

# FRONTERA ENERGY CORPORATION

## *NEWS RELEASE*

### FRONTERA ANNOUNCES \$377 MILLION IN TRANSPORTATION COST SAVINGS AND OTHER TRANSPORTATION RELATED EVENTS

**Toronto, Canada, July 13, 2018** - Frontera Energy Corporation (TSX:FEC) (the “**Company**” or “**Frontera**”) today announced that it has reached the successful settlement of the Ocesa transportation arbitration concerning the P-135 Project and terminated its contractual commitment with Cenit Transporte y Logistica de Hidrocarburos S.A. (“**CENIT**”) to transport oil through the Caño Limón pipeline (“**CLC**”) and its contractual commitment with Oleoducto Bicentenario de Colombia S.A.S (“**Bicentenario**”) to transport oil through the Bicentenario pipeline (“**BIC**”).

#### *Ocesa P-135 Project Arbitration*

Frontera Energy Colombia Corporation Sucursal Colombia (“**FECC**”), Frontera's Colombian operating branch, and Oleoducto Central S.A. (“**Ocesa**”) have reached a successful settlement agreement in an arbitration on tariffs and monetary conditions relating to transportation contracts entered into with Ocesa concerning the P-135 Project (the “**Settlement Agreement**”). Under the terms of the Settlement Agreement which was approved by the arbitrators, FECC 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 thereafter, pursuant to applicable regulation), on the Ocesa P-135 Project through June 2025. The original terms of the contract were for the shipment of 30,000 barrels of oil per day at \$8.7729 per barrel, adjusted at 2.57% inflation per year. The estimated impact of the Settlement Agreement will reduce Frontera's future transportation commitments by approximately \$178.3 million and reduce future monetary conditions relating to heavy crude oil quality by approximately \$199.2 million over the life of the contract.

#### *Termination of Transportation Contracts*

The CLC pipeline, which connects the BIC pipeline to the Coveñas Export Terminal, has suspended transport rendered to FECC for more than 180 consecutive calendar days, which is a termination event under the Company’s transportation agreement with CENIT (the “**CLC Transportation Agreement**”). Under the CLC Transportation Agreement, FECC had a commitment to ship 47,333 barrels of oil per day for which CENIT charges \$3.09 per barrel, representing an annual disbursement of \$53.4 million, between now and October 2028 through the CLC pipeline.

Also, the BIC pipeline, which operates between Araguaney and Banadia where it connects to the CLC pipeline, has not transported FECC's oil for more than six uninterrupted months due to a justifiable event, which is a termination event under FECC’s transportation agreement with Bicentenario (the “**BIC Transportation Agreement**”). Under the BIC Transportation Agreement, FECC had a commitment to ship 47,333 barrels of oil per day at \$7.56 per barrel, representing an annual disbursement of \$130.6 million, between now and June 2024 through the BIC pipeline. During the term the two contracts have been in place, service has been suspended approximately 60% of the time.

The Company has transportation agreements in place to ensure sufficient capacity for the evacuation and sale of its oil production in Colombia.

The Company is evaluating the carrying value of its ownership interest in Bicentenario related to the termination of the BIC Transportation Agreement. The Company expects to provide updated financial guidance with its second quarter 2018 financial results.

## **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 Latin America. The Company has a diversified portfolio of assets with interests in more than 30 exploration and production blocks in Colombia and Peru. 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:**

*The financial information contained herein is reported in United States dollars.*

## **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 (such as expected transportation cost savings) 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: uncertainty of estimates of capital and operating costs, uncertainties relating to the financial impact of terminating the BIC Transportation Agreement, the CLC Transportation Agreement, uncertainties relating to the financial impact of the Settlement Agreement, uncertainties relating to the carrying value of the Company's ownership interest in Bicentenario, production estimates and estimated economic return; uncertainties associated with estimating oil and natural gas reserves; failure to establish estimated resources or reserves; volatility in market prices for oil and natural gas; fluctuation in currency exchange rates; inflation; changes in equity markets; 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; uncertainties relating to the availability and costs of financing needed in the future; the uncertainties involved in interpreting drilling results and other geological data; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 27, 2018 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.*

## **FOR FURTHER INFORMATION:**

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