Unaudited Results
For the Six Months Ended 30 June 2021

The following discussion and analysis of our financial condition and results of operations includes statements regarding industry outlook, our expectations regarding the performance of our business and other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to numerous risks and uncertainties, many of which are beyond out control. Our actual results may differ materially from those contained in or implied by any forward-looking statements. The following discussion of our financial condition and results of operations should be read in conjunction with the combined financial statements for the six months ended June 30, 2021 and the notes thereto (the "Combined Financial Statements"). In addition, the statements in the discussion and analysis regarding industry outlook, our expectations regarding the performance of our business and other forward-looking statements are subject to numerous risks and uncertainties. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Sales volumes can differ from our net entitlement to production of saleable hydrocarbons due to over-or under-lifting of our production entitlement in any one accounting period. The quantities of over-and under-lifted production entitlement are not considered material to the overall production figures in any period. Where gross amounts are indicated, they are presented on a total basis—i.e., the actual interest of the relevant license holder in the relevant fields and license areas without deduction for the economic interest of commercial partners, government production shares, taxes or royalty interests or other deductions. Our legal interest and effective working interest in the relevant fields and license areas are disclosed separately. Unless otherwise indicated, our production, reserves and resources figures are presented on a basis including our ownership share of volumes of companies that we account for under the equity accounting method.

Throughout this discussion and analysis of our financial condition and results of operations, we present the combined financial results of the Colombian Branches, in each case prepared in accordance with IFRS Colombia. All references in this discussion and analysis of our financial condition and results of operations to "we," "us," "our," "its," the "Company," "SierraCol" and similar terms refer to the Colombian Branches. You should read the following discussion together with the Combined Financial Statements. Certain metrics refer to the consolidated financial statements of the Company. The primary differences between the consolidated financial statements of the Company and the Combined Financial Statements for each period presented herein relate primarily to certain cash, intercompany receivables and management loans, guarantees of certain obligations of other group entities, certain transaction costs and compensation expenses, miscellaneous administrative costs and hedging activities conducted by Swissco.

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

Management Discussion and Analysis

Results Highlights

- **Robust financial performance thanks to rising oil prices and strong production**
  - Averaged realized oil price of $62.7/bbl during 1H 2021
  - Adjusted EBITDAX of $272.1 million in 1H 2021 reflecting rising commodity prices, stable production and focus on cost control. Including COG for the full period[1] would yield a Pro Forma Adjusted EBITDAX of $278.4 million for 1H and therefore annualized Pro Forma Adjusted EBITDAX of $556.8 million
  - Netback of $44.1/bbl in 1H 2021, the highest compared to our listed Colombian peers
  - Free cash flow of $123.1 million in 1H 2021 and capex of $53.2 million
- **Steady strong production performance**
  - Strong net production of 33.8 kbopd during 1H 2021 driven by high production in the Caño Limón area
  - Execution of the 2021 work program is ongoing as planned. During 2H, we expect to increase activity particularly in La Cira Infantas as we ramp up the drilling campaign with an additional drilling rig, two exploratory wells and the drilling program in Central Llanos
- **Robust cash position and low leverage**
  - Net debt of $367.0 million with cash of $233.0 million
  - Net leverage is 0.7x
- **Committed to lead on ESG performance**
  - Reduced our gas flaring by almost 20% in 1H 2021
  - Inaugural sustainability report to be issued before year end
  - Established a comprehensive Environmental and Social Action Plan (“ESAP”)
  - Target to reduce our carbon footprint (scope 1 and 2 emissions) by 50% by 2023
  - Completed phase one of the power plant shutdown in the Caño Limón area operations on 1 June

“SierraCol Energy is a new company formed from the carve out of Occidental’s Colombian oil and gas business. Following the closing of the transaction with Occidental in December of last year, our new business has performed strongly in the first half of 2021. Gross production is stable at around 85 kbopd and the separation from Occidental is proceeding as planned. The new management team is in place and performing very well.

In May we completed the acquisition of COG Energy, adding 21 mmbbl of 2P reserves to our reserves base and adding a new production hub in the Central Llanos.

In June, we issued a $600 million bond, improving our capital structure but still maintaining low leverage.

Alongside our strong focus on operating performance we have put in place a comprehensive ESG strategy comprising 1) a continued focus on safe and reliable operations; 2) an enhanced focus on social responsibility and investment and support to the communities around our operations; 3) a target to reduce our carbon footprint (Scope 1 and 2 emissions) by 50% by 2023; and 4) a comprehensive Environmental and Social Action Plan to continue bringing all of our operations up to international best practice.

The business has achieved a great deal in its first six months as a standalone entity and we are excited about the future and the opportunity to create one of Colombia’s leading independent energy companies”.

Bernardo Ortiz, CEO of SierraCol Energy

---

[1] COG only included in actual results from May 2021

Market Indicators

Market indicators	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Brent crude oil ($/bbl)	69.0	33.3	65.1	42.1
WTI crude oil ($/bbl)	66.1	27.9	62.0	37.0
Vasconia differential to Brent ($/bbl)	(2.9)	(6.6)	(2.6)	(5.9)
Average USD/COP FX	3,691	3,846	3,622	3,691

Financial and Operational Highlights

$ millions (unless otherwise stated)	Six months ended 30 June 2021
Gross production (kbopd)	85.0
Net production (kbopd)[1]	33.8
Net sales (kbopd)	34.1
Realized crude price ($/bbl)[6]	62.7
Operating costs ($/bbl)[6, 8]	13.7
Breakeven ($/bbl)[3, 6]	16.7
Adjusted EBITDAX[7]	272.1
Pro Forma Adjusted EBITDAX[7]	278.4
Netback ($/bbl)[2, 7]	44.1
Free cash flow[7]	123.1
Debt[7]	600.0
Cash and cash equivalents[7]	233.0
Net debt[7]	367.0
Available liquidity[4, 7]	299.6
Net debt / Adjusted EBITDAX (x)[5, 7]	0.7x

1) Production consists of net entitlement production net of royalties for SierraCol
2) Calculated as Adjusted EBITDAX divided by net sales
3) Calculated as opex plus G&A plus transportation cost divided by net sales
4) Consisting of $233.0 million in cash and cash equivalents and $66.6 million available under our Revolving Credit Facility
5) Calculated as total debt, minus cash and cash equivalents, divided by annualized Adjusted EBITDAX
6) Metrics calculated utilising figures from the Combined Financial Statements
7) Metrics calculated utilising figures from the Consolidated Financial Statements
8) Operating costs do not include transport, abandonment costs and inventory fluctuation

Management Discussion

Recent Developments and Outlook

During the first half of 2021, we continued to deliver robust operated production results of 85.0 kbopd gross, despite adverse weather conditions, demonstrating the strong resilience of our business. We continue operating under COVID protocols without significant impact on operations. Our business is managed very pro-actively, quickly adapting to circumstances with a high focus on delivering expected performance.

On 4 May 2021, we acquired COG Energy Ltd and its subsidiaries ("COG") adding 21.3 mmbbl of 2P reserves to our portfolio. COG also provides a new operating hub in the Central Llanos with additional near-term drillable development and appraisal opportunities. The aquisition of COG generates synergies in administrative expenses, which have now largely been captured, and additional operational synergies which we plan to realize over the next few months as we continue to integrate the assets.

We successfully completed phase one of switching from oil power generation to grid power in the Caño Limón area operations on 1 June, in line with our goal to reduce GHG emissions by 50% over the next two years. During the first half of 2021, we also reduced our gas flaring by almost 20%. We also plan to use renewable energy sources by constructing a new solar park of 40 MW, for which the bidding process and environmental permitting are progressing as per plan.

We have taken additional steps to further align our ESG practices with the highest international standards. As a result, we have built an ESAP plan with a leading environmental consultant. We also expect to issue our inaugural sustainability report before year end, which will further lay out our ESG strategy and initiatives.

On 14 June we made a successful bond issuance, placing $600 million of 7NC3 senior notes due 2028 (rated Moody's: B1, Fitch: B+), with a 6% coupon.

The table below summarizes the first half actuals and the Company's outlook for 2021:

		Actual H1	2021E
Net production	kbopd	33.8	34 – 36
Capital and exploration expenditures	$m	53.9	170 – 190

This guidance assumes $70/bbl Brent pricing for 2H.

Operational Summary

For the six months ended 30 June 2021, we had strong production results of 85.0 kbopd gross. We had a solid performance in the Caño Limón area, reaching 48.9 kbopd. In La Cira Infantas, we continue with the aggressive execution of the waterflood strategy to recover injection process efficiency, accelerating well services and base maintenance jobs. In Central Llanos, our focus was on the successful restoration of Llanos 23 base production and the workover campaign.

The National strike had no impact on our production operations.

We continue operating under COVID protocols without significant impact on operations. Our employees' health is a high priority so we participated in the Colombian Government's initiative that allowed private companies to acquire vaccines. We have had a successful rollout, and we expect 100% vaccination by late November.

Financial Summary

During six the months ended 30 June 2021, we delivered a solid financial performance generating an Adjusted EBITDAX of $272.1 million, resulting in a netback of $44.1/bbl. This netback is driven by higher realized crude prices, low operating costs and advantaged transportation costs.

We generated strong free cash flow of $123.1 million. We are executing capex according to plan, having invested $53.2 million.

Our total available liquidity is $299.6 million, coming from cash and cash equivalents of $233.0 million and $66.6 million still undrawn from our RCF. Net debt for the end of the period is $367.0 million, resulting in a low leverage of 0.7x (net debt / annualized Adjusted EBITDAX).

Operational Review

Our oil sales are priced using the Brent crude oil benchmark. The average Brent crude oil quoted price increased by 55% from $42.1/bbl for the six months ended 30 June 2020 to $65.1/bbl for the six months ended 30 June 2021, as published by Platts.

During the three and six months ended 30 June 2021, our total daily average production on a net entitlement basis decreased by 9% and 8% compared to the same periods in 2020, primarily as a result of rising oil prices which led to a smaller share in production, and lower production performance in La Cira Infantas and Central Llanos.

Net Production

kbopd	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Caño Limón area	20.4	22.9	20.6	21.8
Middle Magdalena	11.9	14.2	12.4	14.8
Central Llanos[1]	1.7	0.0	0.8	0.0
Total production	**33.9**	**37.1**	**33.8**	**36.7**
Oil	33.6	37.1	33.6	36.6
Gas	0.3	0.0	0.3	0.1

1) Central Llanos production relates to COG and therefore zero in 2020 as COG is included from May 2021

Caño Limón area

- Strong underlying base production performance
- Acceleration and good results from workover program, along with base optimization
- Minor impact in June production by weather induced electrical events

Middle Magdalena

- Timing of water injection stabilization and pattern performance impacted plan
- Currently aggressively executing waterflood strategy to recover injection process efficiency
- Accelerated well service and base maintenance jobs

Central Llanos

- Operations and functions are integrated; savings and synergies are on track
- Successful restart of Llanos 23 base production
- Danés-2 first oil occurred in September

Financial Review

Financial summary - $ millions (unless otherwise stated)	Six months ended 30 June 2021
Net production (kbopd)[1]	33.8
Brent ($/bbl)	65.1
Revenues[5]	385.8
Operating costs[5,7]	(84.4)
Administrative expenses[5]	(14.3)
Income tax expense[5]	(84.3)
Net profit[5]	111.9
Adjusted EBITDAX[6]	272.1
Pro Forma Adjusted EBITDAX[6]	278.4
Free cash flow[4, 6]	123.1
Debt[2, 6]	600.0
Cash and cash equivalents[6]	233.0
Net debt[6]	367.0
Available liquidity[3, 6]	299.6
Net debt / Adjusted EBITDAX (x)[4, 6]	0.7x

1) Production consists of net entitlement production net of royalties for SierraCol
2) Senior notes including capitalized fees
3) Consisting of $233.0 million in cash and cash equivalents and $66.6 million available under our Revolving Credit Facility
4) Calculated as total debt, minus cash and cash equivalents, divided by annualized Adjusted EBITDAX
5) Metrics calculated utilising figures from the Combined Financial Statements
6) Metrics calculated utilising figures from the Consolidated Financial Statements
7) Operating costs do not include transport, abandonment costs and inventory fluctuation

Income Statement

Revenues

$ millions	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Oil sales	215.8	69.8	384.2	234.0
Gas sales	0.9	0.1	1.2	0.3
Services	0.3	-	0.3	-
Total revenue	**217.0**	**69.9**	**385.8**	**234.3**

During the three months ended 30 June 2021, revenues increased to $217.0 million. Compared to the three months ended 30 June 2020, this represents an increase of $147.1 million, or 210%.

The increase is mainly due to a recovery in realized oil prices to $65.3/bbl in the three months ended 30 June 2021, from an average price of $24.2/bbl for the three months ended 30 June 2020, representing a $119.7 million increase (including gas sales and services) and a further $27.4 million due to higher sales volumes.

During the six months ended 30 June 2021, revenues increased to $385.8 million, an increase of $151.5 million, or 65%, from $234.3 million for the six months ended 30 June 2020. The increase in revenue is mainly due to an increase in the average realized oil prices, to $62.7/bbl from $36.4/bbl over the period, representing a $170.1 million increase in oil revenues (including gas sales and services), which was partially offset by a $18.6 million decrease due to lower sales volumes.

Cost of Sales

$ millions	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Production cost	41.5	23.5	84.4	56.0
Transportation costs	1.9	2.3	4.3	4.5
Inventory fluctuation	1.5	(6.3)	1.6	3.6
Abandonment cost	1.7	1.1	3.1	2.1
Total cost of sales	**46.6**	**20.6**	**93.3**	**66.2**

During the three months ended 30 June 2021, cost of sales increased to $46.6 million. This represents an increase of $26.0 million, or 126%, compared to the same period ended 30 June 2020. During the six months ended 30 June 2021, cost of sales increased to $93.3 million from $66.2 million for the six months ended 30 June 2020. These increases are explained by higher workover and well services activities as commodity prices rose. The increase is also due to the reactivation of well campaigns in 2021.

Operating costs per barrel were $13.7/bbl and $8.7/bbl for the six months ended 30 June 2021 and 2020, respectively. The increase was driven by the higher activity levels described above, as well as a decrease in net entitlement due to rising prices leading to lower working interest.

Administrative Expenses

$ millions	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Administrative expenses	4.9	10.2	14.3	20.4

During the three months ended 30 June 2021, administrative expenses were $4.9 million, representing a decrease of $5.3 million, or 52%, compared to the three months ended 30 June 2020. Administrative expenses decreased by 30%, to $14.3 million for the six months ended 30 June 2021, from $20.4 million for the six months ended 30 June 2020. The decrease in these periods is primarily due to a focused cost reduction program following the carve out of the business from Occidental. The reduction was achieved despite COG's acquisition which increased administrative expenses. We have largely captured the administrative expenses synergies from COG's integration.

DD&A

$ millions	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Depletion, depreciation, and amortization	41.0	51.2	83.4	105.8

For the three and six months ended 30 June 2021, depreciation, depletion and amortization expense ("DD&A") decreased by 20% and 21% compared to the same period in 2020 mainly driven by a lower DD&A rate thanks to the increase in reserves as a result of the Rex field discovery in the Caño Limón area.

Income Tax

$ millions	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Current income tax expense	39.9	6.1	66.3	32.6
Deferred income tax expense / (income)	(5.0)	(31.0)	18.0	(22.3)
Total income tax expense / (income)	**34.9**	**(24.9)**	**84.3**	**10.2**

For the three and six months ended 30 June 2021, current income tax expense increased by nearly $34 million in each period compared to the same periods in 2020, mainly due to a higher taxable income driven by greater revenues from rising commodity prices.

Net Profit

$ millions	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Net profit (loss)	86.0	(3.0)	111.9	42.2

Net profit of $86.0 million for the three months ended 30 June 2021 compared to a $3.0 million loss recorded in the same period of the previous year, mainly due to higher operating profits recorded, partially offset by higher financial costs and income taxes.

For the six months ended 30 June 2021 we recorded a net profit of $111.9 million, an increase of 165% compared to a profit of $42.2 million in the same period of 2020. This is mainly due to rising commodity prices and strict cost control.

Adjusted EBITDAX

EBITDAX reconcilliation - $ millions (unless otherwise stated)	Six months ended 30 June 2021
Comprehensive income (Combined Financial Statements)	**111.9**
Financial income and financial expenses	(5.7)
Depreciation, depletion and amortization	(4.9)
Impairment of property, plant and equipment	0.0
Impairment of inventory	0.0
Income tax expense	(13.6)
Exploration and seismic expenses and dry hole cost	(0.0)
Foreign exchange income (loss)	(0.0)
Fair value loss on derivatives	(19.5)
Accretion of decommissioning	(0.5)
Other cash items	(12.4)
Other-non cash items	(0.3)
Net income for the period (Consolidated Financial Statements)	**55.0**
Financial income and financial expenses	7.2
Depreciation, depletion and amortization	88.3
Income tax expense	97.9
Exploration and seismic expenses and dry hole cost	6.0
Foreign exchange income (loss)	(8.8)
Accretion of decommissioning liability	3.6
Non-recurring costs	8.5
Unrealized fair value gain on derivatives	13.9
Teca	0.5
Adjusted EBITDAX[1]	**272.1**
Exploration	(0.7)
Tax payments	(75.0)
Cash capital expenditures	(53.2)
Decommissioning funding	0.0
Change in working capital	(20.0)
Free Cash Flow	**123.1**

1) Including COG for the full period would yield a Pro Forma Adjusted EBITDAX of $278.4m

Adjusted EBITDAX for the six months ended 30 June 2021 was $272.1 million, resulting in a netback of $44.1/bbl, and generating $123.1 million of free cash flow. We will maintain our focus on free cash flow generation through continued strict cost controls.

Cash Flow

Cash flow - $ millions Combined Financial Statements (unless otherwise stated)	Six months ended 30 June 2021	 2020	Δ %
Operating cash flow	208.9	119.6	75%
Investing cash flow	(54.0)	(42.3)	28%
Financing cash flow	(146.3)	(89.1)	64%
Net change in cash (Combined Financial Statements)	**8.6**	**(11.9)**	**172%**
Cash and cash equivalents at the beginning of the year	4.2	38.4	(89)%
Unrealized exchange rate cash and cash equivalents	(1.8)	(7.2)	75%
Cash and cash equivalents at the end of the period (Combined Financial Statements)	**11.0**	**19.3**	**(43)%**
Cash and cash equivalents sitting in SierraCol Energy Limited	222.1		
Cash and cash equivalents at the end of the period (Consolidated Financial Statement	**233.0**		

Net cash provided by operating activities during the six months ended 30 June 2021 was $208.9 million, an increase of $89.3 million, or 75%, when compared with the same period of prior year. This increase is primarily driven by rising prices, partially offset with higher tax payments in 2021.

Net cash used in investing activities for the six months ended 30 June 2021 was $54.0 million, an increase of $11.7 million, or 28%, as compared to the same period of prior year. This increase relates to higher capital expenditure execution in 2021, as activity has ramped up as the COVID-19 situation has improved.

Net cash used in financing activities for the six months ended 30 June 2021 was $146.3 million, an increase of $57.2 million, or 64%, as compared to the same period of prior year. This increase is explained mainly by the change in net parent investment which is the difference between cash received by the parent and investment from the parent. Net change in cash in the first half of 2021 related to Combined Financial Statementswas $8.6 million.

The free cash flow of $123.1 million from the Consolidated Financial Statements accurately reflects the full business.

Capex

Adjusted capex

$ millions	Six months ended June 30 2021	 2020	Δ %
Net cash used in investing activities	54.0	42.3	28%
Less:			
Exploration capex	(0.7)	(0.2)	(258)%
Teca	(0.0)	(2.9)	98%
Other[1]	(0.0)	(1.8)	100%
Adjusted capex	**53.2**	**37.4**	**42%**
Development capex[2]	37.3	32.6	14%
Maintenance capex[3]	15.9	4.8	233%

1) Other includes the effect of IFRS 16 regarding leases, investments related to separation costs from Oxy and assets disposal

2) Defined as capital expenditures that are discretionary in nature and expected to increase or replace naturally declining production levels and add new reserves or resources to replace our production, including expenditures for drilling or new reserves, major increases in recovery rates from reservoirs, and new fields.

3) Defined as capital expenditures that are non-discretionary in nature and made to upgrade or enhance existing production facilities in order to maintain, over the long term, operating capacity, including expenditures to repair, refurbish or replace existing assets, to maintain equipment reliability, integrity and safety and to address environmental laws and regulations.

We have low maintenance capex requirements of only 30% of adjusted capex for the six months ended 30 June 2021. This allows us to direct our available funding to grow production and reserves.

$ millions	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Caño Limón area	19.5	7.1	31.4	21.7
Middle Magdalena	16.4	4.3	20.0	18.6
Central Llanos	1.7	-	1.8	-
Total capex	**37.7**	**11.4**	**53.2**	**40.3**
Less: Teca	(0.1)	(0.7)	(0.0)	(2.9)
Total adjusted capex	**37.6**	**10.7**	**53.2**	**37.4**

During the six months ended 30 June 2021, we invested an aggregate amount of $53.2 million in capital expenditures, mainly related to development activities, seismic acquisition in Putumayo-8 block, and IT one-off investments. In addition, starting May 2021, COG branches investments are reported. During 2020, development activities in our fields were significantly reduced due to the low oil price and COVID-19.

Capitalization and Liquidity

Our financial strategy is to manage SierraCol's capital structure with the aim that, across the business cycle, net debt to Adjusted EBITDAX remains below 1.5x.

We finance our business mainly with cash generated from operations.

As of 30 June 2021, SierraCol had issued $600 million of senior notes, with a 7-year maturity date (2028) and a coupon of 6%. In conjunction with the bond issue, we raised a $80 million Revolving Credit Facility ("RCF"), committed for 5 years. As of 30 June 2021, $13.4 million was drawn under the RCF to back Letters of Credit in Colombia.

On 30 June 2021, our cash balance totalled $233.0 million, and our available and undrawn RCF facility was $66.6 million (therefore a total liquidity of $299.6 million).

Our Corporate Credit Ratings with Moody's and Fitch are B1 and B+ respectively.

Hedging

Post tax aggregate hedge ratios (%)	1H21	2H21	1H22
Oil	53.1%	74.8%	47.1%

Our commodity hedging program seeks to protect the oil price downside risk on a significant portion of our underlying cash flows, while avoiding speculative positions and leaving room for potential upside.

As of the date of this document, we had hedged 75% of our production for the second half of 2021 and 47% of our production for the first half of 2022 (in each case excluding production attributable to the minority interest held by Repsol in SierraCol Arauca), using three-way hedging structures with an average long put strike price of $51/bbl and $54/bbl, respectively.