

# FRONTERA ENERGY CORPORATION

## *NEWS RELEASE*

### FRONTERA ANNOUNCES SECOND QUARTER 2019 UPDATE

*Second Quarter Production of 74,285 boe/d*

*Quarterly Production Growth of 9.3%*

*Year to Date Production of 71,190 boe/d*

**Toronto, Canada, July 3, 2019** - Frontera Energy Corporation (TSX: FEC) (“**Frontera**” or the “**Company**”) announces a second quarter 2019 operational update. All values in this news release and the Company's financial disclosures are in United States dollars, unless otherwise noted.

#### **Richard Herbert, Chief Executive Officer of Frontera, commented:**

“The first half of 2019 has been very strong for Frontera operationally, with second quarter production up 9.3% quarter over quarter, and near field development and exploration proceeding moderately ahead of our 2019 plans with successes at Cubiro, CPE-6, and Mapache. We continue to execute on our longer-term growth initiatives with the ratification of our blocks in Ecuador during the quarter and the award of the Llanos 99 block in Colombia last week. We also continue to demonstrate our commitment to enhancing shareholder returns with a 20% increase to the quarterly dividend payment to \$15.0 million from \$12.5 million previously announced.”

#### **Gabriel de Alba, Chairman of Frontera, commented:**

“The Frontera team continues to build on the substantial progress achieved in 2018 and has increased momentum in the first half of 2019. We are very proud of the focus and commitment of our employees in delivering outstanding results. Our goal is to continue to improve operationally, reduce costs and create increased efficiencies in our operations and exploration programs. We are using technology throughout the organization to improve drilling processes, enhance production, lower costs and improve recoveries in our key fields. Through success and growth in the field, we can continue to deliver on our objective to create a leading South American E&P company that can deliver against our unique total shareholder returns focus.”

#### **Second Quarter Production and Average Oil Prices**

Frontera delivered estimated second quarter 2019 production of 74,285 boe/d, representing quarterly production growth of 9.3%. Production was weighted over 96% to Brent exposed oil prices which averaged \$68.47/bbl with Colombia production receiving Vasconia prices, which averaged \$2.03/bbl discount to Brent during the second quarter of 2019. This compares to an average Brent oil price in the first quarter of 2019 of \$63.83/bbl and a Vasconia discount of \$3.43/bbl. Year to date 2019 estimated production is 71,190 boe/d.

## Colombia Update

Colombia production averaged an estimated 64,315 boe/d in the second quarter of 2019 a decrease of 2.1% compared to the first quarter of 2019 reflecting the impact of the managed decline from the Cadelilla-7 well on the Guatiquia block.

The Company drilled 42 wells during the second quarter of 2019, including 39 development wells and three exploration wells. At Quifa, 32 development wells were drilled, two more than planned, as the Company increases the efficiency at which it is drilling wells. The increased efficiency has led the Company to relinquish one of its drilling rigs at Quifa, as the development drilling plan for 2019 will be completed sooner than expected. At CPE-6 on the Hamaca field, four development wells were drilled along with one exploration well as the Company plans to increase production later this year once additional facilities are in place to process the oil and produced water. Two development wells were drilled on the Copa field in the Cubiro block as production gradually increases from additional development drilling and water injection wells for pressure maintenance. On the Guatiquia block, one development well was drilled at Coralillo-6, the results of which have been previously disclosed. Additional Coralillo locations are currently being permitted with an additional two wells expected before the end of 2019.

During the third quarter of 2019, Frontera expects to drill 28 wells including 27 development wells (20 at Quifa, three at Copa, three at CPE-6 and one at Guatiquia), and one exploration well at CPE-6. The La Belleza-1 exploration well on the VIM-1 block is expected to start drilling in mid-August with results by the end of October.

In May 2019, the Company began drilling the Amanecer-1 exploration well on the CPE-6 block. On May 21, 2019, the well reached a MD of 3,891 feet, encountering 21 feet of net oil pay in the Basal sands of the Carbonera formation. The well was completed in the Basal sand formation with an electrical submersible pump. The well flow tested for 10 days in June 2019 at an average rate of 70 bbl/d of 11 degree API oil with an average water cut of 80% at a stabilized bottomhole pressure. Since discovery, the well has produced a total of 447 bbls. Amanecer-1 oil water contact is 35 feet structurally lower than previously defined, adding additional hydrocarbon column to the Hamaca field within the CPE-6 block.

In May 2019, the Company spudded Castaña-1 exploration well on the Mapache block. The well was drilled to a total depth of 8,589 feet MD reached on May 19, 2019. The well encountered 20 feet of net pay in the Ubaque sandstones. The well was completed in the Ubaque formation with an electrical submersible pump. The well started testing on June 15, 2019 with 430 bbl/d of oil, 1% BSW of 15 degree API oil, confirming a new discovery in the area. A total of 1,315 bbls of oil were recovered over four days. The Castaña-1 well is currently being evaluated as part of the initial test period.

In June 2019, the Company began drilling the Copa A Sur-2STH, a horizontal development well on the Copa trend within the Cubiro block. On June 18, 2019, the well reached a MD of 8,942 feet, encountering 1,126 feet of net oil pay in the Carbonera C7A formation, the main target, and 4.5 feet TVD in C5D2 formation, the secondary target. The well was completed in the C7A formation with an electrical submersible pump and gravel pack in the horizontal section. The well flow has been testing since June 26, 2019 at an average rate of 350 bbl/d of 40 degree API oil with an average water cut of 23% at a stabilized bottomhole pressure. Since the start of production, the well has produced a total of 956 bbls.

In June 2019, the Company began drilling the Hamaca-35H, a horizontal development well on the CPE-6 block. On June 14, 2019, the well reached a MD of 5,218 feet, encountering 650 feet of net oil pay in the Basal sands of the

Carbonera formation. The well was completed in the Basal sand formation with an electrical submersible pump. The well flow tested for 12 days at an average rate of 260 bbl/d of 11 degree API oil with an average water cut of 70% at a stabilized bottomhole pressure. Since the start of production, the well has produced a total of 2,000 bbls. The Hamaca-35H well confirms the oil production potential of the reservoir in the Hamaca field within the CPE-6 block.

## **Peru Update**

Peru production averaged an estimated 9,970 bbl/d in the second quarter of 2019 an increase of 339% compared to the first quarter of 2019 reflecting consistent production from Block 192 during the majority of the quarter.

On June 18, 2019, the Company was notified by Petroperú S.A. (“**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. The pipeline has been repaired but as part of an ongoing community dispute local residents are not permitting Petroperú to conduct activities necessary to resume pumping oil through the pipeline. Effective July 1, 2019, Frontera has started to shut down production from Block 192, located over 200 kilometers from the site of the incident, while the authorities work to resolve the dispute and provide Petroperú access to the pipeline for repairs. It is expected that once access is granted to Petroperú, any remaining repairs and testing will be completed in a short time. Recent production from Block 192 has been approximately 9,500 bbl/d prior to the force majeure event. As a result of the shut down on Block 192, staffing levels will be reduced to those required to protect and monitor the infrastructure and equipment.

## **Shareholder Enhancement Initiatives**

A dividend of C\$0.205 per share is payable on July 17, 2019, to shareholders of record as of July 3, 2019. The Company's dividend policy is to pay a quarterly dividend of approximately \$15.0 million, up 20% from \$12.5 million previously, during periods in which Brent oil prices sustain an average price of \$60/bbl or higher. The declaration and payment of any specific dividend, the actual amount, the declaration date, the record date, and the payment of each quarterly dividend will be subject to the discretion of the Board of Directors.

The Company anticipates that it will renew its normal course issuer bid at some point after it expires on July 17, 2019. Such renewal would be subject to approval of the Company's Board of Directors and the approval of the Toronto Stock Exchange.

## **About Frontera:**

*Frontera Energy Corporation is a Canadian public company and a leading explorer and producer of crude oil and natural gas, with operations focused in South America. The Company has a diversified portfolio of assets with interests in more than 30 exploration and production blocks in Colombia, Peru, Ecuador and Guyana. The Company's strategy is focused on sustainable growth in production and reserves. Frontera is committed to conducting business safely, in a socially and environmentally responsible manner. Frontera's common shares trade on the Toronto Stock Exchange under the ticker symbol "FEC".*

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## **Advisories:**

### **Cautionary Note Concerning Forward-Looking Statements**

*This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of expected production levels, development and drilling plans, (including timing and projected production levels), timing the Company's exploration and development plans and objectives, timing and receipt of regulatory approval, estimates and/or assumptions in respect of time it will take for Petroperú to access and to repair the pipeline and the duration of the force majeure, statements regarding the renewal of its normal course issuer bid and statements regarding the Company's dividend policy and future payments) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: production estimates and estimated economic return; uncertainties associated with estimating oil and natural gas reserves; failure to establish estimated resources or reserves; failure to establish estimated resources or reserves; operating hazards and risks; volatility in market prices for oil and natural gas; the uncertainties involved in interpreting drilling results and other geological data; fluctuation in currency exchange rates; inflation; changes in equity markets; timing on receipt of government approvals; perceptions of the Company's prospects and the prospects of the oil and gas industry in Colombia and the other countries where the Company operates or has investments; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 13, 2019 filed on SEDAR at [www.sedar.com](http://www.sedar.com). Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.*

### **Well Test Results and Production Levels**

*Disclosure of well tests results in this news release should be considered preliminary until detailed pressure transient analysis and well-test interpretations have been completed. Hydrocarbons can be seen during the drilling of a well in numerous circumstances and do not necessarily indicate a commercial discovery or the presence of commercial hydrocarbons in a well. There is no representation by the Company that the disclosed well results included in this news release are necessarily indicative of long-term performance or ultimate recovery. As a result, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company or that such rates are indicative of future performance of the well.*

*In addition, reported production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected in this news release due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons.*

**BOE Conversion**

*The term “boe” is used in this news release. 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 news release, boe has been expressed using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Colombian Ministry of Mines and Energy.*

**Definitions**

API	American Petroleum Institute
bb/d	Barrel of oil per day
bb(s)	Barrel(s) of oil
boe	Refer to “Boe Conversion” disclosure above
MD	Measured depth
TVD	True vertical depth

**FOR FURTHER INFORMATION:**

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