

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Frontera Energy Corporation (the “**Company**”)
333 Bay Street, Suite 1100
Toronto, Ontario M5H 242

Item 2 Date of Material Change

November 17, 2020 (the “**Effective Date**”)

Item 3 News Release

A news release concerning the subject matter of this material change report was disseminated by the Company through the facilities of CNW News Group on November 17, 2020.

The Company filed the news release on the System for Electronic Document Analysis and Retrieval.

Item 4 Summary of Material Change

On November 17, 2020 the Company announced that it reached an agreement with Cenit Transporte y Logística de Hidrocarburos S.A.S. (“**CENIT**”) and Oleoducto Bicentenario de Colombia S.A.S (“**Bicentenario**”) for the joint filing of a petition for a binding settlement which, upon completion and approval by the competent Colombian court, will resolve all the disputes pending among them, related to the Bicentenario Pipeline (“**BIC Pipeline**”) and the Caño Limón – Coveñas Pipeline (“**CLC Pipeline**”), and will terminate all the pending arbitration proceedings related to such disputes. All the Frontera subsidiaries involved in those proceedings are also parties to the agreement, and references to Frontera include such subsidiaries.

The parties consider that this transaction eliminates any uncertainty related to the potential outcomes of the disputes, thus protecting the interests of all the parties and those of their stakeholders. The settlement will also create new business opportunities for the parties involved.

The settlement arrangement includes a full and final mutual release upon closing of all present and future amounts claimed by all parties in respect of the terminated transportation contracts for both the CLC Pipeline and the BIC Pipeline, and also in respect of certain related contracts involving the liabilities which are recorded by Frontera as Cost Under Terminated Pipeline Contracts.

The transaction does not include any cash payments between the parties, except for Frontera’s release of its interests in a trust fund (restricted cash) of approximately \$28

million created as a collateral for one of the claims. Frontera will transfer to CENIT its 43.03% interest in Bicentenario, any related outstanding Bicentenario dividends, and the BIC Pipeline line fill.

Frontera will also enter into new transportation contracts with CENIT and its subsidiaries Bicentenario and Oleoducto de los Llanos Orientales S.A. (“ODL”)

All financial amounts in this material change report are in United States dollars, unless otherwise stated.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On November 17, 2020 the Company announced that it reached an agreement with CENIT and Bicentenario for the joint filing of a petition for a binding settlement which, upon completion and approval by the competent Colombian court, will resolve all the disputes pending among them, related to the BIC Pipeline and the CLC Pipeline and will terminate all the pending arbitration proceedings related to such disputes. All the Frontera subsidiaries involved in those proceedings are also parties to the agreement, and references to Frontera include such subsidiaries.

The parties consider that this transaction eliminates any uncertainty related to the potential outcomes of the disputes, thus protecting the interests of all the parties and those of their stakeholders. The settlement will also create new business opportunities for the parties involved.

The settlement arrangement includes a full and final mutual release upon closing of all present and future amounts claimed by all parties in respect of the terminated transportation contracts for both the CLC Pipeline and the BIC Pipeline, and also in respect of certain related contracts involving the liabilities which are recorded by Frontera as Cost Under Terminated Pipeline Contracts. Further information about all those claims is contained in Frontera's Interim Financial Statements dated November 3, 2020.

The transaction does not include any cash payments between the parties, except for Frontera's release of its interests in a trust fund (restricted cash) of approximately \$28 million created as a collateral for one of the claims. Frontera will transfer to CENIT its 43.03% interest in Bicentenario, any related outstanding Bicentenario dividends, and the BIC Pipeline line fill. The claims released by Frontera include recovery of the letters of credit drawn by Bicentenario in 2018 and all other claims that have been asserted by Frontera against Bicentenario.

Frontera will also enter into new transportation contracts with CENIT and its subsidiaries Bicentenario and ODL.

The new ODL transportation contract is expected to commence in the first quarter of 2021. The ODL transportation contract would provide for a ship or pay commitment

of 10,000 bbls/day for approximately 3.8 years at a current tariff of \$4.0/bbl. The ODL pipeline is regularly used by Frontera to transport crude oil from its heavy oil district which produces sufficient volumes to comply with the new obligations. The new ODL contract is not expected to impact Frontera's transportation costs.

The new transportation contracts with CENIT and Bicentenario for use of the CLC Pipeline and BIC Pipeline (and certain related facilities) will become effective within a six month period as of the closing of the transaction. The new take or pay commitment is projected to be approximately 3,900 bbls/day, subject to adjustments in changes in the oil price and Colombia/U.S. exchange rates between now and closing, for a term of five years at a current tariff of \$11.5/bbl. Frontera will not have to make payments under the new transportation contracts for oil that is required to be shipped on alternative pipeline systems. Frontera will be able to use the CLC Pipeline and the BIC Pipeline for the transportation of oil to Coveñas as an alternative to the use of the Ocesa pipeline. It is expected that the new contracts will increase Frontera's average transportation costs by approximately \$0.30 per boe, or potentially less, at current tariffs.

The arrangement is conditional upon certain regulatory approvals, including approval of the settlement arrangement under Colombian law which requires an opinion to be issued by the Office of the Attorney General of Colombia (Procuraduría General de la Nación) and approval of the Administrative Tribunal of Cundinamarca, competent final appeals court with competence regarding conciliation arrangements to which state owned companies are a party. The settlement documentation provides that if such approvals are not obtained by June 30, 2021 or such later date as may be agreed, then either party will become entitled to terminate the settlement arrangement, and that the legal rights of the parties with respect to the disputes are not prejudiced unless and until the required approvals are obtained and the settlement arrangement is closed. There can be no assurance that the required approvals will be received on a timely basis or at all.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The following is the name and business telephone number of an executive officer of the Company who is knowledgeable about the material change in this report.

Andrew Kent
General Counsel & Corporate Secretary
(416) 362-7735

Item 9 Date of Report

November 20, 2020

Cautionary Note Concerning Forward-Looking Statements

This material change report 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, the impact of the settlement arrangement on future business opportunities for the Company, the effect the new transportation agreements will have on the Company's transportation cost, the ability to obtain certain regulatory approvals, including an opinion from the Office of the Attorney General of Colombia and the approval of the Administrative Tribunal of Cundinamarca) 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: political developments in Colombia; timing on receipt of government approvals; fluctuations in foreign exchange or interest rates and stock market volatility and the other risks disclosed under the heading "Risks and Uncertainties" in the Company's MD&A dated November 3, 2020 and under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 5, 2020 filed on SEDAR at www.sedar.com. There can be no assurance that the proposed conciliation will be implemented. 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.