

# FRONTERA ENERGY CORPORATION

## *NEWS RELEASE*

### **FRONTERA ANNOUNCES THIRD QUARTER 2019 UPDATE AND PROVIDES NOTICE OF FINANCIAL RESULTS AND CONFERENCE CALL**

*Third Quarter Production of 70,200 boe/d  
October Production over 73,000 boe/d*

*Third Quarter 2019 Results Will Be Released After Market on Thursday, November 7, 2019  
Followed by a Conference Call on Friday, November 8, 2019 at 10:00 A.M. EST*

**Toronto, Canada, October 10, 2019** - Frontera Energy Corporation (TSX: FEC) (“**Frontera**” or the “**Company**”) announces a third quarter 2019 operational update and notice of financial results and conference call. All values in this news release and the Company's financial disclosures are in United States dollars, unless otherwise noted.

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

Frontera delivered estimated third quarter 2019 production of 70,200 boe/d in-line with 2019 year to date production of 70,820 boe/d, both of which are above the high end of the Company's annual production guidance range of 65,000 to 70,000 boe/d. So far in October, production is over 73,000 boe/d reflecting stable production from Colombia and Peru. Production was weighted over 97% to Brent exposed oil prices, which averaged \$62.03/bbl, with Colombia production receiving Vasconia prices, which averaged \$2.30/bbl discount to Brent during the third quarter of 2019. This compares to an average Brent oil price in the second quarter of 2019 of \$68.47/bbl and a Vasconia discount of \$2.03/bbl.

#### **Colombia Update**

Colombia production averaged an estimated 63,700 boe/d in the third quarter of 2019 a decrease of 1% compared to the second quarter of 2019, reflecting the impact of growth in the heavy oil business unit offset by the managed decline in our light and medium oil and natural gas business units.

The heavy oil business unit saw production growth in excess of 4% quarter over quarter benefiting from increases at Quifa SW where production increased to over 50,000 bbl/d on a gross basis, the highest level since 2015. Continued development drilling and facilities optimization at Quifa SW will help sustain production from the block into 2020. During the third quarter of 2019, 23 development wells were drilled at Quifa, three more than planned, as the Company continues more efficient drilling in the field and executing the 2019 drilling program with one less rig than originally planned.

The Hamaca field on the CPE-6 block has more than doubled production since the start of the year to over 2,100 bbl/d during the third quarter of 2019. The Company plans to add a second drilling rig in the field during the fourth quarter of 2019, targeting production growth to more than 3,000 bbl/d by year end as additional water treatment and disposal capacity is added. Five development wells and one successful exploration well were drilled on the CPE-6 block during the third quarter of 2019. In July 2019, the Company began drilling the Coplero-1 exploration well on the CPE-6

block, adjacent and to the south east of the Hamaca exploitation area. On July 30, 2019, the well reached a MD of 3,150 feet, encountering 8 feet of net oil pay in the Carbonera-7 formation. Petrophysical analysis of the open-hole logs indicate a clean sand system with 32% porosity, permeability of 2.3 Darcys, water saturation of 40% and clay content of 1.6%. The well was completed on August 6, 2019 with an electrical submersible pump and is currently producing at 132 bbl/d of 11 degree API oil with an 85% water cut. To date the well has produced 8,022 bbls. The Company has planned two additional exploration wells on the CPE-6 block, Galope-1 and Contrapunteo-1, to further delineate the Coplero-1 discovery during the fourth quarter of 2019.

The light and medium oil and natural gas business units had minimal activity during the third quarter, with only two development wells drilled as the Company awaits permitting and construction of a new drilling pad on the eastern flank of the Coralillo field in the Guatiquia block. Development drilling is expected to re-commence in the first quarter of 2020. During the third quarter of 2019 one development well was drilled in the Coralillo field on the Guatiquia block and is awaiting testing.

At Cubiro, the water flood pressure maintenance and development drilling campaign has been deferred as the Company re-evaluates the Copa field reservoir model following the Copa Norte 10 water injection well encountering oil earlier this year. During the third quarter one development well was drilled on the Copa field in the Cubiro block.

The natural gas business unit will see a work-over and well service program initiated during the fourth quarter of 2019 with the potential for new natural gas and potential liquids volumes from exploration drilling. Exploration is targeted from the VIM-1 block, where the Company is in the process of acquiring a 50% participating interest subject to ANH approval, with the La Belleza-1 well currently drilling (with results expected by year end), and from the Guama block expected in 2020. The Company is targeting to increase production from the Lower Magdalena Valley where it has an underutilized natural gas plant at La Creciente which would lead to an increased contribution of natural gas and liquids in the overall production profile of the Company.

The Company drilled 31 wells during the third quarter of 2019, including 30 development wells and one exploration well. During the fourth quarter of 2019, Frontera expects to drill 29 wells including 24 development wells (17 at Quifa including four vertical step-out wells and one multilateral well, four at CPE-6, and three at Sabanero), and five exploration wells (La Belleza-1 on the VIM-1 block, two on CPE-6, and two at Sabanero).

## **Peru Update**

Peru production averaged an estimated 6,510 bbl/d in the third quarter of 2019 a decrease of 35% compared to the second quarter of 2019 reflecting an interruption on Block 192 during July 2019 resulting from a force majeure event on the NorPeruano pipeline. Current production in Peru is approximately 10,000 bbl/d. As a result of the interruption, the service contract relating to Block 192 has been extended and is expected to terminate in March 2020. The extension should result in the 2020 financial results for Peru being similar to 2019, assuming normalized operation of the NorPeruano pipeline. Even if the Company is unable to secure a new contract on the block, the Company is entitled to sell pipeline line fill and other crude oil in storage at the completion of the contract.

## **Guyana Update**

During the quarter the Company elected to convert \$8.8 million in principal amount outstanding under a bridge loan facility to CGX Energy (TSXV: OYL) (“CGX”), to common shares of CGX. As a result of the conversion of the bridge loan, the Company now owns or exercise control over 72.51% of the issued and outstanding shares of CGX.

CGX was also successful in resequencing the work program relating to the Corentyne block. A 3D seismic program will be shot over the northern part of the Corentyne block starting this month and is expected to be complete before the end of November 2019. The additional 3D seismic program will mean that both the Corentyne and Demerara blocks will be largely covered by high quality 3D seismic which will facilitate the selection of a ranked drilling location on each block for drilling during the second half of 2020. Recent nearby positive drilling results from two exploration wells drilled on the Orinduik block on the slope offshore Guyana have de-risked a number of high-quality exploration prospects being developed by CGX and Frontera.

### **Shareholder Enhancement Initiatives**

With the upcoming dividend of C\$0.205 per share payable on October 16, 2019, total 2019 dividends to date will amount to \$108 million. The Company's dividend policy is to pay a quarterly dividend of approximately \$15.0 million, during periods in which Brent oil prices sustain an average price of \$60/bbl or higher. The declaration 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.

### **Hedging Update**

The Company uses a combination of Brent oil price linked purchased put options, zero cost collars, put spreads and three-way collars to protect the Company's balance sheet and capital program within hedging limits set by the Board of Directors.

For the fourth quarter of 2019, the Company has hedged an estimated 60% of expected net production with floor oil prices between \$57.00/bbl and \$60.00/bbl and a ceiling price of \$75.43/bbl.

For the first quarter of 2020, the Company has hedged an estimated 40% of expected net production with floor prices between \$55.00/bbl and \$58.64/bbl and a ceiling price of \$75.58/bbl. This includes an estimated 15% of expected net production being hedged using put spreads with strike prices of \$47.00/bbl and \$57.00/bbl.

For the second quarter of 2020, the Company has hedged an estimated 30% of expected net production with floor prices between \$55.00/bbl and \$57.00/bbl and a ceiling price of \$74.68/bbl. The estimated 30% of expected net production being hedged using put spreads (10%) and three-way collars (20%) have strike prices between \$45.00/bbl and \$47.00/bbl and \$55.00/bbl and \$57.00/bbl.

### **Notice of Third Quarter 2019 Results**

Third quarter 2019 results will be released after market on Thursday, November 7, 2019 followed by a conference call for investors and analysts on Friday, November 8, 2019 at 8:00 a.m. (MDT), 10:00 a.m. (EST/GMT-5). Participants will include Gabriel de Alba, Chairman of the Board of Directors, Richard Herbert, Chief Executive Officer, David Dyck, Chief Financial Officer and select members of the senior management team.

Analysts and investors are invited to participate using the following dial-in numbers:

Participant Number (International/Local): (647) 427-7450  
Participant Number (Toll free Colombia): 01-800-518-0661  
Participant Number (Toll free North America): (888) 231-8191

Conference ID: 9998073  
Webcast Audio: [www.fronteraenergy.ca](http://www.fronteraenergy.ca)

A replay of the conference call will be available until 11:59 p.m. (EST/GMT-5) Friday, November 22, 2019.

Encore Toll Free Dial-in Number: 1-855-859-2056  
Local Dial-in Number: (416)-849-0833  
Encore ID: 9998073

### **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 40 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), the Company's exploration and development plans and objectives, timing and expectations regarding the Company's programs, timing and receipt of regulatory approval, estimates and/or assumptions in respect of the termination of the contract for Block 192 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**

ANH	Agencia Nacional de Hidrocarburos
API	American Petroleum Institute
bbl/d	Barrel of oil per day
bbl(s)	Barrel(s) of oil
boe	Refer to “Boe Conversion” disclosure above
boe/d	Barrels of oil equivalent per day
MD	Measured depth

**FOR FURTHER INFORMATION:**

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