



# Frontera Energy Q3'22 Earning Slides

## November 2022





# CORPORATE SNAPSHOT

Capital Structure (As at September 30, 2022) (\$U.S.)		(\$MM)
(+) Long-term debt <sup>(1)</sup>		\$406
(+) Total Lease Liabilities <sup>(2)</sup>		\$4
(+) Risk Management Liabilities, net <sup>(3)</sup>		\$3
<b>= Consolidated Total Indebtedness excluding Unrestricted Subsidiaries<sup>(4)</sup></b>		<b>\$413</b>
(-) Cash & Cash Equivalents <sup>(5)</sup>		\$207
<b>= Net Debt excl. Puerto Bahia Debt</b>		<b>\$206</b>
(+) Market Cap <sup>(6)(7)</sup>		\$632
<b>= Enterprise Value (\$MM)</b>		<b>\$838</b>

## Balance sheet metrics – September 30, 2022

Total Cash/Cash and Cash Equivalents (\$MM)	\$309 / \$254
Consolidated Net Debt/ Operating EBITDA <sup>(8)(9)</sup>	0.3x
Debt to Book Capitalization <sup>(10)</sup>	22%
Interest Coverage <sup>(11)</sup>	20.5x

## Credit ratings

S&P	Outlook:	Positive
	Issuer Rating:	B+
	Senior Notes:	B+
Fitch	Outlook:	Stable
	Issuer Rating:	B
	Senior Notes:	B

### Notes:

<sup>1</sup> Excludes \$123.1 million of long term debt attributable to the Unrestricted Subsidiaries.

<sup>2</sup> Excludes \$0.5 million of lease liabilities attributable to the Unrestricted Subsidiaries.

<sup>3</sup> Excludes \$0.1 million of risk management liabilities attributable to the Unrestricted Subsidiaries.

<sup>4</sup> "Unrestricted Subsidiaries" include CGX Energy Inc. ("CGX") listed on the TSX Venture Exchange under the trading symbol "OYL", Frontera ODL Holding Corp., including its subsidiary Pipeline Investment Ltd. ("PIL"), Frontera BIC Holding Ltd., and Frontera Bahia Holding Ltd. ("Frontera Bahia"), including its subsidiary Sociedad Portuaria Puerto Bahía S.A. ("Puerto Bahia"). Refer to the "Liquidity and Capital Resources" section on page 22 of the MD&A.

<sup>5</sup> Excludes \$54 million of cash and cash equivalent attributable to the Unrestricted Subsidiaries.

<sup>6</sup> Includes cash and cash equivalents attributable to the guarantors and borrower according to the Indenture. Borrower means Frontera Energy Corporation (British Columbia) and guarantors mean Frontera Energy Guyana Corp. and Frontera Energy Colombia AG.

<sup>7</sup> Assumes Frontera share price of CAD \$10.01, USD/CAD exchange rate of 0.7296 and 86,575,175 total shares outstanding as at September 30, 2022.

<sup>8</sup> Capital management measure, as defined in National Instrument 52-112 - *Non-GAAP and Other Financial Measures Disclosure* ("NI 52-112"). Refer to the "Non-IFRS and Other Financial Measures" section on page 18.

<sup>9</sup> Net Debt/Operating EBITDA is net debt divided by 12 month Operating EBITDA of \$646MM.

<sup>10</sup> Operating EBITDA is a non-IFRS financial measure (equivalent to a "non-GAAP financial measure", as defined in NI 52-112). Refer to the "Non-IFRS and Other Financial Measures" section on page 18.

<sup>11</sup> Debt to book capitalization is long term debt divided by long term debt plus Equity attributable to equity holders of the Company.

<sup>12</sup> Interest coverage uses 12-month Operating EBITDA of \$646MM divided by the expected annual cash interest of \$32 MM.

# Q3'22 HIGHLIGHTS

- ✓ Generated operating EBITDA<sup>(1)</sup> of **\$173.2 million**
- ✓ Delivered average daily production of **41,033 boe/d<sup>(2)</sup>**
- ✓ Reduced production costs by **9.5%**, transportation costs by **1.3%** and G&A by **16.9%**
- ✓ Delivered an operating netback<sup>(3)</sup> of **\$59.78/boe**
- ✓ Cash provided by operating activities was **\$120.8 million**
- ✓ Executed capital expenditures<sup>(1)</sup> of **\$76.0 million**
- ✓ Net sales realized price<sup>(3)</sup> was **\$81.93/boe**
- ✓ Repurchased ~**6.3 million** shares through NCIB and SIB programs for ~**\$57.9 million**

1. Non-IFRS financial measure (equivalent to a "non-GAAP financial measure", as defined in NI 52-112). Refer to the "Non-IFRS and Other Financial Measures" section on page 18.

2. Consisting of approximately 20,945 bbl/d of heavy crude oil, 17,428 bbl/d of light and medium crude oil, 9,969 mcf/d of conventional natural gas and 911 boe/d of natural gas liquids.

3. Non-IFRS ratio (equivalent to a "non-GAAP ratio", as defined in NI 52-112). Refer to the "Non IFRS and Other Financial Measures" section on page 18.



# THIRD QUARTER 2022 BY NUMBERS

Production<sup>(1)</sup>

**41,033**  
**BOE/D**



Operating cost<sup>(2)</sup>

**\$22.15/boe**

Netback<sup>(3)</sup>

**\$59.78/boe**

Capital expenditures<sup>(4)</sup>

**\$76MM**



Total cash position of

**\$309MM**

including  
**\$56MM** in  
restricted  
cash

Uncollateralized  
credit lines of  
**\$113MM**



Operating  
EBITDA<sup>(4)</sup>

**\$173MM**

Net sales  
realized  
price<sup>(3)</sup>



**\$81.93/boe**

Repurchased ~**6.3**  
million common  
shares through  
NCIB and SIB  
programs for  
~**\$57.9MM**

Achieved 98% of the  
Company's 2021  
ESG Goals.



Development  
wells drilled

**16**

Workovers &  
well services

**18**



Total inventory

**1,137,913**  
**bbls**

1. Consisting of approximately 20,945 bbl/d of heavy crude oil, 17,428 bbl/d of light and medium crude oil, 9,969 mcf/d of conventional natural gas and 911 boe/d of natural gas liquids.

2. Operating cost refers to Unit Production cost + Unit Transport cost.

3. Non-IFRS ratio (equivalent to a "non-GAAP ratio", as defined in NI 52-112). Refer to the "Non-IFRS and Other Financial Measures" section on page 18.

4. Non-IFRS financial measure (equivalent to a "non-GAAP financial measure", as defined in NI 52-112). Refer to the "Non-IFRS and Other Financial Measures" section on page 18.

# Q3 2022 QUARTERLY RESULTS

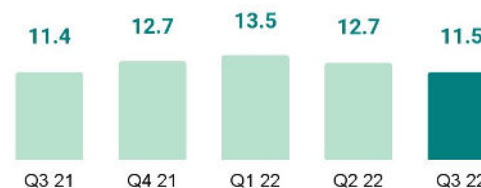
Capital expenditures, production and transportation costs

## PRODUCTION BY SOURCE (KBOE)

Conventional Natural Gas Natural Gas Liquids L&M Oil Heavy Oil



## PRODUCTION COST (\$/BOE) <sup>(1)</sup>



## TRANSPORTATION COST (\$/BOE) <sup>(1)</sup>



## CAPITAL EXPENDITURES (\$MM) <sup>(2)</sup>



1. Supplementary financial measure (as defined in NI 52-112). Refer to the "Non-IFRS and Other Financial Measures" section on page 18.

2. Non-IFRS financial measure (equivalent to a "non-GAAP financial measure", as defined in NI 52-112). Refer to the "Non-IFRS and Other Financial Measures" section on page 18.

# Q3 2022 QUARTERLY RESULTS

Sustainable Operational Performance

## REALIZED PRICE<sup>(1)</sup> (\$/BOE) AND BRENT (\$/BBL)



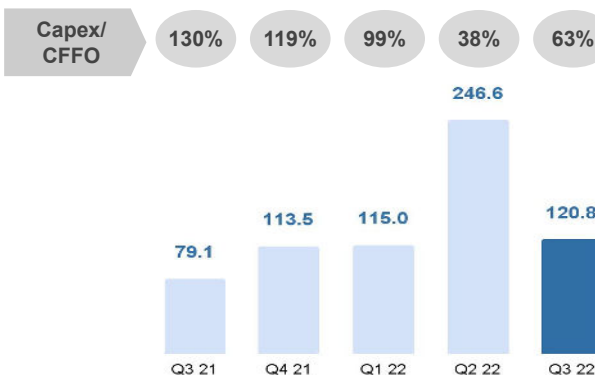
## OPERATING EBITDA<sup>(2)</sup> (\$MM) AND OPERATING EBITDA MARGIN<sup>(2)</sup> (%)



## OPERATING NETBACK (\$/BOE)<sup>(1)</sup>



## CFFO (\$MM) AND CAPEX<sup>(1)</sup> / CFFO (%)



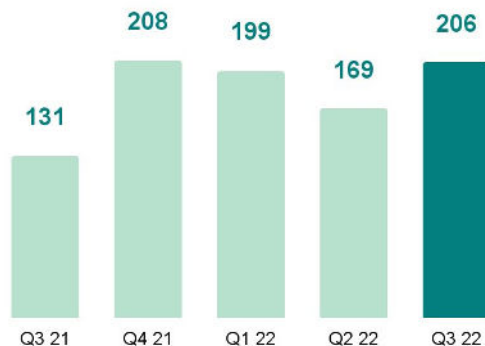
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2. Non-IFRS financial measure (equivalent to a "non-GAAP financial measure", as defined in NI 52-112). Refer to the "Non-IFRS and Other Financial Measures" section on page 18.

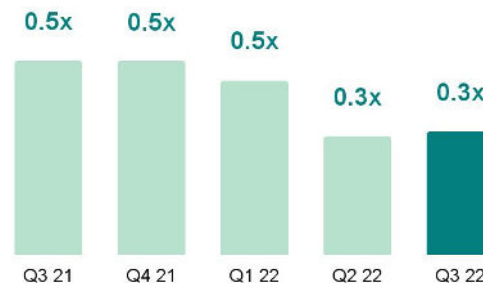
# Q3 2022 QUARTERLY RESULTS

## Debt Ratios

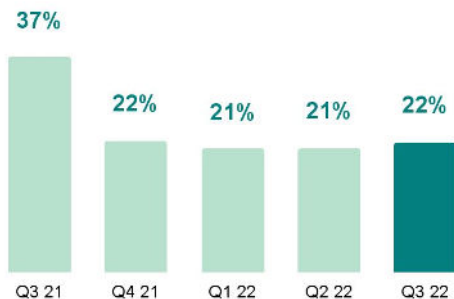
### NET DEBT (EXCL. RESTRICTED SUBSIDIARIES) (\$MM)



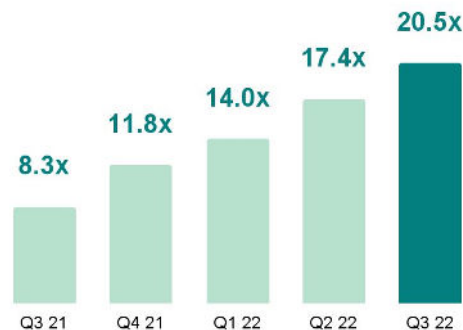
### NET DEBT TO OPERATING EBITDA RATIO (X)



### DEBT TO BOOK CAPITALIZATION<sup>(1)</sup> (%)



### INTEREST COVERAGE<sup>(2)</sup> (X)



1. Debt to book capitalization is long term debt divided by long term debt plus equity attributable to equity holders of the Company.  
2. Interest coverage uses 12-month Operating EBITDA of \$646MM divided by the expected annual cash interest of \$32 MM.



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# ADVISORIES

**Forward-Looking Information** - This presentation contains forward-looking information within the meaning of Canadian securities laws. Forward-looking information relates to activities, events or developments that Frontera Energy Corporation ("**Frontera**" or the "**Company**") believes, expects or anticipates will or may occur in the future. All information other than historical fact is forward-looking information. Forward-looking information reflects the current expectations, assumptions and beliefs of the Company based on information currently available to it and considers the Company's experience and its perception of historical trends, including expectations and assumptions relating to commodity prices and interest and foreign exchange rates; the current and potential adverse impacts of the COVID-19 pandemic, actions of the Organization of Petroleum Exporting Countries ("**OPEC+**") and the impact of the Russia-Ukraine conflict; the expected impact of measures that the Company has taken and continues to take in response to these events; the performance of assets and equipment; the availability and cost of labour, services and infrastructure; the execution of exploration and development projects; the receipt of any required regulatory approvals and outcome of discussions with governmental authorities; the success of the Company's hedging strategy; and the impact and success of the Company's ESG strategies. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be placed on such information. Forward-looking information is subject to a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to the Company, including, without limitation: volatility in market prices for oil and natural gas (including as a result of demand and supply shifts caused by the sustained COVID-19 pandemic, the actions of the OPEC+ countries and the impact of the continuing Russia-Ukraine conflict; 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; the Company's ability to access additional financing; the ability of the Company to maintain its credit ratings; the ability of the Company to: meet its financial obligations and minimum commitments, fund capital expenditures and comply with covenants contained in the agreements that govern indebtedness; political developments in the countries where the Company operates; the uncertainties involved in interpreting drilling results and other geological data; geological, technical, drilling and processing problems; timing on receipt of government approvals; fluctuations in foreign exchange or interest rates and stock market volatility; and the other risks disclosed in the Company's annual information form dated March 2, 2022, its annual management's discussion and analysis for the year ended December 31, 2021, its interim management's discussion and analysis for the three and nine months ended September 30, 2022 (the "**MD&A**"), and other documents it files from time to time with securities regulatory authorities. The actual results may differ materially from those expressed or implied by the forward-looking information, 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. Copies of these documents are available without charge by referring to the company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). All forward-looking information 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 information, whether as a result of new information, future events or results or otherwise.

**Currency** - The values in this presentation are expressed in United States dollars and all production volumes are expressed before royalties, unless otherwise stated. Some figures presented are rounded and data in tables may not add due to rounding.

**Oil and Gas Information Advisories** - 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 hydrocarbons. The term "boe" is used in this presentation. 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 presentation, boe has been expressed using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Colombian Ministry of Mines and Energy.

# ADVISORIES

**Non-IFRS and Other Measures** - This presentation contains financial terms that do not have standardized definitions in International Financial Reporting Standards ("IFRS"), including Operating EBITDA, Capital Expenditures, Operating Netback, Net Sales Realized Price, Transport Cost per Boe, Production Cost per Boe and Total Cash. These non-IFRS 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. Operating EBITDA is a non-IFRS financial measure that represents the operating results of the Company's primary business, excluding income taxes, finance income and expenses, and depletion, depreciation and amortization expense as well as restructuring, severance and other costs, certain non-cash items (such as impairments, foreign exchange, unrealized risk management contracts, costs under terminated pipeline 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. Refer to the "Operating EBITDA" section on page 17 of the MD&A for a reconciliation of net income (loss) to operating EBITDA and a description of each component of the Company's operating EBITDA and how it is calculated. Capital expenditures is a non-IFRS financial measure that reflects the cash and non cash items used by a company to invest in capital assets and considers oil and gas properties, plant and equipment, infrastructure, exploration and evaluation assets. Operating netback is a non-IFRS financial measure and operating netback per boe is a non-IFRS financial ratio. Operating netback per boe is used to assess the net margin of the Company's production after subtracting all costs associated with bringing one barrel of oil to the market. It is also commonly used by the oil and gas industry to analyze financial and operating performance expressed as profit per barrel and is an indicator of how efficient the Company is at extracting and selling its product. For netback purposes, the Company removes the effects of any trading activities and results from its midstream segment from the per barrel metrics. Refer to the reconciliation in the "Operating Netback" section on page 7 of the MD&A. Refer to the "Operating Netback and Oil and Gas Sales, Net of Purchases" section on page 18 of the MD&A for a description of each component of the Company's operating netback and how it is calculated. Net sales realized price is a non-IFRS ratio that is calculated using net sales (including oil and gas sales net of purchases, realized gains and losses from risk management contracts less royalties and dilution costs). Net sales realized price per boe is calculated dividing each component by total sales volumes, net of purchases. Refer to the "Net sales realized price" section on page 19 of the MD&A for a reconciliation of this calculation. Production costs mainly include lifting costs, activities developed in the blocks, and processes to put the crude oil and gas in sales condition. Production cost per boe is a supplementary financial measure that is calculated using production cost divided by production (before royalties). Refer to the "Production cost per boe" section on page 20 of the MD&A for a reconciliation of this calculation. Transportation costs includes all commercial and logistics costs associated with the sale of produced crude oil and gas such as trucking, pipeline and refining processing fees. Transportation cost per boe is a supplementary financial measure that is calculated using transportation cost divided by net production after royalties. Refer to the "Transportation cost per boe" section on page 20 of the MD&A for a reconciliation of this calculation. Total cash is a capital management measure to describe the total cash and cash equivalents restricted and unrestricted available, and consists of the cash and cash equivalents and the restricted cash short and long-term.

