FRONTERA ANNOUNCES DEFINITIVE AGREEMENT WITH PAREX TO DIVEST ITS COLOMBIAN E&P ASSETS PORTFOLIO FOR A FIRM VALUE OF APPROXIMATELY $750 MILLION, INCLUDING $525 MILLION EQUITY CONSIDERATION

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Frontera Energy Corp. (TSX: FEC) ("Frontera" or the "Company") announces it has entered into a definitive arrangement agreement with Parex Resources Inc. (TSX: PXT) ("Parex") (the "Parex Arrangement Agreement"), pursuant to which Parex will acquire Frontera's upstream Colombian exploration and production business (the "Frontera E&P Assets") for an equity consideration of up to $525 million (the "Parex Arrangement" or the "Transaction"), including $500 million payable upon closing and a $25 million contingent payment payable upon execution of the contractual amendment, or other binding agreement, extending the term of the Quifa Association Contract within 12 months, subject to customary closing adjustments. Parex will also assume all of Frontera's obligations under its $310 million 2028 Senior Unsecured Notes and $80 million Chevron prepayment facility, resulting in a firm value of approximately $750 million. All financial amounts in this news release and in the Company's financial disclosures are in United States dollars, unless otherwise stated.

The Parex Arrangement followed the submission by Parex of a proposal providing for an additional $125 million in equity consideration, representing a 31% premium to the consideration contemplated under the arrangement agreement dated January 29, 2026 between Frontera, GeoPark Limited and Geopark Colombia SLU ("GeoPark") which provided for the acquisition of Frontera E&P Assets by GeoPark (the "GeoPark Arrangement Agreement"). Concurrent with entering into the Parex Arrangement Agreement, Frontera terminated the GeoPark Arrangement Agreement and paid the $25 million Purchaser Break Fee.

The equity consideration of $525 million, together with the Company's cash resources on hand plus a conservative $150 million equity valuation for the Infrastructure Business (at a 4x multiple to 2025 Distributable Cash Flow), implies a stock price of CAD$13.18, which represents a premium for shareholders in excess of 112% to the 90-day VWAP of Frontera's common shares as traded in the Toronto Stock Exchange prior to the announcement of the GeoPark Arrangement Agreement.

Following completion of the Transaction and subject to shareholder approval, Frontera intends to distribute to shareholders approximately $470 million (expected to be approximately CAD$9.18 per share)(1), which includes the $25 million contingent payment, representing the net cash proceeds from the Transaction after the payment of the GeoPark break fee, capital reserved for growth projects, transaction costs, fees and related expenses.

(1) Based on 69,530,049 common shares outstanding as of December 31, 2025 and USD/CAD exchange rate of 1.3574. Frontera's 90-day VWAP prior to the annoucement, on January 29th, 2026 was CAD$6.20.

As a result of the Transaction, Frontera will emerge as a newly focused infrastructure company, anchored by its standalone and growing portfolio of infrastructure assets (the "Infrastructure Business"), which includes the Company's 35% equity interest in the Oleoducto de los Llanos Orientales S.A. crude oil pipeline and the Company's 99.97% equity interest in Sociedad Portuaria Puerto Bahia, and certain other non-Colombian assets, including the Company's interests in Guyana. Frontera Infrastructure Business comprises a unique set of strategic assets within Colombia's energy value chain and will form the engine of Frontera's post-Transaction business, having generated Distributable Cash Flow of approximately $77 million in 2025.

Frontera is expected to have approximately $50 million of cash and cash equivalents following completion of

the Parex Agreement to support strategic growth initiatives within its Infrastructure Business, including the potential LNG regasification project with Ecopetrol S.A.

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

"From the outset, the Board's mandate has been clear: to maximize value for Frontera's shareholders. Following a disciplined and constructive sales process, conducted with rigorous adherence to our fiduciary duties, the Board worked closely with management and engaged constructively with all parties to deliver the best possible outcome - representing a $125 million increase in equity consideration for our shareholders. This outcome underscores the strength of our management team, the quality of Frontera's assets and the Board's commitment to positioning the Company for its next chapter as a focused infrastructure platform."

Orlando Cabrales, Chief Executive Officer, commented:

"We are pleased to partner with Parex on this important transaction, which represents a significant milestone for Colombia and a meaningful step in the consolidation of the country's E&P sector. As the largest independent operator in Colombia with a strong relationship with key Colombian stakeholders and direct knowledge of our assets though our VIM-1 partnership, Parex brings strong operational and financial capabilities and continuity for our employees, partners and communities.

For Frontera, this transaction marks the beginning of our next chapter as a pure-play infrastructure company with approximately $77 million in distributable cash flows, multiple near-term growth catalysts at Puerto Bahia, including the LPG import facilities, the potential LNG regasification project, and containerized cargo expansion, and a strong path to returning capital to our shareholders."

Transaction

Under the Parex Arrangement Agreement, Parex would acquire the same assets that Frontera had agreed to sell to GeoPark under the GeoPark Arrangement Agreement.

As previously announced, the purchase price under the Parex Arrangement Agreement consists of a total cash consideration of $525 million ("Cash Consideration"), comprising:

1. $500 million in cash payable at closing, subject to customary closing adjustments; and
2. an additional $25 million contingent payment payable upon execution of the contractual amendment, or other binding agreement, extending the term of the Quifa Association Contract within 12 months

Under the terms of the Parex Arrangement Agreement, Parex or and affiliate thereof, will also assume all of Frontera's obligations under the $310 million aggregate principal amount of outstanding 2028 unsecured notes of the Company and the $80 million outstanding under Frontera's prepayment facility with Chevron Products Company.

Except for the consideration being offered, the Parex Arrangement Agreement and structure of the Parex Arrangement are substantially the same as was provided for under the GeoPark Arrangement Agreement.

After consultation with their independent financial and legal advisors, the independent members of Frontera's Board of Directors have unanimously determined (i) that the Parex Arrangement is fair to the Frontera's shareholders, (ii) that the Parex Arrangement and entry into the Parex Arrangement are in the best interests of Frontera, and (iii) to recommend that Frontera shareholders vote in favor of the Parex Arrangement.

In connection with the Parex Arrangement Agreement, 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 entered into support agreements under which, subject to the terms of the agreements, they have agreed to vote in favor of the Transaction.

Transaction Details

Frontera and Parex have entered into the Parex Arrangement Agreement to effect the Parex Arrangement 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 Parex Arrangement (after the payment the GeoPark break fee, capital reserved for growth projects and transaction costs, fees and related expenses) to shareholders through a return of capital. Additional details regarding the timing and mechanics of the distribution will be provided in due course.

The Parex Arrangement has an effective date of January 1, 2026, is anticipated to close in the second quarter 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 conditions and payment of the Cash Consideration by Parex will be funded entirely through a combination of Parex's existing cash and credit facilities, and an underwritten financing commitment from Scotiabank.

The Parex Arrangement 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 Parex Arrangement (the "Frontera Meeting"), details of which will be provided in the near future. The previously scheduled special meeting of shareholders called to approve the GeoPark transaction has been cancelled.

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

Fairness Opinion and Advisors

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

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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Cautionary Note Concerning Forward-Looking Statements

This news release contains forward-looking statements. All statements, other than statements of historical facts, 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 Parex Arrangement, the process and timing for such transaction, the special meeting intended to be held in respect of the Parex Arrangement, a potential return of capital to the Frontera shareholders, and Frontera's Infrastructure Business after completion of the Transaction including the allocation of Transaction proceeds, funding of strategic growth projects and expected cash on hand. 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: there can be no assurance that the Parex Arrangement will be completed on the terms or within the timeframes currently contemplated; the failure to obtain all necessary court, third-party, regulatory and shareholder approvals to complete the Transaction and the risk that the Transaction may be varied, accelerated or terminated in certain circumstances; and that the currently anticipated amount and timing of the return of capital to Frontera shareholders and Frontera's plan and expectations with respect to its Infrastructure Business may be different than currently anticipated.

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.

Non-IFRS Financial Measures

This press release contains a "non-IFRS financial measure" (equivalent to a "non-GAAP financial measure", as such term is defined in NI 52-112). Non-IFRS financial measures do not have standardized IFRS definitions. The Company's determination of this non-IFRS financial measure may differ from other reporting issuers and it is 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. Such 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 such 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.

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.

Additional information regarding this non-IFRS financial measure 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.

www.fronteraenergy.ca

View original
content:https://www.prnewswire.com/news-releases/frontera-announces-definitive-agreement-with-parex-to-divest-its-c

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Contact
FOR FURTHER INFORMATION: ir@fronteraenergy.ca