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# Investor Presentation

Second Quarter 2017 Results



TAKING A STEP FORWARD

# Advisories

This presentation contains forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that Frontera Energy Corporation (the "Company" or "Frontera") believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates or assumptions in respect of production, revenue, cash flow and costs, reserve and resource estimates, potential resources and reserves and the Company's exploration and development plans and objectives) 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, 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" in the Company's annual information form dated March 14, 2017 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 presentation due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbon.

This presentation contains future oriented financial information and financial outlook information (collectively, "FOFI") (including, without limitation, statements regarding expected capital expenditures, production levels, oil prices and G&A), and are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraph. The FOFI has been prepared by management to provide an outlook of the Company's activities and results, and such information may not be appropriate for other purposes. The Company and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments, however, actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein. Any FOFI 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 FOFI, whether as a result of new information, future events or results or otherwise. The Company discloses several financial measures in this presentation that do not have any standardized meaning prescribed under International Financial Reporting Standards ("IFRS") (including operating and consolidated Netback and operating and consolidated EBITDA). These measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IRFS. For more information please see the Company's 2016 Management's Discussion and Analysis dated March 14, 2017 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

All reserves estimates contained in this presentation were prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and *National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and included in the F1 Report filed on SEDAR. Additional reserves information as required under NI 51-101 can also be found on SEDAR, under the: (i) Forms 51-101F2 – Report on Reserves Data by Independent Qualified Reserves Evaluator completed by each of RPS and D&M dated February 27, 2017; and (ii) Form 51-101F3 – Report of Management and Directors on Oil and Gas Disclosure dated March 14, 2017. All reserves presented are based on forecast pricing and estimated costs effective December 31, 2016 as determined by the Company's independent reserves evaluators. The Company's net reserves after royalties incorporate all applicable royalties under Colombia and Peru fiscal legislation based on forecast pricing and production rates, including any additional participation interest related to the price of oil applicable to certain Colombian blocks, as at year-end 2016. Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources have an associated chance of development (economic, regulatory, market and facility, corporate commitment or political risks). The estimates herein have not been risked for the chance of development. There is no certainty that the Contingent Resources will be developed and, if they are developed, there is no certainty as to the timing of such development or that it will be commercially viable to produce any portion of the Contingent Resources. It is not an estimate of volumes that may be recovered. Actual recovery is likely to be less and may be substantially less or zero. The values in this presentation are expressed in United States dollars and all production volumes are expressed net of royalties, unless otherwise stated.

# Portfolio Optimization

## Reservoir Study Results

During the second quarter of 2017, consistent with the new progressive and disciplined approach, the Company made the strategic decision to slow down production volumes at certain blocks and focus its resources on conducting reservoir studies to facilitate optimization of certain blocks over the long-term. The following producing blocks were impacted:

- Quifa SW and Cajua – Reservoir studies were commenced to facilitate optimization and the placement of future development wells and evaluate the potential for more efficient well designs (multi-laterals). Now that these studies are near completion the Company will be accelerating the development program in the third quarter of 2017
- Guatiquia – Development drilling was reduced due to reservoir studies that are required to ensure prudent reservoir management and preparations for the drilling of injector wells for reservoir pressure maintenance. The first injector well in the Ardilla Field will be drilled in the fourth quarter of 2017 in conjunction with the acceleration of the development drilling
- CPI Blocks (Orito and Neiva) – The Company has also been re-evaluating the forward development program and is currently awaiting the results from a pilot water injection program in Neiva to enhance recovery and the completion of reservoir studies to assess the production potential of the “A” Limestone in the Orito Field. The Company expects to accelerate the development of these fields as a result of these studies
- Copa Field – Reservoir injectivity tests have been successfully completed, indicating that future injector wells will be able to effectively provide reservoir pressure maintenance support and immediately facilitate increased production from the Copa Field





# Revising Guidance

## Operational Focus and Discipline Drive Financial Outperformance

### 2017 Capital Expenditures and Other Forecasts

	<i>Original</i>	<i>New</i>	<i>Change</i>
Operating EBITDA <sup>(1)</sup>	\$250 - \$275MM	\$275 - \$300MM	↑ 10%
Total Capital Expenditure Budget	\$325-375MM	\$250 - \$300MM	↓ 21%
Estimated Total Exit Production	80 - 85Mboe/d	70 - 75Mboe/d	↓ 12%
Brent Oil Price Assumption	\$50/bbl	\$50/bbl	No Change
Benchmark Price Differential	\$7.00 - \$7.50	\$7.00 - \$7.50	No Change



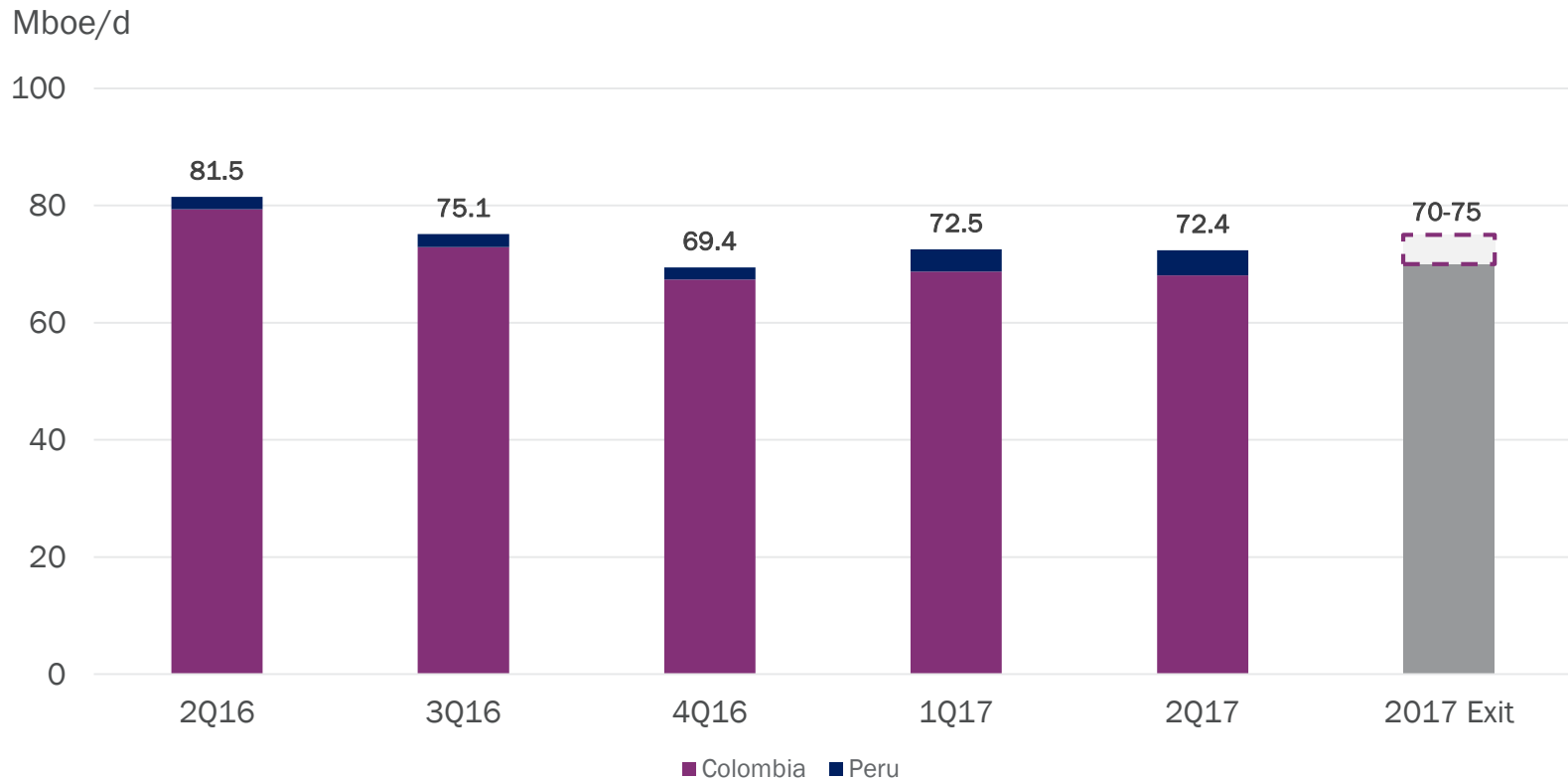
Increased Operating EBITDA  
Guidance and Returns Focused  
Portfolio Optimization

<sup>(1)</sup> Non-IFRS measure: See Advisories

# Frontera's Production Profile

## Stable Returns Focused Production

*2017 Exit Production Revised to 70,000 – 75,000 boe/d*

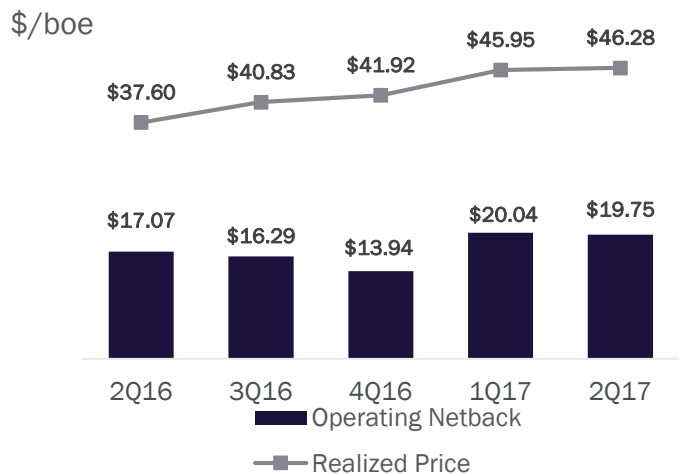


All quarters exclude Rubiales and Piriri field production

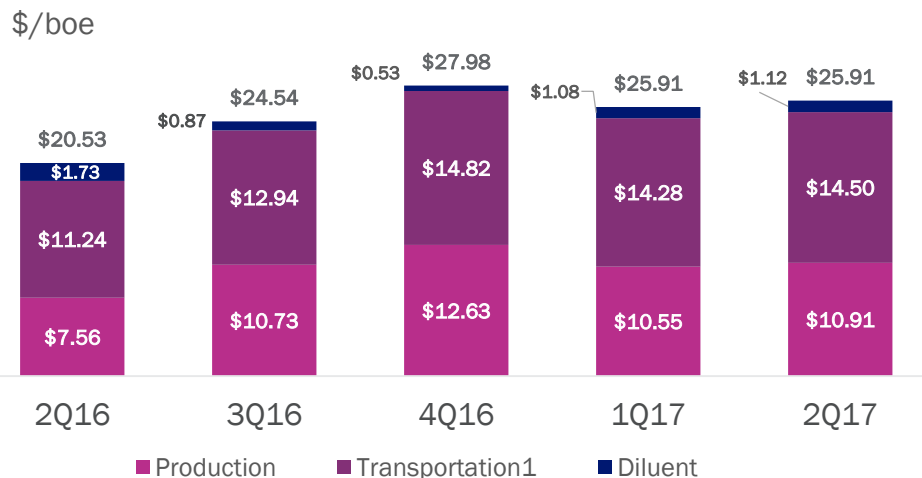
# Operational Highlights

## Light and Medium Oil Drives Better Price Realization

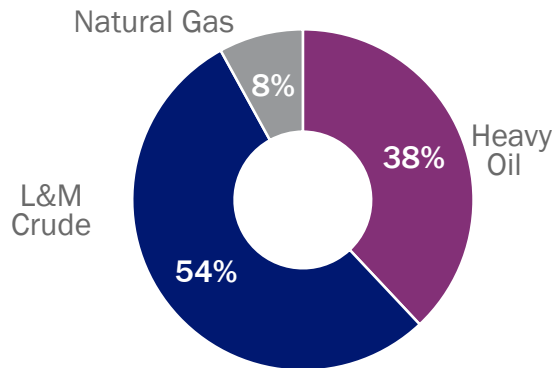
### Combined Price and Operating Netback



### Operating Costs



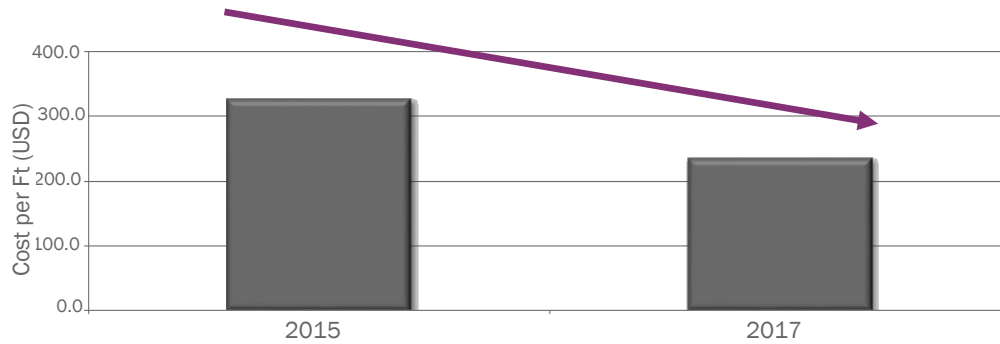
### Production Mix



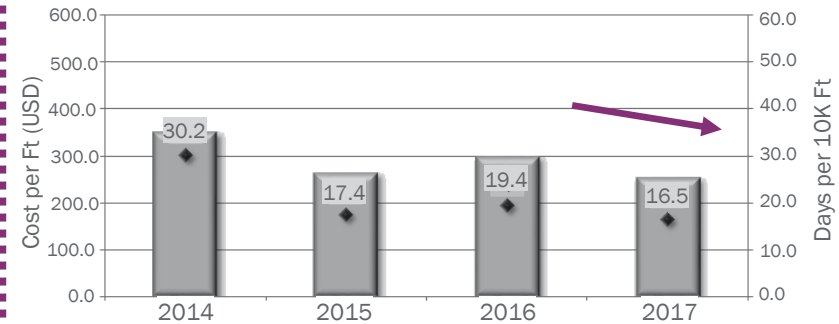
# Drilling Productivity and Cost Improvements

## Drilling Days and Cost Per Foot Decreasing

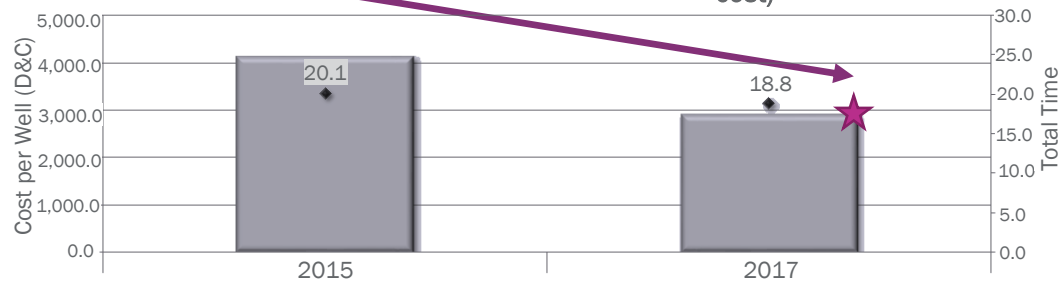
KPI's CUBIRO BLOCK – Horizontal Drilling Performance



KPI's GUATQUIA BLOCK – Drilling Performance



★ Schedule 2017 Q3/Q4  
2.7 MM & 17 days (D&C cost)



# Asset Sales (Executed/Closing) Summary

Over \$250 Million Achieved Year to Date

## Non-core Asset Sales Of Exploration and Production Blocks Executed To Date<sup>1</sup>

Block	Country	Buyer	Cash proceeds	Exploratory Commitments <sup>2</sup>	SBLC <sup>3</sup> / Collateral
(\$ millions)					
Santos Basin	Brazil	Karoon Gas	15.5	50.8	0.0
North Basins	Brazil	Queiroz Galvao	(10.0)	25.6	42.5
Lote 131	Peru	CEPSA	17.1	8.8	0.0
PUT-9	Colombia	Amerisur	0.7	9.1	0.9
Mecaya	Colombia	Amerisur	0.6	5.2	0.8
Terecay	Colombia	Amerisur	0.1	8.1	0.8
Tacacho	Colombia	Amerisur	3.5	4.1	0.4
Casanare Este	Colombia	Gold Oil	2.0	12.0	0.8
SSJN-7	Colombia	Canacol	0.0	7.8	2.5
Lote 126	Peru	Maple Gas	0.2	13.9	2.8
Cerrito	Colombia	PetroSouth	0.1	0.9	0.0
PNG Blocks	Papua - NG	Exxon Mobil	57.0	0.0	0.0
<b>Total</b>			<b>86.8</b>	<b>146.3</b>	<b>51.5</b>

<sup>1</sup>Some are pending government approvals

<sup>2</sup>Includes Abandonment/Environmental Costs

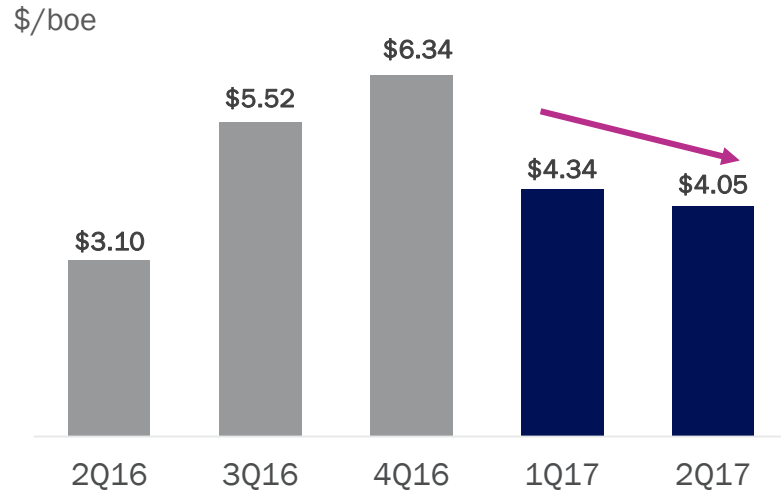
<sup>3</sup>Standby Letter of Credit



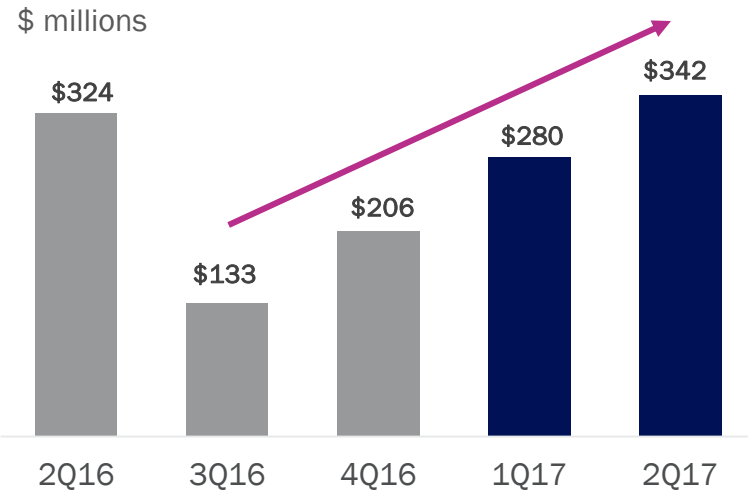
# Financial Highlights

Costs Decreasing, Cash Flow Generation Increasing

## ▶ Frontera G&A Costs

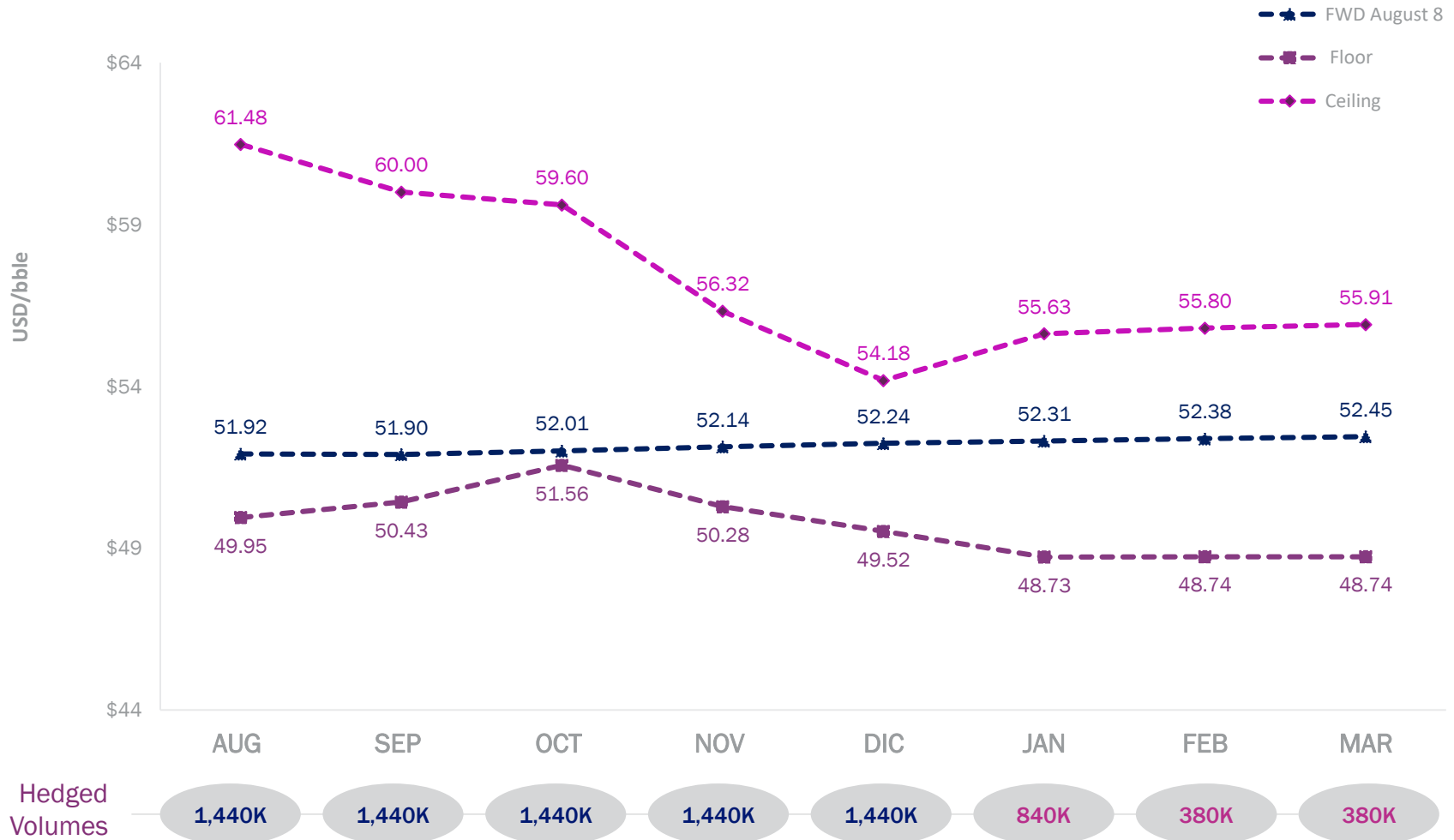


## ▶ Working Capital



# Oil Hedge Instruments Summary 2017/2018

## Working Cap Per Quarter





# Q&A Session



## INVESTOR RELATIONS CONTACT:

Richard Oyelowo  
Manager, Investor Relations  
333 Bay Street, Suite 1100  
Toronto ON M5H 2R2  
CANADA  
+1 (416) 362-7735  
[royelowo@fronteraenergy.ca](mailto:royelowo@fronteraenergy.ca)