

# FRONTERA ENERGY CORPORATION

## *NEWS RELEASE*

### **FRONTERA DELIVERS STRONG FOURTH QUARTER AND 2019 FINANCIAL AND OPERATIONAL RESULTS**

*Meets or Exceeds all 2019 Guidance Metrics and Delivers Cash Provided by Operating Activities in Excess of Cash Used in Investing Activities*

*\$123 million of Cash Returned to Shareholders Via Share Buybacks and Dividends in 2019*

**Toronto, Canada, March 5, 2020** - Frontera Energy Corporation (TSX: FEC) (“**Frontera**” or the “**Company**”) announced today the release of its Consolidated Financial Statements, Management Discussion and Analysis (“**MD&A**”), Annual Information Form (“**AIF**”) and Form 51-101 F1 - *Statement of Reserves Data and Other Oil and Gas Information for the Company* (the “**F1 Report**”) for the year ended December 31, 2019. These documents, among others, will be posted on the Company’s website at [www.fronteraenergy.ca](http://www.fronteraenergy.ca) and SEDAR at [www.sedar.com](http://www.sedar.com). All values in this news release and the Company’s financial disclosures are in United States dollars unless otherwise stated.

#### **OPERATIONAL AND FINANCIAL HIGHLIGHTS**

##### **Operational**

- Production remained stable averaging 70,905 boe/d in the fourth quarter of 2019 and 70,875 boe/d for the full year of 2019.
- As previously reported, 102% of gross 2P reserves and 112% of net 2P reserves were replaced in 2019 with 11% growth in Colombia gross PDP reserves, and gross 2P reserve life index for Colombia of over 7 years.
- Second testing period on the La Belleza exploration on the VIM-1 block yielded very encouraging results with stable production rates and lowering water cut. The Asai-1 exploration well on the Guama block is drilling at 7,400 feet towards a target depth of 12,500 feet on time and on budget.
- Oil production represented 97% of total Company production in the fourth quarter of 2019, compared to 97% in the third quarter of 2019 and 95% in the fourth quarter of 2018.

##### **Financial**

- Net income was \$69 million (\$0.71/share) in the fourth quarter of 2019 compared to a net loss of \$49 million (\$0.50/share) in the third quarter of 2019 and a net loss of \$117 million (\$1.17/share) in the fourth quarter of 2018.
- Cash provided by operating activities of \$152 million in the fourth quarter of 2019 was 22% higher than the prior quarter and over 100% higher than in the prior year quarter. During 2019, the Company delivered \$131 million of excess cash provided by operating activities of \$547 million, compared to cash used in investing activities of \$416 million.
- Operating EBITDA of \$137 million was 10% higher than the prior quarter and 25% higher than the prior year quarter.

- Capital expenditures of \$132 million in the fourth quarter of 2019 were 87% higher than in the third quarter of 2019 and 15% lower than the fourth quarter of 2018, as anticipated, reflecting an increase in exploration activity during the quarter on the VIM-1 and CPE-6 blocks and the expansion of water treatment and disposal capacity at CPE-6.
- Total cash, including restricted cash, was \$456 million as at December 31, 2019, up 3% from the third quarter of 2019 and down 23% compared to December 31, 2018, reflecting \$123 million in cash returned to shareholders in 2019 via dividends and buybacks.
- Approximately 40% of expected 2020 net production after royalties was hedged, as of year-end, using a variety of financial instruments with an average Brent floor price of \$58.44/bbl.
- General and administrative expenses (“G&A”) of \$76 million in 2019 was down 18% compared to 2018, ahead of management's expectations of 10% to 15% savings during the year.

### Shareholder Initiatives

- During the fourth quarter of 2019, the Company repurchased for cancellation 1.5 million shares at a cost of \$12 million (C\$10.06/share) under its normal course issuer bid (“NCIB”). Since October 18, 2019 to date, under the renewed NCIB, the Company has repurchased for cancellation 2.9 million shares at a cost of \$22 million (C\$9.79/share).
- On March 4, 2020, the Company’s Board of Directors declared a dividend, payable on or about April 16, 2020 of C\$0.205 (approximately \$15 million in aggregate), to common shareholders of record on April 2, 2020.

### 2019 and 2020 Guidance

The Company delivered 2019 results better than its upwardly revised guidance for Operating EBITDA and average daily production and at the bottom end of its guidance for production and transportation costs. EBITDA sensitivities for all the major inputs for 2020 Guidance can be found on page 7 of the Company's corporate presentation available on its website.

		2019 Results	2019 Guidance <sup>(1)</sup>	2020 Guidance
Operating EBITDA	(\$MM)	586	525 to 575	400 to 450
Capital Expenditures	(\$MM)	346	325 to 375	325 to 375
Average Daily Production	(boe/d)	70,875	65,000 to 70,000	60,000 to 65,000
Production Costs <sup>(2)</sup>	(\$/boe)	11.99	12.00 to 12.50	\$11.50 to \$12.50
Transportation Costs <sup>(3)</sup>	(\$/boe)	12.51	12.50 to 13.50	\$12.50 to \$13.50
Brent Oil Price Assumption <sup>(4)</sup>	(\$/bbl)	64.16	65.00	60.00
Oil Price Differential <sup>(4)</sup>	(\$/bbl)	2.74	3.50	4.00
Foreign Exchange Rate <sup>(4)</sup>	(USD:COP)	3,283:1	3,100:1	3,300:1

<sup>1</sup>Revised 2019 Guidance, as updated on August 1, 2019, with more positive metrics than original guidance.

<sup>2</sup>Calculated using production before royalties as this most accurately reflects per unit production costs.

<sup>3</sup>Calculated using production after royalties as this most accurately reflects per unit transportation costs.

<sup>4</sup>2019 averages from Bloomberg.

### Gabriel de Alba, Chairman of the Board of Directors of the Company, commented:

“The strong operational and financial results delivered by the Frontera team in 2019 enabled the Company to continue delivering significant returns to shareholders through dividends and buybacks while maintaining a strong balance sheet and a significant net cash position. Since announcing a dividend policy in December 2018, the Company has

paid out C\$1.645/share in dividends, a yield of over 13%. Additionally, since announcing our first share buyback program in July 2018, Frontera has bought back over 5.6 million shares or nearly 6% of the issued equity. Frontera is off to a positive start in 2020, with exploration success in Colombia and many additional opportunities to continue growing the business in 2020 and coming years.”

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

“2019 was the year when Frontera repositioned its portfolio for growth, while maintaining stable production and growing reserves in its core assets. We added new exploration blocks in Colombia, Ecuador and offshore Guyana, while also executing a farm-in agreement with Parex Resources on the VIM-1 block in Colombia which has already delivered exploration success. During 2019 we increased production from the CPE-6 block by more than three times, while adding reserves on the block through successful near field exploration. Quifa production was also strong in 2019 following the expansion of water treatment and disposal capacity at the end of 2018. Overall our strategy is working, as we maintain our core areas of operation in Colombia and deliver new opportunities through exploration. Our teams executed on the implementation of cost savings initiatives, with G&A down 18% year over year, production costs down 4% on a boe basis, and transportation costs down 2% on a boe basis. These projects combined with solid production, enabled the Company to deliver cash provided by operating activities which was \$131 million higher than cash used in investing activities.

In 2020 we will drill meaningful exploration wells in Colombia, Ecuador and offshore Guyana. We will continue to manage our capital exposure and our risk when it comes to exploration. Our new asset teams are looking to start delivering more cost savings and efficiency improvements throughout the portfolio as they move through 2020.

Finally, although the price of oil is off to a challenging start in 2020, Frontera is disciplined and we will manage our capital program and cost structure to weather weaker commodity prices. For 2020, the Company has hedged approximately 40% of net production at Brent oil prices above \$58/bbl, and we are committed to maintaining a strong balance sheet through this period. We have also acted swiftly to the recent downward movement in oil prices. In addition to cutting all non essential travel and reducing contractor headcount, we have evaluated all our 2020 capital projects and have identified between \$50 million to \$75 million in capital projects that can be deferred depending on the price of oil.”

**Financial Results**

		2019			2018	
		Q4	Q3	Full Year	Q4	Full Year
Revenue	(\$MM)	351	278	1,384	265	1,320
Net income (loss) <sup>(1)</sup>	(\$MM)	69	(49)	294	(117)	(259)
Per share - basic <sup>(2)</sup>	(\$)	0.71	(0.50)	3.01	(1.17)	(2.59)
Net sales <sup>(3)</sup>	(\$MM)	340	266	1,262	228	1,083
Cash provided by operating activities	(\$MM)	152	124	547	4	347
Operating EBITDA <sup>(3)</sup>	(\$MM)	137	125	586	109	413
Operating EBITDA margin (Operating EBITDA/Net sales) <sup>(3)</sup>	(%)	40%	47%	46%	48%	38%
General and administrative (G&A)	(\$MM)	23	18	76	22	93
Capital expenditures	(\$MM)	132	71	346	156	446
Total cash, including restricted cash <sup>(4)</sup>	(\$MM)	456	442	456	588	588
Working capital	(\$MM)	71	125	71	216	216
Shares outstanding - basic <sup>(5)</sup>	(MM)	96	98	96	98	98

<sup>1</sup>Net income (loss) attributable to equity holders of the Company.

<sup>2</sup>Basic and diluted weighted average numbers of common shares for the year ended December 31, 2019 were 97,871,378 and 99,532,362 (December 31, 2018: 99,841,652).

<sup>3</sup>These metrics are Non-IFRS financial measures. See Advisories - “Non-IFRS Financial Measures” - below and “Non-IFRS Measures” on page 18 of the MD&A.

<sup>4</sup>Includes \$328 million of cash and cash equivalents, \$37 million of short term restricted cash and \$90 million of long term restricted cash as at December 31, 2019 (includes \$314 million of cash and cash equivalents, \$36 million of short term restricted cash, and \$92 million of long term restricted cash as at September 30, 2019, and \$446 million of cash and cash equivalents, \$40 million of short term restricted cash, and \$103 million of long term restricted cash as at December 31, 2018).

<sup>5</sup>Basic shares outstanding are as at the date of the reporting period.

The average Brent oil benchmark price increased in the fourth quarter of 2019 to an average of \$62.42/bbl, up 1% from \$62.03/bbl in the third quarter of 2019. Brent oil benchmark price averaged \$68.60/bbl in the fourth quarter of 2018. The Company's net realized sales price of \$56.22/bbl in the fourth quarter of 2019 was 6% higher than the prior quarter and 14% higher than in the fourth quarter of 2018.

In 2019, net income attributable to equity holders of the Company was \$294 million (\$3.01/share), compared to a net loss of \$259 million in 2018. During the fourth quarter of 2019, net income attributable to equity holders of the Company was \$69 million (\$0.71/share), compared with net losses in each of the prior quarter and prior year quarter. In addition to operational execution, net income growth was driven by the booking of additional deferred tax assets resulting from the growth in the Company's reserves during 2019 and a reduction in presumptive tax rates in Colombia.

For the fourth quarter of 2019, net sales of \$340 million were 28% higher in the third quarter of 2019 and 49% higher than in the fourth quarter of 2018 driven by higher net sales realized price of \$56.22/boe and additional sales volumes in Peru during the quarter.

Cash provided by operating activities was \$547 million in 2019, 58% higher than in 2018 reflecting higher net realized sales price, stable production, higher sales volumes and lower costs. In the fourth quarter of 2019 cash provided by operating activities was \$152 million in the fourth quarter compared to cash provided by operating activities of \$124 million in the third quarter of 2019, reflecting higher sales volumes and oil prices. During the fourth quarter of 2019 the Company generated cash provided by operating activities that was \$19 million higher than capital expenditures of \$132 million.

Operating EBITDA of \$137 million in the fourth quarter of 2019 increased 10% in comparison with the third quarter of 2019 and was 25% higher than in the fourth quarter of 2018 as a result of a reduction of inventory in Peru and stronger realized prices.

For 2019, production costs were 4% lower than in 2018 on a boe basis as a result of a weaker peso and cost savings initiatives implemented in the second half of the year. Production costs during the fourth quarter of 2019 of \$13.76/boe were 19% higher compared to the third quarter of 2019 and 8% higher than in the fourth quarter of 2018 reflecting a higher amount of work over and well service activity in Colombia and costs associated with increased sales from Peru.

On a boe basis, transportation costs were 2% lower in 2019 compared to 2018. In the fourth quarter of 2019 transportation costs were \$12.84/boe, 7% higher than in the third quarter of 2019 and flat compared to the fourth quarter of 2018.

G&A costs were 18% lower in 2019 compared to 2018 as a result of ongoing cost savings initiatives, lower employee-related costs and lower office lease costs due to the adoption of IFRS 16. G&A costs were \$23 million during the

fourth quarter of 2019, 24% higher than the third quarter of 2019 and 5% higher than the fourth quarter of 2018, primarily as a result of a short-term employee incentive plan implemented in the fourth quarter of 2019.

Cash and cash equivalents including restricted cash totaled \$456 million as at December 31, 2019, an increase of \$14 million compared to September 30, 2019 reflecting \$67 million of cash provided by operating activities in excess of cash used in investing activities offset by \$15 million in dividends paid, \$12 million used to repurchase common shares and \$17 million used in the payment of interest on long term debt.

During the fourth quarter of 2019 the Company paid a regular dividend of C\$0.205/share. In addition, the Company paid its regular quarterly dividend of C\$0.205/share on January 17, 2020 and on March 4, 2020, announced a regular quarterly dividend of C\$0.205 to be paid on or about April 16, 2020 to shareholders of record on April 2, 2020.

In October 2019 the Company announced the renewal of its normal course issuer bid, pursuant to which the Company may repurchase up to 6,532,400 shares of the Company, representing 10% of the public float, during a 12 month period between October 18, 2019 and October 17, 2020. To date, under the renewed NCIB, the Company repurchased for cancellation 2,941,128 shares at an average price of C\$9.79, at a cost of \$22 million.

The Company has hedged approximately 40% of net production during the first three quarters of 2020, and about 15% of net production for the fourth quarter of 2020 using 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.

## Operational Results

Production, before royalties <sup>(1)</sup>	2019					2018	
	Q4	Q3	Q2	Q1	Full Year	Q4	Full Year
Oil and liquids (bbl/d)							
Colombia	58,517	61,420	61,956	63,052	61,224	59,687	58,675
Peru	10,164	6,510	9,975	2,271	7,250	8,974	8,171
<b>Total oil and liquids (bbl/d)</b>	<b>68,681</b>	<b>67,930</b>	<b>71,931</b>	<b>65,323</b>	<b>68,474</b>	<b>68,661</b>	<b>66,846</b>
Natural gas (boe/d) <sup>(2)</sup>							
Colombia	2,224	2,283	2,454	2,651	2,401	3,263	4,186
<b>Total natural gas (boe/d)</b>	<b>2,224</b>	<b>2,283</b>	<b>2,454</b>	<b>2,651</b>	<b>2,401</b>	<b>3,263</b>	<b>4,186</b>
<b>Total equivalent production (boe/d)</b>	<b>70,905</b>	<b>70,213</b>	<b>74,385</b>	<b>67,974</b>	<b>70,875</b>	<b>71,924</b>	<b>71,032</b>

<sup>1</sup>Additional production details are available in the MD&A "Financial and Operational Results" section, page 6.

<sup>2</sup>Colombian standard natural gas conversion ratio of 5.7 Mcf per bbl as required by the Colombian Ministry of Mines and Energy.

Production in the fourth quarter of 2019 averaged 70,905 boe/d, in-line with 70,213 boe/d in the third quarter of 2019 as a result of stable production levels in Peru during the quarter and natural declines and temporary production shut-ins in Colombia as water handling capacity was added in the CPE-6 block.

Company production was 97% oil-weighted in the fourth quarter of 2019 compared to 97% in the third quarter of 2019 and 95% in the fourth quarter of 2018. The higher oil mix as a percentage of total production results in better realized prices given stronger Brent oil prices and narrow price differentials during the fourth quarter of 2019.

During the fourth quarter of 2019, capital expenditures were \$132 million up 87% compared to \$71 million in the previous quarter and down 15% from the fourth quarter of 2018. The increase reflects additional planned exploration drilling in the fourth quarter of 2019 on the VIM-1 block in the Lower Magdalena Valley and on the CPE-6 block in the Llanos basin, combined with a water handling and disposal expansion project on the CPE-6 block. Additionally, the Company incurred costs associated with the 3D seismic acquisition on the Corentyne block offshore Guyana.

The Company drilled 21 wells during the fourth quarter of 2019, including 18 development wells and three exploration wells. Three previously disclosed exploration wells on the Sabanero block were subsequently reclassified as development wells of which two were drilled during the fourth quarter of 2019. During the first quarter of 2020, Frontera expects to drill 28 development wells (21 at Quifa, six at CPE-6, and one at Canaguaro), and commence drilling one exploration well (Asai-1 on the Guama block), targeting liquids and natural gas.

In December 2019, the Company began drilling the Canaguay-3 development well on Canaguaro block. On February 20, 2020, the well reached target depth with a measured depth of 15,193 feet, encountering a combined 55 feet of net oil pay over three separate Mirador formations. The well will be tested and is expected to be put on production in the coming weeks using existing infrastructure on the Canaguaro block.

On February 6, 2020, the Company (50% WI), along with its joint venture partner, Parex Resources Inc. (50% WI, operator), announced the results of the successful La Belleza-1 exploration well on the VIM-1 block in the Lower Magdalena Valley. The second well test yielded similar results as the first test with average production of 4,800 boe/d (2,670 bbl/d of 43 degree API oil, and 12.6 mmcf/d of natural gas), with a 14% draw down, well head flowing pressure of 3,770 psi and a lower water cut of 6%. The well remains shut-in for a pressure build up test which will help determine next steps. More drilling is expected on the block during 2020 as part of the ongoing evaluation and planning phase for commercial development.

In February 2020, the Company spud the Asai-1 exploration well on the Guama block in the Lower Magdalena Valley (Frontera 100% WI, operator), targeting a primary objective oil, natural gas condensate and natural gas structure in the Porquero formation at approximately 12,000 feet. The well is currently drilling at over 7,400 feet and has encountered natural gas shows in shallow, secondary objectives as expected. The well is expected to complete drilling in the middle of April 2020 with results in May 2020.

#### **Fourth Quarter and Year End 2019 Conference Call Details**

As previously disclosed, a conference call for investors and analysts will be held on Friday, March 6, 2020 at 8:00 a.m. (MST) and 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:	7833979
Webcast Audio:	<a href="http://www.fronteraenergy.ca">www.fronteraenergy.ca</a>

A replay of the conference call will be available until 11:59 p.m. (EST/GMT-5) Friday, March 20, 2020.

Encore Toll Free Dial-in Number: 1-855-859-2056  
Local Dial-in Number: (416)-849-0833  
Encore ID: 7833979

### **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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<http://fronteraenergy.mediaroom.com/subscribe>.

### **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 production, revenue, cash flow and costs, development and drilling plans including time and projected levels, the Company's exploration and development plans and objectives, timing and implementation of cost saving and efficiency initiatives and the timing of payment of dividends) are forward-looking statements. In particular, statements relating to "reserves" are deemed to be forward-looking statements since they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. 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; 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 AIF 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.*

*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.*

### ***Non-IFRS Financial Measures***

*This news release contains the following financial terms that do not have standardized definitions in the International Financial Reporting Standards (“IFRS”): "operating EBITDA" and "net sales". These financial measures, together with measures prepared in accordance with IFRS, provide useful information to investors and shareholders, as management uses them to evaluate the operating performance of the Company. The Company's determination of these non-IFRS measures may differ from other reporting issuers, and therefore are unlikely to be comparable to similar measures presented by other companies. Further, these non-IFRS measures should not be considered in isolation or as a substitute for measures of performance or cash flows prepared in accordance with IFRS. These financial measures are included because management uses this information to analyze operating performance and liquidity.*

*Management believes that EBITDA is a common measure used to assess profitability before the impact of different financing methods, income taxes, depreciation and impairment of capital assets and amortization of intangible assets.*

*EBITDA is a commonly used measure that adjusts net income (loss) as reported under IFRS to exclude the effects of income taxes, finance income and depletion, depreciation and amortization expense.*

*Operating EBITDA represents the operating results of the Company's primary business, excluding the items noted above, fees paid on suspended pipeline capacity, payments under terminated pipeline contracts, restructuring, severance and other costs, certain non-cash items (such as impairments, foreign exchange, unrealized risk management contracts, and share-based compensation) and gains or losses arising from the disposal of capital assets. In addition, other unusual or non-recurring items are excluded from operating EBITDA, as they are not indicative of the underlying core operating performance of the Company.*

The following table provides a complete reconciliation of net loss to Operating EBITDA:

(\$M)	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Net income (loss)	69,408	(116,631)	294,287	(259,083)
Finance income	(3,162)	(7,581)	(20,244)	(25,832)
Finance expenses	17,438	14,668	65,492	52,724
Income tax (recovery) expense	(42,540)	16,067	(147,727)	18,721
Depletion, depreciation and amortization	89,753	80,461	376,010	316,751
Impairment	3,389	117,017	63,580	305,586
Fees paid on suspended pipeline capacity	—	—	—	82,372
Payments under terminated pipeline contracts	—	59,040	—	74,618
Reversal of provision related to high-price clause	—	(41,079)	—	(62,911)
Loss on extinguishment of debt	—	—	—	25,628
Reclassification of currency translation adjustments	—	(2,753)	—	48,094
Share-based compensation	(124)	166	2,907	4,042
Restructuring, severance and other costs	2,994	8,092	11,945	14,592
Share of income from associates	(24,398)	(8,952)	(84,832)	(83,601)
Foreign exchange loss	8,812	13,087	10,264	3,375
Unrealized loss (gain) on risk management contracts	10,333	(31,392)	5,722	(107,337)
Other loss (income), net	6,680	832	(2,758)	4,741
Non-controlling interests	(1,531)	8,429	11,512	322
<b>Operating EBITDA</b>	<b>137,052</b>	<b>109,471</b>	<b>586,158</b>	<b>412,802</b>

<sup>1</sup>Net income (loss) attributable to equity holders of the Company.

(\$M)	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Financial and Operational results:</b>								
Operating EBITDA	137,052	124,586	179,665	144,855	109,471	92,676	124,667	85,988

### Net Sales

Net sales is a non-IFRS subtotal that adjusts revenue to include realized gains and losses from risk management contracts while removing the cost of dilution activities. This is a useful indicator for management as the Company hedges a portion of its oil production using derivative instruments to manage exposure to oil price volatility. This metric allows the Company to report its realized net sales after factoring in these risk management activities. The deduction of diluent cost is helpful to understand the Company's sales performance based on the net realized proceeds from production net of diluent, the cost of which is partially recovered when the blended product is sold. Net sales do not include the sales and purchases of oil and gas for trading as the gross margins from these activities are not considered significant or material to the Company's operations. Refer to the reconciliation in the "Sales" section on page 9 of the MD&A.

### Advisory Note Regarding Oil and Gas Information

The reserves information contained in this press release has been prepared in accordance with NI 51-101. Complete reserves disclosure required in accordance with NI 51-101 is contained in the F1 Report filed on SEDAR. Actual oil and natural gas reserves and future production may be greater than or less than the estimates provided in this news release. There is no assurance that forecast prices and costs assumed in the Reserves Report, and presented in this

*news release, will be attained and variances from such forecast prices and costs could be material. The estimated future net revenue from the production of the disclosed oil and natural gas reserves in this news release does not represent the fair market value of these reserves.*

*The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.*

*There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future cash flows attributed to such reserves. The reserve information set forth above are estimates only. In general, estimates of economically recoverable crude oil and natural gas reserves 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, 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 with respect to its reserves will vary from estimates thereof and such variations could be material.*

*This news release includes non-standardized measures. Readers are cautioned that these measures, such as reserve life index should not be construed as alternative measures of financial performance. Such measures have been included to provide readers with additional means to evaluate the Company's performance but these non-standardized measures are not reliable indicators of the Company's future performance and therefore must not be relied upon unduly. The Company's method of calculating these measures may differ from other companies and, accordingly, they may not be comparable to similar measures used by other companies. Readers are cautioned that the information provided or derived by these measures should not be relied upon for investment purposes.*

### **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:**

2P	Proved plus probable reserves
API	American Petroleum Institute
bbl(s)	Barrel(s) of oil
bbl/d	Barrel of oil per day
boe	Refer to "Boe Conversion" disclosure above
boe/d	Barrel of oil equivalent per day
C\$	Canadian dollars
mcf	Thousand cubic feet
mmcf/d	Million cubic feet per day
Net Production	Net production after royalties represents the Company's working interest volumes, net of royalties and internal consumption
PDP	Proved Developed Producing
psi	per square inch
WI	Working Interest

*“Proved Developed Producing Reserves” are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.*

*“Proved” reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.*

*“Probable” reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.*

**FOR FURTHER INFORMATION:**

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