

FRONTERA ENERGY CORPORATION

NEWS RELEASE

Frontera Announces First Quarter 2022 Results

**Delivered EBITDA Of \$132.8 Million,
Reiterate 2022 Operating EBITDA Guidance Of \$575-\$625 Million At \$90 Per Bbl Brent,
Every Additional \$10/Bbl Increase in Brent Price Average for the Year Equals \$100 Million Additional
EBITDA As The Company Has Uncapped Exposure to Higher Oil Prices**

Increased Production By 6.5% To 41,100 Boe/d

Increased Inventory By 627,050 Bbls To 1,434,111 Bbls Which Will Be Sold In Subsequent Quarters

Recorded Net Income Of \$102.2 Million

Increased Operating Netback By 22% To \$59/Boe And Net Sales Realized Price By 17% To \$81.66/Boe

Renewed NCIB Program For The Purchase Of Approximately 10% Of The Public Float

**Recognized By Ethisphere As One Of The 2022 World's Most Ethical Companies For The Second Straight
Year**

Discovered Light And Medium Crude Oil At The Jandaya-1 And Tui-1 Exploration Wells In Ecuador

**CGX And Frontera To Host Informational Virtual Presentation On May 9, 2022 On The Guyana-Suriname
Basin, The Offshore Corentyne Block, Integrated Kawa-1 Exploration Well Results And Insights Ahead Of
The Wei-1 Exploration Well**

CALGARY, AB, May 3, 2022 /CNW/ - Frontera Energy Corporation (TSX: FEC) (“**Frontera**” or the “**Company**”) today reported financial and operational results for the first quarter ended March 31, 2022. 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:

“Frontera continued to deliver strong performance results in the first quarter of 2022 in-line with full year production guidance of 40,000-43,000 boe/d and annual EBITDA guidance of \$575-\$625 million at \$90/bbl Brent. As the Company has uncapped exposure to higher oil prices, every \$10/Bbl increase in average Brent price for the year equals approximately \$100 million additional EBITDA. Frontera expects our first quarter operational momentum to continue throughout the rest of the year which is expected to drive higher production and profitability in subsequent quarters.

The Company recently renewed its NCIB program for the purchase of up to 10% of our public float and is reviewing other opportunities to enhance shareholder returns. Importantly, Frontera was recognized for the second straight year

by Ethisphere as one of the 2022 World's Most Ethical Companies and the Company was certified by Great Place to Work as the only oil and gas company with an outstanding work environment. Frontera was also recognized as one of the best places to work for women in Colombia among the 2021 GPTW ranking."

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

"Frontera reported strong financial results in the first quarter of 2022. We increased production by 6.5% to 41,100 boe/d, recorded net income of \$102.2 million, increased our operating netback by 22% and our net sales realized price by 17%. We delivered EBITDA of \$132.8 million, down quarter over quarter due to the timing of cargo sales in Q1 impacting volumes sold in Colombia and an increase in inventory which will be sold in subsequent quarters according to nomination and scheduling of cargos.

Operationally, we executed \$113.5 million in capital expenditures on the Kawa-1 exploration well in Guyana, on discoveries at the Jandaya-1 and Tui-1 exploration wells in Ecuador and we maintained a high-level of execution of development drilling in our base Colombia operations. During the quarter, we began integrating the PetroSud assets into our operations, which we anticipate will contribute to achieving the Company's production guidance. Subsequent to the quarter, Frontera completed the acquisition of PCR's 35% working interest in Colombia's El Difícil block. Frontera now holds a 100% working interest in the El Difícil block which, when combined with our acquisition of PetroSud's interests in Entrerrios and Rio Meta Blocks, will generate approximately US\$12-\$15 million of annual EBITDA. The Company hedged 40% of its 2022 production at \$70/bbl floors with full upside exposure and also completed 100% of its foreign exchange hedges for 2022 to protect downside and allow for upside exposure. Finally, the Company is reviewing opportunities for increased production in the second half of the year."

First Quarter 2022 Operational and Financial Summary

		Q1 2022	Q4 2021	Q1 2021
<u>Operational Results</u>				
Heavy crude oil production ⁽¹⁾	(bbl/d)	21,214	20,912	20,997
Light and medium crude oil production ⁽¹⁾	(bbl/d)	17,248	16,300	18,294
Total crude oil production	(bbl/d)	38,462	37,212	39,291
Conventional natural gas production ⁽¹⁾	(mcf/d)	9,530	4,663	5,227
Natural gas liquids production ⁽¹⁾	(boe/d)	966	575	391
Total production ⁽²⁾	(boe/d) ⁽³⁾	41,100	38,605	40,599
<u>Inventory Balance</u>				
Colombia	(bbl)	937,583	326,861	602,536
Peru	(bbl)	480,200	480,200	580,499
Ecuador	(bbl)	16,328	—	—
Total Inventory	(bbl)	1,434,111	807,061	1,183,035
Oil and gas sales, net of purchases ⁽⁴⁾	(\$/boe)	90.42	75.12	58.18
Realized (loss) gain on risk management contracts	(\$/boe)	(1.06)	(1.87)	(3.53)
Royalties	(\$/boe)	(7.58)	(3.62)	(1.96)
Dilution costs	(\$/boe)	(0.12)	(0.10)	(2.25)
Net sales realized price ⁽⁵⁾	(\$/boe)	81.66	69.53	50.44
Production costs ⁽⁶⁾	(\$/boe)	(13.48)	(12.71)	(10.06)
Transportation costs ⁽⁷⁾	(\$/boe)	(9.74)	(9.02)	(11.30)
Operating netback ⁽⁴⁾	(\$/boe)	58.44	47.80	29.08
<u>Financial Results</u>				
Oil and gas sales, net of purchases	(\$M)	229,569	269,525	180,956
Realized (loss) gain on risk management contracts	(\$M)	(2,682)	(6,692)	(10,980)
Royalties	(\$M)	(19,244)	(12,974)	(6,110)
Dilution costs	(\$M)	(298)	(368)	(6,983)
Net sales ⁽⁴⁾	(\$M)	207,345	249,491	156,883
Net income (loss) ⁽⁸⁾	(\$M)	102,228	629,376	(14,126)
Per share – basic	(\$)	1.08	6.60	(0.14)
Per share – diluted	(\$)	1.05	6.40	(0.14)
General and administrative	(\$M)	14,656	12,144	13,202
Operating EBITDA ⁽⁴⁾	(\$M)	132,770	148,323	69,158
Cash provided by operating activities	(\$M)	114,980	113,482	47,393
Capital expenditures	(\$M)	113,545	135,458	14,365
Cash and cash equivalents - unrestricted	(\$M)	257,373	257,504	248,237
Restricted cash short and long-term	(\$M)	66,146	63,321	161,230
Total cash	(\$M)	323,519	320,825	409,467
Total debt and lease liabilities	(\$M)	558,281	560,135	534,656

Consolidated total indebtedness (Excl. Unrestricted Subsidiaries) ⁽⁴⁾⁽⁹⁾	(\$M)	410,161	416,883	361,699
Net Debt (Excluding Unrestricted Subsidiaries) ⁽⁴⁾⁽⁹⁾	(\$M)	199,303	207,578	139,327

1. References to heavy crude oil, light and medium crude oil combined, natural gas liquids, or conventional natural gas production in the above table and elsewhere in this news release refer to the heavy crude oil, light and medium crude oil combined, natural gas liquids, and conventional natural gas, respectively, product types as defined in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

2. Represents W.I. production before royalties. Refer to the "Further Disclosures" section on page 24 of the management's discussion and analysis for the three months ended March 31, 2022 (the "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 24 of the MD&A.

4. Non-IFRS financial measure. Refer to the "Non-IFRS Measures" section on page 10 of this news release and page 15 of the MD&A. This section also includes a description and details for all per boe metrics included in operating netback.

5. Per boe is calculated using sales volumes, excluding volumes purchased from third parties.

6. Per boe is calculated using production.

7. Per boe is calculated using net production after royalties.

8. Net income (loss) attributable to equity holders of the Company.

9. "Unrestricted Subsidiaries" include CGX Energy Inc. ("CGX"), Frontera ODL Holding Corp., including its subsidiary Pipeline Investment Ltd., Frontera BIC Holding Ltd., Frontera Bahía Holding Ltd., including its subsidiary Sociedad Portuaria Puerto Bahía S.A..

First Quarter Operational and Financial Results:

- Production averaged 41,100 boe/d, up 6.5% compared to 38,605 boe/d in the prior quarter and 40,599 boe/d in the first quarter of 2021. See the table above for production by product type for the prior quarter and first quarter of 2021. Frontera's daily production on May 2, 2022 was approximately 41,900 boe/d (consisting of approximately 22,100 bbl/d of heavy crude oil, 16,800 bbl/d of light and medium crude oil, 11,400 mmcf/d of conventional natural gas and 1,000 bbl/d of natural gas liquids). The Company's year-to-date average to May 2, 2022 was approximately 41,300 boe/d (consisting of approximately 21,500 bbl/d of heavy crude oil, 17,100 bbl/d of light and medium crude oil, 9,700 mmcf/d of conventional natural gas and 1,000 bbl/d of natural gas liquids).
- Operating EBITDA was \$132.8 million in the first quarter of 2022 compared with \$148.3 million in the prior quarter and \$69.2 million in the first quarter of 2021. The decrease in operating EBITDA quarter over quarter was due to the timing of cargos which impacted volumes sold in Colombia resulting in an inventory build, while benefiting from higher Brent oil prices. The Company reiterates its 2022 operating EBITDA guidance of \$575-\$625 Million at \$90/bbl Brent.
- The Company reported a total cash position of \$323.5 million at March 31, 2022 compared to \$320.8 million at December 31, 2021.
- The Company's restricted cash position was \$66.1 million at March 31, 2022 compared to \$63.3 million at December 31, 2021. The Company anticipates releasing additional restricted cash in 2022 as the Company continues to optimize its credit lines.
- Cash provided by operating activities was \$115.0 million in the first quarter of 2022, compared with \$113.5 million in the prior quarter and \$47.4 million in the first quarter of 2021.
- At March 31, 2022, the Company had a total inventory balance of 1,434,111 bbls compared to 807,061 bbls at December 31, 2021. The increase in inventory balance in the first quarter is a result of one less cargo sold during

the first quarter compared to the previous quarter which the Company expects will be sold in subsequent quarters.

- The Company has various uncommitted bilateral credit lines. As of March 31, 2022, the Company had increased its uncollateralized credit lines to \$106.9 million, an increase of \$17.3 million compared to December 31, 2021.
- On March 15, 2022, Frontera announced plans to renew its Normal Course Issuer Bid (“**NCIB**”) for the purchase of up to 4,787,976 common shares, representing ~10% of the Company's public float during the 12-month period commencing March 17, 2022, and ending March 16, 2023. As of May 2, 2022, Frontera has purchased for cancellation 1,246,400 common shares at a volume weighted average price of C\$14.39 per share, excluding brokerage fees. Under the Company’s previous NCIB that expired on March 16, 2022, Frontera purchased for cancellation 4,243,600 common shares at a volume weighted average price of C\$7.38 per share, excluding brokerage fees.
- Capital expenditures were \$113.5 million in the first quarter of 2022, compared with \$135.5 million in the prior quarter and \$14.4 million in the first quarter of 2021. Capital expenditures during the quarter included exploration activity in support of the Kawa-1 exploration well, offshore Guyana, light and medium crude oil discoveries in Ecuador at the Jandaya-1 and Tui-1 exploration wells and maintaining a high-level of execution of development drilling in the Company’s base Colombia operations.
- The Company recorded net income of \$102.2 million or \$1.08/share in the first quarter of 2022, compared with net income of \$629.4 million or \$6.60/share in the prior quarter and a net loss of \$14.1 million or \$0.14/share in the first quarter of 2021. The decrease in net income quarter over quarter was mainly due to an impairment reversal of \$586.7 million that occurred in the fourth quarter of 2021.
- The Company's operating netback was \$58.44/boe, up 22% compared with \$47.80/boe in the prior quarter and \$29.08/boe in the first quarter of 2021 primarily due to higher net sales realized prices, partially offset by higher production costs.
- The Company's net sales realized price was \$81.66/boe in the first quarter of 2022, up 17%, compared to \$69.53/boe in the prior quarter and \$50.44/boe in the first quarter of 2021. The increase was mainly the result of higher Brent benchmark prices, lower differentials compared with the previous quarter, lower loss on risk management contracts (first quarter 2022 only includes premiums paid for the position expired during the period), and reduction in dilution costs due to replacement of the dilution service by volumes purchased, partially offset by higher cash royalties resulting from oil price increases.
- Production costs averaged \$13.48/boe in the first quarter of 2022, compared with \$12.71/boe in the prior quarter and \$10.06/boe in the first quarter of 2021. The increase in production costs was mainly due to increased energy costs which added approximately \$1.50/bbl, additional well services and maintenance costs.
- Transportation costs averaged \$9.74/boe, compared with \$9.02/boe in the prior quarter and \$11.30/boe in the first quarter of 2021. The increase in transportation costs was mainly due to one-time prepaid services recorded as lower transportation costs during the fourth quarter of 2021 following the implementation of the conciliation

agreement entered into with Oleoducto Bicentenario de Colombia S.A.S. and Cenit Transporte y Logistica de Hidrocarburos S.A.S. to resolve certain transportation dispute.

- The Company recorded a realized loss on risk management contracts of \$2.7 million in the first quarter of 2022 compared with a realized loss of \$6.7 million in the prior quarter and a loss of \$11 million in the first quarter of 2021. The realized loss on risk management contracts was primarily due to cash paid for the purchase of put options during the quarter. Subsequent to March 31, 2022, the Company entered into new put hedges totaling 1,410,000 bbls to protect the Company's 2022 capital program at a \$70/bbl strike price.
- The Company's 2022 hedges do not cap upside price potential. See the Hedging Update section below for more information.
- On March 15, 2022, Frontera was recognized for the second straight year by Ethisphere, a global leader in defining and advancing the standards of ethical business practices, as one of the 2022 World's Most Ethical Companies. Frontera is the only honouree in the Oil and Gas, Renewables category. In 2022, 136 honourees were recognized spanning 22 countries and 46 industries. Additionally, Frontera was certified by Great Place to Work ("GPTW") as the only oil and gas company with an outstanding work environment. Frontera was also recognized as one of best places to work for women in Colombia among the 2021 GPTW ranking.

Operational Update

Guyana

CGX and Frontera to Host Informational Virtual Presentation

On May 9, 2022, at 11:00 am ET, senior operational and technical team members from CGX and Frontera will host a virtual informational presentation on the Guyana-Suriname basin, the offshore Corentyne block, integrated Kawa-1 exploration well results and insights ahead of the Wei-1 exploration well. Participants are encouraged to submit questions in advance to info@cgxenergy.com or ir@fronteraenergy.ca. Questions may also be submitted during the informational presentation. The Joint Venture cordially invites all shareholders, stakeholders, investors and media to attend the virtual presentation.

To join the presentation, visit: https://produceredition.webcasts.com/starthere.jsp?ei=1546107&tp_key=5a50c6fca1

CGX continues to assess several strategic opportunities to obtain additional financing to meet the costs of the drilling program.

Colombia

Frontera's production increase of 6.5% or 2,495 boe/d compared to the prior quarter was a result of organic growth across the portfolio and 1,226 boe/d (consisting of 4,874 Mcf/d of conventional natural gas, 324 bbl/d of light and medium crude oil, and 47 bbl/d of natural gas liquids) added through the completion of 100% of the shares of Petroleos Sud Americanos S.A. ("PetroSud") on December 30, 2021. Growth in natural gas liquids production mainly at the

VIM-1 block, increased light and medium crude oil production mainly from the Guatiquia block, and increased heavy crude oil mainly in CPE-6 block delivered additional production volumes during the quarter.

Currently, the Company has four drilling rigs and four workover rigs active at its operations in Colombia and one rig at the Perico block in Ecuador. In the first quarter of 2022, the Company drilled 14 development wells in Colombia and one exploration well in Ecuador, and completed 38 workovers and well services.

Production at Key Fields

At Quifa, current production is approximately 17,000 bbl/d of heavy crude oil (including both Quifa and Cajua). The Company drilled 12 development wells at Quifa in the first quarter of 2022.

At Guatiquia, current production is approximately 8,800 bbl/d of light and medium crude oil. In the first quarter of 2022, Frontera initiated production from the Coralillo-15 and Coralillo-13 development wells. Subsequent to the quarter, the Coralillo SE-01 well was completed in the Lower Sand and Barco formations and a production test is underway.

At CPE-6, current production is approximately 4,700 bbl/d of heavy crude oil. In the first quarter, the Company drilled the HAM-102D well, which is currently under evaluation.

At VIM-1 (Frontera 50% W.I., non-operator), current production is approximately 1,300 boe/d, consisting of approximately 3,100 mmcf/d of conventional natural gas and 750 bbl/d of natural gas liquids. In the first quarter of 2022, the operator completed the construction of gas processing facilities which are expected to be operational in the second quarter. Additionally, the operator anticipates spudding the La Belleza-2 development well in the second quarter.

Subsequent to the quarter, on April 27, 2022, Frontera completed the previously announced acquisition of the 35% working interest (“**W.I.**”) in Colombia's El Difícil block held by PCR Investments S.A. (a wholly-owned subsidiary of Petroquímica Comodoro Rivadavia S.A. (“**PCR**”)) for a total aggregate cash consideration of approximately US\$13 million. The PCR transaction was subject to customary closing conditions and approval of the transaction by the Agencia Nacional de Hidrocarburos, which has now been received.

Ecuador

During the quarter, Frontera announced that it had made discoveries at the Jandaya-1 and Tui-1 exploration wells on the Perico block (Frontera 50% W.I. and operator) in Ecuador. The Jandaya-1 well encountered a total of 78 feet of net pay across three hydrocarbon bearing reservoirs. The Tui-1 exploration well encountered a total of 125 feet of net pay across seven hydrocarbon bearing reservoirs. Production from the Jandaya-1 and Tui-1 exploration wells is being delivered to a nearby access point on Ecuador's main pipeline system for sale to export markets and the first parcel from this production will be exported in May. Frontera and its partner are currently evaluating subsequent activities in the Perico block, including a potential development drilling plan for both the Jandaya and Tui fields.

Production in Ecuador for the three months ended March 31, 2022, was 279 bbl/d of light and medium crude oil.

In the Espejo block, (Frontera 50% W.I. and non-operator), the Company is currently acquiring 60 sq km of 3D seismic and anticipates spudding the first exploration well on the block, called the Espejo Norte-1, in the second half of 2022.

Hedging Update

As part of its risk management strategy, the Company 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 the estimated production to protect the revenue generation and cash position of the Company while maximizing upside. In 2022, Frontera is only using put options, which allows the Company to capture the full upside price benefit while offering efficient downside hedging. The following table summarizes Frontera's hedging position as of April 26, 2022.

Term	Type of Instrument	Open Positions (bbl/d)	Strike Prices Put/ Call
April	Put	14,833	70
May	Put	14,839	70
June	Put	14,833	70
2Q-2022	Total Average	14,835	
July	Put	15,833	70
August	Put	15,484	70
September	Put	15,333	70
3Q-2022	Total Average	15,380	
October	Put	15,484	70
November	Put	15,333	70
December	Put	15,161	70
4Q-2022	Total Average	15,326	

First Quarter 2022 Conference Call Details

A conference call for investors and analysts will be held on May 4, 2022 at 11:30 a.m. Eastern Time. Participants will include Gabriel de Alba, Chairman of the Board of Directors, Orlando Cabrales, Chief Executive Officer, Alejandro Piñeros, Chief Financial Officer and other members of the senior management team.

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

Participant Number (Toll Free North America): 1-888-256-1007

Participant Number (Toll Free Colombia): 01-800-518-3328

Participant Number (International): 1-647-484-0478

Conference ID: 1655563

Webcast Audio: www.fronteraenergy.ca

A replay of the conference call will be available until 11:59 p.m. Eastern Time on May 11, 2022.

Encore Toll free Dial-in Number: 1-647-436-0148

International Dial-in Number: 1-888-203-1112

Encore ID: 1655563

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 34 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.

If you would like to receive news releases via email as soon as they are published, please subscribe here: <http://fronteraenergy.mediaroom.com/subscribe>.

Advisories:

Cautionary Note Concerning Forward-Looking Statements

This news release contains forward-looking information within the meaning of Canadian securities laws. Forward-looking information relates to activities, events or developments that the Company believes, expects or anticipates will or may occur in the future. Forward-looking information in this news release includes, without limitation, statements relating to the Company's expectations regarding increased operational momentum throughout the rest of the year and its impact on production and profitability in subsequent quarters; the expected positive impacts from the ongoing integration of the PetroSud assets into the Company's operations, including with respect to the Company's anticipated production profile and annual EBITDA; anticipated exploration, development and drilling activities, including expectations regarding anticipated timing for spudding the La Belleza-2 well; expectations with respect to releasing additional restricted cash in 2022 and inventory sales in subsequent quarters; seismic acquisition in Ecuador and the anticipated timing for spudding the first exploration well on the Espejo block; and expectations with respect to the Company's hedging strategy. All information other than historical fact is forward-looking information.

Forward-looking information reflects the current expectations, assumptions and beliefs of the Company based on information currently available to it and considers the Company's experience and its perception of historical trends, including expectations and assumptions relating to commodity prices and interest and foreign exchange rates; the current and potential impacts of the COVID-19 pandemic, including the status of the pandemic and future waves and any associated policies around current business restrictions; the performance of assets and equipment; the availability and cost of labour, services and infrastructure; the execution of exploration and development projects; the receipt of any required regulatory approvals and outcome of discussions with governmental authorities; and the success of the Company's hedging strategy.

Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be placed on such information. Forward-looking information is subject to a number of risks and uncertainties, some that

are similar to other oil and gas companies and some that are unique to the Company. The actual results may differ materially from those expressed or implied by the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. The Company's annual information form dated March 2, 2022, its annual management's discussion and analysis for the year ended December 31, 2021, and other documents it files from time to time with securities regulatory authorities describe the risks, uncertainties, material assumptions and other factors that could influence actual results and such factors are incorporated herein by reference. Copies of these documents are available without charge by referring to the company's profile on SEDAR at www.sedar.com. All forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.

Certain information included in this news release may constitute future oriented financial information and financial outlook information (collectively, "FOFI") within the meaning of applicable Canadian securities laws. The FOFI has been prepared by management to provide an outlook of the Company's activities and results and may not be appropriate for other purposes. Management believes that the FOFI has been prepared on a reasonable basis, reflecting management's reasonable estimates and judgments; however, actual results of the Company's operations and the resulting financial outcome may vary from the amounts set forth herein. Any FOFI speaks only as of the date on which it was made, and the Company disclaims any intent or obligation to update any FOFI, whether as a result of new information, future events or otherwise, unless required by applicable laws.

Non-IFRS Financial Measures

This news release contains financial terms that do not have standardized definitions in International Financial Reporting Standards ("IFRS"): Operating EBITDA, Operating Netback, Net Sales, Oil and Gas Sales, Net of Purchases, Consolidated Total Indebtedness and Net Debt. These financial measures, together with measures prepared in accordance with IFRS, provide useful information to investors and shareholders, as management uses them to evaluate the operating performance of the Company. The Company's determination of these non-IFRS measures may differ from other reporting issuers, and therefore are unlikely to be comparable to similar measures presented by other companies. Further, these non-IFRS measures should not be considered in isolation or as a substitute for measures of performance or cash flows prepared in accordance with IFRS.

Operating EBITDA

EBITDA is a commonly used measure that adjusts net income (loss) as reported under IFRS to exclude the effects of income taxes, finance income and expenses, and depletion, depreciation and amortization expense.

Operating EBITDA represents the operating results of the Company's primary business, excluding the items noted above, restructuring, severance and other costs, certain non-cash items (such as impairments, foreign exchange, unrealized risk management contracts, costs under terminated pipeline 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 net income (loss) to operating EBITDA is as follows:

	Three Months Ended March 31	
(\$M)	2022	2021
Net income (loss)	102,228	(14,126)
Finance Income	(607)	(840)
Finance expenses	12,235	13,587
Income tax (recovery) expense	(12,751)	13,280
Depletion, depreciation and amortization	38,784	32,636
Impairment, Exploration Expenses and others	(4,429)	(5,738)
Shared-based compensation non cash portion	5,088	1,317
Restructuring, severance and other costs	331	381
Share of income from associates	(9,094)	(9,786)
Foreign exchange (gain) loss	(3,642)	18,488
Other loss, net	6,019	9,601
Unrealized (gain) loss on risk management contracts	(1,144)	8,838
Non-controlling interests	(248)	1,520
Operating EBITDA	132,770	69,158

Operating Netback and Oil and Gas Sales, Net of Purchases

Operating netback 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 midstream segment from the per barrel metrics. Refer to the reconciliation in the "Operating Netback" section on page 6 of the MD&A.

Refer to the "Operating Netback and Oil and Gas Sales, Net of Purchases" section on page 16 of the MD&A for a description of each component of the Company's operating netback and how it is calculated.

Oil and gas sales, net of purchases, on a per boe basis is calculated using oil and gas sales less the cost of volumes purchased from third parties including its transportation and refining cost, divided by the total sales volumes from D&P assets, net of purchases. Refer to the reconciliation in the "Operating Netback and Oil and Gas Sales, Net of Purchases" section on page 16 of the MD&A.

Net Sales

Net sales are a non-IFRS subtotal that adjusts revenue to include realized gains and losses from risk management contracts while removing the cost of dilution activities. 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 risk management activities. The deduction for dilution costs and cost of purchases is helpful to understand the Company's sales performance based on the net realized proceeds from production net of dilution, 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 & gas segment. Refer to the reconciliation in the "Sales" section on page 7 of the MD&A.

Consolidated Total Indebtedness and Net Debt

Consolidated total indebtedness and net debt are used by the Company to monitor its capital structure, financial leverage, and as a measure of overall financial strength. Consolidated total indebtedness is defined as long-term debt, plus liabilities for leases and net position of risk management contracts, excluding Unrestricted Subsidiaries. This metric is consistent with the definition under the Company's Indenture (as defined in the MD&A) for the calculation of certain conditions and covenants. Net debt is defined as consolidated total indebtedness less cash and cash equivalents. Both measures are exclusive of non-recourse subsidiary debt and certain amounts attributable to the Unrestricted Subsidiaries. Refer to the reconciliation in the "Consolidated Total Indebtedness and Net Debt" section on page 17 of the MD&A for additional information about these financial measures.

Oil and Gas Information Advisories

Reported production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected in this news release due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons.

This news release includes terms such as "net pay" and "hydrocarbon bearing reservoir" and variations thereof. Such terms should not be interpreted to mean there is any level of certainty in regard to the volume of oil, natural gas or natural gas liquids present therein, or that such volumes may be produced profitably, in commercial quantities, or at all.

The term "boe" is used in this news release. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of cubic feet to barrels is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In this news release, boe has been expressed using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Colombian Ministry of Mines and Energy.

Definitions:

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

W.I.	Working Interest
Net Production	Net production represents the Company's working interest volumes, net of royalties and internal consumption

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