3 million transfer bonus. CGX is the operator of the blocks and holds the remaining 66.667% working interest. The farm-in agreements were approved and formalized by the Guyanese government on May 20, 2019. In addition, the Company holds a 72.41% equity interest in CGX on a non-diluted basis plus 15,009,026 5-year warrants to purchase up to 15,009,026 common shares of CGX. The Company currently has two representatives on CGX's board of directors.

The Corentyne block is in phase one of the second renewal period, which runs until November 27, 2020. Under the petroleum prospecting licence covering the block, the joint venture partners are required to drill one commitment exploration well on the Corentyne block during phase one of the second renewal period. Pursuant to an addendum to its Corentyne Petroleum Agreement, the Company and CGX resequenced the work programme on the block, permitting the completion of the seismic acquisition before the drilling. On November 2, 2019, the seismic acquisition of a full broadband marine 3D seismic survey covering approximately 582 km² of the north portion of the Corentyne block was successfully completed. The new seismic data will allow the joint venture to evaluate more comprehensively the hydrocarbon potential of the Corentyne block updip from discoveries in the adjacent Stabroek block and help it assess where to drill the first well on the block.

The Demerara block is also in phase one of the second renewal period which runs until February 12, 2021. Under the petroleum prospecting licence covering the block, the joint venture partners are required to drill one commitment exploration well on the block during this phase.

The Company had a series of loans with CGX which were satisfied during 2019. For details, see "Note 4 – Acquisition of CGX Energy Inc." and "Note 26 – Related-Party Transactions" of the audited annual financial statements for the years ended December 31, 2019 and 2018, available on SEDAR at www.sedar.com.

Exploration and Production Agreements - Ecuador

The following is a summary of the Company's oil and gas properties in Ecuador.

The Company and Geopark Limited, as part of a consortium, were awarded production sharing contracts on two blocks in Ecuador's Intracambios Bid Round that took place in the first quarter of 2019. The Perico and Espejo exploration blocks are located in Sucumbíos Province in the north-eastern part of Ecuador, in the Oriente basin. The blocks were acquired under an initial four-year exploration period, with the option to extend the exploration period by an additional two years.

Work commitments on the Perico block include: the drilling of four wells, 72 km² of 3D seismic reprocessing and 72 km² of magnetometry and gravimetry. Work commitments on the Espejo block include: the drilling of four wells, 3D seismic acquisition program of 55 km², 74 km² of 3D seismic reprocessing and 63 km² of magnetometry. Geochemical soil surveying over both blocks, initiated in 2019, has been completed and seismic processing in the Perico block began in early 2020. Aeromagnetic surveying on both blocks is expected to commence in the first quarter of 2020. In the second half of 2020, the Company intends to start drilling on the Perico Block and to acquire 3D seismic in the Espejo block.

MIDSTREAM ACTIVITIES

The Company's midstream assets include its investments in pipelines, storage and other facilities relating to the transportation and exportation of crude oil and refined products in Colombia. These pipelines connect the Company's production centers, import facilities and terminals to refineries, distribution points and export facilities in Colombia.

The following table provides a summary of the main pipelines in which the Company has an interest.

Pipeline	Product Transported	Km	Pipeline Capacity (bbl/d)	Origin	Destination	Interest
BIC	Crude Oil	226	120,000	Araguaney	Banadia	43.03% equity interest in Bicentenario
OAM	Crude Oil	391.4	100,000 ⁽¹⁾	Tenay	Vasconia	1.2% working interest pursuant to a construction and operation contract
ODC	Crude Oil	483	236,000 ⁽²⁾	Vasconia	Coveñas	1.00% working interest through an equity interest in Oleoducto de Colombia S.A.
ODL	Crude Oil	235	300,000	Rubiales	Monterrey	approximately 21% indirect ownership interest through a 59.93% equity interest in PML
		260	300,000	Rubiales	Cusiana	
OGD	Crude Oil	63.7	40,000 ⁽³⁾	Guaduas field	La Dorada	90.6% working interest pursuant to a joint venture agreement with Cimarrona LLC

Notes:

- (1) The Company has transportation rights up to 1,200 bbl/d and additional capacity of up to 30,000 bbl/d, subject to available capacity from the other owners.
- (2) The Company has transportation rights of up to 2,000 bbl/d and additional capacity subject to available capacity from the other owners.
- (3) The Company has the right to use all available capacity.

Pacific Midstream Limited

The Company holds a 59.93% interest in PML, which has a 35% equity investment in ODL. Therefore, the Company's interest in the ODL Pipeline is approximately 21%. The Company has three representatives on PML's board of directors. For information on this pipeline, see "Description of the Business – Midstream Activities – Oleoducto de los Llanos Orientales S.A."

Bicentenario

Bicentenario owns the BIC Pipeline, which connects the Araguañey Station in Casanare Department to the Banadia Station in Arauca Department. At Banadia Station, the BIC Pipeline connects to the CLC Pipeline, which connects to the Coveñas terminal on Colombia's Caribbean coastline in the Sucre Department. CENIT, a subsidiary of Ecopetrol, owns 100% of the CLC Pipeline and 55% of Bicentenario and the BIC Pipeline.

Effective March 22, 2019, the Company increased its net ownership interest in Bicentenario from 26.4% to 43.03% through the acquisition of PML's ownership interest in Bicentenario. The acquisition was triggered by the IFC Parties pursuant to the PML shareholders agreement put option, which provided that in the event the BIC Pipeline was non-operational for six consecutive months, and as a result, the Bicentenario ship or pay contracts with the Company's affiliates were terminated, PML would have the option to require the Company to purchase PML's interest in Bicentenario at the IFC Parties' decision. The net cost of the acquisition to the Company was approximately \$34.0 million after the proceeds of the transaction were distributed by PML to its shareholders, including the Company. As a result of the acquisition, the Company's 43.03% interest in Bicentenario is held through its wholly owned subsidiaries as follows: Pacific OBC Corp (22.96%), Pacific OBC 1 Corp (9.42%), Pacific OBC 4 Corp (9.15%) and FECC (1.5%). For details of the Company's transactions with Bicentenario see "Note 18 – Investments in Associates," "Note 26 –

Related-Party Transactions” and “Note 28 – Commitments and Contingencies” of the audited annual financial statements for the years ended December 31, 2019 and 2018, available on SEDAR at www.sedar.com.

Oleoducto de los Llanos Orientales S.A.

The Company holds an indirect interest in ODL through PML’s 35% interest in ODL. ODL owns the ODL Pipeline, which runs from the Rubiales field to the Monterrey Station or Cusiana Station in Casanare Department. PML has two representatives on ODL’s board of directors.

The Company has one ship-or-pay agreement with ODL, which initially provided the Company with transportation rights for up to 27,643 bbl/d. The ship-or-pay agreements expire on July 31, 2020. For details of the Company’s transactions with ODL, see “Note 18 – Investments in Associates” and “Note 26 – Related-Party Transactions” of the audited annual financial statements for the years ended December 31, 2019 and 2018, available on SEDAR at www.sedar.com.

Infrastructure Ventures

The Company holds a 39.22% indirect interest in Puerto Bahia through its equity interest in IVI. Puerto Bahia operates a multipurpose port facility (the “**Port Facility**”) in the Bay of Cartagena, one of the largest trade hubs in Latin America. The port is adjacent to the Bocachica access channel of the Cartagena Bay, with a depth of approximately 20.5 metres and is strategically located near the Cartagena Refinery and the Panama Canal. Existing facilities offer deep-water capability, which makes the Port Facility the only multi-purpose terminal in Colombia capable of receiving Panamax ships (large cargo vessels) and Suezmax tankers (liquid purpose vessels) simultaneously. The Port Facility consists of two terminals: a hydrocarbon terminal and a dry cargo terminal. The hydrocarbon terminal has an operational capacity of 2.6 MMbbl, distributed amongst eight storage tanks, each of which is capable of storing up to 330,000 bbl of oil. The hydrocarbon terminal includes a barge platform with four berths and a truck terminal that is interconnected with the storage tanks and provides eight loading and unloading stations. The dry cargo terminal has a berthing platform that is 290 metres long and 44 metres wide. The dry cargo facilities have a total area of 16 hectares (40 acres) and are used to store dry cargo, vehicles, containers and livestock, among other things.

The Company has three representatives on IVI’s board of directors. In addition, to the best of the Company’s knowledge, certain current and former directors and executive officers of the Company are individual minority shareholders of IVI.

Equity Contributions

As part of the agreement to fund the construction of Puerto Bahia, on October 4, 2013, Pacinfra Holding Ltd. (a wholly-owned subsidiary of the Company), IVI, Puerto Bahia and Wilmington Trust, National Association (as administrative and collateral agent) entered into an equity contribution agreement (the “**Equity Contribution Agreement**”) pursuant to which Pacinfra Holding Ltd. and IVI agreed to jointly and severally cause equity or debt contributions to be made in Puerto Bahia up to the aggregate amount of \$130 million. Amounts advanced under the Equity Contribution Agreement are designated to the repayment of principal and interest from debt obligations of Puerto Bahia.

On June 14, 2019 and December 13, 2019 Pacinfra Holding Ltd. advanced \$10.9 million and \$13.8 million respectively to Puerto Bahia under two separate loan agreements which are subordinated to the Port Credit Agreement. The loans bear interest of 14.0%. To date, Pacinfra Holding Ltd. has advanced a total of \$65.9 million under the ECA. For details of the Company’s transactions with IVI, see “Note 18 – Investments in Associates,” “Note 19 – Other Assets” and “Note

26 – Related-Party Transactions” of the audited annual financial statements for the years ended December 31, 2019 and 2018, available on SEDAR at www.sedar.com.

IFC IVI Put Option

Pursuant to a put option agreement, the IFC Parties have an option, exercisable at the discretion of the IFC Parties, to require the Company to purchase their interest in IVI in the event that: (i) IVI has not conducted an initial public offering by December 1, 2019, in which case, the put price would be the current market price of IVI’s common shares at the time of the exercise of the put; or (ii) the Company violates certain representations and covenants (relating principally to criminal offences, sanctionable practices, environmental compliance, insurance and the furnishing of information) under the transaction documents related to the IFC Parties’ investment in IVI, in which case the put price is set at the amount that would give IFC the greater of the market value of the shares or 15% annual return on their investment.

Other Transportation Rights

As part of a project to expand the Ocesa Pipeline, project P-135, the Company, through its Colombian branch, entered into two crude oil transport agreements with Ocesa for future transport capacity for up to 30,000 bbl/d. The transport agreements expire on June 30, 2025. As part of these agreements, the Company is required to maintain a minimum credit rating of BB- (Fitch Ratings Inc.) and Ba3 (Moody’s Investors Service, Inc.) or to provide evidence of compliance with the net assets and working capital tests included in such agreements.

The Company also has transportation agreements in place to secure transportation capacity on Colombia’s national pipeline system, including on the following pipelines: Oleoducto Transandino which connects from the Orito field in the Putamayo Basin to Colombia’s Pacific port of Tumaco.; Santiago-El Porvenir Pipeline which connects the Santiago Station to the Coveñas. Ocesa Terminal; and Monterrey-Araguaney Pipeline which connects to the BIC Pipeline.

OTHER INFORMATION RELATING TO FRONTERA'S BUSINESS

Specialized Skill and Knowledge

The Company’s operations in the oil and natural gas industry require professionals with skills and knowledge in diverse fields of expertise. In the course of its exploration, development and production operations, the Company uses the expertise of drilling engineers, exploration geophysicists and geologists, petrophysicists, petroleum engineers, petroleum geologists and production and completion engineers. The Company relies heavily on its personnel and works hard to meet the challenges inherent in attracting and retaining the professionals and experts required for its operations. See “Risk Factors – Ability to attract and retain qualified personnel.”

Business Cycles

The oil and natural gas business is subject to commodity price cycles. The Company’s operations and ability to market its oil and gas are sensitive to the market price of oil and natural gas. These prices fluctuate widely and are affected by numerous factors such as global supply, demand, inflation, exchange rates, interest rates, forward selling by producers, production, global or regional political, economic or financial situations and other factors beyond the control of the Company. See “Risk Factors – Risks Related to the Company conducting business in the Oil and Natural Gas Industry.”

Corporate Social Responsibility and Environmental Policies

Environmental Protection and Sustainability

The oil and natural gas industry in Colombia, Peru, Ecuador and Guyana is subject to environmental laws and regulations. Prior to commencing exploration and production activities, the Company must obtain requisite environmental licences and permits. Compliance with environmental obligations and requirements can require significant expenditures and impose constraints on the Company's operations in the applicable jurisdiction. The Company is exposed to potential environmental liability in connection with its operations. See "Risk Factors – 'Risks Relating to the Company conducting Business in the Oil and Natural Gas Industry – Environmental Regulations and Risks."

The Company has implemented guidelines and management systems to ensure compliance with all applicable laws. In 2019, the Company received recertification of its business continuity systems under ISO 22301, which certifies that the Company has implemented systems to address risks that may, without such systems, be detrimental to the Company's operations. Frontera is the first oil and gas company in Colombia to achieve this certification and is currently working hand in hand with suppliers to help them implement systems to facilitate compliance.

In 2018, the Company also received recertification of its integrated management system under ISO 9001, ISO 14001 and OHSAS 18001 standards, which certify that the Company has successfully implemented the requirements related to quality, environmental, health and safety of the management systems. These certifications are valid until 2021 and during 2019, the Company maintained them after a follow-up audit of its operations.

The Company has implemented environmental management programs that help prevent and manage the environmental impact caused by operations. These programs aim to measure, reduce and compensate the impact in environmental aspects such as: emissions, water and soil quality and waste. In Colombia, regulatory investments for compensation are established by the environmental authority, due to consumption of water and soil impact during exploration and production projects. To execute Frontera's commitment to make a positive impact in the areas in which we operate, Frontera is implementing projects involving conservation, restoration, reforestation and sustainable land use.

In 2019, the Company developed a carbon footprint management strategy which includes improving carbon footprint reporting practices, reducing carbon emissions and investing in initiatives to establish long-term, sustainable low carbon operations.

The Company has a sustainability policy in place that is based on its corporate values and the declarations on human rights and gender. Frontera's sustainability policy provides a framework that creates value for stakeholders and adds value to the areas in which the Company operates. In line with the sustainability policy, the Company has identified six (6) commitments:

- we operate with excellence, ensuring the health and well-being of our employees;
- we act consistently and transparently;
- we work in harmony with the environment;
- we contribute to the sustainable development of communities;
- we have the best talent and promote respect of human rights for our internal and external stakeholders; and

- we promote a sustainable supply chain.

The six commitments listed above comprise the framework of our sustainability model. The Company remains committed to the promotion and protection of human rights, including among other things, freedom of association, eradication of child and forced labour, security, and the economic, social and cultural rights of local communities. See “Risk Factors - Risk Related to Operations in Colombia and the Company's other Markets” and “Risk Factors - Risks Related to the Company Conducting Business in the Oil and Natural Gas Industry.”

Social Investment Framework

The Company continues to implement its social investment framework in a manner that encourages local community engagement and involvement. Based on the identification of socio-economic indicators and basic needs in areas where the Company operates, the Company updated its social investment framework, focusing its efforts on the design and implementation of projects related to education and economic development. Currently, the Company is working on the design of projects which can be implemented through collaborative efforts with peers, international organizations, among others.

The Company has adopted a Gender Declaration which guarantees an inclusive and diverse work environment for all Frontera employees. The objective of the Gender Declaration is to promote respect for the human rights of employees, contractors and external stakeholders, and to implement initiatives to avoid any type of discrimination. Frontera has maintained the EQUIPARES' Silver Seal certification "Implementation of Actions for Equality" since 2016, a certification program, led by the Colombian Ministry of Labor, the Presidential Council for Equality of Women and the United Nations Development Program (UNDP), that recognizes companies that take actions to close the labour gap between men and women. Frontera was the first oil company in Colombia (and South America) to achieve this certification. Frontera is currently working on a Diversity Strategy which guarantees not only inclusion in terms of gender but also related to sexual preferences, race, age culture, among others. Also, it is currently working to obtain EQUIPARES level III-GOLD certification. In 2019, this corporate effort was recognized by the Global Compact Network Canada as emerging practice for the contribution of the private sector in the Sustainable Development Goal: Gender equality.

Community Relations

The Company designs and executes multiple social projects pursuant to Colombian regulation for the benefit of the communities that live near the areas where the Company operates. Every project is developed jointly with the communities, the local governments and in some cases national entities, and is designed to address the needs and requirements of the communities.

Code of Business Conduct and Ethics

Frontera is committed to acting according to the values set out in its Code of Business Conduct and Ethics and conducting business fairly, with integrity and in compliance with applicable laws. It has an Anti-Bribery and Anti-Corruption Policy to reinforce the Code of Business Conduct and Ethics with additional guidance regarding applicable anti-bribery and anti-corruption laws. All officers and employees, including temporary and contract staff, are expected to observe the highest standards of honesty, integrity, diligence and fairness in all business activities.

Employees

As at December 31, 2019, the Company had approximately 1,160 employees in total, of which 33 employees are located in Canada, 982 employees are located in Colombia, 142 employees are located in Peru, two employees are

located in Ecuador and one employee is located in Switzerland. In addition, the Company uses the services of professionals on a contract or consulting basis, as required from time to time.

Foreign Operations

The Company's hydrocarbon production activity is presently located in Colombia and Peru and therefore all of the Company's revenues are generated from operations located outside of Canada.

Renegotiation or Termination of Contracts

As at the date hereof, the Company does not anticipate that any aspect of its business will be materially affected in the remainder of 2020 by the renegotiation or termination of contracts or subcontracts other than with respect to Block 192 which has an expiry date of September 2, 2020. See "Risk Factors – Risks Related to the Company Conducting Business in the Oil and Natural Gas Industry – Expiration of contracts."

RISK FACTORS

An investment in the securities of the Company involves a high degree of risk due to the nature of the Company's business of the exploration and production of oil and natural gas. The Company considers the risks set out below to be the most significant to potential investors in the Company, but this list does not contain all of the risks associated with an investment in the securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers not to be currently material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected. In such circumstances, the price of Common Shares may decline and investors may lose all or part of their investment.

Investors should carefully consider the risk factors set out below and all other information contained in this AIF and in the Company's other public filings before making an investment decision. An investment in the Common Shares is speculative and involves a high degree of risk due to the nature of the Company's business. It is recommended that investors consult with their own professional advisors before investing in the Common Shares.

General Risks

Risks related to the Common Shares

The trading price of the Common Shares may be subject to large fluctuations, which may result in losses to investors. The trading price of the Common Shares may increase or decrease in response to a number of events and factors, including: the price of oil and natural gas; the Company's financial condition, financial performance and future prospects; the public's reaction to the Company's news releases, other public announcements and the Company's filings with the various securities regulatory authorities; changes in earnings estimates or recommendations by research analysts who track the Common Shares or the securities of other companies in the oil and natural gas sector; changes in general economic conditions and the overall condition of the financial markets; the number of Common Shares that are publicly traded; the arrival or departure of key personnel; and acquisitions, strategic alliances or joint ventures involving the Company or its competitors, among others.

In addition, an active public market for the Common Shares may not exist or be sustained. If an active public market does not exist, the liquidity of the Common Shares may be limited and the value of the Common Shares may decline.

Changing investor sentiment about the oil and gas industry

A number of factors, including the concerns of the impact of oil and gas operations on the environment, concerns of environmental damage relating to spills of petroleum products during transportation and concerns about indigenous rights, have affected certain investors' sentiments towards investing in the oil and natural gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they are no longer willing to fund or invest in oil and gas properties or companies or are reducing the amount of their investment over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, management and employees of the Company. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the Company or not investing in the Company at all. Any reduction in the investor base interested or willing to invest in the oil and gas industry and, more specifically, the Company, may result in limiting the Company's access to capital, increasing the cost of capital and decreasing the price or liquidity of the Common Shares.

Failure to obtain additional capital

The Company expects that its cash balances and cash flow from operations will be sufficient to fund the necessary level of working capital, and that revenues generated will be sufficient to fund its operational development strategy. The Company may require additional capital to continue to operate its business, to expand its exploration and production programs to additional properties (including meeting minimum exploration requirements under the Company's contracts and licences) and to undertake future acquisitions, if any.

There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company's ability to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as its business performance. Economic uncertainty and liquidity in capital markets may increase the risk that additional financing will only be available on terms and conditions unacceptable to the Company, or not at all.

Failure to obtain such financing on a timely basis could cause the Company to forfeit its interests in certain properties, miss certain business opportunities and reduce or terminate its operations or contracts. The inability to obtain capital may damage the Company's reputation and credibility with industry participants in the event it cannot close previously announced transactions.

Restrictions and obligations imposed by the Company's Material Debt Facilities

The Company's material debt facilities, including the Unsecured Indenture, and the credit agreement governing the Unsecured LC Facility impose certain operating and financial restrictions, and obligations, on the Company. These restrictions limit the Company's ability to, among other things, incur additional indebtedness, make investments, sell assets, incur liens, enter into certain agreements, enter into transactions with affiliates, pay dividends, buy-back shares and consolidate or merge or sell substantially all of the Company's assets. In addition, obligations may be imposed on the Company as a result of actions not within its control, including as a result of a change of control.

These restrictions could limit the Company's ability to seize attractive growth opportunities for its business or otherwise engage in activities that may be in the Company's long-term best interests that are currently unforeseeable.

The failure of the Company to comply with these restrictions and obligations could result in an event of default that, if not cured or waived, could result in the acceleration of substantially all amounts outstanding under its material debt facilities. The Company may not have sufficient working capital to satisfy such debt obligations in the event of an acceleration of all or a significant portion of the Company's outstanding indebtedness.

Dividends

Payment of future dividends, if any, on Common Shares will be subject to the discretion of the Board and may vary depending on, among other things, oil prices, the Company's financial condition, results of operations, cash flow, royalty burdens, foreign exchange rates, need for funds to finance ongoing operations, covenants and conditions under the Company's material debt facility, legislative requirements and liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends. Based on these and other factors, many of which are beyond the Company's control, the Company's dividend policy may be reduced or stopped entirely and there can be no assurance that the Company will continue to pay dividends in the future.

In addition, the provisions of the Unsecured Indenture, the credit agreement governing the Unsecured LC Facility and the BTG Instruments restrict the Company's ability to declare and pay dividends to the Shareholders under certain circumstances and, if such restrictions apply, they may in turn have an impact on the Company's ability to declare and pay dividends.

Catalyst holds a significant portion of the Common Shares

Catalyst currently holds approximately 34.65% of the Company's issued and outstanding Common Shares. As a result, Catalyst has the ability to exercise substantial influence over the policies and management of the Company, which could prove to be contrary to the interests of the other stakeholders of the Company.

It cannot be assumed that Catalyst will remain a Shareholder for the long-term. Catalyst may be interested in disposing of its interest in its Common Shares in the near or medium term, and may therefore be unwilling to pursue certain long-term policies to the extent they may have short-term goals. In addition, if Catalyst decides to dispose all of its Common Shares, this event may trigger change of control provisions under the Unsecured Indenture, at which point the Company may have an obligation to offer to redeem the Unsecured Notes at 101% of the principal amount thereof plus accrued, unpaid interest and Additional Amounts (as defined in the Unsecured Indenture).

If, as a result of the disposition of Common Shares by Catalyst, a controlling shareholder is created, the new controlling shareholder could have a different vision and strategy for the Company's business, which the Company cannot predict, but which may be adverse to the interests of other stakeholders of the Company.

Global financial conditions

In recent years, global financial conditions have been subject to increased volatility and numerous commercial and financial enterprises have either gone into bankruptcy, creditor protection or have had to be rescued by governmental authorities. Market event conditions, including global excess oil and natural gas supply, recent actions taken by the Organization of Petroleum Exporting Countries ("OPEC"), slowing global growth in China and other key world economies, market volatility and sanctions imposed on certain oil producing nations by other countries have caused a significant decrease in the valuation of oil and gas companies, affected equity investor sentiment and decreased market confidence in the oil and natural gas industry in general. If these conditions were to continue and commodity prices

remain volatile, this may have an adverse effect on the Company's Common Shares, business, financial condition or results of operations.

Ratings downgrade

Rating agencies regularly evaluate the Company. These ratings are based on a number of factors, including the Company's financial strength, as well as factors not entirely within its control, including conditions affecting the oil and natural gas industry generally, and the wider state of the economy. Credit ratings are important to the Company's borrowing costs and ability to raise funds. Rating downgrades could potentially affect existing agreements of the Company, (such as triggering the collateralization requirements related to facility construction contracts, and pipeline and midstream service providers), result in higher financing costs, reduce access to capital markets, suppliers or counterparties, impair the Company's ability to enter certain transactions, including hedging agreements, decrease the Company's market share price and increase borrowing costs under credit facilities, all of which may have a material adverse effect on the Company. See "Description of Capital Structures - Credit Ratings."

Control environment

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. The Company has procedures in place to ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws. However, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and harm the trading price of the Common Shares.

Changes in the Company's management structure

The Company is dependent on the business and technical expertise of its management team. In the past three years there has been a significant number of executive departures and appointments. Specifically, in April 2018, the Company appointed a new Chief Executive Officer and a new Chief Financial Officer. In 2018 and 2019, the Company also had several changes to its executive management team. The Company's Board and senior management regularly consider and assess contingencies and succession plans in order to attempt to mitigate any adverse impact of any management changes. There can be no assurance that further changes to management will not occur and that management and operations will not be adversely affected by changes in management.

Reduction of costs through corporate initiatives

The Company continues to implement a series of initiatives intended to streamline operations, improve efficiencies and reduce costs across the organization. In 2017 and 2018, the Company implemented various initiatives to streamline functions and organizational structures to improve efficiency. In 2019, the Company implemented additional cost savings initiatives to reduce its capital expenditures, operating costs, and overhead costs. The required integration of operations, technologies and personnel as part of these initiatives may result in unanticipated operational problems, expenses and liabilities, among others.

While the Company's cost and capital expenditure reduction efforts have reduced, or are expected to reduce, the Company's operating costs and improve efficiencies, the Company cannot be certain that all efforts will be successful

or that the Company will not be required to implement additional actions to structure its business to operate in a cost-effective manner in the future.

Enforcement of civil liabilities

Substantially all of the assets of the Company are located outside of Canada, and certain directors and officers of the Company are residents outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the directors and officers of the Company residing outside of Canada.

Global Pandemic

A global pandemic could cause temporary interruptions in operations if there is an outbreak in areas in which the Company operates. In addition, governments may take preventative measures such as imposing travel restrictions and closing points of entry which may impact the Company's ability to transport or sell our product. These preventive measures along with market uncertainty could cause economic uncertainty, resulting in a decrease in the demand for oil and natural gas. The outbreak of the novel coronavirus at the end of 2019 has had an adverse effect on the price of oil and natural gas.

Managing growth through acquisitions and dispositions

Historically, the Company has developed its operations through various acquisitions. As a result, the Company depended significantly on its management's ability to integrate the operations, technologies and personnel of such acquired assets and companies. In recent years, the Company's strategy has been to monetize non-core assets and to acquire or be awarded prospective or producing properties.

The Company considers acquisitions and dispositions in the ordinary course of business. The identification and integration of acquisition and award opportunities may require significant effort, time and resources of management and there is no assurance that the Company will be successful in acquiring or being awarded new properties and, if acquired or awarded, that such properties will result in commercial quantities of oil and natural gas.

In addition, the Company cannot guarantee that it will be able to successfully dispose of its non-core assets or that, if disposed of, the Company will receive the full carrying amount. Should the Company reach agreements to divest certain non-core assets, some agreements may include specific conditions to closing that may delay or inhibit the disposition and there can be no assurances that the Company will be able to meet these conditions and therefore close such transactions. Failure of the Company to close any disposition transaction may have an adverse effect of the Company's business, financial condition or results of operations.

Risks Related to the Company Conducting Business in the Oil and Natural Gas Industry

Fluctuating prices and markets

Substantially all of the Company's revenues are derived from the extraction and sale of oil and natural gas. Oil and gas prices have been and are expected to remain volatile as a result of the market uncertainties over supply and demand and other factors, all of which are beyond the Company's control. These factors can include, among other things, global supply and demand factors, political conditions in oil and gas exporting nations, the actions of the OPEC, oil demand growth from emerging markets (such as China and India), inflation expectations, currency exchange rate fluctuations,

supply disruption, the availability of, and demand for, alternative fuel sources, circumstantial effects of climate change and meteorological phenomena and threat of terrorism.

The Company is significantly vulnerable when oil and natural gas prices decline below the necessary levels to fund its operating costs and general and administrative expenses, planned non-discretionary capital programs, taxes and debt service. Any substantial decline in the prices of oil and natural gas could have a material adverse effect on the Company's earnings. Any substantial and prolonged decline in prices of crude oil or natural gas would have an adverse effect on the carrying value of the Company's reserves, borrowing capacity, revenues, profitability and funds flow from operations and may have a material adverse effect on the Company's business, financial condition, results from operations and business prospects.

The Company periodically enters into hedging transactions with respect to a portion of its expected future production to offset the risk of revenue losses if commodity prices decline. The Company may enter into a variety of derivative financial instruments to manage its exposure to commodity price risks, including zero cost collars, three-way collars, swaps, forwards, swap participation, put spreads and call spreads. However, to the extent that the Company engages in hedging transactions to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, the Company's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which production falls short of the hedged volumes or oil prices become significantly higher or lower than projected; there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedging arrangement; the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or a sudden unexpected event materially impacts oil and natural gas prices. There is no assurance that the Company will always be able to enter into hedging agreements or reduce the risk or minimize the effect of any future decline in oil or natural gas prices.

Exploration, development and production

The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas. Without the continual addition of new reserves through exploration, acquisition or development activities, the Company's existing reserves and production therefrom will decline over time as such reserves are exploited. A future increase in the Company's reserves will depend on both the ability of the Company to explore and develop its existing properties and its ability to select, acquire or be awarded prospective or producing properties. There is no assurance that the Company will be able to continue to explore and develop its existing properties or find satisfactory properties to acquire or participate in. Moreover, management of the Company may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that the Company will discover or acquire further commercial quantities of oil and natural gas.

Exploration, development and production costs (including workover costs and transportation costs), marketing costs and costs required to comply with regulations have a significant effect on the Company's ability to generate future revenues from its operations. It is also difficult to project the costs of implementing a development or exploratory drilling program due to the normal risks and uncertainties inherent in oil and natural gas exploration such as unusual and unexpected geological changes in the parameters and variables of the petroleum system and operations, drilling in unknown formations, the costs associated with encountering various adverse drilling conditions, such as over-pressurized zones and tools lost in the drill hole, and changes in drilling plans and locations or additional seismic data

and interpretations thereof. The individual impact generated by these factors cannot be predicted with any certainty and, once combined, may result in non-economical reserves. If costs exceed the Company's estimates, or if the Company's efforts do not produce results that meet its expectations, the Company's future exploration and development efforts may not be commercially successful, which could adversely impact the Company's ability to generate future revenues from its operations.

In addition, the Company is subject to the normal risks inherent to the oil and natural gas exploration and development. On a long-term basis, the Company's viability depends on its ability to find or acquire, develop and commercially produce additional oil and gas reserves. The Company has previously experienced declines in the average daily total oil and gas production from fields the Company operates and may continue to experience further declines in the future. The Company's future reserves will depend not only on its ability to develop then existing properties, but also on the Company's ability to identify and acquire additional suitable producing properties or prospects, to find markets for the oil and natural gas it develops and to effectively distribute the Company's production into the markets.

There are risks associated with the Company's business and operations that may result in production growth uncertainty, which include the following: (i) the expiration of joint venture and operating contracts; (ii) high competition for attractive reserves and resources acquisitions; (iii) limitations on oil recovery, including water production increases and environmental permitting delays relating to water disposal; (iv) access to sufficient capital to fund exploration activities; and (v) undue delays in obtaining environmental permits.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut downs of connected wells resulting from extreme weather conditions, problems in storage and distribution and adverse geological and mechanical conditions.

Reserves estimates

There are numerous uncertainties inherent in estimating reserves and cash flows to be derived therefrom, including many factors beyond the control of the Company. The Company prepares these reserve estimates using various factors and assumptions, including historical production in the area compared with production rates from analogous producing areas; initial production rates; production decline rates; ultimate recovery of reserves; success of future development activities; timing and amount of capital expenditures; marketability of production; royalty rates, effects of regulations by government agencies (including levies imposed over the life of the reserves); and future operating costs (all of which could materially vary from actual results).

Some of these assumptions are inherently subjective, and the accuracy of the Company's reserve estimates relies in part on the ability of its management team, engineers and other advisors to make accurate assumptions. Economic factors beyond the Company's control, such as interest rates and exchange rates, will also impact the value of its reserves. As a result, the Company's reserve estimates will be inherently imprecise. The reserves disclosed by the Company should not be interpreted as assurances of property life or of the profitability of current or future operations. Actual future production; oil and natural gas prices; revenues, taxes; development expenditures; operating expenses and quantities of recoverable oil and gas reserves may vary substantially from those the Company estimates. If actual

production results vary substantially from the Company's reserve estimates, this could materially reduce its revenues and result in the impairment of its oil and natural gas interests.

Exploration Commitments

Government contracts such as exploration and production agreements require that minimum investments be made as a condition to maintaining the rights under the agreements. As of December 31, 2019, the Company has certain minimum work program commitments for 2020 and beyond. If the Company fails to satisfy the minimum investments required by its exploration and production agreements, the Company could be subject to significant monetary penalties of up to 100% of the minimum work program commitment, among other penalties or sanctions (including forfeiture of a block) which could have a material adverse effect on the Company's business, financial condition and results of operations.

Transportation costs

To sell the oil and natural gas that the Company is able to produce, it must make arrangements for dilution, transportation and storage of oil and gas to deliver to the market. The industry depends on trucking, pipeline facilities, and barge transportation to deliver shipments, and transportation costs are a significant component of the total cost of supplying oil and natural gas to the market. Disruptions of these transportation services because of weather related problems, strikes, lockouts, delays, terrorist acts or other events could temporarily impair the ability to supply oil and natural gas to customers and may result in lost sales.

Operating hazards and risks

Oil and natural gas drilling and producing operations are subject to many risks, including the risk of fire; explosions; mechanical failure; pipe or well cement failure; well casing collapse; pressure or irregularities in formations; chemical and other spills; unauthorized access to hydrocarbons; accidental flows of oil; natural gas or well fluids; sour gas releases; contamination of oil and gas; vessel collision; structural failure; storms; earthquakes; hurricanes; floods or other adverse weather conditions and other occurrences. Even a combination of experience, knowledge and careful evaluation may not be able to overcome the existence of such risks. The Company's operations are also subject to the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. If any of these risks should materialize, the Company could incur legal defence costs and remedial costs and could suffer substantial losses due to injury or loss of life; human health risks; severe damage to or destruction of oil and gas wells, formations, production facilities or other properties; natural resources and equipment; pollution or other environmental damage; unplanned production outage; cleanup responsibilities; regulatory investigation and penalties; increased public interest in the Company's operational performance; and suspension of operations.

In accordance with standard industry practice, the Company is not fully insured against all risks, nor are all risks insurable. While the Company obtains insurance in an amount consistent with industry standards, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons and the Company could incur significant costs that could have a material adverse effect upon its financial condition. A loss not fully covered by insurance, or the solvency of an insurer, could have a material adverse effect on the Company's financial position, results of operations and cash flows. and the Company could be required to divert funds from capital investment or other uses towards covering liability for such events. The insurance coverage that the Company maintains may not be

sufficient to cover every claim made against the Company in the future. In addition, a major incident could impact the Company's reputation in such a way that it could have a material adverse effect on the Company's business, financial condition or results of operations.

Litigation and other proceedings

In the normal course of the Company's operations, it may become involved in litigation relating to, among other things, labour, health and safety matters; environmental matters; regulatory, tax and administrative proceedings; governmental investigations; arbitration; and contractual claims and disputes relating to, but not limited to, contract disputes, personal injuries, property damage, property taxes, land and access rights, environmental issues. The Company is subject to risks related to litigation, arbitration and administrative proceedings that could adversely affect the Company's business and financial performance in the event of an unfavourable ruling. Litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome, among other matters. In the past, the Company has been subject to proceedings or investigations of actual or potential litigation. Although the Company has established provisions as it deems necessary, the amounts that it reserves could vary significantly from any amounts the Company actually pays due to the inherent uncertainties in the estimation process. If the Company were to receive an unfavourable decision through such proceedings, the Company may suffer reputational damage as a result, which could have an adverse effect on the Company's business and its ability to grow.

Contractual contingent obligations

The Company is subject to certain contingencies, which, if they were to occur, could have a material adverse effect on the Company's business, financial condition or results of operations.

Certain of the Company's commercial agreements include provisions that require the Company, upon the occurrence of certain specific events, to contribute capital, repurchase shares from the Company's partners, suffer dilution or provide financial guarantees. Some of these events have already occurred but our counterparties have not yet exercised their rights. If other contingencies were to occur, and/or if our counterparties were to demand the exercise of their rights, the Company may not have the ability to raise the funds necessary to finance such contingent obligations. Further information on the Company's most significant contractual contingencies can be found under the headings entitled "Upstream Activities" and "Midstream Activities."

Accounting impairments

The presentation of financial information in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board requires that management apply certain accounting policies and make certain estimates and assumptions that affect reported amounts in the Company's consolidated financial statements. The accounting policies may result in non-cash charges to net income and write-downs of net assets in the consolidated financial statements. Such non-cash charges and write-downs may be viewed unfavourably by the market and may result in an inability to borrow funds and/or may result in a decline in the Common Share price.

Lower oil and gas prices and deterioration in economic environment impacting project feasibility, may increase the risk of write-downs of the Company's oil and gas assets and infrastructure investments. Under IFRS, oil and gas assets and infrastructure investments are aggregated into groups known as Cash Generation Units ("CGUs") for impairment testing. CGUs are reviewed for indicators that the carrying value of the CGU may exceed its recoverable amount. If an indication of impairment exists, the CGUs' recoverable amount is then estimated. A CGU's recoverable amount is

defined as the higher of the fair value less costs to sell and its value in use. If the carrying amount exceeds its recoverable amount, an impairment loss is recorded to net income in the period to reduce the carrying value of the CGU to its recoverable amount.

Expiration of contracts

The Company may be unable to find alternative revenue sources to replace the revenue that it has lost upon the expiration of certain exploration and exploitation contracts. Although the Company may want to extend its exploration and production contracts beyond their original expiration date, there is no assurance that such extension would be agreed to or, if so agreed, that they would agree to terms that are acceptable to the Company. If the contracts are terminated, any wells in production, buildings and other real estate possessions related to the fields subject to such contracts will revert without any additional compensation to the Company.

Decommissioning costs

The Company may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines that it uses for production of oil and gas reserves. Abandonment and reclamation of these facilities and the costs associated therewith is often referred to as "decommissioning." If decommissioning is required before economic depletion of the Company's properties, or if its estimates of the costs of decommissioning exceed the value of the reserves remaining at any particular time, it may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could impair the Company's ability to focus capital in other areas of its business.

Permits and licences

The Company's interest in its properties are held in the form of licences, contracts and leases and working interests in licences, contracts and leases held by others. If the specific requirements of a licence, contract or lease are not met by either the Company or the holder of such licence, contract or lease, it may be terminated or expire. There can be no assurance that any of the obligations required to maintain each licence, contract or lease will be met. The termination or expiration of licences, contracts or leases or the working interests relating thereto could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

The Company's exploration, development and production activities may require licences and permits from governmental authorities, and as such operations are and will be governed by laws and regulations governing exploration, development and production, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all licences and permits that the Company may require to carry out exploration and development of its projects will be obtained on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake.

In the recent past, the Company and other oil and gas companies operating in South America have experienced significant delays from regional and national Colombian authorities with respect to the issuance of such licences. Unanticipated licencing delays can result in significant delays and cost overruns in the exploration and development of blocks and could affect the Company's financial condition and results of operations. The Company cannot assure that these delays will not continue or worsen in the future.

Labour disruptions

The Company operates in countries that have large state-sponsored or owned oil and gas companies that have traditionally employed unionized personnel. From time to time, the unions attempt or threaten to disrupt field operations and crude oil transportation activities of their employers which may directly or indirectly affect the operations of the Company. The Company has previously experienced significant labour unrest that resulted in higher operating costs, although it did not have a significant impact on the Company's production output. The Company cannot provide any assurances that it will not face labour disruptions in the future, nor that any agreement reached with workers would not result in material increase to the Company's labour costs all of which may have a material adverse effect on the Company's operations.

Environmental regulations and risk

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and local laws and regulations. Prior to conducting projects, the Company must procure the licences and environmental permits required by national and regional regulators.

Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also imposes compensation and investment obligations and requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures, and a breach may result in revocation or suspension of environmental licences and permits, civil liability for damages and the imposition of fines or penalties, some of which may be material. While the Company endeavors to meet all of its environmental obligations, it cannot guarantee that it has been and will be in compliance at all times. Environmental legislation is evolving in a manner that may result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Climate Change Regulation

Climate change policy is continually evolving. The 2015 United Nations Climate Change Conference adopted by consensus the 2015 Paris Climate Agreement. The agreement deals with greenhouse gas ("GHG") emission reduction measures, targets to limit global temperature increases and requires countries to review and "represent a progression" in their intended nationally determined contributions, which set emissions reduction goals every five years, beginning in 2020. In Colombia, the government passed Law 1931 of 2018, which establishes guidelines for the management of climate change. The purpose of this law is to promote the development of actions to mitigate GHGs.

Although the Company has initiated a carbon footprint management strategy to reduce emissions including by reducing its reliance on generators, the GHG emissions of the Company may increase as the Company pursues a growth strategy.

Additional factors, such as the price and availability of new technologies, including renewable energy and unconventional oil and gas extraction methods, and the global geopolitical climate and other relevant conditions, have an indirect impact on oil demand and oil prices. There can be no assurances that these factors, in combination with others, will not result in a prolonged or further decline in oil prices, which may continue to have an adverse effect on revenues. Any long-term material adverse effect on the oil and gas industry could adversely affect the financial and operational aspects of the Company's business, which the Company cannot predict with certainty at this time and which

are beyond the Company's control. Revenue generation and strategic growth opportunities may also be adversely affected which in the long-term may reduce the demand for oil and natural gas production, resulting in a decrease in the Company's financial and operating results.

The changing sentiment regarding climate change, and the increasingly stringent regulation of GHG, including regulations resulting from the implementation of international treaties, are expected to increase the Company's costs. The direct or indirect costs of compliance with GHG-related legislation may have a material adverse effect on the Company's business, financial condition, results of operations and prospects including, but not limited to increased costs to: (i) operate and maintain its facilities; (ii) install new emission controls on its facilities; and (iii) administer and manage any GHG emissions program. Additionally, there is a risk of third parties initiating litigation against the Company related to the GHG emissions and its impact on the climate.

In addition to risks associated with climate change regulations, climate change is expected to increase the frequency of severe weather conditions including storms, flooding and fluctuating temperature or other events can impact the ability of the Company to complete capital projects or cause delays in operations.

Reliance on foreign subsidiaries

The Company conducts all of its operations through foreign subsidiaries and foreign branches. Therefore, the Company will be dependent on the funds flow from operations of these subsidiaries and branches to meet its obligations excluding any additional equity or debt the Company may issue from time to time. The ability of its subsidiaries to make payments and transfer cash to the Company may be constrained by, among other things: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which it operates; change in government approvals and the introduction of foreign exchange and/or currency controls or repatriation restrictions, or the availability of hard currency to be repatriated.

The implementation of a restrictive exchange control policy, including the imposition of restrictions on the repatriation of earnings to foreign entities, could affect the Company's ability to engage in foreign exchange activities and could also have a material adverse effect on its business, financial condition and results of operations.

In particular, Colombian law provides that the Central Bank of Colombia may intervene in the foreign exchange market if the Colombian peso experiences significant volatility. The Company cannot provide assurance that the Central Bank of Colombia will not intervene in the future, and the Company may be temporarily unable to convert Colombian pesos to dollars.

Customer counterparty 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, to mitigate losses from non-collection of trade receivables. If the Company suffers a significant loss resulting from the non-payment of a trade receivable that is not supported by a letter of credit, or if the issuing bank is not solvent, the Company could be required to divert funds from capital investment or other uses towards covering its liability for such events.

Strategic relationships

To develop the Company's business, the Company may use business relationships to enter into strategic relationships, which may take the form of joint ventures with other private parties, with local government bodies or contractual arrangements with other oil and gas companies, including those that supply equipment and other resources that the Company will use in its business. The Company may not be able to establish these strategic relationships or, if established, the Company may not be able to maintain them. If the Company's strategic relationships are not established or maintained, its business prospects may be limited, which could diminish the Company's ability to conduct its operations.

Conflicting interest with joint venture partners

In the development of the Company's business, the Company has entered into various joint venture activities to explore for or develop certain hydrocarbon or infrastructure assets. The success and timing of the Company's activities that are developed through these joint venture arrangements depend on a number of factors that are outside the Company's control, including the approval of other participants on major decisions concerning the direction and operation of the assets and the development of certain projects, the timing and amount of capital expenditures to meet minimum work commitments, and the objectives and interests of other participants. Failure to satisfactorily meet demands or expectations by all of the parties may affect the Company's participation in the operation of a joint venture asset and may result in the Company losing the contractual right to the asset or project. As a result, the Company may assume significant additional costs that it would not otherwise be inclined to undertake to fulfill the obligations to meet certain work commitments to maintain its contractual rights for certain hydrocarbon or infrastructure assets that are considered material to the Company's business and operations.

Health hazards and personal safety incidents

The employees and contractor personnel involved in exploration and production activities and operations of the Company are subject to many inherent health and safety risks and hazards, which could result in occupational illness or health issues, personal injury and loss of life, facility quarantine or facility and personnel evacuation. To address these risks, the Company has implemented monitoring and reporting programs for environment, health and safety performance in day-to-day operations, as well as inspections and assessments, designed to ensure that environmental and regulatory standards are met.

No assurance of title

The acquisition of title to oil and natural gas properties in the jurisdictions the Company operates is a detailed and time-consuming process. Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. The Company's properties may be subject to unforeseen title claims, including, among others, claims by indigenous communities. While the Company intends to make appropriate inquiries into the title of properties and other development rights it acquires, title defects may exist. If title defects do exist, it is possible that the Company may lose all or a portion of its right, title and interest in and to the properties that the title defects relate.

Foreign currency exchange rates

The Company mainly sells the oil it produces in the international markets under agreements that are denominated in U.S. dollars and foreign currencies. Many of the operational and other expenses the Company incurs are paid in the local currency of the countries where the Company conducts its operations. As a result, the Company may be exposed

to translation risk when local currency financial statements are translated to U.S. dollars, the Company's functional currency.

Exchange rates between the Colombian peso and U.S. dollar have fluctuated significantly in the past and may fluctuate in the future. The Peruvian Nuevo Sol has also fluctuated significantly in the past as compared to the U.S. dollar. As currency exchange rates fluctuate, translation of the statements of income of international businesses into dollars will affect comparability of revenues and expenses between periods.

Corruption

The Company is subject to laws that prohibit bribery and other forms of corruption in Canada and the jurisdictions where it operates and may be subject to similar laws in jurisdictions where it may operate in the future. In conducting its operations in South America and carrying out its social investment and environmental compensation requirements, the Company may be at risk of public corruption.

The Company has policies and procedures to detect and prevent bribery and corruption in any form. Such policies and controls include, employee training, enforcement of policies prohibiting the giving or accepting of money or gifts in certain circumstances and an annual conflict of interest declaration from each employee confirming that such employee has disclosed actual, perceived or eventual conflicts, and confirming that such employee has not violated any applicable anti-corruption or bribery legislation. In addition, employees are required to annually acknowledge their compliance with the Company's Code of Business Conduct and Ethics and its Conflict of Interest Policy. Despite these policies and procedures, the Company cannot be certain that such measures will enable it to be successful in preventing fraud and ensuring compliance with anti-corruption and anti-bribery legislation. It is possible that the Company, or its employees or contractors, could be charged with bribery or other forms of corruption as a result of the unauthorized actions of its employees or contractors. If the Company is found guilty of such a violation, the Company could be subject to onerous criminal or civil sanctions or other penalties as well as reputational damage. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, such allegations or convictions could impair the Company's ability to work with governments or non-governmental organizations, including the formal exclusion of the Company from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern.

Ability to attract and retain qualified personnel

The Company's success will depend in large measure on the ability, expertise, judgment, discretion, integrity and good faith of the Company's management and other personnel in conducting the business of the Company. The number of persons skilled in the acquisition, exploration, development and operation of oil and gas properties in the jurisdictions the Company operates is limited, and competition for such persons is intense. The loss of any of the Company's executive officers or key employees or the Company's inability to attract suitable qualified staff could materially adversely impact the Company's business. The Company may also experience difficulties in certain jurisdictions in its efforts to maintain and enhance organization capabilities.

The Company has sought to, and will continue to, ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If the Company is unable to attract, develop or retain key personnel, its business may be adversely affected.

Data management and information security

The Company is dependent on the use of technology to properly operate its business and relies on various information technology systems to manage reserves and production, process financial data, administer contracts and communicate with employees and third parties. The Company may be threatened by problems such as cyber-attacks, cyber-fraud, computer viruses, hacking, security breaches or information theft that may compromise critical infrastructure. Cyber-attacks have become more prevalent and much harder to detect and defend. Attacks may result in compromising confidential or personal information, failures in information and operation systems, operation outages, a negative impact on the Company's reputation, environmental incidents, legal sanctions and, in extreme cases, risks to people's physical safety. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, confidential and proprietary information, and on the Company's business, financial condition and results operations.

The Company has implemented an information security strategy designed to help protect the Company's information technology systems. However, the Company's mitigation strategy cannot guarantee absolute security and the Company may still be vulnerable to cyber-attacks or data security incidents.

Technology

The Company relies on technology, including geologic and seismic interpretation and economic models, to develop its reserve estimates and to guide its exploration, development and production activities. The Company is required to continually enhance and update its technology to maintain its efficacy and to avoid obsolescence. The costs of doing so may be substantial and may be higher than the costs that the Company anticipates. If the Company is unable to maintain the efficacy of its technology, its ability to manage its business and to compete may be impaired, in which case the Company may incur higher operating costs than it would if the Company's technology was more efficient.

Risks Related to Operations in Colombia and the Company's Other Markets

Economic and political developments

The Company's current projects are located in emerging market countries such as Colombia, Peru, Ecuador and Guyana. Consequently, the Company is dependent upon these countries' respective economic and political developments. As a result, the Company's business, financial position and results of operations may be affected by factors which are outside of its control, including, but not limited, the general conditions of these economies, economic instabilities, price instabilities, currency fluctuations, inflation, interest rates, taxation, regulation and policy changes, changes to drilling, development and abandonment obligations, expropriation of property without fair compensation, termination of existing contracts, political unrest, administrative or process changes, social instabilities, and other developments in or affecting these countries, over which the Company has no control.

There can be no assurance that the governments of the countries where the Company operates and has investments will continue to pursue business friendly and open market economic policies or policies that stimulate economic growth and social stability. Any changes in the economy or the respective governments' economic policies in the countries where the Company operates, in particular as they relate to the oil and gas industries, may have a negative impact on

the Company's business, financial condition and results of operations. Any of these factors, as well as volatility in the markets, may adversely affect the value of the securities of the Company.

In order to reduce its exposure to political risks, the Company has established a government stakeholder engagement plan, created a legislative activity plan and continues to build a balanced, diversified portfolio in the region.

Security Risk and Guerrilla activity

The Company's operations may be adversely affected by security incidents or guerrilla activity that are not within the control of the Company. In addition, any terrorist activity in Colombia may disrupt supply chains and discourage qualified individuals from being involved with the Company's operations.

In both Colombia and Peru, the Company has security protocols in place to enable contingency plans to prevent damage to its infrastructure or to avoid its production from being compromised. It has agreements with military and police to supervise the areas of operation and private security forces that seek to protect its installations. The Company also has whistleblower intelligence mechanisms in place so that community members can report in advance if they obtain knowledge about possible criminal activities against the Company's assets.

There can be no assurance that continuing attempts to reduce or prevent security incidents will be successful or that guerrilla activity will not disrupt the Company's operations in the future. There can also be no assurance that the Company can maintain the safety of its operations and personnel in Colombia and Peru or other jurisdictions where the Company operates or that this violence will not affect the Company's operations in the future. Continued or heightened security concerns in these countries could also result in a significant loss to the Company.

Social risks

The Company's activities are subject to social risks, including protests or blockades by groups located near certain of its operations. Despite the fact that the Company is committed to operating in a socially responsible manner, the Company may face opposition from local communities with respect to its current and future projects, which could adversely affect the Company's business, results of operations and financial condition. No certainty can be given that the Company will be able to reach an agreement with the different communities. The Company may be exposed to similar delays due to opposition from local communities in other countries where the Company carries out its activities.

In Colombia, the Company currently carries out and plans to carry out activities in areas classified by the government as indigenous reserves (*resguardos*) and Afro-Colombian lands (*territorios colectivos*). In order to undertake these activities, the Company must first comply with the previous consultation process, set forth by Colombian law. These consultation processes may be significantly delayed if the Company cannot reach an agreement with the communities.

Income Tax

The Company (and its subsidiaries) files all required income tax returns and is of the view that it is in material compliance with all applicable tax laws. However, such tax returns are subject to reassessment by the applicable jurisdictional tax authorities and the Company has been subject to such reassessments from time to time. In the event of a reassessment of our tax returns, such reassessment may have an impact on current and future taxes payable.

Legislative changes may also have an adverse impact on the Company's operations and performance. Changes in tax-related laws and regulations, and interpretations thereof, can affect tax burdens by increasing tax rates and fees, creating new taxes, limiting tax deductions, and eliminating tax-based incentives. In addition, jurisdictional tax

authorities or courts may interpret tax regulations differently than the Company does, which could result in tax litigation and additional costs and penalties. Such legislative changes may have an adverse impact on our business, financial condition and results from operations.

Deferred Tax Assets

Lower oil and gas prices and higher costs increase the risk of write-downs of the Company's oil and gas properties and deferred tax assets. A deferred income tax asset has been recorded in Colombia and consists of net operating loss carry-forwards and deductible temporary differences which arose primarily from undepreciated capital expenses related to oil and gas properties. Projections of taxable profits were used to support the deferred tax recognition. Future projected income could be affected by oil prices and quantities of proved and probable reserves. If these factors or other circumstances change, the Company would reassess its ability to record any increase or decrease in its deferred income tax asset.

Local legal and regulatory systems

The Company exists under the laws of the Province of British Columbia and is subject to Canadian laws and regulations. The jurisdictions in which the Company operates its exploration, development and production activities may have different legal systems than Canada or the United States, which may result in risks such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or, in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial systems to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for the Company's business. These licences and agreements may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurances that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others.

Concentrated geographic area

The majority of our producing properties and leases are geographically concentrated in the Llanos Basin in eastern Colombia. As a result of this concentration, the Company may be disproportionately exposed to the impact of delays or interruptions of production from these wells caused by significant governmental regulation, processing or transportation capacity constraints, curtailments of production, natural disasters, interruption of transportation of gas produced from the wells in these basins, guerrilla activities or other events that impact this area.

Oil and natural gas exploration and production activities are dependent on the availability of drilling and related equipment, transportation, power and technical support in the particular areas where these activities will be conducted, and the Company's access to these facilities may be limited. Demand for such limited equipment and other facilities or access restrictions may affect the availability of such equipment to the Company and may delay exploration and production activities. The quality and reliability of necessary facilities may also be unpredictable, and the Company may be required to make efforts to standardize its facilities, which may entail unanticipated costs and delays. Shortages or

the unavailability of necessary equipment or other facilities will impair the Company's activities, either by delaying its activities, increasing its costs, or otherwise.

United States' relations with Colombia

Colombia is among several nations subject to annual certification by the President of the United States of America based on the progress it has made in respect to halting the production and transit of illegal drugs. Although Colombia has received a current certification, there can be no assurance that, in the future, Colombia will continue to receive certification or a national interest waiver. The failure to receive certification or a national interest waiver may result in any of the following: all bilateral aid, except anti-narcotics and humanitarian aid, would be suspended; the Export-Import Bank of the United States and the Overseas Private Investment Corporation would not approve financing for new projects in Colombia; United States representatives at multilateral lending institutions would be required to vote against all loan requests from Colombia, although such votes would not constitute vetoes, and the President of the United States and Congress would retain the right to apply future trade sanctions.

Any sanctions imposed on Colombia by the United States government could threaten the Company's ability to obtain any necessary financing to develop its Colombian properties. There can be no assurance that the United States will not impose sanctions on Colombia in the future, nor can the effect in Colombia that these sanctions might cause be predicted. In addition, any changes in the holders of significant government offices, including its regulatory bodies such as the ANH, could have an adverse effect on the Company's operations and business.

Seizure or expropriation of assets

Pursuant to Article 58 of the Colombian Constitution, the Colombian government can, through a judicial order and prior compensation for damages, expropriate the Company's private property in the event such action is required to protect public interests. According to Law 388 of 1997, eminent domain powers may be exercised through: (i) an ordinary expropriation proceeding; (ii) an administrative expropriation; or (iii) as provided for in Article 59 of the Colombian Constitution, an expropriation for war reasons. In all cases, the Company would be entitled to a fair compensation for the expropriated assets. As a general rule (with the exception of expropriation for reasons of war, in which case compensation may be quantified and paid later), compensation must be paid before the asset is effectively expropriated. However, compensation may be paid in some cases years after the asset is effectively expropriated and the indemnification may be lower than the price for which the expropriated asset could be sold in a free market sale or the value of the asset as part of an ongoing business.

In the other countries where the Company operates or has investments, the state can also generally exercise eminent domain powers in respect of the Company's assets based on principles somewhat similar to those that apply in Colombia.

RESERVES DATA AND OTHER INFORMATION

The Company's reserves were evaluated by D&M, effective as of December 31, 2019, in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. D&M is an independent, qualified reserves evaluator appointed pursuant to such instrument.

Concurrently with the filing of this AIF, 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 D&M; 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 www.sedar.com and are incorporated by reference into this AIF.

DIVIDENDS AND DISTRIBUTIONS

Dividend Policy

On December 5, 2018, the Company adopted a dividend policy, which included an initial cash dividend of C\$0.33 per Common Share or approximately \$25 million and targeted quarterly cash dividends of approximately \$12.5 million during periods in which Brent oil prices sustain an average price of \$60/bbl or higher. On May 30, 2019, the Board approved a 20% increase in the targeted quarterly cash dividends from approximately \$12.5 million to approximately \$15.0 million. The dividend increase took effect with the dividend declared in May 2019, paid on July 17, 2019.

The Board has the discretion to determine if and when dividends are declared and the amount that is paid to Shareholders through any such dividends of the Company.

The provisions of its material debt facilities, including the Unsecured Indenture and the Unsecured LC Facility contain certain restrictions and covenants that, subject to certain exceptions, limit the Company's ability to pay dividends. In addition, the payment of dividends by the Company is governed by the liquidity and insolvency tests described in the BCBCA, pursuant to which the Board shall not declare and the Company shall not pay a dividend if there are reasonable grounds for believing that the Company is insolvent or the payment of the dividend would render the Company insolvent. See "Risk Factors – General Risks – Dividends."

The following table shows the aggregate amount of the dividends declared payable per share in respect of the year ended December 31, 2019, for the Common Shares. No dividends were paid on the Common Shares in 2017 and 2018.

Record Date	Payment Date	Per Share Amount (C\$)	Type of Dividend
January 3, 2019 ⁽¹⁾	January 17, 2019	0.33	Special, Cash
April 2, 2019	April 16, 2019	0.165	Quarterly, Cash
July 3, 2019	July 17, 2019	0.205	Quarterly, Cash
August 9, 2019	August 23, 2019	0.535	Special, Cash
October 2, 2019	October 16, 2020	0.205	Quarterly, Cash
January 3, 2020	January 17, 2020	0.205	Quarterly, Cash

Notes:

(1) Dividend was declared in 2018 and paid in 2019.

To date in 2020, the Board has declared a dividend of C\$0.205 per Common Share payable on April, 16, 2020 to shareholders of record on April 2, 2020.

Dividend Reinvestment Plan

The Company has a dividend reinvestment plan ("DRIP") that allows Shareholders resident in Canada to automatically reinvest their dividends in new Common Shares at a price equal to the volume weighted average trading price on the TSX for the last five (5) trading days on which at least one hundred Common Shares traded immediately preceding a

dividend payment date, less a discount of up to 5% (if any). The DRIP became effective on December 17, 2018. In 2019, 630,944 Common Shares were issued to Shareholders enrolled in the DRIP.

The declaration of dividends is subject to the approval of the Company's Board in its sole discretion.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As at December 31, 2019, 96,433,257 Common Shares were issued and outstanding and as at March 4, 2020, 95,515,511 Common Shares were issued and outstanding. The holders of the Common Shares are entitled to receive notice of and to vote at every meeting of the Shareholders and are entitled to one vote for each Common Share held. Subject to the rights attached to any other class of shares, the holders of the Common Shares are entitled to receive dividends, if and when declared by the Board. Upon liquidation, dissolution or wind-up, whether voluntary or involuntary, or any other distribution of assets of the Company, Shareholders share equally in such assets of the Company as are distributable to the holders of Common Shares under applicable laws.

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares ("**Preferred Shares**") without nominal or par value. As of December 31, 2019, no Preferred Shares were issued or outstanding. The Preferred Shares may be issued from time to time in one or more series, each series consisting of a number of Preferred Shares as determined by the Board. The Preferred Shares of each series shall, with respect to dividends, if any, and the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its Shareholders for the purpose of winding-up its affairs, be entitled to preference over holders of Common Shares and the shares of any other class ranking junior to the Preferred Shares, and on parity with the Preferred Shares of every other series. At this time, the Company has no plans to issue any Preferred Shares.

Shareholder Rights Plan

The Company adopted a shareholder rights plan and entered into a shareholder rights plan agreement dated effective November 2, 2016 with Computershare Investor Services Inc., as rights agent, which was subsequently amended and restated on November 20, 2017 and April 23, 2019 (the "**Amended and Restated Rights Plan**"). At the annual and special meeting of shareholders held on May 29, 2019, the Shareholders passed a resolution to amend and confirm the continuation of the Amended and Restated Rights Plan.

Pursuant to the Rights Plan, one right ("**Right**") is attached to each voting share (which as defined under the Amended and Restated Rights Plan includes Common Shares). The Rights will separate from the voting shares to which they are attached and will become exercisable upon the occurrence of certain events in accordance with the Amended and Restated Rights Plan. Pursuant to the terms of the Amended and Restated Rights Plan, any bid that meets certain criteria intended to protect interests of all Shareholders will be deemed to be a "permitted bid" and will not trigger the Amended and Restated Rights Plan. In the event of a take-over bid that does not meet the permitted bid requirements of the Amended and Restated Rights Plan, the Rights issued under the Amended and Restated Rights Plan will entitle

Shareholders, other than any Shareholder involved in the take-over bid, to purchase additional Common Shares at a discount to the market price.

Catalyst, which currently owns approximately 34.65% of the Common Shares, is grandfathered under the Amended and Restated Rights Plan and will not, under the terms of the Amended and Restated Rights Plan, be restricted from acquiring additional Common Shares in any manner. A copy of the Amended and Restated Rights Plan is available on SEDAR at www.sedar.com.

Incentive Plan

On November 2, 2016, the Company approved and implemented a security-based compensation plan (the “**Incentive Plan**”), which was amended on March 14, 2017. The Incentive Plan allows for the issuance of stock options, restricted stock units (“**RSUs**”) and deferred stock units (“**DSUs**”) (collectively, the “**Awards**”). The aggregate number of Common Shares reserved for issuance in respect of which Awards may be granted shall not exceed 5,000,300. Common Shares subject to any Award (or any portion thereof) that have expired or are forfeited, surrendered, cancelled or otherwise terminated prior to the issuance or transfer of such Common Shares will again be available for grant under the Incentive Plan. Notwithstanding the foregoing, treasury Common Shares subject to an Award (or any portion thereof) that is settled in cash in lieu of settlement in treasury Common Shares shall reduce the number of Common Shares available for grant under the Incentive Plan.

i. Stock Options

Stock options allow holders to receive Common Shares at a future date. Stock options are granted with vesting conditions (typically based on continued service or achievement of personal or corporate objectives). The exercise price per Common Share for stock options is fixed by the Compensation and Human Resources Committee, but under no circumstances can the exercise price at the time of grant be less than the fair market value (as defined in the Incentive Plan) of the Common Shares. Vesting of stock options is determined by the Compensation and Human Resources Committee in its sole discretion and specified in the Award agreement pursuant to which the stock option is granted. Directors are not entitled to receive stock options.

As of December 31, 2019, no stock options were issued or outstanding.

ii. Restricted Stock Units

RSUs are granted with vesting conditions (typically based on continued service or achievement of personal or corporate objectives). The value of an RSU increases or decreases as the price of the Common Shares increases or decreases, thereby promoting alignment of interests of an RSU holder with Shareholders. Settlement may be made, in the sole discretion of the Compensation and Human Resources Committee, in Common Shares, cash or a combination thereof. Vesting of RSUs is determined by the Compensation and Human Resources Committee in its sole discretion and specified in the Award agreement pursuant to which the RSU is granted. If and when the Company declares a dividend, a dividend equivalent payment will be awarded in respect of RSUs held by a participant on the same basis as dividends declared and paid on Common Shares as if the participant was a shareholder of record on the relevant record date.

As of December 31, 2019, the Company had 1,802,222 RSUs issued and outstanding.

iii. Deferred Stock Units

DSUs represent a future right to receive Common Shares (or the cash equivalent) at the time of the holder's retirement, death, or the holder otherwise ceasing to provide services to the Company. Each DSU awarded by the Company is initially equal to the fair market value of a Common Share at the time the DSU is awarded. The value of a DSU increases or decreases as the price of the Common Shares increases or decreases, thereby promoting alignment of interests of a DSU holder with Shareholders. DSU settlements may be made, in the sole discretion of the Compensation and Human Resources Committee, in Common Shares, cash or a combination thereof. Only directors are entitled to receive DSUs. If and when the Company declares a dividend, a dividend equivalent payment will be awarded in respect of DSUs held by a participant on the same basis as dividends declared and paid on Common Shares as if the participant was a shareholder of record on the relevant record date.

As of December 31, 2019, the Company had 246,351 DSUs issued and outstanding.

NCIB

On July 18, 2018, the Company initiated an NCIB through the TSX allowing the Company to purchase up to 3,543,270 Common Shares (representing approximately 3.5% of its issued and outstanding Common Shares as at July 9, 2018) over a 12-month period. Concurrently with establishing the NCIB, the Company entered into an automatic purchase plan agreement with its designated broker which allows the purchase of Common Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its Common Shares due to regulatory restrictions or self-imposed trading blackout periods. Effective December 21, 2018, the NCIB was amended to increase the maximum number of shares it is authorized to purchase under the NCIB to 5,000,583 Common Shares (representing approximately 5.0% of its issued and outstanding Common Shares as at July 9, 2018). Between July 18, 2018 and July 17, 2019, the Company purchased and cancelled 2,684,605 Common Shares at a volume weighted average price of \$13.7/share (or \$27.8 million), including brokerage fees.

On October 18, 2019, the Company renewed its NCIB through the TSX allowing the Company to purchase up to 6,532,400 shares of the Company, representing approximately 10% of the public float (as such term is defined by the policies of the TSX) as at October 7, 2019, over a 12-month period ending on October 17, 2020. All Common Shares purchased by Frontera under the NCIB will be returned to treasury and cancelled. Concurrently with establishing the NCIB, the Company entered into an automatic purchase plan agreement with its designated broker which allows the purchase of Common Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its Common Shares due to regulatory restrictions or self-imposed trading blackout periods. As at December 31, 2019, the Company had purchased and cancelled 1,548,814 Common Shares at a weighted average price C\$10.06/share (or \$11.9 million) under its renewed NCIB. Between January 1, 2020 and February 29, 2020, 1,392,314 Common Shares were purchased and cancelled by the Company at a weighted average price of C\$9.49/share (or \$10.1 million).

Material Debt Facilities

Unsecured Notes

On June 25, 2018, the Company closed the offering of the Unsecured Notes. The Unsecured Notes rank equal in right of payment with all of the existing and future senior unsecured debt and are guaranteed by the Company's principal subsidiaries. Under the terms of the Unsecured Indenture, the Company may, among other things, incur indebtedness provided that the consolidated debt to consolidated adjusted EBITDA ratio is less than or equal to 3.0:1.0 and the consolidated fixed charge ratio is greater than or equal to 2.5:1.0. In the event that the said financial tests are not met, the Company may still incur indebtedness under certain permitted baskets, including an aggregate amount that does not exceed the higher of \$100.0 million and 10% of consolidated net tangible assets. As at December 31, 2019, the Company is in compliance with such covenants.

On November 28, 2018, the Unsecured Indenture was supplemented to amend certain restrictions relating to "Limitations on Restricted Payments" in the Unsecured Indenture to, among other changes: (i) replace an existing \$40 million basket permitting Restricted Payments (as defined in the Unsecured Indenture), with a new basket permitting Restricted Payments of up to \$100 million per year, on a cumulative basis, subject to meeting certain financial ratio tests and other conditions and (ii) add a new basket permitting Restricted Payments in respect of certain proceeds from the sale of Unrestricted Subsidiaries (as defined in the Unsecured Indenture), subject to meeting certain financial ratio tests and other conditions.

Additional information on the calculation of the financial covenants can be found in the audited annual financial statements for the years ended December 31, 2019 and 2018 and management's discussion and analysis for the year ended December 31, 2019, both of which are available on SEDAR at www.sedar.com. A copy of the Unsecured Indenture and the supplemental indenture are also available on SEDAR at www.sedar.com.

Letter of Credit Facility

On May 17, 2018, the Company entered into the Unsecured LC Facility. The Unsecured LC Facility is due on May 17, 2020 and is guaranteed by the same subsidiary guarantors under the Unsecured Indenture. The lenders receive an amount equal to 3.0% per annum on any undrawn issued and outstanding amounts of the letters of credit, due and payable in arrears on the last business day of each calendar month. If any amounts are drawn under the Unsecured LC Facility, interest accrues at 6% per annum. If any event of default exists, the applicable rate will increase by an additional 2% per annum until such default is cured. The Unsecured LC Facility contains covenants and events of default substantially similar to those in the Unsecured Indenture. As of the date hereof, the Company is in compliance with such covenants.

The Unsecured LC Facility was amended on July 10, 2018 and December 4, 2018 to release certain collateral and modify covenants to conform to the changes made to the Unsecured Indenture. In addition, the aggregate commitment under the Unsecured LC Facility was reduced to \$60 million on December 4, 2018. On April 29, 2019, the Unsecured LC Facility was further amended to, among other things, allow Letters of Credit (as such term is defined in the Unsecured LC Facility) to be issued in connection with the Company's blocks in Ecuador. A copy of the Unsecured LC Facility and the amendments are available on the Company's SEDAR profile at www.sedar.com.

As of December 31, 2019, the lenders under the Unsecured LC Facility have provided commitments to be used for exploration, transportation and operational commitments in the aggregate principal amount of approximately \$43.7 million.

Other Debt Instruments

The Company has other credit facilities in place in the normal course of business. As at December 31, 2019, in addition to letters of credit issued from the Unsecured LC Facility, the Company has \$31.8 million of outstanding letters of credit to guarantee exploration and abandonment commitments. Those other credit facilities include:

- a standby letter of credit in the amount of \$11.4 million, a master agreement for the issuance of stand by letters of credit up to a maximum amount of \$50 million entered into with BTG Pactual S.A. (the “**BTG Instruments**”);
- two standby letters of credit for a total amount of \$10.8 million issued by Citibank, N.A. Sucursal Ecuador; and
- one standby letter of credit in the amount of \$0.9 million issued by Banco Internacional del Perú S.A.A.

The lenders under these credit lines receive on average a fee equal to 3% per annum.

Credit Ratings

This section provides a summary of the Company’s credit ratings as it relates to the Company’s cost of funds and liquidity. Specifically, credit ratings can impact the Company’s ability to obtain short- and long-term financing and the cost of such financing. See “Risk Factors – General Risks – Ratings Downgrade” for additional further information.

The following table shows the ratings issued for the Company by Fitch Ratings Inc. (“**Fitch**”) and S&P Global Ratings (“**S&P**”). Credit ratings are intended to provide an independent measure of the credit quality of an issuer of securities. The credit ratings assigned by the ratings agencies are not a recommendation to buy, sell or hold securities of the Company, nor do they comment on market price or suitability for a particular investor. A rating may not remain in effect for any given period or may be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

	Fitch	S&P
Issuer Default Rating / Issuer Credit Rating	B+	BB-
Unsecured Notes	B+/RR4	BB-
Outlook	Negative	Stable

On November 13, 2019, Fitch affirmed the Company’s long-term foreign and local currency issuer default rating at B+ with a negative outlook. Fitch also affirmed the Unsecured Notes at B+/RR4.

Fitch’s issuer default ratings are on a rating scale that ranges from AAA (highest) to D (lowest). The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show the relative standing within the major rating categories. A rating of B by Fitch is the sixth highest of 11 categories and indicates that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

Fitch's individual securities ratings are on a rating scale that ranges from AAA (highest) to C (lowest). The addition of a plus (+) or minus (-) designation after the rating indicates the relative standing within the major rating categories. A rating of B is within the sixth highest of nine categories and indicates that material credit risk is present. The recovery ratings are on a scale that ranges from RR1 (outstanding recovery prospects given default) to RR6 (poor recovery prospects given default). RR4 (average recovery prospects given default) rated securities have characteristics consistent with historically recovering 31%-50% of current principal and related interest.

A Fitch rating outlook indicates the direction a rating is likely to move over a one to two-year period, with rating outlooks falling into four categories: "Positive," "Negative," "Stable" or "Evolving." Rating outlooks reflect financial or other trends that have not yet reached the level that would trigger a rating action, but which may do so if such trends continue. A "Negative" outlook signals a negative trend on the rating scale. Positive or Negative Rating Outlooks do not imply that a rating change is inevitable, and similarly, ratings with stable outlooks can be raised or lowered without a prior revision to the outlook.

On November 7, 2019, S&P affirmed its BB- global scale long-term issuer credit rating on the Company with a stable outlook. S&P also affirmed its BB- issue-level rating on the Company's Unsecured Notes.

S&P's issuer credit ratings are on a rating scale that ranges from AAA (highest) to SD and D (lowest). The ratings from AA to CCC may be modified by the addition of a plus (+) or a minus (-) sign to show relative standing within the rating categories. According to the S&P rating system, obligations rated "BB," "B," "CCC," "CC" and "C" are regarded as having significant speculative characteristics. A rating of BB by S&P is the fifth highest of ten categories and is considered less vulnerable in the near-term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the obligator's inadequate capacity to meet its financial commitments.

S&P's long-term issue credit rating of individual securities are on a rating scale of AAA (highest) to D (lowest). The ratings from AA to CCC may be modified by the addition of a plus (+) or a minus (-) sign to show relative standing within the rating categories. A long-term credit rating of BB is within the fifth highest of ten categories and is considered less vulnerable to non-payment in the near-term than other speculative grade investments but faces major ongoing uncertainties and exposure to adverse business, financial and economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation.

S&P outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years), with ratings outlooks falling into five categories: "Positive," "Negative," "Stable," "Developing" and "N.M." In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions. A "Stable" outlook means that a rating is not likely to change.

The Company paid Fitch and S&P their customary fees in connection with the provision of the above ratings. The Company has not made any payments to Fitch and S&P in the past two years for services unrelated to the provision of such ratings.

MARKET FOR SECURITIES

The Common Shares

The Common Shares are listed on the TSX under the trading symbol "FEC." The closing price on the TSX on March 4, 2020 was C\$7.48. The following table sets out the high and low trading prices of the Common Shares for the periods indicated, as reported by the TSX. The trading history below should not be used as an indication of the trading prices or volume of the Common Shares in the future.

Period (2019)	High (C\$)	Low (C\$)	Trading Volume
December	9.98	8.64	7,593,548
November	11.70	9.26	4,285,657
October	12.89	10.24	3,031,792
September	15.16	12.44	4,028,918
August	13.92	11.76	3,587,089
July	14.49	12.94	2,259,965
June	14.60	12.87	9,046,839
May	14.89	11.51	4,675,191
April	12.98	11.06	2,130,018
March	13.21	11.13	1,833,216
February	13.08	10.19	1,426,590
January	13.17	11.33	2,678,043

Unsecured Notes

The Unsecured Notes are listed on the Official List of the Luxembourg Stock Exchange and trade on its Euro MTF Market with the ISIN number USC35898AA00 and US35905BAA52 and commenced trading on June 25, 2018.

The trading activity for the Unsecured Notes, as reported by the Luxembourg Stock Exchange, is insufficient to provide meaningful trading data for the purposes of this AIF.

Unlisted Securities

During the financial year ended December 31, 2019, Frontera did not issue any class of securities not listed or quoted on a marketplace.

DIRECTORS AND OFFICERS

Directors and Officers of the Company

The following table sets forth the name, country of residence, position with the Company, and principal occupation within the five (5) preceding years of each director and officer of the Company, and in the case of directors, the period each has served as a director of the Company. Such information is based upon information furnished by the person concerned.

Name, Residence and Position with the Company	Director Since ⁽¹⁾	Principal Occupation for the Past Five Years
Gabriel de Alba ^{(3), (5)} Florida, United States Chairman, Director	November 2, 2016	Gabriel de Alba has been the Managing Director and Partner of Catalyst since 2002. Mr. de Alba's responsibilities have included acting as a director or senior officer of various Catalyst portfolio companies, including World Color Press Inc., Cable Satisfaction International Inc. and Geneba Properties. Mr. de Alba is currently the chairman of the board of directors' of Therapure Biopharma Inc., Gateway Casinos & Entertainment and Sonar Entertainment. In addition, Mr. de Alba is also currently a director and Co-Chairman of the board of CGX.
Luis F. Alarcon Mantilla ⁽⁴⁾ Bogotá, Colombia Director	November 2, 2016	Luis F. Alarcon is an executive with a long record in the Colombian business environment. He currently serves as Chairman of the board of directors of Grupo Sura and Almacenes Exito, two of the largest companies in Colombia and is a member of the board of Emgesa S. A. ESP, the second largest power infrastructure company in Colombia, Edemco SAS, an electric power infrastructure company and Fundacion Plan. From 2007 through 2015, Mr. Alarcon served as Chief Executive Officer of Interconexión Eléctrica S.A. E.S.P.
W. Ellis Armstrong ^{(2), (4)} London, United Kingdom Director	November 2, 2016	Ellis Armstrong currently serves as an independent director of Lloyds Register Group. From 1981 through 2013, he held various senior strategy, commercial, technical and operational roles with BP and was also the Chief Financial Officer for the group's global exploration and production business.
René Burgos Díaz New York, US Director	December 4, 2019	René Burgos Díaz is a financial markets executive with approximately 20 years of experience in investment management, leveraged financing, restructuring and financial advisory expertise across multiple industries and geographies, specifically in Latin America. In his current role, he is the Head of USD Private Credit for Latin America for Compass Group. Prior to joining Compass Group, Mr. Burgos Díaz held the position of Director in the Emerging Markets team at CarVal Investors, a leading global alternative investment management firm with \$10 billion in assets under management. Mr. Burgos Díaz has also held roles at Deutsche Bank and Bank of America, including the role of Director with Deutsche Bank's Emerging Markets Structured Credit Trading team. Mr. Burgos Díaz also currently serves on the board of Curie Co Inc., a synthetic biology company that engineers enzymes to replace chemicals in consumer products.
Raymond Bromark ⁽²⁾ Florida, United States Director	November 2, 2016	Raymond Bromark is a certified public accountant and retired partner of PricewaterhouseCoopers LLP, where he served for almost 40 years. He currently serves on the advisory board of The Siegfried Group and is a member of the Canadian Directors Network. Mr. Bromark previously served as a director and chair of the Audit and Ethics Committee for YRC Worldwide Inc. until his retirement in December 2019, as a director and chair of the Audit Committee and a member of the Conflicts Committee for Tesoro Logistics GP, LLC prior to its October 2018 merger with Marathon Petroleum Corporation, and as a director and chair of the Audit Committee of CA, Inc. prior to its acquisition by Broadcom in November 2018.

Orlando Cabrales Segovia ⁽³⁾ Bogotá, Colombia Director	November 7, 2018	Orlando Cabrales is currently the President of NATURGAS, the Colombian natural gas trade association. Previously, he served as Vice Minister of Energy of the Ministry of Mines and Energy in Colombia between 2013 and 2014 and as the President of the ANH from 2011 to 2013. Mr. Cabrales has held senior roles at BP in Latin America and has been on the boards of numerous companies in Colombia, including ISAGEN S.A., Tuscanly Drilling, CENIT and ISA.
Russell Ford ^{(2), (3)} Texas, United States Director	November 2, 2016	Russell Ford served as Chairman of the board of directors of Aera Energy from 2012 to 2015. He led Royal Dutch Shell Group's global supply chain activities as Executive Vice President of Contracting and Procurement from 2013 to 2015 and prior to that was the Executive Vice President Onshore from 2009 to 2012. Since 2015, Mr. Ford has advised companies and financial institutions on project-specific matters.
Veronique Giry ⁽⁴⁾ Alberta, Canada Director	November 7, 2018	Veronique Giry is currently a director and the Vice President and Chief Operating Officer of ISH Energy Limited in Calgary, Canada. From 2016 through 2017, Ms. Giry was Vice President, Industry Operations at the Alberta Energy Regulator and between 2015 and 2016 she was the Principal Consultant of Giry O&G Advisors. Prior to that role, she worked at Total Exploration & Production where she has held various roles in France, Latin America, Canada, Europe and the UK; the most recent, being Vice President, Thermal Assets and Exploration Leases in Calgary, Canada.
Richard Herbert Bogotá, Colombia Chief Executive Officer	N/A	Richard Herbert joined the Company as Chief Executive Officer in April 2018. Prior to his appointment, he served on the Board from December 21, 2017 to March 27, 2018. Mr. Herbert is a petroleum geologist with over 39 years of experience in the global upstream industry. He currently serves as an independent director of Petroleum Geo-Services. From 2013 to 2016, Mr. Herbert served as Chief Operating Officer, Exploration at BP.
David Dyck Bogotá, Colombia Chief Financial Officer	N/A	David Dyck has over 33 years of experience in senior financial and leadership roles within the Canadian energy industry. Prior to joining the Company in April 2018, Mr. Dyck was the Senior Vice President and CFO of Penn West Petroleum Ltd. from 2014 to 2016.
Andrew Kent Ontario, Canada General Counsel & Secretary	N/A	Andrew Kent joined the Company in September 2018. Previously, he was Managing Partner and then National Senior Partner of the Canadian law firm McMillan LLP, where he practiced corporate law for over 30 years.
Grayson Andersen ⁽⁶⁾ Bogotá, Colombia Corporate Vice President, Capital Markets	N/A	Grayson Andersen has over 20 years of oil and gas and capital markets industry experience. Prior to joining the Company in 2017, from April 2014 to July 2017, Mr. Andersen was the Managing Director of Andersen Securities Limited, a financial services advisory firm based in the United Kingdom. Prior to that role, from April 2010 to January 2014, Mr. Andersen was a Senior Manager with Macquarie Securities Europe Limited.

Alejandra Bonilla ⁽⁷⁾ Bogotá, Colombia Corporate Vice President, Legal and Head of Legal Colombia	N/A	Alejandra Bonilla is a lawyer with over 15 years of experience in the oil and gas sector, specializing in transnational mergers and acquisitions, corporate law and finance. She has been with the Company for the past eight years and prior to her current role, held various positions, including Deputy General Counsel and Head of the Colombian Legal Team and Corporate Legal Manager.
Renata Campagnaro Bogotá, Colombia Corporate Vice President, Supply, Transportation & Trading	N/A	Renata Campagnaro has over 39 years of experience in the oil and gas industry. Ms. Campagnaro has been with the Company since 2010. Prior to her current role, she has held a number of positions with the Company, including Corporate Vice President of Supply, Transport and Trading and Executive Vice President of Supply and Transport.
Duncan Nightingale Bogotá, Colombia Corporate Vice President, Operations, Development and Reservoir Management	N/A	Duncan Nightingale has over 30 years of oil and gas exploration and development experience. Prior to joining the Company in 2017, Mr. Nightingale held various executive management positions with Gran Tierra Energy from 2009 to 2017. These included President, interim CEO, Chief Operating Officer and Vice President of Exploration. He currently serves as member of the board of directors CGX.
Alejandro Piñeros Bogotá, Colombia Corporate Vice President, Strategy & Planning	N/A	Alejandro Piñeros joined the Company in 2017. He served as Corporate Finance Director prior to his appointment in May 2018 as Corporate Vice President, Strategy & Planning. Prior to joining the Company, Mr. Piñeros was Chief Financial Officer of IVI, Chief Financial Officer and Head of Planning at Summum Energy and Chief Financial Officer and Vice President of Administration at Propilco/Essentia, which is part of the Ecopetrol group. Mr. Piñeros also worked for six years at McKinsey & Company as Engagement Manager and and associate.

Notes:

- (1) Each director will hold office until the Company's next annual general meeting or until his or her successor is appointed or elected.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation and Human Resources Committee.
- (4) Member of the Corporate Governance, Nominating and Sustainability Committee.
- (5) Mr. de Alba is the Managing Director and Partner of Catalyst.
- (6) Mr. Andersen has resigned and will cease to be an officer of the Company effective March 26, 2020.
- (7) Ms. Bonilla has resigned and will cease to be an officer of the Company effective March 31, 2020.

Share Ownership by Directors and Executive Officers

As of December 31, 2019, the directors and executive officers of the Company (as a group) owned, or exerted direction or control over, a total of 30,845 Common Shares, representing less than 1% of the Company's total issued and outstanding Common Shares on a non-diluted basis.

On a partially-diluted basis, assuming the exercise of all RSUs, and DSUs, the directors and executive officers of the Company, as a group beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 957,950 Common Shares, representing approximately 1% of the Company's issued and outstanding Common Shares as of December 31, 2019.

Corporate Cease Trade Orders

No director or executive officer of the Company, is, or within the ten years prior to the date hereof, has been a director, chief executive officer or chief financial officer of any company that was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemptions under securities legislation for a period

of more than 30 consecutive days while such director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of the company being the subject of such order, or that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer in the company being the subject of such order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of the subject company.

Corporate Bankruptcies

Except as disclosed herein, no director or executive officer, or a shareholder holding a sufficient number of securities in the capital of the Company to affect materially the control of the Company, is or within ten years prior to the date hereof, has been a director or executive officer of any company, that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Renata Campagnaro was an officer of the Company during the recapitalization and financing transaction which was implemented pursuant to a proceeding under the *Companies' Creditors Arrangement Act* (Canada).

Penalties or Sanctions

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person, has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his, her or its assets.

Conflicts of Interest

There may be potential conflicts of interest to which the directors or officers of the Company may be subject in connection with the operations of the Company. Conflicts of interest, if any, will be subject to the procedures and remedies as provided under the BCBCA, which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Company disclose his or her interest and in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the BCBCA.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, there were no material interests, direct or indirect, of directors or executive officers of the Company, of any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding voting securities of the Company, or any other Informed Person (as defined in National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**") or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or would materially affect the Company or any of its subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

From time to time, the Company is the subject of litigation arising out of the Company's operations. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may materially impact the Company's financial condition or results of operations. While the Company assesses the merits of each lawsuit and defends itself accordingly, the Company may be required to incur significant expenses or devote significant resources to defend itself against such litigation.

Except as disclosed herein or elsewhere in this AIF, there are no legal proceedings or regulatory actions pending or known by the Company to which it is a party or in respect of which any of the properties of the Company are subject that are anticipated to be material to the Company and its subsidiaries taken as a whole. In the summary provided below, the Company has provided the estimates with respect to each claim where such an estimate is available; however, the estimates provided are not indicative of the probability of the final outcome.

Bicentenario and CENIT

On July 12, 2018 FECC exercised contractual rights to terminate (a) three transportation contracts (the "**BIC Transportation Agreements**") with Bicentenario to ship oil through the BIC Pipeline because service had not been provided for more than six consecutive months, and (b) three related transportation agreements (the "**CLC Transportation Agreements**") with CENIT to ship oil through the CLC Pipeline because service had not been provided for more than 180 consecutive calendar days. FECC has received notice that CENIT and Bicentenario dispute the validity of those contract terminations, and that on December 3, 2018 CENIT, and on January 28, 2019 BIC, commenced separate arbitration proceedings against FECC before the Centre for Arbitration and Conciliation of the Bogota Chamber of Commerce (the "**Bogota Arbitration Centre**") concerning the contract terminations. The arbitration claims have not been served on FECC, but FECC has been informed that in both proceedings it is claimed that the contract terminations were invalid and that FECC remains liable to perform the applicable transportation agreements. FECC has been further informed that the primary relief requested in each proceeding is that FECC be ordered to pay with interest the monthly service payments that have not been paid since the contract terminations, and be ordered to pay future monthly service payments as they fall due. The CENIT claim also contains a dispute about whether the applicable tariff rate is a regulated tariff rate or a different tariff rate provided for by the CLC Transportation Agreements. Alternative, additional and amended relief has or may in the future also be claimed in both arbitration proceedings. As of December 31, 2019, the amount of tariffs claimed by CENIT under the CLC Transportation Agreements would be \$83.0 million plus interest, and after December 31, 2019 would be approximately \$70.3 million per annum, subject to tariff adjustments from time to time, until 2028. As of December 31, 2019, the aggregate amount of monthly service payments claimed by Bicentenario under the BIC Transportation Agreements would be \$77.7 million (net of credits

admitted by Bicentenario) plus interest, and after December 31, 2019 would be approximately \$130.6 million per annum, subject to tariff adjustments from time to time, until 2024.

Admission of the arbitral proceedings are pending and, if admitted formal copies of the claims would be served. Arbitration panels have been appointed for both the claim initiated by CENIT and for the claim initiated by Bicentenario. The process of appointing arbitrators in the other proceedings are in progress.

The Company believes that FECC was fully entitled to terminate both the BIC Transportation Agreements and the CLC Transportation Agreements and intends to vigorously defend the arbitration proceedings commenced by Bicentenario and CENIT and recover damages. The Company's goal is to have the arbitration proceedings resolved as soon as possible.

On December 3, 2019, FECC and certain of its affiliates commenced arbitration proceedings before the Bogota Arbitration Centre seeking relief from Bicentenario and CENIT on the basis, amongst other things, that those contracts were validly terminated. The relief claimed against Bicentenario included payment of \$486.5 million plus interest for letters of credit improperly drawn, service prepayments, credits and unpaid dividends declared in 2018, and the relief claimed from CENIT included release of \$32.6 of restricted cash in connection with the dispute concerning the tariff rate for the CLC Pipeline applicable to service payments made before the termination of the CLC Transportation Agreements on July 12, 2018. The relief claimed against Bicentenario and CENIT also includes termination of certain connected contracts for use of ancillary facilities related to the BIC Pipeline and the CLC Pipeline.

The Company has received notice that on December 3, 2019, Bicentenario commenced arbitration proceedings before the Bogota Arbitration Centre against various shareholders of Bicentenario including FECC, Pacific OBC Corp, Pacific OBC 1 Corp., and Pacific OBC 4 Corp, claiming that as a result of the loss of revenue resulting from the cessation of payments pursuant to various transportation contracts including the BIC Transportation Agreements, the shareholders are obliged to contribute additional funds to Bicentenario to cover debt service payments and other amounts. The Company believes that there is no basis for these proceedings.

Admission of both arbitral proceedings initiated on December 3, 2019 are pending and the process of appointing arbitrators is in progress. If admitted formal copies of the claims would be served. The Company's goal is to have the arbitration proceedings resolved as soon as possible.

Bicentenario has continued to declare dividends on a semi-annual basis, calculated at a rate based upon 50% of Bicentenario's net income, but payment has not been made because of conditions imposed by Bicentenario management. One of the conditions is receipt of a satisfactory opinion from external counsel concerning Bicentenario's position in the arbitration proceedings against FECC. FECC's information is that this condition has not yet been met. For details, see "Note 18 – Investments in Associates – Bicentenario" of the audited annual financial statements for the years ended December 31, 2019 and 2018, available on SEDAR at www.sedar.com.

Ecopetrol - Rubiales Field Disagreement

The Company has been involved in negotiations with Ecopetrol with respect to disagreements on wind-down costs and expenses, as well as inventory, in connection with the expiration of the Rubiales and Piriri exploration and production contracts in June 2016. On November 22, 2018, the Company filed a lawsuit against Ecopetrol before the Administrative Tribunal of Cundinamarca claiming it is owed 25.3 million. The Company was formally notified by Ecopetrol that they had filed a lawsuit against FECC for over \$45 million. At this time, the Company has not yet been served such claim

and therefore the Company cannot anticipate what the outcome of this proceeding will be or whether the final settled net amount will be significant.

Water Injection Collective Action

A popular action (a type of collective action that seeks injunctions to prevent damages caused by activities that may be damaging collective rights) was filed in March 2016 by claimants against a predecessor of FEC Colombia, and other parties such as Ecopetrol, the objective of which is to suspend water injection in affected areas. The claim states that water injection is causing increased seismic activity in the areas surrounding the Quifa block. On December 19, 2019, a ruling was issued by the Court ordering FEC Colombia and the other respondents to perform a study in order to assess the effects of water injection in Quifa. Such decision was appealed by the claimants and the court of appeals' ruling is pending.

Tax Disputes with DIAN, Colombia

The DIAN has assessed the Company with respect to certain income tax deductions relating to exploration expenditures, transportation costs, VAT credits and other expenses. As at December 31, 2019, the tax authority is assessing \$224.2 million of tax owing, including interest and penalties (2018: \$156.2 million). The Company has made a tax provision for \$22.5 million relating to certain Colombian tax assessments, however, the Company believes that the remaining assessments will be resolved in its favour and accordingly no further income tax provision has been made with respect to those amounts at December 31, 2019.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares is Computershare Trust Company of Canada through its offices in Toronto, Ontario.

The transfer agent for the Unsecured Notes is the Bank of New York Mellon.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business not otherwise required to be disclosed, that have been entered into by the Company within the most recently completed fiscal year or before the most recently completed fiscal year but still in effect:

1. the Unsecured Indenture (as amended, restated, supplemented or otherwise modified) (see "Description of Capital Structure – Material Debt Facilities – Unsecured Notes");
2. the Unsecured LC Facility (as amended, restated, supplemented or otherwise modified) (see "Description of Capital Structure – Material Debt Facilities – Letter of Credit Facility");
3. the Amended and Restated Rights Plan between the Company and Computershare Investor Services Inc. (see "Description of Capital Structure – General Description of Capital Structure – Shareholder Rights Plan");
4. the IVI Put Option Agreement (see "Description of the Business – Midstream Activities – Infrastructure Ventures – IFC IVI Put Option").

The foregoing agreements are available on SEDAR at www.sedar.ca.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company other than D&M, the Company's independent reserves evaluators, and Ernst & Young LLP, Chartered Professional Accountants, the Company's auditors. To management's knowledge, as of the date hereof, neither D&M nor the designated professionals of D&M, directly or indirectly owned any of the outstanding Common Shares or other securities of the Company. No director, officer or employee of D&M is to be or has been elected, appointed or employed as a director, officer or employee of the Company. Ernst & Young LLP is independent within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

The full text of the Company's Audit Committee Charter is appended hereto as Appendix "A."

Composition of the Audit Committee and Relevant Education and Experience

The members of the Audit Committee are Raymond Bromark (Chair), Ellis Armstrong and Russell Ford. All the members of the Audit Committee are independent and financially literate in accordance with National Instrument 52-110 – *Audit Committees*. A brief summary of each member's relevant education and experience is provided below.

Raymond Bromark is a certified public accountant and retired partner of PricewaterhouseCoopers LLP, where he served for almost 40 years. Mr. Bromark joined PricewaterhouseCoopers LLP's staff in Chicago in 1967 and was later transferred to the National Office (New York) in 1977. In 1983, he was appointed to the Boston Office and in 1990 he was selected as Deputy Vice Chairman of Auditing and Business Advisory Services for the firm. From 1994 through 2000, he was the Global Engagement Partner responsible for reporting on E.I. DuPont de Nemours and the company's financial statements. During the five years prior to his retirement in 2006, he led the PricewaterhouseCoopers Professional, Technical, Risk and Quality Group. He currently serves on the advisory board of The Siegfried Group and is a member of the Canadian Directors Network. Previously, he served as director and chair of the Audit and Ethics Committee for YRC Worldwide Inc. until his retirement in December, 2019, as a director for World Color Press (commercial and industrial printing) from 2009 to 2010 when the company merged into another company, as director and chair of the Audit Committee and a member of the Conflicts Committee for Tesoro Logistics GP, LLC prior to its October 2018 merger with Marathon Petroleum Corporation, and as director and chair of the Audit Committee of CA, Inc. prior to its acquisition by Broadcom in November 2018. Mr. Bromark earned a BSc degree in Business Management from Quincy University and is a member of the American Institute of Certified Public Accountants. He is also a former member of the National Association of Corporate Directors' (NACD) Audit Committee Chair Advisory Group.

Ellis Armstrong is a chartered engineer with over 35 years of international oil and gas industry experience with BP in Argentina, Colombia, Venezuela, Trinidad, Alaska and the North Sea. He held senior strategy, commercial, technical and operational roles with BP and was also the Chief Financial Officer for the group's global exploration and production business. Dr. Armstrong is an independent director of Lloyds Register Group, a leading international risk assurance

firm. Dr. Armstrong has a BSc and PhD in Civil Engineering from Imperial College, and a Master's degree in Business Administration from Stanford Business School.

Russell Ford is a senior executive with more than 35 years of experience within the global oil and gas industry. He started his career at Shell's E&P business in 1981 as a production engineer working in upstream. Afterwards, he served in a series of technical, operational and leadership roles across a number of onshore and deep-water assets, in upstream research, and as head of M&A for North America. More recently, he led Royal Dutch Shell Group's global supply chain activities as Executive Vice President of Contracting and Procurement (2013–2015). Prior to that he was Executive Vice President Onshore (2009–2012) with responsibility for drilling, development, and producing operations for the North American onshore unconventional/shale portfolio. This followed assignments as a Vice President over upstream onshore and offshore development in the Western Hemisphere (2005–2009), Private Assistant to Shell's Chief Executive (2004–2005), and Head of EP Strategy and Portfolio (2003–2004). Mr. Ford has a BS in Mechanical Engineering from the University of Michigan and an MBA from California State University. He served as Chairman of the board of directors of Aera Energy from 2012 until 2015 and is currently a member of the University of Michigan's Energy Institute External Advisory Board. Since retiring from Shell in June 2015, he has advised companies and financial institutions on project-specific matters.

Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures with respect to the pre-approval of permitted non-audit services by Ernst & Young LLP. The Audit Committee has established a budget for the provision of a specified list of permitted non-audit services that the Audit Committee believes to be typical, recurring or otherwise likely to be provided by Ernst & Young LLP. The budget generally covers the period between the adoption of the budget and the next meeting of the Audit Committee, but at the option of the Audit Committee it may cover a longer or shorter period. The list of services is sufficiently detailed as to the particular services to be provided to ensure that: (i) the Audit Committee knows precisely what services it is being asked to pre-approve; and (ii) it is not necessary for any member of management to make a judgment as to whether a proposed service fits within the pre-approved services.

The Audit Committee has delegated authority to the Chair of the Audit Committee (or if the Chair is unavailable, any other member of the Audit Committee) to pre-approve the provision of permitted non-audit services by Ernst & Young LLP that have not otherwise been pre-approved by the Audit Committee, including the fees and terms of the proposed services ("**Delegated Authority**"). All pre-approvals granted pursuant to Delegated Authority must be presented by the member(s) who granted the pre-approvals to the full Audit Committee at its next meeting.

All proposed services, or the fees payable in connection with such permitted non-audit services, that have not already been pre-approved must be pre-approved by either the Audit Committee or pursuant to Delegated Authority. Prohibited services may not be pre-approved by the Audit Committee or pursuant to Delegated Authority.

External Auditor Service Fees (By Category)

The following are the aggregate fees incurred by the Company for services provided by Ernst & Young LLP during fiscal years 2018 and 2019 (in \$ in thousands). Canadian, Colombian and Peruvian fees have been converted to \$ using the average exchange rate for each year.

	2019	2018 ⁽⁵⁾
Audit Fees ⁽¹⁾	1,862	1,934
Audit-Related Fees ⁽²⁾	-	160
Tax Fees ⁽³⁾	98	52
All Other Fees ⁽⁴⁾	88	-
Total	2,048	2,146

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. This category includes fees for audit or other attest services required by legislation including statutory audits.
- (2) "Audit-Related Fees" include fees billed for assurance and related services by Ernst & Young LLP that are reasonably related to the performance of the audit or review of the Company's financial statements.
- (3) "Tax Fees" include fees for tax compliance, tax planning and tax advice.
- (4) "All Other Fees" include consulting on foreign exchange, intercompany dividends, and the annual CPAB Levy.
- (5) The 2018 fees have been adjusted to reflect incremental fees that were agreed to subsequent to the completion of the prior year's audit.

ADDITIONAL INFORMATION

Additional financial information is provided in the audited annual financial statements for the years ended December 31, 2019 and 2018 and management's discussion and analysis for the year ended December 31, 2019. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under its Incentive Plan, among other things, is contained in the Company's information circular for its most recent annual meeting of Shareholders that involved the election of directors. This information and other pertinent information regarding the Company can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This AIF may contain or incorporate by reference information that constitutes "forward-looking information" or "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable securities legislation, which involves known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this AIF, such information uses words such as "may," "will," "expect," "believe," "plan," "intend" and other similar terminology. Forward-looking information contained herein reflects current expectations regarding future events and operating performance and speaks only as of the date of this AIF.

Forward-looking information involves significant risks and uncertainties, and therefore, should not be read as a guarantee of future performance or results and will not necessarily be an accurate indication of whether or not such results will be achieved. Accordingly, undue reliance should not be placed on such statements. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the factors discussed under the heading entitled "Risk Factors." Although the forward-looking information contained in this AIF is based upon what management of the Company believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with the forward-looking information.

In particular, this AIF contains, or incorporates by reference, forward-looking information pertaining to the following:

- performance characteristics of the Company's oil and natural gas properties;

- the Company's oil and natural gas production levels;
- fluctuating prices and markets;
- the Company's future drilling activities and capital expenditures and the anticipated timing thereof;
- impact of facilities and infrastructure projects, hedging and cost savings initiatives;
- supply and demand for oil and natural gas;
- expectations regarding the ability to continually add to reserves through acquisitions, exploration and development;
- treatment under governmental regulatory regimes, labour, environmental and tax laws;
- limitations on the Company's access to sources of financing or competitive terms and compliance with covenants;
- the Company's expectations and plans with respect to any contractual contingencies and current litigation proceedings; and
- dividend policy and the future payment of dividends.

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks that could cause actual results to vary and in some instances differ materially from those anticipated by the Company and described in this AIF. The material risk factors include, but are not limited to:

- volatility in market prices for oil and natural gas;
- uncertainties associated with estimating and establishing oil and natural gas reserves;
- liabilities inherent with the exploration, development, exploitation and reclamation of oil and natural gas;
- uncertainty of estimates of capital and operating costs, production estimates and estimated economic return;
- increases or changes to transportation costs;
- expectations regarding the Company's ability to raise capital and to continually add to reserves through acquisitions and development;
- political developments in the countries where the Company operates;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- the outcome of litigation and arbitration proceedings;
- delays in obtaining required environmental and other licences and permits;
- the possibility that actual circumstances will differ from estimates and assumptions;
- changes in laws and regulations, including tax laws and accounting principles relating to the oil and gas industry; and
- the other factors discussed under the heading entitled "Risk Factors."

Statements relating to “reserves” or “resources” are by their nature forward-looking information, as they involve the implied assessment of such assets based on certain estimates and assumptions. The reserves information that is incorporated in this AIF are estimates only. In general, estimates of economically recoverable crude oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, ability to transport production, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For those reasons, estimates of the economically recoverable crude oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary.

The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material. All evaluations and reviews of future net revenue are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this AIF is expressly qualified by this cautionary statement. Forward-looking information contained herein is made as of the date of the AIF, and the Company assumes no obligation to update or revise it to reflect new events or circumstances, other than as required by applicable securities laws.

APPENDIX "A"



FRONTERA ENERGY CORPORATION

AUDIT COMMITTEE CHARTER

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 and be "financially literate" 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 independent reserves evaluator(s) or auditor(s);
and
7. the Corporation's oil and gas reserves estimates.

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 independent qualified reserves

evaluators or auditors, the Corporation's Ethics & Compliance Department and the Corporation's 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 and evaluation 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. Review significant reports to management prepared by the internal audit department, as well as management's responses to the reports, any significant difficulties or disagreements with management, and any scope restrictions encountered in the course of the function's work.
3. Discuss with the independent auditor and management the responsibilities, budget and staffing of the internal audit department, its charter and the scope of the internal audit plan.
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 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 qualifications of, and procedures used by, the independent engineering firm(s) responsible for evaluating the Corporation's reserves. 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 oil, gas and reserves data, 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) who report on reserves data, 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 the 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 independent reserves evaluator(s) or auditor(s).
 4. Review all reserve audit reports prepared by the Corporation's reserves evaluation personnel or any independent reserves evaluator(s) or auditor(s) for the Corporation.
 5. Meet with the Corporation's management and each of the chief qualified reserves evaluators, prior to approval and filing of reserves data and the report of the qualified reserves evaluator(s) or auditor(s) thereon, to review the Corporation's annual reserves data, including the following:
 - review the scope of work of the qualified reserves evaluator(s) or auditor(s);
 - review the reserves estimates of the qualified reserves evaluator(s) or auditor(s); and
 - determine whether any restrictions affected the ability of the qualified reserves evaluator(s) or auditor(s) to report on the Corporation's reserves data without reservation.
 6. Meet with the Corporation's management and 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 oil and gas reserves. 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 independent 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 reserves evaluation personnel or any independent 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 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 as of December 4, 2019.