

FRONTERA ENERGY CORPORATION

NEWS RELEASE

FRONTERA TO ACQUIRE PCR'S 35% INTEREST IN EL DIFICIL BLOCK

FRONTERA CLOSES PREVIOUSLY ANNOUNCED ACQUISITION OF PETROSUD

ACQUISITIONS WILL GENERATE APPROXIMATELY US\$12-\$15 MILLION OF ANNUAL EBITDA, INCREASE FRONTERA'S TOTAL PRODUCTION BY APPROXIMATELY 1,800 BOE/D IN 2022

CALGARY, AB, Dec. 30, 2021 /CNW/ - Frontera Energy Corporation (TSX: FEC) ("**Frontera**" or the "**Company**") announced today that it has entered into an agreement to acquire the 35% working interest ("**WI**") in Colombia's El Dificil block held by PCR Investments S.A., a wholly owned subsidiary of Petroquímica Comodoro Rivadavia S.A. ("**PCR**") for a total aggregate cash consideration of approximately US\$13 million. The PCR transaction is expected to close in the second half of 2022 and is subject to customary closing conditions and approval of the transaction by the Agencia Nacional de Hidrocarburos.

Frontera also announced today that the Company has now closed its previously announced acquisition of 100% of the issued and outstanding shares in Petroleos Sud Americanos S.A. ("**PetroSud**"), acquiring PetroSud's 65% working interest in El Dificil block and 100% interests in Entrerrios and Rio Meta blocks. Upon completion of the transaction with PCR, Frontera will hold a 100% working interest in El Dificil block.

Frontera anticipates its acquisition of PetroSud's assets and PCR's interest in El Dificil for a total consideration of approximately \$40 million, including the assumption of \$18 million in PetroSud debt, will generate approximately US\$12-\$15 million of annual EBITDA, which may grow as additional synergies are realized including potentially commercializing recent gas discoveries in VIM-1 block in a very competitive market.

The Company's 100% working interest in El Dificil block combined with its acquisition of PetroSud's interests in Entrerrios and Rio Meta Blocks is expected to add approximately 1,800 boe/d of total production (1,300 boe/d through the PetroSud acquisition beginning in January 2022 and 500 boe/d when the transaction with PCR closes). The production mix consists of approximately 7.7 mmcf/d of conventional natural gas, 120 bbl/d of natural gas liquids, 260 bbl/d of heavy oil and 60 bbl/d of light and medium crude oil. Production costs associated with the acquired assets are expected to be \$7.50-\$8.50/boe. The Company anticipates increasing El Dificil production to 2,000 - 3,000 boe/d between 2022 and 2024. Additionally, the Company expects to increase organic production in the Lower Magdalena Valley in 2022 as it continues to ramp up production at VIM-1 block and surrounding areas.

Frontera's acquisition of 100% interest in El Dificil block supports the Company's strategy to increase gas production, lowers carbon emissions and includes strategically located, high quality gas facilities.

According to recent analysis by Welligence Energy Analytics, Frontera is one of the top three largest acreage holders in the Lower Magdalena Valley.

About El Dificil Block:

- Located in an emerging core area approximately 75 kilometres from the Company's interests in La Creciente, VIM-22 and VIM-1 blocks.
- No exploration commitments.
- Producing gas fields connected to existing distribution infrastructure.
- Immediate opportunities to increase production.
- Conventional natural gas assets further balance production profile.
- Possible synergies could be realized due to the close proximity to Frontera's light oil assets.

About Frontera:

Frontera Energy Corporation is a Canadian public company involved in the exploration, development, production, transportation, storage and sale of oil and natural gas in South America, including related investments in both upstream and midstream facilities. The Company has a diversified portfolio of assets with interests in 40 exploration and production blocks in Colombia, Ecuador and Guyana, and pipeline and port facilities in Colombia. Frontera is committed to conducting business safely and in a socially, environmentally and ethically responsible manner.

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Advisories:

Cautionary Note Concerning Forward-Looking Information

This news release contains forward-looking information within the meaning of Canadian securities laws. Forward-looking information relates to activities, events or developments that the Company believes, expects or anticipates will or may occur in the future. Forward-looking information in this news release includes statements regarding the anticipated timing for closing of and receipt of regulatory approval required for the PCR transaction, the anticipated benefits of the PetroSud and PCR transactions, including their anticipated impact on annual EBITDA, anticipated future production rates, anticipated synergies and their fit within the Company's strategic plan, anticipated future production costs related to the PetroSud and PCR transactions, and expectations as to production growth in the Lower Magdalena Valley. 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 the closing of the PCR transaction; the anticipated benefits of the PetroSud and PCR transactions; the anticipated synergies resulting from the PetroSud and PCR transactions and their impact on the Company and its financial results; commodity prices and interest and foreign exchange rates; the current and potential adverse impacts of the COVID-19 pandemic, including the status of the pandemic and future waves and any associated policies around current business restrictions; the performance of assets and equipment; the availability and cost of labour, services and infrastructure; and the execution of projects.

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. 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. The Company's annual information form dated March 3, 2021, its annual management's discussion and analysis for the year ended December 31, 2020, and other documents it files from time to time with securities regulatory authorities describe the risks, uncertainties, material assumptions and other factors that could influence actual results and such factors are incorporated herein by reference. Copies of these documents are available without charge by referring to the company's profile on SEDAR at 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.

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 news release due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons.

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 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 news release, boe has been expressed using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Colombian Ministry of Mines and Energy.

Definitions:

bbl(s)	Barrel(s) of oil
bbl/d	Barrel of oil per day
boe	Refer to "Boe Conversion" disclosure above
boe/d	Barrel of oil equivalent per day
Mcf	Thousand cubic feet

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