

# FRONTERA ENERGY CORPORATION

## *NEWS RELEASE*

### FRONTERA ANNOUNCES RESPONSES TO LOWER OIL PRICE ENVIRONMENT

*Focus on Maintaining a Strong Cash Position with Reduced 2020 Capital Plan  
and Acceleration of Cost Savings Initiatives*

*Announces Streamlining of Senior Management Team*

*Hedged Over 45% of 2020 Production at Prices Significantly Above the Current Market*

**Toronto, Canada, March 23, 2020** - Frontera Energy Corporation (TSX: FEC) (“**Frontera**” or the “**Company**”) today announced responses to the lower oil price environment caused by excess global supply and the COVID-19 pandemic, which includes a reduction in the 2020 capital plan and acceleration of cost savings initiatives. In connection with these cost savings initiatives, and in an effort to streamline the organization, including the executive team, David Dyck is stepping down as Chief Financial Officer, effective March 31, 2020. Mr. Dyck will remain with the Company for an interim period to assist with transitional matters. On April 1, 2020, Alejandro Piñeros, who currently serves as Corporate Vice-President of Strategy & Planning, will become Frontera’s Chief Financial Officer.

**Gabriel de Alba, Chairman of the Board of Directors, said:**

“In light of the recent rapid decline in oil prices and the impact of the COVID-19 pandemic on the world economy, Frontera is taking swift and decisive measures to protect our people, balance sheet and cash flow in order to best position ourselves when we emerge from the current environment. By virtue of our strong capital discipline, we started this year with a robust cash position, which we are protecting through reduced capital expenditures, additional savings and efficiency improvements, thus managing the risk of an extended period of weaker commodity prices.

Frontera is implementing various initiatives to reduce capital costs and streamline the organization. It is in this context that David Dyck is stepping down as Chief Financial Officer. I have had the pleasure of working with David over the past two years and would like to personally thank him for his great efforts and support as we have continued with Frontera’s transformation.

On behalf of the Board, I welcome Alejandro Piñeros to the role of CFO. I have worked closely with Alejandro, and I am confident his deep expertise and familiarity with the business will be a tremendous asset during these important times.”

**Richard Herbert, Chief Executive Officer, commented:**

“I’m proud of our team’s accelerated actions to significantly reduce our planned capital expenditures in 2020 and identify further opportunities to decrease operating expenditures across our production portfolio. As a first step, planned 2020 capital expenditures are being reduced by around 60%, focusing on activities that generate positive cash returns at current oil prices. Our investment priorities will be essential well workovers and critical maintenance until market conditions improve and prices have recovered.

Frontera is absolutely committed to maintaining its focus on health, safety and the environment. We continue to monitor the rapidly changing COVID-19 outbreak. We have internal protocols and procedures in place and are following national health guidelines to ensure the safety and well-being of our employees in our fields and offices.

I would like to join with Gabriel in thanking David for all his contributions to Frontera.”

## 2020 Revised Capital Plan and Other Cost Savings Initiatives

The Company is currently reducing planned 2020 capital expenditures by around 60% to a range of \$130 to \$150 million. Those expenditures will be primarily focused on development and maintenance activities in the Company’s core assets of Quifa SW, CPE-6 and its light and medium oil business unit in Colombia. Consistent with the Company’s long-time focus on disciplined investing, this revised capital plan has been developed with the goal of optimizing production while maximizing the cash balances of the Company during this period of lower oil prices. The Company will remain flexible with respect to capital allocation as events unfold in the coming months.

With these changes, revised average annual production in 2020 is expected to be in the range of 55,000 to 60,000 boe/d, a decrease of only 8% compared to 2020 guidance despite the significant decrease in capital expenditures. The Company has deliberately shut-in a number of wells that are not economic to operate at current prices and will monitor operations continuously to optimize cash generation.

The Company is also actively working to reduce production, transportation and G&A costs, and will provide further information on the results of those initiatives as the financial goals are achieved.

## Hedging Program

The Company has continued to hedge its production for the remainder of the current year. For the period of March to December 2020, the Company has, to date, hedged 7.31 million barrels with a combination of Brent oil price-linked purchased put options, zero cost collars, put spreads, and three-way collars. Assuming a flat Brent oil price of \$30.00/bbl, the current value of the hedge position is approximately \$77 million.

<b>Type of Instrument</b>	<b>Term</b>	<b>Benchmark</b>	<b>Open Interest (MMbbl)</b>	<b>Strike Prices Put/Call Spreads</b>
Put options	Mar. 2020	Brent	0.08	55
Put options	Apr. 2020	Brent	0.3	47
Put options	Mar-Apr. 2020	Brent	1.49	35
Collars	Mar. 2020	Brent	0.46	58.1 / 73.75
3-ways	Apr. to Sep. 2020	Brent	3.57	48.6 / 58.6 / 74.5
Put Spread	Mar. to Dec. 2020	Brent	1.41	48.5 / 58.5
			<b>7.31</b>	

## **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:**

All values in this news release and the Company's financial disclosures are in United States dollars, unless otherwise noted.

## **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 the Company's capital expenditure program, production, cash flow and costs, future income generation capacity, the Company's exploration and development plans and objectives, including its drilling plans and the timing thereof, and cost savings initiatives) 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: volatility in market prices for oil and natural gas (including as a result of demand and supply shifts caused by COVID-19 and the actions of OPEC and non-OPEC countries); 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 reserves through acquisition 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 and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 5, 2020 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.*

## **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:**

bbl(s)	Barrel(s) of oil
Boe	Refer to "Boe Conversion" disclosure above
boe/d	Barrel of oil equivalent per day
MMbbl	Million barrels

### **FOR FURTHER INFORMATION:**

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