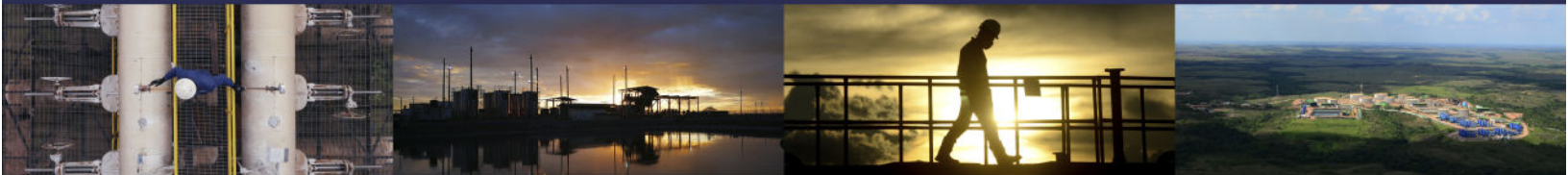


INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



(UNAUDITED)

*For the three and nine months ended
September 30, 2022 and 2021*



Interim Condensed Consolidated Statements of Income (Loss)

(Unaudited; in thousands of U.S.\$, except per share information)	Notes	Three Months Ended September 30		Nine Months Ended September 30	
		2022	2021	2022	2021
Oil and gas sales and other revenue	4	\$ 378,919	\$ 194,521	\$ 1,028,823	\$ 611,690
Royalties		(24,371)	(11,848)	(75,633)	(19,598)
Revenue		354,548	182,673	953,190	592,092
Oil and gas operating costs	5	162,538	90,725	407,711	282,853
General and administrative	6	12,549	12,656	42,302	39,990
Share-based compensation		1,422	962	5,927	5,421
Depletion, depreciation and amortization		57,927	33,480	146,221	106,571
Impairment, exploration expenses and other	7	1,467	3,922	2,608	(2,756)
Restructuring, severance and other costs		453	954	1,839	2,870
Income from operations		118,192	39,974	346,582	157,143
Share of income from associates	12	11,166	8,691	29,908	28,282
Foreign exchange loss		(38,745)	(5,846)	(48,183)	(24,382)
Finance income		1,699	817	3,182	5,332
Finance expense		(13,896)	(12,720)	(38,752)	(40,054)
Loss on risk management contracts	15	(6,030)	(2,502)	(12,841)	(39,744)
Other income (loss)		5,662	(570)	(5,419)	(13,353)
Debt extinguishment cost		—	—	—	(29,112)
Net income before income tax		78,048	27,844	274,477	44,112
Current income tax expense		(8,584)	(174)	(11,162)	(24,390)
Deferred income tax (expense) recovery		(93,778)	14,166	(169,514)	(12,767)
Income tax (expense) recovery	8	(102,362)	13,992	(180,676)	(37,157)
Net (loss) income for the period		\$ (24,314)	\$ 41,836	\$ 93,801	\$ 6,955
Attributable to:					
Equity holders of the Company		(26,893)	38,531	88,819	(1,243)
Non-controlling interests		2,579	3,305	4,982	8,198
		\$ (24,314)	\$ 41,836	\$ 93,801	\$ 6,955
(Loss) earnings per share attributable to equity holders of the Company					
Basic	9	\$ (0.30)	\$ 0.40	\$ 0.96	\$ (0.01)
Diluted	9	\$ (0.30)	\$ 0.39	\$ 0.94	\$ (0.01)

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

<i>(Unaudited; in thousands of U.S.\$)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net (loss) income for the period	\$ (24,314)	\$ 41,836	\$ 93,801	\$ 6,955
Other comprehensive loss (income) may be reclassified to net (loss) income in subsequent periods (nil tax effect)				
Foreign currency translation	2,638	(3,042)	1,478	(21,428)
Total comprehensive (loss) income for the period	\$ (21,676)	\$ 38,794	\$ 95,279	\$ (14,473)
Attributable to:				
Equity holders of the Company	(22,212)	36,222	\$ 91,419	\$ (16,762)
Non-controlling interests	536	2,572	3,860	2,289
	\$ (21,676)	\$ 38,794	\$ 95,279	\$ (14,473)

Interim Condensed Consolidated Statements of Financial Position

As at (Unaudited; in thousands of U.S.\$)	Notes	September 30 2022	December 31 2021
ASSETS			
Current			
Cash and cash equivalents		\$ 253,550	\$ 257,504
Restricted cash		27,354	32,900
Accounts receivable	15	157,148	115,515
Inventories		68,087	50,076
Income taxes receivable		62,518	41,917
Prepaid expenses and deposits		18,640	18,974
Risk management assets	15	2,100	274
Total current assets		589,397	517,160
Non-current			
Properties, plant and equipment	10	1,501,689	1,532,751
Exploration and evaluation assets	11	293,640	188,904
Investments in associates	12	50,787	87,199
Deferred tax assets	8	56,738	225,143
Restricted cash		28,198	30,421
Other assets		34,450	29,502
Total non-current assets		1,965,502	2,093,920
Total assets		\$ 2,554,899	\$ 2,611,080
LIABILITIES			
Current			
Accounts payable and accrued liabilities	15	\$ 448,894	\$ 402,595
Current portion of long-term debt		128,457	146,724
Risk management liabilities	15	5,515	4,116
Income taxes payable		10,120	11,362
Lease liabilities		3,273	4,241
Asset retirement obligations	13	26,534	27,007
Total current liabilities		622,793	596,045
Non-current			
Long-term debt		400,558	405,838
Other payables	15	2,012	2,665
Lease liabilities		789	3,332
Deferred tax liabilities		4,756	4,278
Risk management liabilities	15	—	2,697
Asset retirement obligations	13	112,636	147,334
Total non-current liabilities		520,751	566,144
Total liabilities		\$ 1,143,544	\$ 1,162,189
Commitments and contingencies	17		
EQUITY			
Share capital		\$ 4,616,107	\$ 4,694,370
Contributed surplus		109,607	122,489
Other reserves		(88,765)	(91,365)
Accumulated deficit		(3,235,709)	(3,324,528)
Equity attributable to equity holders of the Company		\$ 1,401,240	\$ 1,400,966
Non-controlling interests		10,115	47,925
Total equity		\$ 1,411,355	\$ 1,448,891
Total liabilities and equity		\$ 2,554,899	\$ 2,611,080

Interim Condensed Consolidated Statements of Changes in Equity

Attributable to Equity Holders of the Company

(Unaudited; in thousands of U.S.\$)	Number of Common Shares	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Fair Value Investment	Accumulated Deficit	Total	Non-Controlling Interests	Total Equity
As at January 1, 2022	94,695,694	\$ 4,694,370	\$ 122,489	\$ (86,163)	\$ (5,202)	\$ (3,324,528)	\$ 1,400,966	\$ 47,925	\$ 1,448,891
Net income for the period	—	—	—	—	—	88,819	88,819	4,982	93,801
Other comprehensive income (loss)	—	—	—	2,600	—	—	2,600	(1,122)	1,478
Total comprehensive income	—	—	—	2,600	—	88,819	91,419	3,860	95,279
Acquisition of non-controlling interests ⁽¹⁾	—	—	(13,505)	—	—	—	(13,505)	(33,877)	(47,382)
Repurchase of Common Shares under SIB ⁽²⁾	(5,416,666)	(51,114)	—	—	—	—	(51,114)	—	(51,114)
Repurchase of Common Shares under NCIB ⁽³⁾	(3,214,000)	(32,441)	—	—	—	—	(32,441)	—	(32,441)
Share-based compensation ⁽⁴⁾	510,147	5,292	623	—	—	—	5,915	459	6,374
Dividends paid to non-controlling interest	—	—	—	—	—	—	—	(8,252)	(8,252)
As at September 30, 2022	86,575,175	\$ 4,616,107	\$ 109,607	\$ (83,563)	\$ (5,202)	\$ (3,235,709)	\$ 1,401,240	\$ 10,115	\$ 1,411,355

Attributable to Equity Holders of the Company

(Unaudited; in thousands of U.S.\$)	Number of Common Shares	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Fair Value Investment	Accumulated Deficit	Total	Non-Controlling Interests	Total Equity
As at January 1, 2021	97,466,224	\$ 4,711,620	\$ 124,978	\$ (174,882)	\$ (5,202)	\$ (3,952,661)	\$ 703,853	\$ 60,979	\$ 764,832
Net (loss) income for the period	—	—	—	—	—	(1,243)	(1,243)	8,198	6,955
Other comprehensive loss	—	—	—	(15,519)	—	—	(15,519)	(5,909)	(21,428)
Total comprehensive (loss) income	—	—	—	(15,519)	—	(1,243)	(16,762)	2,289	(14,473)
Repurchase of common shares under NCIB ⁽³⁾	(2,866,100)	(15,344)	—	—	—	—	(15,344)	—	(15,344)
Share-based compensation ⁽⁴⁾	1,073,255	4,227	(465)	—	—	—	3,762	711	4,473
Dividends paid to non-controlling interest	—	—	—	—	—	—	—	(8,095)	(8,095)
As at September 30, 2021	95,673,379	\$ 4,700,503	\$ 124,513	\$ (190,401)	\$ (5,202)	\$ (3,953,904)	\$ 675,509	\$ 55,884	\$ 731,393

⁽¹⁾ On September 15, 2022, the Company acquired an additional 40.07% interest in Pipeline Investment Ltd. ("PIL"), increasing its ownership interest to 100%. Aggregate cash consideration of \$47.4 million is payable to the non-controlling shareholders in installments, with an upfront payment of \$18.0 million and the remaining installments to be paid until the end of 2023.

⁽²⁾ On June 24, 2022, the Company launched a substantial issuer bid (the "SIB"), pursuant to which the Company offered to purchase from shareholders for cancellation up to C\$65.0 million of its outstanding common shares ("Common Shares"). The SIB proceeded by way of a "modified Dutch auction" procedure, with a tender price range from C\$11.00 to C\$13.00 per Common Share. The SIB expired on August 8, 2022. On August 11, 2022, the Company announced that, in accordance with the terms and conditions of the SIB, the Company took up for cancellation 5,416,666 Common Shares at a price of C\$12.00 per Common Share, representing an aggregate purchase price of C\$65 million funded by cash, for a total cost of \$51.1 million, including transaction costs. The Common Shares taken up for cancellation under the SIB represented approximately 5.84% of the total number of the Company's issued and outstanding Common Shares as of August 8, 2022.

⁽³⁾ On March 15, 2022, the Toronto Stock Exchange (the "TSX") approved the Company's notice to initiate a normal course issuer bid ("NCIB") for its Common Shares, upon the expiry of its previous NCIB (which expired on March 16, 2022). Pursuant to the Company's current NCIB, the Company may purchase for cancellation up to 4,787,976 of its Common Shares during the twelve-month period commencing March 17, 2022 and ending March 16, 2023. During the three and nine months ended September 30, 2022, the Company repurchased for cancellation \$6.8 million and \$32.4 million of Common Shares, respectively (2021: \$6.1 million and \$15.3 million, respectively), for an average repurchase cost of \$8.15/share and \$10.09/share, respectively (2021: \$5.62/share and \$5.35/share, respectively). In connection with the SIB and as required under TSX rules, the Company suspended share repurchases under its NCIB from June 20, 2022 (the date that the SIB was announced) until August 8, 2022 (the expiry time of the SIB).

⁽⁴⁾ During the period ended on September 30, 2022, the Company settled 657,719 restricted share units ("RSUs") (2021: 1,420,789 RSUs and deferred share units ("DSUs"). This includes issuance of 510,147 Common Shares (2021: 1,073,255 Common Shares), for an average price of \$10.37/Common Share (2021: \$3.94/Common Share). The remaining 147,572 RSUs were settled in cash (2021: 347,534 RSUs).

FRONTERA ENERGY CORP.

Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statements of Cash Flows

(In thousands of U.S.\$)	Notes	Three Months Ended September 30		Nine Months Ended September 30	
		2022	2021	2022	2021
OPERATING ACTIVITIES					
Net (loss) income for the period		\$ (24,314)	\$ 41,836	\$ 93,801	\$ 6,955
Items not affecting cash:					
Depletion, depreciation and amortization		57,927	33,480	146,221	106,571
Impairment expense	7	—	—	5,297	—
Expense (recovery) of asset retirement obligations	7	969	3,846	(5,058)	(3,003)
Unrealized loss (gain) on risk management contracts	15	1,637	(4,068)	2,290	(2,683)
Share-based compensation		1,321	962	4,564	3,913
Deferred income tax expense (recovery)	8	93,778	(14,163)	169,514	12,770
Unrealized foreign exchange loss		37,077	5,523	41,621	26,291
Share of income from associates	12	(11,166)	(8,691)	(29,908)	(28,282)
Finance expense		13,896	12,720	38,752	40,054
Finance income		(1,699)	(817)	(3,182)	(5,332)
Dividends from associates	12	7,913	8,608	26,255	26,745
Income tax paid		—	(1,678)	(4,546)	(3,277)
Interest received		2,417	4,757	3,961	9,498
Settlement of asset retirement obligations	13	(3,200)	(2,110)	(5,973)	(3,829)
Debt extinguishment cost		—	—	—	29,112
Other		2,271	(2,250)	8,862	(1,479)
Changes in non-cash working capital	16	(58,023)	1,159	(10,304)	(126)
Cash provided by operating activities		\$ 120,804	\$ 79,114	\$ 482,167	\$ 213,898
INVESTING ACTIVITIES					
Additions to oil and gas properties and plant and equipment		\$ (59,261)	\$ (37,259)	\$ (176,070)	\$ (82,926)
Additions to exploration and evaluation assets		(16,511)	(60,968)	(108,235)	(87,485)
Acquisition of non-controlling interests		(21,171)	—	(21,171)	—
Return of capital contributions from investment in associates	12	1,688	1,928	3,630	3,954
Sale of subsidiaries, net of cash	17	—	—	(6,000)	—
(Increase) decrease in restricted cash and other		(30)	27,308	6,399	58,659
Changes in non-cash working capital	16	174	27,693	(33,407)	40,259
Cash used in investing activities		\$ (95,111)	\$ (41,298)	\$ (334,854)	\$ (67,539)
FINANCING ACTIVITIES					
Repayment of long-term debt		\$ (1,628)	\$ —	\$ (24,232)	\$ (20,000)
Lease payments		(1,027)	(2,271)	(4,291)	(10,587)
Repayment unsecured Senior Notes at a premium		—	(66,443)	—	(366,942)
Gross proceeds from unsecured Senior Notes issuance prior to transaction costs		—	—	—	397,360
Transaction cost of new unsecured Senior Notes		—	(692)	—	(6,364)
Repurchase of Common Shares under SIB		(51,114)	—	(51,114)	—
Repurchase of Common Shares under NCIB		(6,797)	(6,061)	(32,441)	(15,344)
Interest paid and other charges		(1,330)	(1,041)	(21,991)	(23,865)
Dividends paid to non-controlling interests		—	—	(8,252)	(8,095)
Changes in non-cash working capital	16	—	692	—	—
Cash used in financing activities		\$ (61,896)	\$ (75,816)	\$ (142,321)	\$ (53,837)
Effect of exchange rate changes		(5,345)	(1,534)	(8,946)	(6,019)
(Decrease) increase in cash and cash equivalents during the period		(41,548)	(39,534)	(3,954)	86,503
Cash and cash equivalents, beginning of the period		295,098	358,325	257,504	232,288
Cash and cash equivalents, end of the period		\$ 253,550	\$ 318,791	\$ 253,550	\$ 318,791
Cash		213,016	275,890	213,016	275,890
Cash equivalents		40,534	42,901	40,534	42,901
Total cash and cash equivalents		\$ 253,550	\$ 318,791	\$ 253,550	\$ 318,791

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited; in thousands of U.S.\$, unless otherwise stated)

1. Corporate Information

Frontera Energy Corporation (the “**Company**” or “**Frontera**”) is an oil and gas company formed and existing under the laws of British Columbia, Canada, that is engaged in the exploration, development and production of crude oil and natural gas in South America. The Company’s Common Shares are listed and publicly traded on the Toronto Stock Exchange (“**TSX**”) under the trading symbol “**FEC**”. The Company’s head office is located at Suite 2000, 222 - 3rd Avenue SW, Calgary, Alberta, Canada, T2P 0B4, and its registered office is 1500 Royal Centre, 1055, West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These interim condensed consolidated financial statements of the Company, comprising those of the Company and its subsidiaries, were approved and authorized for issuance by the Audit Committee of the Board of Directors on November 1, 2022.

2. Basis of Preparation and Significant Accounting Policies

Statement of Compliance

These interim condensed consolidated financial statements for the three and nine months ended September 30, 2022 and 2021 (the “**Interim Financial Statements**”), have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“**IASB**”). The Company has prepared the Interim Financial Statements on the basis that it will continue to operate as a going concern.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2021 (the “**2021 Annual Financial Statements**”).

Functional and Presentation Currency

The consolidated financial statements are presented in United States (U.S.) dollars, which is the Company’s functional currency, and all values are rounded to the nearest thousand, except where otherwise indicated.

Significant Accounting Policies

The accounting policies used in preparation of the Interim Financial Statements are consistent with those disclosed in the 2021 Annual Financial Statements, except as outlined below.

The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

Changes in Accounting Policies and Disclosures

The Company applied certain new amendments and interpretations effective from January 1, 2022, for the first time.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location, and conditions necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The Company adopted the standard effective January 1, 2022, applying the retrospective transition to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the Company first applies the amendment.

As a result of adopting the standard on January 1, 2022, the Company has assessed the impact of this amendment, and due to the insignificant impact on the recalculation of the carrying amount of Property, Plant and Equipment the comparative period information has not been restated.

Changes in Exploration and Evaluation Costs Accounting Policy

Exploration and evaluation (“**E&E**”) costs include expenditures to acquire licenses to explore, farm into or acquire rights to working interest on exploration properties, appraisal costs of technical services and studies, seismic acquisition, exploratory drilling and testing. These costs are initially capitalized by well, field, unit of account or specific exploration unit, as appropriate, and are not subject to depreciation or depletion. Costs incurred prior to obtaining the legal rights to explore an area, geological

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

and geophysical (“G&G”) costs, including payroll, and payments made to fulfill the remaining balance of minimum exploration work commitment for certain blocks, are recognized in net income (loss) as exploration expenses. E&E assets are reclassified to oil and gas properties, after an impairment review, when commercial reserves have been discovered and technical feasibility and commercial viability are demonstrable. If technical feasibility and commercial viability cannot be demonstrated upon completion of the exploration phase, the carrying value of the E&E costs is expensed in the period this determination is made.

The proceeds from selling items produced of an E&E assets is not deducted from the cost. The proceeds from selling such items, and the costs of producing those items, are recognized in profit or loss.

Key Accounting Estimates and Judgments

Global Economy

The COVID-19 pandemic and the Russia-Ukraine conflict continue to influence economic conditions around the world. The uncertainty this brings has resulted in a challenging economic environment, with more volatile commodity prices, foreign exchange rates, and long-term interest rates. The current global crude oil price environment is being lifted mainly by the Russia-Ukraine conflict and the consequences of these events on the certainty of the supply of hydrocarbons in the world. All of these are undermining economic conditions and exacerbating inflation in several economies are having a direct impact in the cost of goods and services.

The Company continues to closely monitor the associated risks. This presents uncertainty with respect to management's judgments, estimates and assumptions that could affect the application of accounting policies.

Critical Judgments in Applying Accounting Policies

CPE-6 contingent payments in acquisition

As part of the acquisition of the 50% working interest in the CPE-6 block, the Company has certain contingent payments based on production (Note 17). The Company applied significant judgments for the accounting for these contingent payments. The Company has selected to capitalize those payments when the amount is payable to the counterparty recognizing the variable and fixed components when incurred, as addition to Oil and Gas properties.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

3. Segmented Information

The Company has five reportable operating segments, consistent with the basis on which management assesses performance and allocates resources across its business units, as follows:

- Colombia: Includes all upstream business activities of exploration and production in Colombia.
- Peru: Includes certain business activities in Peru. The Company continues to sell oil inventory and complete remediation work in Block 192 as its petroleum license expired on February 5, 2021. Also, the Block Z1 has not been in production since December 19, 2019.
- Ecuador and others: Includes all upstream business activities of exploration in Ecuador. In addition, this includes the corporate office in Canada, and non-operating entities that have been aggregated as they do not generate revenue for the Company.
- Guyana: Includes all offshore upstream business activities of exploration in Guyana.
- Midstream: Includes the Company's investments in pipelines, storage, port, and other facilities relating to the distribution and exportation of crude oil products in Colombia.

For the three and nine months ended September 30, operating segmented information for the Interim Condensed Consolidated Statements of (Loss) Income is as follows:

Three Months Ended September 30	Exploration and Production Onshore						Exploration Offshore		Midstream		Eliminations		Total	
	Colombia		Peru		Ecuador & Others		Guyana		2022	2021	2022	2021	2022	2021
	2022	2021	2022	2021	2022	2021	2022	2021					2022	2021
Oil and gas sales and other revenue	\$ 366,653	\$ 187,840	\$ —	\$ —	\$ 1,940	\$ —	\$ —	\$ —	\$ 12,103	\$ 17,625	\$ (1,777)	\$ (10,944)	\$ 378,919	\$ 194,521
Royalties	(24,183)	(11,848)	—	—	(188)	—	—	—	—	—	—	—	(24,371)	(11,848)
Revenue	342,470	175,992	—	—	1,752	—	—	—	12,103	17,625	(1,777)	(10,944)	354,548	182,673
Oil and gas operating costs	158,253	87,568	331	4,633	331	—	—	—	5,400	5,426	(1,777)	(6,902)	162,538	90,725
General and administrative	7,588	8,985	223	273	1,819	1,393	1,681	760	1,246	1,255	(8)	(10)	12,549	12,656
Share-based compensation	853	678	3	23	485	82	81	179	—	—	—	—	1,422	962
Depletion, depreciation and amortization	56,058	36,129	—	3	514	150	10	3	1,345	1,205	—	(4,010)	57,927	33,480
Impairment, exploration expenses and other	1,378	2,325	89	1,590	—	7	—	—	—	—	—	—	1,467	3,922
Restructuring, severance and other costs	374	137	22	134	—	105	—	—	57	578	—	—	453	954
Income (loss) from operations	117,966	40,170	(668)	(6,656)	(1,397)	(1,737)	(1,772)	(942)	4,055	9,161	8	(22)	118,192	39,974
Share of income from associates	—	—	—	—	—	—	—	—	11,166	8,691	—	—	11,166	8,691
Segment income (loss)	\$ 117,966	\$ 40,170	\$ (668)	\$ (6,656)	\$ (1,397)	\$ (1,737)	\$ (1,772)	\$ (942)	\$ 15,221	\$ 17,852	\$ 8	\$ (22)	\$ 129,358	\$ 48,665
Other non-operating expense items													(51,310)	(20,821)
Income tax (expense) recovery													(102,362)	13,992
Net (loss) income for the period													\$ (24,314)	\$ 41,836

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

Nine Months Ended September 30	Exploration and Production Onshore						Exploration Offshore		Midstream		Eliminations		Total	
	Colombia		Peru		Ecuador & Others		Guyana		2022	2021	2022	2021	2022	2021
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Oil and gas sales and other revenue	\$ 994,290	\$ 563,125	\$ —	\$ 28,692	\$ 5,024	\$ —	\$ —	\$ —	\$ 34,674	\$ 52,899	\$ (5,165)	\$ (33,026)	\$1,028,823	\$ 611,690
Royalties	(75,320)	(19,598)	—	—	(313)	—	—	—	—	—	—	—	(75,633)	(19,598)
Revenue	918,970	543,527	—	28,692	4,711	—	—	—	34,674	52,899	(5,165)	(33,026)	953,190	592,092
Oil and gas operating costs	388,376	261,267	7,995	27,745	814	—	—	—	15,691	14,741	(5,165)	(20,900)	407,711	282,853
General and administrative	26,323	25,554	755	1,197	6,595	4,349	4,657	4,371	3,999	4,550	(27)	(31)	42,302	39,990
Share-based compensation	4,254	2,896	(264)	217	1,330	1,597	607	711	—	—	—	—	5,927	5,421
Depletion, depreciation and amortization	141,123	113,346	—	66	683	527	31	8	4,384	2,911	—	(10,287)	146,221	106,571
Impairment, exploration expenses and other	97	(4,027)	1,698	1,252	728	19	85	—	—	—	—	—	2,608	(2,756)
Restructuring, severance and other costs	668	592	22	166	36	1,534	—	—	1,113	578	—	—	1,839	2,870
Income (loss) from operations	358,129	143,899	(10,206)	(1,951)	(5,475)	(8,026)	(5,380)	(5,090)	9,487	30,119	27	(1,808)	346,582	157,143
Share of income from associates	—	—	—	—	—	—	—	—	29,908	28,282	—	—	29,908	28,282
Segment income (loss)	\$ 358,129	\$ 143,899	\$ (10,206)	\$ (1,951)	\$ (5,475)	\$ (8,026)	\$ (5,380)	\$ (5,090)	\$ 39,395	\$ 58,401	\$ 27	\$ (1,808)	\$ 376,490	\$ 185,425
Other non-operating expense items													(102,013)	(141,313)
Income tax expense													(180,676)	(37,157)
Net income for the period													\$ 93,801	\$ 6,955

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

The following table provides geographic information of the Company's non-current assets:

As at	September 30	December 31
	2022	2021
Colombia	\$ 1,662,512	\$ 1,896,374
Guyana	274,473	188,566
Ecuador	27,944	8,689
Canada & Others	573	291
Total non-current assets	\$ 1,965,502	\$ 2,093,920

4. Revenue from Contracts with Customers

The following table provides the disaggregation of the Company's revenue from contracts with customers, including a reconciliation with the amounts disclosed in the segmented information (Note 3):

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Colombia				
Crude oil sales	\$ 362,251	\$ 186,010	\$ 981,819	\$ 557,607
Gas sales	4,402	1,830	12,471	5,518
Colombia oil and gas sales	366,653	187,840	994,290	563,125
Ecuador crude oil sales ⁽¹⁾	1,940	—	5,024	—
Peru crude oil sales	—	—	—	28,692
Oil and gas sales	368,593	187,840	999,314	591,817
Midstream sales to external customers	10,326	6,681	29,509	19,873
Inter-segment sales	1,777	10,944	5,165	33,026
Midstream sales	12,103	17,625	34,674	52,899
Elimination of midstream inter-segment sales	(1,777)	(10,944)	(5,165)	(33,026)
Oil and gas sales and other revenue	\$ 378,919	\$ 194,521	\$ 1,028,823	\$ 611,690

⁽¹⁾ Proceeds from selling oil produced from an E&E asset.

5. Operating Costs

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Cost of purchases	\$ 63,255	\$ 23,109	\$ 151,497	\$ 45,549
Production costs	43,234	38,317	140,977	113,115
Transportation costs	34,772	31,072	102,103	102,804
Post-termination obligation	—	4,658	7,070	4,658
Dilution costs	223	366	897	8,405
(Settlement) Overlift	(28)	23	(15)	(2,638)
Inventory valuation	15,682	(12,247)	(10,509)	(3,782)
Total oil and gas operating costs ⁽¹⁾	157,138	85,298	392,020	268,111
Port operating costs	5,400	5,427	15,691	14,742
Total operating costs	\$ 162,538	\$ 90,725	\$ 407,711	\$ 282,853

⁽¹⁾ Includes operating costs for the three and nine months ended September 30, 2022, of \$0.3 million and \$0.8 million, respectively, from oil produced of an E&E asset.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

6. General and Administrative

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Salaries and benefits	\$ 7,317	\$ 6,452	\$ 23,290	\$ 21,054
Professional fees	4,451	3,519	13,355	11,927
Taxes	781	788	3,361	2,635
Others expenses	—	1,897	2,296	4,374
Total	\$ 12,549	\$ 12,656	\$ 42,302	\$ 39,990

7. Impairment, exploration expenses and other

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Impairment expense of:				
Exploration and evaluation assets	\$ —	\$ —	\$ 2,264	\$ —
Other ⁽¹⁾	—	—	3,033	—
Total impairment expense	—	—	5,297	—
Exploration expenses of:				
Geological and geophysical costs, and other	498	76	1,450	247
Minimum work commitment paid ⁽²⁾	—	—	919	—
Total exploration expenses	498	76	2,369	247
Expense (recovery) of asset retirement obligations (Note 13)	969	3,846	(5,058)	(3,003)
Impairment, exploration expenses and other	\$ 1,467	\$ 3,922	\$ 2,608	\$ (2,756)

⁽¹⁾ Mainly related to obsolete inventory of material in Peru.

⁽²⁾ Payments made to fulfill the remaining balance of minimum exploration work commitment for certain blocks.

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited; in thousands of U.S.\$, unless otherwise stated)

8. Income Taxes

The following is a reconciliation of income tax expense calculated at the Colombian corporate tax rate with the reported income tax expense:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net income before income tax	\$ 78,048	\$ 27,844	\$ 274,477	\$ 44,112
Colombian statutory income tax rate	35%	31%	35%	31%
Income tax expense at statutory rate	27,317	8,632	96,067	13,675
(Decrease) increase in income tax provision resulting from:				
Non-deductible/taxable expense/income and other differences	(6,276)	144	13,460	41,377
Share-based compensation	344	275	1,530	1,524
Differences in tax rates	(102)	9	(10,348)	(8,933)
Change in deferred income tax	81,079	(23,052)	79,967	(10,486)
Income tax expense (recovery)	102,362	(13,992)	180,676	37,157
Current income tax expense	8,584	174	11,162	24,390
Deferred income tax expense (recovery):				
Relating to origination and reversal of temporary differences	93,778	(14,166)	169,514	12,767
Income tax expense (recovery)	\$ 102,362	\$ (13,992)	\$ 180,676	\$ 37,157

During the three months ended September 30, 2022, the Company recognized a current income tax expense of \$8.6 million (2021: \$0.2 million), the increase compared to the same period of 2021 was mainly due to the recognition of a provision for \$7.5 million related to changes in withholding taxes for the years 2021 and 2022. During the nine months ended September 30, 2022 current income tax decreased to \$11.2 million (2021: \$24.4 million), compared to the same period of 2021 mainly due to the recognition of an additional provision of \$20.9 million in 2021 that was related to changes in tax assessments for prior years.

During the three and nine months ended September 30, 2022, the Company recognized a deferred income tax expense of \$93.8 million and \$169.5 million, respectively (2021: \$14.2 million and \$12.8 million, respectively). The variation is mainly due to utilization of the deferred tax asset as higher profits are accruing in 2022 and Colombian pesos (“COP”) devaluation during 2022. As of September 30, 2022, the deferred income tax asset is \$56.7 million (2021: \$225.1 million).

Colombia 2022 Tax Fiscal Reform Legislation

Colombia has proposed tax reform legislation that would significantly impact oil and gas companies:

The bill, was initially presented to congress on August 8, 2022, and proposed a 10% levy on oil and gas exports, the elimination of free trade zone status for offshore projects, and the removal of royalties from a list of deductible items for income tax purposes. It also proposed to end accelerated amortization for exploration investments and to abolish certain tax refunds programs, which provides exploration and production incentives during times of low prices.

During the legislative process, the proposed tax reform has been adjusted, including the elimination of the proposed 10% levy on oil and gas exports, and the introduction of a special and progressive surcharge on the income tax rate applicable to the sector, as follows: 10% for full year 2023, 7.5% for full year 2024 and 5% for full year 2025 and thereafter. The non-deductibility of royalties has been maintained. Management expects tax reform legislation to be finalized and approved before the end of the year. Furthermore, management does not expect any impact related to this legislation for FY 2022.

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited; in thousands of U.S.\$, unless otherwise stated)

9. (Loss) Earnings per Share

(In thousands of U.S.\$, except share and per share amounts)	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net (loss) income attributable to equity holders of the Company	\$ (26,893)	\$ 38,531	\$ 88,819	\$ (1,243)
Basic weighted average number of shares outstanding	89,064,297	96,740,255	92,267,686	97,131,625
Effect of dilution from dilutive instruments	—	2,899,875	2,342,399	—
Diluted weighted average number of shares outstanding	89,064,297	99,640,130	94,610,085	97,131,625
(Loss) earnings per share attributable to equity holders of the Company				
Basic	\$ (0.30)	\$ 0.40	\$ 0.96	\$ (0.01)
Diluted	\$ (0.30)	\$ 0.39	\$ 0.94	\$ (0.01)

10. Properties, Plant and Equipment

Cost	Oil & Gas Properties	Port Infrastructure	Plant & Equipment	Total
As at January 1, 2022	\$ 7,985,061	\$ 242,472	\$ 111,457	\$ 8,338,990
Additions ⁽¹⁾	170,522	5,085	1,894	177,501
Change in asset retirement obligations (Note 13)	(29,937)	—	—	(29,937)
Disposal	(16,578)	(203)	(421)	(17,202)
Currency translation adjustment	(9,460)	(28,901)	(459)	(38,820)
As at September 30, 2022	\$ 8,099,608	\$ 218,453	\$ 112,471	\$ 8,430,532

⁽¹⁾ Includes the addition of the remaining 35% from El Difícil block by \$12.0 million.

Accumulated Depletion, Depreciation and Impairment	Oil & Gas Properties	Port Infrastructure	Plant & Equipment	Amount
As at January 1, 2022	\$ 6,697,092	\$ 9,239	\$ 99,908	\$ 6,806,239
Charge for the period	142,016	4,217	2,235	148,468
Disposal	(14,061)	—	(120)	(14,181)
Currency translation adjustment	(8,707)	(2,504)	(472)	(11,683)
As at September 30, 2022	\$ 6,816,340	\$ 10,952	\$ 101,551	\$ 6,928,843

Net Book Value	Oil & Gas Properties	Port Infrastructure	Plant & Equipment	Amount
As at January 1, 2022	\$ 1,287,969	\$ 233,233	\$ 11,549	\$ 1,532,751
As at September 30, 2022	\$ 1,283,268	\$ 207,501	\$ 10,920	\$ 1,501,689

Properties, plant and equipment comprise of owned and leased assets, as follows:

	Oil & Gas Properties	Port Infrastructure	Plant & Equipment	Amount
Properties, plant and equipment - owned	\$ 1,280,234	\$ 207,501	\$ 7,957	\$ 1,495,692
ROU assets - leased	3,034	—	2,963	5,997
As at September 30, 2022	\$ 1,283,268	\$ 207,501	\$ 10,920	\$ 1,501,689

Details of ROU assets are as follows:

	Power Generation	Plant & Equipment	Total
As at January 1, 2022	\$ 5,330	\$ 3,580	\$ 8,910
Additions	—	884	884
Changes in estimates	—	(53)	(53)
Depreciation	(2,296)	(1,448)	(3,744)
As at September 30, 2022	\$ 3,034	\$ 2,963	\$ 5,997

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited; in thousands of U.S.\$, unless otherwise stated)

11. Exploration and Evaluation Assets

	2022
As at January 1	\$ 188,904
Additions ⁽¹⁾	108,235
Impairment (Note 7)	(2,264)
Change in asset retirement obligations	(778)
Disposals	(457)
As at September 30	\$ 293,640

⁽¹⁾ Mainly, includes additions in Guyana related to Corentyne block of \$82.7 million and in Ecuador related to Perico block of \$13.9 million.

12. Investments in Associates

	ODL
As at January 1, 2022	\$ 87,199
Share of income from associates	29,908
Dividends	(40,483)
Return of capital contributions	(19,667)
Currency translation adjustment	(6,170)
As at September 30, 2022	\$ 50,787
Company's interest as at September 30, 2022	35.0 %

The Company accounts for its investments in associates using the equity method as the criteria to exert significant influence was met given the significance of the Company's percentage holdings, ability to appoint directors to the investee's board of directors and its ability to participate in its decision making.

Oleoducto de los Llanos Orientales S.A. ("ODL")

During the three and nine months ended September 30, 2022, the Company recognized gross dividends of \$Nil and \$40.5 million, respectively (2021: \$Nil and \$41.6 million, respectively) and received cash dividends of \$7.9 million and \$26.3 million, respectively (2021: \$8.6 million and \$26.7 million, respectively). As at September 30, 2022, the carrying value of dividends receivable after withholding taxes is \$7.7 million (2021: \$Nil).

In addition, during the three and nine months ended September 30, 2022, the Company recognized a return of capital contributions of \$15.8 million and \$19.7 million, respectively (2021: \$Nil and \$4.2 million, respectively) and received cash in the amount of \$1.7 million and \$3.6 million, respectively (2021: \$1.9 million and \$4.0 million, respectively). As at September 30, 2022, the carrying value of capital contribution receivable is \$15.4 million (2021: \$Nil).

13. Asset Retirement Obligations

	2022
As at January 1	\$ 174,341
Accretion expense	4,821
Additions	1,615
Changes in estimates	(30,576)
Liabilities settled	(5,973)
Recovery of asset retirement obligation (Note 7)	(5,058)
As at September 30	\$ 139,170

As at	September 30		December 31	
	2022		2021	
Current portion	\$	26,534	\$	27,007
Non-current portion		112,636		147,334
Total	\$	139,170	\$	174,341

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

Asset retirement obligations (“ARO”) represent the present value of decommissioning and environmental liability costs relating to oil and gas properties and E&E assets. The total undiscounted ARO is \$249.1 million (2021: \$245.4 million), which is expected to be executed between 2022 and 2042, of which \$217.3 million (2021: \$213.4 million) will be incurred in Colombia and \$31.8 million (2021: \$31.9 million) in Peru.

During the nine months ended September 30, 2022, the Company recognized a decrease in the ARO from changes in estimates of \$30.6 million, which includes a reduction of \$26.3 million relating to the updating of the risk-free and inflation rates and \$11.4 million due to the impact of foreign exchange rates, offset by an increase of \$7.1 million relating to updated cost estimates to abandon and reclaim wells and well sites, including environmental liabilities. A total of \$29.9 million relating to changes in estimates was recognized within Properties, Plant and Equipment (Note 10).

The risk-free and inflation rates used for discounting to present value are as follows:

- A risk-free rate between 10.09% and 12.51% and an inflation rate between 2.50% and 4.70% for cash flows expected to be settled in COP (2021: risk-free rate between 6.3% and 8.6% with inflation rate between 3.0% and 3.9%); and
- A risk-free rate between 5.27% and 5.39% and an inflation rate between 2.50% and 3.50% for cash flows expected to be settled in U.S. dollars (2021: risk-free rate between 2.1% and 2.6% with inflation rate between 2.2% and 2.6%).

14. Related-Party Transactions

The following tables provide the total balances outstanding, commitments and transactional amounts with related parties as at September 30, 2022, and December 31, 2021, and for three and nine months ended September 30, 2022, and 2021:

				Three Months Ended	Nine Months Ended
				September 30	September 30
	Accounts Receivable	Accounts Payable	Commitments	Purchases / Services	
ODL	2022 \$ 23,297	\$ 2,337	\$ 37,859	\$ 5,795	\$ 16,336
	2021 —	112	56,716	5,140	21,493

ODL is an investment in an associate of the Company. The related-party transactions correspond to the ship-or-pay contract for the transportation of crude oil in Colombia for a total commitment of \$37.9 million until 2025 (Note 17).

15. Financial Instruments and Risk Management

a. Risks Associated with Financial Assets and Liabilities

The Company’s activities expose it to various risks including credit risk, liquidity risk and market risk (from changes in commodity prices, foreign exchange rates and interest rates) that could have a significant impact on profitability, operating cash flows and the value of financial instruments.

i) Credit Risk

Credit risk relates to the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligations, and arises primarily from trade customers, loans and advances to associates, receivables from joint arrangements and other financial counterparties. The Company actively limits the total exposure to individual client counterparties by maintaining a credit policy, which sets forth prepayment or letters of credit requirements for trade customers in order to mitigate losses from non-collection of trade receivables. The Company monitors the credit quality of associates, and where appropriate, structures its loans and advances to include collateral or security. Credit risk arising on receivables from joint arrangements and risk management assets is not significant given the counterparties are large institutions with strong credit ratings.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

The following table shows the maximum credit risk exposure of financial assets, presented at the gross carrying amounts, prior to the ECL model allowances:

As at	September 30 2022	December 31 2021
Trade receivables	\$ 76,935	\$ 83,087
Other receivables	37,478	14,486
Receivables from joint arrangements	39,621	31,326
Withholding tax and others	27,096	15,652
Allowance for expected credit losses ⁽¹⁾	(23,982)	(29,036)
Accounts receivable	\$ 157,148	\$ 115,515
Withholding tax and others - not considered for credit risk	(27,096)	(15,652)
Total financial assets carried at amortized cost	\$ 130,052	\$ 99,863

⁽¹⁾ Includes ECLs of \$15.7 million for trade receivables (2021: \$15.7 million).

Reconciliation of ECLs

The following table shows a continuity of ECLs:

	2022
As at January 1	\$ 29,036
Provision for ECLs	27
Reversion ECLs	(2,110)
Write-off	(1,419)
Effect of exchange rate changes	(1,552)
As at September 30	\$ 23,982

ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company mitigates its liquidity risk by managing its capital expenditures, operational cash flows, and by maintaining adequate lines of credit and cash and cash equivalent.

The following tables summarizes the undiscounted cash outflows relating to contractual maturities of the Company's non-derivative financial liabilities as at September 30, 2022:

Financial Liability Due In	2022	2023	2024	2025	2026	Subsequent to 2027	Total
Accounts payable and accrued liabilities ⁽¹⁾	\$ 210,271	\$ 240,635	\$ —	\$ —	\$ —	\$ —	\$ 450,906
Long-term debt ⁽²⁾	20,112	58,104	45,291	13,324	—	400,000	536,831
Interest on Long-term debt	21,132	39,265	35,072	31,994	31,500	47,250	206,213
Lease liabilities	669	3,215	294	163	20	—	4,361
Total	\$ 252,184	\$ 341,219	\$ 80,657	\$ 45,481	\$ 31,520	\$ 447,250	\$ 1,198,311

⁽¹⁾ Includes provisions of \$127.0 million, which do not have a definitive repayment period and are therefore classified as current liabilities. These provisions are not expected to be settled within the next 12 months.

⁽²⁾ The 2025 Puerto Bahia Debt of \$123.1 million is presented as a current liability as the lenders have given notice stating that Puerto Bahia is in breach of various loan covenants. However, the maturity of this loan is not expected to occur within the next 12 months as the Company continues to service the loan in accordance with the repayment schedule and no amounts have been accelerated. Amounts currently due within the next 12 months total \$42.5 million.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

The following table shows the breakdown of accounts payable and accrued liabilities:

<i>As at</i>	September 30	December 31
	2022	2021
Trade and other payables	\$ 163,897	\$ 151,704
Accrued liabilities	111,661	68,341
Supplier holdbacks and advances	35,163	26,822
Withholding and tax provisions	8,715	7,756
Share-based payment liability	4,508	7,079
	323,944	261,702
Provision for contingencies and others	126,962	143,558
Total payable and accrual liabilities	\$ 450,906	\$ 405,260

The Company has various guarantees in place in the normal course of business, supported by issued letters of credit. As at September 30, 2022, the Company had issued letters of credit for a total of \$99.4 million (2021: \$82.8 million).

iii) Market and Interest Risk

Market and interest risk is the risk associated with fluctuations in oil prices, foreign exchange rates and interest rates. To manage this risk, the Company uses derivative commodity instruments to manage exposure to price volatility by hedging a portion of its oil production, foreign exchange hedging instruments to manage foreign currency fluctuations, and interest rate swaps to hedge its interest relating to the long-term debt.

Risk Management Contracts

The terms of the outstanding instruments and settlement periods are as follows:

Risk Management Contracts - Crude Oil

As part of its risk management strategy, the Company uses derivative commodity instruments to manage exposure to price volatility by hedging a portion of its oil production. The Company's strategy aims to protect a minimum of 40% to 60% of the estimated production with a tactical approach, using derivative commodity instruments to protect the revenue generation and cash position of the Company, while maximizing the upside.

Type of Instrument	Term	Benchmark	Volume (bbl)	Avg. Strike Prices	Carrying Amount	
				Put \$/bbl	Assets	Liabilities
Put	October to December 2022	Brent	1,410,000	70.00	\$ 2,038	\$ —
Total as at September 30, 2022					\$ 2,038	\$ —
Total as at December 31, 2021					\$ 274	\$ 279

Risk Management Contracts - Foreign Exchange

The Company is exposed to foreign currency fluctuations. Such exposure arises primarily from expenditures that are incurred in COP and its fluctuation against the USD.

Type of Instrument	Term	Benchmark	Notional Amount / Volume in USD	Avg. Put / Call	Carrying Amount	
				Par forward (COP\$)	Assets	Liabilities
Zero-cost collars	October to June 2023	COP / USD	150,000,000	3,750 / 5,220	\$ —	5,515
Total as at September 30, 2022					\$ —	\$ 5,515
Total as at December 31, 2021					\$ —	\$ 276

Risk Management Contracts - Interest swaps

The Company has a financial derivative to manage exposure to risks due to the fluctuation of the interest rate expressed in LIBOR in the 2025 Puerto Bahia Debt. Puerto Bahia monitors and manages its exposure through the swaps.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

As at September 30, 2022, the Company has a swap contract from October 2022 to June 2025:

Type of Instrument	Term	Benchmark	Notional Amount	Avg. Strike Prices	Carrying Amount	
				Floating rate	Assets	Liabilities
Swap	October 2022 to June 2025	LIBOR + 180	\$ 93,100	3.9 %	\$ 62	\$ —
Total as at September 30, 2022					\$ 62	\$ —
Total as at December 31, 2021					\$ —	\$ 6,258

	Assets	Liabilities
Total Risk Management Contracts as at September 30, 2022	\$ 2,100	\$ 5,515
Total Risk Management Contracts as at December 31, 2021	\$ 274	\$ 6,813

The following table provides the disaggregation of the Company's total loss on risk management contracts:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Premiums paid on risk management contracts settled	\$ (4,393)	\$ (4,709)	\$ (10,551)	\$ (7,816)
Cash settlement on risk management contracts	—	(1,861)	—	(34,611)
Realized loss on risk management contracts	(4,393)	(6,570)	(10,551)	(42,427)
Unrealized (loss) gain on risk management contracts	(1,637)	4,068	(2,290)	2,683
Total	\$ (6,030)	\$ (2,502)	\$ (12,841)	\$ (39,744)

b. Fair Value of Financial Instruments

The carrying values of the Company's cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value.

The following table summarizes the Company's remaining financial instruments that are carried or disclosed at fair value in accordance with the classification under the fair value hierarchy as at September 30, 2022, and December 31, 2021:

	Period	Carrying Value	Fair Value		
			Level 1	Level 2	Level 3
Financial Assets Measured at Fair Value through Profit & Loss					
Risk management assets	2022	\$ 2,100	\$ —	\$ 2,100	\$ —
	2021	274	—	274	—
Financial Assets Measured at Fair Value through Other Comprehensive Income					
Investments in equity instruments	2022	\$ 1,609	\$ —	\$ —	\$ 1,609
	2021	1,167	—	—	1,167
Financial Liabilities Measured at Fair Value through Profit & Loss					
Risk management liabilities	2022	\$ (5,515)	\$ —	\$ (5,515)	\$ —
	2021	(6,813)	—	(6,813)	—
Financial Liabilities Measured at Amortized Cost					
2028 Unsecured Notes	2022	\$ (392,184)	\$ —	\$ (287,184)	\$ —
	2021	(391,498)	—	(375,688)	—
2025 Puerto Bahia and PetroSud debts	2022	\$ (136,831)	\$ —	\$ (136,831)	\$ —
	2021	(161,064)	—	(161,064)	—

The Company uses Level 3 information to measure the fair value of certain investments that do not belong to active markets.

c. Capital Management

When managing capital, the Company's objectives are to maintain a capital structure that optimizes the cost of capital to support operating activities and sustain the development of its business while maintaining compliance with the terms and conditions of financial obligations. The Company manages its capital structure and makes adjustments in light of changes in economic conditions, operating risks and working capital requirements. To maintain or adjust its capital structure, the Company may issue or buy back shares, change its dividend policy, raise or refinance debt and/or adjust its capital spending to manage its operating and growth objectives.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited; in thousands of U.S.\$, unless otherwise stated)

Specifically, the Company's capital management objectives are to maintain compliance with the debt covenant ratios associated with the Company's outstanding unsecured notes due on June 21, 2028 (the "2028 Unsecured Notes"), which are currently met, and to maintain sufficient liquidity to meet all contractual obligations and execute its business plan. To facilitate the management of these objectives, the Company utilizes a planning, budgeting and forecasting process to help determine and monitor the funds needed to maintain appropriate liquidity for operational, capital and financial needs.

The Company's capital consists of debt and total equity (less non-controlling interests) net of working capital. The following table summarizes the Company's capital structure balances:

As at	September 30		December 31	
	2022		2021	
Equity attributable to equity holders of the Company	\$	1,401,240	\$	1,400,966
Long-term debt		400,558		405,838
Working capital deficit ⁽¹⁾		33,396		78,885
Total	\$	1,835,194	\$	1,885,689

⁽¹⁾ Working capital deficit is a capital management measure, according to NI 52-112 - Non-GAAP and Other Financial Measures Disclosure, and is defined as the net of total current assets after deducting total current liabilities, including the current portion of long-term debt.

16. Supplemental Disclosure on Cash Flows

Changes in non-cash working capital are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
(Decrease) increase in accounts payable and accrued liabilities	\$ (3,964)	\$ 18,873	\$ 14,177	\$ 28,041
(Increase) decrease in accounts receivable	(61,372)	32,542	(19,763)	35,525
Increase (Decrease) in income taxes payable	7,474	(305)	4,764	9,024
Decrease (Increase) in inventories	10,571	(15,616)	(14,839)	(12,079)
(Increase) decrease in prepaid expenses and deposits	(1,594)	(885)	334	(436)
Increase in income taxes receivable	(8,964)	(5,065)	(28,384)	(19,942)
Changes in non-cash working capital	\$ (57,849)	\$ 29,544	\$ (43,711)	\$ 40,133
Attributable to				
Operating activities	\$ (58,023)	\$ 1,159	\$ (10,304)	\$ (126)
Investing activities	174	27,693	(33,407)	40,259
Financing activities	—	692	—	—
Changes in non-cash working capital	\$ (57,849)	\$ 29,544	\$ (43,711)	\$ 40,133

17. Commitments and Contingencies

Commitments

The Company's commitments as at September 30, 2022, undiscounted and by calendar year, are presented below:

As at September 30, 2022	2022	2023	2024	2025	2026	Subsequent to 2027	Total
Transportation							
Ocensa P-135 ship-or-pay agreement	\$ 17,684	\$ 70,735	\$ 70,735	\$ 35,416	\$ —	\$ —	\$ 194,570
ODL agreements	4,208	16,322	15,996	1,333	—	—	37,859
Other transportation and processing commitments	3,387	11,678	11,678	11,678	11,678	3,895	53,994
Exploration and evaluation							
Minimum work commitments ⁽¹⁾	54,860	53,303	25,027	53,025	—	5,066	191,281
Other commitments							
Operating purchases, community obligations and others.	71,557	25,034	14,821	19,572	12,442	20,536	163,962
Total	\$ 151,696	\$ 177,072	\$ 138,257	\$ 121,024	\$ 24,120	\$ 29,497	\$ 641,666

⁽¹⁾ Includes minimum work commitments relating to exploration and evaluation activities in Colombia and Ecuador until the contractual phase, when the Company should decide whether to continue or relinquish the exploration areas. The Company, through its interest in CGX, has other exploration work commitments in Guyana (not included in the table), as described below.

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Guyana Commitments

As of September 30, 2022, the Company, through its 76.98% interest in CGX and directly through its 33.33% working interest in the Corentyne block, has exploration work commitments under the Petroleum Prospecting Licenses (“PPL”) for the Corentyne and Demerara blocks.

In accordance with the Corentyne PPL, which is currently in phase two of the second renewal period, one exploration well must be spud by November 26, 2022.

On February 14, 2022, CGX and Frontera, the majority shareholder of CGX and joint venture partner of CGX in the PPL for the Demerara block, announced that as a result of the initial positive results at the Kawa-1 exploration well on the Corentyne block, the joint venture (“the **Joint Venture**”) will focus on the significant exploration opportunities in the Corentyne block and will not engage in drilling activities on the Demerara block in 2022. On September 20, 2022, the Government of Guyana provided CGX a surrender deed to formalize relinquishment of the Demerara block. Subsequent to September 30, 2022, the Joint Venture signed the surrender of the Demerara PPL. The Joint Venture’s relinquishment of the block allows the people of Guyana to benefit from exploration activities under the stewardship of interested parties. As of October 31, 2022, the Deed of Surrender was in the process of being finalized.

On July 22, 2022, Frontera and CGX jointly announced that the companies entered into an agreement to amend the Joint Operating Agreement originally signed between CGX and a subsidiary of Frontera on January 30, 2019, as amended (the “**JOA Amendment**”), effectively farming into the Corentyne block and securing funding for the Joint Venture’s Wei-1 well. The JOA Amendment remains subject to certain conditions precedent, including approval of the TSX Venture Exchange and certain confirmations from the Government of Guyana relating to the petroleum agreement for the Corentyne block.

As part of the JOA Amendment, CGX will transfer 29.73% of its participating interest in the Corentyne block to Frontera in exchange for Frontera funding the Joint Venture’s costs associated with the Wei-1 well for up to \$130.0 million and up to an additional \$29.0 million of certain Kawa-1 exploration well and Wei-1 Pre-Drill and other costs. In addition, CGX shall assign an additional 4.94% of its participating interest in the Corentyne block to Frontera as consideration for the discharge of the outstanding principal amounts under (i) the previously announced \$19.0 million convertible loan to CGX dated May 28, 2021, as amended (the “**Loan Agreement**”), and (ii) the previously announced \$35.0 million convertible loan to CGX dated March 10, 2022, as amended, and Frontera making a cash payment to CGX of \$3.8 million. As a result of the JOA Amendment, CGX will have a 32.00% participating interest and Frontera will have a 68.00% participating interest in the Corentyne block.

On October 3, 2022, Frontera and CGX jointly announced that the companies had agreed to (i) extend the maturity date of the Loan Agreement to November 30, 2022, and (ii) further amend the JOA Amendment to extend the outside date by which the conditions precedent to the JOA Amendment must be fulfilled to November 30, 2022, as the Joint Venture continues to await the satisfaction of all conditions precedent.

In addition, in connection with (i) a drilling contract agreement between Maersk Drilling Holdings Singapore Pte. Ltd. (“**Maersk**”, now Noble Corp.) and CGX Resources Inc. (“**CGX Resources**”), operator of the Corentyne block, for the provision of a semi-submersible drilling unit owned by Maersk and associated services to drill the Joint Venture’s Wei-1 well, and (ii) a services agreement between Schlumberger Guyana Inc. (“**Schlumberger**”) and CGX Resources for the provision of certain oilfield services and the supply of related goods and products for the Corentyne block, Frontera has entered into a deed of guarantee with each of Maersk and Schlumberger for certain obligations, in each case up to a maximum of \$30.0 million and subject to a sliding scale mechanism in connection with payments made under the drilling contract with Maersk or the services agreement with Schlumberger, as applicable.

As of September 30, 2022, CGX has entered into purchase orders and contracts for the drilling of the Wei-1 well and the Guyana Port Project, pursuant to which the Company has amounts outstanding of \$111.6 million, which is expected to be paid in 2022 and 2023.

Oleoducto Central S.A. (“Ocesa”) and Cenit Transporte y Logistica de Hidrocarburos S.A.S. (“Cenit”) Pledge

In May 2022, a new ship-or-pay contract with Bicentenario and Cenit entered into force and as a result the pledged inventory crude oil is stored in Cenit’s terminal of Coveñas (TLU-3) instead of Ocesa’s terminal. On March 31, 2022, the Company signed a new pledge agreement with Ocesa and Cenit, which guarantees the payment obligations of both contracts, up to \$30.0 million and \$6.0 million, respectively. The term of the pledge agreement has been amended and extended for the period from May 1, 2022, to March 31, 2023, with Ocesa, and for the period from May 1, 2022, to April 30, 2023, with Cenit.

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Other Guarantees and Pledges

As part of the Company's acquisition of Repsol Colombia Oil & Gas Ltd.'s ("**RCOG**") 50% working interest in the CPE-6 block, the Company granted a pledge to RCOG over the production from the CPE-6 block to guarantee the payments, up to a maximum of \$48.0 million. Under the farm-out agreement two kinds of payments are set, each contingent on production from this block and each applicable until the maximum payment of \$48.0 million is paid: i) a variable monthly payment, and ii) three potential production milestone payments of \$5.0 million each when 5 million, 10 million and 20 million total barrels production, respectively, are achieved. As at September 30, 2022, the Company has paid and accrued a total of \$14.2 million of such amounts under the agreement.

Sale of Subsidiary Maurel et Prom Colombia B.V. ("**M&P**")

On October 22, 2021, the Company executed and closed a sale and settlement agreement, transferring to Etablissement Maurel & Prom ("**EMP**") 49.999% of all issued and outstanding shares of M&P which holds 100% interests in the COR-15 and Muisca blocks in Colombia. The Company's cash consideration was \$1.8 million. In addition, during the period ended September 30, 2022, the Company made payments of \$6.0 million related to outstanding commitments at the COR-15 block.

Contingencies

The Company is involved in various claims and litigation arising in the normal course of business. Since the outcomes of these matters are uncertain, there can be no assurance that such matters will be resolved in the Company's favour. The outcome of adverse decisions in any pending or threatened proceedings related to these and other matters that may arise could have a material impact on the Company's financial position, results of operations or cash flows. No material changes have occurred regarding the matters disclosed in Note 27 - Commitments and Contingencies of the 2021 Annual Financial Statements.