

Frontera Announces Second Quarter 2024 Results

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Recorded an Income from Operations of \$45.2 million and a Net Loss of \$2.8 million

Generated Operating EBITDA of \$110.3 Million and Cash Provided by Operating Activities of \$149.8 Million

Delivered Average Daily Production of 39,912 Boe/d in Q2, Up 5% From the Prior Quarter, Including Average Daily Production of Approximately 40,600 Boe/d in June and July

Generated Quarterly Adjusted Infrastructure EBITDA of \$27.8 Million and Segment Income of \$14.6 Million

Began Construction of Strategic Reficar Connection, Expected to Become Operational in December 2024

Signed a 2-year Water Treatment Collaboration Agreement with Ecopetrol for the Quifa Block Via the SAARA Water Treatment Facility

Entered Into Collaboration Agreement Between Puerto Bahia and GASCO to Pursue LPG Project in Cartagena, Colombia

Declared Quarterly Dividend of C\$0.0625 Per Share, or \$3.9 Million in Aggregate, Payable on or around October 16, 2024

Announced Intention to Commence a \$30 million Substantial Issuer Bid

CALGARY, Aug. 7, 2024 - [Frontera Energy Corp.](#) (TSX: FEC) ("Frontera" or the "Company") today reported financial and operational results for the second quarter ended June 30, 2024. All financial amounts in this news release are in United States dollars, unless otherwise stated.

Gabriel de Alba, Chairman of the Board of Directors, commented:

"The Company continues to execute on its strategic priorities supporting the long-term growth and sustainability of its business. During the quarter, the Company finalized a 2-year agreement with Ecopetrol to treat and dispose water from the Quifa Block via the SAARA facility during a stabilization period of the plant, and today announced that we have broken ground on the construction of the connection project between Sociedad Portuaria Puerto Bahia S.A. ("Puerto Bahia") and Refineria de Cartagena S.A. ("Reficar"), which the Company expects will become operational in December 2024. Following the end of the quarter, the Company also announced it executed an agreement with a leading Latin America energy provider, GASCO, that seeks to develop liquefied petroleum gas ("LPG") import facilities for Colombia at Puerto Bahia.

Frontera also continues to take actions to unlock value for its stakeholders and remains committed to these efforts for the remainder of 2024 and beyond, including the ongoing strategic alternatives review processes. In addition to the quarterly dividend, I am pleased to announce the Company's intention to commence a Substantial Issuer Bid ("the SIB") to purchase \$30 million of the Company's outstanding shares, highlighting the strong financial results of the first half of 2024. So far this year, considering the proposed SIB, the Company is poised to return over \$51 million of capital to our stakeholders, including \$11.7 million in dividends, \$6.7 million of common share repurchases and \$3.5 million in buybacks of its 2028 unsecured notes."

Orlando Cabrales, Chief Executive Officer (CEO), Frontera, commented:

"Frontera's second quarter production and financial results build on our momentum from the first quarter and were in-line with our guidance."

expectations. Operationally, the Company generated \$110.3 million in quarterly Operating EBITDA, produced \$27.8 million Adjusted Infrastructure EBITDA, and finished the quarter with a total cash balance of \$215.1 million.

Production increased by approximately 5% quarter over quarter, mainly driven by increased water disposal capacity in the Sabanero and Quifa blocks, well interventions in the Sabanero block, expansion of gas compression facilities in the VIM-1 block, and completion of two wells at the Perico block in Ecuador.

On the exploration side, with all pre-drill activities completed, we now expect to spud the high impact Hydra-1 prospect block in the third quarter of 2024. Following recent successes in Ecuador in the Perico block, the first (Espejo Sur B3) completion in Espejo has been completed showing initial gross production of 500bopd, spud of the second well (Espejo Norte A-1) at the end of July and drilling operations are on-going.

Despite some inflationary pressure on our costs, we remain on track to achieve our 2024 Capital, Production and EBITDA Guidance. We have increased production during the quarter, and in June and July, averaged production was approximately 35,000 barrels per day.

In our infrastructure business, ODL paid a first installment of dividend and return of capital of \$31 million in April, approximately 50% of the total of \$62.8 million expected for 2024. Operationally, ODL continues to maintain strong operating and financial performance with transported volumes increasing about 1% q-o-q and EBITDA reaching \$68 million for the quarter. Puerto Real continues to move forward with its strategic agenda, breaking ground in the construction of the Reficar connection and achieving an important milestone with the start of horizontal directional drilling in the Canal del Dique in July, as well as announcing a GASCO LPG transaction. During the quarter, we also started-up and continue stabilizing our SAARA water treatment plant with a goal of reaching 250,000 barrels of water treated per day by the end of the year. During the month of June, the plant received its first gross revenues associated to the water treatment collaboration agreement with the Quifa Block.

In our Guyana exploration business, the Company and its joint venture partner continues to engage in regular, constructive and collaborative conversations with the Government of Guyana. The Joint Venture, with support from investment bank and oil and gas markets experts Houlihan Lokey, continues to actively pursue strategic options to unlock the potential of the Corentyne Block.

Second Quarter 2024 Operational and Financial Summary:

		Q2 2024	Q1 2024
Operational Results			
Heavy crude oil production ⁽¹⁾	(bbl/d)	24,839	23,398
Light and medium crude oil production ⁽¹⁾	(bbl/d)	12,583	12,580
Total crude oil production	(bbl/d)	37,422	35,978
Conventional natural gas production ⁽¹⁾	(mcf/d)	4,019	3,283
Natural gas liquids production ⁽¹⁾	(boe/d)	1,785	1,639
Total production ⁽²⁾	(boe/d) ⁽³⁾	39,912	38,193
Inventory Balance			
Colombia	(bbl)	758,794	683,335
Peru	(bbl)	480,200	480,200
Ecuador	(bbl)	80,195	115,228

Total Inventory	(bbl)	1,319,189	1,278,763
Brent price Reference	(\$/bbl)	85.03	81.76
Produced crude oil and gas sales ⁽⁴⁾	(\$/boe)	78.31	76.10
Purchased crude net margin ⁽⁴⁾	(\$/boe)	(2.13)	(2.39)
Premiums paid on oil price risk management contracts ⁽⁵⁾	(\$/boe)	(1.32)	(1.27)
Royalties ⁽⁵⁾	(\$/boe)	(2.01)	(1.64)
Net sales realized price ⁽⁴⁾	(\$/boe)	72.85	70.80
Production costs (excluding energy cost), net of realized FX hedge impact ⁽⁴⁾	(\$/boe)	(10.79)	(10.21)
Energy costs, net of realized FX hedge impact ⁽⁴⁾	(\$/boe)	(4.74)	(5.29)
Transportation costs, net of realized FX hedge impact ⁽⁴⁾	(\$/boe)	(10.92)	(11.33)
Operating netback per boe ⁽⁴⁾	(\$/boe)	46.40	43.97
Financial Results			
Purchased Crude oil and gas sales	(\$M)	224,646	209,043
Purchased crude net margin	(\$M)	(6,118)	(6,574)
Premiums paid on oil price risk management contracts	(\$M)	(3,796)	(3,489)
Royalties	(\$M)	(5,774)	(4,506)
Net sales ⁽⁶⁾	(\$M)	208,958	194,474
Net (loss) income ⁽⁷⁾	(\$M)	(2,846)	(8,503)
Per share - basic	(\$)	(0.03)	(0.10)
Per share - diluted	(\$)	(0.03)	(0.10)
General and administrative	(\$M)	12,928	13,556
Outstanding Common Shares	Number of shares	84,253,816	84,693,416
Operating EBITDA ⁽⁶⁾	(\$M)	110,321	97,248
Cash provided by operating activities	(\$M)	149,787	65,616
Capital expenditures ⁽⁶⁾	(\$M)	80,198	69,381
Cash and cash equivalents - unrestricted	(\$M)	180,659	154,907
Restricted cash short and long-term ⁽⁸⁾	(\$M)	34,419	27,058
Total cash ⁽⁸⁾	(\$M)	215,078	181,965
Total debt and lease liabilities ⁽⁸⁾	(\$M)	523,994	537,151
Consolidated total indebtedness (Excl. Unrestricted Subsidiaries) ⁽⁹⁾	(\$M)	426,004	429,556

Net Debt (Excluding Unrestricted Subsidiaries) ⁽⁹⁾	(\$M)	283,651	305,821
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- (1) References to heavy crude oil, light and medium crude oil combined, conventional natural gas and natural gas liquids in the above table and elsewhere in the press release refer to the heavy crude oil, light crude oil and medium crude oil combined, conventional natural gas and natural gas liquids, respectively, product types as defined in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.
- (2) Represents W.I. production before royalties. Refer to the "Further Disclosures" section on page 35 of the Company's management's discussion and analysis the three months ended June 30, 2024 ("MD&A").
- (3) Boe has been expressed using the 5.7 to 1 Mcf/bbl conversion standard required by the Colombian Ministry of Mines & Energy. Refer to the "Further Disclosures - Boe Conversion" section on page 35 of the MD&A.
- (4) Non-IFRS ratio (equivalent to a "non-GAAP ratio", 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 22 of the MD&A.
- (5) Supplementary financial measure (as defined in NI 52-112). Refer to the "Non-IFRS and Other Financial Measures" section on page 22 of the MD&A.
- (6) 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 22 of the MD&A.
- (7) Net (loss) income attributable to equity holders of the Company.
- (8) Capital management measure (as defined in NI 52-112). Refer to the "Non-IFRS and Other Financial Measures" section on page 22 of the MD&A.
- (9) "Unrestricted Subsidiaries" include [CGX Energy Inc.](#), 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 Bahía Holding Ltd. ("Frontera Bahia"), including Puerto Bahia. On April 11, 2023, Frontera Energy Guyana Holding Ltd. and Frontera Energy Guyana Corp. were designated as unrestricted subsidiaries. Refer to the "Liquidity and Capital Resources" section on page 28 of the MD&A.

Second Quarter 2024 Operational and Financial Results:

- The Company recorded a net loss of \$2.8 million or \$0.03/share in the second quarter of 2024, compared with net loss of \$1.0 million or \$0.10/share in the prior quarter and net income of \$80.2 million or \$0.94/share in the second quarter of 2023. The Company's second quarter loss was mainly a result of income tax expense of \$32.7 million (including \$31.4 million of income tax expenses), finance expenses of \$17.4 million, foreign exchange losses of \$7.5 million and \$3.6 million of loss on risk management contracts, partially offset by an income from operations of \$45.2 million, and \$13.4 million of share of income from associates.
- Production averaged 39,912 boe/d in the second quarter of 2024, up 5% compared to 38,193 boe/d in the prior quarter and 42,049 boe/d in the second quarter of 2023.

	Q2 2024	Q1 2024	Q2 2023
Heavy crude oil production (bbl/d)	24,839	23,398	24,051
Light and medium crude oil production (bbl/d)	12,583	12,580	15,188
Conventional natural gas production (mcf/d)	4,019	3,283	5,626
Natural gas liquids production(boe/d)	1,785	1,639	1,823
Total production	39,912	38,193	42,049

Heavy crude oil production increased approximately 6% quarter-over-quarter mainly due to increased water disposal capacity from a new injector well in the Quifa block, the start-up of the SAARA plant during the month of May, increased water handling capacity in CPE-6 and additional activities in the Sabanero block. Conventional natural gas and natural gas liquids increased 22% and 9% quarter over quarter respectively due to increased production at the La Belleza field in connection with the compression facilities expansion and gas reinjection project. Light and medium crude oil production was flat compared to the prior quarter benefited by an increase in Ecuador production from the Perico Norte 6 and Perico Centro 2 coming online offset by natural declines in the Colombian light and medium crude oil fields.

- Operating EBITDA was \$110.3 million in the second quarter of 2024 compared with \$97.2 million in the prior quarter and \$116.5 million in the second quarter of 2023. The increase in Operating EBITDA compared to the prior quarter was due to higher Brent prices and oil differentials, partially offset by higher production cost (excluding energy) net of oil price hedging impacts.
- Cash provided by operating activities was \$149.8 million in the second quarter 2024, compared with \$65.6 million in the prior quarter and \$183.6 in the second quarter of 2023. During the quarter, the Company received \$31.3 million in dividend income and return of capital payments from its investment in the Oleoducto de los Llanos Orientales ("ODL"). The Company also received \$80.2 million in capital expenditures, \$2.8 million in share buybacks through its normal course issuer bid program and repurchased \$2 million of its senior unsecured notes due in 2028 (the "2028 Unsecured Notes") for a cash outflow of \$1.6 million.
- The Company reported a total cash position of \$215.1 million at June 30, 2024, compared to \$182.0 million at March 31, 2024 and \$213.8 million at June 30, 2023. The Company's total cash position, as of June 30, 2024, includes the benefit of \$10 million in prepayments received from costumers, which are expected to be settled during the third quarter of 2024. At the end of the quarter, the Company received approximately \$90 million in tax refund proceeds associated to the second quarter tax return.
- As at June 30, 2024, the Company had a total crude oil inventory balance of 1,319,189 bbls compared to 1,278,794 bbls at March 31, 2024. As of June 30, 2024, the Company had a total inventory balance in Colombia of 758,794 barrels, including 405,789 crude oil barrels and 353,004 barrels of diluent and others. This compared to 683,335 as of March 31, 2024 and 881,758 barrels as at June 30, 2023.
- Capital expenditures were approximately \$80.2 million in the second quarter of 2024, compared with 69.4 million in the prior quarter and \$154.9 million in the second quarter of 2023. During the second quarter, the Company drilled 30 development wells at its Quifa SW, Cajua, CPE-6 and Perico fields.
- The Company's net sales realized price was \$72.85/boe in the second quarter of 2024, compared to \$70.80/boe in the prior quarter and \$64.09/boe in the second quarter of 2023. The increase in the Company's net sales realized price during the quarter was mainly driven by higher Brent benchmark oil price and better oil price differentials.
- The Company's operating netback was \$46.40/boe in the second quarter of 2024, compared with \$43.97/boe in the prior quarter and \$40.81/boe in the second quarter of 2023. The increase was a result of higher net sales realized price and lower transportation cost net of FX realized hedge impact, partially offset by higher production cost (excluding energy cost) and realized FX hedge impact.
- Production costs (excluding energy cost), net of realized FX hedge impact, averaged \$10.79/boe in the second quarter of 2024, compared with \$10.21/boe in the prior quarter and \$8.45/boe in the second quarter of 2023. The increase in production costs during the quarter was driven mainly by higher well services activity.
- Energy costs, net of realized FX hedging impacts, averaged \$4.74/boe in the second quarter of 2024, compared to \$4.50/boe in the prior quarter and up from \$3.94/boe in the second quarter of 2023. The decrease during the quarter was due to lower electricity prices in Colombia benefiting from the end of the dry season partially offset by higher energy use during the quarter.
- Transportation costs, net of realized FX hedging impacts averaged \$10.92/boe in the second quarter of 2024, compared to \$11.33/boe in the prior quarter and up from \$10.89/boe in the second quarter of 2023. The decrease in transportation costs during the quarter was primarily attributed to an increase in local sales volumes and more efficient transportation routes and routing for some of our heavy crude production.
- ODL volumes transported were 249,196 bbl/d during the second quarter of 2024, compared to 246,042 in the first quarter of 2024, mainly due to the increase in crude oil volumes received and transported from the Caño Sur and Llanos 34 fields.
- Total Puerto Bahia liquids volumes were 61,798 bbl/d during the second quarter compared to 53,360 bbl/d in the first quarter of 2024. The increase in volumes during the quarter was mainly due improved navigational conditions in the Magdalena River leading to normalized liquid volumes. Puerto Bahia revenues were \$11.2 million during the second quarter 2024, compared to \$9.7 million to the first quarter of 2024. For the general cargo terminal sales increased to \$3.2 million in the second quarter versus \$2.6 million in the previous quarter.
- Adjusted Infrastructure EBITDA in the second quarter of 2024 was \$27.8 million, compared to \$25.7 million in the prior quarter. The increase was mainly due to improved performance at Puerto Bahia driven by higher liquids volumes and cost optimizations, and greater sales volumes and revenues in Promotora Agricola de los Llanos S.A. ("Proagrollanos") during the quarter.

Frontera's Sustainability Strategy

As of June 30, 2024, Frontera has achieved 48% of its sustainability goals for the year. During the second quarter, Frontera expanded its protection and preservation coverage activities to 168 hectares.

The Company invested \$498,000 in projects in communities near its operations in Colombia, Ecuador and Guyana and purchased 10.7% of its total goods and services from local suppliers.

Working from a strong and established human rights base, Frontera continues to improve its human rights due diligence planning to promote and respect human rights across its value chain.

Enhancing Shareholder Returns

Below we highlight the status of our strategic value enhancing initiatives to date. The Company continues to consider future shareholder initiatives in 2024 and beyond, including potential additional dividends, share buybacks, distributions, or bond buybacks, based on the overall results of our businesses, cash flow generation and the Company's strategic goals.

NCIB: Under the Company's current NCIB which commenced on November 21, 2023, Frontera is authorized to repurchase for cancellation up to 3,949,454 of its common shares ("Common Shares"). As of August 7, 2024, the Company has repurchased approximately 1,387,100 Common Shares for cancellation for approximately \$8.4 million.

SIB: On August 7, the Company announced its intention to commence the SIB pursuant to which the Company will offer to purchase \$30 million of its Common Shares for cancellation at a fixed price per share. The Company intends to fund the SIB from current cash resources.

The Company intends to determine the terms of the SIB, including pricing, in due course, and expects that the SIB will be completed in October 2024. Commencement and/or completion of the SIB is subject to receipt of a satisfactory liquidity opinion from a qualified financial adviser, approval of the Board of Directors, and obtaining any necessary exemptive relief under applicable securities laws in Canada. The SIB will not be conditional upon any minimum number of shares being tendered and will be subject to conditions customary for transactions of this nature.

Dividend: Pursuant to Frontera's dividend policy, Frontera's Board of Directors has declared a dividend of C\$0.0625 per Common Share to be paid on or around October 16, 2024, to shareholders of record at the close of business on October 2, 2024. Year to date, Frontera has declared \$11.7 million in dividends to shareholders.

This dividend payment to shareholders is designated as an "eligible dividend" for purposes of the Income Tax Act (Canada). This dividend is eligible for the Company's Dividend Reinvestment Plan to provide shareholders of Frontera who are resident in Canada with the option to have the cash dividends declared on their common shares reinvested automatically back into additional common shares, without the payment of brokerage commissions or services charges.

Bond Buybacks: During the three months ended June 30, 2024, the Company repurchased in the open market \$2 million of its 2028 Unsecured Notes for cash consideration of \$1.6 million including interest payable of \$0.1 million. As a result, the Company recognized a gain of \$0.4 million. The carrying value for the 2028 Unsecured Notes as of June 30, 2024, is \$390.7 million. Year-to-date, the Company has repurchased \$3.5 million of its 2028 Unsecured Notes.

Strategic Alternatives Review Processes: In May 2024, the Company launched a strategic alternatives review for its standalone and growing Colombian Infrastructure Business, which could result in a potential spin-off to Frontera shareholders, a total or partial sale or other business combination of Frontera's Colombian Infrastructure Business, and/or a strategic investment, therein by a third party. Frontera has retained Goldman Sachs & Co. LLC as financial advisor and may retain other advisors to assist the Board in evaluating the various strategic, business, and financial alternatives.

In our Guyana exploration business, the Joint Venture and the Government of Guyana have engaged in regular, constructive and collaborative conversations throughout the Joint Venture's tenure on the Corentyne block, including discussions regarding conditions and timing under which further activities could be performed by the Joint Venture in the Corentyne block. The Joint Venture, with support from investment bank and capital markets experts Houlihan Lokey, continues to actively pursue strategic options to unlock the potential of the Corentyne block.

These processes are central to the Company's efforts to streamline the business and unlock the value from the sum of its parts. Frontera believes the value of these assets is not reflected in the Company's current share price and these processes aim to drive value for shareholders. There can be no guarantee that these strategic alternatives review processes will result in a transaction.

Frontera's Three Core Businesses

Frontera's three core businesses include: (1) its Colombia and Ecuador Upstream Onshore business, (2) its standalone and growing Colombian Infrastructure business, and (3) its potentially transformational Guyana Exploration business offshore Guyana.

Colombia & Ecuador Upstream Onshore

Colombia

During the second quarter of 2024, Frontera produced 38,257 boe/d from its Colombian operations (consisting of 24,839 bbl/d of heavy crude oil, 10,928 bbl/d of light and medium crude oil, 4,019 mcf/d of conventional natural gas and 1,785 boe/d of natural gas liquids).

In the second quarter of 2024, the Company drilled 28 development wells at its Quifa SW, Cajua and CPE-6 fields and well interventions at 32 others.

Currently, the Company has 3 drilling rigs and 4 intervention rigs active at its Quifa, CPE-6, Cravoviejo, Corcel-Guatiquia and Arrendajo blocks in Colombia.

Quifa Block: Quifa SW and Cajua

At Quifa, second quarter 2024 production averaged 17,371 bbl/d of heavy crude oil (including both Quifa and Cajua). The Company drilled 22 wells in the block during the second quarter of 2024. The Company also invested in facilities for a second injector well in 2024.

Year to date, the Company has handled an average of approximately 1.6 million barrels of water per day in Quifa.

During the quarter, Frontera and Ecopetrol entered into a two-year contract to treat and dispose water from the Quifa Block at the SAARA facility. Following the deal with Ecopetrol, Frontera restarted operations at the SAARA facility, currently processing approximately 50,000 barrels of water per day.

CPE-6

At CPE-6, second quarter 2024 production averaged approximately 6,947 bbl/d of heavy crude oil, increasing 12% from 6,228 bbl/d during the first quarter of 2024. The Company drilled 6 development wells. Additionally, the Company invested to expand and improve water-handling capacity at the CPE-6 block.

The Company's current water handling capacity in CPE-6 is approximately 300 thousand bwpd, on track to increase to 360 thousand bwpd by year-end.

Other Colombia Developments

At Guatiquia, production during the second quarter 2024 averaged 5,539 bbl/d of light and medium crude compared with 5,610 bbl/d in the first quarter of 2024.

In the Cubiro block production averaged 1,491 bbl/d of light and medium crude oil in the second quarter of 2024 compared with 1,461 bbl/d in the first quarter 2024.

At VIM-1 (Frontera 50% W.I., non-operator), production averaged 1,856 boe/d of light and medium crude oil in the second quarter of 2024 compared to approximately 1,579 boe/d of light and medium crude oil in the

first quarter of 2024. Additionally, the Company invested in the expansion of the gas compression facilities to increase processing capacity from 20,000 to 30,000 Mcf/day in the block.

At the Sabanero block, the Company invested in the central processing facility funded primarily through an reimbursement from insurance claims related to the Sabanero block.

Colombia Exploration Assets

In the VIM-1 block, pre-drilling activity finished at the Hidra-1 exploratory well, and rig mobilization and spudding of the well expected for the third quarter of 2024. In the Llanos-119 block, the Company acquired 80 sqkm of 3D seismic during the second quarter of 2024 and also engaged in pre-seismic and social and environmental studies in the Llanos-99 block.

Ecuador

In Ecuador, second quarter 2024 production averaged approximately 1,655 bbl/d of light and medium crude oil compared to 1,478 bbl/d in the prior quarter. In the Perico block, the Company completed the Perico Norte 6 well and the Perico Centro 2 well.

In the Espejo block, the Espejo Sur- B3 well, was drilled during the second quarter of 2024, reaching a total depth 10,090 feet MD. Integration of core, and logging while drilling (LWD) and pressure data interpreted 17 feet of net pay in the Lower U Sand, currently producing approximately 500 bbl/d gross. In Espejo Norte A-1 (previously Espejo Centro-1) the well was spud on July 28, 2024, and drilling operations are on-going; the main target is M1 Sand and the secondary target is Lower U Sand.

2. Infrastructure Colombia

Frontera's Infrastructure Colombia Segment includes the Company's 35% equity interest in the ODL pipeline through Frontera's wholly owned subsidiary, PIL and the Company's 99.97% interest in Puerto Bahia. Starting in 2024, the Infrastructure Colombia Segment also include the Company's reverse osmosis water treatment facility (SAARA) and its palm oil plantation (ProAgrollanos).

The Company continues to execute on its strategic priorities supporting the long-term growth and sustainability of its businesses. Subsequent to the quarter, Puerto Bahia began construction of its strategic Reficar Connection Project, which it expects will become operational in December 2024.

Additionally, on July 22, 2024, Frontera announced that its subsidiary, Puerto Bahia and GASCO had entered into a Framework Collaboration Agreement to jointly pursue a LPG project at the Puerto Bahia port. The estimated cost of the project is expected to be approximately \$50 to \$60 million, which will be shared between Puerto Bahia and GASCO. Puerto Bahia's contributions are expected to be largely in-kind, and the project is expected to be in service by 2027.

During the quarter, Frontera and Ecopetrol entered into a two-year contract to treat and dispose water from the Quifa Block at Frontera's SAARA facility. This agreement is set to significantly improve water disposal operations and drive crude oil production capacity at the Quifa Block. By the end of 2024, the company aims to increase processing capacity at SAARA to 250,000 barrels per day, which support higher production levels from the Quifa block. During the month of June, the plant realized its first gross revenues associated to the water treatment collaboration agreement with the Quifa Block. In connection with this agreement, SAARA is committed to enhancing the infrastructure necessary to provide additional irrigation source water for the ProAgrollanos palm oil plantation.

Infrastructure Colombia Segment Results

Adjusted Infrastructure EBITDA in the second quarter of 2024 was \$27.8 million, compared with \$25.7 million during the first quarter of 2024. The increase was mainly due to improved performance at Puerto Bahia

driven by higher liquids volumes and cost optimizations, and greater sales volumes and revenues Proagrollanos during the quarter.

(\$M)	Three months ended June 30	
	2024	2023
Adjusted Infrastructure Revenue ⁽¹⁾	43,055	42,989
Adjusted Infrastructure Operating Cost ⁽¹⁾	(11,998)	(11,589)
Adjusted Infrastructure General and Administrative ⁽¹⁾	(3,234)	(2,888)
Adjusted Infrastructure EBITDA ⁽¹⁾	27,823	28,512

⁽¹⁾ Non-IFRS financial measure

Segment capital expenditures for the three months ended June 30, 2024, were \$3.5 million mainly related to investments in the SAARA project and investments at Puerto Bahia including (i) general cargo terminal upgrades and expansion, (ii) tank major maintenance, and (iii) right of way and engineering expenditure associated to the Reficar Connection Project.

(\$M)	Three months ended June 30	
	2024	2023
Revenue	12,894	12,883
Costs	(7,598)	(8,015)
General and Administrative expenses	(1,389)	(1,540)
Depletion, depreciation and amortization	(1,962)	(1,534)
Restructuring, severance and other costs	(732)	(700)
Infrastructure (loss) income from operations	1,213	1,094
Share of Income from associates - ODL	13,407	14,345
Infrastructure Colombia Segment Income	14,620	15,439
Infrastructure Colombia Segment cash flow from operating activities	29,922	20,129
Capital Expenditures Infrastructure Colombia segment ⁽¹⁾	3,467	1,456

⁽¹⁾ Non-IFRS financial measures (equivalent to a "non-GAAP financial measures", as defined in NI 52-112). Refer to the "Non-IFRS and Other Financial Measures" section on page 22 of the MD&A.

The following table shows the volumes pumped per injection point in ODL:

(bbl/d)	Three months ended June 30	
	2024	2023
At Rubiales Station	172,163	170,474
At Jagüey and Palmeras Station	77,033	73,016
Total	249,196	243,490

The following table shows throughput for the liquids port facility at Puerto Bahia:

(bbl/d)	Three months ended June 30	
	2024	2023
FEC volumes	13,353	14,267
Third party volumes	48,445	59,447
Total	61,798	73,714

The following table shows the barrels of water per day treated and irrigated in SAARA and field performance indicators for Proagrollanos:

	Three months ended June 30	
	2024	2023
Fresh fruit bunch from palm oil (produced - sold) (tons)	8,895	7,582
Production per hectare per year ⁽¹⁾	(tons/ ha/year) 7.42	6.64
Palm oil fruit price	(\$/ton) 166	162
Volumes of reverse osmosis water treated (bwpd)	22,097	43,375
Volumes of water irrigated in palm oil cultivation (bwpd)	14,398	33,855

⁽¹⁾ Tons per hectare per are calculated using the total production for the last twelve months ended June 30.

Hedging Update

As part of its risk management strategy, Frontera 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 40-60% of its estimated net after royalties' production using a combination of instruments, capped and non-capped, to protect the revenue generation and cash position of the Company, while maximizing the upside, thereby allowing the Company to take a more dynamic approach to the management of its hedging portfolio.

The following table summarizes Frontera's hedging position as of August 7, 2024.

Term	Type of Instrument	Positions Strike Prices	
		(bbl/d)	Put/Call
Jul 24	Put	14,581	75.00
Aug 24	Put	13,871	76.50
Sep 24	Put	13,667	78.00
3Q-2024 Total Average 14,043			
Oct 24	Put	13,613	78.00
Nov 24	Put	14,067	78.00
4Q-2024 Total Average 9,174			

The Company is exposed to foreign currency fluctuations primarily arising from expenditures that are incurred in COP and its fluctuation against the USD. As of August 7, 2024, the Company had the following foreign currency derivatives contracts:

Term	Type of Instrument	Open Interest	Strike Prices		Hedging Ratio
			(US\$ MM)	Put/Call	
3Q-2024	Zero Cost Collars	60	4,010/ 4,172	40 %	
4Q-2024	Zero Cost Collars	30	4,100/ 4,484	20 %	
Aug 2024	Forward ⁽¹⁾	12	4,044.00		
Oct 2024	Forward ⁽²⁾	17	4,386.00		
Oct 2024	Forward ⁽¹⁾	9	4,078.00		
Dec 2024	Forward ⁽¹⁾	9	4,115.00		

⁽¹⁾ Hedges associated with ODL's declared capital distributions

⁽²⁾ Hedge associated with the repayment in COP of the Bancolombia working capital loan

CRA 2016 Settlement

On July 12, 2024, Frontera entered into Minutes of Settlement with the Canadian Minister of National Revenue to resolve a dispute in connection with the Company's 2016 restructuring process and relating to, among other things, the fair market value of the Company's Common Shares as at November 2, 2016, the computation of the net capital losses and the computation of non-capital losses of the Company in respect of its taxation year ending December 31, 2016 (the "Settlement").

The Settlement may result in a decrease in the net capital losses of the Company, as last reported in the 2023 Annual Consolidated Financial Statements, and an increase in the computed amount of the historical paid-up capital in respect of the Common Shares, which could impact the quantum of dividends deemed to have been received by certain shareholders of Frontera in respect of the repurchase of Common Shares pursuant to the Company's substantial issuer bid that was completed on August 11, 2022. The Company is currently assessing the impact of the Settlement on the computation of the historical paid-up capital in respect of the Common Shares and will provide an update to affected shareholders once such assessment has been completed.

Second Quarter 2024 Conference Call Details

A Conference call for investors and analysts will be held on Thursday, August 8, 2024, at 11:00 a.m. Eastern Time. Participants will include Gabriel de Alba, Chairman of the Board of Directors, Orlando Cabrales, Chief Executive Officer, Rene Burgos, Chief Financial Officer, and other members of the senior management team.

Analysts and investors are invited to participate using the following dial-in numbers:

RapidConnect URL: <https://emportal.ink/467YJgY>

Participant Number (Toll Free North America): 1-888-664-6383

Participant Number (Toll Free Colombia): 01-800-518-4036

Participant Number (International): 1-416-764-8650

Conference ID: 70673304

Webcast Audio: www.fronteraenergy.ca

A replay of the conference call will be available until 11:59 p.m. Eastern Time on August 15, 2024.

Encore Toll free Dial-in Number: 1-416-764-8677

International Dial-in Number: 1-888-390-0541

Encore ID: 673304

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 23 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 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, the Company's strategic alternatives review process for

its Colombian Infrastructure business and its interests in the Corentyne block in Guyana including a possible farm down, the Company's belief that the value of its assets is not reflected in the current stock price and the ability of such strategic processes to drive value for shareholders, the Company's goal of enhancing shareholder value by returning capital to security holders, the Company's current intentions regarding commencement of the SIB, the amount of capital returned to shareholders under the SIB, the timing of completion of the SIB, the terms of the SIB and the Company's intention to announce further details regarding the SIB, the Company's intent to consider future shareholder initiatives, the timing of the completion of the connection project between Puerto Bahia and Reficar, the future water handling capacity in CPE-6, the Company's exploration and development plans and objectives, including its drilling plans and seismic acquisition campaign and the timing thereof, estimates and/or assumptions in respect of the Company's capital expenditure program (including Company's guidance), production levels, profitability, costs, future income generation capacity, cash levels (including the timing and ability to release restricted cash), regulatory approval, and the Company's hedging program and its ability to mitigate the impact of changes in oil prices) 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: the ability of the Company to successfully conclude on a timely basis or at all one or both of its strategic review processes; volatility in market prices for oil and natural gas; uncertainties associated with estimating and establishing oil and natural gas reserves and resources; 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 under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 7, 2024 filed on SEDAR+ at www.sedarplus.ca.

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.

This news release contains future oriented financial information and financial outlook information (collectively, "FOFI") (including, without limitation, statements regarding expected average production), and are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraph. The FOFI has been prepared by management to provide an outlook of the Company's activities and results, and such information may not be appropriate for other purposes. The Company and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's reasonable estimates and judgments, however, actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein. Any FOFI speaks only as of the date on which it is made, and the Company disclaims any intent or obligation to update any FOFI, whether as a result of new information, future events or results or otherwise, unless required by applicable laws.

No offer or Solicitation

The SIB referred to in this news release has not yet commenced. This news release is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell Common Shares. The solicitation and the offer to buy Common Shares will only be made pursuant to a formal offer to purchase and issuer bid circular, a letter of transmittal, a notice of guaranteed delivery and other related documents to be filed with the applicable Canadian securities regulatory authorities. The offer to purchase

pursuant to the SIB will not be made to, nor will tenders be accepted from or on behalf of, holders of Common Shares in any jurisdiction in which the making or acceptance of offers to sell Common Shares would not be in compliance with the laws of that jurisdiction.

Non-IFRS Financial Measures

This press release contains various "non-IFRS financial measures" (equivalent to "non-GAAP financial measures", as such term is defined in NI 52-112), "non-IFRS ratios" (equivalent to "non-GAAP ratios", as such term is defined in NI 52-112), "supplementary financial measures" (as such term is defined in NI 52-112) and "capital management measures" (as such term is defined in NI 52-112), which are described in further detail below. Such measures do not have standardized IFRS definitions. The Company's determination of these non-IFRS financial measures may differ from other reporting issuers and they are therefore unlikely to be comparable to similar measures presented by other companies. Furthermore, these financial measures should not be considered in isolation or as a substitute for measures of performance or cash flows as prepared in accordance with IFRS. These financial measures do not replace or supersede any standardized measure under IFRS. Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

The Company discloses these financial measures, together with measures prepared in accordance with IFRS, because management believes they provide useful information to investors and shareholders, as management uses them to evaluate the operating performance of the Company. These financial measures highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS financial measures. Further, management also uses non-IFRS measures to exclude the impact of certain expenses and income that management does not believe reflect the Company's underlying operating performance. The Company's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets and as a measure of the Company's ability to finance its ongoing operations and obligations.

Set forth below is a description of the non-IFRS financial measures, non-IFRS ratios, supplementary financial measures and capital management measures used in the MD&A.

Operating EBITDA

EBITDA is a commonly used non-IFRS financial measure that adjusts net income as reported under IFRS to exclude the effects of income taxes, finance income and expenses, and DD&A. Operating EBITDA is a non-IFRS financial measure that represents the operating results of the Company's primary business, excluding the following items: restructuring, severance and other costs, post-termination obligation, payments of minimum work commitments and, certain non-cash items (such as impairments, foreign exchange, unrealized risk management 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.

A reconciliation of Operating EBITDA to net loss (income) is as follows:

	Three Months	
	Ended June 30	
(\$M)	2024	2023
Net loss (income)	(2,846)	80,207
Finance Income	(1,816)	(1,472)
Finance expenses	17,429	15,688
Income tax expense	32,659	2,605
Depletion, depreciation and amortization	63,188	81,389
Expense (recovery) of asset retirement obligation	45	(40,562)
Expenses of impairment	392	4,662
Post-termination obligation	(364)	6,120
Shared-based compensation	754	1,035
Restructuring, severance and other cost	1,052	1,825
Share of income from associates	(13,407)	(14,345)
Foreign exchange loss (gain)	7,518	(17,006)
Other loss, net	2,774	716
Unrealized loss (gain) on risk management contracts	3,646	(4,057)
Non-controlling interests	(288)	(344)
Gain on repurchased 2028 Unsecured Notes	(415)	-
Operating EBITDA	110,321	116,461
Capital Expenditures		

Capital expenditures is a non-IFRS financial measure that reflects the cash and non-cash items used by the Company to invest in capital assets. This financial measure considers oil and gas properties, plant and equipment, infrastructure, exploration and evaluation assets expenditures which are items reconciled to the Company's Statements of Cash Flows for the period.

	Three Months	
	Ended June 30	
(\$M)	2024	2023
Consolidated Statements of Cash Flows		
Additions to oil and gas properties, infrastructure port, and plant and equipment	87,033	66,166
Additions to exploration and evaluation assets	10,467	88,924
Total Additions in Consolidated Statements of Cash Flows	97,500	155,090
Non-cash adjustments ⁽¹⁾	(17,302)	(230)
Total Capital Expenditures	80,198	154,860
Capital Expenditures attributable to Infrastructure Colombia Segment	3,467	1,456
Capital Expenditures attributable to other segments different to Infrastructure Colombia Segment	76,731	153,404
Total Capital Expenditure	80,198	154,860

⁽¹⁾ Related to material inventory movements, capitalized non-cash items and other adjustments

Infrastructure Colombia Calculations

Each of Adjusted Infrastructure Revenue, Adjusted Infrastructure Operating Costs and Adjusted Infrastructure General and Administrative, is a non-IFRS financial measure, and each is used to evaluate the performance of the Infrastructure Colombia Segment operations. Adjusted Infrastructure Revenue includes revenues of the Infrastructure Colombia Segment including ODL's revenue direct participation interest. Adjusted Infrastructure Operating Costs includes costs of the Infrastructure Colombia Segment including ODL's cost direct participation interest. Adjusted Infrastructure General and Administrative includes general and administrative costs of the Infrastructure Colombia Segment including ODL's general and administrative direct participation interest.

A reconciliation of each of Adjusted Infrastructure Revenue, Adjusted Infrastructure Operating Costs and Adjusted Infrastructure General and Administrative is provided below.

	Three Months	
	Ended June 30	
(\$M)	2024	2023
Revenue Infrastructure Colombia Segment	12,894	12,883
Revenue from ODL	86,174	86,017
Direct participation interest in the ODL	35 %	35 %
Equity adjustment participation of ODL ⁽¹⁾	30,161	30,106
Adjusted Infrastructure Revenues	43,055	42,989
Operating Cost Infrastructure Colombia Segment	(7,598)	(8,015)
Operating Cost from ODL	(12,572)	(10,212)
Direct participation interest in the ODL	35 %	35 %
Equity adjustment participation of ODL ⁽¹⁾	(4,400)	(3,574)
Adjusted Infrastructure Operating Costs	(11,998)	(11,589)
General and administrative Infrastructure Colombia Segment	(1,389)	(1,540)
General and administrative from ODL	(5,270)	(3,850)
Direct participation interest in the ODL	35 %	35 %
Equity adjustment participation of ODL ⁽¹⁾	(1,845)	(1,348)
Adjusted Infrastructure General and Administrative	(3,234)	(2,888)

⁽¹⁾ Revenues and expenses related to the ODL are accounted for using the equity method described in the Note 12 of the Interim Condensed Consolidated Financial Statements.

Adjusted Infrastructure EBITDA

The Adjusted Infrastructure EBITDA is a non-IFRS financial measure used to assist in measuring the operating results of the Infrastructure Colombia Segment business.

	Three months ended June 30	
(\$M)	2024	2023
Adjusted Infrastructure Revenue ⁽¹⁾	43,055	42,989
Adjusted Infrastructure Operating Cost ⁽¹⁾	(11,998)	(11,589)
Adjusted Infrastructure General and Administrative ⁽¹⁾	(3,234)	(2,888)
Adjusted Infrastructure EBITDA ⁽¹⁾	27,823	28,512

⁽¹⁾ Non-IFRS financial measure

Net Sales

Net sales is a non-IFRS financial measure that adjusts revenue to include realized gains and losses from oil risk management contracts while removing the cost of any volumes purchased from third parties. This is a useful indicator for management, as the Company hedges a portion of its oil production using derivative instruments to manage exposure to oil price volatility. This metric allows the Company to report its realized net sales after factoring in these oil risk management activities. The deduction of cost of purchases is helpful to understand the Company's sales performance based on the net realized proceeds from its own production, the cost of which is partially recovered when the blended product is sold. Net sales also exclude sales from port services, as it is not considered part of the oil and gas segment. Refer to the reconciliation in the "Sales" section on page 10 of the MD&A.

Operating Netback and Oil and Gas Sales, Net of Purchases

Operating netback is a non-IFRS financial measure and operating netback per boe is a non-IFRS 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 Infrastructure Colombia Segment from the per barrel metrics and adds the effects attributable to transportation and operating costs of any realized gain or loss on foreign exchange risk management contracts. Refer to the reconciliation in the "Operating Netback" section on page 9.

The following is a description of each component of the Company's operating netback and how it is calculated. Oil and gas sales, net of purchases, is a non-IFRS financial measure that is calculated using oil and gas sales less the cost of volumes purchased from third parties including its transportation and refining costs. Oil and gas sales, net of purchases per boe, is a non-IFRS ratio that is calculated using oil and gas sales, net of purchases, divided by the total sales volumes, net of purchases. A reconciliation of this calculation is provided below:

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Purchased crude oil and products sales (\$M) ⁽¹⁾	224,646	227,923	433,689	425,014
Purchased crude net margin (\$M)	(6,118)	(6,705)	(12,692)	(14,676)
Oil and gas sales, net of purchases (\$M)	218,528	221,218	420,997	410,338
Sales volumes, net of purchases - (boe)	2,868,593	3,257,709	5,615,246	5,996,168
Produced crude oil and gas sales (\$/boe)	78.31	69.96	77.23	70.88
Oil and gas sales, net of purchases (\$/boe)	76.18	67.91	74.97	68.43

⁽¹⁾ Excludes sales from port services as they are not part of the oil and gas segment. For further information, refer to the "Infrastructure Colombia" section on page 18.

Non-IFRS Ratios

Realized oil price, net of purchases, and realized gas price per boe

Realized oil price, net of purchases, and realized gas price per boe are both non-IFRS ratios. Realized oil

price, net of purchases, per boe is calculated using oil sales net of purchases, divided by total sales volumes, net of purchases. Realized gas price is calculated using sales from gas production divided by the conventional natural gas sales volumes.

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Oil and gas sales, net of purchases (\$M) ⁽¹⁾	218,528	221,218	420,997	410,338
Crude oil sales volumes, net of purchases - (bbl)	2,804,205	3,169,231	5,498,687	5,776,594
Conventional natural gas sales volumes - (mcf)	366,869	504,166	665,013	1,249,960
Realized oil price, net of purchases (\$/bbl)	77.16	68.90	75.83	69.90
Realized conventional natural gas price (\$/mcf)	5.88	5.65	6.05	5.29

(1) Non-IFRS financial measure.

Net sales realized price

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 oil risk management contracts and less royalties). Net sales realized price per boe is a non-IFRS ratio which is calculated dividing each component by total sales volumes, net of purchases. A reconciliation of this calculation is provided below:

	Three months ended June 30	
	2024	2023
(\$M)		
Oil and gas sales, net of purchases (\$M) ⁽¹⁾	218,528	221,218
(-) Premiums paid on oil price risk management contracts (\$M)	(3,796)	(2,600)
(-) Royalties (\$M)	(5,774)	(9,837)
Net Sales (\$M)	208,958	208,781
Sales volumes, net of purchases (boe)	2,868,593	3,257,709
Oil and gas sales, net of purchases (\$/boe)	76.18	67.91
Premiums paid on oil price risk management contracts (\$/boe) ⁽²⁾	(1.32)	(0.80)
Royalties (\$/boe) ⁽²⁾	(2.01)	(3.02)
Net sales realized price (\$/boe)	72.85	64.09

(1) Non-IFRS financial measure.

(2) Supplementary financial measure.

Purchased crude net margin

Purchase crude net margin is a non-IFRS financial measure that is calculated using the purchased crude oil and products sales, less the cost of those volumes purchased from third parties including its transportation

and refining costs. Purchase crude net margin per boe is a non-IFRS ratio that is calculated using the Purchase crude net margin, divided by the total sales volumes, net of purchases. A reconciliation of this calculation is provided below:

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Purchased crude oil and products sales (\$M)	49,035	59,897	100,320	111,213
(-) Cost of purchases (\$M) ⁽¹⁾	(55,153)	(66,602)	(113,012)	(125,889)
Purchased crude net margin (\$M)	(6,118)	(6,705)	(12,692)	(14,676)
Sales volumes, net of purchases - (boe)	2,868,593	3,257,709	5,615,246	5,996,168
Purchased crude net margin (\$/boe)	(2.13)	(2.05)	(2.26)	(2.45)

⁽¹⁾ Cost of third-party volumes purchased for use and resale in the Company's oil operations, including its transportation and refining costs.

Production costs (excluding energy cost), net of realized FX hedge impact, and production cost (excluding energy cost), net of realized FX hedge impact per boe

Production costs (excluding energy cost), net of realized FX hedge impact is a non-IFRS financial measure that mainly includes lifting costs, activities developed in the blocks, processes to put the crude oil and gas in sales condition and the realized gain or loss on foreign exchange risk management contracts attributable to production costs. Production cost, net of realized FX hedge impact per boe is a non-IFRS ratio that is calculated using production cost (excluding energy cost), net of realized FX hedge impact divided by production (before royalties). A reconciliation of this calculation is provided below:

	Three months ended June 30	
	2024	2023
Production costs (excluding energy cost) (\$M)	41,401	37,171
(-) Realized gain on FX hedge attributable to production costs (excluding energy cost) (\$M) ⁽¹⁾	(2,203)	(4,840)
Production costs (excluding energy cost), net of realized FX hedge impact (\$M) ⁽²⁾	39,198	32,331
Production (boe)	3,631,992	3,826,459
Production costs (excluding energy cost), net of realized FX hedge impact (\$/boe)	10.79	8.45

⁽¹⁾ See "(Loss) Gain on Risk Management Contracts" on page 14.

⁽²⁾ Non-IFRS financial measure.

Energy costs, net of realized FX hedge impact, and production cost, net of realized FX hedge impact per boe

Energy costs, net of realized FX hedge impact is a non-IFRS financial measure that describes the electricity consumption and the costs of localized energy generation and the realized gain or loss on foreign exchange risk management contracts attributable to energy costs. Energy cost, net of realized FX hedge impact per boe is a non-IFRS ratio that is calculated using energy cost, net of realized FX hedge impact divided by production (before royalties). A reconciliation of this calculation is provided below:

	Three months ended June 30	
	2024	2023
Energy costs (\$M)	17,997	16,444
(-) Realized gain on FX hedge attributable to energy costs (\$M) ⁽¹⁾	(770)	(1,369)
Energy costs, net of realized FX hedge impact (\$M) ⁽²⁾	17,227	15,075
Production (boe)	3,631,992	3,826,459
Energy costs, net of realized FX hedge impact (\$/boe)	4.74	3.94

(1) See "(Loss) Gain on Risk Management Contracts" on page 14.

(2) Non-IFRS financial measure.

Transportation costs, net of realized FX hedge impact, and transportation costs, net of realized FX hedge impact per boe

Transportation costs, net of realized FX hedge impact is a non-IFRS financial measure, that includes all commercial and logistics costs associated with the sale of produced crude oil and gas such as trucking and pipeline, and the realized gain or loss on foreign exchange risk management contracts attributable to transportation costs. Transportation cost, net of realized FX hedge impact per boe is a non-IFRS ratio that is calculated using transportation cost, net of realized FX hedge impact divided by net production after royalties. A reconciliation of this calculation is provided below:

	Three months ended June 30	
	2024	2023
Transportation costs (\$M)	34,917	39,130
(-) Realized gain on FX hedge attributable to transportation costs (\$M) ⁽¹⁾	(634)	(1,767)
Transportation costs, net of realized FX hedge impact (\$M) ⁽²⁾	34,283	37,363
Net Production (boe)	3,139,955	3,431,246
Transportation costs, net of realized FX hedge impact (\$/boe)	10.92	10.89

(1) See "(Loss) Gain on Risk Management Contracts" on page 14.

(2) Non-IFRS financial measure.

Supplementary Financial Measures

Realized (loss) gain on oil risk management contracts per boe

Realized (loss) gain on oil risk management contracts includes the gain or loss during the period, as a result of the Company's exposure in derivative contracts of crude oil. Realized (loss) gain on oil risk management contracts per boe is a supplementary financial measure that is calculated using Realized (loss) gain on risk management contracts divided by total sales volumes, net of purchases.

Royalties per boe

Royalties includes royalties and amounts paid to previous owners of certain blocks in Colombia and cash

payments for PAP. Royalties per boe is a supplementary financial measure that is calculated using the royalties divided by total sales volumes, net of purchases.

NCIB weighted-average price per share

Weighted-average price per share under the 2023 NCIB is a supplementary financial measure that corresponds to the weighted-average price of common shares purchased under the 2023 NCIB during the period. It is calculated using the total amount of common shares repurchased in U.S. dollars divided by the number of common shares repurchased.

Capital Management Measures

Restricted cash short- and long-term

Restricted cash (short- and long-term) is a capital management measure, that sums the short-term portion and long-term portion of the cash that the Company has in term deposits that have been escrowed to cover future commitments and future abandonment obligations, or insurance collateral for certain contingencies and other matters that are not available for immediate disbursement.

Total cash

Total cash is a capital management measure to describe the total cash and cash equivalents restricted and unrestricted available, is comprised by the cash and cash equivalents and the restricted cash short and long-term.

Total debt and lease liabilities

Total debt and lease liabilities are capital management measures to describe the total financial liabilities of the Company and is comprised of the debt of the 2028 Unsecured Notes, loans, and liabilities from leases of various properties, power generation supply, vehicles and other assets.

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

Net Production Net production represents the Company's working interest volumes, net of royalties and internal consumption
www.fronteraenergy.ca

View original

content:<https://www.prnewswire.com/news-releases/frontera-announces-second-quarter-2024-results-302217382.html>

SOURCE Frontera Energy Corporation

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