

# FRONTERA ENERGY CORPORATION

## *NEWS RELEASE*

### **FRONTERA ANNOUNCES AN OPERATIONAL UPDATE, BOARD APPOINTMENT AND EXECUTIVE PROMOTIONS**

*Production on Block 192 Restarted, Operating EBITDA Above the High End of 2017 Guidance,  
Capital Spending at or Below the Low End of 2017 Guidance*

*Richard Herbert Appointed to the Board of Directors*

Toronto, Canada, December 21, 2017 – Frontera Energy Corporation (TSX: FEC) (“**Frontera**” or the “**Company**”) announces an operational and financial update, new Board appointment and executive promotions.

#### **Operational Update**

Following the lifting of the full field blockade on Block 192 (the “**Block**”) in Peru on October 31, 2017, the Company has been working with local indigenous groups and PetroPeru to establish framework agreements whereby production on the Block could be restarted with the goal of continuous operation. Following the successful evaluation of the assets on the Block, as well as the Norperuano pipeline, production on the Block was restarted in early December. Current oil production on the Block is just over 5,000 bpd with the goal of increasing oil production to between 6,000 bpd and 8,000 bpd, net to the Company after royalties and internal consumption before the end of the year.

Total Company production, net after royalties and internal consumption, is currently above 66,500 boe/d. With new production expected to be added from the Quifa and Ardilla fields, and production growth expected in Peru, the Company expects to achieve exit production guidance of between 70,000 and 75,000 boe/d. As a result of stronger than forecasted Brent oil prices in the fourth quarter of 2017, the Company has already exceeded the high end of Operating EBITDA guidance of \$300 to \$350 million, with over \$360 million of Operating EBITDA in the 11-month period ending November 30, 2017. Also, the Company expects to be towards the low end of its capital expenditures guidance of \$250 to \$300 million.

Other operational highlights include the anticipated start-up of a waterflood pressure maintenance project on the Copa field, drilling currently underway related to the implementation of a waterflood pressure maintenance project on the Guatiquia block, and continued success on the vertical well drilling program at Quifa and Cajua where new vertical wells are delivering approximately 130 bpd of heavy oil, and adding either new 2P reserve locations or drilling outside the existing 2P boundary of the field. The Company continues to have success with new horizontal development drilling at Quifa where new wells are delivering close to 300 bpd of heavy oil, nearly double the rate of legacy horizontal locations on the field. A recently completed exploration well, Alligator-1X, discovered oil in three reservoir zones and is currently undergoing testing.

The Company is pleased to announce that it has completed an internal reorganization of its Colombian business units in an effort to streamline its operations and eliminate legal entity redundancies. All of Frontera’s Colombian operations are now held by one entity - the Colombian branch of Meta Petroleum Corporation, a wholly-owned subsidiary.

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## **New Board Appointment**

The Company is pleased to announce the appointment of Richard Herbert to the Board of the Directors. With the addition, the Company's Board has expanded to include seven members, all of whom are independent. Mr. Herbert has an impressive track record in global oil and gas exploration and development over the past 36 years with BP, Talisman Energy and Phillips Petroleum. In 26 years with BP, he spent a considerable amount of time being responsible for major exploration and development initiatives globally, including: TNK-BP in Russia, West and North Africa, Western Europe, the UK and North Sea and, most importantly in relation to Frontera, in South America in Colombia, Mexico and Venezuela.

Mr. Herbert started his career with Phillips Petroleum in 1980, moved to BP in 1984, Talisman in 2009, and moved back to BP in 2014 before retiring in 2016. Mr. Herbert holds a Bachelor of Science (1st Class Honours) in Geology from the University of Bristol.

Mr. Herbert was a board member at EQUION in Colombia for a period of three years and currently serves as an independent director of Petroleum Geo-Services.

Gabriel de Alba, Chairman of the Board of Directors of the Company, said: "Barry and the management team are delivering against our 2017 targets and we look forward to releasing our plans for 2018 in the first quarter. We are also excited to add someone with such in-depth technical understanding and a distinguished career in global oil and gas exploration as Richard Herbert, as we move ahead with major exploration initiatives in 2018 on our Llanos 25 block in Colombia, and position the Company for production growth."

## **New Executive Promotions**

The Company also announces the promotions of Duncan Nightingale as Corporate Vice President of Development and Reservoir Management, Jorge Fonseca Chaumer as Corporate Vice President of Business Development and Alejandra Bonilla as Corporate Vice President of Legal and Head of Legal Colombia. Mr. Nightingale, Mr. Fonseca, and Ms. Bonilla continue to be based in the Company's office in Bogotá, Colombia and were previously Senior Managers of their respective departments.

Mr. Nightingale has over 30 years of oil and gas exploration and development experience, including the executive management positions of President, interim CEO and COO of Gran Tierra Energy in Colombia. Mr. Nightingale has also held senior international oil and gas exploration and development roles with EnCana International, Nexen International and Atlantic Richfield (ARCO). Mr. Nightingale holds a Bachelor of Science (Honours) in Geology from the University of Nottingham.

Mr. Fonseca has over 23 years of finance and investment banking experience, including five years as Manager of Business Development at Frontera and predecessor companies. Prior to joining Frontera, Mr. Fonseca held various investment banking roles over an 18 year career with Citibank, BBVA, and CAF.

Ms. Bonilla has over 14 years of experience in the oil and gas sector, specializing in multijurisdictional mergers and acquisitions, corporate law and corporate finance. Ms. Bonilla has participated in hydrocarbons projects in multiple jurisdictions. Before joining Frontera, Ms. Bonilla worked for BP and several international and domestic law firms in Bogotá, Colombia.

Barry Larson, Chief Executive Officer of Frontera, said: "The Company continues to execute operationally and our financial results reflect not only the improvement in oil prices but also the fundamental changes that have been implemented at Frontera this year. We are also pleased to recognize these recent executive promotions, which reflect the significant contributions of Duncan, Jorge and Alejandra over the past year

as Frontera has repositioned for growth. Each of these new Vice Presidents will lead critical business units as we continue to implement integrated cross functional teams throughout the organization.”

**About Frontera:**

*Frontera is a Canadian public company and a leading explorer and producer of crude oil and natural gas, with operations focused in Latin America. The Company has a diversified portfolio of assets with interests in more than 25 exploration and production blocks in Colombia and Peru. The Company's strategy is focused on sustainable growth in production and reserves and cash generation. Frontera is committed to conducting business safely, in a socially and environmentally responsible manner.*

*The Company's common shares trade on the Toronto Stock Exchange under the ticker symbol "FEC".*

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**Advisories:**

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

**Cautionary Note Concerning Forward-Looking Statements**

*This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/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 as the result of the completion of the Company's comprehensive restructuring transaction or otherwise; uncertainties relating to the availability and costs of financing needed in the future; the uncertainties involved in interpreting drilling results and other geological data; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 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 news release due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons.*

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

*This news release contains financial terms that are not considered in IFRS. These non-IFRS measures do not have any standardized meaning, and therefore are unlikely to be comparable to similar measures presented by other companies. These non-IFRS measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These financial measures are included because management uses this information to analyze operating performance and liquidity. They are different from those measures disclosed in prior periods, reflecting the Company's new strategic focus on operational efficiency and capital discipline.*

*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. Operating EBITDA represents the operating results of the Company's primary business, excluding the effects of capital structure, other investments (infrastructure assets), non-cash items that depend on accounting policy choices, and one-time items that are not expected to recur.*

*Please see the Company's most recent Management's Discussion and Analysis, which is available at [www.sedar.com](http://www.sedar.com) for additional information about these financial measures.*

### **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 5.7 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

### **FOR FURTHER INFORMATION:**

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