SierraCol reports second quarter 2022 results and announces Chief Financial Officer transition

- **Adjusted operating netback of $89.0/boe, remaining best-in-class**
- **Adjusted EBITDAX of $215 million**
- **Resilient production in 2Q22 of 31.2 kboed and exit rate of 32.5 kboed, proving strong recovery from April's blockades**
- **Fitch and Moody's affirmed credit ratings at B+, and B1, respectively, both with stable outlook**
- **Alejandro Piñeros appointed CFO effective 12 August 2022**

Bogota, Colombia, 10 August 2022, SierraCol Energy Limited (the "Company"), the direct parent of SierraCol Energy Andina, LLC, reports its operational and financial results for the three-month and six-month periods ended 30 June 2022 ("2Q22" and "6M22", respectively). The Company also reiterated its guidance for 2022. A conference call and webcast for bondholders and analysts will be held on Thursday, 11 August 2022 at 11:00 a.m. Eastern Time.

The Company also announces the transition in Chief Financial Officer ("CFO"). Felipe Posada, who served as interim CFO, will continue in his role as a member of the board of directors of the Company. Alejandro Piñeros has been appointed CFO effective 12 August 2022.

This release should be read in conjunction with the condensed consolidated financial statements for the interim period ended 30 June 2022 and the notes thereto, and related Management's Discussion and Analysis ("MD&A").

Production is presented as the Company's working interest after royalties.

Resilient operations

- 2Q22 gross production of 78.4 kboed; 6M22 gross production was 82.1 kboed, down 2% vs 6M21
- Net production of 31.2 kboed, down 12% vs 1Q22 mainly due to the effect of high-price clauses, higher water cut in some of the Caño Limón area new wells and impact from the events that took place in April (labour union blockades in Caño Limón area from 4 to 12 April, and community strike at La Cira Infantas from early April until 29 April).
- 30 June 2022 exit rate was 32.5 kboed, demonstrating a strong recovery from April's blockades.
- 3 active rigs during the quarter drilled 4 wells in the Caño Limón area and 10 wells in La Cira Infantas. 11 workovers completed in 2Q22.
- Stable operation in the Caño Limón-Coveñas ("CLC") pipeline. Only one batch evacuated through Bicentenario ("OBC") pipeline on 1 April.
- Subsequent to the quarter-end, an agreement was reached on 8 August to extend the Bolivar contract to 2035 or to its economic limit, whichever occurs first.

Committed to ESG goals

- On track to deliver a 50% reduction in emissions by 2023.

Credit Ratings

- Fitch and Moody's affirmed credit ratings at B+ and B1, respectively, both with stable outlook.

Robust financial results

- Average realised price of $103.8/boe vs Brent of $112.0/bbl, capturing the price upside.
- Revenue from oil sales was $291.4 million, up 2% vs 1Q22 as a result of higher realisations ($36.9 million) partly offset by lower sales volumes ($30.7 million).
- Best-in-class netbacks with Adjusted operating netback of $89.0/boe and Operating netback of $76.5/boe, up 16% and 10% respectively vs 1Q22 due to rising commodity prices partly offset by lower production.
- Adjusted EBITDAX of $215.0 million for 2Q22 and $434.7 million for 6M22.
- Capex and exploration expenditures totalled $71.4 million in 6M22. 3 exploration wells were declared as dry holes, leading to a $26.4 million write-off.
- Free Cash Flow of $27.4 million for 2Q22 and $154.7 million for 6M22.
- Considering available liquidity, we may distribute dividends later in the year, while maintaining a prudent net leverage.

Ample liquidity and low net leverage

- Net debt of $414.4 million with cash and cash equivalents of $189.8 million.
- Net leverage of 0.6x.
- Coupon payment of $18.0 million in June. Total available liquidity is $251.6 million as a result of cash and cash equivalents plus $61.8 million unused RCF.

Hedging programme

- As of the date of this document, for the twelve-month period of 3Q22-2Q23 we have hedged 39% of our production, with a weighted average long put strike price of $59.4/bbl. The following table shows the hedged production and weighted average long put strike price per quarter:

	3Q22	4Q22	1Q23	2Q23	3Q22-2Q23
Hedged volumes (%)	53%	41%	30%	30%	39%
Weighted average strike ($/bbl)	58.4	59.9	60.0	60.0	59.4

- We will continue to monitor the market and exercise our judgement to enter into new hedging positions when we consider appropriate.
- Some of our short call positions remain open, with a weighted average short call strike price of $81/bbl over 18% and 5% of hedgeable volumes for 3Q22 and 4Q22, respectively, and 0% thereafter.
- Some of our long put positions include short puts, with a weighted average short put strike price of $47.6/bbl over 34% of hedgeable volumes for 3Q22-2Q23.

Key Figures

	2Q21[1]	1Q22	2Q22	Δ q/q	Δ y/y	6M21[1]	6M22	Δ y/y
Production & Sales (kboed)								
Gross production	84.3	85.8	78.4	-9%	-7%	83.5	82.1	-2%
Net production	34.7	35.3	31.2	-12%	-10%	34.9	33.2	-5%
Net sales	36.7	35.0	30.9	-12%	-16%	34.1	33.0	-3%
Operating netback per barrel ($/boe)								
Realised price	65.0	90.7	103.8	14%	60%	62.5	96.9	55%
Lifting cost	(12.1)	(12.8)	(13.9)	8%	15%	(13.4)	(13.3)	-1%
Transport cost	(0.6)	(0.8)	(0.9)	11%	60%	(0.7)	(0.9)	27%
Adjusted operating netback[2]	52.3	77.0	89.0	16%	70%	48.3	82.7	71%
Administrative expenses	(4.6)	(3.3)	(3.3)	1%	-28%	(4.3)	(3.3)	-24%
Realised fair value loss on derivatives	(0.7)	(5.6)	(10.0)	80%	>1000%	(0.9)	(7.7)	752%
Other[3]	5.6	1.4	0.8	-46%	-86%	3.4	1.1	-67%
Operating netback[2]	52.7	69.7	76.5	10%	45%	46.5	72.9	57%
Financial Results ($ million)								
Revenue	216.9	286.0	291.8	2%	35%	385.7	577.8	50%
Lifting cost	(40.3)	(40.4)	(38.9)	-4%	-3%	(83.0)	(79.3)	-4%
Transport cost	(1.9)	(2.6)	(2.6)	-1%	35%	(4.3)	(5.3)	23%
Adjusted operating netback[2]	174.7	242.9	250.3	3%	43%	298.4	493.2	65%
Administrative expenses	(15.3)	(10.2)	(9.2)	-10%	-40%	(26.7)	(19.5)	-27%
Realised fair value loss on derivatives	(2.4)	(17.5)	(28.2)	61%	>1000%	(5.6)	(45.8)	723%
Other[3]	18.8	4.6	2.2	-52%	-88%	21.1	6.8	-68%
Adjusted EBITDAX[2]	175.9	219.7	215.0	-2%	22%	287.3	434.7	51%
Capex and exploration expenditures[2]	40.4	38.5	33.0	-14%	-18%	59.9	71.4	19%
Free Cash Flow[2]	94.8	127.3	27.4	-78%	-71%	99.1	154.7	56%
Cash & cash equivalents	233.0	178.4	189.8	6%	-19%	233.0	189.8	-19%
Net debt[2]	372.2	426.7	414.4	-3%	11%	372.2	414.4	11%

[1] The consolidated financial statements for 2Q21 and 6M21 include the results of COG from the date of acquisition, 4 May 2021; i.e. 2 months in 2Q21 and 6M21.
[2] See "Non-IFRS Measures" section in MD&A
[3] Other include inventory fluctuation, Teca, prepayment amortisation, other expenses (net) & realised foreign exchange loss

This notice contains forward-looking statements, which involve significant risk factors, uncertainties and assumptions that could or could not materialize. It also contains unaudited production and financial figures. The Company's actual results and performance could differ from those expressed in, or implied by, this notice and the forward-looking statements. These forward-looking statements are made as of the date of this document and the Company disclaims any intent or obligation to update them.

The best-in-class netback statement is based on our own calculations employing information from Company filings for peers. "Peers" are Latin American oil and gas companies that are focused on Colombia and are listed and/or rated by credit rating agencies.

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About SierraCol

SierraCol Energy is the largest independent E&P Company in Colombia based on gross operated and jointly operated production, with full life-cycle capabilities across exploration, development and production. The Company, headquartered in Bogotá, Colombia, manages a high-quality portfolio with resilient free cash flow generation and is advised by The Carlyle Group.

Further background information is available on the corporate website: www.sierracolenergy.com