

Frontera Energy Announces Definitive Agreement With Geopark To Divest Its Colombian E&P Assets Portfolio For A Firm Value Of \$622 Million

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FRONTERA RETAINS ITS INFRASTRUCTURE BUSINESS ANCHORED BY A STABLE DIVIDEND STREAM FROM ITS PARTICIPATION IN ODL AND ATTRACTIVE GROWTH PROFILE IN PUERTO BAHIA

PROCEEDS FROM TRANSACTION TO DELIVER CASH TO SHAREHOLDERS AT CLOSING, WITH A FURTHER \$25 MILLION CONTINGENT PAYMENT UPON ACHIEVEMENT OF SPECIFIED DEVELOPMENT MILESTONES

Upon Completion of the Transaction and Proposed Return of Capital to Shareholders, Frontera's Multi-Year Value Creation Initiatives Will Have Delivered Approximately \$1.1 Billion to Investors

2028 Senior Unsecured Notes to Transfer to Geopark Upon Closing of the Transaction

[Frontera Energy Corp.](#) (TSX: FEC) ("Frontera" or the "Company") announces today that it has entered into a definitive agreement (the "Agreement") with Geopark Limited ("Geopark") for the divestment of Frontera Petroleum International Holdings B.V. for an equity value of up to \$400 million (the "Transaction"), including \$375 million payable upon closing and a \$25 million contingent payment payable upon the achievement of certain development milestones, subject to customary closing adjustments. All financial amounts in this news release and in the Company's financial disclosures are in United States dollars, unless otherwise stated.

As a result of the Transaction, Frontera will emerge as a focused infrastructure company, anchored by its standalone and growing portfolio of infrastructure assets (the "Infrastructure Business"), including ODL and Puerto Bahia, while also retaining its interests in Guyana and certain other non-Colombian assets. This portfolio represents a strategic asset within Colombia's energy value chain and will form the backbone of Frontera's post-transaction business, generating an estimated 2025 Distributable Cash Flow of approximately \$77 million.

Pursuant to the agreement, GeoPark will acquire 100% of Frontera's Colombian upstream business, which consists of all of Frontera's oil and gas exploration and production assets in Colombia, the reverse osmosis water treatment facility ("SAARA") and the palm oil plantation ("Proagrollanos"). Following completion of the Transaction and subject to shareholder approval, Frontera intends to distribute to shareholders approximately \$370 million (CAD\$7.18 per share)⁽¹⁾, the details of which will be communicated prior to the shareholder meeting.

The equity purchase price of \$400 million represents a 25% premium to the 90-day VWAP, and a 18% premium to the current stock price of Frontera. However, the Transaction involves the E&P assets alone. Including cash resources on hand plus a conservative \$150 million valuation for the Infrastructure Business (at a 4x multiple to 2025E Distributable Cash Flow), the implied stock price of CAD\$10.67, is a premium for our shareholders in excess of 60% over Frontera's closing stock price as of today.

(1) Based on 69,535,349 common shares outstanding as of December 31, 2025.

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

"The Board and management have focused on maximizing shareholder value unlocking approximately \$1.1 billion, including over \$480 million through dividends and buybacks. We have also positioned the Company to unlock further value through operational, strategic and debt reduction initiatives. The Transaction

represents a significant step and the culmination of this multi-year, shareholder-focused strategy to surface and monetize value in the E&P business."

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

"Following an exhaustive review of the Company's alternatives, we believe this Transaction crystallizes value for shareholders at an attractive premium for our Colombian E&P assets, converting exposure to oil prices into cash, and retaining upside through a standalone Infrastructure Business.

The additional Infrastructure Business upside will come from our interest in ODL and Puerto Bahía as the backbone of our post-transaction Frontera. Our Infrastructure Business already generates Distributable Cash Flow of approximately \$77 million (2025E), supported by a stable dividend stream from ODL and an attractive growth profile at Puerto Bahía, including LPG import facilities, an LNG regasification project, and containerized cargo expansion."

TRANSACTION DETAILS

Frontera and Geopark have entered into the agreement to affect the Transaction by way of a plan of arrangement under the Business Corporations Act (British Columbia). Following completion of closing, Frontera expects to distribute the net cash proceeds from the Transaction (after transaction costs, fees and expenses) to shareholders through a return of capital. Additional details on timing and amount of the return of capital will be provided in due course.

Total cash consideration is up to \$400 million, comprising:

- \$375 million payable at closing, subject to customary closing adjustments, of which \$75 million has been deposited by Geopark into escrow; and
- \$25 million contingent payment payable upon the achievement of specified development milestones within a period of up to 12 months following the Transaction's closing date.

Under the terms of the agreement, GeoPark will assume all the obligations under Frontera's \$310 million of outstanding 2028 unsecured notes as well as the \$80 million outstanding under Frontera's previously announced Chevron prepayment facility. The Transaction implies a firm value of \$622 million for the acquired assets, comprising the cash consideration and the assumption of existing debt.

The transaction has an effective date of January 1, 2026, is anticipated to close in the second half of 2026 subject to customary closing conditions including, without limitation, receipt of Frontera's Shareholder approval in accordance with applicable corporate and securities laws, approval of the plan of arrangement by the British Columbia Supreme Court and receipt of required regulatory approvals. The Transaction is not subject to any financing condition and will be funded entirely through Geopark's existing liquidity, committed lines of financing and prepayment facilities.

The Transaction requires approval by at least 66 2/3% of the votes cast by Frontera's Shareholders present in person or represented by proxy at a special meeting of Frontera's Shareholders to be called to consider the Transaction (the "Frontera's Meeting"). The Frontera's Shareholder Meeting is expected to be held in April 2026, and further details will be provided in the near future.

Further details with respect to the Arrangement and the anticipated return of capital to Frontera shareholders following the closing of the Transaction will be included in the information circular (the "Circular") to be mailed to the Frontera's Shareholders in connection with the Frontera Meeting. A copy of the Agreement and the Circular will be filed on Frontera's SEDAR+ profile and will be available for viewing in due course at www.sedarplus.ca.

FRONTERA INFRASTRUCTURE BUSINESS AND FRONTERA REMAINING ASSETS

Frontera retains full ownership of the Infrastructure Business, its interests in Guyana, and certain minor

non-Colombian assets. The Infrastructure Business will serve as the backbone of Frontera's post-transaction portfolio and a core asset within Colombia's energy value chain, combining ODL's robust and predictable cash-flow generation with Puerto Bahía's pipeline of strategic growth projects, offering a differentiated value proposition in the infrastructure space.

Frontera's Infrastructure Business includes the Company's 35% equity interest in the Oleoducto de los Llanos Orientales S.A. ("ODL") crude oil pipeline, through Frontera's wholly owned subsidiary, Frontera Pipeline Investment AG ("FPI"), and the Company's 99.97% equity interest in Sociedad Portuaria Puerto Bahía ("Puerto Bahía"). The business combines an attractive growth profile and is backed by a steady dividend stream from its investment in ODL, which combined with the Puerto Bahía Operating EBITDA has generated over \$194 million in Distributable Cash Flows since 2023, including \$77 million alone in 2025.

Puerto Bahía Highlights

- Centrally located Operations Hub in Cartagena Bay with unrestricted draft and direct hinterland access.
- Integrated liquids and general cargo operations with vast expansion area.
- Several near-term growth projects will enhance asset value and cash flow potential including LPG import facilities, an LNG regasification project, and containerized cargo expansion.

ODL Highlights

- Key midstream asset in Colombia, transporting ~30% of Colombian oil production and serving the Llanos area holding ~70% of Colombian proven crude oil reserves.
- Stable cash generation and strong market and operating position.
- Unique position to capture additional revenue streams from its area of influence.

Below is a breakdown of Frontera's Infrastructure Adjusted Infrastructure EBITDA:

	Infrastructure Equity	Frontera
	Unit EBITDA	Interest Infrastructure Adjusted EBITDA
Puerto Bahía	\$MM 15.0	99.97 % 15.0
ODL Pipeline	\$MM 299.8	35.00 % 104.9
Total	\$MM 314.8	119.9
Total Frontera Infrastructure Debt	\$MM	173.2
Less: Cash and Cash Equivalents ⁽¹⁾	\$MM	14.5
Net Debt	\$MM	158.6

(1) Cash and Cash Equivalents refer to the portion of Frontera's portion of Cash and Cash Equivalents from Frontera Pipeline Investment AG and Puerto Bahía's Cash & Cash Equivalents as of December 31, 2025.

Frontera Infrastructure	(\$ million)
Frontera Infrastructure Operating EBITDA ⁽¹⁾	15.0
Plus: ODL Dividends, net of Taxes ⁽¹⁾	61.6
Infrastructure Distributable Cash Flow	76.6
FPI Debt Service, net ⁽¹⁾⁽²⁾	(60.9)
Infrastructure Capex ⁽³⁾⁽¹⁾	(2.5)
Infrastructure Free Cash Flow	13.2
Net Debt to Infrastructure Distributable Cash Flow ⁽⁴⁾	2.1x

(1) Refers to Preliminary Unaudited 2025 Financial Data

(2) 2025 financing flows including cash sweep

(3) Excludes Capex related to the Reficar Connection construction

(4) Net Debt to Cash Flow from Operating Activities refers to Net Debt divided by Cash Flow from Operating Activities

FINANCIAL ADVISORS AND FAIRNESS OPINION

Citi is acting as financial advisor to Frontera. BMO Nesbitt Burns Inc. was retained to provide a fairness opinion to the Frontera Board of Directors for a fixed fee payable upon delivery of the opinion (and not contingent on completion of the Transaction). Blake Cassels & Graydon LLP are acting as legal counsel to Frontera.

After consultation with their independent financial and legal advisors, the independent members of the Frontera's Board of Directors unanimously determined that the Transaction is fair to and in the best interests of Frontera Energy Corporation, and unanimously recommend that shareholders approve the Transaction. All officers of Frontera have also entered into support agreements under which, subject to the terms of the agreements, they have agreed to vote in favor of the Transaction. In addition, the Catalyst Capital Group Inc. and Gramercy Funds Management LLC, which beneficially own approximately 41% and 12% of the Company's outstanding shares, respectively, have also entered into support agreements under which, subject to the terms of the agreements, they have agreed to vote in favor of the Transaction.

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 18 exploration and production blocks in Colombia, 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 are forward-looking statements. The use of any of the words "estimate", "will", "would", "believe", "plan", "expected", "potential", and similar expressions are intended to identify forward-looking statements. Forward-looking statements are often, but not always, identified by such words. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In particular, and without limiting the foregoing, this news release contains forward looking statements with respect to: the expected closing date of the Transaction; the ability of Frontera to obtain all necessary court, third-party and shareholder approvals to complete the Transaction; the anticipated benefits of the Transaction to Frontera Shareholders; the cash consideration to be received pursuant to the Transaction; the expected use of proceeds resulting from the Transaction; the anticipated return of capital to Frontera shareholders and the expected timing thereof; the expectations that the Transaction will bring forward value for Frontera's shareholders; the expected timing of the mailing and the contents of the Circular and the timing of the Frontera Meeting; the conditions to closing the Transaction; and other similar 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 failure to obtain all necessary court, third-party and shareholder approvals to complete the Transaction or the shareholder approval required to complete the return of capital; the risk that the Transaction may be varied, accelerated or terminated in certain circumstances; risks relating to the outcome of the Transaction, including the risks associated with approval at the Frontera Meeting and receipt of regulatory approvals; the risk that the conditions to the Transaction may not be satisfied, or to the extent permitted, waived, including the risk that required regulatory approvals may not be received in a timely manner or at all; the risk that circumstances may impact the amount and timing of the planned return of capital to shareholders; 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, the ability of the Company and CGX to reach an agreement with the Government of Guyana in respect of the Corentyne block, and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 10, 2025 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.

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), and "capital management measures" (as such term is defined in NI 52-112)], including: operating EBITDA, net leverage, adjusted Infrastructure EBITDA, net debt and adjusted net debt.

Non-IFRS financial measures and non-IFRS ratios do not have standardized IFRS definitions. The Company's determination of these non-IFRS financial measures and non-IFRS ratios 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 and ratios 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 and ratios 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 and capital management measures used in this press release. Additional information regarding such non-IFRS financial measures and non-IFRS ratios is contained in the "Non-IFRS and Other Financial Measures" section of the Company's management discussion & analysis dated March 10, 2025, for the year ended December 31, 2024 (the "2024 MD&A"), which information is incorporated by reference herein. A copy of the 2024 MD&A is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

Operating EBITDA

EBITDA is a commonly used non-IFRS financial measure that adjusts net income (loss) 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 business, excluding the following items: restructuring, severance and other costs, post-termination obligation, trunkline costs, temporal taxes, payments of minimum work commitments and, certain non-cash items (such as impairments, foreign exchange, unrealized risk management contracts, share-based compensation and debt extinguishment cost) 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. The most directly comparable financial measure to operating EBITDA that is specified, defined and determined in accordance with IFRS and disclosed in Frontera's financial statements is net income (loss).

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.

Infrastructure Distributable Cash Flow

Distributable Cash Flow is a non-IFRS financial measure used to assess the cash available to the Company from its operations and equity investments to support capital expenditures, debt service and dividends.

Infrastructure Free Cash Flow

Infrastructure Free Cash Flow is a non-IFRS financial measure that is used by the Company to assess the Company's ability to generate cash after capital expenditures and debt service that is available for reinvestment or distribution. Free Cash Flow is a non-IFRS ratio that is calculated as Infrastructure Distributable Cash Flow minus FPI Debt Service and Infrastructure Capex.

Net Debt and Adjusted Net Debt

Net debt is a non-IFRS financial measure that is used by the Company to monitor its capital structure, financial leverage, and as measures of overall financial strength. Net debt is defined as consolidated total indebtedness, less unrestricted cash and cash equivalents. Adjusted net debt is a non-IFRS ratio that is calculated as total Debt and Lease Liabilities divided by Cash and Cash Equivalents.

SOURCE Frontera Energy Corporation

FOR FURTHER INFORMATION:

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